

**State of Alaska**  
**FY2006 Governor's Operating Budget**

**Department of Labor and Workforce Development**  
**Disability Determination**  
**Component Budget Summary**

## Component: Disability Determination

### Contribution to Department's Mission

This component will contribute to the department's mission by providing efficient adjudication of claims for disability benefits under Title II and Title XVI of the Social Security Act.

### Core Services

Disability Determination Services (DDS) is 100% federally funded by the Social Security Administration. Historically, the DDS operated under contract agreement between the state (Division of Vocational Rehabilitation) and the Federal Government (SSA). In 1980, federal legislation changed that relationship. The DDS operates as a federally regulated agency. Adjudication services are also provided for the Department of Health & Social Services, Division of Public Assistance through a Reimbursable Services Agreement (RSA).

These federal funds are used solely to provide medical determinations for persons alleging disability under Title II (Social Security) and Title XVI (Supplemental Security Income) provisions of the Social Security Act, as amended.

The DDS adjudicates approximately 7,000 disability claims a year, including medical reviews of those people already receiving disability payments.

### FY2006 Resources Allocated to Achieve Results

<b>FY2006 Component Budget: \$4,515,400</b>	<b>Personnel:</b>	
	Full time	28
	Part time	0
	<b>Total</b>	<b>28</b>

### Key Component Challenges

Alaska was one of ten states in the country to start adjudicating disability claims in a new manner. This new process, called the Disability Prototype, started in FY 2000. It involves more claimant contact, more focus on the treating physician opinion, increased consideration of symptoms, and elimination of the reconsideration step. The Social Security Administration originally intended the non-Prototype states would start the new process in FY 2001; however in FY2002 the Social Security Administration decided to stop parts of the Prototype process and concentrate on other methods of streamlining the disability application process. Recently the Social Security Administration Commissioner announced her plan for a new disability decision process and her choice to end all parts of the Prototype process and to implement a revised process in all 50 states. The Commissioner's plan is predicated on transitioning to an automating case management system using an electronic folder to track client services. All DDSs are expected to transition to a fully electronic folder with Alaska scheduled to make the transition in May of 2005. As the necessary systems are put into place the DDS is challenged to adjust to a fully electronic environment for case processing.

### Significant Changes in Results to be Delivered in FY2006

Services may be delayed while the Disability Determination Services office transitions to a fully electronic case management folder.

### Major Component Accomplishments in 2004

The DDS completed 5,444 initial claims and 1,236 continuing disability reviews meeting the federal standard for

productivity. In addition to the federal claims the DDS made decisions on 526 claims for the Division of Public Assistance.

The approval rate to process disability claims for the past fiscal year was 47.3%, which is an increase from pre-Prototype when approvals accounted for 42% of decisions.

For FFY04 the average medical cost per case increased modestly from \$172 to \$188.

### Statutory and Regulatory Authority

Federal Authority:  
PL 74-271

Social Security Act Disability Benefits

Contact Information
<p><b>Contact:</b> Gale Sinnott, Director <b>Phone:</b> (907) 465-2814 <b>Fax:</b> (907) 465-2856 <b>E-mail:</b> Gale_Sinnott@labor.state.ak.us</p>

### Disability Determination Component Financial Summary

*All dollars shown in thousands*

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,531.4	1,682.5	1,775.3
72000 Travel	14.1	32.3	32.3
73000 Services	524.5	797.4	775.3
74000 Commodities	30.4	32.5	32.5
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	1,586.3	1,900.0	1,900.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>3,686.7</b>	<b>4,444.7</b>	<b>4,515.4</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	3,528.0	4,238.4	4,306.4
1007 Inter-Agency Receipts	158.7	206.3	209.0
<b>Funding Totals</b>	<b>3,686.7</b>	<b>4,444.7</b>	<b>4,515.4</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	3,528.0	4,238.4	4,359.5
Interagency Receipts	51015	158.7	206.3	211.9
<b>Restricted Total</b>		<b>3,686.7</b>	<b>4,444.7</b>	<b>4,571.4</b>
<b>Total Estimated Revenues</b>		<b>3,686.7</b>	<b>4,444.7</b>	<b>4,571.4</b>

**Summary of Component Budget Changes  
From FY2005 Management Plan to FY2006 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2005 Management Plan</b>	<b>0.0</b>	<b>4,238.4</b>	<b>206.3</b>	<b>4,444.7</b>
<b>Adjustments which will continue current level of service:</b>				
-FY 05 Bargaining Unit Contract Terms: GGU	0.0	15.9	0.7	16.6
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	0.0	47.5	2.0	49.5
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	4.6	0.0	4.6
<b>FY2006 Governor</b>	<b>0.0</b>	<b>4,306.4</b>	<b>209.0</b>	<b>4,515.4</b>

**Disability Determination  
Personal Services Information**

<b>Authorized Positions</b>		<b>Personal Services Costs</b>		
<u>FY2005</u>				
<u>Management</u>		<u>FY2006</u>		
<u>Plan</u>		<u>Governor</u>		
		Annual Salaries		1,232,889
Full-time	28	COLA		19,616
Part-time	0	Premium Pay		17,011
Nonpermanent	0	Annual Benefits		662,949
		<i>Less 5.00% Vacancy Factor</i>		(96,565)
		Lump Sum Premium Pay		0
<b>Totals</b>	<b>28</b>	<b>Total Personal Services</b>		<b>1,835,900</b>

**Position Classification Summary**

<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Administrative Clerk II	2	0	0	0	2
Administrative Clerk III	3	0	0	0	3
Administrative Manager I	1	0	0	0	1
Chf Vocational Rehab	1	0	0	0	1
Disability Adjud Assoc I	5	0	0	0	5
Disability Adjud Assoc II	6	0	0	0	6
Disability Adjudicator I	7	0	0	0	7
Disability Adjudicator II	2	0	0	0	2
Disability Hearing Officer	1	0	0	0	1
<b>Totals</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28</b>