

assess whether the position meets the goals of the disability redesign process and whether it will have an effect on administrative and program expenditures. We propose that the adjudication officer's functions will be performed when a hearing before an ALJ is requested. We will be closely managing the tests of the adjudication officer position to ensure that the procedures are consistently and effectively applied at all locations.

In accordance with the goals and directives of the National Performance Review I and II and our disability redesign plan, the nature of the adjudication officer must be flexible to make the best use of available program resources consistent with providing world class service to our customers. Accordingly, the rule as proposed for testing permits the adjudication officer to be a qualified employee of the SSA or a State agency that makes disability determinations for us. The adjudication officer may be located in field offices or program service centers, in State agencies that make disability determinations for us, in our Office of Hearings and Appeals, or in our Regional Office of Program and Integrity Reviews.

Adjudication Officer Qualifications

The adjudication officer will be expected to bring relevant experience to the position, with additional training provided as may be essential to complete the preparation of the individual to assume the full range of duties. The adjudication officer must be qualified to communicate effectively with the public (including claimant representatives), in informal conferences and in writing. The adjudication officer must, of necessity, be able to manage a substantial caseload, must be able to review independently the claim file information and determine the need for additional evidence, and then be able to evaluate that evidence under the applicable provisions of the Social Security Act, our regulations and rulings. In addition, where appropriate, the adjudication officer must be able to write a comprehensive, factually correct and legally sound decision that can be readily understood by the public.

Evaluation of Implementation of Prehearing Procedures and Decisions by Adjudication Officers

This NPRM proposes to establish the authority to test implementation of prehearing procedures involving the adjudication officer. We plan to test the procedures in multiple sites to provide a means of determining the effect of the

procedures in an operational environment. Each test will involve a representative mix of geographic areas and caseloads. Before we commence each test we will publish a notice in the **Federal Register** designating the test site and duration of the test. The notice will also describe when the test will be conducted in combination with one or more of the tests we are conducting pursuant to the final rule "Testing Modifications to the Disability Determination Procedures." We will evaluate test outcomes against the objectives of the disability redesign:

- Is the process user friendly?
- Does the process maintain a high level of payment quality?
- Does the process take less time?
- Is the process efficient?
- Does the process result in satisfying work for employees?

One of the most important measures is the effect of the procedures on overall disability allowance rates. The adjudication officer's functions are not designed to change the overall allowance rates. In order to determine whether the prehearing procedures result in processing improvements consistent with expected outcomes, the Commissioner of Social Security will review evaluation results on a quarterly basis. If there is evidence that overall allowance rates increase or decrease unacceptably, the Commissioner will cease use of, or make appropriate adjustments to the prehearing procedures consistent with this regulatory authority.

SSA published a final rule, "Testing Modifications to the Disability Determination Procedures," at 60 FR 20023 on April 24, 1995 which provided authority for us to test several elements of the disability redesign plan. In the preamble to that final rule, we indicated that we plan to test the adjudication officer prehearing procedures, as well as other aspects of the disability redesign which do not require regulatory changes, in combination with one or more of the four models described in that final rule at some test sites. This continues to be our intention. Such tests will provide us with a body of information about each individual part of the redesign, as well as whether the combined effect of the redesign meets our goals of making the disability process user friendly, more timely and more accurate and efficient. It will also provide us with information about program expenditures in connection with the overall redesign.

Regulatory Procedures

Executive Order No. 12866

We have consulted with the Office of Management and Budget (OMB) and determined that this proposed rule meets the criteria for a significant regulatory action under Executive Order (E.O.) 12866. Thus it was subject to OMB review. This rule does not adversely affect State, local or tribal governments. The administrative costs of the tests will be covered within budgeted resources. No program costs are expected. We have not, therefore, prepared a cost/benefit analysis under E.O. 12866.

Regulatory Flexibility Act

We certify that this regulation will not have a significant economic impact on a substantial number of small entities because it affects only individuals. Therefore, a regulatory flexibility analysis as provided in Pub. L. 96-354, the Regulatory Flexibility Act, is not required.

Paperwork Reduction Act

This regulation imposes no new reporting or record keeping requirements requiring OMB clearance.

(Catalog of Federal Domestic Assistance Program Nos. 93.802, Social Security-Disability Insurance; 93.807, Supplemental Security Income)

List of Subjects

20 CFR Part 404

Administrative practice and procedure, Death benefits, Disability benefits, Old-Age, Survivors and Disability Insurance, Reporting and record keeping requirements, Social Security.

20 CFR Part 416

Administrative practice and procedure, Aged, Blind, Disability benefits, Public assistance programs, Supplemental Security Income (SSI), Reporting and record keeping requirements.

Dated: May 4, 1995.

Shirley S. Chater,
Commissioner of Social Security.

For the reasons set out in the preamble, subpart J of part 404 and subpart N of part 416 of chapter III of title 20 of the Code of Federal Regulations are proposed to be amended as set forth below.