Progress in improving the medical assessment of incapacity and disability benefits

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
HC 1141 Session 2002-2003: 17 October 2003

LONDON: The Stationery Office
£9.25

Ordered by the
House of Commons
to be printed on 14 October 2003

Preface

Disability and incapacity benefits costing over £18 billion a year are paid to some of the most vulnerable members of society. Ensuring good quality medical evidence is an essential part of assessing eligibility for these benefits. The Department for Work and Pensions contract with Schlumberger (previously SchlumbergerSema and SEMA Group) to obtain medical reports to assist with these benefit assessments. In 2001, the National Audit Office reported to Parliament on *The Medical Assessment of Incapacity and Disability Benefits*, and the subsequent Public Accounts Committee report (27th Report 2001-02), highlighted areas where they expected improvement in relation to the speed of benefit processing, the quality of medical evidence, and the quality of service to the public.

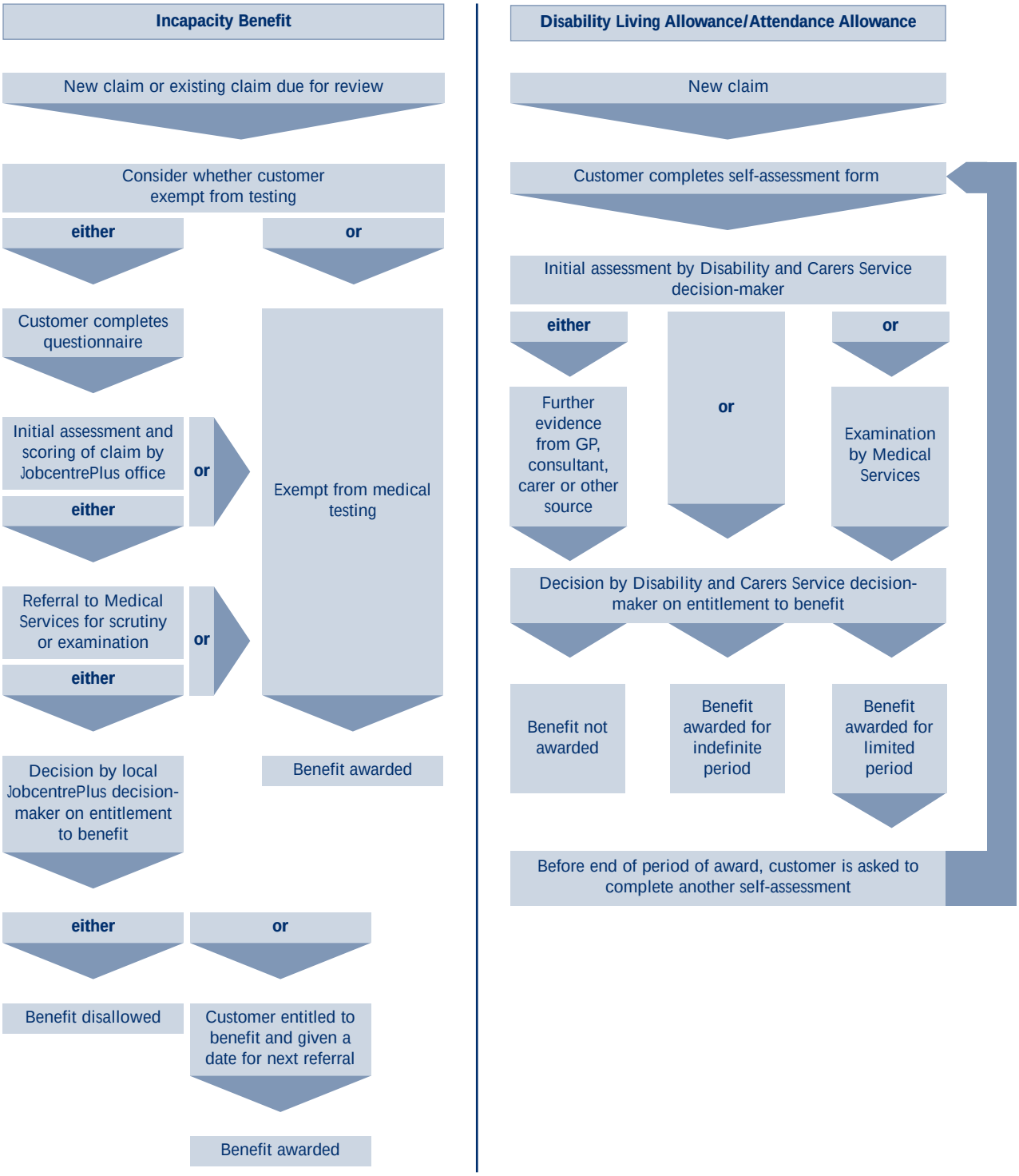
This report examines the progress made by the Department in addressing the issues raised by the Committee. In particular, it looks at:

- what progress has been made towards eliminating delays in making decisions on incapacity and disability benefit claims, and ensuring the availability of professional staff to deliver the medical service workload;
- whether improvements have been made in the quality of medical evidence and the accuracy of decisions; and,
- whether improvements have been made in the quality of service to customers.

Against these we have found that:

- following significant changes to the original contract and with the introduction of new targets, performance improvements have been achieved;
- processing times have improved for all the benefits. We estimate that this has resulted in a one-off saving to the taxpayer of some £29 million and an annual saving of some £21 million;
- the standard of medical reports has improved, and steps are being taken to improve the range of other medical evidence used to assess benefit claims, but the number of appeals lost as a result of problems with medical evidence remains high; and
- most customers are satisfied with the service they receive from Schlumberger, but a small percentage of customers continue to be sent home unseen because of over-booking of appointments arising from continuing high levels of non-attendance.

1 The process of assessing incapacity and disability benefit claims



executive summary

1 Incapacity and disability benefits are available for people who are either unable to work owing to illness or disability, or who need help because of a disability. An important element of establishing eligibility for these benefits is a medical assessment. The main benefits requiring an assessment are Incapacity Benefit, Attendance Allowance and Disability Living Allowance, on which the Department paid out over £18 billion in 2002-03. **Figures 1 and 2** show when an examination is needed for these benefits. Given their significance, it is crucial that assessments are undertaken fairly and efficiently, by well qualified staff who provide a good quality of service, while ensuring that benefits are paid only to those genuinely entitled to them.

2 Use of medical examinations for incapacity and disability benefits

	Incapacity Benefit	Disability Living Allowance and Attendance Allowance
Who?	Customers already in receipt of Incapacity Benefits and National Insurance credits as a result of incapacity	Customers making a claim for either benefit
When?	On a date set when the benefit is first awarded	Before benefit is awarded, when a claim is renewed, or on reconsideration or supersession of a decision
Why?	All recipients are referred to Schlumberger Medical Services for periodic review unless exempt because of their condition. Medical Services scrutinise the case and decide whether an examination is necessary	Departmental decision-makers refer customers for examination if they have insufficient information to decide on a claim
Where?	Normally in Medical Examination Centres	Normally in the customer's home
How many examinations?	520,000 in 2002-03	220,000 in 2002-03

Source: National Audit Office

2 In March 2001, the Comptroller and Auditor General reported to Parliament on the service provided to the then Department of Social Security by SEMA (SchlumbergerSema from 2001, and Schlumberger from 2003) to provide medical evidence to assist social security staff in making decisions on benefit claims. The report made a series of recommendations on improving performance under the contract and on processes within the then Benefits Agency. The subsequent report by the Committee of Public Accounts (27th Report 2001-02), highlighted areas for improvement in relation to the speed of benefit processing, the quality of medical evidence, the quality of service to the public, and contractual mechanisms to ensure quality. In 2002, the Department for Work and Pensions extended their contract with Schlumberger until August 2005, with new contractual targets.

3 This report examines progress in the areas highlighted by the Committee. **Figure 3** summarises developments to date against their recommendations. The Department have taken action on all the Committee's recommendations. Our work confirms that the Department's new relationship with Schlumberger and the introduction of new contractual targets have improved the service they receive. They have introduced new targets, monitoring arrangements, and action plans to improve the speed of processing, the standard of decision-making and the quality of service provided by Schlumberger. However, both parties could learn more from the results of appeals, work to obtain better evidence from general practitioners and others, and deal with the issues of overbooking appointments and non-attendance of customers. Appendix 3 (available at www.nao.gov.uk) lists the Committee's conclusions in full, together with the government's response and subsequent progress. Appendix 2 summarises the chronology of the main developments.

3 Summary of progress against the Committee's recommendations

Recommendation	Progress
Delays in making decisions about benefit, and variations across the country, impacted on customers and the taxpayer. The Department should set clear targets for improvement (conclusions (i) and (ii)).	**Implemented.** New performance targets have been set and are being met or are on track to be met by April 2004.
Explore the use of other healthcare professionals to offset shortages of doctors, speed up assessments and reduce costs (conclusion (iii)).	**Ongoing.** The Department experimented with using other professionals but they did not speed up the process or reduce costs. Increased recruitment and more flexible deployment have dealt with doctor shortages in the short term. The Department are exploring how to use more evidence from other professionals in the assessment of disability benefits.
Reduce the number of appeals that are successful because of mistakes in interpreting medical evidence (conclusions (iv) and (v)).	**Ongoing.** Feedback from appeals tribunals has been improved, but these have not resulted in a reduction in appeals overturned because of the medical evidence or its interpretation. The Department are taking further steps to learn from the results of appeals.
Improve the quality of medical reports, especially those carried out in customers' homes, with tighter Departmental oversight of standards (conclusion (vi)).	**Implemented.** Targets for reducing the number of substandard reports have been built into the contract and are monitored by the Department. The proportion has halved since September 2000.
Resolve the conflict of interest for general practitioners to overcome their reluctance to provide medical evidence (conclusion (vii)).	**Ongoing.** Reports requested from general practitioners have been revised to focus on clinical information only. A number of pilot schemes are trialling a range of alternative ways of obtaining medical evidence.
Pay compensation if customers are turned away unseen as a result of overbooking of appointments (conclusions (viii) and (ix)).	The Department do not consider compensation appropriate. They have attempted various measures to address overbooking, but have not improved the proportion of customers sent home unseen. They are doing more work to understand why customers do not attend examinations, the underlying reason for overbooking.
Ensure that Schlumberger provide a responsive service to all customers and respond to special needs (conclusion (x)).	**Implemented.** Medical Services meet nearly all special requests and the number of complaints against them has reduced steadily.

Actions taken on speed of decisions - reducing delays and backlogs (Part 2)

4 The Department have introduced and met new performance targets for accurate and timely processing of the key incapacity and disability benefits. These have, for example, reduced the processing times for Incapacity Benefit, Disability Living Allowance and Attendance Allowance and reduced the backlog of Incapacity Benefit cases from around 368,000 in 2001 to under 40,000 in June 2003. For Incapacity Benefit, where delays mean some claimants continue to receive the benefit to which they are not entitled, the improvements in processing times represent a saving to the tax payer of some £21 million a year. The number of Incapacity Benefit examinations performed is increasing year-on-year, and reductions in eliminating the backlog achieved so far represent a saving of some £29 million. The Department aim to eliminate the backlog by 1 April 2004, which will result in a further £8 million saving.

5 At the time of our previous report, processing times were severely affected by shortages of doctors. Schlumberger have since taken a number of measures to ensure they have sufficient doctors to meet requirements for 2002-03 and 2003-04. These included a recruitment drive, improved resource management and more attractive pay and conditions. The Department no longer consider a shortage of doctors to be a key driver to utilising other healthcare professionals, but they have experimented with ways of using other healthcare professionals in the medical testing process. However, these led to an increase in the length of examinations. They are still looking to identify ways of using other healthcare professionals in the evidence gathering process for Disability Living Allowance and Attendance Allowance claims.

Actions taken on improving the quality of medical evidence (Part 3)

6 The number of cases ending in a successful appeal has continued to be high. In September 2002, 54 per cent of Disability Living Allowance appeals, 47 per cent of Attendance Allowance appeals and 43 per cent of Incapacity Benefit appeals were successful. The most common reason was new evidence being available to the appeals tribunals, but the President of Appeal Tribunals considers that in some cases, medical reports (not all of which have been provided by Medical Services) underestimate the severity of disability. Currently, Departmental decision-makers and doctors from Medical Services receive little or no feedback on the outcome of appeals where medical evidence was challenged.

7 New contractual targets have been put in place for the quality of Schlumberger medical reports. They have introduced rigorous quality control mechanisms and developed computerised support for the completion of the most common types of medical assessment for Incapacity Benefit. The percentage of medical reports assessed as substandard has fallen from some 6 per cent to 3 per cent since our previous report. Ultimately, doctors who fail to meet Medical Services standards in disability assessment may be suspended from carrying out examinations for the Department. This happened on 22 occasions in 2002, with another 40 doctors following improvement action plans.

8 The Department have introduced a new form of Factual Report for general practitioners, with the main aim of reducing the burden on general practitioners and the expectation that it may reduce the number of people requiring medical examination. They and Schlumberger worked together on a series of pilots designed to gather better medical evidence from general practitioners, and provided additional training for decision-makers. To date, the outcomes of these are not clear, and improvements in the quality of medical evidence have not yet been translated into a reduction in the number of appeals lost where tribunals considered there had been weaknesses in the medical evidence, or it had been misinterpreted.

Actions taken on improving the quality of service to customers (Part 4)

9 At the time of our previous report, new contractual incentives were put in place to improve the quality of service Schlumberger delivered to the public. These included targets for waiting times, special needs requests such as same gender doctors, and levels of customers sent away unseen. Most targets have been met, and the number of complaints against Medical Services reduced. Despite the introduction of a more flexible approach to scheduling appointments and a revised doctor pay structure to encourage doctors to stay longer to see additional customers, there has been little progress in reducing the number of customers sent home unseen on account of overbooking. In the main, overbooking is a response to high levels of non-attendance by customers. Around 20-25 per cent of Incapacity Benefit customers fail to attend an examination and the Department together with Schlumberger are undertaking further research to try to find more effective ways of identifying likely non-attenders.

10 Overall, Medical Services report high levels of customer satisfaction - since 2000, 95-97 per cent satisfaction for examinations at medical centres, and around 92-95 per cent for home visits. Complaints have fallen steadily over the same period. Examinations for Disability Living Allowance and Attendance Allowance, normally carried out in customers' homes, generate the most complaints, which usually relate to the doctor's manner, the content of examinations, clinical findings and administrative matters.

Recommendations for further improvements

11 Good progress has been made since our previous report. In order to make further progress, there is scope for further attention to the issues described above. In addition, to process medically-assessed benefits more efficiently, improve the accuracy of decisions and the further improve the quality of service provided to customers, the Department should look to:

1 **Make better use of information technology.** Electronic sharing and transfer of case files and other customer data between decision-makers and Medical Services offer the best scope to achieve further reductions on processing times without affecting the time available to carry out medical assessments.

2 **Integrate a wider range of evidence into the assessment process.** Although trials suggest it may be impractical to use other professionals to carry out medical assessments, the Department should look to obtain more evidence about customers' conditions from professionals involved in their treatment, such as consultants, occupational therapists, social workers and community psychiatric nurses, to help achieve better decisions, as well as reducing the need for medical examinations.

3 **Develop better feedback on the outcomes of appeals.** Decision-makers and doctors receive little or no notification of the outcomes of appeals, where customers have often challenged medical evidence. Greater feedback would assist doctors and decision-makers in learning from past cases and spreading good practice, and would ensure they are aware if they are systematically misinterpreting the guidance. The Department should put in place a mechanism by which decision-makers and Medical Services are routinely informed of the results of appeals against their assessments.

4 **Clarify and promote the role of Medical Services in advising decision-makers.** New ways of obtaining evidence from general practitioners and other sources may improve the quality of medical evidence, but they also mean decision-makers will need to make more and better use of Medical Services as a source of advice and help in interpreting the evidence from this wider range of sources. In some areas, decision-makers have little contact with Medical Services, and the Department should seek to clarify and promote the role of Medical Services in providing advice to decision-makers.

5 **Tackle non-attendance.** Non-attendance of customers for examinations remains a problem, and encourages offices to overbook in anticipation. People may be unable to attend for good reasons, but Incapacity Benefit recipients may not attend an examination if they think it will lead to their benefit being withdrawn. Non-attenders may, therefore, remain on benefits to which they are not entitled. The Department should reinforce with customers their responsibility to attend their examination, unless they have good cause not to do so. At a local level, they should work more closely with Schlumberger to identify those who are genuinely avoiding examination and deal with those cases effectively.

6 **Address weaknesses in accommodation used for examinations.** Schlumberger have proposed that they carry out more assessments in medical centres, and fewer in people's homes. This is currently being evaluated. In doing this, they and the Department should examine the scope for improving the quality of accommodation given that this receives the lowest satisfaction rating amongst customers.