



Growth in the SSDI Roles

Why Has It Happened,
What Does It Mean and
What Should We Do About It?
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SSDI Is Vitally Important For People With Disabilities

- SSDI benefits lift many people with disabilities and their family members out of poverty
- Almost half of SSDI beneficiaries rely on these critical benefits for 90% or more of their total income
- For many people with disabilities, the SSDI benefits they earned are the only thing that keeps them from homelessness and destitute poverty



Why have the roles grown?

- Demographics – Steve Goss laid this out really well but to recap
 - More women qualify for benefits
 - Boomers entering high disability years
 - Increase in the normal retirement age
- Increase is going to level out
- And, other factors contribute as well



Why Have the Roles Grown (cont)

- The Economy
 - We expect applications and beneficiaries to increase during economic downturns
 - Employers are less likely to hire and more likely to fire workers with disabilities during weak economy
 - Harder to find a job if laid off, especially if an older worker and have a disability



Why Have the Roles Grown (cont)

- Decline in health insurance coverage
- A less forgiving workplace
 - Many SSDI beneficiaries are ill prepared to be competitive in today's economy
- Americans with Disabilities Act has not eliminated discrimination in hiring
- Other programs (e.g. private disability insurance and workers comp) require people to apply



What Does This Increase Mean for the Future of SSDI?

- Increase leveling off – not expected to continue into the future
- Does not mean the program is unsustainable or unaffordable



Sustainability and Affordability Are a Matter of Priorities

- Americans support Social Security and they don't mind paying for it
 - Given a choice, they would rather pay more than see benefits cuts
- Could take care of the shortfall by:
 - Reallocating some of current taxes from the retirement fund
 - Small increase in FICA Tax rate



SSDI Beneficiary Characteristics

- SSDI beneficiaries are a diverse group, including people with:
 - heart disease
 - end stage renal failure
 - significant intellectual disabilities
 - severe mental illness
 - severe physical disabilities
 - advanced stage cancers
 - debilitating arthritis
 - deafness
 - blindness



SSDI Beneficiary Characteristics

- Some are terminally ill:
 - About one in five male SSDI beneficiaries and one in seven female SSDI beneficiaries die within the first five years of receiving benefits
- SSDI beneficiaries tend to be older
 - Average age of beneficiaries in 2010 was 53
 - Just under 7 in 10 are over 50
 - Approximately 3 in 10 are over 60
- And have low educational attainment
 - 67% have a high school diploma or less
 - About 1 in 3 did not finish high school

Can A Significant Percentage Work and Become Self-Supporting?

- SSDI beneficiaries should be given every support, service and encouragement to work but:
 - Available data show that a large percentage will never have the capacity for ongoing work at a significant level
- SSDI does not present a strong disincentive to work
 - Benefits are modest – average benefit of \$1110/month in February 2012
 - Less than minimum wage job



Does SSDI Need Reform?

- SSDI is functioning as it should – providing vital wage replacement to millions of people with disabilities and their families who need it
- More must be done to
 - help people who acquire disabilities stay at work if they can and
 - provide support and services to SSDI beneficiaries with work capacity to obtain and maintain employment
 - But this is not, and should not be, the role of SSDI program



Principles for Reform

- Any reform should preserve the structure of the SSDI program, including the definition of disability
- Efforts to increase employment opportunities and improve employment outcomes for Social Security disability beneficiaries should not be achieved through:
 - any tightening of eligibility criteria for cash benefits
 - narrowing of health care benefits
 - removing the entitlement to benefits or
 - devolving responsibility to the states



Principles for Reform (cont)

- SSDI benefit receipt should not be time limited
- Work activities, and work preparation activities, should be voluntary for SSDI beneficiaries
- The Social Security Administration should be given adequate administrative resources to:
 - Perform disability determinations in a timely manner
 - Perform program integrity functions:
 - Continuing disability reviews
 - Prevent overpayments



Some Specific Reform Proposals

- Experience rating SSDI:
 - Not likely to change employer incentives to retain employees but
 - Will likely lead to fewer people with disabilities getting hired and more hiring discrimination
- Requiring employers to carry private disability insurance:
 - This could help people who acquire a disability while employed stay at work but
 - A significant percentage of people who receive private disability insurance end up on SSDI
 - Increasing the availability of private disability insurance should not make it harder for someone to access SSDI benefits



Some specific Reform Proposals

- Devolving responsibility to the states
 - What the benefit package for a person with a disability looks like should NOT depend on where they live
 - The entitlement to income support and the associated health care provided should NOT be removed
 - The only way this saves significant dollars is if:
 - A large percentage of people are able to go to work and replace their benefits with earnings – which is unlikely OR
 - Large numbers of people are cut off from benefits without income to support themselves.