Social Security
Disability Insurance

National Academy of Social Insurance
Demystifying Social Security:
2018 Summer Academy
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The Arc
Today’s Topics

• What is Social Security Disability Insurance (SSDI)?
• Who receives SSDI?
  – Eligibility
  – Beneficiary characteristics
• Why is SSDI important?
• Program trends and challenges
# Social Security Act: Title II and Title XVI System

<table>
<thead>
<tr>
<th>Income Maintenance</th>
<th>Health Coverage</th>
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<tbody>
<tr>
<td><strong>Social Security</strong></td>
<td><strong>Medicare</strong></td>
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<tr>
<td>Old Age, Survivors and Disability Insurance (OASDI)</td>
<td>Title XVIII</td>
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<tr>
<td>Title II</td>
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<thead>
<tr>
<th><strong>Supplemental Security Income (SSI)</strong></th>
<th><strong>Medicaid</strong></th>
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<td>Title XVI</td>
<td>Title XIX</td>
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**Means-Tested**
Insures Most American Workers

**Social Security Disability Insurance:**
9 in 10 workers age 21-64 in covered employment can count on DI benefits if they acquire a qualifying disability.

**Employer-Based Long-Term Disability Insurance:**
Only 3 in 10 civilian workers have access to any type of employer-based long-term disability insurance.
Necessary Insurance

- 4 in 10 adults can’t cover a $400 emergency
- Over 1 in 5 adults can’t cover the current month’s bills in full
- Over 1 in 4 adults skipped necessary medical care in 2017 because they couldn’t afford it

(Federal Reserve Board, 2018)
What is Social Security Disability Insurance?

• Insures workers & their families in the event of qualifying disabilities
• Guaranteed monthly benefit
• No income or asset (resource) limits
• Part of the Social Security system:
  – Same underlying benefit structure
  – Same cost-of-living adjustment
  – Medicare (subject to 24 month wait)
• Benefits paid from DI Trust Fund
### SSDI Beneficiaries & Average Monthly Benefit, June 2018

<table>
<thead>
<tr>
<th></th>
<th>Beneficiaries</th>
<th>Average monthly benefit</th>
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<tbody>
<tr>
<td>Disability Insurance</td>
<td>10,296,000</td>
<td>$1,063</td>
</tr>
<tr>
<td>Disabled workers</td>
<td>8,623,000</td>
<td>$1,198</td>
</tr>
<tr>
<td>Spouses</td>
<td>123,000</td>
<td>$337</td>
</tr>
<tr>
<td>Children</td>
<td>1,550,000</td>
<td>$369</td>
</tr>
</tbody>
</table>

Including ~1 million military veterans, 4.8 million women, 2.3 million African-Americans, and 1.2 million Latinx (2013).
Percent of total DI benefits paid.

- Workers: 94%
- Children: 6%
- Spouses: 0%
SSDI Eligibility: Disabled Workers

- To qualify, a disabled worker must:
  - Have worked in Social Security-covered jobs
  - Meet requirements for:
    - Recent work
    - Duration of work
  - Have a disability that meets the Social Security Act definition of disability
  - Have not reached full retirement age
SSDI Eligibility: Definition of Disability

- **Medically determinable physical or mental impairment**
  - Can be a single impairment or a combination of impairments, supported by evidence
- **Expected to last at least 12 months or result in death**
  - Does not have to be permanent
- **Resulting in inability to perform Substantial Gainful Activity (SGA)**
  - In prior job or in any job in the national economy
  - Does not mean “no work”

**2018 SGA** = earnings up to $1,180 / mo. (non-blind) or $1,970 / mo. (blind)
SSDI Eligibility: Application Process

- Applicant submits an initial application
- SSA field office processes, sends to state Disability Determination Service (DDS)
- If denied, 4 potential levels of appeal:
  - Reconsideration
  - Administrative Law Judge Hearing
  - Appeals Council Hearing
  - Federal Court

Most applicants are denied. Fewer than 4 in 10 are ultimately approved after all levels of appeal.
### OECD Disability Policy Typology: Country Scores, 2007, In Descending Order
(OECD Average = 25.8)

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
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<tbody>
<tr>
<td>Sweden</td>
<td>37</td>
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<tr>
<td>Norway</td>
<td>33</td>
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<td>Portugal</td>
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<td>Finland</td>
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<td>Germany</td>
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<td>Switzerland</td>
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<tr>
<td>Denmark</td>
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<td>Hungary</td>
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<td>Luxembourg</td>
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<tr>
<td>Mexico</td>
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<td>Spain</td>
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<td>Ireland</td>
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<td>Italy</td>
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<tr>
<td>Slovak Republic</td>
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<tr>
<td>Belgium</td>
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<tr>
<td>France</td>
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<td>Greece</td>
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<td>Poland</td>
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<td>Austria</td>
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<td>Czech Republic</td>
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<td>New Zealand</td>
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<td>Australia</td>
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<td>Canada</td>
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<td>United States</td>
<td>17</td>
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<td>Korea</td>
<td>15</td>
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The OECD (Organisation for Economic Cooperation and Development) describes the U.S. disability system—along with those of Korea, Japan, and Canada—as having:

“the most stringent eligibility criteria, including the most rigid reference to all jobs available in the labor market.”
SSDI Beneficiaries: Most Common Disabilities

SSDI Beneficiaries: Health Status

- Nearly 7 in 10 SSDI-only beneficiaries report 2 or more limitations. 1 in 3 report 3 or more limitations.
  
  88% Walking 3 blocks, climbing 10 steps, standing for 1 hour &/or crouching
  73% Grasping, reaching &/or lifting 10 pounds
  64% Speaking, hearing &/or seeing
  54% Concentrating

- Some are terminally ill.
  - About 1 in 5 male disabled worker beneficiaries and 1 in 7 female disabled worker beneficiaries die within the first 5 years of receiving benefits
Death Rates Higher for SSDI Beneficiaries than for General Population

Source: CBPP based on data from the Social Security Administration

Center on Budget and Policy Priorities | cbpp.org
SSDI Disabled Worker Beneficiaries: Age

Average age: about 54
3 in 4: age 50+
1 in 3: age 60+
SSDI Beneficiaries: Education & Prior Work

• Low educational attainment: Most SSDI beneficiaries have a H.S. degree or less. Only 1 in 6 has a 4 year college degree or higher.

• 22 years of work in covered jobs, on average

• Typical past work: Unskilled or semi-skilled jobs with moderate or light strength requirements, such as:
  — Cashier-Checker / Cashier
  — Nurse Assistant
  — Fast-Foods Worker
  — Home Attendant
  — Laborer
  — Material Handler
  — Packager, Hand
  — Stock Clerk
  — Cleaner, Housekeeping
  — Janitor
Why is SSDI Important?

- **Benefits comprise most/all of a majority of beneficiaries’ income:**
  - The majority of personal income for over 4 in 5 non-institutionalized beneficiaries
  - The sole source of personal income for 1 in 3 non-institutionalized beneficiaries

- **Benefits reduce poverty:**
  - Poverty rates are higher among people with disabilities who do not receive SSDI, compared to SSDI beneficiaries
  - But: SSDI benefits are modest and many beneficiaries remain in or near poverty
Poverty Rates With and Without SSDI Benefits

Percent of DI beneficiaries living in poverty

With DI: 19.7%
Without DI: 50.5%
Why is SSDI Important?

- Helps secure access to essentials: housing, food, clothing, transportation
- Prevents and reduces homelessness
- Prevents and reduces institutionalization
- Maintains health:
  - Access to Medicare
  - Help with out-of-pocket medical & disability-related expenses
SSDI Trends & Challenges

- Adequate funding to address operations including:
  - Historic hearings backlog
  - Customer service
  - Timely wage processing and recording
- DI Trust Fund solvency beyond 2032
- Opportunities for program enhancements