2017 Social Security Trustees Report

Social Security Disability Insurance Program
Financial Outlook and Trends

National Academy of Social Insurance (NASI)
Dirksen Senate Office Building, Room 608
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Dr. Jason J. Fichtner
Senior Research Fellow

MERCATUS CENTER
George Mason University
Estimated Number of Years until SSDI Trust Fund Exhaustion – 1984 through 2017

Source: Social Security Trustees Reports, 1984 - 2017
SSDI Beneficiaries

Growth in Disability, 1980 - 2015

SSDI Total Program Expenditures

SSDI Outlays, 1965 - 2016
(Real 2016 Dollars)

Source: Social Security Administration: https://www.ssa.gov/oact/STATS/table4a2.html#outgo
SSDI Awards by Diagnostic Group

Awards to All Disabled Beneficiaries, 2015

- Mental Disorders, 20.3%
- Musculoskeletal & Connective Tissue, 33.6%
- Neoplasm, 10.1%
- Nervous Systems & Sense Organs, 8.8%
- Circulatory, 10.1%
- All Other, 17.1%

SSDI Awards by Diagnostic Group

Source: Based on SSA data.

Source: Warshawsky and Marchand:
Growth in SSDI Correlates with Recessions
(Applications and Awards per 1,000 Insured Workers)

Source: Fichtner & Seligman:
Growth in SSDI Correlates with Recessions

<table>
<thead>
<tr>
<th>Year</th>
<th>Applications</th>
<th>Awards</th>
<th>Acceptance Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>1,682,454</td>
<td>750,464</td>
<td>44.61%</td>
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<tr>
<td>2003</td>
<td>1,895,521</td>
<td>777,905</td>
<td>41.04%</td>
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<td>2004</td>
<td>2,137,531</td>
<td>797,226</td>
<td>37.30%</td>
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<tr>
<td>2005</td>
<td>2,122,109</td>
<td>832,201</td>
<td>39.22%</td>
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<tr>
<td>2006</td>
<td>2,134,088</td>
<td>812,596</td>
<td>38.08%</td>
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<tr>
<td>2007</td>
<td>2,190,196</td>
<td>823,106</td>
<td>37.58%</td>
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<tr>
<td>2008</td>
<td>2,320,396</td>
<td>895,011</td>
<td>38.57%</td>
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<td>2009</td>
<td>2,816,244</td>
<td>985,940</td>
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<td>2010</td>
<td>2,935,798</td>
<td>1,052,551</td>
<td>35.85%</td>
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<tr>
<td>2011</td>
<td>2,878,920</td>
<td>1,025,003</td>
<td>35.60%</td>
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<tr>
<td>2012</td>
<td>2,824,024</td>
<td>979,973</td>
<td>34.70%</td>
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<td>2013</td>
<td>2,653,939</td>
<td>884,894</td>
<td>33.34%</td>
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<td>2014</td>
<td>2,536,174</td>
<td>810,973</td>
<td>31.98%</td>
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<tr>
<td>2015</td>
<td>2,427,443</td>
<td>775,739</td>
<td>31.96%</td>
</tr>
<tr>
<td>2016</td>
<td>2,321,583</td>
<td>744,268</td>
<td>32.06%</td>
</tr>
</tbody>
</table>

Fichtner/Seligman Reform proposals – in a Nutshell

- Create Temporary Disability Awards
- Allow Partial Disability Awards
- Engage employers

These reforms would:
- recognize that disability is not an all-or-nothing condition
- support return to work
- help maintain labor force attachment.

Use of pilots to test effectiveness
Pilot Projects to Test Reform Ideas

**Individuals**: launch pilots offering partial disability payments
target both new & existing SSDI beneficiaries who attempt work.

- **FEATURES:**
  - voluntary participation for demonstrations
  - guarantee 50 percent of monthly benefit given earnings are below a threshold, then phase out
    - eg: threshold might be $3,500 / month, phase out might be 1:2
  - benefit counseling provided
    - health and/or career orientations, as demonstration modules
Pilot Projects to Test Reform Ideas

Employers: Some ideas here we like, ex: Liebman (2015) pilot

*general idea--incentivize employers to take more responsibility for employee coverage*

- **FEATURES:**
  - voluntary participation for demonstrations
  - tax credit against cost of premiums for private disability insurance coverage
    - tax credit is up-to a set amount, covers a two year policy
    - (we expect that private policy would be experience rated)
  - SSDI enrolment exclusion over coverage period
    - integrated hand off to public policy which pools long term coverage risks