Why Are More People Claiming Social Security Disability Insurance Benefits?

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First, the Recent Recession Has Had a Big Effect on Applications and New Disability Awards

Historical and Projected Disabled Worker Age-Sex-Adjusted Incidence Rates
The “Solvency” Outlook: DI Trust Fund Reserves are Declining; But Still--86 Percent Payable in 2018, 83 Percent Payable by 2085

Social Security Trust Fund Ratios
Assets as Percent of Annual Cost
Trustees Report Intermediate Projections

Historical

OASDI

OASI

Tax Rate
Reallocation

OASDI Cost Will Shift from 4.3 to 6 Percent of GDP as the Boomers Retire

_BUT, This Shift has Already Happened for DI Cost_

OASDI Cost as Percent of GDP 1975-2085
2011 Trustees Report Intermediate Assumptions

Baby Boomers reach ages 45-64 in 2010

[Graph showing OASDI, OASI, and DI costs as a percent of GDP from 1975 to 2085]
Boomers Have Already Reached Prime Disability Ages, 
*So DI Has Reached Its Peak Cost*

DI Cost and Income as Percent of GDP 1975-2085
2011 Trustees Report Intermediate Assumptions

- Baby Boomers reach ages 25-44 in 1990
- Baby Boomers reach ages 45-64 in 2010
The Number of Workers per Beneficiary Stabilizes

Workers per Disability Insurance Beneficiary

Baby Boomers reach ages 25-44 in 1990

Baby Boomers reach ages 45-64 in 2010
Drivers of Disability Cost #1: Being Insured

Percent of Population That Is Insured for Disability

- Male
- Female


Percentages: 35%, 45%, 55%, 65%, 75%, 85%
Drivers of Disability Cost #2: Becoming Disabled

New Disabled Workers per 1,000 Exposed (Incidence)
Age-Sex--Adjusted (2000) - 2011 Trustees Report

New Awards per 1,000 Exposed

Male
Female

Drivers of Disability Cost #3: Economic Conditions and Policy Changes

![Graph showing historical and estimated unemployment rates and disability incidence rates. Key points include:
- Recession and SSI 1974
- 1970-74 Large Benefit Increases
- 1980 Amendments: PER, CDRs, EPE, Lowered Family Max
- 1984 Amendments: Multiple Impairments
- 1995 Medical Improvement
- 1996 Amendments: Drug Addiction & Alcohol
- CDR Plan 1996-2002
- SSI Outreach
- Age-sex-adjusted disabled worker incidence rate
- Civilian unemployment rate

Calendar year with data points from 1970 to 2020.]
Effect of These Drivers: Disability Prevalence Has Been Rising

DI Disabled Workers per 1,000 Insured Population (Prevalence)
Age-sex-adjusted (2000)
Drivers of Disability Cost #4: Age Becoming Disabled
Shift to young ages; increases prevalence for men too

Young Incidence Rate (ages 25-44) as Percent of Older Incidence Rate (ages 45-64)
Stable distribution of female disabled worker awards by primary diagnosis code at ages 30-39 (male similar)
Increased musculoskeletal primary diagnosis among female disabled worker awards age 50-59 (male similar)
Disabled Worker Death and Recovery Rates: 2011TR

Death rate

Recovery


0.0% 1.0% 2.0% 3.0% 4.0% 5.0% 6.0% 7.0% 8.0%
Bottom Line-- DI Has Reached Its Peak Cost
We Expect Stable or Even Declining Cost in the Future

DI Cost and Income as Percent of GDP 1975-2085
2011 Trustees Report Intermediate Assumptions

DI Cost

DI Income

Baby Boomers reach ages 45-64 in 2010

Baby Boomers reach ages 25-44 in 1990