

Social Security Disability Insurance

National Academy of Social Insurance
Demystifying Social Security:
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The Arc

Today's Topics

- What is Social Security Disability Insurance (DI)?
- Who receives DI?
 - Eligibility
 - Beneficiary characteristics
- Why is DI important?
- Program trends and challenges

Social Security Act: Title II and Title XVI Programs

Income Maintenance

Health Coverage

**Social
Insurance**

Social Security
Old Age, Survivors and
Disability Insurance
(OASDI)
Title II

Medicare
Title XVIII

**Means-
Tested**

Supplemental
Security Income
(SSI)
Title XVI

Medicaid
Title XIX

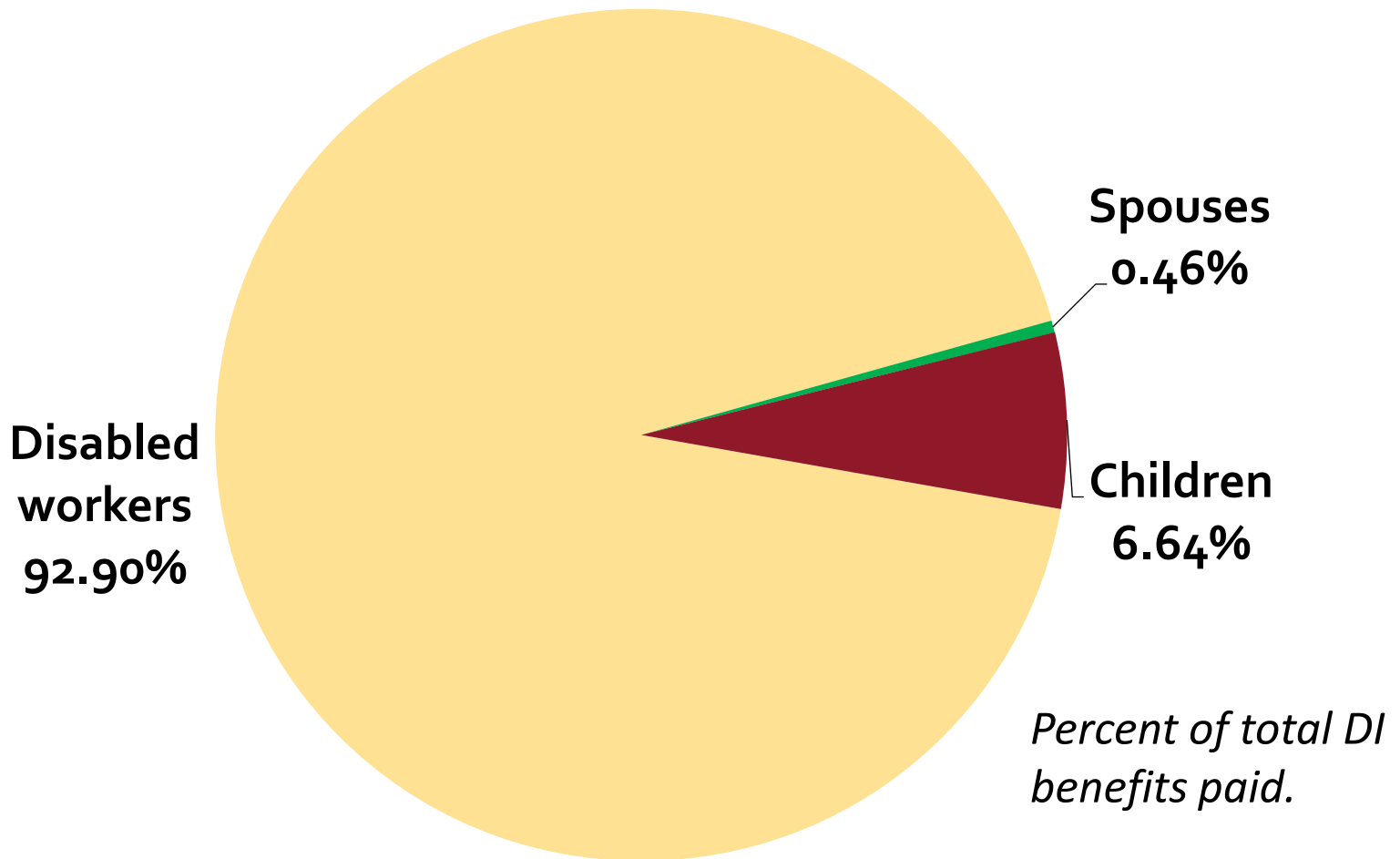
What is Social Security Disability Insurance (DI)?

- Insures workers, dependents against disabilities that prevent substantial work
- Guaranteed monthly benefit
- No income or asset (resource) limits
- Part of the Social Security system:
 - Authorized by Title II of the Social Security Act
 - Same benefit formula
 - Same cost-of-living adjustment
 - Medicare (subject to 24 month wait)
- Benefits paid from DI Trust Fund

DI Beneficiaries & Average Monthly Benefit, May 2013

	Beneficiaries	Average monthly benefit
Disability Insurance	10,976,000	\$977.42
Disabled workers	8,877,000	\$1,129.51
Spouses of disabled workers	160,000	\$302.25
Children of disabled workers	1,940,000	\$337.11

DI Trust Fund: Annual Benefits Paid, 2012



DI Eligibility: Disabled Workers

- To qualify for DI 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

DI Eligibility: Definition of Disability

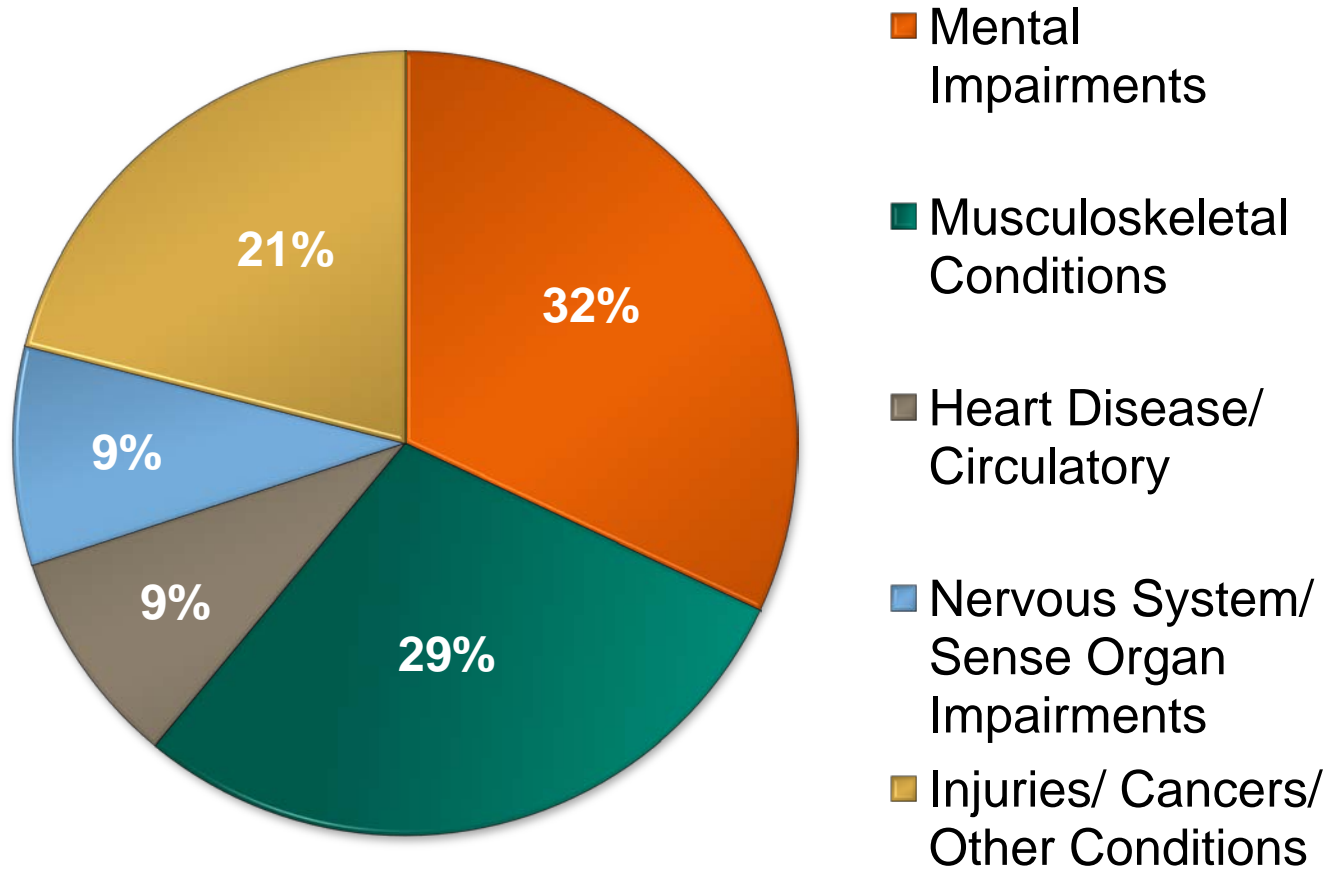
- Medically determinable physical or mental impairment
 - Can be a single impairment or a combination of impairments, supported by evidence
- Expected to last at least 12 months or result in death
 - Does not have to be permanent
- Resulting in inability to perform Substantial Gainful Activity (SGA)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

2013 SGA = earnings up to \$1,040 / mo. (non-blind)
or \$1,740 / mo. (blind)

DI 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

DI Beneficiaries: Most Common Disabilities

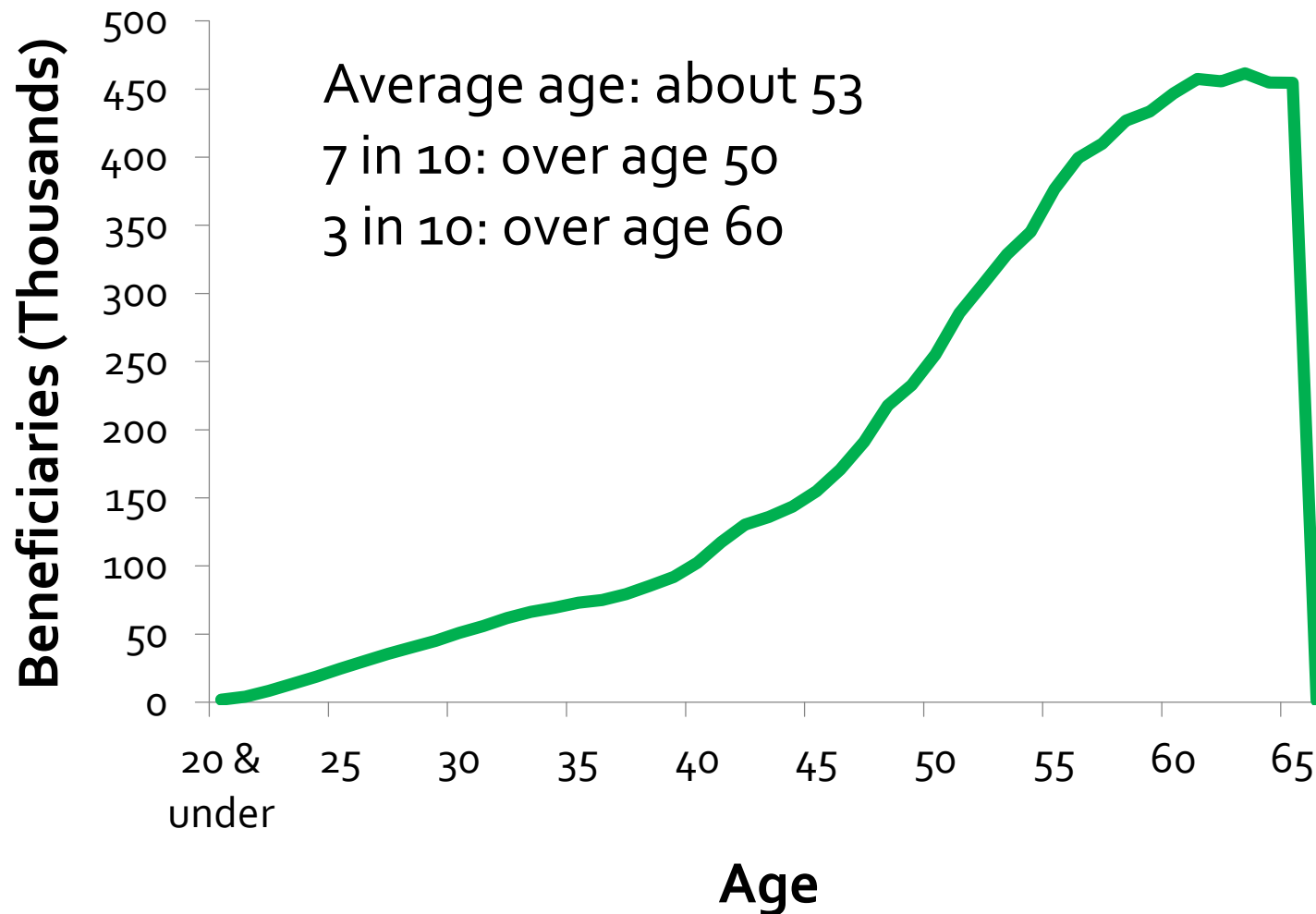


Source: V. Reno & E. Walker, NASI (2013), "Social Security Benefits, Finances, and Policy Options: A Primer."

DI Beneficiaries: Health Status

- Many report multiple limitations
- Many report worsening health:
 - Nearly half of DI-only beneficiaries reported their health was “somewhat” or “much” worse compared to last year (45%; 2006)
- 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

DI Disabled Worker Beneficiaries: Age



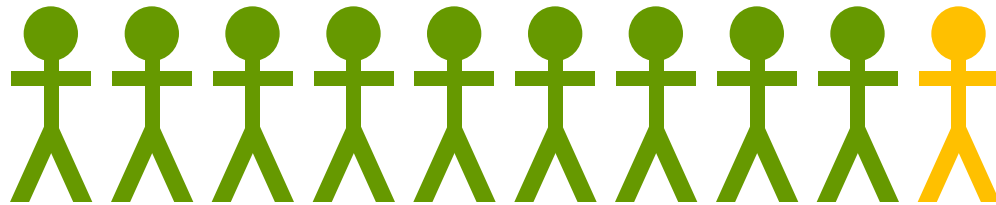
DI Beneficiaries: Education & Prior Work

- **Low educational attainment:** About 3 in 5 disabled workers have a H.S. degree or less
- **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 DI Important?: Coverage

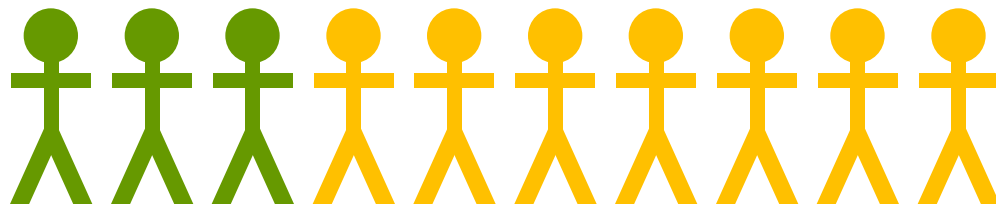
Social Security Disability Insurance:

According to SSA, about 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.



Why is DI Important?

- **Benefits comprise most/all of a majority of beneficiaries' income:**
 - DI is the majority of income for over 70% of non-institutionalized beneficiaries
 - For nearly half of non-institutionalized beneficiaries DI is over 90% of income
- **Benefits reduce poverty:**
 - Poverty rates are higher among people with disabilities who do not receive DI, compared to DI beneficiaries
 - But: DI benefits are modest and many beneficiaries remain in or near poverty; e.g., 44% of beneficiaries age 31 to 49 are at or near the poverty level

Why is DI Important?: Use of Benefits

- Help secure access to essentials:
housing, food, clothing, transportation
- Prevent and reduce homelessness
- Prevent and reduce institutionalization
- Maintain health:
 - Access to Medicare
 - Help with out-of-pocket medical expenses
- Help cover the cost of caring adult child with a disability

DI Program Trends & Challenges

- DI Trust Fund solvency
- Program growth
- Adequate funding for:
 - Timely and accurate application processing (“disability backlog”)
 - Timely wage processing and recording
 - Continuing Disability Reviews
- Strengthening work incentives and opportunities

DI Program Trends: Growth

- Number of DI beneficiaries more than doubled between 1995 and 2011:
 - 4,185,263 received disabled worker benefits in 1995
 - 8,575,544 received disabled worker benefits in 2011
- Growth has leveled off and is projected to slow in the future

Reasons for DI Growth

- Largely, demographics:
 - Growing labor force, including dramatic growth in work among women
 - Boomers entering high disability years
- Additionally:
 - Increase in the full retirement age
 - Economic factors
 - Other factors: less forgiving workplace, declines in health insurance coverage