

NATIONAL  
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**Findings of the National Academy of Social Insurance  
Disability Policy Panel  
“Balancing Security and Opportunity: The Challenge of  
Disability Income Policy”**

Statement of  
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Challenges and Opportunities

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Thank you for the opportunity to appear before you today. My testimony is based largely on the work of the National Academy of Social Insurance (NASI) Disability Policy Panel, of which I was a member.

At the request of this Subcommittee in the 102<sup>nd</sup> Congress, the Panel examined whether the design of Social Security Disability Insurance encouraged Americans with disabilities to emphasize their impairments as a means to securing and maintaining disability benefits, what changes could be made to encourage people with disabilities to use their residual work capacity, and how rehabilitation could be incorporated into the benefit programs without greatly expanding costs or weakening the right to benefits for those who cannot work.

The Panel made a number of recommendations to make Social Security and SSI disability benefit provisions more “work friendly.” The Panel emphasized the importance of extending health care coverage (Medicare and Medicaid) to working individuals with disabilities. It devised an innovative “return to work ticket” to link beneficiaries with providers of return-to-work services. These recommendations were influential in the design of the “Ticket to Work and Work Incentive Improvement Act of 1999,” (PL 106). Finally, it emphasized that adequate administrative resources are essential to serve both beneficiaries and the public fiscal interests. I will return to this point in my concluding remarks.

The Panel also concluded a comprehensive review of the definition of disability. The statutory definition of disability is based on the loss of ability to work. Establishing a work disability involves the interaction of four elements:

- a health condition that produces impairment and loss of function;
- work—the tasks that a person can reasonably be expected to do for remuneration;
- offsetting capacities or compounding limitation in performing work-related tasks; and
- the environment in which the person works and lives.

Income support is appropriate when work disabilities are clearly established and cannot be removed. Income support is also appropriate during transitional periods as remedies are being explored and applied. Remedies could include:

- changing or containing the impairment through health care, medications, or medical restoration;
- modifying the work requirements through job accommodation or assistive technology;
- enhancing the person’s abilities and skills through education, training, or vocational rehabilitation; and

- environmental changes such as architectural modification or public access improvement including transportation.

The statutory definition of work disability is stringent and replacement rates are frugal. The on-going challenge is to design benefit replacement policies that give meaningful support but still provide incentive to return to work if possible and, of course, are affordable.

Even though the SSDI/SSI definition of disability is very strict, it is also generic. Thus, its application in regulations must be systematically updated over time to reflect dynamic societal changes including:

- medical conditions, their impacts, and their remedies;
- the changing nature of work requiring new skills and abilities;
- scientific and technological advances; and
- social and economic conditions.

To some extent, recent legislation represents an acknowledgement of the changing nature of the workplace and of chronic illnesses/impairments. For example, a demonstration project in three states (Wisconsin, Maryland, and Delaware), allows for a potential beneficiary (who passes a screening process using the statutory definition of disability) to be given temporary benefits quickly. These beneficiaries also receive services aimed at getting them back to work. Results from this demonstration may help determine the impact of timely assistance on outcomes.

In considering overall disability policy, the work of the NASI Panel concluded that policy consistency should flow from *goals*, not uniform definitions. The Panel stated that, “the primary goal of a national disability policy should be the integration of people with disabilities into American society.” Equal Opportunity, full participation, independent living, and economic self-sufficiency should be the goal of disability policy. Definitions of disability used as eligibility criteria for government programs should differ in order to target particular remedies for specific needs. For example, health care and income support programs may not need to share a common definition of disability.

I would like to submit for the record Chapter 4 of the NASI report, “Defining Eligibility for Benefits and Services: Distinguishing Programs and Purposes.” Among the key findings are:

- “Different definitions of disability are appropriate for programs that offer different kinds of services or benefits;
- Work disability—based on loss of ability to earn—is an appropriate eligibility criteria for earnings-replacement insurance [that SSA provides]; and
- The Social Security Act definition of work disability is very strict. A less strict test would significantly increase the cost of Social Security disability benefits [because more people would qualify].”

I would also like to submit for the record Chapter 5 of the NASI report, “Operationalizing the Social Security Definition: Assessing the Assessment.” The chapter outlines the panel findings on the sequential process SSA uses to determine disability. The assessment addressed four overall objectives:

- the accuracy of the assessment of an individual’s work disability (*validity*),
- the consistency of these assessments across deciders (*reliability*),
- the perceived legitimacy or credibility of the criteria as viewed by applicants and the public (*credibility*); and
- the capacity of the system to produce reasonably prompt and low-cost decisions (*administrative efficiency*).

The Panel found that each step of the sequential process has a rationale in terms of these objectives. Any definition of disability used to determine eligibility should reflect these broad goals.

Finally, the Panel found that adequate administrative resources are essential. Determining whether an applicant meets the definition in the law requires assembling and evaluating detailed medical evidence and evidence of functional capacity. This requires skilled personnel and resources. The Panel urged that the Administration and Congress provide SSA adequate administrative resources to ensure that assessments are done fully, fairly, and timely for all applicants.

I will be happy to respond to any questions concerning this testimony or any questions you may have about comparable issues in private sector disability work programs with which I have had significant experience.