



## Social Security Benefits America: Disability Insurance Program Briefing

May 7, 2014 3:00 p.m.

Capitol Visitor Center, SVC 203-02

### AGENDA

#### Opening Remarks

Carolyn W. Colvin, Acting Commissioner

#### \*\*\* Invited Guests\*\*\*

*Chairman Tom Harkin – Iowa (Senate Health, Education, Labor & Pensions)*

*Chairman Ron Wyden – Oregon (Senate Finance Committee)*

*Ranking Member Orrin Hatch – Utah (Senate Finance Committee)*

*Rep. Sam Johnson – Texas – 3<sup>rd</sup> District (House Ways & Means, Social Security Subcommittee – Chairman)*

*Rep. Xavier Becerra – California – 34<sup>th</sup> District (House Ways & Means, Social Security Subcommittee – Ranking Member)*

#### Panel

Stephen C. Goss, Chief Actuary

Marianna LaCanfora, Acting Deputy  
Commissioner, Office of Retirement and  
Disability Policy (Moderator)

Jim Borland, Assistant Deputy  
Commissioner, Office of Disability  
Adjudication and Review

Theresa Gruber, Assistant Deputy  
Commissioner, Operations

Frank Cristaudo, Acting Chief Counsel,  
Boston Region – Office of General Counsel

#### Questions & Answers

Panel Joined by Scott Frey, Deputy  
Commissioner, Office of Legislation and  
Congressional Affairs

#### Closing Remarks

Carolyn W. Colvin, Acting Commissioner



# **An Overview of SSA's Disability Process**

**Social Security  
Disability Insurance :  
Growth, Solvency, Sustainability**

Stephen C. Goss, Chief Actuary  
Social Security Administration Briefing  
May 7, 2014

# Social Security Disability Insurance

**155 million workers under age 66 are insured against becoming unable to work**

**9 million workers now receive DI benefits**

- **2 million “dependents” - mostly children**

**Many more protected from loss of insured status**

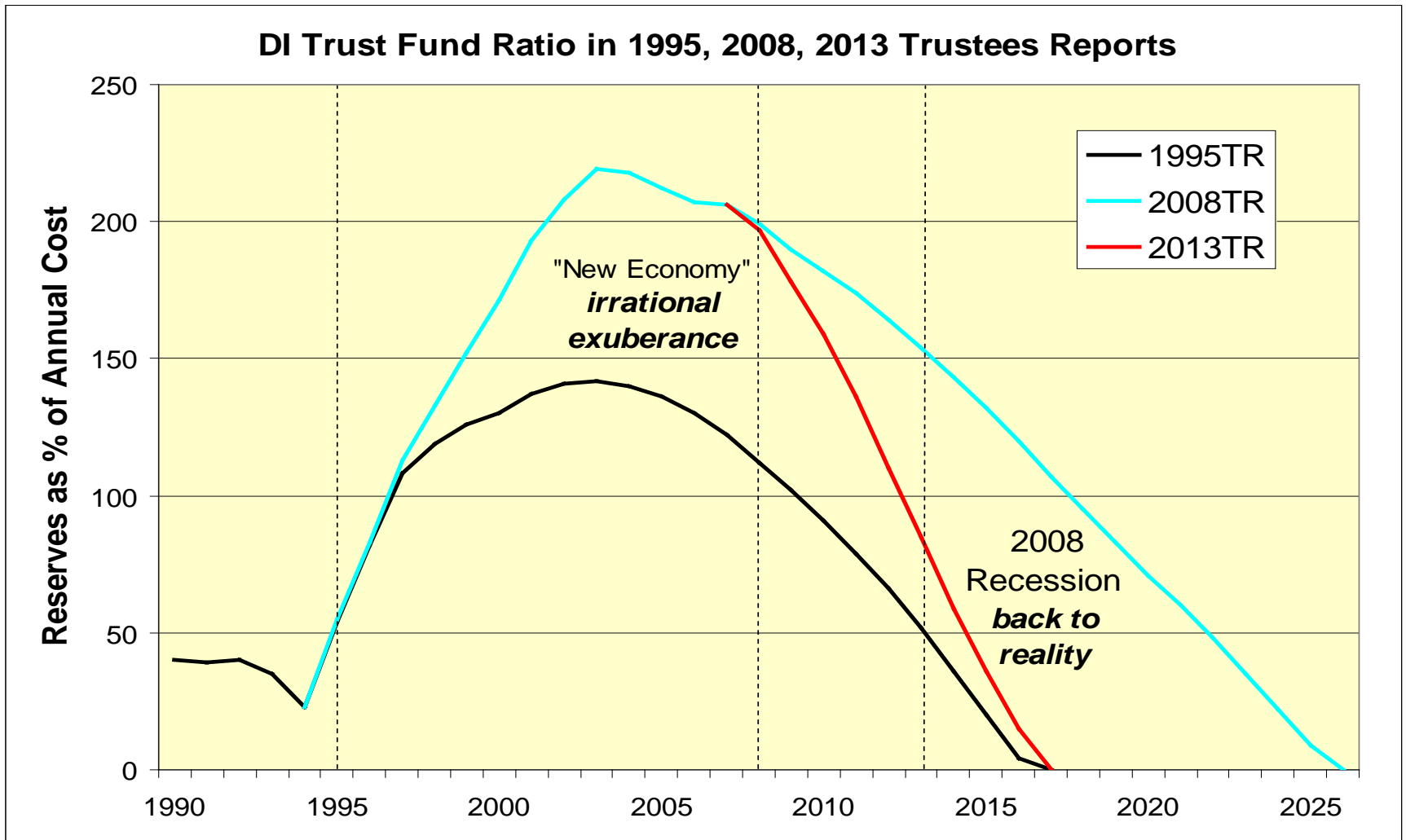
- **And from lower retirement benefits**

**Benefits replace 40% to 45% of career earnings on average**

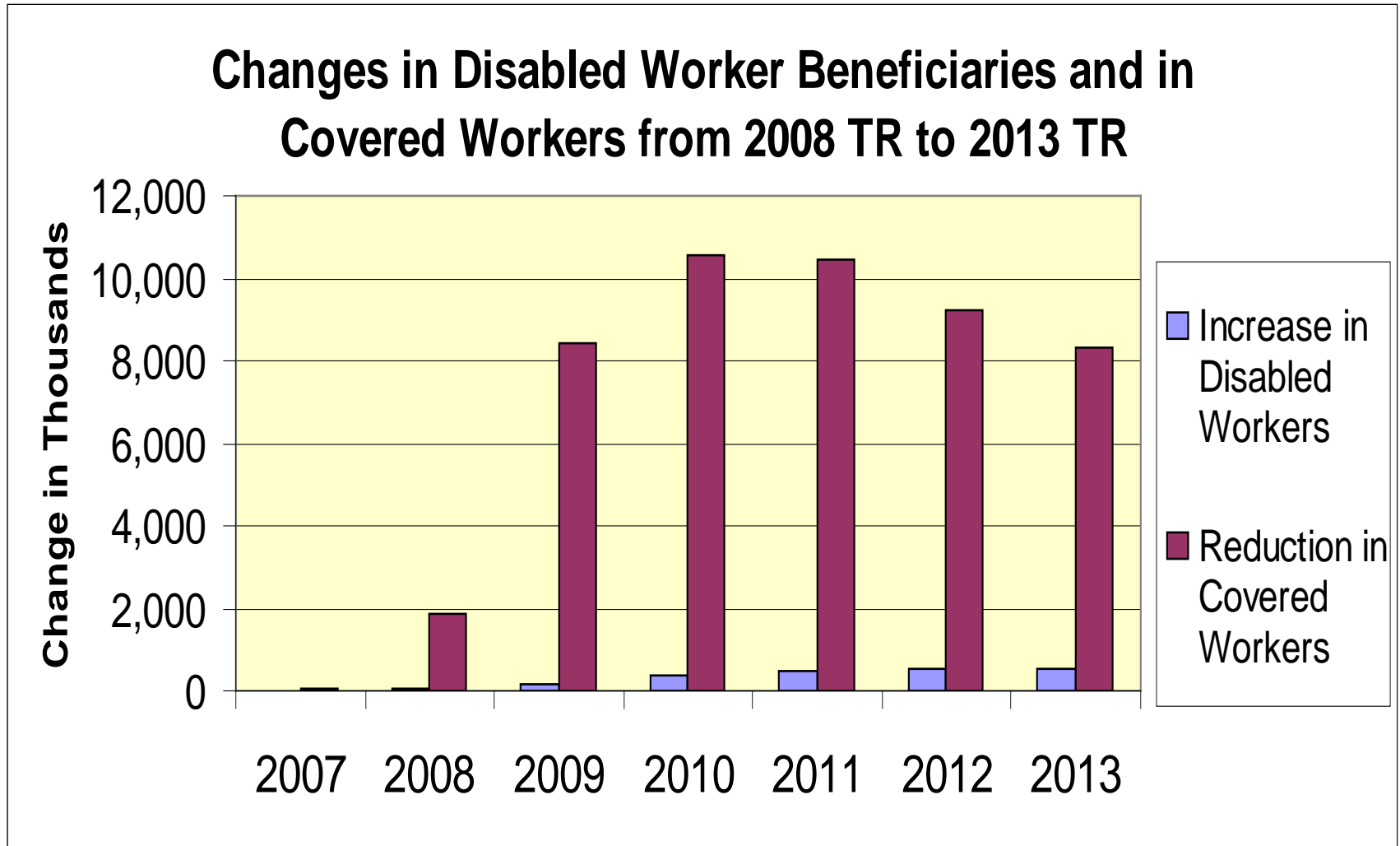
- **76% for very-low earner, 27% for steady maximum earner**

# Solvency of the DI Trust Fund; reserve depletion in 2016

## 2008 recession offset “new economy”; cycles still happen

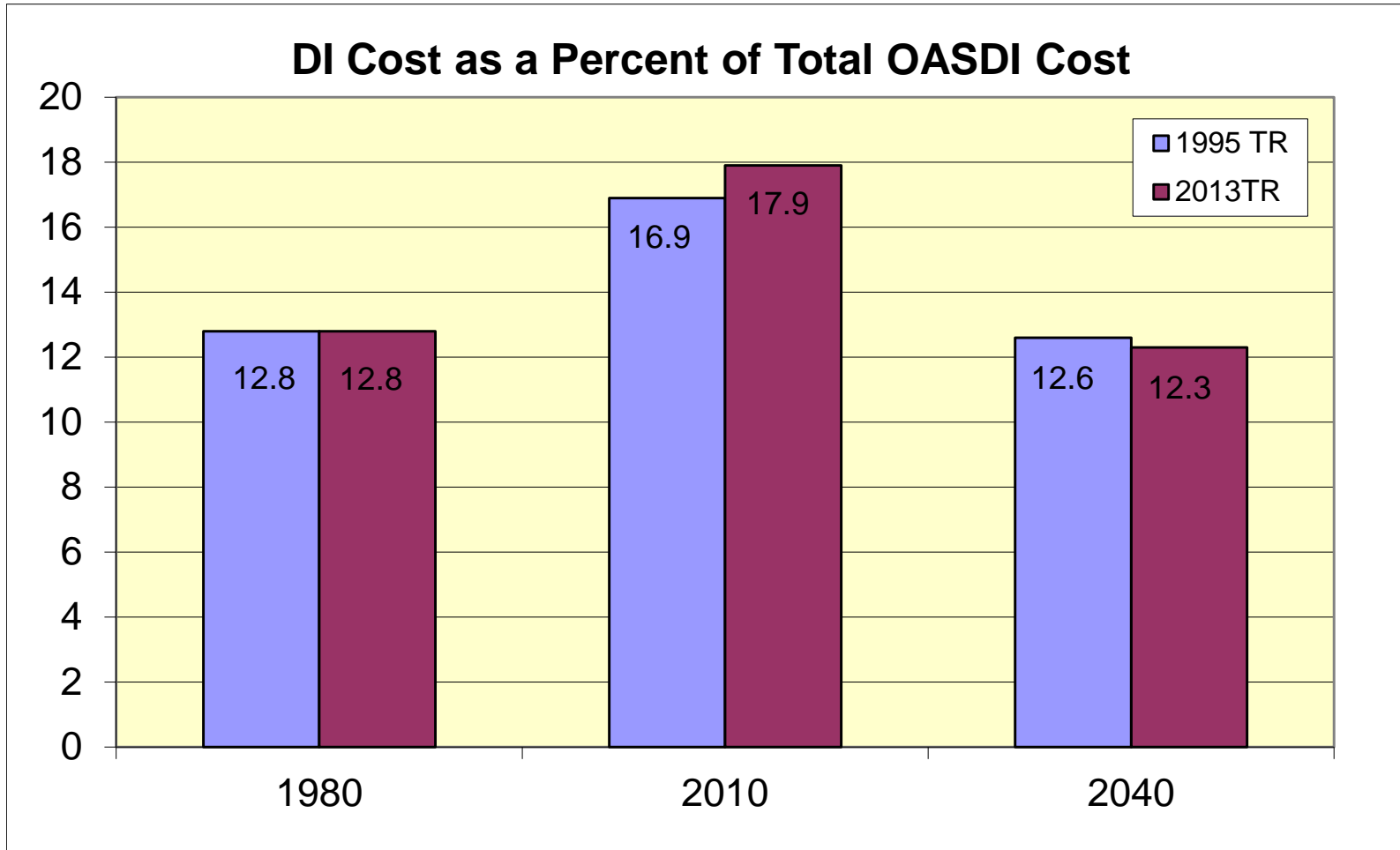


# Recession: Most of the Effect Was from Fewer Workers—Not More Beneficiaries

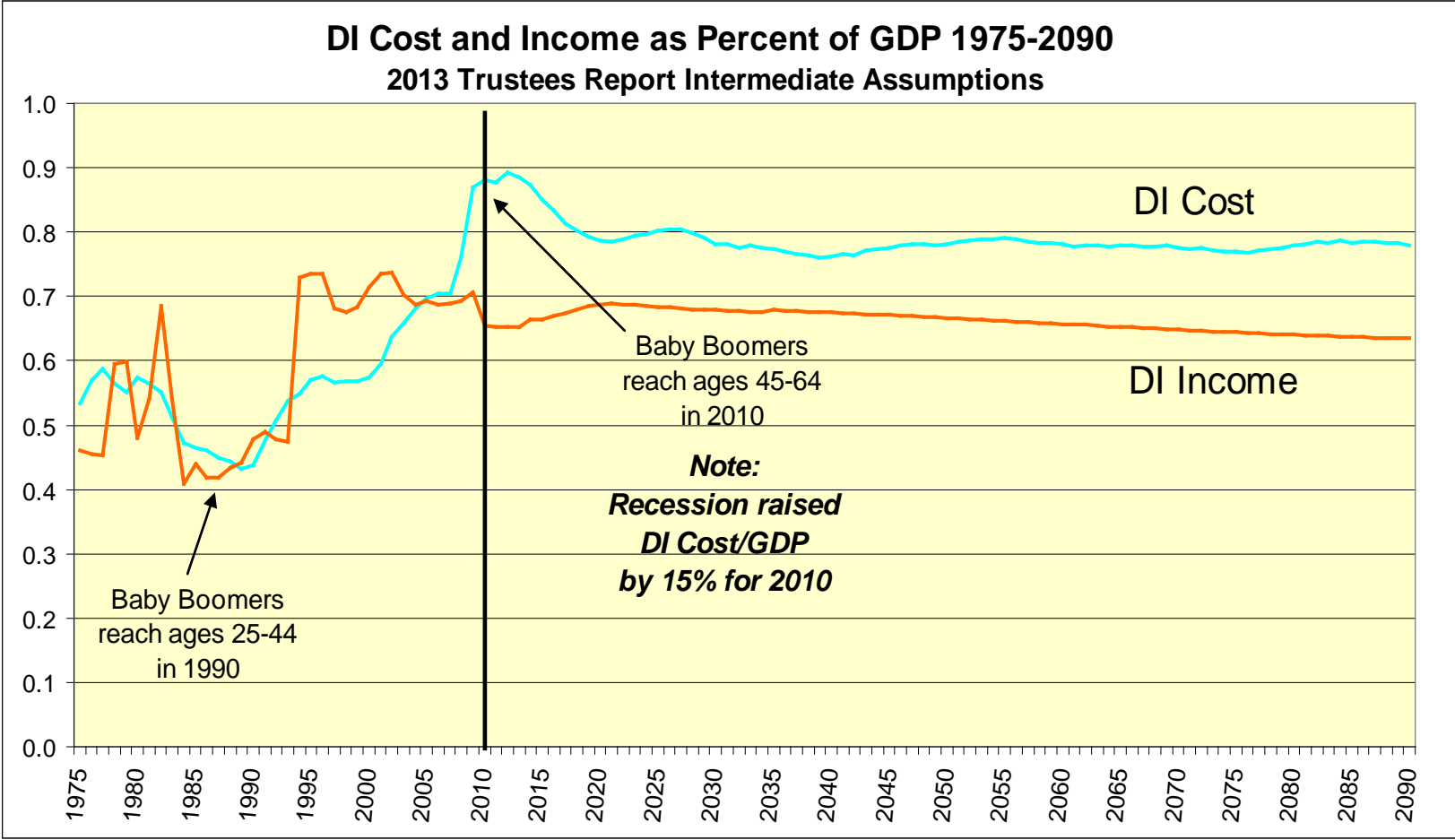


# Is DI out of control, taking over OASDI?

*(Note 5% increase in DI cost for 2010 due to recession)*



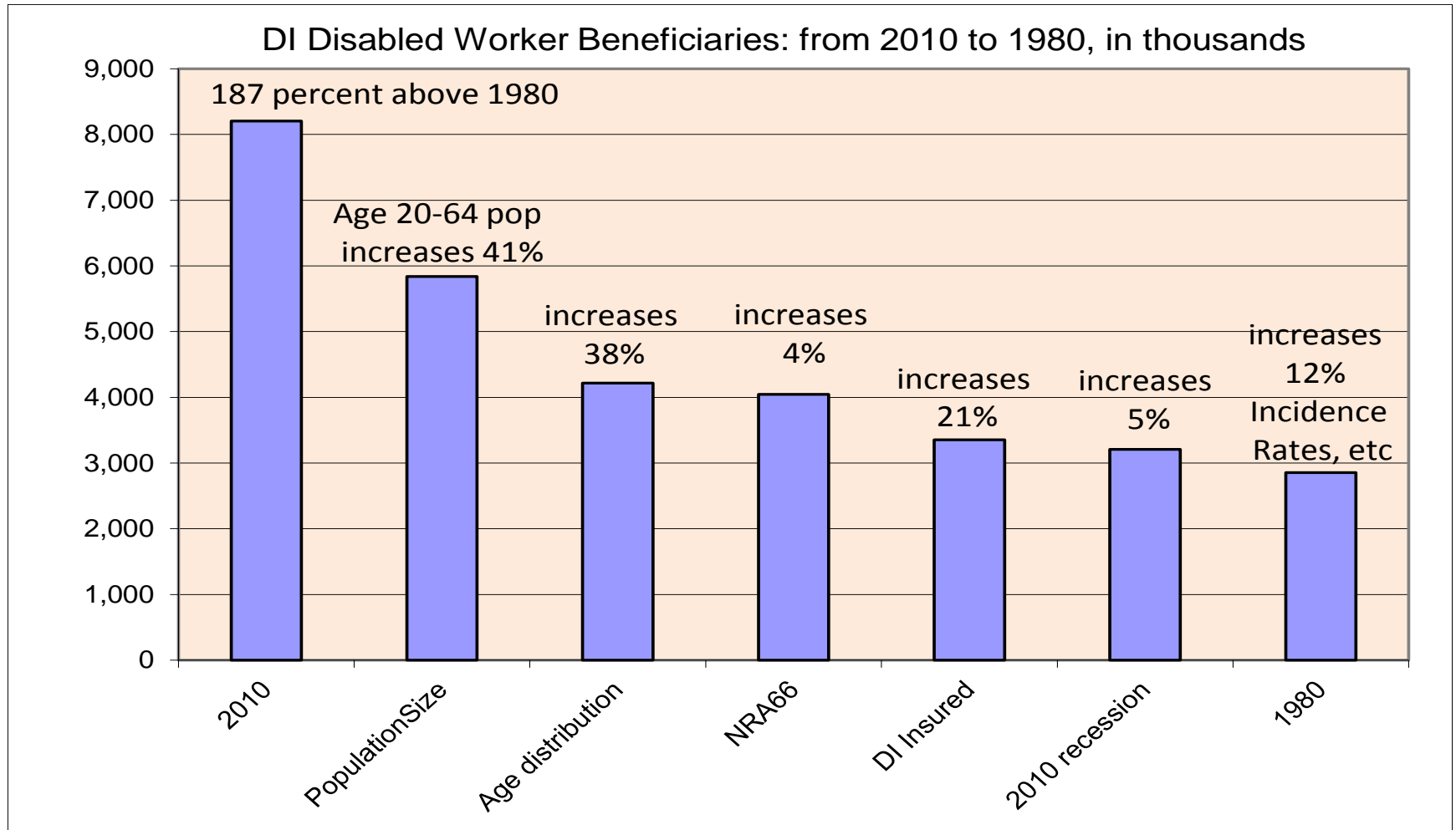
# Sustainability of DI: Cost as percent of GDP has peaked, but scheduled income is too low





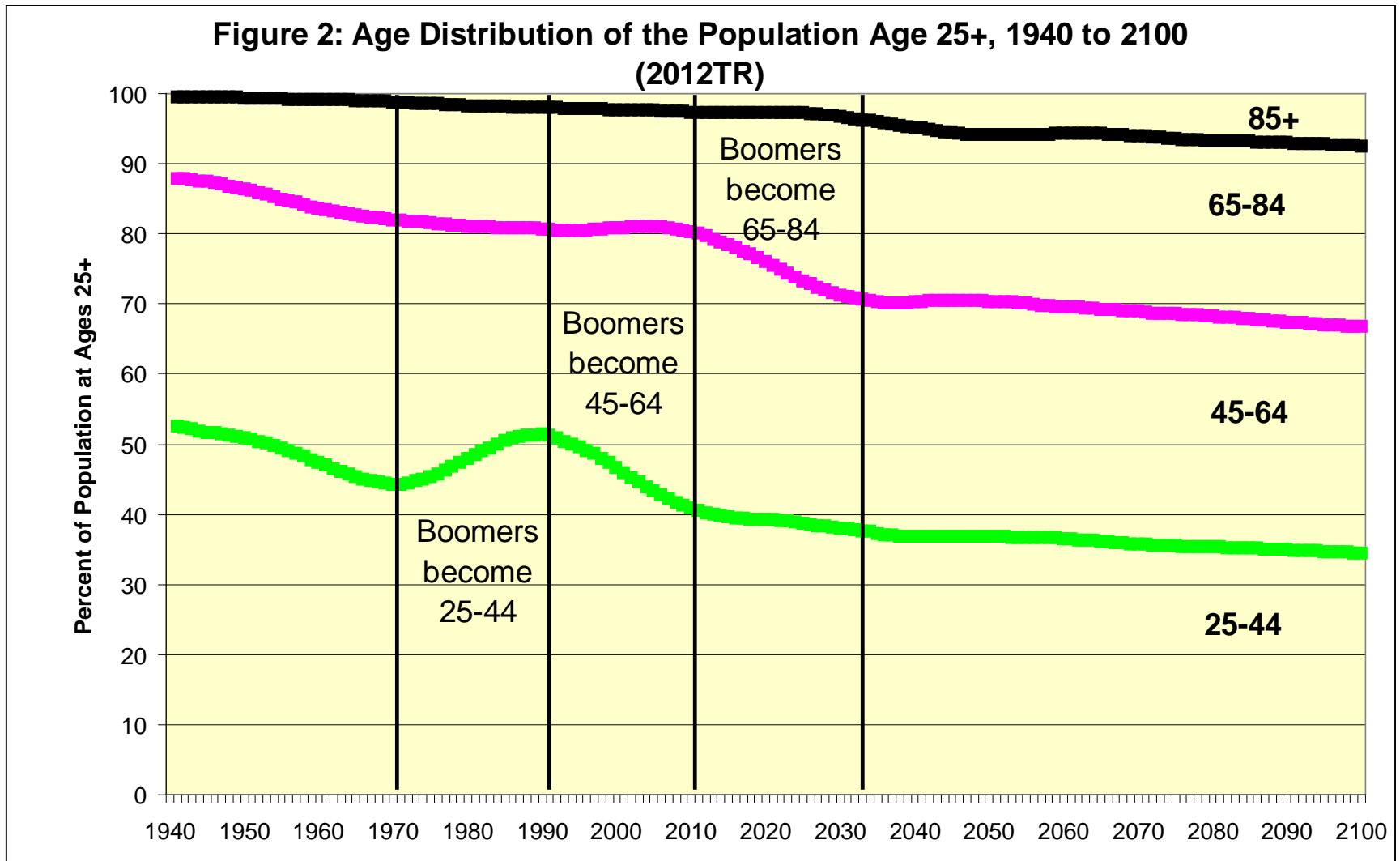
# Increase of 187% in DI Beneficiaries from 1980 to 2010 Is Demographic and Women Working

*(SSI similar increase—about 2/3 as many adult disabled under 65)*



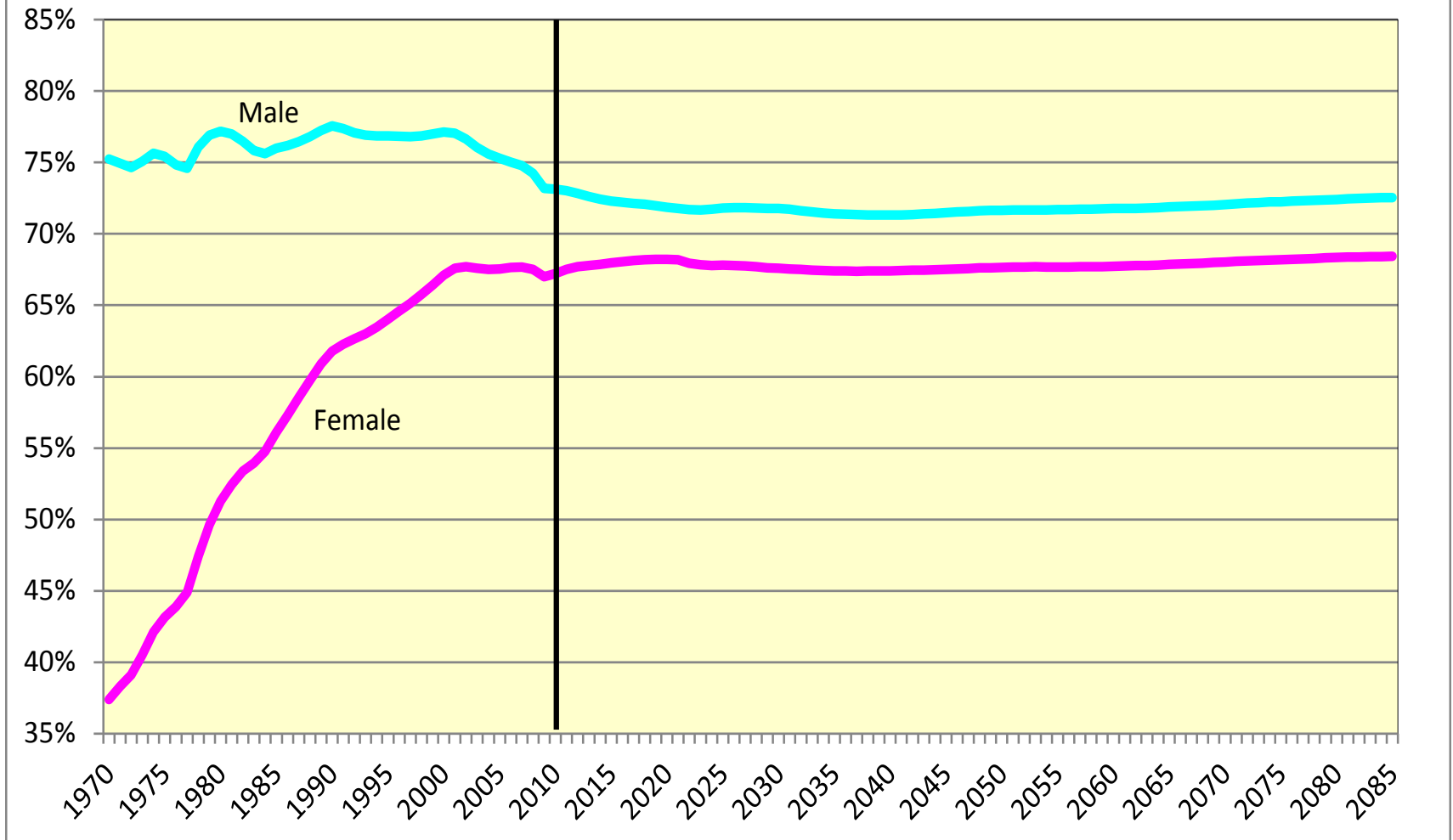
# Remarkable changes in age distribution

*Progression of the boomers and drop in birth rates dominate*



# Increased work by women raised insured; men a little lower at younger ages

Figure 5: Percent of Population that is Insured for Disability



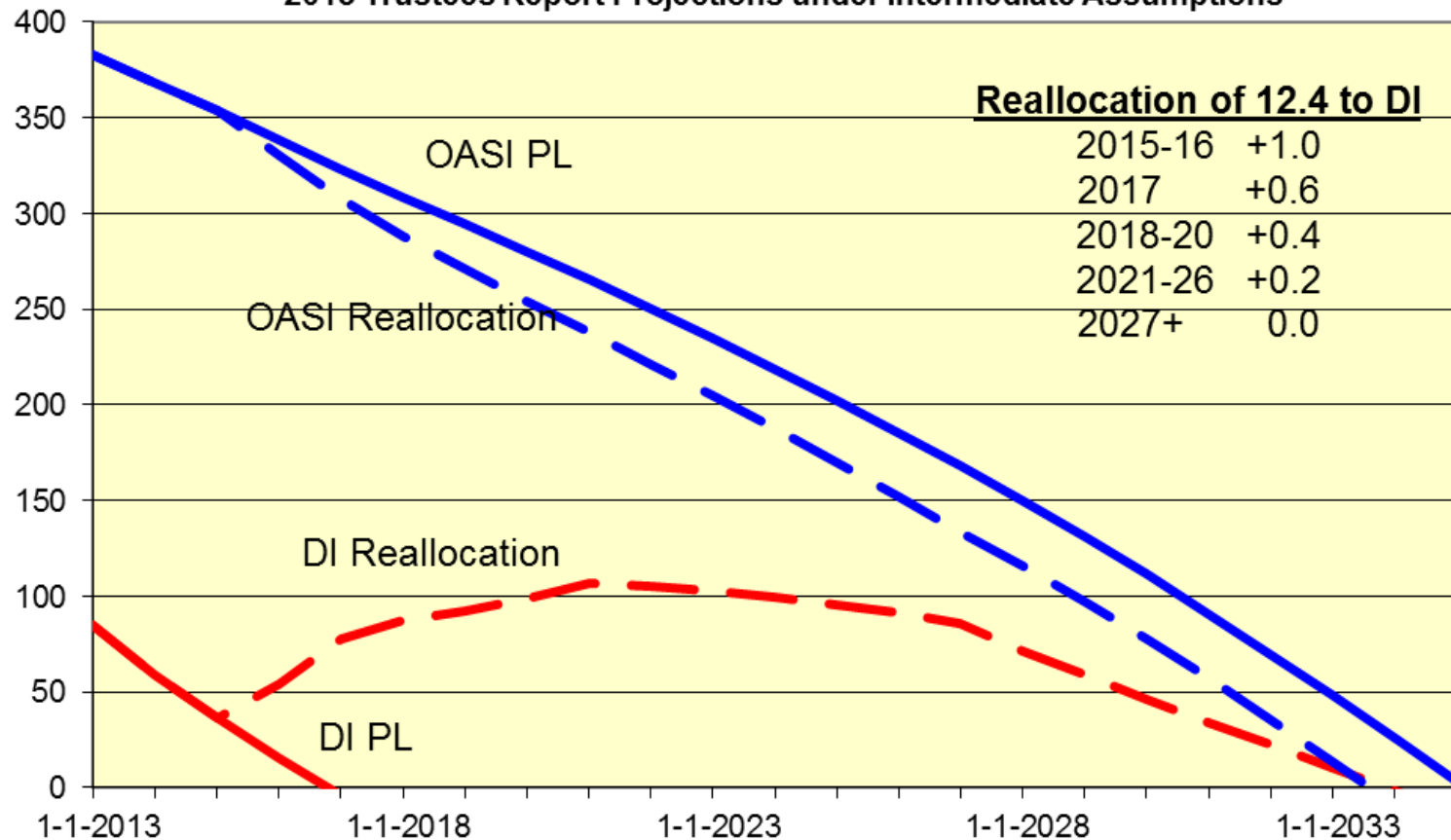
# So where are we on DI?

- Is the sky falling, cost out of control? *No.*
- Or are we following a path foreseen? *Yes.*
- Trust Fund reserves projected to deplete 2016  
*Need change soon to avoid inability to pay in full & on time*  
*Default: Revenue enough to pay 80% of benefits, so:*
  1. *Cut all DI benefits by 20%?*
  2. *Increase DI tax revenue by 25%?*
  3. *Or, reallocate tax rate between OASI and DI?*
- Need further changes for long-range solvency

# Potential tax rate reallocation between OASI and DI: Like in 1994—NO change in total taxes

## Projected DI and OASI Trust Fund Ratios (TFR) under Present Law and Tax Rate Reallocation Starting 2015

(Trust Fund Ratio is Reserves at Beginning of Year as Percent of Cost during Year)  
2013 Trustees Report Projections under Intermediate Assumptions

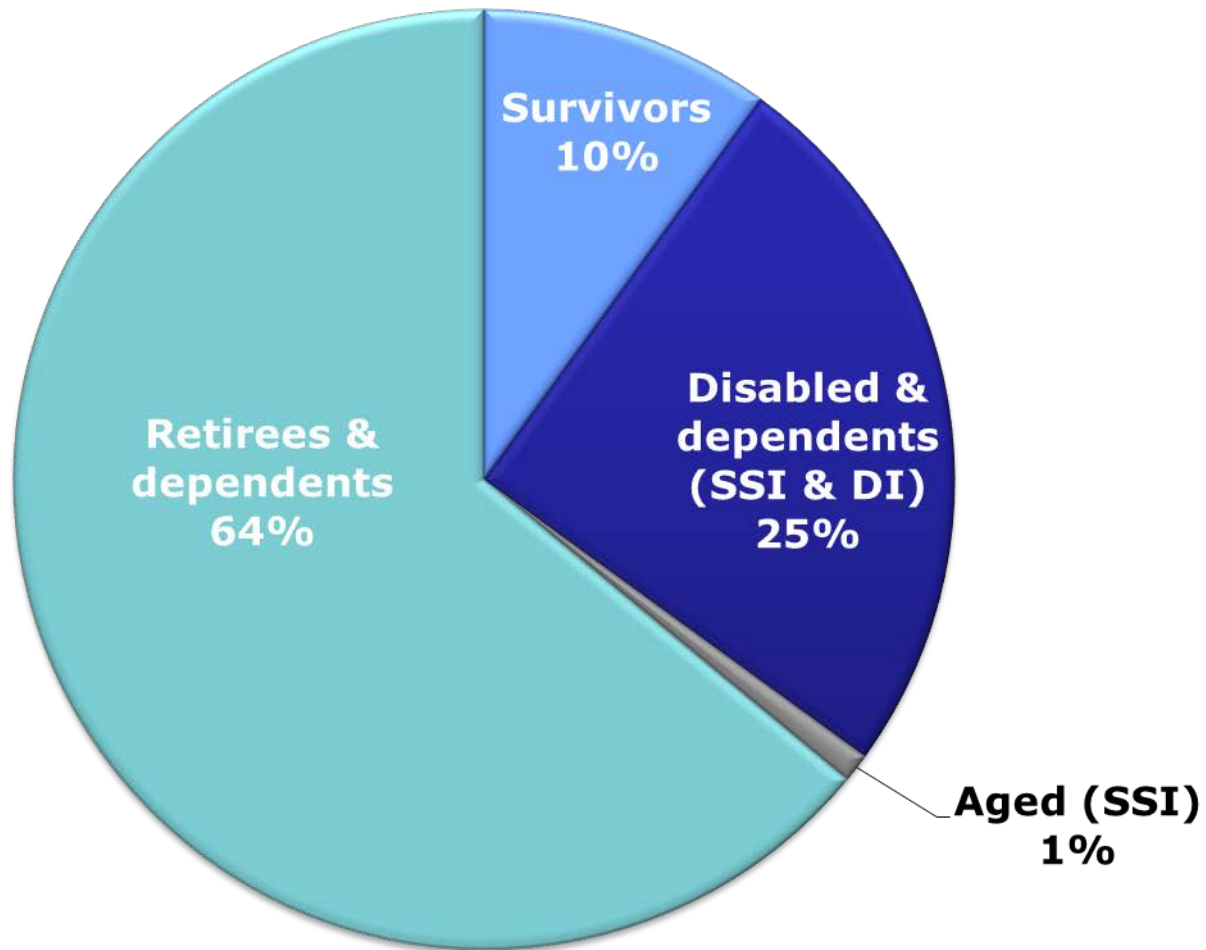




# An Overview of SSA's Disability Process

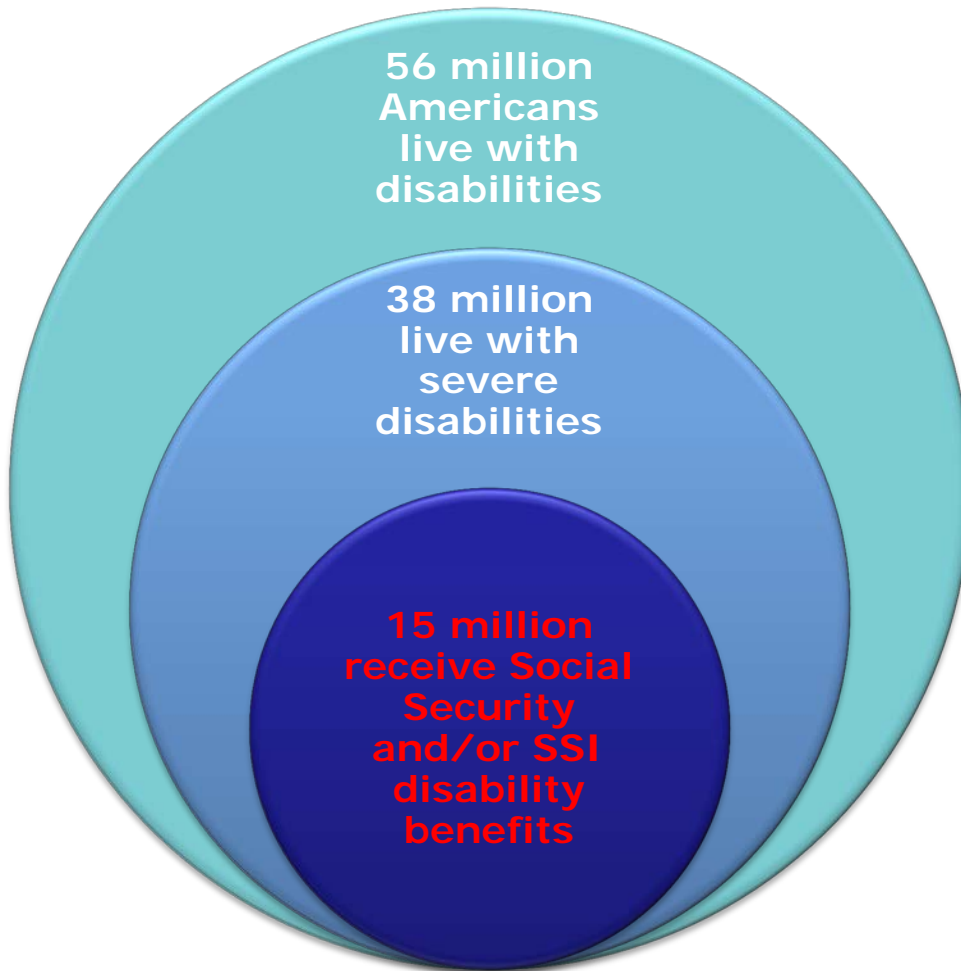


# Who benefits from Social Security?





# Who are disability beneficiaries?



**Severe illnesses** – advanced cancers, end stage renal failure

**Severe physical disabilities** – severe cerebral palsy, post-polio syndrome

**Mental impairments** – significant intellectual disabilities, severe mental illness

**Sensory disabilities** – deafness, blindness

Source: U.S. Census Bureau, 2010





# What are our eligibility guidelines?

- **Unable to engage** in any substantial gainful activity
- Due to a **medical condition** (physical or mental)
- Which has lasted or is expected to last at least **one year or result in death**

**AND**

- Must have sufficient work history to be **eligible** for Social Security Disability (SSDI)
- or
- Meet means test for Supplemental Security Income (SSI)

Social Security pays only for **total** disability – no benefits are paid for short-term or partial disability.

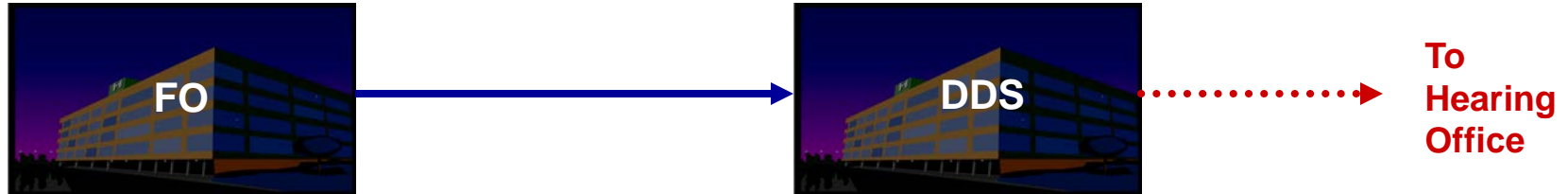


# What is our disability process?

- SSA follows a **five-step sequential evaluation** process in evaluating claims for disability.
- We have **four levels** of administrative review:
  - Initial
  - Reconsideration
  - ALJ Hearing
  - Appeals Council
- **70%** of all allowances are made at the initial or reconsideration level



# A Closer Look: The Disability Process in FO and DDS



## Initial

- Received nearly **3 million** claims last fiscal year via in-person interviews, telephone, internet, and mail

## Reconsideration

- Received nearly **785,000** reconsideration requests last fiscal year from claimants in-person, over the telephone, or via surface mail.

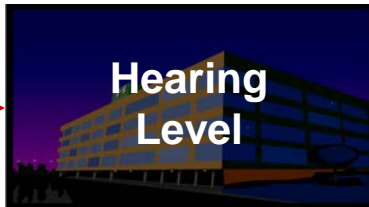
## Initial and Reconsideration

- DDS applies 5-step process of sequential evaluation
- If allowed, electronically sends to FO for payment
- If denied (or partially favorable), notifies claimant of right to reconsideration or hearing



# Hearings and Appeals

From  
DDS



- Received nearly **825,000** requests for hearing last fiscal year
- Issued nearly **794,000** policy compliant, legally sufficient decisions last fiscal year



- Received over **172,000** requests for review of hearing denial or partially favorable decisions last fiscal year
- Assists with civil action cases filed in Federal court





# Federal Court Review

- Last year, almost 19,000 claimants appealed their cases to **federal court**
- SSA cases comprise one of court's **largest** workloads
- Court decides whether **substantial evidence** supports the decision and whether any errors of law were made
- Court can **affirm, remand, reverse, or dismiss** case
- If case is remanded, claimant's case reviewed **again**
- Courts also **influence** by interpreting the statute and providing guidance on due process and other critical issues



# Key Points

- Two Programs: Benefits are administered under **Title II** (Social Security Disability Insurance) and **Title XVI** (Supplemental Security Income) of the Social Security Act.
- Social Security pays only for **total** disability – no benefits paid for partial or short-term disability.
- Ongoing focus on **service and quality** improvements at every step in the process.
- To ensure program integrity, we conduct **continuing disability reviews** on every case at regular intervals to make sure a claimant is still disabled.
- The disability programs are **essential** to individuals with disabilities and their families.