

Disability Insurance and Public Assistance: A Study of APTD Recipients

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THE HAZARDS of income loss from severe incapacitating disability have received recognition in a number of public and private income-maintenance, medical, and rehabilitation programs. The two major public programs for providing financial support to the severely disabled are the disability insurance program administered by the Social Security Administration and aid to the permanently and totally disabled (APTD)—the federally aided public assistance programs administered by the States. In 1966, approximately 1,000,000 disabled persons received income from the old-age, survivors, disability, and health insurance program (OASDHI), and about 600,000 disabled people received assistance under APTD.

The two programs are essentially complementary in functions: OASDHI provides an insured benefit for persons with substantial work experience in covered employment, regardless of financial need; APTD provides cash assistance based on financial need, regardless of work experience. Some disabled people, however, qualify for financial support under both programs. In 1962, about 1 in 7 APTD recipients were also receiving monthly benefits under various provisions of OASDHI.

Although there are no legal or financial restrictions on concurrent receipt of income from the two programs, other than meeting the APTD definition of need, the overlap of program populations does raise some questions about the functions of the programs, their requirements, and the populations served.

A study of APTD recipients recently added to the rolls was undertaken to explore the relationship between the two programs, the reasons why APTD recipients were not eligible for or not receiving OASDI benefits, and why OASDI beneficiaries required additional support from APTD. Data were available from the 1962 survey of APTD recipients, conducted by the Bureau

of Family Services of the Welfare Administration, on the basis of the local public assistance agency case records.¹

A national probability sample, consisting of 2 percent of the total APTD caseload in October or November 1962, had been selected from the State agency case records. From this sample, persons who had been on the APTD rolls for less than 1 year were selected for the study of OASDHI APTD program relationships. Earnings and benefit-claims data were obtained from the Social Security Administration records and combined with the data on the demographic and social characteristics and financial requirements of the APTD recipients obtained from the case records.² The analysis was confined to the APTD recipients aged 18-64.³

BENEFICIARY STATUS OF APTD RECIPIENTS

About one-sixth of the APTD recipients whose cases were approved during 1962 were also receiving OASDI benefits (table 1). Only half the beneficiaries had qualified as disability insurance beneficiaries, however. The remainder were either old-age beneficiaries with reduced annuities or auxiliary and survivor beneficiaries, whose benefits are based on a proportion of the benefit payable to the insured wage-earner.

¹ For discussion of the findings of the 1962 survey, see Robert H. Mugge, "The People Who Receive APTD," *Welfare in Review*, November 1964, pages 1-14, and *Characteristics of Recipients of Aid to the Permanently and Totally Disabled—Findings of the 1962 Survey: National Totals* (Bureau of Family Services, Welfare Administration), 1964.

² Some cases could not be included in the study because of the lack of identifying information with which to locate the Social Security Administration records. These included all of the Ohio cases and one-fifth of the California cases, 8 percent of the total sample.

³ About 5 percent of the APTD recipients were aged 65 or over. These cases were excluded in order to facilitate the comparison with the disability insurance beneficiaries.

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TABLE 1.—OASDI beneficiary status of persons approved for APTD during 1962

Beneficiary status	All	Men	Women
Estimated number in population.....	96,500	49,000	47,500
Number in sample.....	1,861	946	915
Total percent.....	100	100	100
OASDI beneficiaries.....	17	21	12
Disability.....	8	12	3
Old-age.....	4	5	2
Auxiliary and survivor.....	6	5	6
Nonbeneficiaries.....	74	66	82
Never applied.....	68	58	78
With technical denials.....	3	4	3
With medical denials.....	3	4	1
With applications pending or status unknown.....	9	13	6

Six percent of the recipients had previously applied for disability benefits but had not met the program qualifications, either because of insufficient work experience at the start of the disability or on medical grounds because they were not sufficiently disabled. More than two-thirds of the recipients had never applied for benefits.

As might be expected from the customary work patterns, more of the men than the women had qualified as OASDI beneficiaries or had applied for benefits, with some expectation that they met the work and impairment qualifications. Even among the men, however, more than half had never applied for OASDI benefits. The proportion of women who had either qualified or applied for disability insurance benefits was less than half that of the men; more than three-fourths of the women had never applied for benefits.

WORK IN COVERED EMPLOYMENT

The earnings records of nonbeneficiary APTD recipients were examined to determine if they could have met the work requirements of the disability insurance program. To be insured for disability benefits an applicant had to have had 20 quarters of employment covered by social security during the 40 calendar quarters preceding and including the onset of disability; effectively, this means 5 years of employment out of the 10 years preceding disability.

Quarters of covered employment for the 15 years before and including the survey year are shown in table 2 for the nonbeneficiaries. On the basis of these data, only a small proportion of the recipients who had never applied for OASDI benefits could have met the work requirements for

TABLE 2.—Quarters of OASDI coverage, 1947-62, of persons approved for APTD during 1962 who were never awarded OASDI benefits

Quarters of coverage	Never applied for benefits	Application for benefits denied	
		Technical reasons	Medical reasons
Number in sample.....	1,254	59	50
Total percent.....	100	100	100
No quarters.....	52	14	0
1-10.....	23	31	4
11-19.....	11	29	8
20-39.....	9	25	58
40 or more.....	5	2	30

disability insured status. Half had never been employed or had no quarters of coverage during the 15 years. About a third had less than 20 quarters of covered employment. Recipients with previous employment but less than 20 quarters of coverage may have had additional quarters of coverage in the years 1937-47, but these data were not available from the computer operations.⁴ For most of the recipients who never applied for benefits the lack of substantial covered employment during 1947-62 was a strong indication that they were not insured. Since insured status for disability depends on the date of onset of disability as well as on the quarters of covered employment, it cannot be determined from the number of quarters alone. It is, however, a safe assumption that few of those with less than 20 quarters could have met the insured status requirements on the basis of earlier employment.

At the other extreme, 5 percent of the non-applicant recipients with 40 or more quarters of covered employment, were certainly insured and most of the 9 percent with 20-39 quarters were probably insured.

Earnings data for the 10-year period 1953-62 indicate that 7 percent of those who never applied for benefits, with 20 quarters of coverage, were definitely insured for disability benefits and 9 percent, with 11-19 quarters, were possibly insured, depending on the number of quarters earned before 1953 and the date of onset of the disability.

The recipients aged 62-64 were also potentially eligible for reduced old-age benefits. Examination

⁴ Data on quarters of covered employment for 1947 to 1962 were available from a summary earnings record. Data on quarters of coverage before 1947 were not available from the computerized record.

of the earnings records of the nonbeneficiary recipients aged 62-64 indicate that approximately 10 percent had enough quarters of coverage to be insured for old-age benefits if they had elected to take their benefits at a reduced amount.

In all, about 8 percent of the recipients who had never applied for benefits were almost certainly insured for OASDI benefits and an additional 3-9 percent were probably insured. The proportion of men definitely insured was about 10 percent, and 4-10 percent were probably insured. Only 4 percent of the women recipients were definitely insured, and at most 4 percent were probably insured.

The study data do not explain why the insured recipients did not apply for OASDI benefits. The most usual reasons for delayed application for benefits are lack of information about the program, the applicant's expectation of recovery, and the belief that the disability was not severe enough for him to meet the OASDI requirements.⁵ In the process of qualifying for APTD, however, evidence of the severity of the disability is provided and the recipient should receive information about the OASDI program. The study of delayed filing found that OASDI applicants with income from other public income-maintenance programs tended to delay filing for OASDI benefits longer than those without income from these sources.

Four percent of the nonbeneficiaries had applied for OASDI benefits but their applications had been denied for nonmedical reasons. About a third of those denied benefits had applied for old-age, auxiliary, or survivor benefits but did not have enough quarters of coverage to qualify on their own account. The auxiliary and survivor applicants were not applying on their own account, of course, and their benefits were denied for other reasons. Most of those whose applications for disability benefits were denied for nonmedical reasons did not have sufficient quarters of coverage at the time of disability to qualify.

Those with technical denials had more covered employment than the nonapplicants but much less than those with medical denials, whose insured

status was determined before the application was processed for medical evidence.

The remaining 4 percent of the nonbeneficiaries had been denied benefits because they were not disabled enough to meet OASDI disability standards. All of this group met the quarters-of-coverage requirement and were denied on medical grounds alone. Only one-eighth had less than 20 covered quarters during 1947-63; these beneficiaries would have had additional covered employment during 1937-47.

TABLE 3.—Proportion of persons approved for APTD during 1962 who were confined to home or needed help from others, by OASDI beneficiary status

Mobility and care status	Beneficiaries	Never applied for benefits	Application for benefits denied	
			Technical reasons	Medical reasons
Number in sample.....	314	1,254	59	50
Percent confined to home.....	30	26	13	8
Percent needing help or confined to home.....	46	45	45	18

There is other evidence, apart from denial records, that those with medical denials were less disabled than the beneficiary-recipients. Only 8 percent of those denied benefits for medical reasons were confined to their homes by their disability, compared with 30 percent of the beneficiaries; only 18 percent, compared with 46 percent of the beneficiaries, needed help from others or were confined to their homes (table 3). Those who had never applied and those with technical denials also had much higher proportions needing help or confined to the home than did those with medical denials.

CHARACTERISTICS ASSOCIATED WITH OASDI APPLICANT STATUS

The OASDI beneficiaries and nonbeneficiaries differed in a number of characteristics bearing on the likelihood of their having substantial work experience. The comparison of APTD recipients who were disability insurance beneficiaries, had medical or technical denials of benefits, or had never applied for benefits is summarized in table 4.

The proportion of women under age 45, young people, and people with a prolonged duration of

⁵ See Barbara Levenson and Aaron Krute. "Delayed Filing for Disability Benefits under the Social Security Act," *Social Security Bulletin*, October 1964, pages 15-23, for a discussion of reasons for delays in filing benefits.

TABLE 4.—Selected characteristics of persons approved for APTD during 1962, by OASDI beneficiary status

Selected characteristics	Disability insurance beneficiaries	Never applied for benefits	Application for benefits denied	
			Technical denials	Medical denials
Number in sample.....	140	1,254	59	50
Percent:				
Female.....	23	56	37	24
Age: under 45.....	13	33	12	34
Diagnosis: mental, psychoneurotic, and personality disorders.....	5	24	11	18
Duration of impairment: 20 years or more.....	6	24	5	6
Occupation:				
Service workers, laborers, and farmers ¹	60	81	74	77
Private household service ¹	6	18	5	6
Farmers and farm labor ¹	10	17	11	6
Education: less than 5 years of school completed.....	21	36	33	30
Residence: rural.....	23	34	35	20

¹ Based on those with employment experience.

impairment (20 years or more), was highest among the recipients who had never applied for OASDI benefits and who had the least covered work experience. The labor-force participation of women in all age groups is generally less than that of men and, as the Social Security Administration earnings records showed, 60 percent of the women had had no covered employment during 1947-62, compared with 33 percent of the men.

Younger disabled people had less time in which to accumulate employment quarters, more often than older disabled had impairments of long duration, and more often had been diagnosed as having a mental disorder—typically mental retardation, with an origin in infancy or childhood. The proportion (33 percent) of recipients who had not applied for benefits who were under age 45 was more than twice that for the disability insurance beneficiaries.

The distinction between the recipients who had not applied for benefits and those whose application was denied for medical reasons is noteworthy in this respect. The latter group has an age distribution roughly similar to that of the former, but relatively few have impairments lasting 20 years or more and the proportion with a primary diagnosis of mental disorder is smaller.

Of those who had previous employment, the nonapplicants more often than the disability beneficiaries or the denied applicants worked in oc-

cupations in which social security coverage was least likely to be earned. One-third of the nonapplicants reported either farm labor or private household service as their most recent employment, compared with one-sixth of the disabled beneficiary-recipients.

Similarly, those who never applied for benefits had a greater proportion living in rural areas and had had less education than the disability beneficiaries. Urban industry and employment is more likely to be covered under OASDI than rural employment. Education and employment also tend to be positively correlated.

The concentration of young adults with impairments of long duration and a diagnosis of mental impairments is similar to the pattern for OASDI childhood disability beneficiaries⁶ who are receiving benefits as the dependent of a retired, deceased, or disabled wage earner. The data suggest that these recipients have a similar history and condition of disability but are without coverage under the childhood disability provision of OASDI because of the lack of an eligible parent.

FINANCIAL CHARACTERISTICS

The benefit income and other income sources of the OASDI beneficiaries among these APTD recipients were examined to see what financial factors accounted for their eligibility for APTD.⁷

Amount of OASDI Benefits

The mean monthly benefit for all OASDI beneficiaries in the APTD sample was \$57 (table 5).

⁶ See, for example, Phoebe Goff, "Old-Age, Survivors, and Disability Insurance: Characteristics of Beneficiaries Disabled Since Childhood, 1957-61," *Social Security Bulletin*, August 1963, pages 4-10.

⁷ Beneficiaries include all recipients in the sample who were receiving OASDI benefits or for whom an OASDI award form had been signed not later than the survey month. Not all of the recipients who were shown as beneficiaries on the OASDI records were listed as beneficiaries on the APTD records. There was some time lag between the OASDI award and entry in the APTD records; in addition, the claims files for some recipients listed as beneficiaries in the APTD records were not located. The analysis of financial characteristics was restricted to those recipients classified as beneficiaries on the records of both programs.

Disability insurance beneficiaries had substantially higher benefits, with a mean of \$72, than did those with auxiliary, survivor, or reduced old-age benefits. But all these OASDI-APTD beneficiaries had lower OASDI benefits than their counterparts not on APTD. The mean benefits of all disability insurance beneficiaries in current payment status at the end of 1962 was \$90, 25 percent higher than the mean for the APTD sample of disability insurance beneficiaries, and the mean of all old-age beneficiaries between ages 62 and 64 was \$62, more than 25 percent above the APTD sample average.⁸

TABLE 5.—Amount of OASDI benefits for all disability insurance beneficiaries with benefits in current-payment status at end of 1962 and for persons approved for APTD in 1962

Amount of OASDI benefits	All disability insurance beneficiaries	APTD recipients with OASDI benefits			
		Total	Disability insurance	Old-age	Auxiliary and survivor
Number ¹	740,900	264	112	56	96
Total percent.....	100	100	100	100	100
Less than \$40.....	1	29	8	48	42
40-59.....	7	27	24	34	26
60-79.....	26	25	29	14	27
80-99.....	28	15	29	4	4
100 or more.....	38	5	9	1
Mean benefit.....	\$90	\$57	\$72	\$45	\$48

¹ For disability insurance beneficiaries represents total number; for recipients, represents number in sample.

These figures indicate that low benefits were part of the reason for the need for assistance under APTD. As shown in table 5, more than half of all beneficiary-recipients received less than \$60 in monthly benefits. Among the recipients who were disability insurance beneficiaries, 32 percent were receiving a monthly benefit that amounted to less than \$60; less than 8 percent of all disability beneficiaries had benefits that low. Forty-eight percent of the recipients with old-age benefits and 42 percent of those with auxiliary and survivor benefits received \$40 or less.

Not only were benefits lower among beneficiary-recipients, but their average total income was less than two-thirds that of a comparable national sample of disability insurance beneficiaries. In 1960 a national sample of disability insurance

⁸ *Social Security Bulletin, Annual Statistical Supplement, 1962, table 57.*

beneficiaries aged 50-64 and living in metropolitan areas had average incomes of \$2,320.⁹ The average income among those disability insurance beneficiaries aged 50-64 who were also APTD recipients was only \$1,380.

Similarly, a much higher proportion of the disability insurance beneficiaries receiving APTD reported an unskilled occupation as their last type of work.¹⁰ Fifty percent of the beneficiary-recipients reported service work (including private household service) or unskilled labor as their last occupation, compared with less than 24 percent of the metropolitan beneficiary sample. There was also a much smaller proportion of white-collar workers among the beneficiary-recipients—7 percent, compared with more than 26 percent among the beneficiaries in the metropolitan study. The data indicate that the low benefits and the low incomes of the beneficiary-recipients were associated with their concentration in unskilled occupations.

Comparison with Nonbeneficiary Recipients

A comparison of the financial circumstances of OASDI beneficiaries with nonbeneficiaries among the APTD recipients showed that the beneficiaries consistently had higher total requirements. On the other hand, their APTD payments and their unmet needs were lower than those of the nonbeneficiaries (table 6).¹¹

⁹ Lawrence D. Haber, *The Disabled Worker under OASDI* (Social Security Administration, Division of Research and Statistics), Washington, U.S. Government Printing Office, 1964, page 66.

¹⁰ *Ibid.*, page 15.

¹¹ The welfare agency's determination of the amount of money needed to purchase the requirements necessary for maintaining the State's level of living established for the APTD program is called the total requirements of the applicant. Although the cash value of income in kind is included in some States, total requirements do not represent the cost of living if all expenses were converted to cash. For the recipients in this sample the total requirements ranged from as low as \$10 a month to several hundred dollars a month. The estimate of requirements is made on an individual basis and represents money the recipient needs under his particular circumstances, as these needs and circumstances are defined by the State. If the applicant's income is below his total requirement figure, the agency may approve an assistance payment. If the payment does not bring the applicant's income up to the requirements, the difference is the unmet need.

The mean total cash requirements for beneficiary-recipients was \$110 a month compared to \$77 for the nonbeneficiary recipients. The mean APTD payment was \$45 for beneficiaries and \$66 for nonbeneficiaries. Beneficiaries received more from OASDI than they did from APTD, and almost as much from OASDI as nonbeneficiaries did from APTD alone. Although their requirements were higher and their APTD payments lower, the proportion of beneficiaries with unmet need was only one-half that of the nonbeneficiaries—16 percent and 30 percent, respectively.¹²

TABLE 6.—Mean amounts of total requirements, of specified type of income, and of unmet need of persons approved for APTD during 1962, by OASDI beneficiary status

Mean amount	OASDI beneficiaries	Non-beneficiaries
Number in sample.....	264	1,372
Total requirements.....	\$110	\$77
OASDI benefit.....	57
APTD payment.....	45	66
Other income.....	5	5
Unmet need.....	3	6
For those with unmet needs.....	20	20

This pattern is generally consistent when these two groups are compared by sex, marital status, size of assistance unit, and size of household; beneficiaries had higher requirements, lower APTD payments, and less unmet need than nonbeneficiaries. The differences were directly associated with the amount of OASDI benefits. For example, disability insurance beneficiaries, who averaged \$72 in benefits compared to \$45 for old-age beneficiaries and \$48 for auxiliary and survivor beneficiaries, also had higher requirements, lower APTD payments, and less unmet need than the other two beneficiary subgroups.

The distribution of recipients by their total cash requirements in table 7 presents the differences between beneficiaries and nonbeneficiaries even more graphically. Only 9 percent of the beneficiaries had requirements under \$60, compared to 37 percent of the nonbeneficiaries. Less than one-third of the nonbeneficiaries had requirements of \$90 or more, compared to two-thirds of the beneficiaries.

¹² In about half the States there were limits on the amount of APTD payments. These limits did not affect the amount of total requirements, but they were more likely to result in unmet need among nonbeneficiaries than among beneficiaries.

TABLE 7.—Total requirements of persons approved for APTD during 1962, by OASDI beneficiary status¹

Total requirements	Beneficiaries	Nonbeneficiaries
Number in sample.....	264	1,372
Total percent.....	100	100
Less than \$30.....	6
30-59.....	9	31
60-89.....	26	34
90-119.....	35	19
120-149.....	15	6
150 or more.....	15	5
Mean amount.....	\$110	\$77

¹ Recipients in the pending and unknown subgroup were omitted from the analysis of nonbeneficiary and beneficiary recipients.

OASDI benefits were a factor in reducing the proportion of welfare recipients with low requirements. Since only those persons with requirements higher than their income qualify for assistance, only beneficiaries with requirements higher than their benefits became recipients. Since nonbeneficiaries have no such minimum income, those with lower requirements became APTD recipients.

Another illustration of this relationship between OASDI benefits and the individual's total requirements is in the comparison of the proportion of total requirements met by the various income sources for beneficiaries and nonbeneficiaries (table 8). In the aggregate, OASDI monthly benefits and other income together met 56 percent of the beneficiaries' total requirements, leaving 44 percent to be met by APTD, if possible. The nonbeneficiaries, with no income from benefits, had only 7 percent of their requirements met by other income, with 93 percent unmet except by APTD. Although these comparisons are for aggregate incomes and requirements, they illustrate how beneficiaries with requirements in the lower range would not qualify for APTD, since their needs would be met by the income they already had. Nonbeneficiaries, only a small pro-

TABLE 8.—Sources of income as proportions of total requirements of persons approved for APTD during 1962

Income source	Beneficiaries	Nonbeneficiaries
Number in sample.....	264	1,372
Mean total requirements.....	\$110	\$77
Total percent.....	100	100
OASDI benefits.....	52
APTD payments.....	41	85
Other income.....	4	7
Unmet need.....	3	8

portion of whom had income other than APTD, could qualify with relatively small financial requirements.

SUMMARY AND CONCLUSIONS

One of the purposes of this study was to find out why APTD recipients were not receiving OASDI benefits. The major factor was the lack of covered employment: about five-sixths of the nonbeneficiaries almost certainly did not have sufficient quarters of covered earnings. Approximately one-tenth to one-sixth probably had sufficient quarters of covered earnings to be insured for disability benefits but had never applied. Those who were insured but had never applied may not have known about their rights under the disability insurance program or may have thought that they could not meet the OASDI disability standards. About one-fourth of non-applicants were similar in diagnostic composition to the childhood disability beneficiaries.

Another purpose of the study was to find out why some OASDI beneficiaries needed APTD in addition to their OASDI benefits. To a much larger extent than other disability beneficiaries, APTD recipient-beneficiaries were concentrated in unskilled occupations, with low earnings and low benefits. The major reason for assistance from

APTD was a combination of high financial requirements and low OASDI benefits.

Persons who were receiving monthly payments under both APTD and OASDI had higher average requirements than the rest of the APTD recipients. OASDI benefits could meet the needs of disabled persons with low cash requirements, thereby making them ineligible for APTD. In order to be eligible for APTD, OASDI beneficiaries had to have higher financial requirements than the APTD recipients who had neither OASDI benefits nor other resources.

On the other hand, recipient-beneficiaries had lower average benefits and lower incomes than the rest of the OASDI beneficiaries. Most disabled OASDI beneficiaries apparently had enough income to disqualify them for APTD.

These cases of concurrent receipt of income illustrate the complementary relationship OASDI and public assistance: OASDI, with its partial replacement of earnings on an insurance rather than a need basis, meets the minimum needs of many who otherwise would require assistance. More than 95 percent of all persons drawing disability insurance benefits at the end of 1962 were not receiving APTD. When financial need still exists despite OASDI benefits, however, public assistance may be available to supplement the insurance program.