

Disability Application Experience of the OASDI and SSI Programs

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MAAC Presentation
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Plan

1. Background

1. SSA programs and composition
2. Types of disability benefits
3. Application and decision process
4. Total SSA application

2. Disability experience – Applications by:

1. Field office apps by program and geography
2. DDS receipt by program, impairment
3. DI receipt rates
4. SSI receipt rates

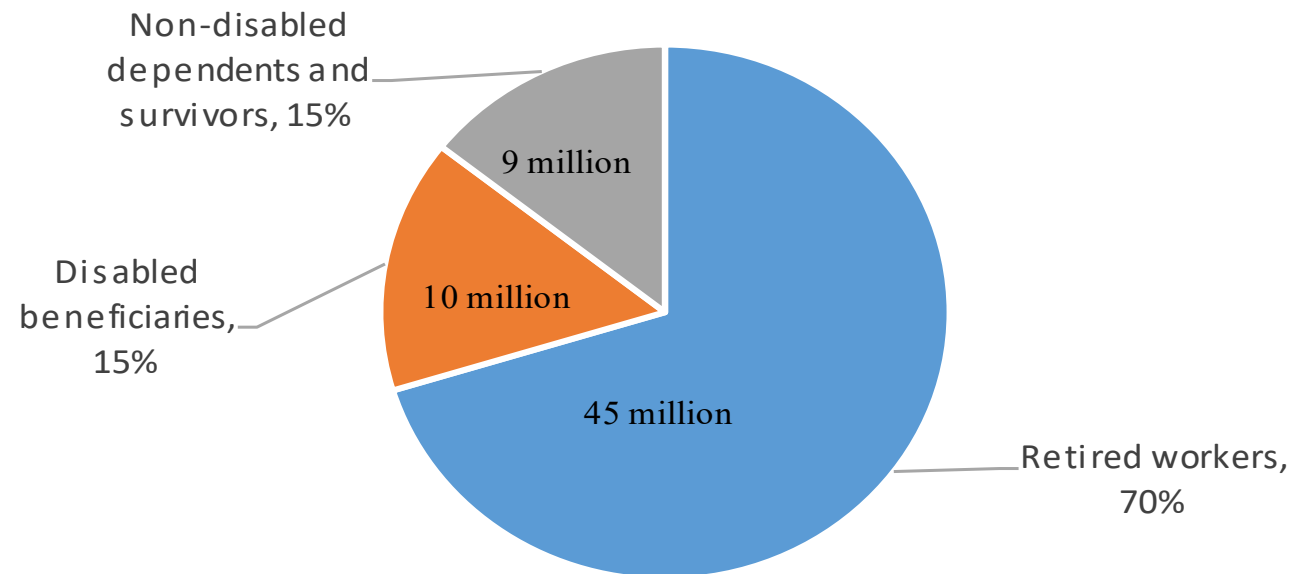
Programs Administered by SSA

- SSA administers two major benefits programs
 - Social Security (comprised of the separate OASI and DI programs)
 - Supplemental Security Income (SSI)
- Disability benefits payable under both
- Social Security Disability
 - DI is primarily disability benefits, along with benefits to dependents
 - OASI pays disability benefits to several relatively small groups (widows, adult children)
- SSI: Primarily comprised of disabled recipients

Social Security Beneficiary Composition

Figure 1: Distribution of OASDI Beneficiaries

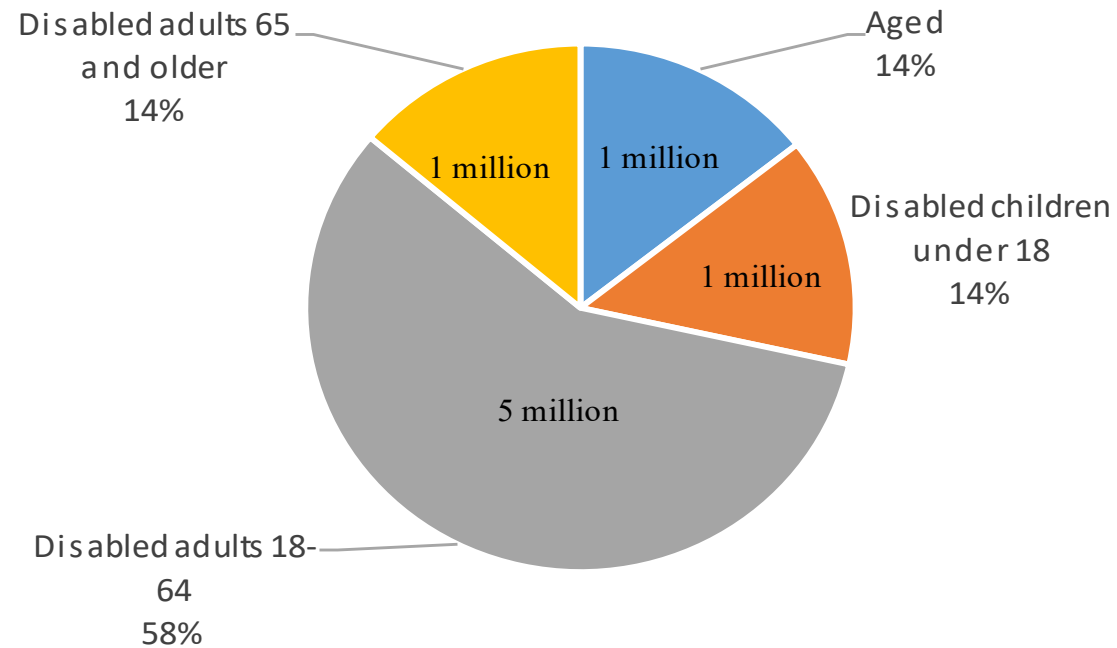
Social Security Beneficiaries in Current-Payment Status
64 million total beneficiaries in October 2019



Supplemental Security Income Recipient Composition

Figure 2: Distribution of SSI Recipients

Federally-Administered SSI Recipients in Current-Payment Status
8 million total recipients in October 2019



Disability Benefit Types

- **Social Security Disability**
 - Disabled workers – insured for benefits on their own earnings history
 - ✦ Generally need 20 QCs out of the last 40 quarters (age 31+)
 - ✦ Reclassified as retired workers upon attainment of NRA
 - ✦ 8.4 million, 86% of disabled beneficiaries in 10/19
 - Disabled adult children – at least age 16 with a disability beginning before age 22
 - ✦ Children of a beneficiary entitled to Social Security (retired or disabled worker)
 - ✦ Surviving children of a deceased worker who had the appropriate insured status
 - ✦ 1.1 million, 12% of all disabled beneficiaries in 10/19
 - Disabled widow(er)s – at least age 50, survivor of a deceased spouse and disabled
 - ✦ 0.2 million, 3%

Disability Benefit Types (Cont'd)

- **SSI Adult Disability**
 - Ages 18 and older and disabled
 - Unlike Social Security, generally not reclassified as “Aged” at attainment of age 65
 - 4.7 million 18-64, 67% of SSI disabled in 10/19
 - 1.1 million 65 or older, 16% of SSI disabled in 10/19
- **SSI Childhood Disability**
 - Under age 18
 - Definition of disability different than other categories (Social Security, SSI adults)
 - At attainment of age 18, re-evaluated to see if they meet the adult definition

Definition of Disability

- **Adult Disability Standard**

- Applies to adults age 18 or older
- Inability to engage in substantial gainful activity (SGA) due to a medically determinable impairment expected to result in death or last at least 12 months
 - ✦ Includes mental and physical impairments
- SGA = \$1,220 per month in 2019. Adjusted by average wages each year
- Working at or above SGA generally results in a finding of not disabled at application
 - ✦ Post-entitlement: Periodic reviews to ensure beneficiaries still meet the definition of disability (MIRS)
 - ✦ Post-entitlement: Rules regarding working at or above SGA are different

Definition of Disability (Cont'd)

- **Childhood Disability Standard**

- Applies to children under age 18 applying for SSI
- Has a medically determinable impairment that results in marked and severe functional limitations that is expected to result in death or last at least 12 months
- Concept of SGA does not apply
- Post-entitlement periodic reviews to ensure beneficiaries still meet the definition of disability (MIRS)
- Upon attainment of age 18, the recipient is re-evaluated under the adult criteria; terminated if definition not met

Application Process

- **File an application for benefits:**
 - At any of SSA's 1,300 field offices (FOs)
 - Over the telephone through the 800-number system
 - Over the internet (for most Social Security and some SSI claimants)
- **Separate applications for Social Security and SSI, even for claimants filing for both**
- **FOs/PSCs evaluate whether the claimant is**
 - Working at SGA (if an adult)
 - Insured for benefits (for Social Security benefits)
 - Not a clear denial (for SSI payments)

Application Process (Cont'd)

- If FOs cannot deny a claim, gather medical evidence and forward to claimant's state Disability Determination Services (DDS)
 - Responsible for determining if claimant is disabled according to the appropriate criteria
 - Each state has at least one DDS, some have multiple
- For denials, there is an administrative appeals process
 - Reconsideration at the DDSs
 - Hearing before an Administrative Law Judge
 - Appeals Council
- After all appeals are exhausted, claimant can appeal to the Federal Court system

Benefit Applications in Fiscal Year 2019

- In fiscal year 2019 (Oct 2018-Sep 2019), SSA field offices received 10.0 million applications for benefits.
 - 6.9 million Social Security claims
 - ✦ 4.8 million retired worker and non-disabled auxiliary claims
 - ✦ 2.1 million disability claims
 - 1.8 million SSI claims
 - ✦ 0.2 million based on age (65 or older and not alleging disability)
 - ✦ 1.6 million disability claims
 - 1.4 million claims for Medicare benefits (HI and/or SMI)
- Includes claims filed at field offices as well as claims taken through SSA's 800 number and claims filed on the internet

Why does OCACT care about applications?

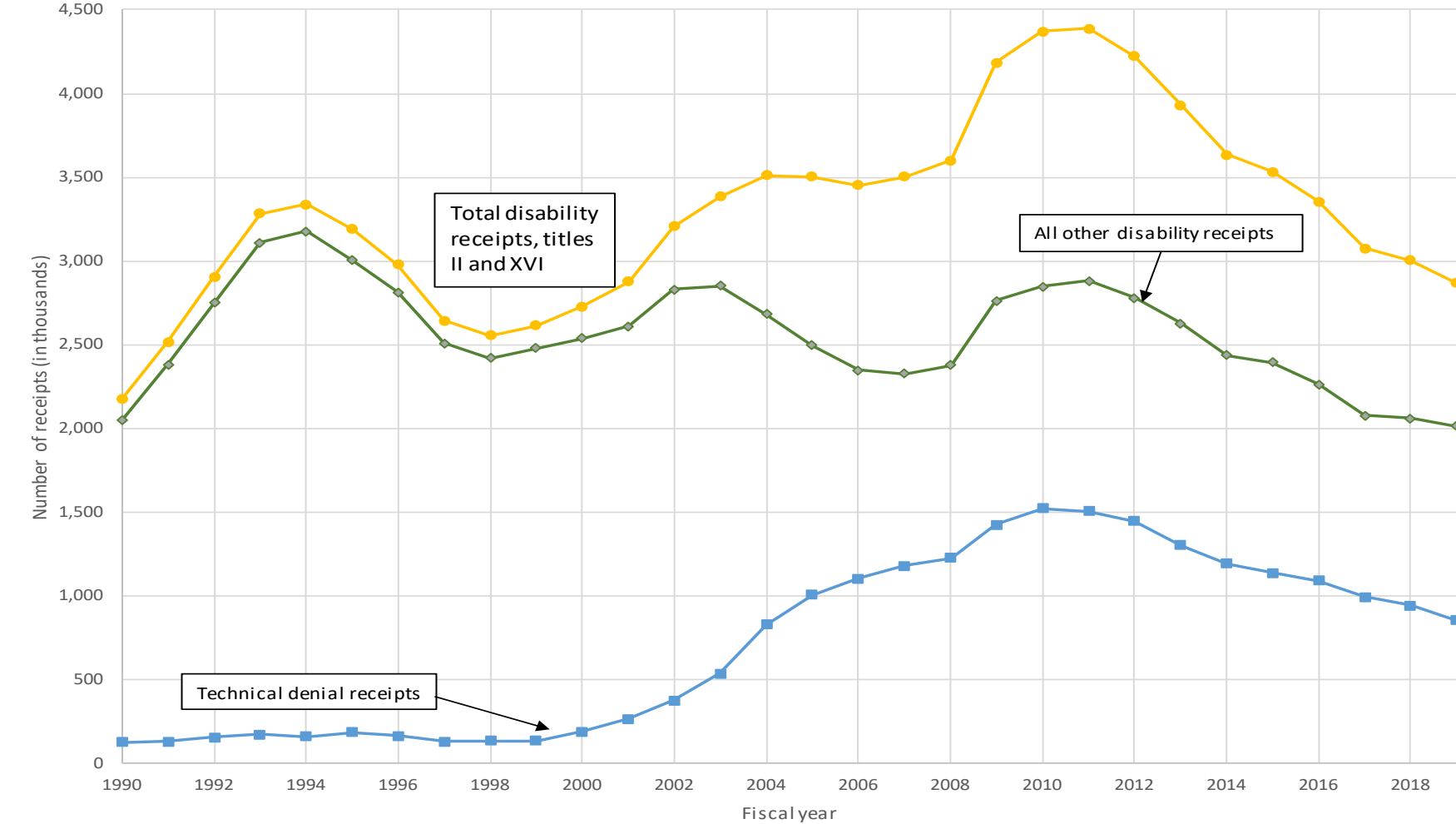
- Estimate applications for baseline projections
 - Social Security Trustees Report
 - SSI Annual Report
 - President's Budget projections
- Evaluate effects on incidence rates
- Informative for estimates of legislative and regulatory proposals
- SSA uses our application projections in the formulation of its administrative budget

Disability Applications Are Expensive!

- October 2019 – 15% of Social Security beneficiaries were disabled
- In FY 2019
 - About 31% of Social Security benefit applications alleged disability
 - Over 90% of SSI claims involve disability
- Average cost to process disability claim = \$1,300 in FY 2018
 - Does not account for appeals costs – can be several thousand dollars more
- Total administrative expenses
 - Social Security – DI is about 41% of all OASDI administrative expenses (\$2.8 billion for DI vs \$3.9 billion for OASI in FY19)
 - In FY 2018, SSI administrative expenses were \$4.4 billion – SSI is primarily disability-driven

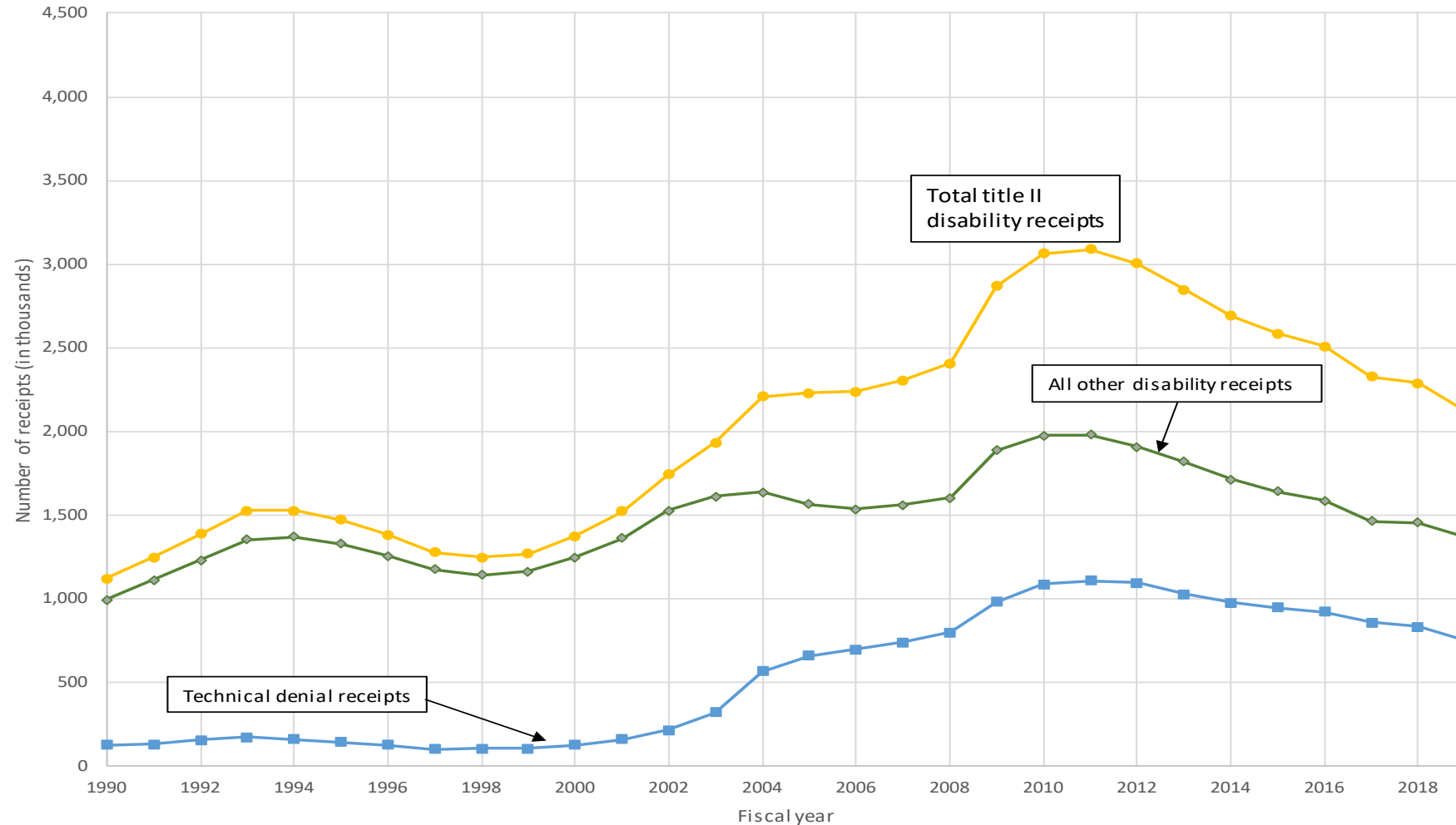
Field Office Disability Receipt Experience

Figure 3: Disability Receipts at SSA Field Offices for Titles II and XVI
FYs 1990-2019



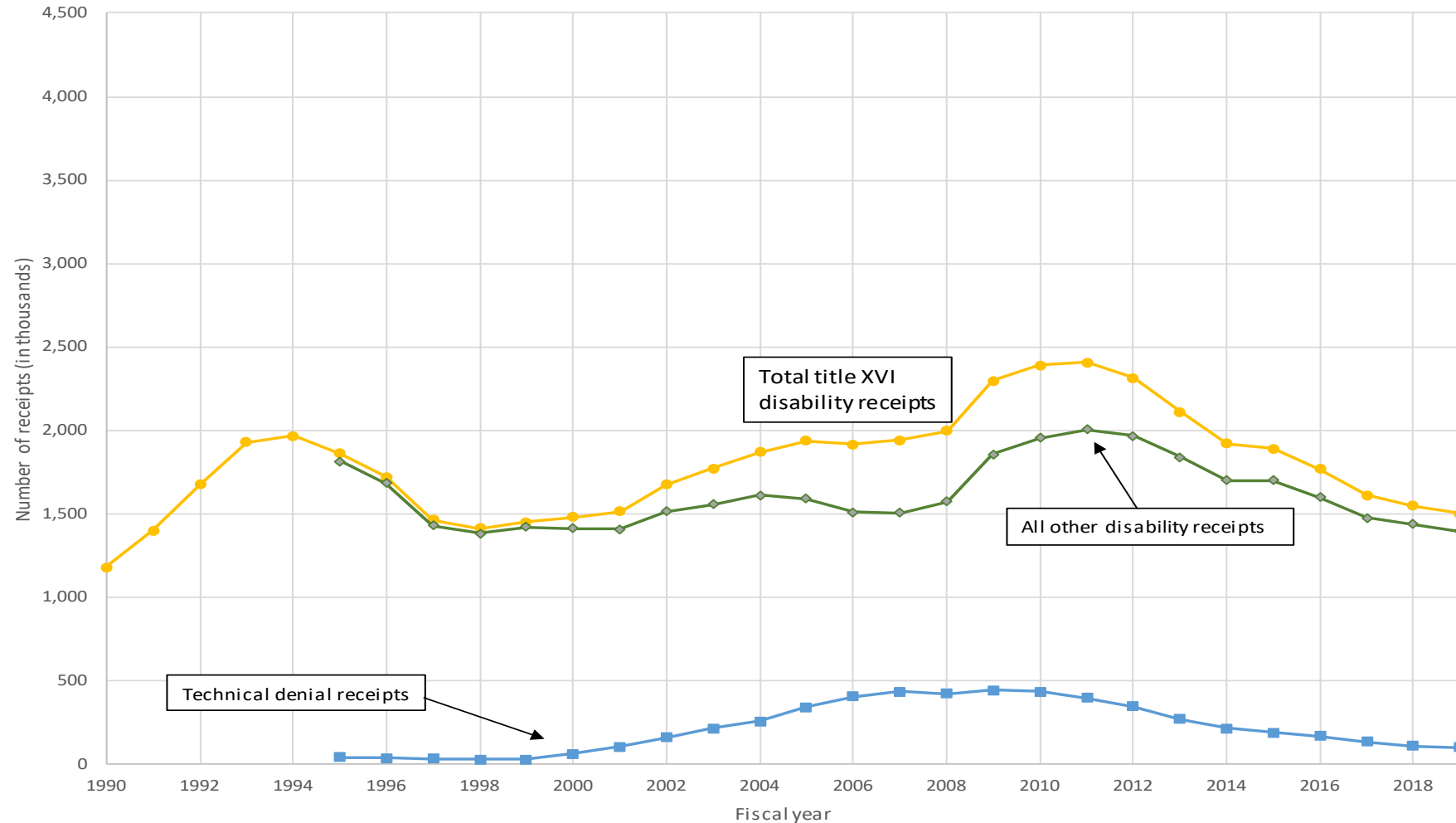
Field Office Disability Receipt Experience (Cont'd)

Figure 4: Disability Receipts at SSA Field Offices for Title II (Social Security)
FYs 1990-2019



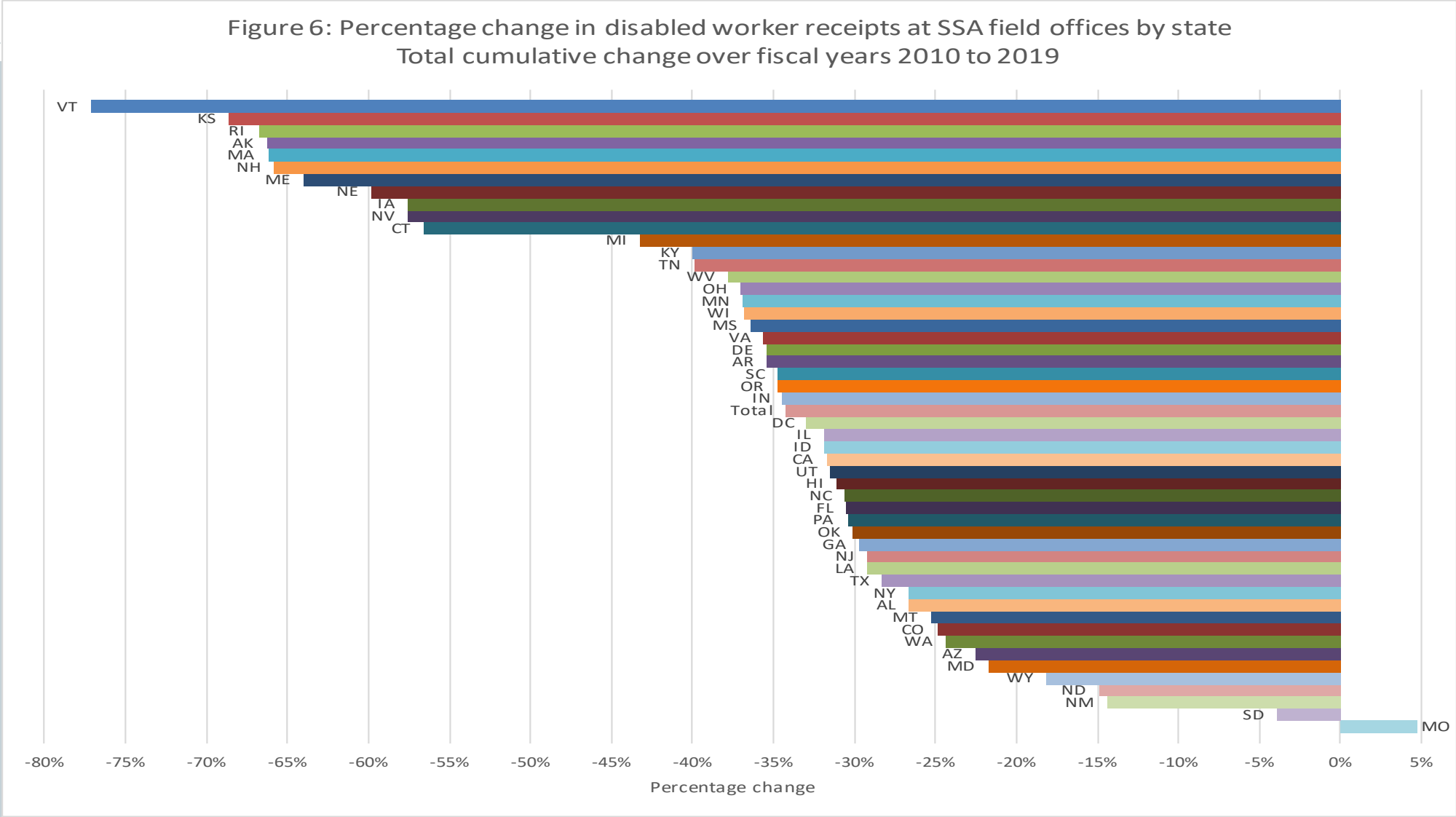
Field Office Disability Receipt Experience (Cont'd)

Figure 5: Disability Receipts at SSA Field Offices for Title XVI (SSI)
FYs 1990-2019



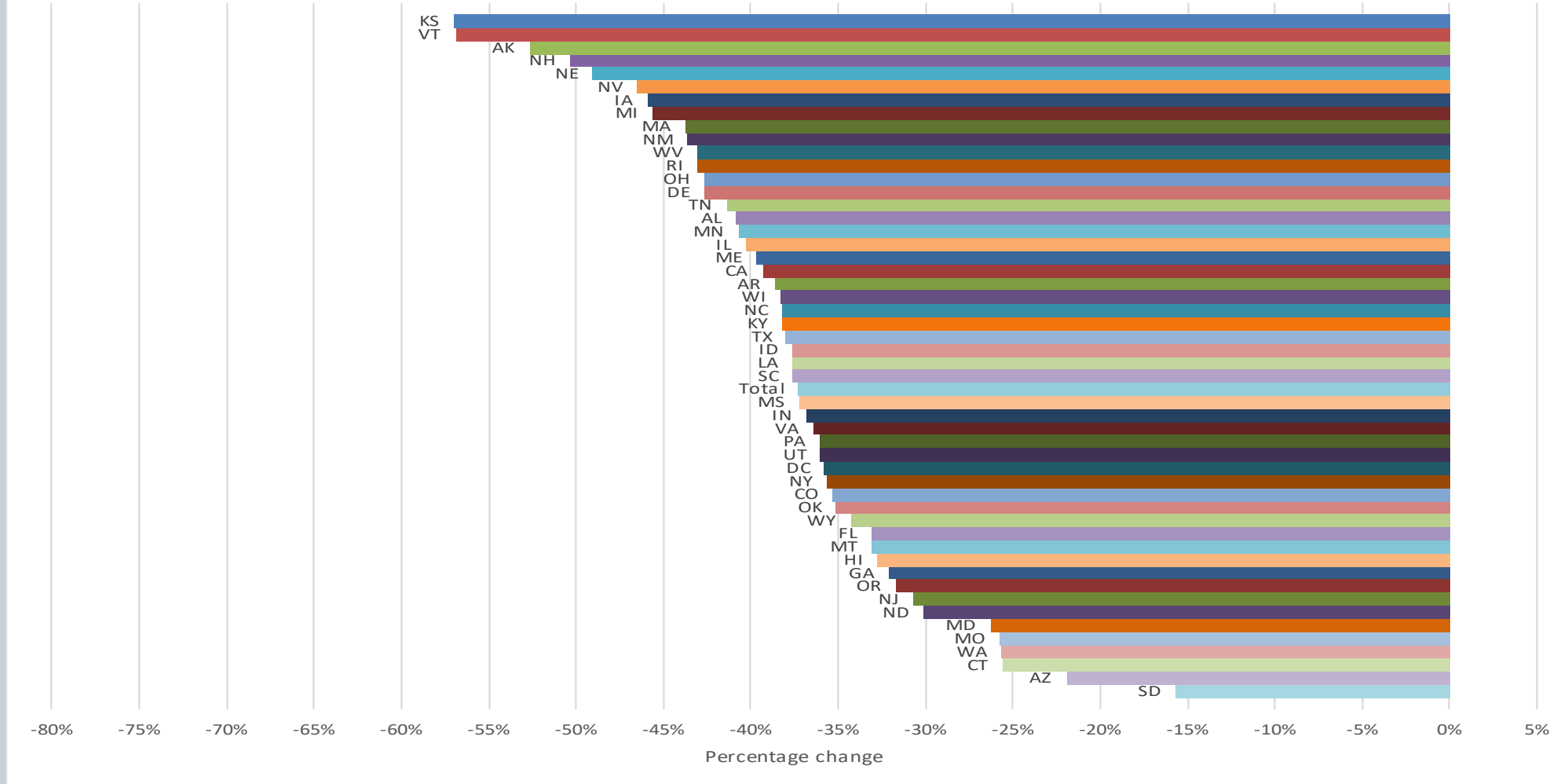
Field Office Disability Receipt Experience by State (OASDI)

Figure 6: Percentage change in disabled worker receipts at SSA field offices by state
Total cumulative change over fiscal years 2010 to 2019



Field Office Disability Receipt Experience by State (SSI)

Figure 7: Percentage change in disabled worker receipts at SSA field offices by state
Total cumulative change over fiscal years 2010 to 2019



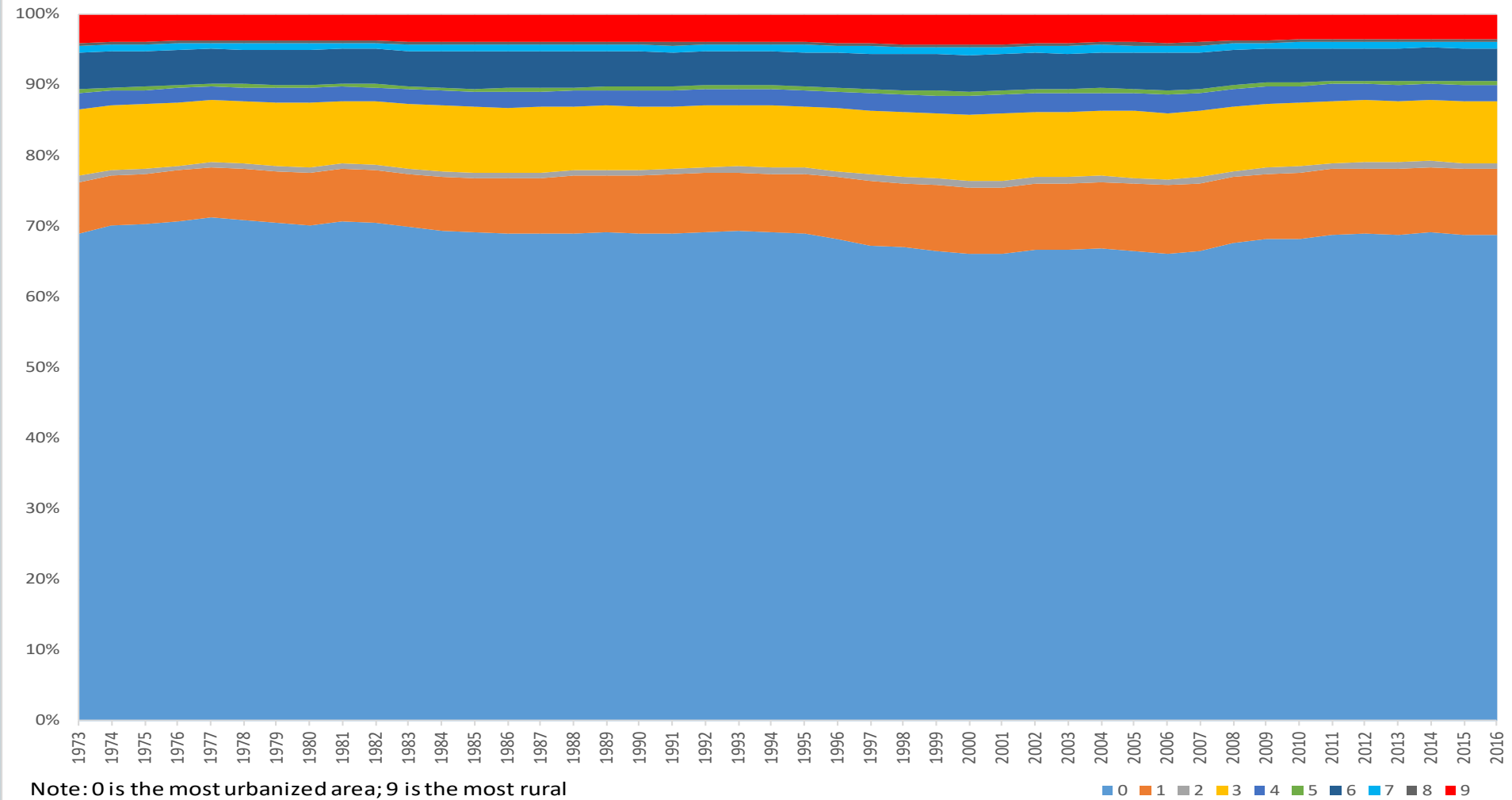
Field Office Disability Receipt Experience by ACA Expansion

Table 1.-Percentage change in disability field office receipts relative to the prior fiscal year

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<i>Title XVI field office receipts</i>										
All Title XVI applications	4.1%	0.6%	-3.8%	-8.9%	-9.1%	-1.4%	-8.5%	-7.0%	-3.7%	-3.2%
States not expanding	7.3%	0.2%	-4.1%	-7.9%	-8.1%	-2.5%	-7.2%	-6.5%	-3.6%	-4.3%
States expanding in 2014	1.9%	1.2%	-3.4%	-9.4%	-9.9%	-0.9%	-9.8%	-7.4%	-3.6%	-2.8%
States expanding in 2015	2.9%	0.5%	-3.1%	-11.2%	-8.7%	-1.6%	-8.9%	-7.1%	-4.6%	-1.2%
States expanding in 2016	4.8%	-0.8%	-5.2%	-8.0%	-8.6%	0.3%	-6.3%	-6.6%	-4.6%	-2.8%
<i>Title II disabled worker field office receipts (excluding technical denials)</i>										
All Title II DIBs	5.1%	-2.0%	-5.5%	-5.2%	-2.8%	-6.0%	-6.1%	-6.3%	-1.4%	-5.8%
States not expanding	7.6%	0.2%	-4.5%	-4.9%	-4.0%	-6.3%	-4.6%	-5.6%	-2.7%	-5.0%
States expanding in 2014	3.9%	-3.6%	-6.4%	-5.4%	-2.0%	-6.3%	-7.5%	-6.8%	-0.7%	-6.6%
States expanding in 2015	3.0%	0.2%	-2.9%	-6.2%	-4.2%	-7.0%	-6.4%	-7.0%	-0.9%	-6.3%
States expanding in 2016	4.6%	-2.9%	-6.1%	-5.0%	-1.8%	-3.7%	-4.4%	-5.7%	-1.1%	-4.8%

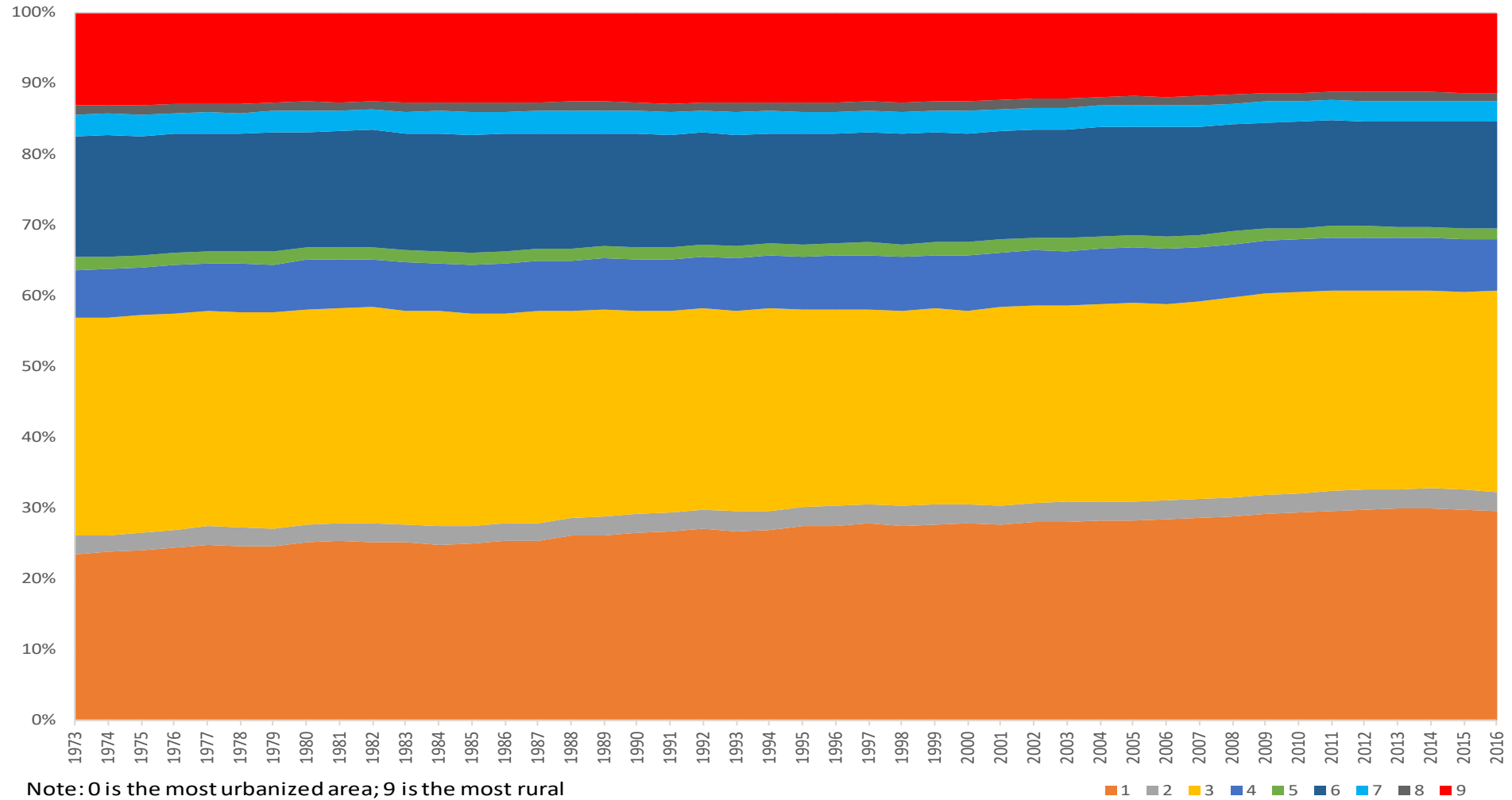
Field Office Disability Receipt Experience by Rural vs Urban

Figure 8: DI Disabled Worker Applications
By year of application and rurality indicator



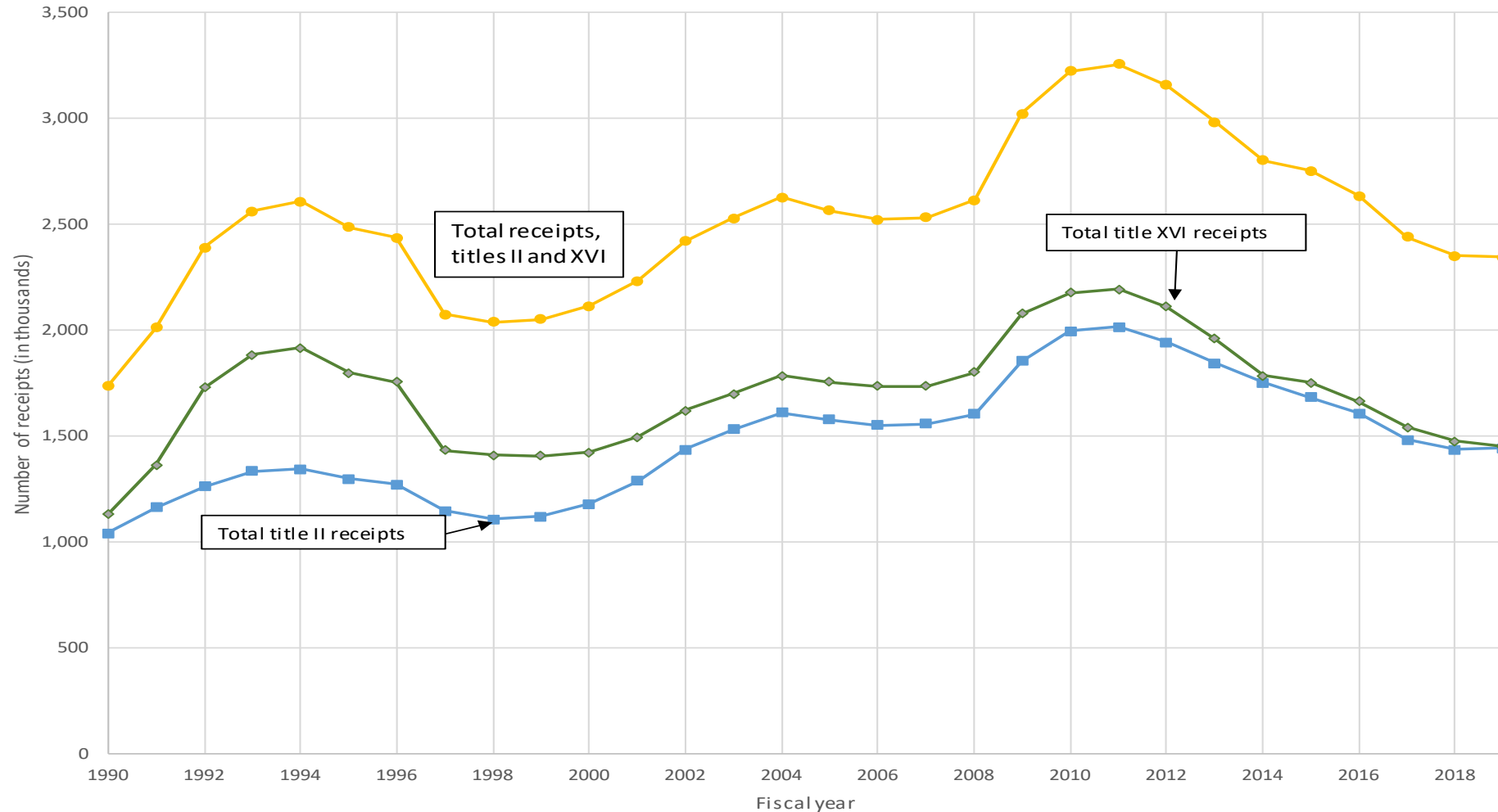
Field Office Disability Receipt Experience by Rural vs Urban

Figure 9: DI Disabled Worker Applications
By year of application and rurality indicator (excluding most urbanized areas)



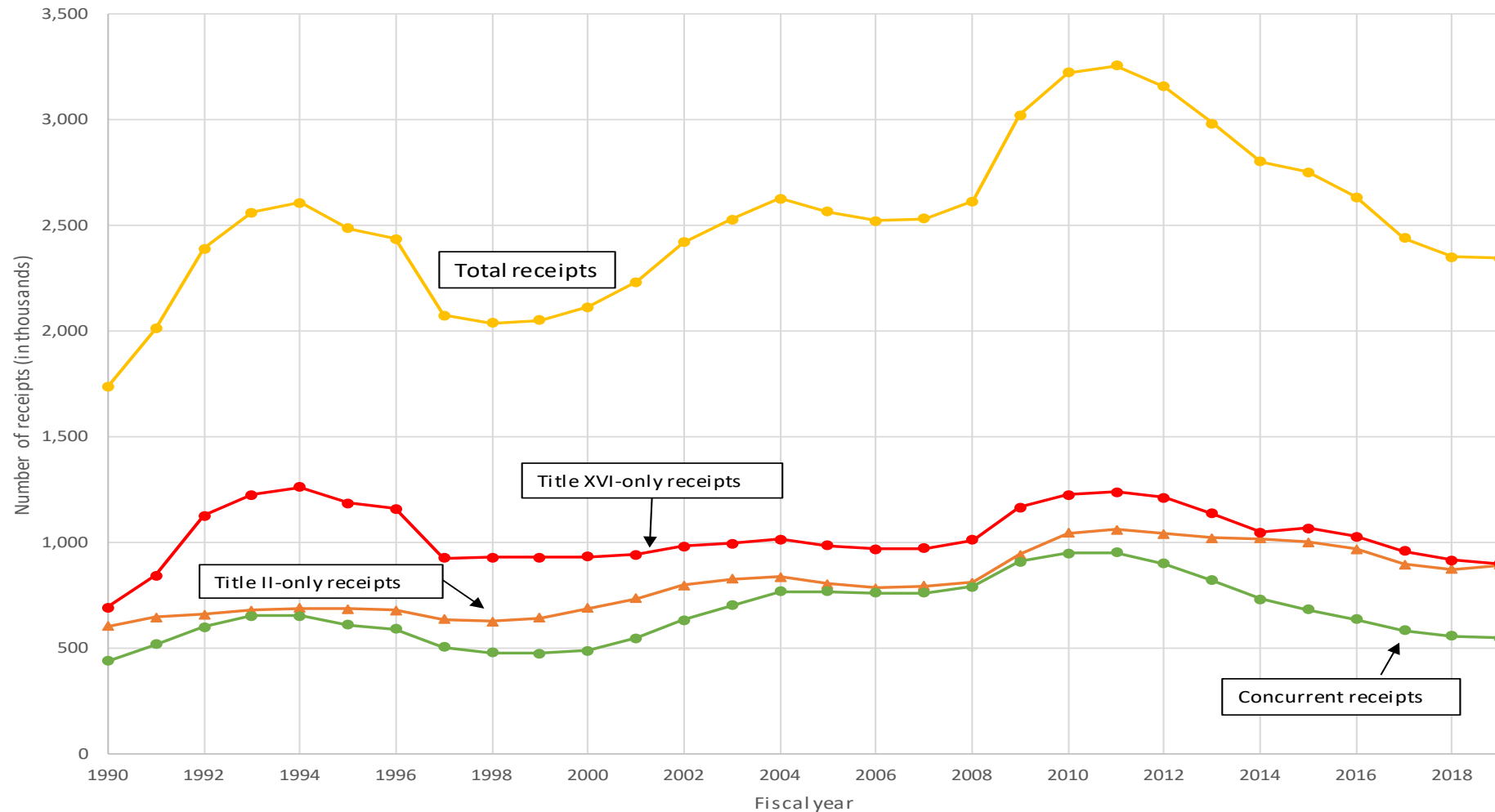
Initial DDS Receipt Experience

Figure 10: Disability Receipts at the DDSs for Titles II and XVI
Fys 1990-2019



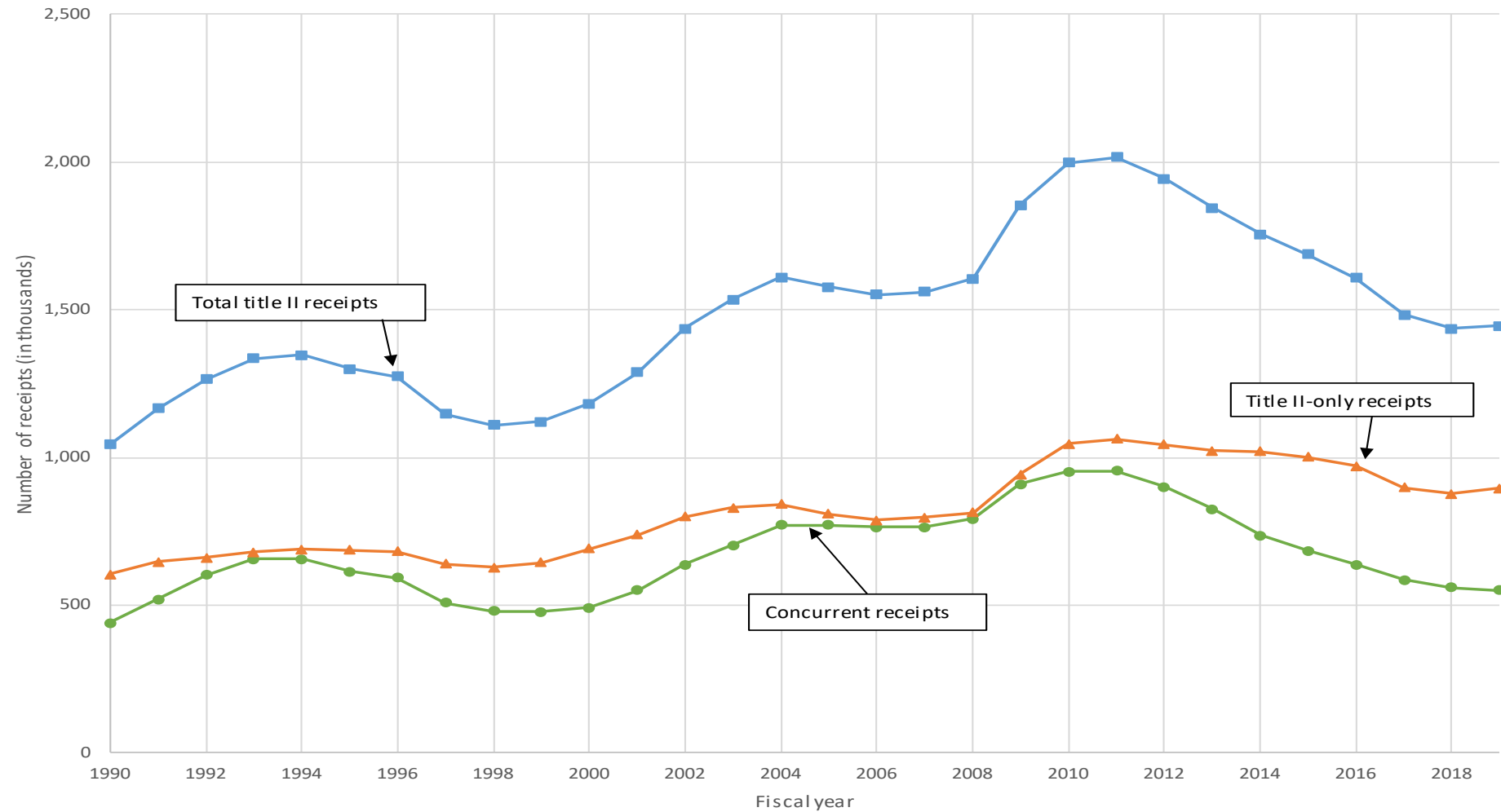
Initial DDS Receipt Experience

Figure 11: Title II and XVI Disability Receipts at the DDSs by Program Involvement
FYs 1990-2019



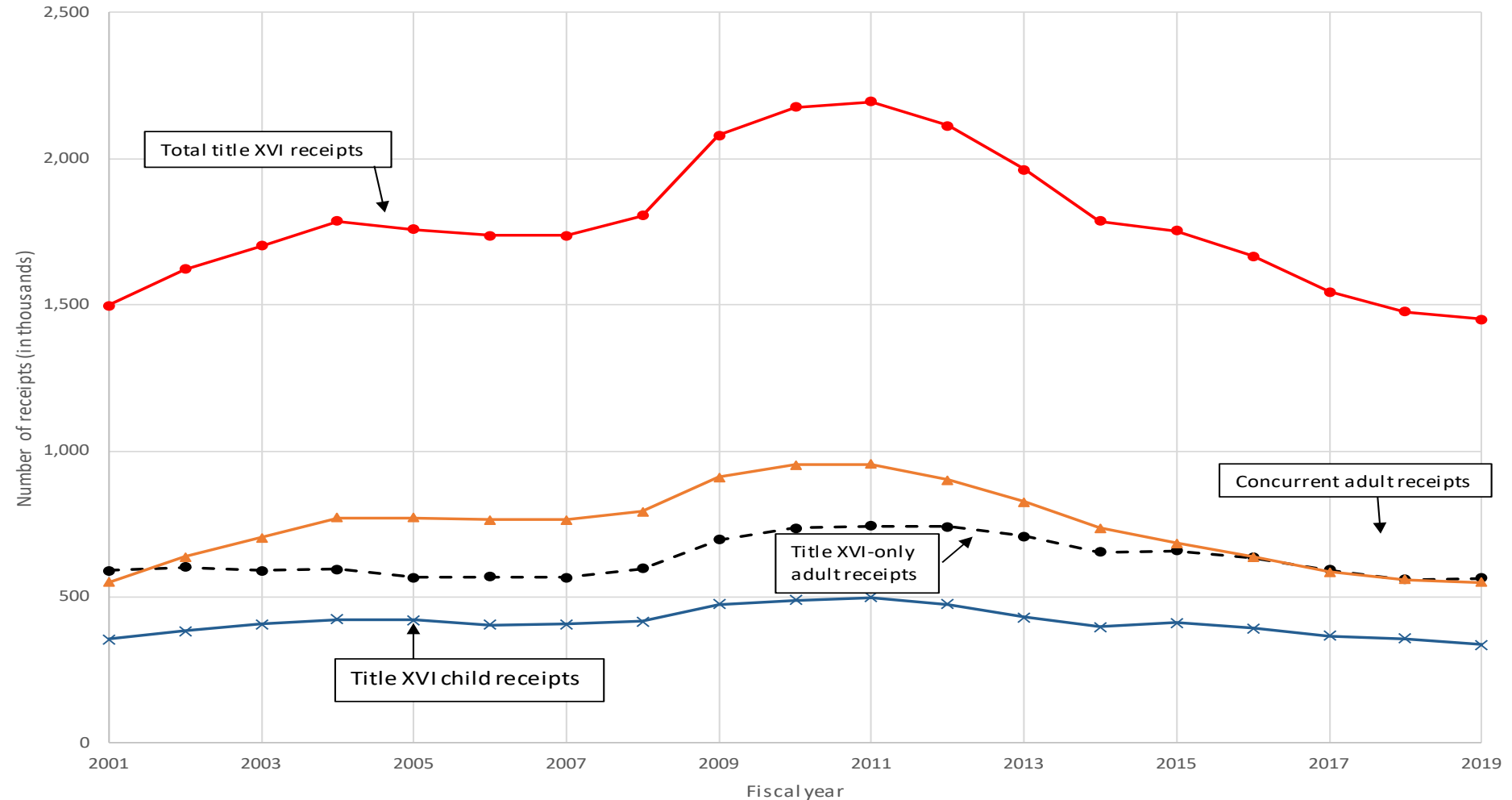
Initial DDS Receipt Experience

Figure 12: Title II Disability Receipts at the DDSs
Fys 1990-2019



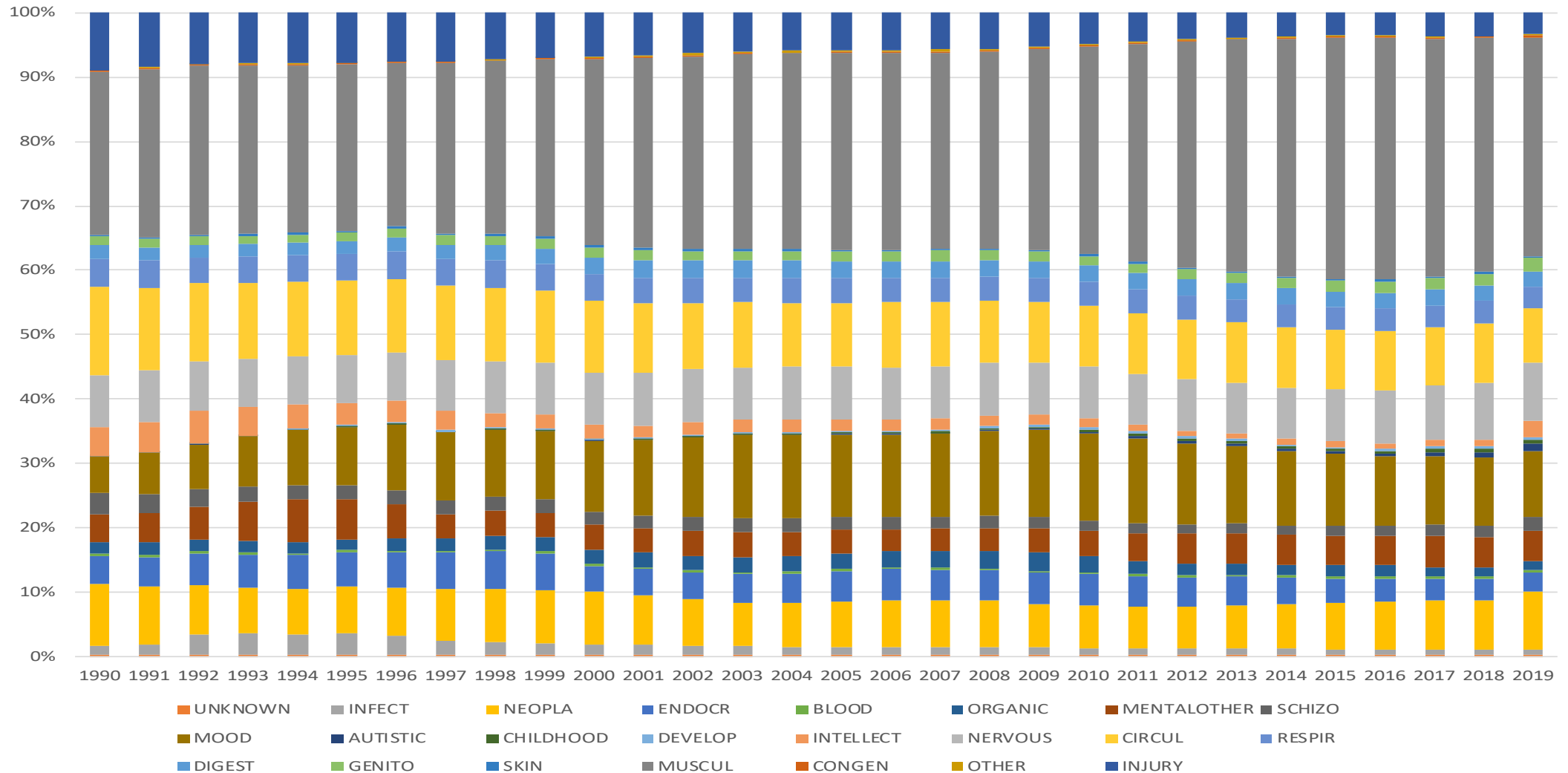
Initial DDS Receipt Experience

Figure 13: Title XVI Disability Receipts at the DDSs
Fys 2001-2019



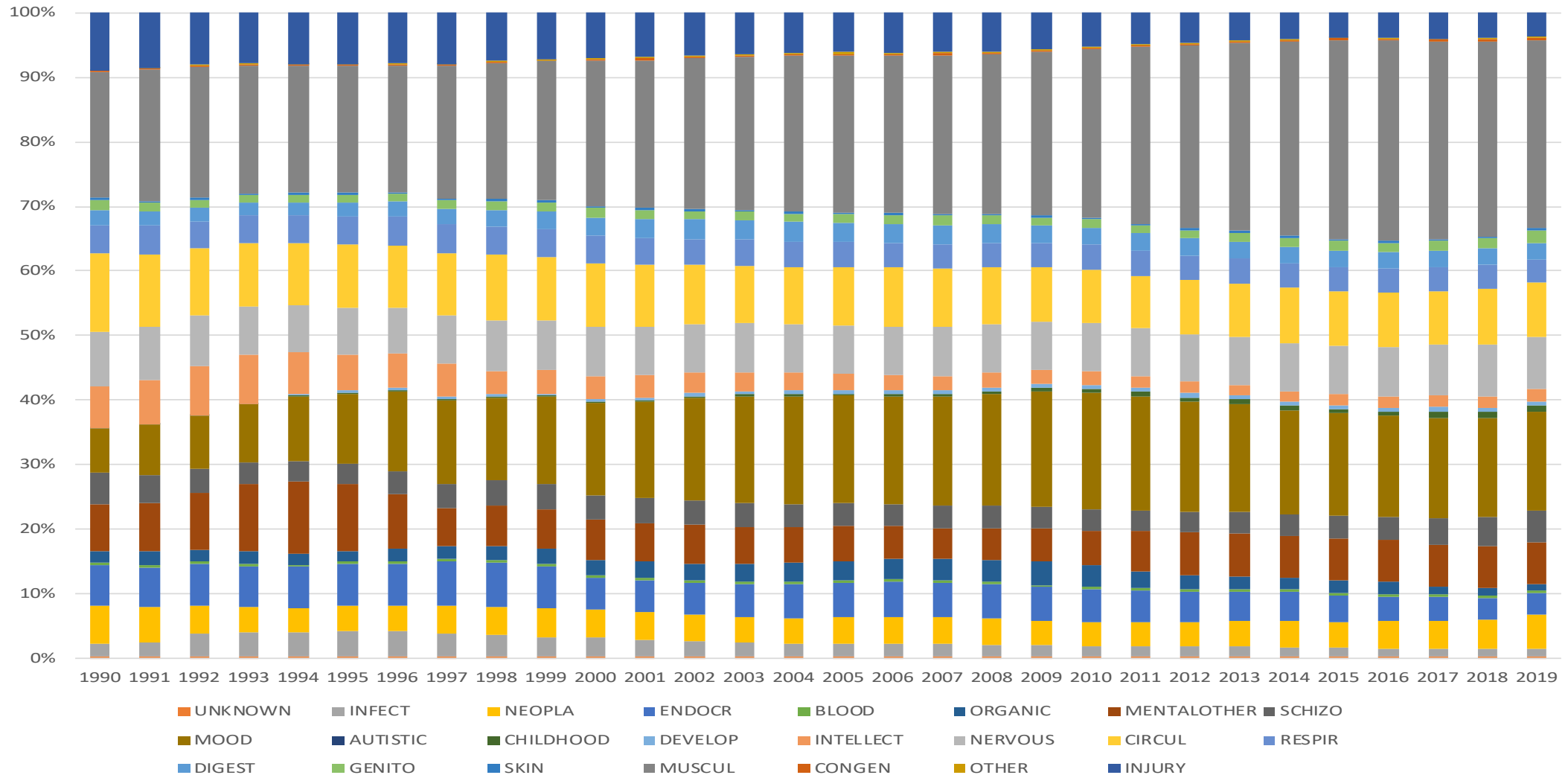
Disability Receipts by Impairment - OASDI

Figure 14: Percentage distribution of OASDI disability claims filed by major impairment category and fiscal year



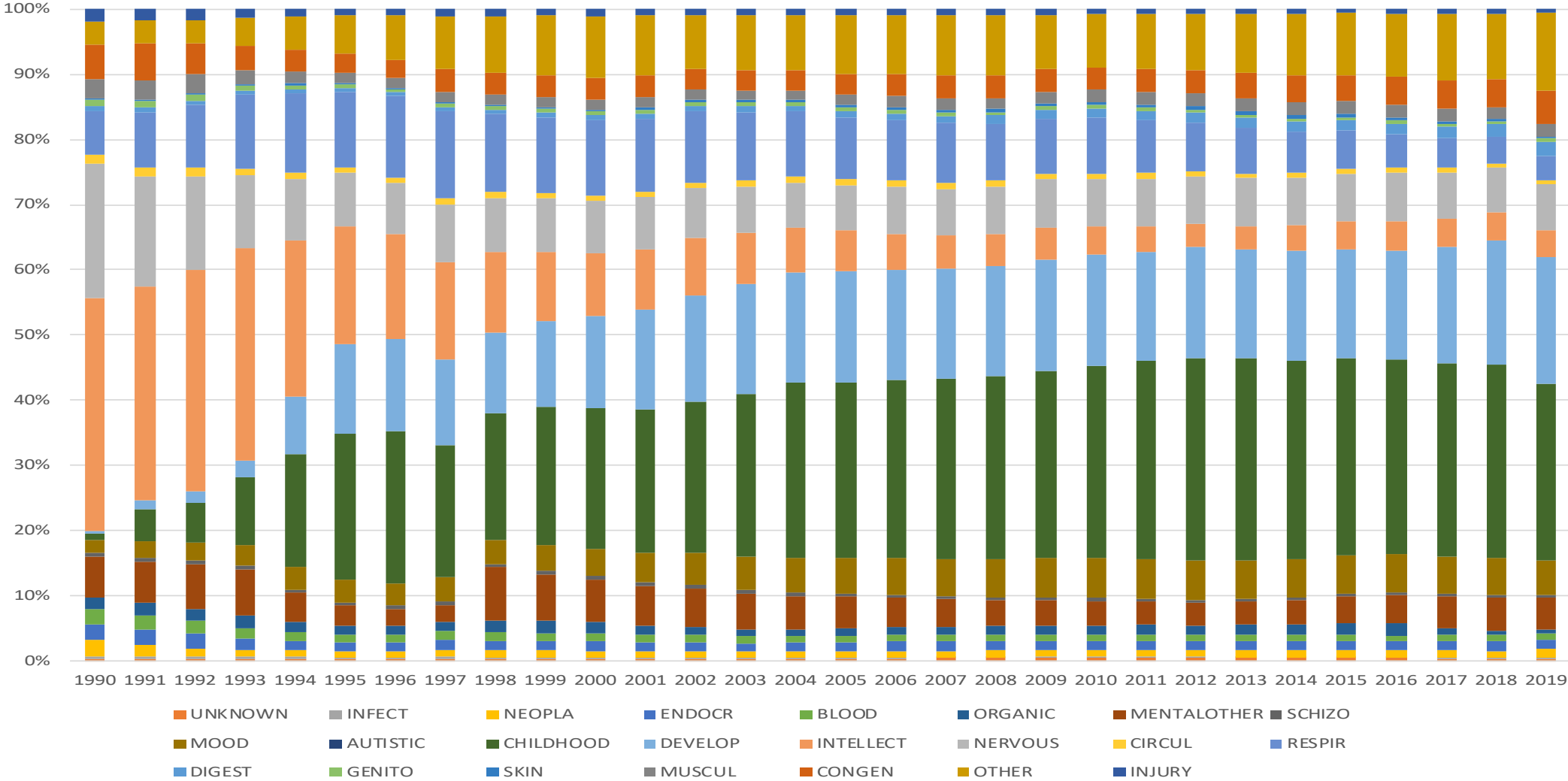
Disability Receipts by Impairment – SSI Adults

Figure 15: Percentage distribution of SSI adult claims filed by major impairment category and fiscal year



Disability Receipts by Impairment – SSI Children

Figure 16: Percentage distribution of SSI child claims filed by major impairment category and fiscal year

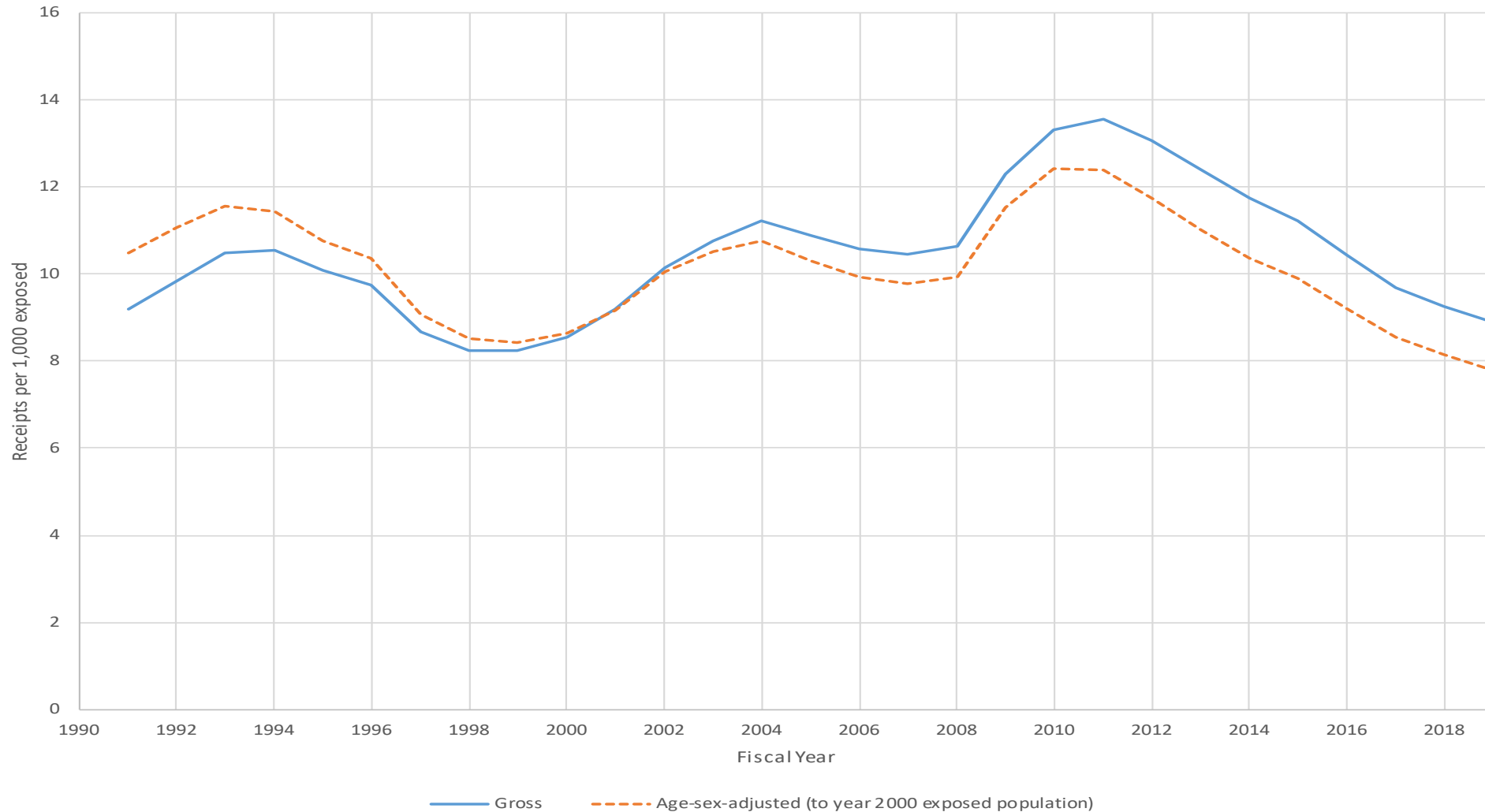


Application Receipt Rates

- **DI Workers – Initial DDS receipts relative to exposed population**
 - Number insured less number already on DI rolls
- **SSI – Field office applications relative to exposed population**
 - Total population less other than legal immigrant population less those already in SSI receipt

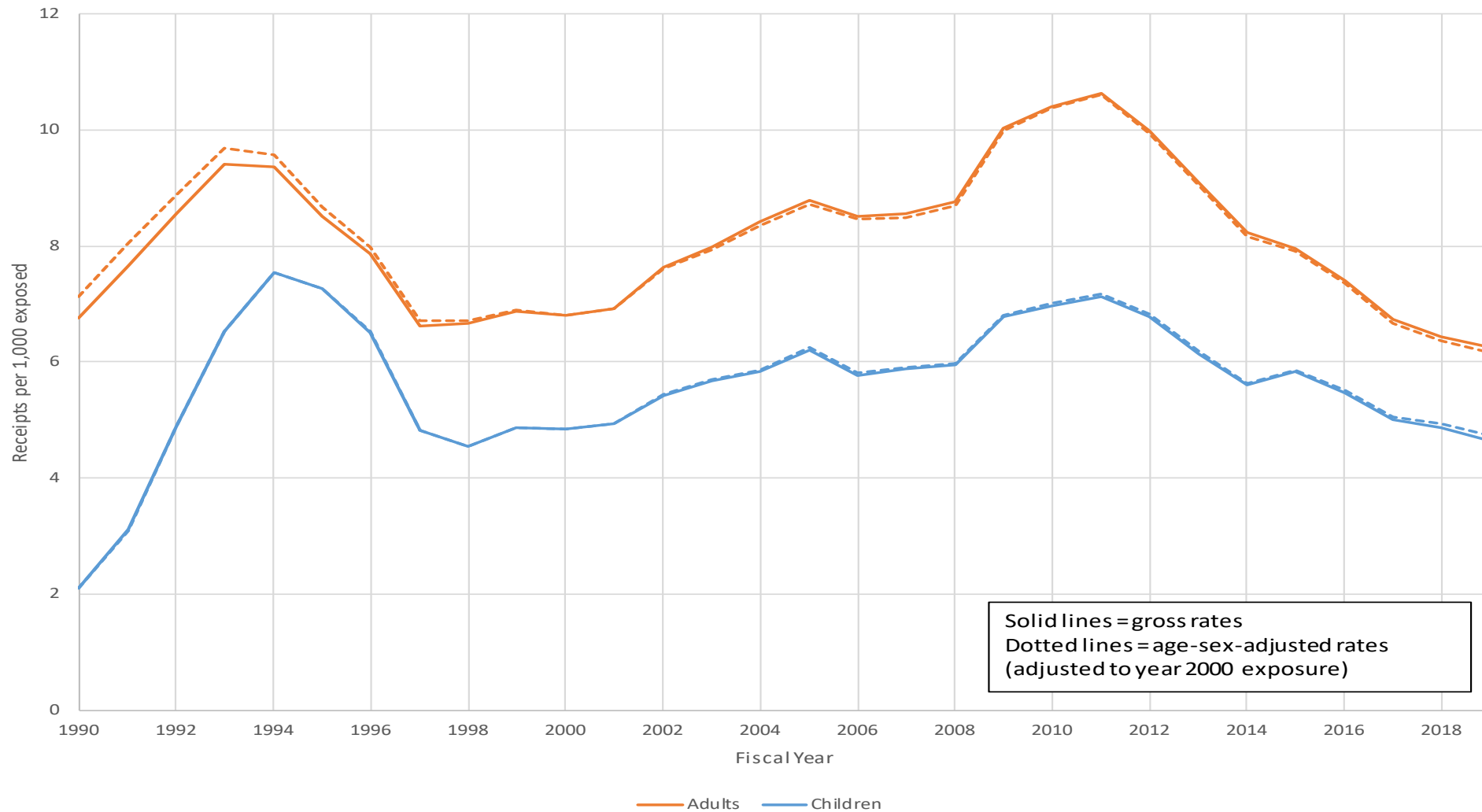
Application Receipt Rates (DI)

Figure 17: OASDI Disabled Worker Initial DDS Receipt Rates



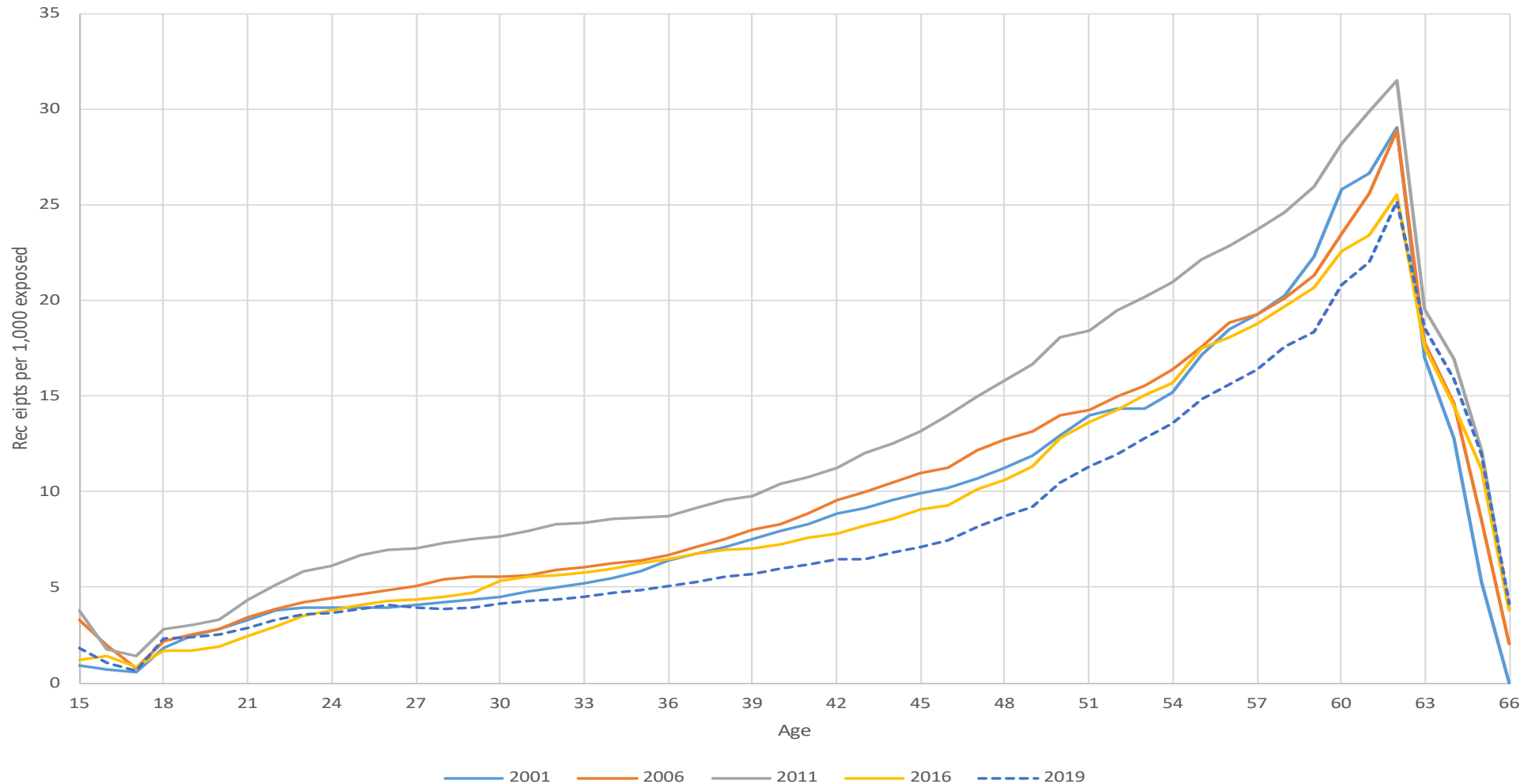
Application Receipt Rates (SSI)

Figure 18: SSI Disabled Child Field Office Application Rates



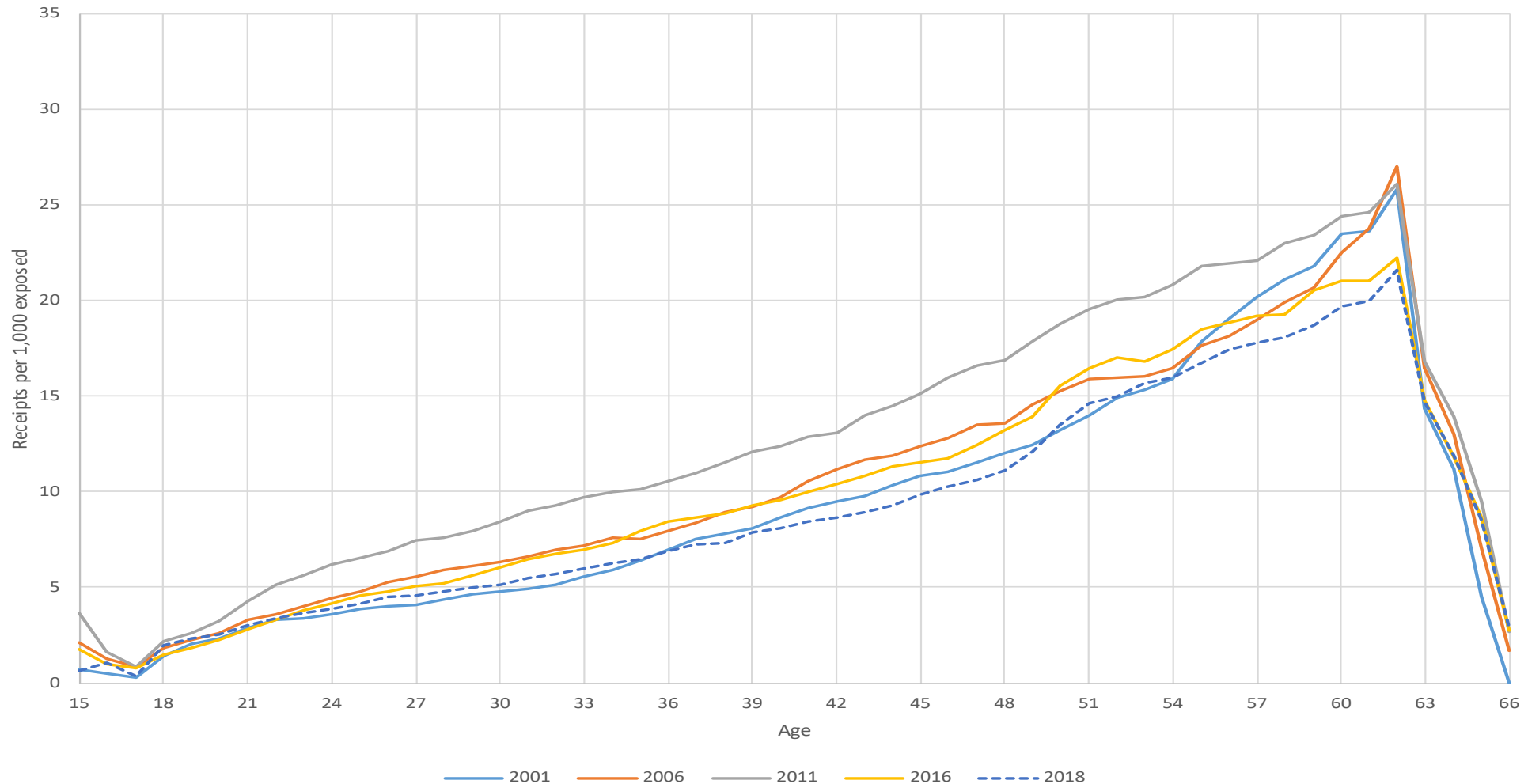
Application Receipt Rates (DI males)

Figure 19: OASDI disabled worker DDS receipts per one-thousand exposed by single age for select years on a fiscal year basis, Males



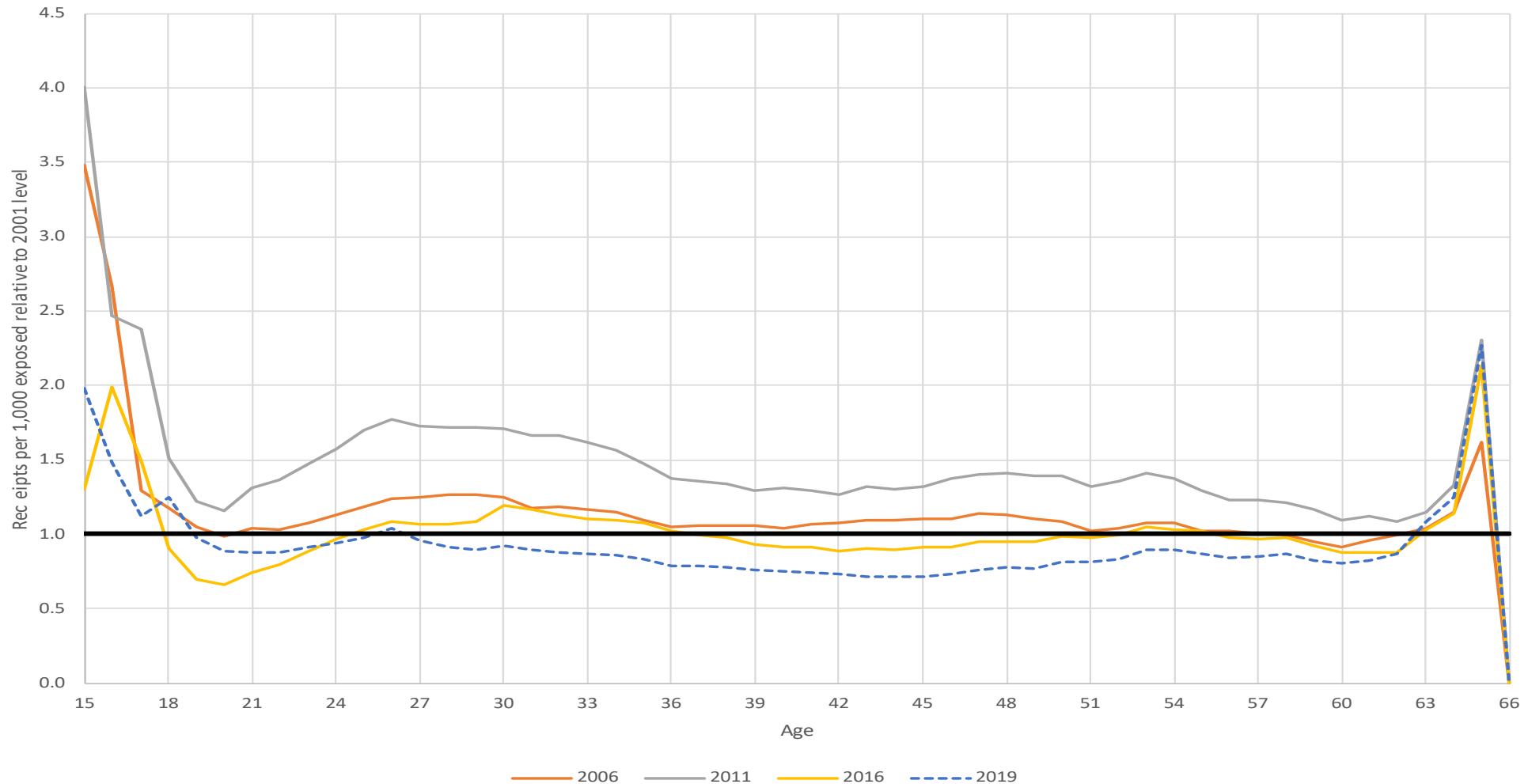
Application Receipt Rates (DI females)

Figure 20: OASDI disabled worker DDS receipts per one-thousand exposed by single age for select years on a fiscal year basis, Females



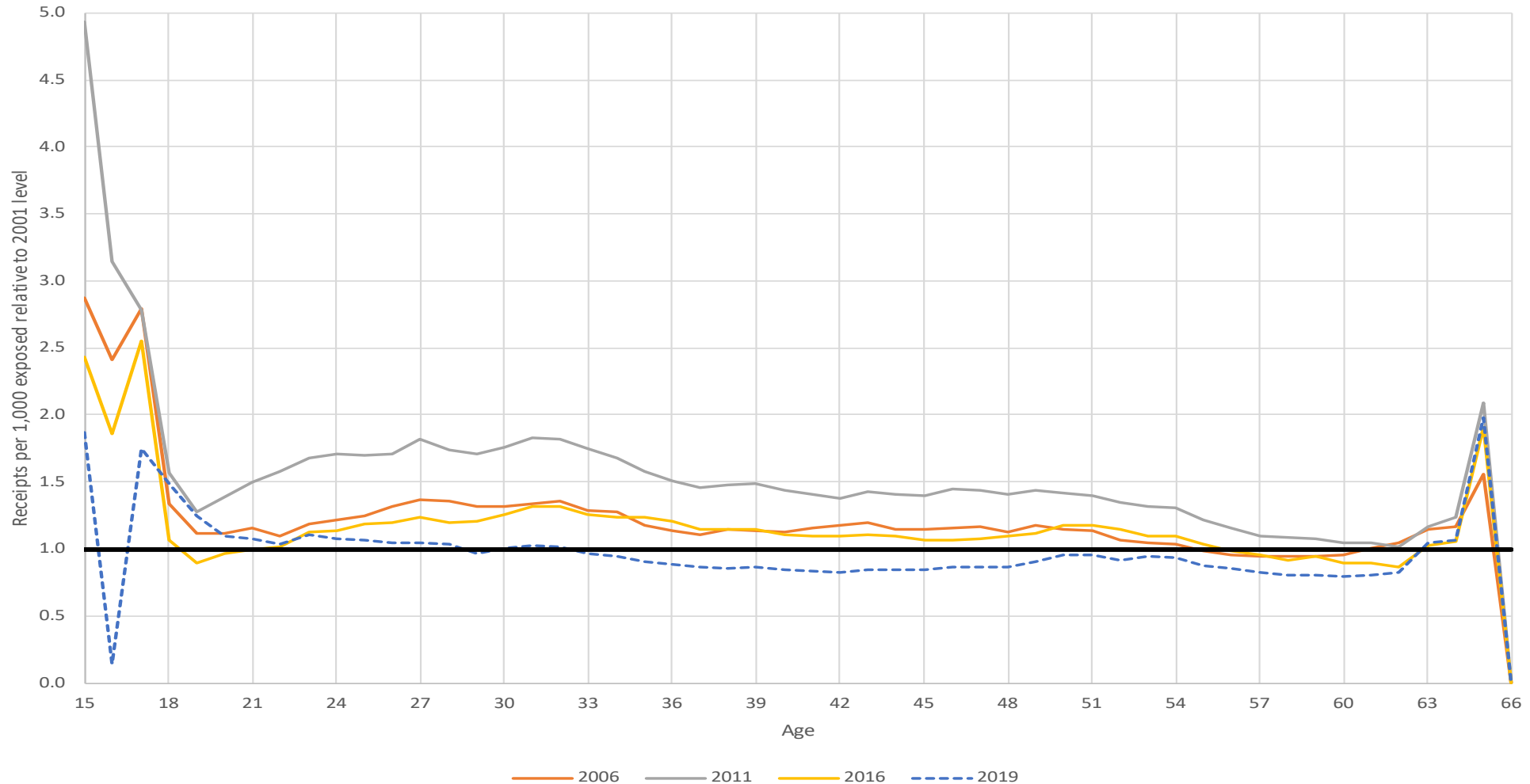
Application Receipt Rate Ratios (DI males)

Figure 21: OASDI disabled worker DDS receipt rates by single age as a ratio of the FY 2001 rate for select years on a fiscal year basis, Males



Application Receipt Rate Ratios (DI females)

Figure 22: OASDI disabled worker DDS receipt rates by single age as a ratio of the FY 2001 rate for select years on a fiscal year basis, Females



Recent Favorable Disability Experience

- Applications and incidence are at historic low levels
- Numbers of beneficiaries /recipients have been declining since 2013
- Prevalence rates have peaked and are dropping
- What about the future: Are declines temporary, or the new state?
 - Economy and jobs—*temporary*
 - Drop in hearings allowance rates—*temporary?*
 - Changing nature of work in the economy
 - Increased access to health care (ACA)
 - Field office consolidations
 - Attorney representation
 - Something more fundamental?

Long-Range Disability Projection Model

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MAAC Presentation
November 19, 2019

Overview

- The Social Security Administration pays monthly disability benefits to disability-insured workers who meet the definition of “disability”. If they meet certain requirements, spouses and children of disabled-worker beneficiaries may also receive monthly benefits.
- 155 million workers under age 66 are insured against becoming unable to work
- 8.5 million workers now receive DI benefits
 - 1.6 million “dependents” – mostly children
- Many more protected from loss of insured status
 - And from low retirement benefits
- Benefits replace 40% to 45% of career earnings on average
 - About 80% for very-low earner, about 28% for steady maximum earner

Long-Range Disability Model

- The long-range disability model projects the number of disabled-worker beneficiaries in current-payment status at the end of each year by age at entitlement, sex, and duration from entitlement.
- We calculate the number of disabled-worker beneficiaries at the end of year by adding the number of newly entitled during the year and subtracting the number who leave the disability rolls during the year to the number of disabled-worker beneficiaries at the beginning of the year.

$$\text{Currently Entitled}_{\text{EOY}} = \text{Currently Entitled}_{\text{BOY}} + \text{New Entitlements}(\text{year}) - \text{Exits}(\text{year})$$

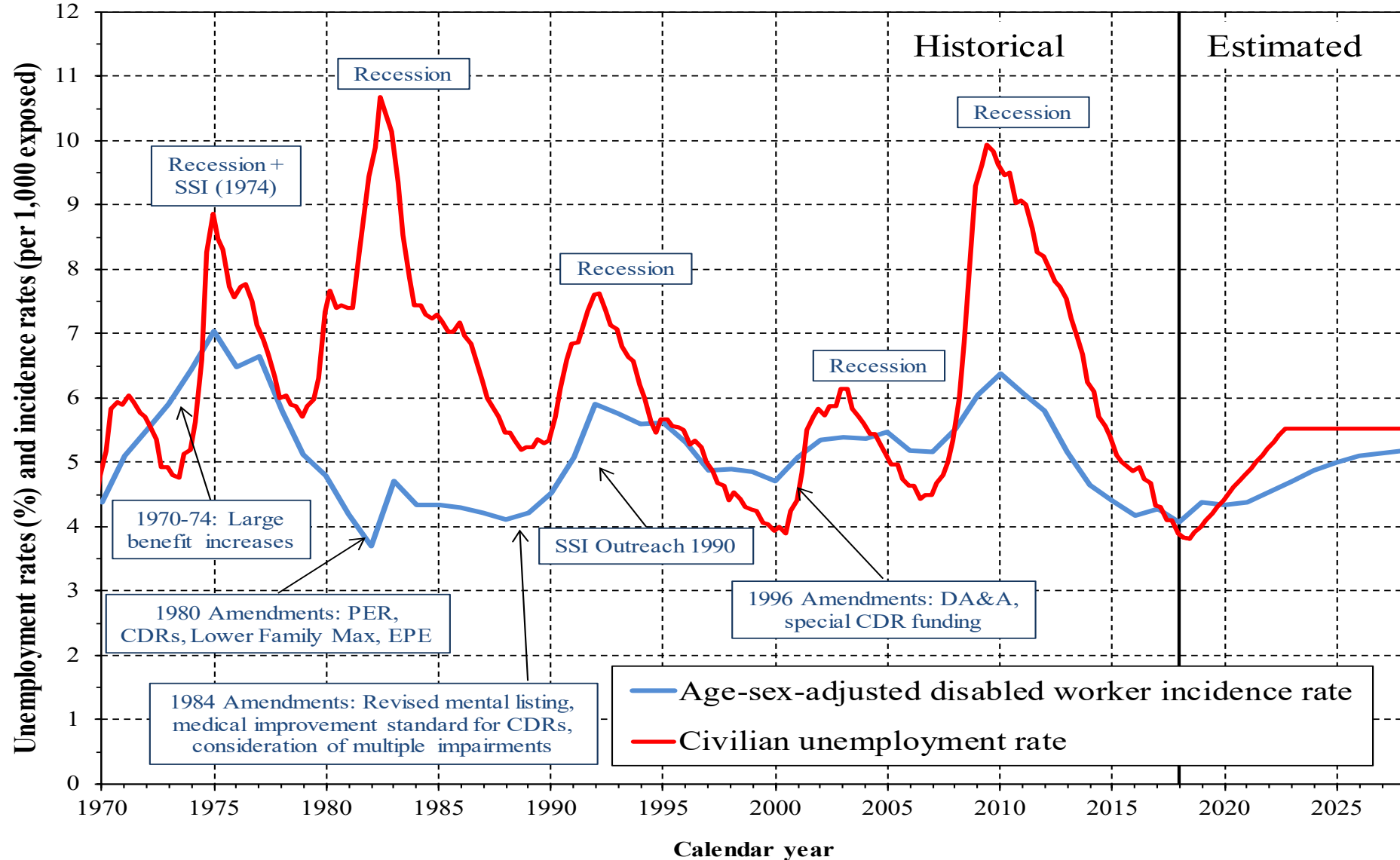
Long-Range Disability Model

- $\text{New Entitlements}(\text{year}) = \text{Exposure}_{\text{BOY}} * \text{Incidence Rate}(\text{year})$
- Disabled-worker beneficiaries who leave the disability rolls do so by
 - recovering from disabilities,
 - dying, and
 - converting to retired worker status.
- $\text{Exits}(\text{year}) = \text{Recoveries}(\text{year}) + \text{Deaths}(\text{year}) + \text{Conversions}(\text{year})$
 - $\text{Recoveries}(\text{year}) = \text{Currently Entitled}_{\text{BOY}} * \text{Recovery Rate}(\text{year})$
 - $\text{Deaths}(\text{year}) = \text{Currently Entitled}_{\text{BOY}} * \text{Death Rate}(\text{year})$

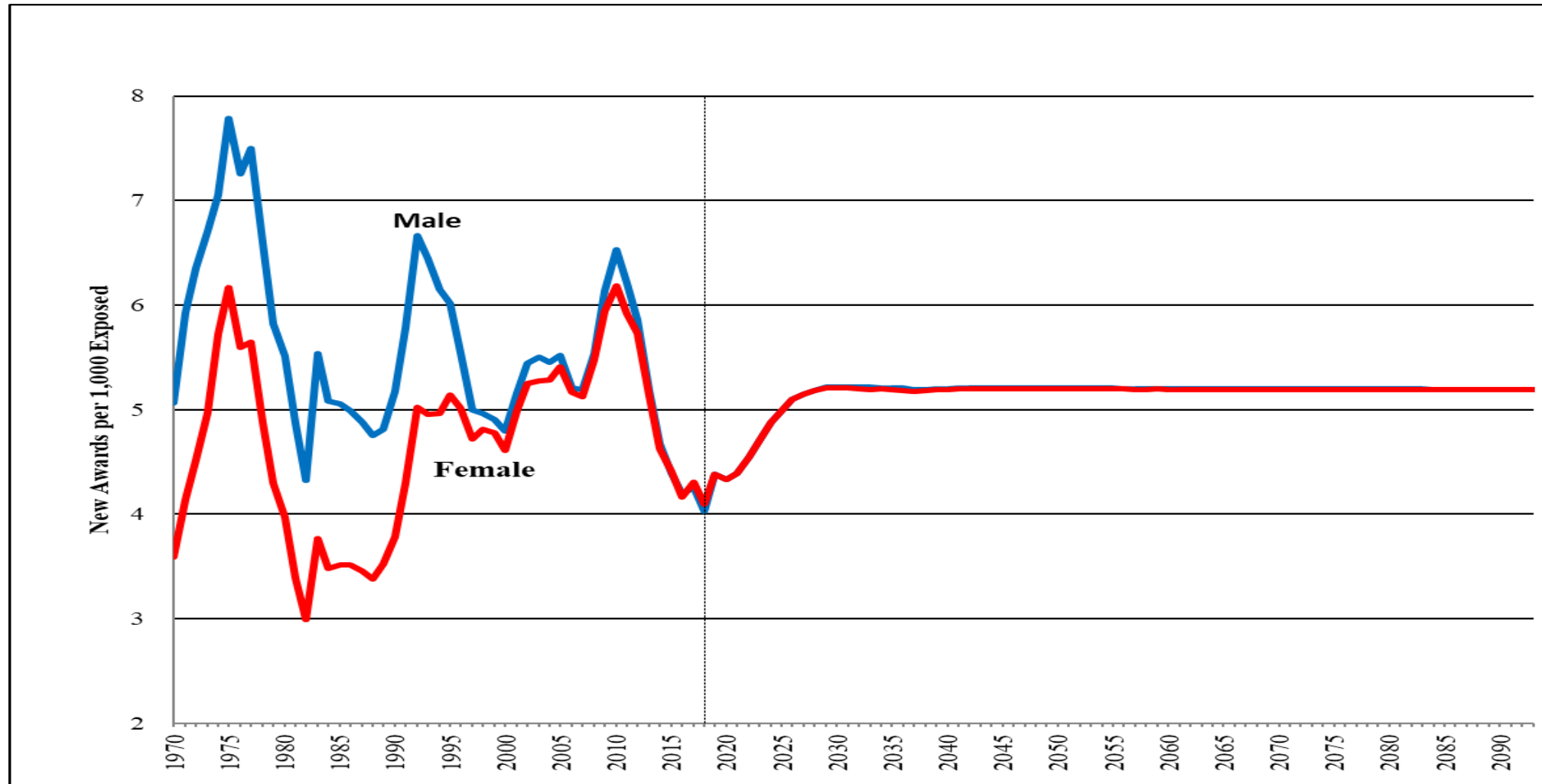
Incidence rates

- In the 2019 TR, the ultimate age-sex-adjusted disability incidence rate was 5.2 per 1,000 exposed.
- The 5.2 incidence rate equals the historical average experienced from 1995 through 2018 and is slightly higher than the most recent ten-year historical average (5.1 awards per thousand) experienced from 2009 through 2018.

Effect of the Economy on DI Incidence Rate—2019 TR



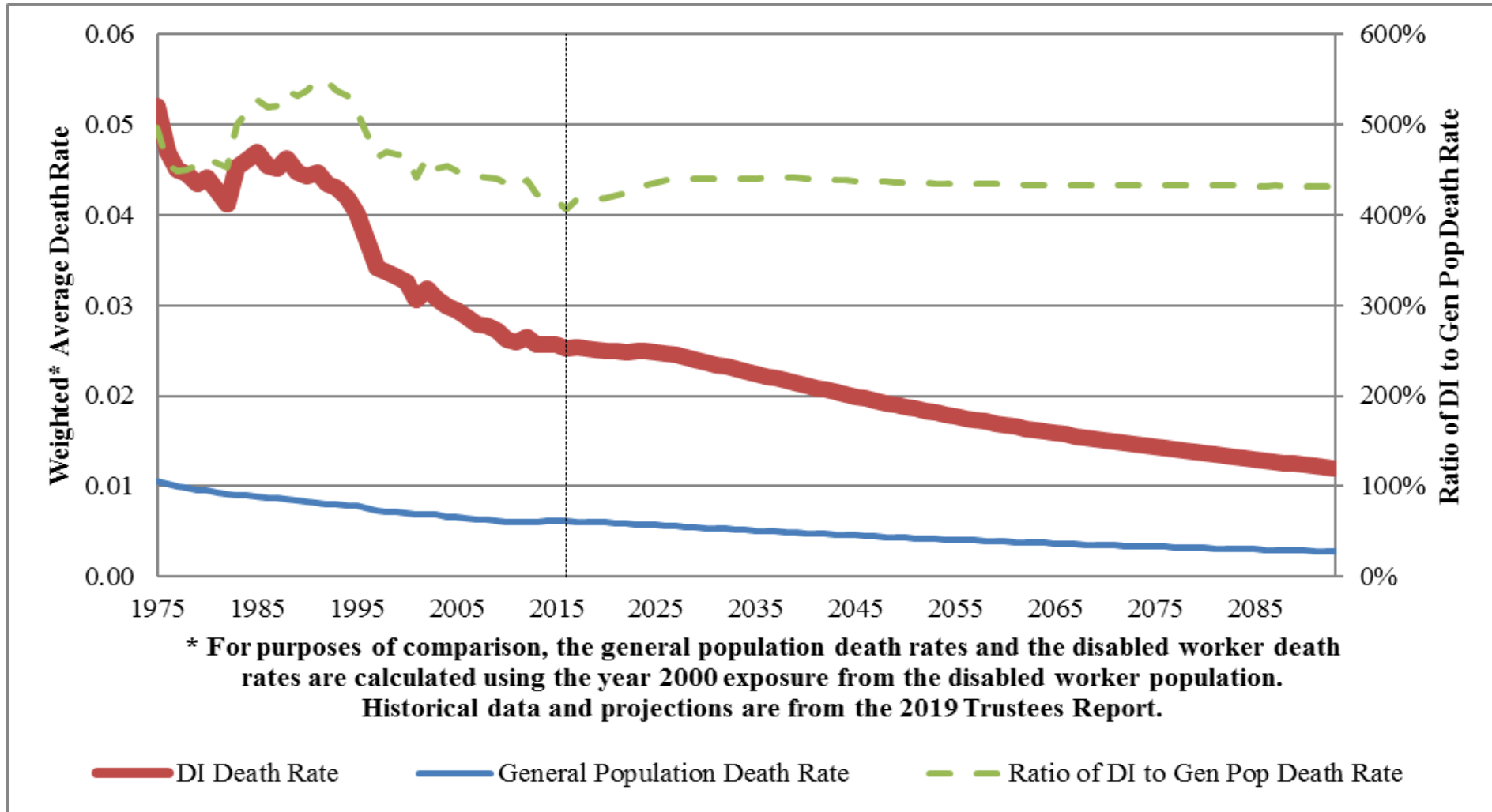
New Disabled-Worker Awards per 1,000 Exposed Age-Adjusted (2000), 2019 TR



Deaths

- Death rates are much higher for the disabled population than the general population.
- In the model, the base probabilities of death by duration, age, and sex are applied to the disabled-worker population.
- Death Projection
 - First Year – 10 year Regression
 - Mortality Improvement – General Population

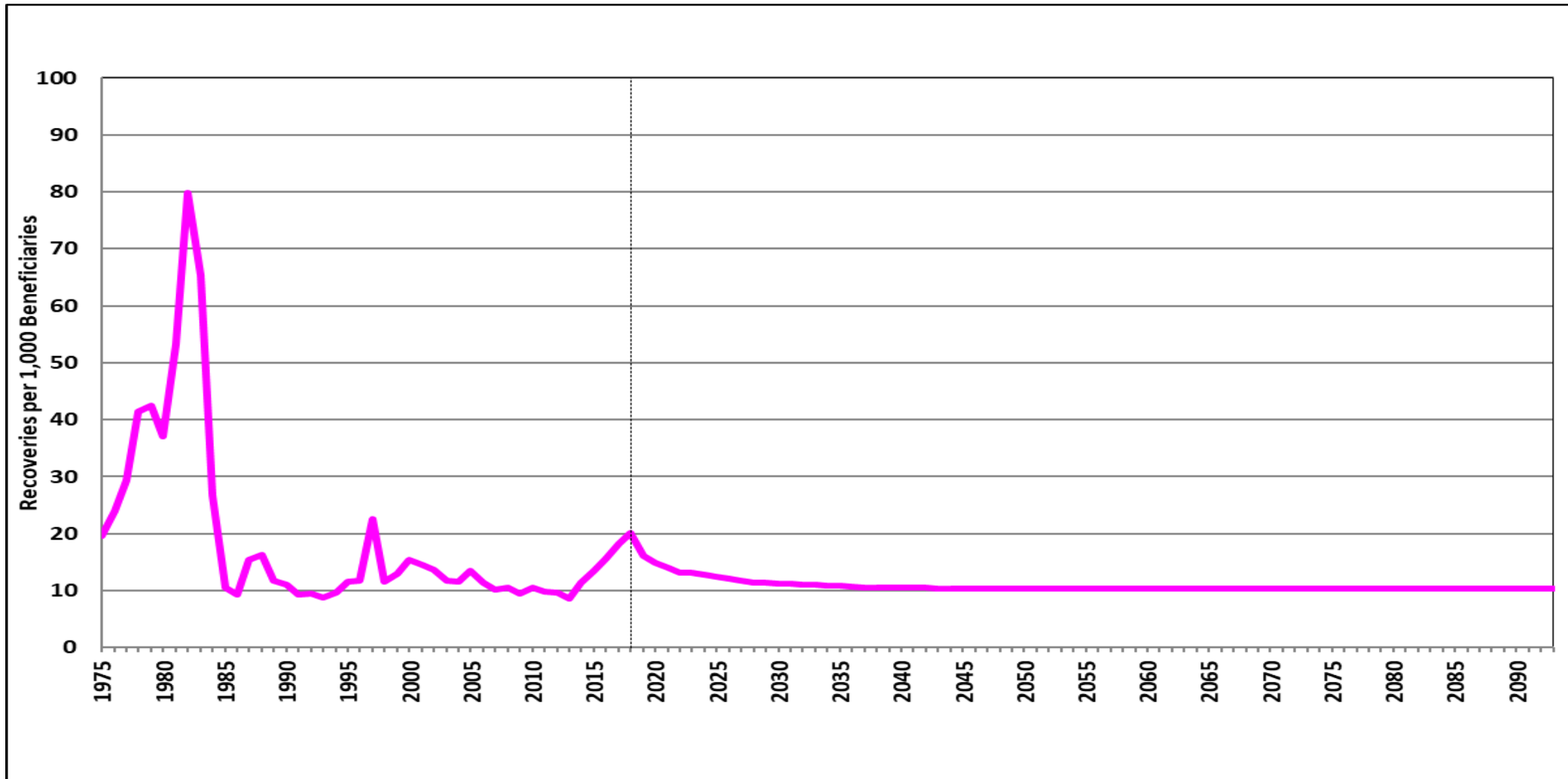
Age-Sex-Adjusted Comparison of SSA General Population to Disabled-Worker Death Rates



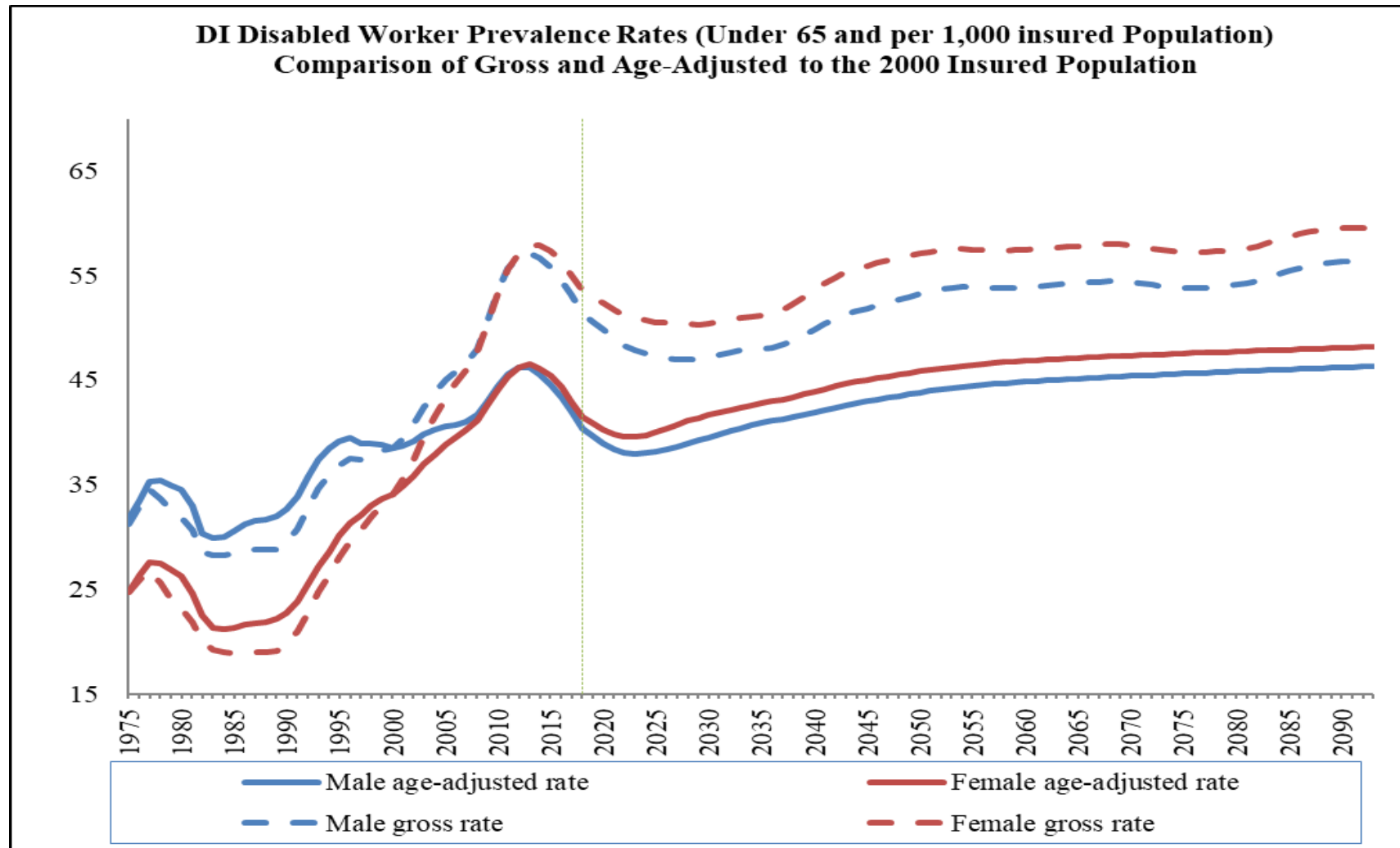
Recovery Rates

- Disabled-worker beneficiaries who recover from their medically-determinable disabling condition or return to substantial work for an extended period are deemed to have recovered, and their benefits are then terminated.
- The ultimate disability recovery rate is equal to the average recovery rate by age group and sex for the years 1985-2005, excluding 1997.
- The projected age-sex-adjusted recovery rate (medical improvement and return to work) in the 2019 TR is 10.3 per thousand.

Disabled-Worker Recoveries per 1,000 Beneficiaries Age-Sex-Adjusted (2000), 2019 TR



Disabled Worker Prevalence Rates (all through age 64)



Dependent Beneficiary of Disabled Workers

- The disability model also projects the number of future dependent beneficiaries of disabled workers by category, age, and sex.
 - Six categories: minor child, student child, disabled adult child, young spouse, married aged spouse and divorced aged spouse.
- We generate the numbers of dependent beneficiaries of disabled workers by multiplying the relevant subset of the SSA area population (Exposures) by a series of probabilities that relate to the regulations and requirements for obtaining benefits (Linkages)
 - Dependent Beneficiaries of $DIB_{EOY} = Exposures_{EOY} * Linkages_{EOY}$

Resource information

2019 Social Security Trustees Report: <https://www.ssa.gov/OACT/TR/2019/index.html>

2019 SSI Annual Report: <https://www.ssa.gov/OACT/ssir/SSI19/index.html>

2019TR Long-Range Model Documentation:

https://www.ssa.gov/OACT/TR/2019/2019_LR_Model_Documentation.pdf

2019TR Long-Range Disability Assumption Memo:

https://www.ssa.gov/OACT/TR/2019/2019_Long-Range_Disability_Assumptions.pdf

Contact us by email at actuary@ssa.gov.