



Failure to Complete Medical Reviews Puts Disability Program at Risk

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An independent group of disability experts convened by the Social Security Advisory Board recommends increasing funding for continuing disability reviews, the Social Security program that identifies current disability beneficiaries who have regained their capacity to work. The full report is available on the Board's [website](#).

Washington, D.C. – Tight budgets have prevented the Social Security Administration (SSA) from carrying out scheduled reviews of the health and capacity to work for people receiving disability benefits. Such reviews yield savings many times their cost. One estimate indicated that if SSA had spent \$1.1-\$1.3 billion per year on these reviews, it could have reduced federal spending by as much as \$42.8 billion. The agency is currently 1.3 million reviews behind scheduled.

SSA oversees two disability programs. Social Security Disability Insurance (SSDI) is available to qualified workers who have a disability that prevents them from engaging in substantial gainful activity and that is expected to last a year or more, or result in death. Supplemental Security Income (SSI) covers people with similar disabilities but who have low income and few assets. Any savings that could be achieved for SSDI are of particular current interest, as estimates indicate that the payroll-tax financed SSDI Trust Fund will be depleted in late 2016. Without Congressional action, nearly 9 million SSDI beneficiaries will have their benefits cut 19.1 percent.

The Social Security Advisory Board convened the Disability Policy Panel to examine whether the SSA could improve continuing disability reviews. The panel included experts in economics, law, disability policy, vocational rehabilitation, and disability.

The panel made five recommendations to Congress and SSA for expanding and improving case reviews:

1) Congress should appropriate funds to eliminate the backlog of disability reviews and ensure future funding optimizes savings to the SSDI Trust Fund and Treasury

With many baby boomers reaching peak ages for the onset of disability, SSA disability workloads have exploded. Administrative budgets have not kept up with the workload increases. As a result, SSA was forced to cut the number of medical reviews. Currently, SSA has a backlog of over 1.3 million claims earmarked for review. This backlog prevents SSA from taking timely action to discontinue payments to beneficiaries whose medical conditions have improved and who can return to work. Because SSDI beneficiaries receive Medicare and SSI beneficiaries receive Medicaid, the cost to the federal government is compounded.

2) Congress should retain the current medical review standard and provide training to ensure consistent application

SSA must terminate disability benefits if it finds that medical improvements enable beneficiaries to return to full-time employment. Benefits may also be stopped for cases involving fraud, failure to cooperate, and errors in the original allowance. Disability examiners are not given adequate training on applying these exceptions, and benefit termination based on exceptions are reversed at high rates on appeal. SSA should evaluate and update the medical review standards and upgrade employee training.

3) SSA should provide more resources to review disability decisions and for teams to investigate fraud

Funding to detect fraud should be increased. SSA has taken some steps in this direction. It has increased reviews of decisions by administrative law judges who had unusually high award rates. More such reviews should be done. More staff should be hired to investigate fraud. Disability investigators produced \$340 million in projected savings in SSA disability programs in FY 2013 and more than \$2.8 billion since their inception in 1997. SSA has been working to expand the number of investigative units and Congress should provide SSA with resources to do so.

4) Congress should expand programs that help disability beneficiaries return to work

In principle, disability beneficiaries whose benefits are terminated because their medical condition has improved should be motivated to seek employment. But people who have not worked for a long time often lose the capacity to work, even if their medical condition has improved. Congress should extend employment support services for one year beyond termination so that either state vocational rehabilitation or employment network services will be available.

5) SSA should modify its disability programs for children and youth to set an expectation of work as an adult and offer more work supports

Helping people find work is especially important for SSI recipients nearing age-18 when they will be evaluated based on adult disability standards. The provision of training and counseling can determine whether these recipients achieve self-sufficiency or remain on public support. SSA should communicate expectations of independence to youth beneficiaries whose medical improvement is expected or possible. As was recommended for adults, Congress should also extend by one year the employment support services for youth who are ceased from benefits.

While the recommendations are those of the panel, the Board believes this effort offers informed analysis and discussion of a complex review process. According to Board chair Henry Aaron,

“The analysis and recommendations of this panel merit serious consideration by Congress, by the Social Security Administration, and by everyone who cares about the integrity of the Disability Insurance program.”

The Social Security Advisory Board is charged by statute to advise the President, Congress, and the Commissioner of Social Security on matters relating to the nation’s retirement and disability systems. Its mandate also includes increasing public understanding of the Social Security system. Members of the Board are appointed on a bipartisan basis by the President, the Senate, and the House of Representatives.