

1. Seizing the Opportunity: Ideas for Improving Disability Programs

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INTRODUCTION

Social Security Disability Insurance (SSDI) is a vital social insurance program that protects 150 million American workers against the loss of wages caused by a disability. Currently, nine million workers with disabilities and an additional two million family members receive and rely on SSDI benefits (SSA 2015a). For most, SSDI cash benefits are modest, averaging about \$14,000 per year for current recipients and \$15,000 for new recipients. But those benefits are also hugely important, representing the majority of personal income for eight out of 10 people who receive SSDI (Bailey and Hemmeter 2015). They also often lead to Medicare eligibility so that individuals with disabilities can get the health care treatments they need. For many, SSDI is the difference between being able to afford basic needs and living in poverty.

As former chairmen of the House Ways and Means Social Security Subcommittee, we may belong to different political parties, but we both believe strongly in the importance of the SSDI program. We also agree that much can be done to improve the program.

We started the *SSDI Solutions Initiative* in September of 2014 because the program faced a critical funding crisis. Without action, the program would have been unable to pay full benefits starting at the end of 2016. We believed that while the funding crisis needed to be addressed, it also presented an opportunity to improve SSDI and other services for people with disabilities.

Since then, Congress passed and the President signed the Bipartisan Budget Act of 2015, which temporarily averted the immediate funding crisis. The law made several small reforms to the program and reallocated a portion of the payroll tax for three years in order to fully fund the program until about 2022. Although this was a welcome development and a step in the right direction, it is not fundamentally a solution.

The previous 2016 deadline presented an opportunity to take steps to improve SSDI and other services for people with disabilities but little time to develop thoughtful and responsible actions. The new deadline of 2022 presents a similar opportunity with six years to develop good solutions. We cannot waste the opportunity by deluding ourselves into believing everything has been solved.

After working on this project for a year and a half, we have come to believe that, in order to preserve and protect SSDI, lawmakers need to follow three basic principles for action on the program:

- 1. Begin Now to Test and Advance Programmatic Improvements**
- 2. Improve the Effectiveness, Efficiency, and Integrity of the Current SSDI System**
- 3. Support Work and Improve the Lives of Workers with Disabilities**

We discuss these in greater detail below.

We are steadfast in our belief that this program can and should be improved upon and that policymakers should discuss and debate the many options to do so, without delay. This book—and the *SSDI Solutions Initiative*—is our contribution to that important conversation.

A Challenge and an Opportunity for Action

Although the SSDI trust fund has recently been extended, it continues to face a serious financial shortfall. The program has run cash deficits since 2005, and in 2014 it spent about \$35 billion more than it took in. Prior to the Bipartisan Budget Act, the program's trust fund had been expected to run dry in the fourth quarter of 2016. That date has been extended to about 2022, when, absent legislative action, benefits for disabled workers and their families will need to be cut by about 15 percent.

The need to address SSDI's finances before the 2016 deadline sparked an important conversation on the future of the program. That's why we started this project—not as a budget-cutting exercise focused on achieving financial balance, but as a project to identify changes to the program that would improve the lives of those with disabilities along with those who pay into the program. Despite some positive changes in the Bipartisan Budget Act, the need for programmatic improvements remains. And we now have six years to do something about that. Failure to seize this opportunity and use this additional time to engage in the vital conversation of how to put forward such changes would represent a huge missed opportunity.

To begin the project, we formed an advisory council with some of the leading experts on disability policy and advocates in the disability community. They helped the initiative dig into the issues facing this program and better understand the challenges facing people with disabilities. They gave our project invaluable advice and feedback throughout the process. We then issued a call for papers, asking outside experts to submit their own ideas. The response was tremendous. Working with our advisory council, we reviewed dozens of proposals and selected 12 that we considered promising. They are a diverse set of ideas from a diverse group of authors.

We asked those authors to submit draft papers to explain the problems they wanted to address and their proposed solutions. Those drafts went through a rigorous review process that included feedback from our advisory council as well as our staff and expert consultants. They were also subject to two formal peer reviews. Authors presented their papers at our SSDI Solutions Conference on August 4, 2015 in Washington, DC, where they heard from leading experts and conference attendees about their proposals and received additional feedback from expert discussants.

Additionally, project staff have spent the past 18 months reading and studying dozens of proposals and papers, consulting regularly with the expert advisory council, and speaking with well over 100 experts, advocates, practitioners, and people with disabilities. This only strengthened our resolve to put forward ideas for improvements to the program. This book is the culmination of all that work. It presents what we believe are 12 thoughtful sets of proposals that could improve the SSDI program and other services to people with disabilities.

We firmly believe that with the right mix of creativity and resolve, the SSDI program can be improved so that it serves everyone—including applicants, beneficiaries, and the taxpayers—better. The determination process could be streamlined to reduce waiting times and improve accuracy. Fraud and improper payments could be reduced. Those who are already on the program could be given more

support in efforts to return to work. And those not yet on the program could be given more opportunities to stay at work, so they can keep collecting a paycheck instead of a disability insurance check.

We believe policymakers must take advantage of this opportunity to enact improvements to the SSDI program that truly help those who are protected by it and rely on it, as well as society as a whole. Doing so will require the right mixture of research, creativity, and political will. It is our sincere hope that this book will help in that process.

OVERVIEW OF THE BOOK

The goal of the *SSDI Solutions Initiative* is to identify practical policy changes to improve the Social Security Disability Insurance program and other services to people with disabilities. The remainder of this book presents a number of these proposed policy ideas. Although these ideas are not exhaustive and we are not specifically endorsing them, we do believe each idea is worthy of consideration.

In this chapter, we have provided our own insights and put forward principles and recommendations for how policymakers should approach SSDI reform. Chapter 2, ***“An Overview of the Social Security Disability Insurance (SSDI) Program”*** by Patricia Owens, summarizes the SSDI program and many of the issues surrounding it and other services for individuals with disabilities.

Section II focuses on three sets of proposals to encourage early intervention in order to keep more workers in the workforce rather than on the program. Chapter 3 includes a proposal by David Stapleton, Yonatan Ben-Shalom, and David Mann titled ***“The Employment/Eligibility Service System: A New Gateway for Employment Supports and Social Security Disability Benefits.”*** In Chapter 4, Jennifer Christian, Thomas Wickizer, and A. Kim Burton put forward a proposal for ***“A Community-Focused Health & Work Service (HWS).”*** And in Chapter 5, Julie Kerksick, David Riemer, and Conor Williams call for ***“Using Transitional Jobs to Increase Employment of SSDI Applicants and Beneficiaries.”*** Following these chapters is a discussion of the proposals by Lisa Ekman, president of Ekman Advocates for Progress.

Section III includes three sets of proposals related to SSDI program administration. In Chapter 6, Alexandra Constantin, Julia Porcino, John Collins, and Chunxiao Zhou propose using ***“Data-Driven Solutions for Improving the Continuing Disability Review Process.”*** Jon Dubin proposes changes to the process in Chapter 7 titled ***“Social Security Disability Adjudicative Reform: Ending the Reconsideration Stage of SSDI Adjudication after Sixteen Years of Testing and Enhancing Initial Stage Record Development.”*** And in Chapter 8, David Engel, Dale Glendening, and Jeffrey Wolfe present their proposal ***“Social Security: Restructuring Disability Adjudication.”*** Margaret Malone, former staff director of the Social Security Advisory Board, discusses these proposals at the end of this section.

Section IV presents proposals to improve interaction between SSDI and other programs. David Babbel and Mark Meyer present their proposal in Chapter 9 discussing ***“Expanding Private Disability Insurance Coverage to Help the SSDI Program.”*** In Chapter 10, Mark Perriello presents his proposal around ***“Ensuring Access to Long-Term Services and Supports for People with Disabilities and Chronic Conditions.”*** Next, John Burton and Steve Guo propose ***“Improving the Interaction Between the SSDI and Workers’ Compensation Programs”*** in

Chapter 11. At the end of this section, David Wittenburg, director of Health Research, Mathematica Policy Research, provides his thoughts on these proposals.

Section V presents three proposals for structural changes in the SSDI program. *“Transitional Benefits for a Subset of the Social Security Disability Insurance Population”* by Kim Hildred, Pam Mazerski, Harold Krent, and Jennifer Christian begins the section in Chapter 12. Following that, Jason Fichtner and Jason Seligman propose *“Beyond All or Nothing: Reforming Social Security Disability Insurance to Encourage Work and Wealth”* in Chapter 13. And finally, Neil Jacobson, Aya Aghabi, Barbara Butz, and Anita Aaron propose *“Exploring an Alternative Social Security Definition of Disability”* in Chapter 14. Former Social Security Administration Associate Commissioner Art Spencer follows these proposals with his thoughts at the end of this section.

Finally, Section VI includes two chapters meant to provide additional context around SSDI reform. In Chapter 15, *“Approaches to Assisting Working-Aged People with Disabilities: Insights from Around the World,”* Robert Haveman discusses disability insurance programs in other countries and how they have changed in recent years. And in Chapter 16, *“Options to Address SSDI’s Financial Shortfall,”* Marc Goldwein and Edward Lorenzen (who are on the staff of the SSDI Solutions Initiative) lay out a number of options to improve the finances of the SSDI trust fund.

PRINCIPLES AND RECOMMENDATIONS

As our project gained insight from experts, advocates, and practitioners and pored over the literature, it became clear that many thoughtful ideas about how to improve the SSDI program already existed. Our initiative builds on this existing universe of ideas with 12 additional sets of proposals. These proposals cover a wide array of topics including strengthening work support and early intervention, reforming program administration, improving interaction between SSDI and other programs, and making structural reforms to the program.

Some of the ideas in this book represent major changes, while others are quite modest. Some would reduce trust fund spending, while others would add costs. Some would be carried out by the Social Security Administration (SSA), while others would need to involve other agencies or entities. But each proposal is intended to better the entire system of disability support in the United States.

Each of the proposals also includes intermediate steps leading to implementation. These include studies, pilots, and smaller scale changes to gather evidence of effectiveness. By offering intermediate steps, the authors show how to tackle large-scale problems in a cautious and responsible way.

Neither of us is endorsing any of the sets of proposals presented in this book. Nor is the Committee for a Responsible Federal Budget, the SSDI Solutions Initiative itself, or members of our advisory council. These proposals represent the work and ideas of their respective authors. These proposals were selected because we believe they are worthy of consideration, not necessarily because they are perfect or should be put into law as written.

Our hope is that lawmakers will carefully review, scrutinize, adjust, and then select from these and other existing ideas to develop meaningful programmatic improvements. We have three broad-based recommendations to guide congressional action, discussed below.

Recommendation #1: Begin Testing and Advancing Programmatic Improvements Now

The recently-enacted Bipartisan Budget Act extended the life of the SSDI trust fund for six years. As a result, the SSDI trust fund is on course to deplete its reserves by 2022, according to Social Security's Chief Actuary. At that time, the program would be bringing in enough revenue to pay for about 85 percent of program costs, necessitating an immediate cut to all beneficiaries of nearly one-sixth.

An abrupt reduction of that size would be devastating for many individuals with disabilities who count on the program. Nearly half of SSDI beneficiaries have family incomes of \$30,000 per year or less, and almost one quarter have family incomes less than \$15,000. SSDI keeps many of these families out of poverty and accounts for well over half of total family income for the average recipient (Bailey and Hemmeter 2015).

Our discussions with those in the disability community made it clear that, throughout 2015, the threat of an impending large benefit cut created much anxiety and fear among those who rely on the program. Although those anxieties and fears may have been relieved by passage of the Bipartisan Budget Act, that relief is temporary. Lawmakers waited too long to avoid trust fund depletion with any solution other than a temporary reallocation. In order to prevent that situation from recurring in 2022, action must be taken now.

Six years is certainly not a long time. But it should be enough time for policymakers in Congress, at the Social Security Administration, and in the White House to test and enact a variety of reforms to the SSDI program. Rather than waiting until the deadline approaches, lawmakers should act well in advance, building on the relatively modest reforms in the Bipartisan Budget Act to improve SSDI. Meanwhile, SSA should use the administrative tools at its disposal to do the same.

Some program improvements could be implemented quickly, but many others would benefit from testing and research to refine them and evaluate their effectiveness. To do so, pilots and demonstration projects should be undertaken with thorough and rigorous evaluation. This type of testing often takes a long time to produce results, which is why it should begin as soon as possible.

The Bipartisan Budget Act made some of this testing possible by restoring SSA's demonstration authority and specifically calling for a focus on projects "designed to promote attachment to the labor force." However, given the mixed results of past pilots, and given that many ideas worth testing would involve other agencies or organizations, a new mechanism for implementing pilots and demonstrations may be needed.

One option, proposed by our friends at the Bipartisan Policy Center (2015), would be to create a special office within SSA to implement pilots and an oversight committee to ensure effectiveness. Another option would be to establish an "innovation center" outside of SSA to test new ideas. A third option would be establishment of a formal inter-agency task force to coordinate new pilots and demonstrations across different parts of the government. Some pilots could be conducted at the state level.

Regardless of who is in charge, it is important to develop specific goals and quality metrics on which to base evaluations, with sound statistical practices and an adherence to the scientific method. The testing process must also be versatile and nimble. Pilots or demonstrations that aren't working should be shut down as soon as possible. Successful experiments should be expanded, and if success continues, they should ultimately be implemented nationwide.

Most importantly, policymakers must not wait another six years to take further action on improvements to SSDI and other programs and services for people with disabilities. Putting off action will only guarantee another hasty scramble to avert trust fund reserve depletion in 2022 without enough time to thoughtfully evaluate serious long-term solutions. This is not the time to take a six-year break from this vital work. The vital discussions on the future of SSDI must continue and new legislation, regulations, and administrative improvements must be enacted and implemented over the course of this six-year window of opportunity.

Recommendation #2: Improve the Effectiveness, Efficiency, and Integrity of the Current SSDI System

By and large, the SSDI program does what it is supposed to: it pays monthly checks to individuals with disabilities who are unable to engage in substantial work. But when it comes to putting and keeping the right people on the program in a timely manner with minimal complexity and without unnecessary hurdles, there is room for improvement.

Strengthen Program Integrity to Reduce Improper Payments

One common-sense principle is that the SSDI program should only pay benefits to individuals who are qualified to receive them. However, in some cases beneficiaries are improperly receiving benefits due to fraud, accidental overpayments, or because a person has recovered from their disability. Perfect payment accuracy can probably never be achieved, yet it is an important aspirational goal. Short of perfection, more could be done both to reduce fraud and overpayments (as well as underpayments) and to help SSA identify and discontinue benefits to those who are able to return to work.

Fraud is probably less common in the SSDI program than many believe. It is not a major cost driver for the program, and it is a mistake to exaggerate the size and scope of the problem. Depicting SSDI as rife with fraud and painting SSDI beneficiaries as fraudsters only undermines public support for the program and demonizes individuals with disabilities who rely on it.

But it would also be a mistake to ignore fraud altogether. Every dollar from the trust fund paid to someone cheating the system is a dollar unavailable for those truly in need. And every time a neighbor or colleague knows someone who is gaming the system, it also undermines support for the program.

Combating fraud is essential to the integrity of the program, and we should do everything we can to reduce fraud where it does exist. There are many bipartisan ideas in Congress and elsewhere for how to do so. These include: improved information technology; better data sharing and inter-agency cooperation; tougher penalties for fraud; more investigations of fraud allegations (including expansion of Cooperative Disability Investigations (CDIs)); and stricter standards for representatives, judges, and medical professionals who interact with the program. Many of these ideas were included in the Bipartisan Budget Act, and others should be included in subsequent legislation and policies to further combat fraud.

Importantly, many, and perhaps most, improper payments have nothing to do with fraud. They occur because beneficiaries no longer meet the program's definition of disabled but continue to receive benefits. Continuing Disability Reviews (CDRs) are designed to regularly review recipients for medical improvement or work and earnings above the levels allowed by the program and to stop payments when appropriate. Unfortunately, SSA faces a significant CDR backlog, and the agency may not be

conducting CDRs as well as it could. Funding is a major issue (discussed later in this section), but more can be done to improve the CDR process. Some ideas others have recommended to improve CDRs include: strengthening and better applying exceptions to the Medical Improvement Review Standard (SSAB 2014; BPC 2015); conducting additional CDRs in cases for those awarded benefits by “Red Flag” administrative law judges (ALJs) with extremely high award rates (Lankford and Speier 2014); using new tools to acquire more accurate earnings information (Coburn 2014; President’s budget 2015; BPC 2015; SSAB 2014); and providing more services and better communication of expectations to beneficiaries who are expected to improve (SSAB 2014; BPC 2015).

SSA could also improve the way it prioritizes CDRs. Currently, CDRs are scheduled based on whether the applicant is expected to improve, with workers put into one of three “diary” categories. In *“Data-Driven Solutions for Improving the Continuing Disability Review Process”* (Chapter 6), Constantin, Porcino, Collins, and Zhou propose to create a new information technology infrastructure that would leverage new and existing data sources and predictive modeling to create individualized diary entries that would help the agency target CDRs where there is the best chance of finding improvement.

In addition to reducing fraud and improving the CDR process, much could also be done to reduce accidental over- and under-payments by SSA, including leveraging new technologies and better data collection to more accurately track and more quickly react to wage earnings.

Improve Accuracy and Consistency, and Reduce Complexity of the Determination Process

To enroll in the SSDI program, individuals must often navigate a number of state and federal agencies over several months if not years. Eligibility is based on a relatively strict five-step evaluation process described in Chapter 2. This process is complicated, inconsistent, and plagued by subjectivity. We heard this over and over again from the people and groups we spoke with, and those complaints echo the finding of many studies for many years—including those from the Government Accountability Office (2004) and the Social Security Advisory Board (2006).

It can take months (or even longer in some cases) to get an initial decision on a disability claim. Each state has its own DDS agency to make these determinations. If a claim is denied, there is an incredibly long and complicated multistep appeal process to navigate. It starts (in most cases) with a reconsideration step that many believe is little more than a rubber stamp of the first decision.

If a claim is denied at reconsideration, the applicant can appeal by requesting a hearing before an ALJ—a procedure so intimidating that the vast majority of applicants hire a legal representative to handle their cases. It’s a process that can take up to a year or more to complete, and it has rules-of-evidence procedures that are incomplete and complex. And, as at the earlier steps of adjudication, outcomes are widely variable and inconsistent.

Clearly, there is a trade-off between complexity and accuracy, and much of the complexity within the program is intended to ensure that the right benefits go to the right people. But it’s difficult to see the benefits of this trade-off, and there is little evidence that all the complexity is producing correct outcomes. We believe that there may be room to both reduce complexity and improve accuracy and consistency by, for example, taking advantage of technology, streamlining and simplifying the determination and appeals process, and developing guidelines and training that prioritize consistency across actors in the process.

One frequently mentioned idea is to reduce the number of levels in the appeals process. In *“Social Security Disability Adjudicative Reform: Ending the Reconsideration Stage of SSDI Adjudication after Sixteen Years of Testing and Enhancing Initial Stage Record Development”* (Chapter 7), Dubin argues for eliminating the first level of appeal, known as reconsideration. He would divert those administrative resources toward improving the quality of the initial determination, including through enhanced case development. There are already 10 states with no reconsideration level.

We also heard many concerns about the current hearing process at the ALJ level. Some said ALJs have too little time to review each case, that they often have insufficient medical evidence, and that they lack clear rules of procedure. There also appears to be considerable (albeit shrinking) decisional inconsistency among judges. In 2010, for example, one ALJ in Texas approved only 9 percent of applications for benefits while another in Tennessee approved 99 percent (SSA OIG 2012). Claimant representatives also appear to be playing an increasing role in the adjudication process, and in some cases they may be having an adverse effect on efficiency and outcomes.

In *“Social Security: Restructuring Disability Adjudication”* (Chapter 8), current ALJs Wolfe, Engel, and Glendening address some of these concerns. First, they propose that a government representative—or “present party” (PreP)—be a part of the hearing to advocate for a correct and timely ruling. Regardless of whether this proposal is adopted, they also propose that SSA establish formal rules of procedure such as evidentiary standards and rules for closing the record. They recommend reducing the Appeals Council’s role in reviewing ALJ decisions. Finally, they propose to reform the way claimant representatives are paid so that they are not paid more when cases take more time and are no longer reimbursed for travel.

There are many other ideas to improve the determination and adjudication process, including expanding video hearings, streamlining and ramping up the ALJ hiring process, modifying various rules of evidence, changing the role of the Appeals Council, and establishing a corps or cadre of medical and vocational professionals to serve as expert consultants for disability cases. Some of these ideas will require testing, while others could be implemented relatively quickly.

Provide SSA Adequate Resources While Demanding Full Accountability

As improvements are made to the SSDI program, it is important to provide SSA with adequate resources to implement them. Unfortunately, SSA often appears to lack the funds to effectively administer the program, even in its current form. For example, the average beneficiary waits over three months to receive an initial decision, and almost two years if the case goes to an ALJ (SSA 2015b). And SSA currently issues about \$1.6 billion per year in SSDI overpayments, largely because it cannot record and adjust fast enough to wage reporting with its current resources (SSA 2015c).

In some cases, lack of funds is not only creating hardship for recipients but is literally costing the trust fund money. Because of limited funding, there is a 726,000-case backlog of CDRs, which means SSA may be paying benefits to some people who are no longer disabled (SSA OIG 2015a). According to the Chief Actuary, the federal government saves between \$8 and \$12 for every \$1 spent on CDRs (SSAB 2014, 21). Failing to fund these CDRs is essentially throwing money away.

A number of ideas exist for ensuring adequate agency funding. The Bipartisan Budget Act relied on one of those approaches to allow for increased near-term funding for CDRs and other program

integrity measures through special adjustments to discretionary spending caps. This is certainly helpful, and we encourage appropriators to use these cap adjustments to ensure adequate funding. . Ultimately, Congress needs to give SSA the funding it needs to eliminate the CDR backlog, conduct timely reviews, and effectively administer other parts of the program. This could be achieved by continuing to rely on cap adjustments or by exploring other mechanisms to ensure a steady stream of future funding.

However, full funding must come with full accountability. SSA needs to show that it is using these additional funds in the most effective and efficient way possible.

SSA is in many ways a twentieth-century agency operating with outdated tools and an antiquated approach. SSA's technology, systems, and practices all must be updated and brought into the twenty-first century. This requires not only a significant financial investment, but also a culture change. Strong leadership at the top is essential to ensure that SSA is doing the best job it can to award (or deny) and pay (or discontinue) benefits in an accurate, timely, and user-friendly manner.

Accountability also means strong oversight of the agency, the DDSs, the ALJs, and various other parts of the program. SSA must do its job to self-evaluate, and its Office of the Inspector General has an essential role in doing so. Congress and the President must also do their jobs by using their own administrative and oversight authority. The Office of Management and Budget (OMB) and Government Accountability Office (GAO) also have parts to play here.

Recommendation #3: Support Work and Improve the Lives of Workers with Disabilities

The upcoming discussion should look beyond the goal of funding the current system and improving the SSDI program itself to identifying changes that will truly improve the lives of Americans with disabilities, as well as society at large. This means providing supports and incentives for workers to remain in or return to the workforce. And it means finding the right set of supports and incentives for each individual situation. In some cases, these supports and incentives may have little to do with SSDI. As a result, we need to look beyond today's SSDI cash benefit program to find other ways to support workers with disabilities, including through alternative national, local, and private programs.

Promote Work, Especially Through Early Intervention

One message we heard over and over again from disability experts, advocates, and practitioners is that early intervention is the key to helping individuals with disabilities work. For most Americans, including those with disabilities, work is an important foundation of adult life. Those who work are often happier, healthier, and certainly wealthier than those who do not. While work may not be an option for all people with disabilities, the advantages of working for those who are able to are substantial. For these individuals, the financial returns to work often far outweigh what can be offered from Social Security alone. From the standpoint of the SSDI program, more work means lower benefit costs and greater payroll tax revenue. And for the nation, more work means a larger economy with more production, consumption, and investment.

SSDI cash benefits are, and should continue to be, an important lifeline for individuals with disabilities who cannot work. For many others—including some current and potential SSDI beneficiaries—the right mix of incentives, supports, and accommodations can help to keep them in the labor force and improve their financial well-being.

In many ways, the current SSDI program discourages work because it generally does not allow people to stay on the program when they can consistently make more than \$1,090 a month, or about \$13,000 per year. The program does include a number of work incentives that encourage beneficiaries to work, but they are exceedingly complex. First, there is a Trial Work Period, where an individual can work on a short-term basis without losing benefits. If the individual is able to continue working and thus loses his or her benefits, there is an Extended Period of Eligibility where he or she can re-enter the program if his or her earnings fall. There is also a Ticket to Work program that gives SSDI recipients access to employment networks and vocational rehabilitation agencies to help them return to work.

There are many ideas for how to improve these work incentives. For example, instead of benefits ending completely if a beneficiary earns above the \$1,090 threshold on a regular basis, there could be a “benefit offset” that reduces benefits gradually as earnings rise. A Benefit Offset National Demonstration (BOND) is already underway, and the Bipartisan Budget Act calls for testing and evaluating an alternative benefit offset design. Depending on the results, an offset could ultimately be expanded to all beneficiaries—though getting the details right would be extremely important. Improvements to the Ticket to Work program could also help, as could more oversight of vocational rehabilitation services. And SSA could set clearer expectations and develop better resources for recipients who may be able to return to work.

However, almost every expert we spoke with cautioned us about the limitations in getting people already on SSDI to return to work at a level necessary to exit the program. Once individuals leave the workforce and receive SSDI, they lose their connection to work, and it is difficult to reconnect them regardless of the incentives. The best opportunity to promote work is not by getting people off the program but by preventing (or delaying) them from needing to be on the program in the first place.

In ***“The Employment/Eligibility Service System: A New Gateway for Employment Supports and Social Security Disability Benefits”*** (Chapter 3), Stapleton, Ben-Shalom, and Mann propose one such early intervention project, focused on providing work assistance when someone applies for SSDI rather than after they are approved. Under their proposal, states would create a new system that acts as a gateway to triage applicants into either SSDI or a system of work supports depending on an individual’s needs and abilities.

In ***“A Community-Focused Health & Work Service (HWS)”*** (Chapter 4), Christian, Wickizer, and Burton propose an even earlier intervention to begin within the first 12 weeks of an onset of an illness or injury. Under their proposal, a nationwide HWS would coordinate services to workers right after they develop an impairment, leading to a faster recovery.

In ***“Using Transitional Jobs to Increase Employment of SSDI Applicants and Beneficiaries”*** (Chapter 5), Kerksick, Riemer, and Williams propose a different intervention. Their program would subsidize temporary employment in private businesses for people with disabilities and provide job counseling. This would allow employees to gain skills and get help finding permanent employment. They also propose an enhanced earned income tax credit for workers with disabilities.

Because these early intervention ideas are largely untested, all three papers propose pilot programs before implementation. Apart from these ideas, three other early intervention demonstration projects are called for in the President’s budget: one to improve coordination of state DDSs, another to offer work supports to those with mental impairments, and one that test ways to encourage employers to retain workers who develop impairments.

One key question in designing early intervention projects is determining who will run them. SSA may be helpful in some areas, but most interventions must rely on a number of outside federal, state, local, and private entities to do much of the work. Another issue is timing, as acting early increases the chances of success, but may also require targeting a wider set of individuals and thus may be overly costly. Identifying the right people to assist at the lowest cost and highest potential gain will require thoughtful design that may take considerable testing to get right. For this reason, it is all the more important to begin now.

Address Interactions with Other Programs

SSDI is only one of many programs for workers with disabilities. Other programs that SSDI interacts with include Supplemental Security Income (SSI), Medicare, Workers' Compensation (WC), Medicaid, unemployment insurance, vocational rehabilitation services, private disability insurance, and many other federal, state, local, and private programs.

In ***“An Overview of the Social Security Disability Insurance (SSDI) Program”*** (Chapter 2), Owens discusses these interactions in more detail. Not surprisingly, interactions are seldom seamless. The process is often confusing and can cause work disincentives or cost shifting. The process can also result in unnecessary costs and poor support for workers with disabilities.

One idea that is often talked about, with supporters (and detractors) on both sides of the aisle, is to limit potential overlapping payments from unemployment insurance and disability insurance. A careful review of this and any other potential “double payments” is necessary, but policymakers should go beyond the legitimate concern about duplicative payments to make sure that systems of support for people with disabilities also function well together to create the intended incentives, offer the most effective support, and further the goal of encouraging work.

In ***“Expanding Private Disability Insurance Coverage to Help the SSDI Program”*** (Chapter 9), Babbal and Meyer take on the interaction between SSDI and private employer-sponsored disability insurance. They argue that because private disability insurance supports return-to-work through comprehensive disability management programs, it keeps many individuals from entering the SSDI system. They want to increase private disability insurance coverage by allowing employers to “auto-enroll” employees, requiring workers who do not want to participate in disability coverage to “opt-out.”

In ***“Ensuring Access to Long-Term Services and Supports for People with Disabilities and Chronic Conditions”*** (Chapter 10), Perriello proposes addressing the connection between SSDI, health care, and long-term services and supports. Most SSDI beneficiaries currently have access to health insurance (Bailey and Hemmeter 2015). This may be from Medicare, Medicaid, employer-provided insurance or insurance obtained through an Affordable Care Act insurance exchange. But only Medicaid covers the specific costs people with disabilities incur when attempting to work, such as a personal attendant or durable medical equipment. Perriello proposes an expansion of Medicaid's buy-in so that more workers with disabilities can access these services, along with new private “wrap-around” coverage for those with other types of insurance.

Finally in ***“Improving the Interaction Between the SSDI and Workers' Compensation Programs”*** (Chapter 11), Burton and Guo address many of the interactions between SSDI and the Workers' Compensation (WC) program. They propose reforming the existing WC-SSDI offset, which

generally reduces SSDI benefits when total benefits would exceed 80 percent of prior income. They would eliminate the “reverse offset” in the 15 states that reduce WC instead of SSDI. They also propose requiring WC settlements to include a “set-aside” for future SSDI benefits (similar to the process used for Medicare benefits), creating national standards for state WC programs, and expanding WC “experience rating” to SSDI so that employers pay higher payroll taxes if more of their employees end up on the SSDI program and lower taxes if fewer do.

Addressing interactions between these and other programs is especially important because doing so can also be a form of early intervention. In examining these interactions and listening to many experts, it became clear to us that many individuals might not file for SSDI if they received better support from other programs. Therefore, one way to improve the lives of many workers with disabilities—and the long-term finances of the SSDI program—would be to strengthen other programs that are supposed to help people with disabilities work. In other words, improving vocational rehabilitation services, state mental health services, and other non-Social Security programs can be an important element of any effort to improve SSDI.

Examine Structural Reforms

Since its creation nearly 60 years ago, at least two fundamental features of the SSDI program have remained constant. First, the program is and always has been conditional on inability to work. It is designed to provide income replacement for those who cannot engage in substantial work. Second, the program is and always has been all-or-nothing. It provides benefits based on the binary criteria that an individual is either disabled or not disabled. Given the vital importance of SSDI as an income support program, policymakers should proceed extremely cautiously in pursuing major changes to either of these fundamentals. But with huge advances in medical and assistive technology, legislation strengthening rights and opportunities for people with disabilities, and changes in the structure of the economy over the past 60 years, it would be a mistake not to reexamine the program.

In ***“Transitional Benefits for a Subset of the Social Security Disability Insurance Population”*** (Chapter 12), Hildred, Mazerski, Krent, and Christian propose a modest structural change. For the small subset of SSDI recipients who are expected to medically improve, they recommend replacing traditional benefits with a temporary (but renewable) “transitional benefit,” along with vocational supports and the removal of limits on earned income.

In ***“Beyond All Or Nothing: Reforming Social Security Disability Insurance To Encourage Work And Wealth”*** (Chapter 13), Fichtner and Seligman argue for a more significant change to ultimately offer a partial disability benefit. Certain workers with disabilities who are most likely to succeed in remaining attached to the workforce would receive a partial and temporary benefit payment (perhaps half, or some other fraction of their regular SSDI benefit), but would no longer be subject to an earnings limitation. Disability status and benefit amount would be reevaluated on a regular basis. In addition to this partial and essentially time-limited benefit, they also recommend engaging employers and creating a greater role for private disability insurance.

In ***“Exploring an Alternative Social Security Definition of Disability”*** (Chapter 14), Jacobson, Aghabi, Butz, and Aaron propose an even more significant change: a new SSDI definition of disability. Specifically, they would remove the requirement that an individual be unable to work in order to qualify. Instead, they would base eligibility on impairment and impediment to work. SSDI recipients

would be allowed—and indeed encouraged and assisted—to work, and benefits would phase out slowly at higher incomes.

All three of these proposals have the potential to improve the lives of people with disabilities and encourage work among those who are able. But they all also come with risks and should be studied closely and tested carefully before being applied to the SSDI program.

CONCLUSION

There is no doubting the immense importance of SSDI in American society. The program provides millions of Americans with the income they need to maintain a basic standard of living, and it gives the majority of Americans peace of mind knowing that they are protected against the financial risks of becoming disabled. This is why lawmakers must protect and preserve the program. But it is also exactly why reform is necessary. Responsible changes have the potential to truly improve the lives of those with disabilities, workers who pay into the program, and society as a whole. And it can encourage economic growth in the process.

While many ideas to improve the program are featured in this book, others will come from the many legislators, think tanks, academics, practitioners, study panels, advocates, and benefit recipients who have thought carefully about what changes could be made to the program. Other countries' experiences, although their situations differ, can also provide lessons. In *“Approaches to Assisting Working-Aged People with Disabilities: Insights from Around the World”* (Chapter 15), Haveman presents a comparative analysis of how six Western nations approach disability policy, highlighting recently enacted reforms (like those in the Netherlands) and the overall effect of these policies on their populations.

Of course, public policy has its limits, and no silver bullet exists to “fix” the SSDI program or to improve it for everyone. For example, even with better support and accommodations, most SSDI recipients may never be able to engage in substantial work.

To the extent that any reforms might improve the finances of the trust fund, it seems unlikely that enough savings would appear by the time trust fund reserves are exhausted in about 6 years. That isn't the point of these ideas nor of this project. Over the long run, a number of these proposals would surely reduce program costs. But others would increase costs in order to provide better support to workers with disabilities. For many of the ideas, savings are possible but highly uncertain. And any significant savings are likely to only materialize well in the future.

This begs the question: what can we do now to address long-term funding? In *“Options to Address SSDI's Financial Shortfall”* (Chapter 16), Goldwein and Lorenzen put forward a number of options that could help close SSDI's long-term funding gap by bringing spending and revenue in line. As lawmakers consider these options and continue to identify ways to otherwise improve SSDI, they must recognize and consider the important trade-offs that they face. They should also pay close attention both to the incentives created by the current program and any incentives that might be created or changed by reform.

Ultimately, the long-term financing issues facing SSDI might be better dealt with in the context of comprehensive Social Security reform. The SSDI and OASI programs share a tax base and benefit formula, and they interact with each other in many ways. Comprehensive reform also offers the

opportunity to consider a fuller range of options and trade-offs, though failure to act soon will cause this range of options to quickly narrow.

Over the last couple of years, the need to avoid trust fund depletion spurred interest in and outside of Washington in exploring program improvements to the SSDI program. The pressure and momentum that the nation felt to improve SSDI must be maintained, even after passage of the Bipartisan Budget Act. Not only because the next funding crisis is projected to occur in only a few years, but because so much more work needs to be done to improve and update the SSDI program for the 21st century. Regardless of when and how the program's financing issues are addressed, there is absolutely no reason to wait to begin enacting sensible improvements to the SSDI program and testing new ideas with the potential to offer more significant improvement over time. The Bipartisan Budget Act should not represent the end of the conversation about how to best support Americans with disabilities, but rather the beginning of the next chapter.

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