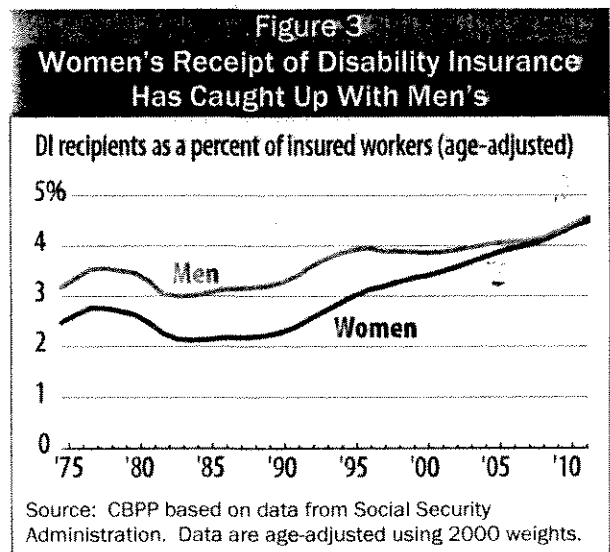


Eligibility Criteria Are Stringent

The DI program aids people who, because of a severe medical impairment, can no longer support themselves by working. Its eligibility criteria are stringent:

- **Insured status.** Applicants for DI benefits must be both *fully insured* and *disability insured*. In general that means they must have worked for at least one-fourth of their adult lives and in at least five of the last ten years.¹¹ Applicants who cannot meet these requirements do not qualify for DI. (They may turn to SSI if their income and assets are very low.)
- **Severe impairment.** Applicants must show that they suffer from a “severe, medically determinable physical or mental impairment that is expected to last 12 months or result in death.” Acceptable medical sources are licensed physicians or (for certain conditions) licensed psychologists, optometrists, speech/language pathologists, or podiatrists.¹² The agency generally gives greater weight to the applicant’s treating physician, but treats that provider’s opinion on the nature and severity of the applicant’s impairment as controlling only when it is well supported by clinical and laboratory diagnostic techniques and is consistent with the other substantial evidence in the case record.¹³ Other professionals — such as nurse practitioners or licensed clinical social workers — do not suffice, nor do statements from the applicant’s family, friends, teachers, or co-workers. The Social Security Administration (SSA) will order and pay for a consultative examination where merited.
- **Inability to perform substantial work.** Applicants must be unable to perform substantial gainful activity, which is currently defined as an inability to earn \$1,040 per month (\$1,740 for



¹⁰ *Annual Report of the Supplemental Security Income Program*, May 2012, Table IV.B7.

¹¹ For applicants who become disabled very young — before age 31 — the recency requirement stipulates that they must have had earnings in half of the years since attaining age 21 (rather than in five of the last ten years).

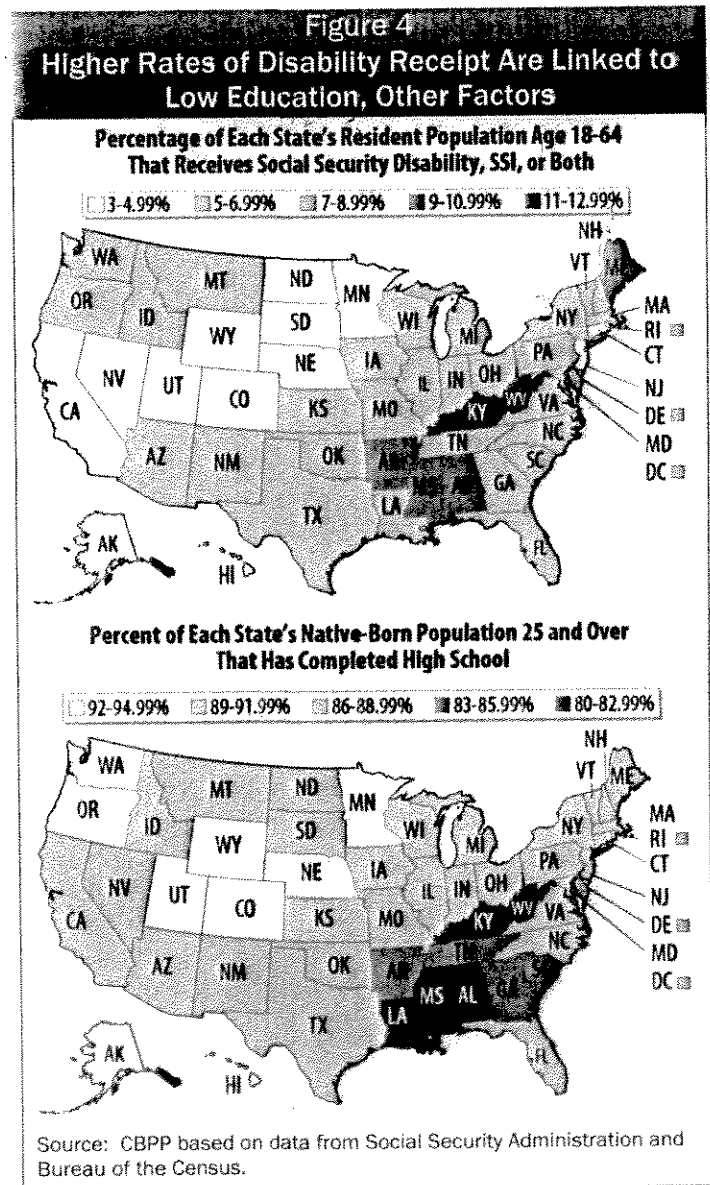
¹² These acceptable medical sources are lists in the Code of Federal Regulations, §404.1513.

¹³ See Code of Federal Regulations, §404.1527.

the blind).¹⁴ That threshold amounts to working less than full-time (about 35 hours a week) at the minimum wage of \$7.25, or less than 40 percent of the median earnings of full-time workers with a high school diploma but no college.¹⁵ The law specifically requires that the applicant's impairment must render him not just unable to do his past work, but unable — considering his age, education, and work experience — to do *any other* kind of work that exists in the national economy, regardless of whether that work exists in his geographic area or whether he would be hired if he applied. So-called vocational factors — experience and education — are considered for older applicants with limited skills and education.

- Waiting period.** The law requires that the impairment must already have lasted for at least five months before the applicant can qualify for DI. Together with the requirement that the impairment must be expected to last another 12 months or result in death, this emphasizes that DI is *not* a program for the temporarily disabled. SSI may be available during that period for very poor applicants; sick leave, private insurance, family resources, or savings might tide over others. The waiting period provides an intuitive reason why applications rise during recessions. In a robust economy, few workers will quit a job to subsist on little or nothing for five months with an uncertain prospect of a DI award; but in a recession, a spell of unemployment can last long enough for a disabled worker to satisfy the waiting period.

Claimants apply to the SSA, which rejects people who are technically disqualified (chiefly because they lack insured status) and submits the remaining applications to each state's disability determination service (DDS) for medical evaluation. If denied by the DDS, the applicant may appeal. Ultimately, of about 1,000 initial applications, about 410 are awarded benefits — more than one-third



¹⁴ See <http://www.ssa.gov/OACT/COLA/autoAdj.html>. The SGA threshold rises in step with average wages.

¹⁵ According to the Bureau of Labor Statistics, median weekly earnings for high school graduates 25 and older, employed full-time, were \$652 in 2012.

of them on appeal.

Typical processing times at the DDS level are three to four months, and processing times at the hearing level average about a year.¹⁶ The allowance rate at the Administrative Law Judge (ALJ) level (also known as the hearing level, generally the second level of appeal) is quite high, which has led to some valid concerns about inconsistency in decisions; yet it is important to remember that ALJs are often seeing claimants whose condition has deteriorated since their application was turned down and whose case file is better documented when it reaches the ALJ (often with the help of an attorney) than it was at the DDS stage.

Some critics imply that the geographic disparity in receipt of DI and SSI benefits is a sign of inconsistent standards. That is not correct. States that have a less-educated population (as evidenced by lower rates of high-school graduation), an older median age, fewer immigrants, and an industry-based economy (that is, with a greater-than-average concentration of mining, manufacturing, and forestry) also tend to have more disability recipients. (See Figure 4.) The program's eligibility rules explicitly take into account applicants' age, education, and ability to do past work or to transfer skills to another field of work. Geographic variation is a natural result.¹⁷

If accepted, claimants are subject to periodic review to verify that they are still disabled. These continuing disability reviews (CDRs) are, by law, supposed to be conducted at least once every three years unless the beneficiary's disability has been judged to be permanent. SSA estimates that CDRs result in eventual savings of nearly \$10 in benefits (in Social Security, SSI, Medicare, and Medicaid) for each \$1 they cost to conduct.¹⁸ Nevertheless, as discussed below, Congressional cost-cutting efforts have hampered SSA's ability to conduct these reviews on schedule.

DI Provides Modest, but Critical, Benefits

DI recipients receive modest benefits, which are calculated by applying a progressive formula to their average earnings from early adulthood until the onset of disability (with up to five years of zero or low earnings dropped). Under the formula, higher earners receive larger *dollar* benefits but a lower *percentage* of their past earnings — a fraction known as the “replacement rate” — than do workers who received lower wages over their careers.

Most disabled workers collect benefits only for themselves. In a minority of cases, other family members may also be eligible to collect — most commonly, the minor children of the worker.¹⁹

The economic circumstances of most disabled workers are modest, and in some cases, even precarious. The average monthly DI benefit in December 2012 was just \$1,130 (or \$13,564 on an

¹⁶ Table 3.5, “Key Performance Targets,” in Social Security Administration, *Full Justification of Estimates For Appropriations Committees*, February 2012, <http://www.socialsecurity.gov/budget/2013FullJustification.pdf>.

¹⁷ Kathy A. Ruffing, “The Geography of Disability,” Center on Budget and Policy Priorities Off the Charts blog, November 28, 2012, <http://www.offthechartsblog.org/the-geography-of-disability/>.

¹⁸ Social Security Administration, *Annual Report of Continuing Disability Reviews*, May 1, 2012, <http://www.socialsecurity.gov/legislation/FY%202010%20CDR%20Report.pdf>.

¹⁹ Spouses are eligible for benefits only if they are either age 62 or older, or are caring for the worker's eligible children.