SURF Week 2:
Disability Policy Lectures
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Disability Policy

- What do we mean by "disability"

Disability Policy

- How does SSA define a disability:

  inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months

Disability Policy

- ► Note that defining disability has changed over time:
  - ► Openness to subjective measures (including pain) as opposed to objective measures
  - ► Changing work expectations for disabled

Disability Policy

- Stated goals of Americans with Disabilities Act:
    *the Nation's proper goals regarding individuals with disabilities are to assure equality of opportunity, full participation, independent living,***and economic self-sufficiency** *for such individuals;*

Disability Policy

- Two main programs:
  - SSDI
  - SSI

Disability Policy

- SSDI History:
  - 1956: Social Security Amendment adds SSDI (for aged 50-64)
  - 1960: adds age <50
  - 1965: 12 month disability standard (from indefinite duration)
  - 1973: Medicare coverage (after 24 months)
  - 1984: Liberalized screening; more subjective measures; mental illness and back pain

Disability Policy

► Disability Review Process (same for SSDI & SSI)
  1. Is the person working? (if yes and >SGA, then reject)
  2. Is condition "severe" (must interfere with basic work-related activities)
  3. In SSA Listing of Impairments?
  4. Can person do prior work?
  5. Can person do other type of work? (based on age, education, work experience, ect)

► Several potential appeals process if rejected

Disability Policy

- Lets start with SSDI.
- How are benefits computed?

Disability Policy

- ▶ SSDI benefit formula:
    - ▶ AIME (Averaged Indexed Monthly Earnings):
        - ▶ Inflation-adjust annual covered earnings since 1950
        - ▶ Average annual earnings in top $\frac{4}{5}$ years since age 21
    - ▶ PIA (primary insurance amount)
        - ▶ Piecewise linear function with slopes of 0.9, 0.32, and 0.15
        - ▶ Break-points at \$960, \$5,785
   - ▶ Maximum benefit is \$3,345/mo

Disability Policy

- Benefits begin at 5 months after disability begins
- After 24 months on SSDI, eligible for Medicare
- Medical review every 6 mo to 7 years depending on severity

Disability Policy

- Eligibility for SSDI:
  - Worked in 5 of past 10 years, 10 years overall
  - Unable to engage in SGA ($1,350/month) after completing a medical review
  - Age: between 18 and 64 (below Social Security Full Retirement Age (FRA))
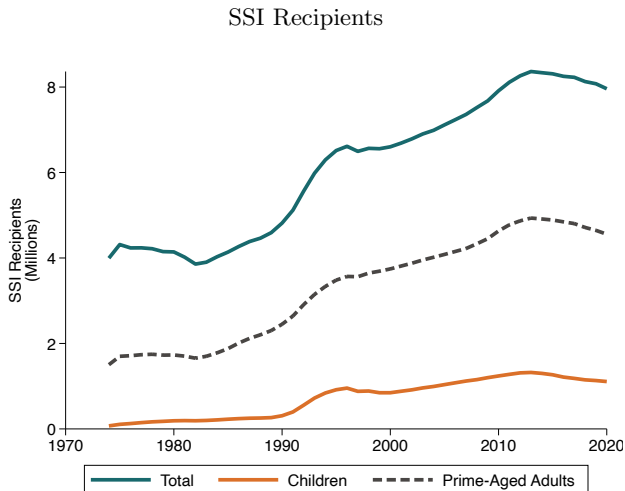 - "Total" disability (not partial or short-term)
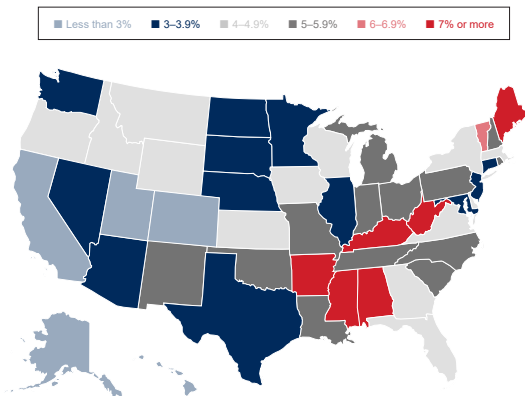
Disability Policy

▶ SSDI Caseload Trends:

SSDI Recipients
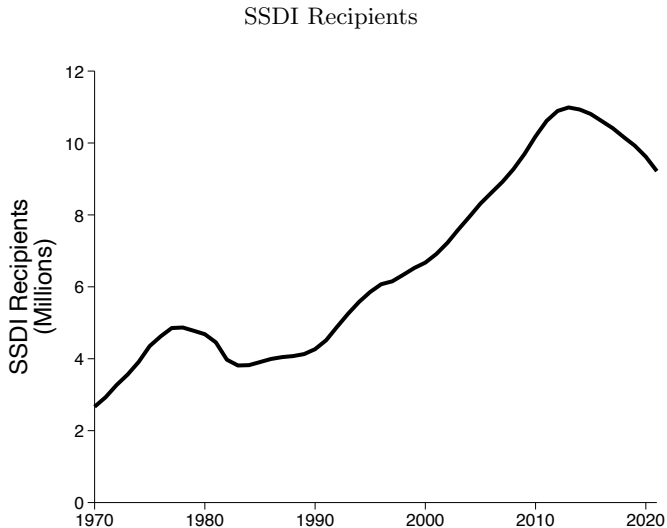
Disability Policy

- ▶ SSI Caseload Trends:
- ▶ Children increased from 5.8% (1989) to 14% (2020)

SSI Recipients

Disability Policy

▶ Regional Variation:

SSDI Rate By State

Disability Policy

- ► Some Research Questions:
    - ► Labor supply effects?
    - ► Change in consumption?
    - ► Why have caseloads been rising?

Disability Policy

- SSI
- How are benefits computed?

Disability Policy

- Maximum benefit $841/mo (2022) ($1,261 for couples)
- Benefit Amount: Max - Countable Income
- What income is**not** included as countable income?
    - First $20
    - Half of earnings (and first $65)
    - SNAP
    - Some other exception
- Other sources of income (Social Security, SSDI, pensions, unemployment, ect) are included as countable income

Disability Policy

- Eligibility:
    - Over 65 years old or Disabled
        - different disability definitions for children vs. adults
    - Earnings <$1,350/mo
    - <$2,000 in financial resources ($3,000 for couples)

Disability Policy

- Descriptive Statistics SSDI:
    - Average benefit: $1,277 (workers)
    - $\approx 50/50$ men/women
    - Average age: 55 (1990: 50)

Disability Policy

- Descriptive Statistics SSI:
    - Average benefit: $575
    - Aged: 65% female, Child: 33% female, Adult: 65% female
    - 397,000 are non-citizens (half are aged)
    - Average age: 55 (1990: 50)

Disability Policy

- Disability Type SSDI:
  - Musculoskeletal: 34%
  - Mental: 25%
  - Nervous System: 9.8%
  - Circulatory: 7.7%
- Largest growth: Musculoskeletal (20% in 1996)
- Blind: 108,000; Deaf: 58,000;

Disability Policy

- Adults: 60% have mental disorder
- Musculoskeltal: 12%
- Among kids, 70% have mental disorder (i.e. Autism, ADHD, ect.)

Disability Policy

- Mental Disorders SSDI:
    - $\approx 50\%$ bipolar/depression
    - Schizophrenia, intellectual disorder each $\approx 15\%$
    - Neurcognitive (i.e. Parkinson, Alzheimers, dementia): 10%
    - Autism (rare for adult disability)

Disability Policy

- SSDI Terminations in 2020:
  - 893,000 total
    - 578,000 reached full retirement age
    - 268,000 died
    - 49,000 above SGA
    - 17,000 medical improvement

Disability Policy

- SSI Terminations in 2020:
  - 790,000 total
    - 578,000 reached full retirement age
    - 302,000 died
    - 273,000 excess income
    - 85,000 medical improvement

Disability Policy

- Applications in 2019:
  - SSDI 2.06M (peak at 2.98M in 2010)
    - $\approx \frac{1}{3}$ received award
  - SSI: 1.8M (peak at 3.1M in 2010)
    - 721,000 received award

Disability Policy

- Should SSI be expanded? A few points to consider:
  - Is this where the best marginal dollar could be spent?
  - Why favor a targeting program?
  - Why not UBI instead?
  - Labor market disincentive? More than 100% replacement?