

Disability Insurance Working Group:

Consensus Recommendations to Improve the SSDI Program and Address the Impending Trust Fund Depletion

August 2015

The Bipartisan Policy Center convened the Disability Insurance Working Group in 2014. The group includes individuals from across the ideological spectrum with a variety of backgrounds and viewpoints, including academics, policy researchers, advocates for people with disabilities, representatives of the labor and business communities, and former congressional and agency staff. Working group members share an urgent concern to address the impending exhaustion of the Disability Insurance Trust Fund and to improve the Social Security Disability Insurance (SSDI) program to better meet the needs of Americans with disabilities. There is shared recognition that a bipartisan approach will be necessary and that there are ways in which the program could be improved. While many members of the group would not endorse every provision herein on a stand-alone basis, they have agreed to support the complete package.

Principles:

1. Avoid program insolvency and seek to achieve long term actuarial balance.
2. Do no harm: no changes to primary insurance amounts for current beneficiaries and no changes to eligibility standards at the current time.
3. Allow beneficiaries to choose whether or not to participate in pilots and work-incentive programs.
4. Create employment opportunities for those individuals who want to work, and remove and avoid barriers to work.
5. Design a benefit offset that encourages work and improves the economic security of beneficiaries.
6. Simplify the administration of SSDI and the Supplemental Security Income (SSI) program in ways that will more closely align work incentives.
7. Prevent fraud in the program, but recognize that eliminating all fraud will not yield significant cost savings; fraud is not the reason for the current funding shortfall.
8. Improve the recording and processing of earnings to reduce the number and amount of overpayments. Hold beneficiaries harmless for overpayments if earnings reports are made properly.
9. Continue attachment to the SSDI program regardless of work activity if a beneficiary continues to be medically disabled.
10. Provide adequate resources to administer the program.
11. Recognize that SSDI serves a diverse population and disability can be dynamic.

Recommendations:

1. **Address Trust Fund Solvency**
 - a. By the end of 2015, policymakers should enact a reallocation of the Social Security payroll and self-employment taxes between the Disability Insurance and Old-Age and Survivors Insurance Trust Funds to ensure that benefits continue to be paid as scheduled. The working group members could not agree on a recommended reallocation length, with some supporting an equalization of the trust funds to 2034 and some supporting a shorter-term reallocation.
2. **Improve Work Incentives**
 - a. For dually eligible (SSDI and SSI) beneficiaries, replace the “cash cliff” with a \$1-for-\$2 benefit offset for monthly earnings exceeding \$700; eliminate Trial Work Period and establish continued program attachment (including Medicare) except in the case of medical improvement.
 - b. For SSDI beneficiaries who qualify for the program before the age of 50 and are not dually eligible, establish a voluntary pilot to test a benefit offset beginning at thresholds below the substantial gainful activity level (\$1,090 per month for non-blind beneficiaries in 2015).
 - c. For all beneficiaries, establish electronic earnings reporting, quarterly benefit adjustments, and allow the Social Security Administration (SSA) up to six months to adjust benefits due to overpayments if earnings reports were timely and accurate.
3. **Emphasize Continuation of Benefits is Contingent on Lack of Medical Improvement; Pilot New Approaches to Facilitate Return-to-Work**
 - a. Indicate clearly in award letters that continuation of SSDI benefits is contingent upon the lack of medical improvement.
 - b. Guarantee timely Continuing Disability Reviews (CDRs)

with adequate funding. From 2016-2020, CDRs should be accommodated through appropriations and cap adjustments, meaning that SSA would have all necessary funds at its disposal to complete CDRs on schedule and clear out the backlog of approximately 900,000 medical CDRs for SSDI and SSI.

- c. Experiment with additional communications to beneficiaries about available work supports.
- d. Test making return-to-work benefits available to beneficiaries for one year after their benefits are terminated due to medical improvement.
- e. Engage multiple agencies to provide transition support for beneficiaries whose benefits are terminated due to medical improvement.
- f. Establish a voluntary partial disability benefit pilot for new entrants and existing SSDI beneficiaries who attempt work.
- g. Implement a new organizational structure to manage pilots, including an office responsible for pilot implementation located at a high level within SSA, which would be monitored by an external oversight committee appointed by the Social Security Public Trustees.

4. **Improve Interagency Coordination on Workforce Attachment and Pilot New Approaches to Help People with Disabilities Stay at Work and Return to Work**

- a. Establish a Workforce Attachment Venture Investment (WAVI) Board, convened by the Office of Management and Budget and composed of officials from Labor, Education, Health and Human Services, and SSA.
- b. Provide \$400 million in seed funding for workforce-attachment pilots to be selected and monitored by the WAVI board; pilots could engage states, employers, not-for-profits, private disability insurance carriers, others.
- c. Scale up demonstrably effective interventions with coordinated, interagency efforts.

5. **Evaluate the Medical-Vocational Guidelines**

- a. Fund a third-party evaluation of the efficacy and performance of the medical-vocational guidelines.
- b. Examine whether and to what extent additional factors (other than age, education and work experience), such as functioning in the workplace, should be incorporated into this step of the determination process.
- c. Complete the evaluation by 2020 at the latest. Then, SSA should propose adjustments to this stage of the eligibility process and issue proposed regulations, as necessary, without delay.

6. **Implement reforms to improve SSA program integrity and program operations, including:**

- a. Enact several provisions to increase criminal and civil penalties, and require collection of proven fraudulent payments.
- b. Expand Cooperative Disability Investigation units to additional states.

- c. Test the establishment of a corps of medical and vocational consultants to provide assistance at all levels of the eligibility determination process.
- d. Establish pilots to improve the process of obtaining complete evidence for the record at the initial (DDS) level.
- e. Send administrative law judge (ALJ) hearing notices at least 75 days before the scheduled hearing date, and strongly encourage claimants to submit all relevant evidence at least five days before the hearing.
- f. Provide additional funding for and authorize the Appeals Council to proactively conduct post-effectuation reviews of decisions from ALJs with unusually high or low approval rates so that backlog is not increased.
- g. Provide funding for the Appeals Council to conduct additional quality reviews, which are already authorized by law, without increasing the backlog.
- h. Clarify existing policy and provide additional training to DDS examiners on the Medical Improvement Review Standards and its exceptions.

BPC Disability Insurance Working Group

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