

SECRETARIES' INNOVATION GROUP  
*TWENTY ONE STATES*  
*42% OF US AND GROWING*

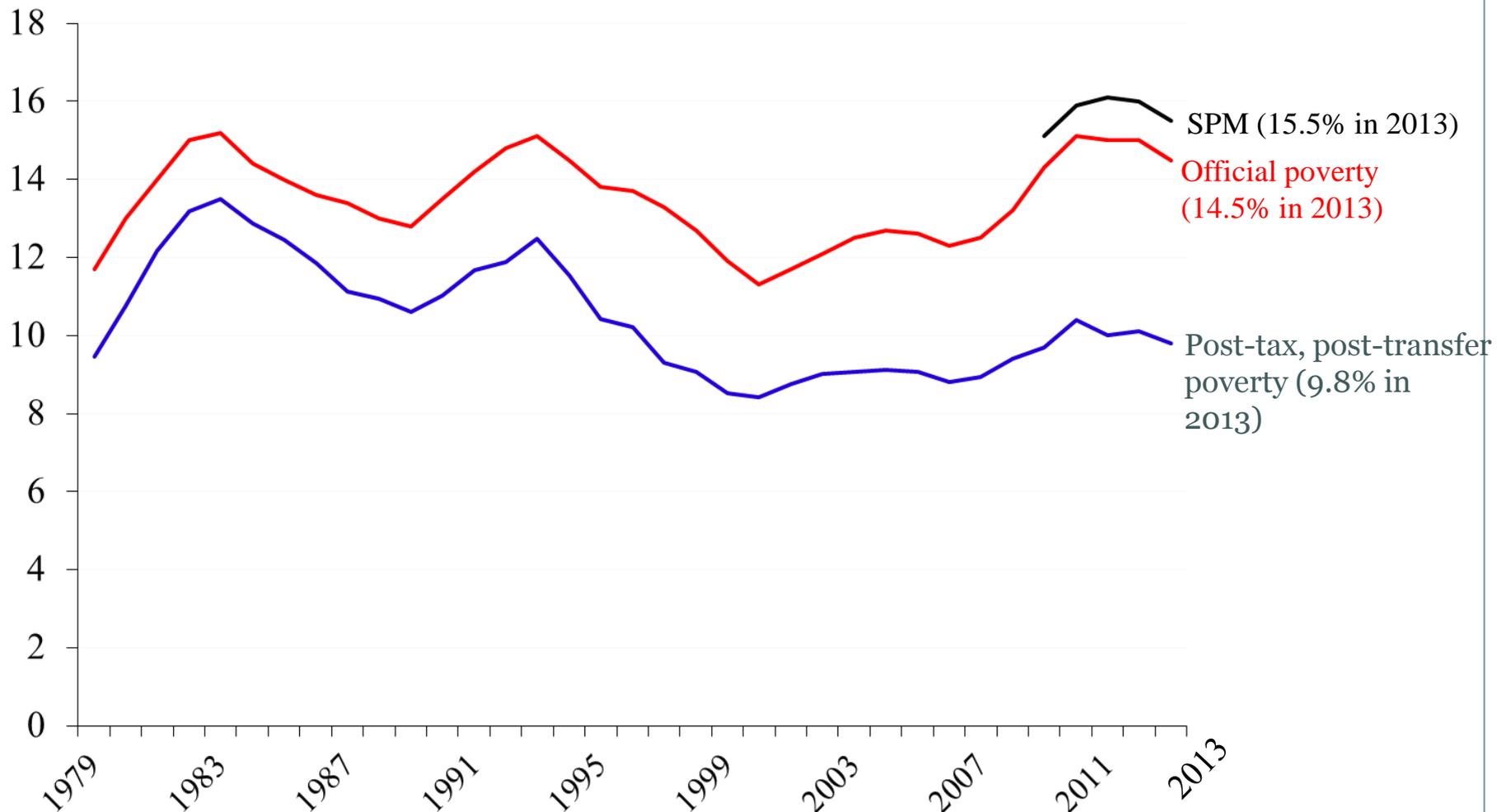
**Secretaries'  
Innovation  
Group**



# New poverty measure raises poverty levels

## 3.3 million more people in poverty in 2013 using the SPM

Percent



## Life After a Disability Award

- Physical health declines because work is good for health and well-being
- Mental health declines
- Increased substance abuse partly due to idleness
- Social isolation and increased depression
- Income frozen below poverty along with swift decline in future employability
- Fewer than 1% ever fully return to work (only 5% temporarily)

## Pre-Application

Examples:

- Adaptions of private sector interventions
- Adaptions of European policies (Netherlands, others)
- Mandatory pre-assessment and rehab as part of process

## During

Reform Examples:

- Reversion to health reasons
- Reform appeals process

## Post Enrollment

Extensive provisions under current law

# Work incentives targeted to those already enrolled - - Current law

	Work incentive	SSDI	SSI	Both SSDI and SSI
	A	B	C	D
1	Continued eligibility during transitional attempts to work	<p>Trial Work Period:</p> <p>Full benefits regardless of how high earnings might be for up to 9 mos. over a rolling 60 month period</p> <p>Extended Work Period:</p> <p>Continued eligibility after the 9 mo. trial period for an additional 36 mos., with benefits paid for every month earnings do not exceed SGA.</p>	<p>Benefits not subject to a termination after a trial work period under certain conditions (Section 1619 a)</p>	<p>Unsuccessful work attempt (UWA) under 6 mos. does not count for SGA under certain circumstances</p> <p>Special conditions in which earnings representing only the discounted value of work are used in calculating SGA</p>
2	Earned income exclusion.		Excludes 50% of earned income in benefit determination.	
3	Income and resource exemptions relating to work		Exclusion of property used in trade or business; or up to \$6000 of certain other assets (PESS)	In order to pursue work goal for a specified period of time (PASS)
4	Special services to help obtain employment			Ticket to Work

	Work incentive	SSDI	SSI	Both SSDI and SSI
	A	B	C	D
5	Continuation of cash benefits after medical improvement			Applies if VR or similar services will increase likelihood of case closure due to employment (Section 301)
6	Expedited reinstatement		Can restart cash payment or Medicaid within 12 mos. without a new application for reason other than earned income.	Applies if case closed within past 5 years for earnings; provides up to 6 mos. of temporary benefits while medical review for reinstatement is underway (EXR).
7	Extended medical benefits	Continued Medicare coverage for 93 consecutive months after the end of 9 mo trial work period.  Also Medicare coverage with buy- in after premium free period ends; states have certain premium subsidies for low income beneficiaries.	Medicaid continues after a return to work even if over income cutoff but under state threshold of \$26K \$44K. (Section 1619 b)  Also cash benefits continue for up to 2 mos. if working under section 1619 while in a Medicaid or public medical facility for up to 2 mos.	
8	Student earned income exclusion (SEIE)		Excludes \$1750 of earned income per month up to \$7060 if in school	
9	Work Incentive Seminars			Free internet based information about back to work benefits

# Comparison of Program Incentives for Personal Wellness

- **Federal Disability (SSI SSDI)**

- **Welfare post – 1996 (TANF)**

# PEOPLE WITH HEALTH LIMITATIONS QUIT WORK MORE OFTEN NOW TO SUBSTITUTE FOR DISABILITY BENEFITS

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Year	Work limitation prevalence	Employed Last Week	SSDI/SSI receipt
1981	7.9 %	26.1%	34.4%
1990	7.4 %	30.4%	35.1%
2012	8.6 %	15.1%	51.6%

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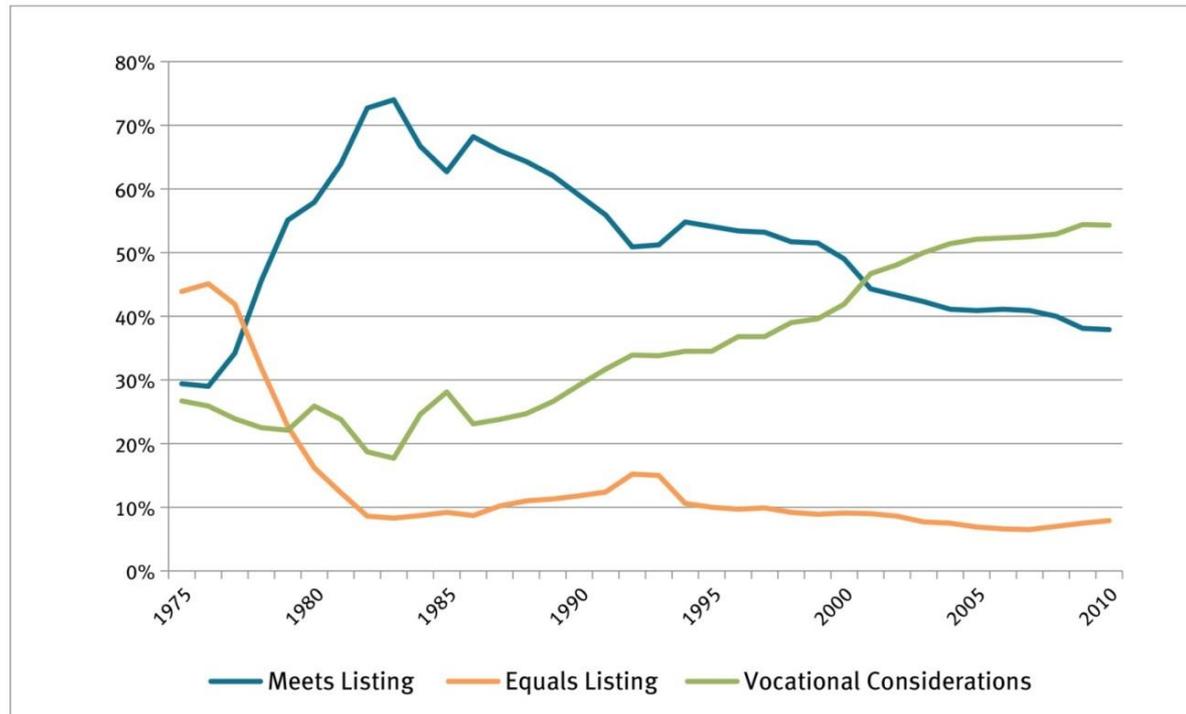
Source: Burkhauser, Houtenville and Tennant (forthcoming) (calculations using March CPS-ASEC data). Sample civilian non-institutional population age 25 - 61

# Current Disability Program Cost to US taxpayers

- Federal Disability = \$196 Billion
  - \$143 billion SSDI for disabled workers
  - \$ 53 billion for SSI
- \$196 Billion Total divided by 115 million US households equals \$1704 per household per year
- OR - \$3007 per net federal income tax paying household

# Growing Use of Vocational Consideration (SSDI)

40. Percentage of State Agency DI Awards by Basis for Decision—Fiscal Years 1975-2010

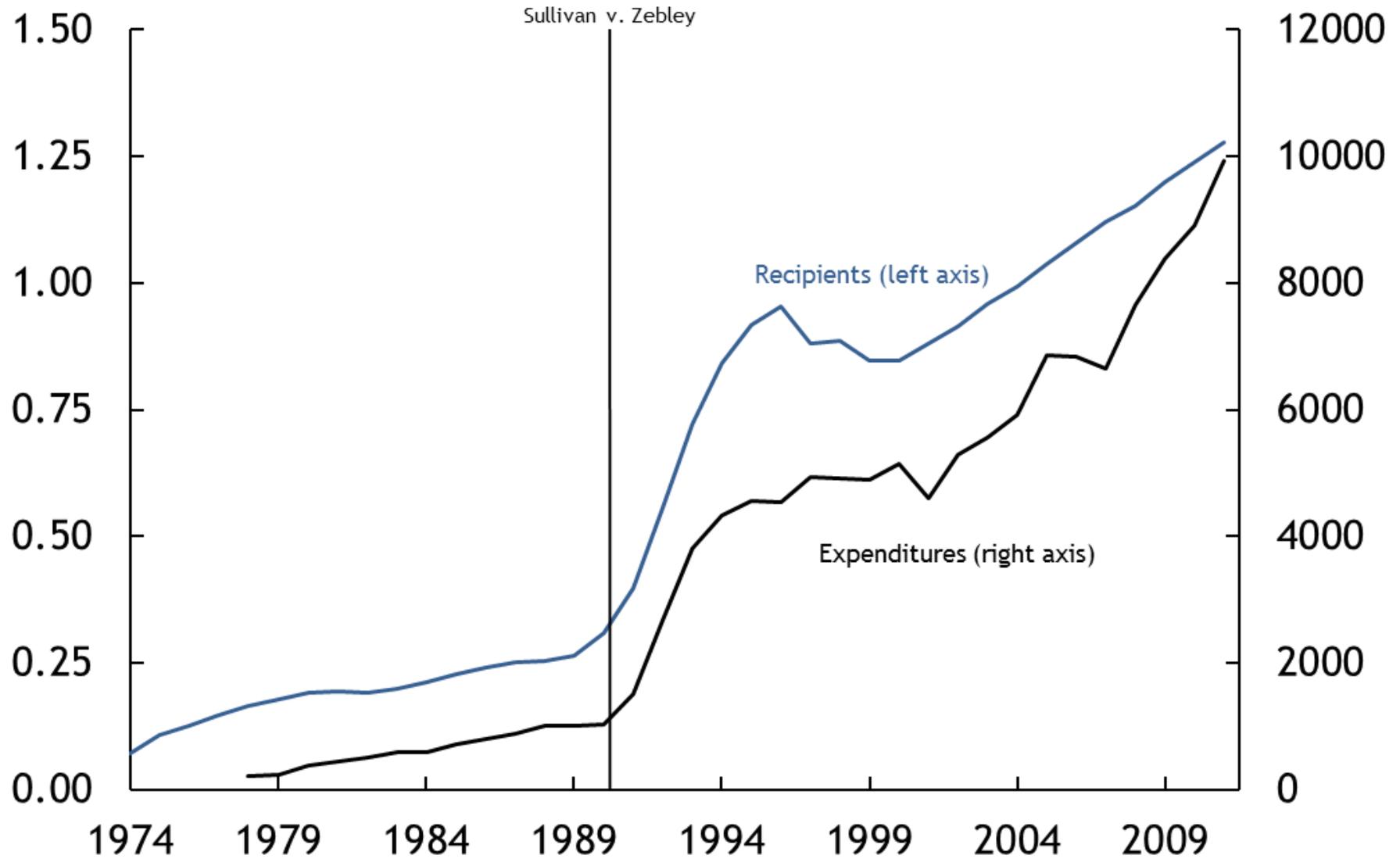


Since 1983, the percentage of initial level DI cases awarded on the basis of meeting the medical listings has declined from 72 percent to 38 percent, while the percentage of cases awarded on the basis of equaling the listings has remained relatively flat. The percentage based on vocational (or functional) evaluation has tripled, from 18 percent of all initial DI awards in 1983 to 54 percent in 2010. This increase corresponds to an increase in the number of DI cases where musculoskeletal and mental impairments were alleged and vocational evaluations are more likely to be required for these cases. Further, there were many policy changes in the 1980s stemming from court cases and legislation that directly affected how decision makers assessed functional capacity (See **pages 91-93**).

# SSI-Disabled Children

Recipients (millions)

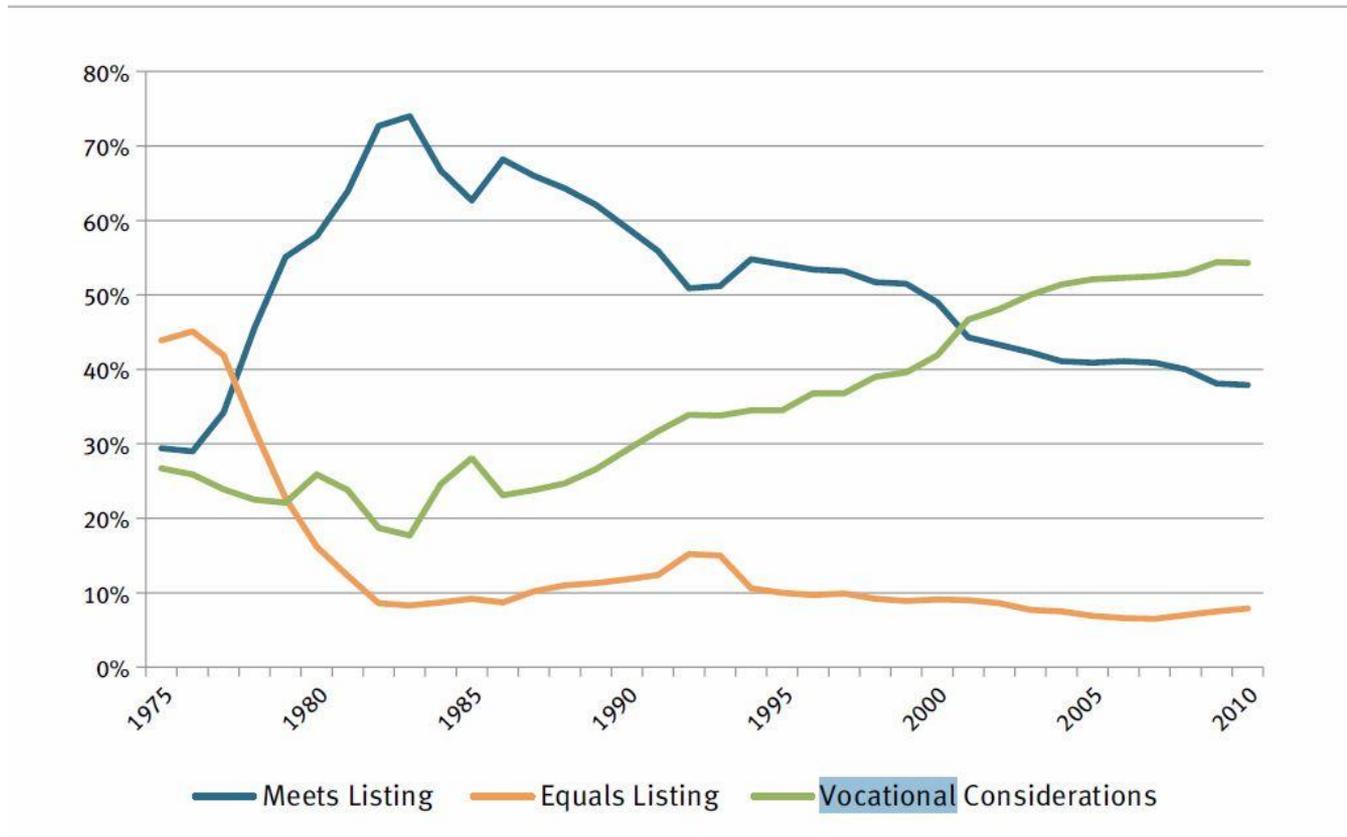
Expenditures (millions of 2011 \$)



Courtesy of Mary Daly and Brian Lucking

# Increasing Determinations Based on Vocational Basis

Percentage of State Agency DI Awards by Basis for Decision—Fiscal Years 1975-2010



# SSI Childhood Beneficiaries CYs 1980 - 2035 (Projected)

