

DI

The Social Security Disability Insurance Program

The Social Security Disability Insurance (DI) program provided **\$119 billion in benefits to 8.3 million disabled workers** in fiscal year **2011**, accounting for **nearly 18 percent** of total Social Security spending. In addition, **2.0 million dependents** of those workers received benefits in 2011. The Congressional Budget Office projects that in **2022**, the DI program will provide benefits **totaling \$204 billion** to over **12.3 million disabled workers and their dependents**.

Who Receives Benefits from the DI Program?

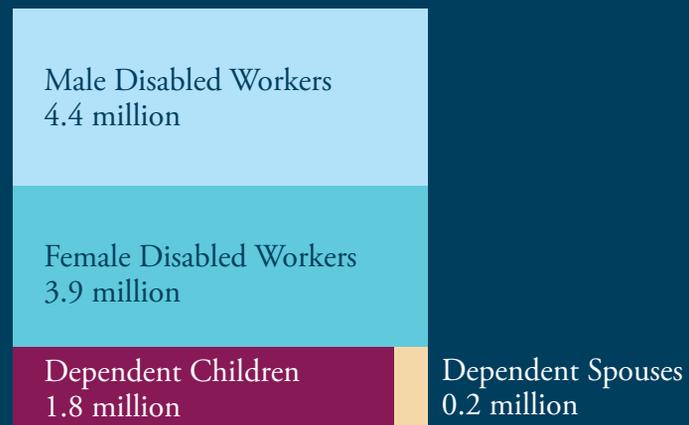
Disabled Worker Beneficiaries

(Percentage of people ages 20 to 64)

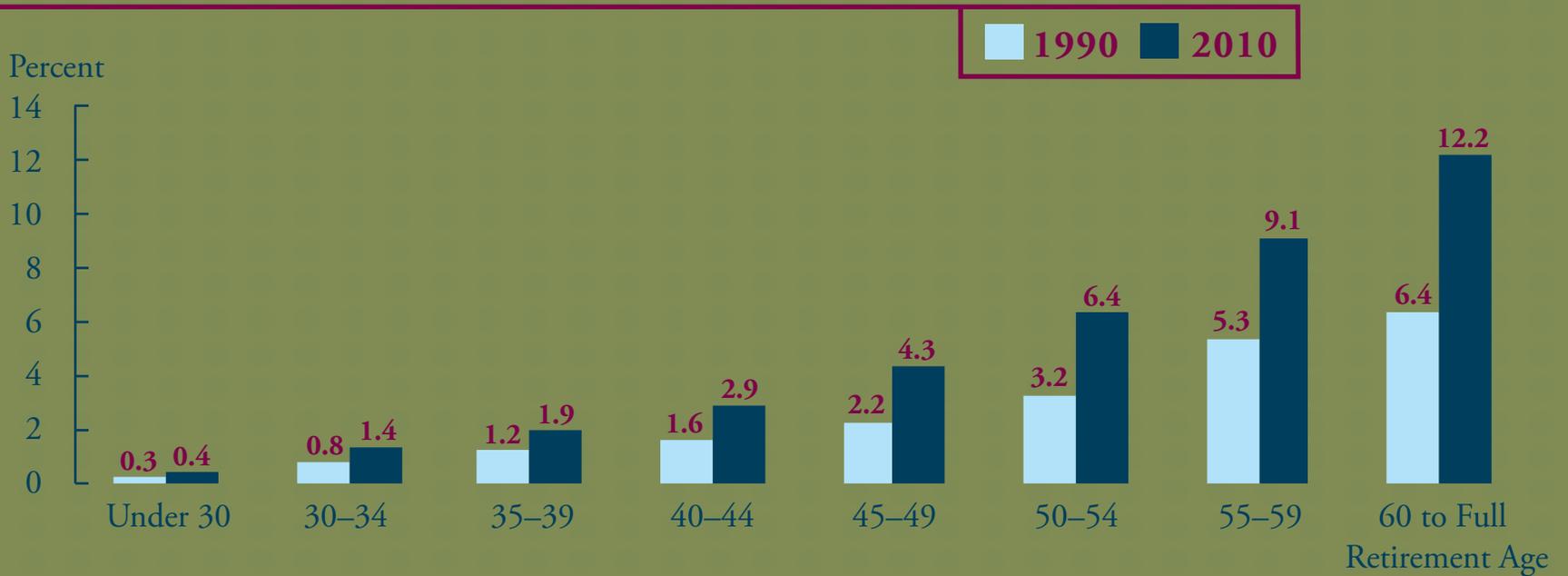


Number of Beneficiaries in 2011

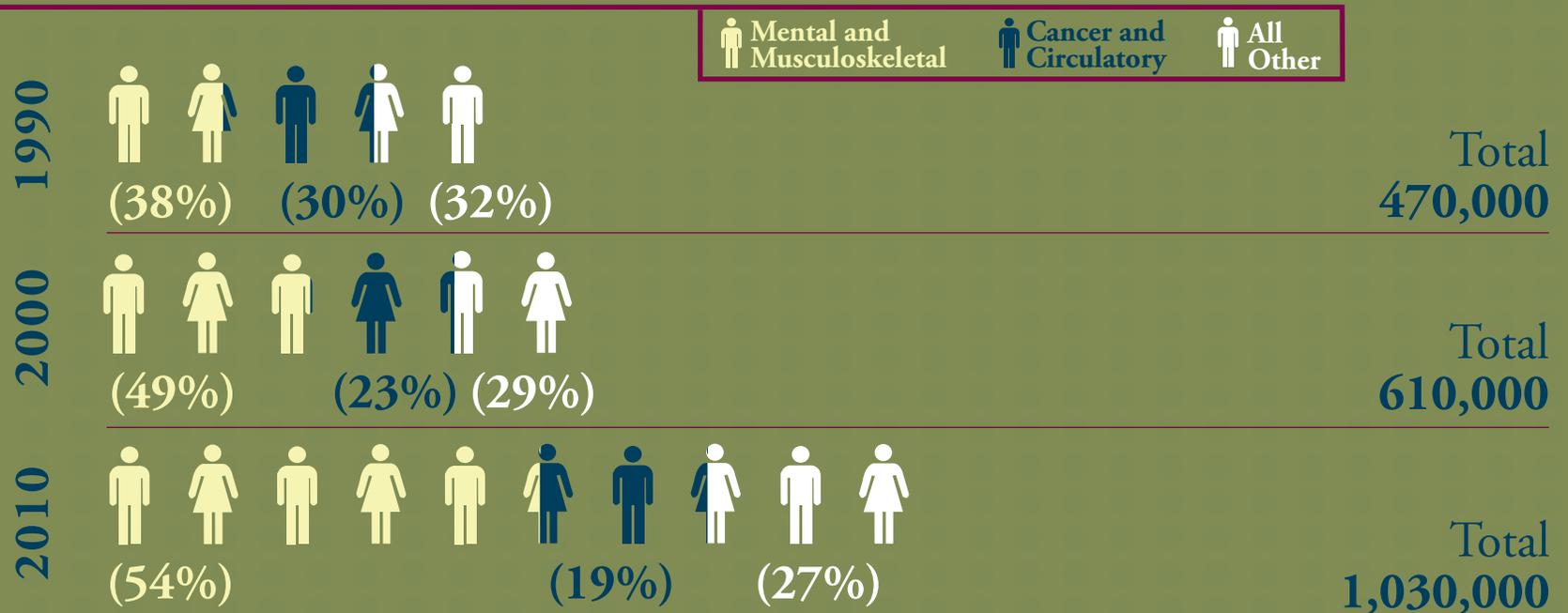
All Beneficiaries **10.3 million**



Share of Workers in Each Age Group Receiving DI Benefits



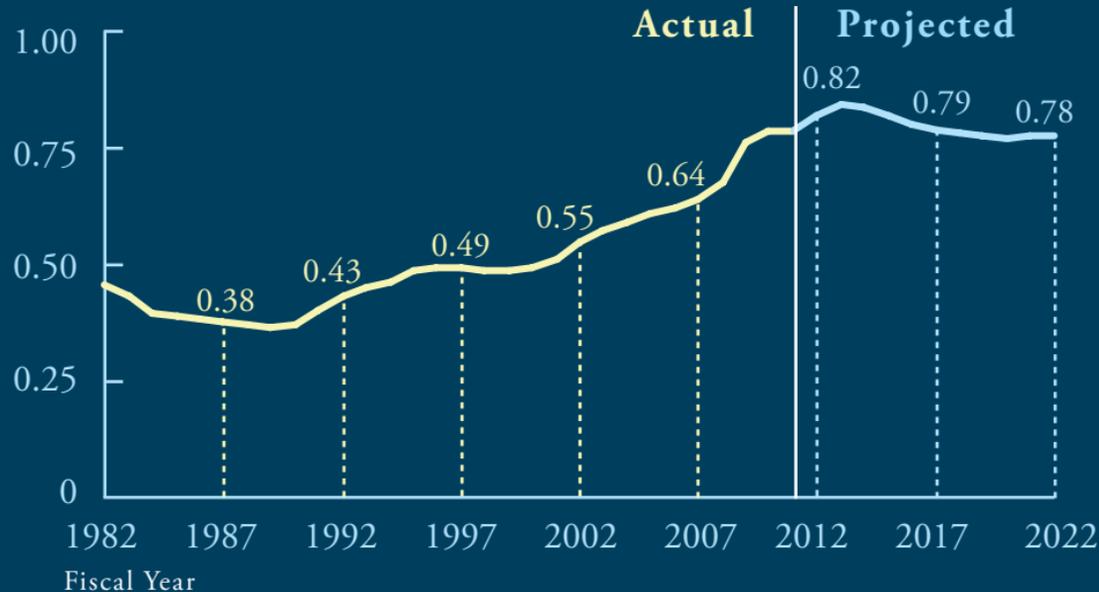
Distribution of Workers Entering the DI Program, by Type of Disability



How Much Does the DI Program Cost?

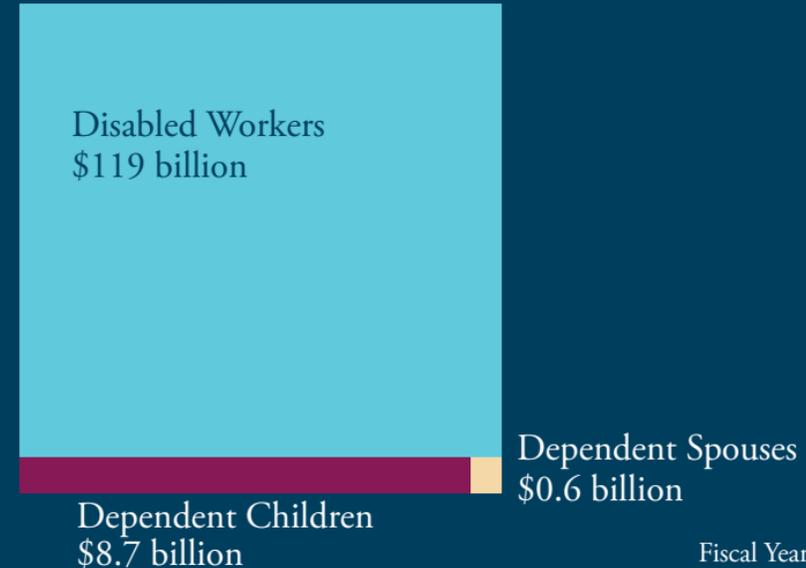
Total Benefits for Disabled Workers

(Percentage of gross domestic product)



Total Benefit Outlays in 2011

Total Outlays \$128 billion



Fiscal Year
(Fiscal year outlays are not available separately for men and women)

How Does the DI Program Work?

Eligibility

The DI program provides income to nonelderly adults who have worked in the past but have not worked in 5 months and are deemed unable to work now because of a medical condition that is expected to last more than a year or to result in death.

Initial Application

The initial disability determination is the job of the Disability Determination Services (DDS), which are agencies funded by the Social Security Administration and administered by the states. If a person's application is denied at the DDS level, the applicant can either withdraw the application or appeal the decision and move to the next stage. On average, decisions on appeals beyond the Administrative Law Judge (ALJ) stage take more than 33 months.

1,600,000

Number of DI applications in 2008

900,000

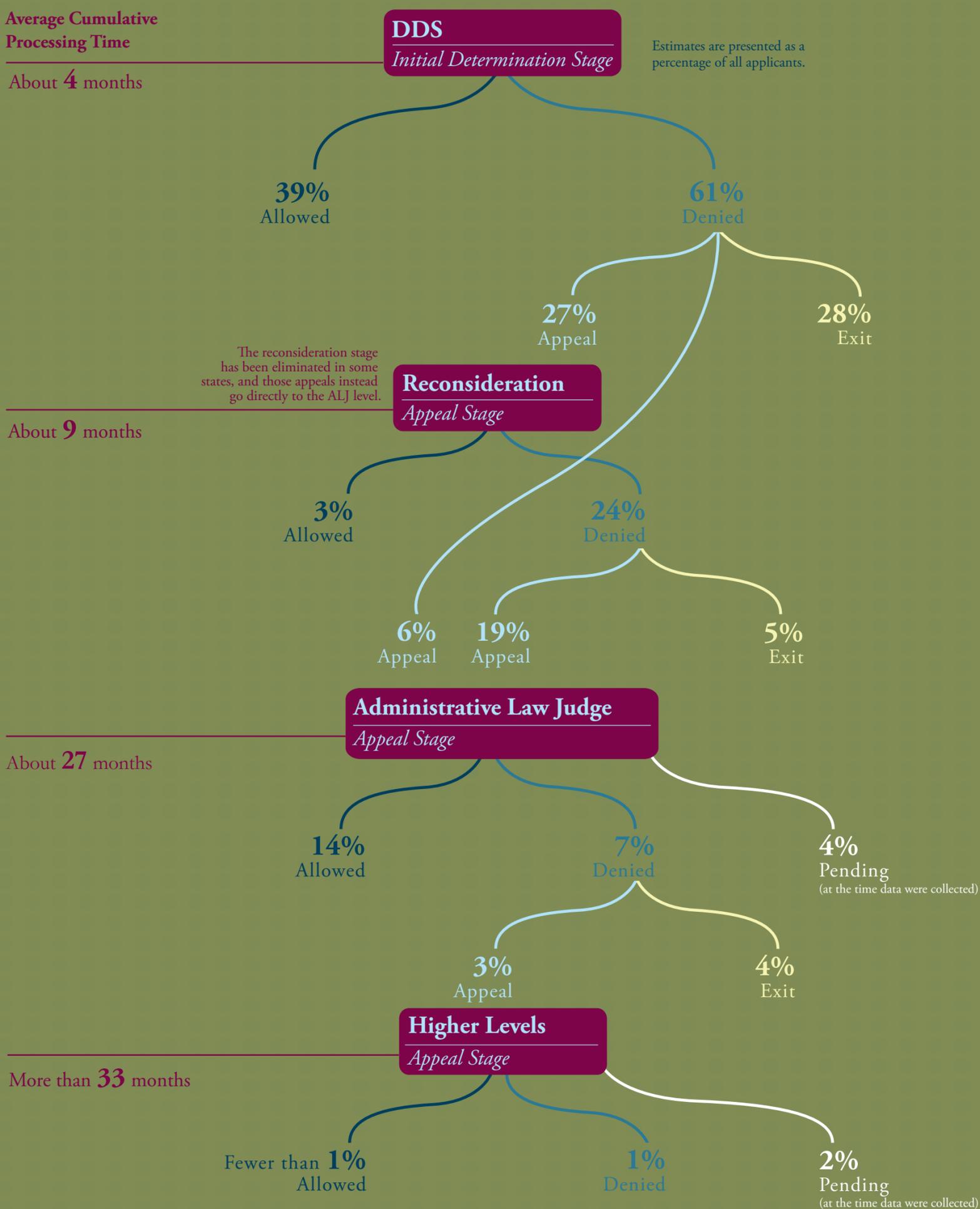
Number of DI applications filed in 2008 that were allowed

100,000

Number of claims pending at the time data were collected

Average Cumulative Processing Time

About **4** months



Average Monthly Benefits

\$1,111

Average monthly benefit in May 2012

DI benefits, like all Social Security benefits, are tied to a worker's past earnings through a progressive formula and are increased by an annual cost-of-living adjustment.

\$950

Estimated average monthly Medicare spending per disabled beneficiary in 2011

Disabled beneficiaries are eligible for health insurance through Medicare after a 2-year waiting period.

Exit

Each year about **8% of disabled beneficiaries** leave the program for **one of three reasons:**

40%
Die as a beneficiary

50%
Move to the Social Security retirement program

10%
Leave the program for work, program noncompliance, or other reasons

Possible Approaches to Changing the DI Program

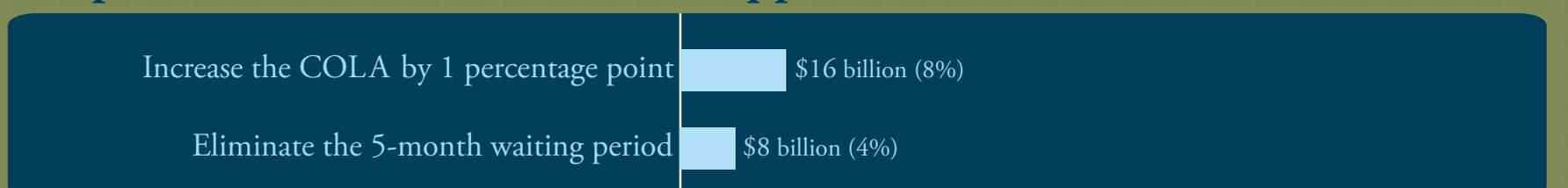
Savings and Costs

Addressing the DI program's financial pressures will require an increase in revenues, a decrease in spending, or some combination of the two. CBO has evaluated a variety of options that policymakers or researchers have identified. The graph below shows the estimated savings or costs in billions of dollars and as a percentage of total (projected) revenues or outlays in 2022. For more details on these policies, see Congressional Budget Office, *Policy Options for the Social Security Disability Insurance Program*, July 2012, <http://go.usa.gov/wfQ>.

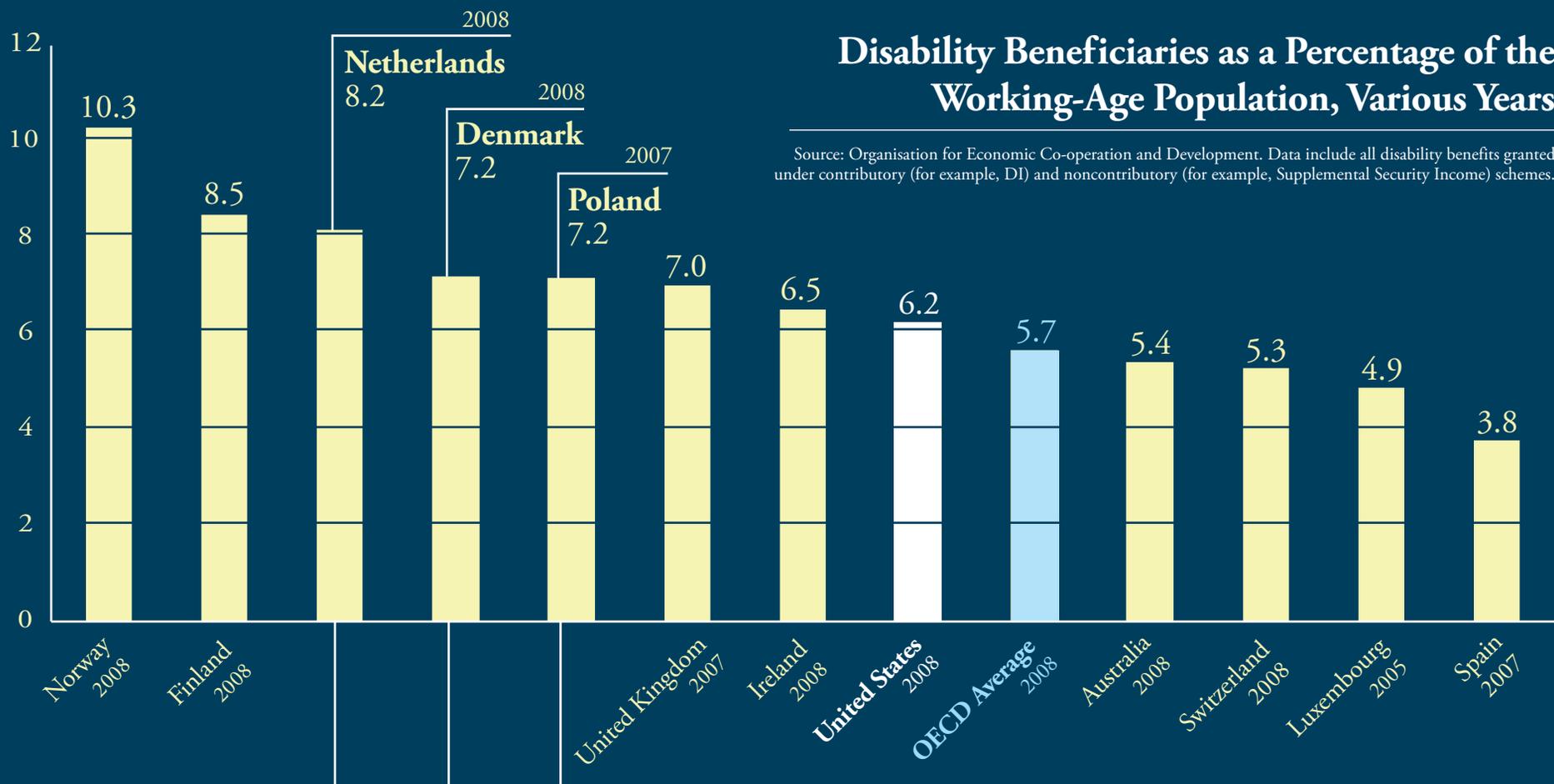
Options That Reduce the Fiscal Imbalance in the DI Program



Options That Provide Greater Support to DI Beneficiaries



Policy Changes in Disability Insurance Around the World



Disability Beneficiaries as a Percentage of the Working-Age Population, Various Years
 Source: Organisation for Economic Co-operation and Development. Data include all disability benefits granted under contributory (for example, DI) and noncontributory (for example, Supplemental Security Income) schemes.

Three Countries That Have Made Significant Changes in Their DI Policies

 **Netherlands**

In the past 15 years, the Netherlands has undergone multiple reforms that progressively expanded the responsibility of employers to assist and support employees with disabilities, increased the benefit system's focus on work, reorganized the institutions offering social insurance, and privatized employment services. Those policies initially did little to reduce the number of disability beneficiaries; however, since about 2002, the number of workers claiming disability benefits has declined.

 **Denmark**

Reforms implemented in 2003 and 2007 sought to simplify the disability benefit system by introducing equal benefits for all beneficiaries, abolishing benefits for partial disabilities, focusing on individuals' abilities rather than their disabilities, and supporting the reintegration of disabled workers into the labor force. However, the proportion of workers claiming disability benefits has not changed since those reforms were enacted.

 **Poland**

Reforms enacted in 1998 focused on reducing workers' long-term sick leave and disability benefits and expanding medical and vocational rehabilitation services. Those changes caused workers' absenteeism and claims for disability benefits to decline. Other policies for reforming the disability insurance system were proposed in 2004 but not implemented.

For more information, see these CBO publications:

Policy Options for the Disability Insurance Program
 July 2012, <http://go.usa.gov/wfQ>

The 2012 Long-Term Budget Outlook
 June 2012, <http://go.usa.gov/dKY>

Social Security Disability Insurance: Participation Trends and Their Fiscal Implications
 July 2010, <http://go.usa.gov/wf5>

Reducing the Deficit: Spending and Revenue Options
 March 2011, <http://go.usa.gov/wfR>



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 Sources: Congressional Budget Office; Staff of the Joint Committee on Taxation; Social Security Administration; Centers for Medicare and Medicaid Services; Organisation for Economic Co-operation and Development.
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Notes: Data on each application for calendar year 2008 (and updated in 2010) from the Social Security Administration. Data on length of time for each stage for calendar year 2006 from the Office of the Inspector General at the Social Security Administration. Numbers may not add to totals because of rounding.