



The *McCrery-Pomeroy SSDI Solutions Initiative* has selected the following 12 papers aimed at improving different aspects of the Social Security Disability Insurance (SSDI) program.

Topic: Exploring alternative definitions of disability

Authors: Anita Shafer Aaron, Aya Aghabi, Barbara Butz, and Neil Jacobson

Summary: The authors propose to redefine disability for purposes of the SSDI and SSI programs, potentially leading to a change in the fundamental principles of the program and, in turn, a new focus on early intervention. The authors argue that this would result in a significant increase in employment and self-sufficiency for people with disabilities. The new definition will contain no reference to “inability to work” and is expected to change SSDI from an income replacement program to a program that protects people from the high cost of disability and helps people work, stay at work, or return to work. The revised program will rely on inter-agency coordination and funding will flow from multiple sources.

Topic: Encouraging enrollment in private disability insurance

Authors: David F. Babbel and Mark F. Meyer

Summary: The authors propose to reduce the number of people needing SSDI benefits through better interaction with existing private disability insurance programs and offer three recommendations. First, they propose to expand private disability insurance coverage to more employees by encouraging employer use of “automatic enrollment arrangements” for group disability insurance plans. By expanding private disability insurance coverage, the authors believe that more workers will benefit from the early disability management and return to work supports provided by private plans, and will be less likely to apply for SSDI, thus reducing program costs. Second, the authors recommend undertaking a Federal education and outreach program to encourage workers and employers to face key disability income security issues and workforce productivity issues. Third, they suggest exploring private sector techniques and strategies to improve SSDI work outcomes.

Topic: An integrated employment support and eligibility determination system

Authors: Yonatan Ben-Shalom, David Mann, and David Stapleton

Summary: The authors propose to pilot and gradually implement a revised disability determination system that combines timely employment supports for workers and a redesigned SSDI eligibility determination process. The goal of the program is to reduce exit from the labor force and entry into SSDI, improve the disability determination process, and improve economic outcomes for workers. Such a system would be based on existing models from private disability insurance providers, worker's compensation, and international examples

Topic: Improving the interactions between SSDI and Workers' Compensation programs

Authors: John F. Burton and Xuguang Guo

Summary: The authors propose to address a number of the interaction between SSDI and Workers' Compensation (WC) and investigate several policy options that could reduce SSDI expenditures in the process. Particularly, the authors will consider changes to Federal standards requiring States to compensate work-related injuries/disease; the enactment of new federal rules requiring WC settlements to set aside funds to cover future WC cash benefits; the implementation of experience-rating employers so those with more employees filing for SSDI pay higher FICA taxes, thus providing incentives for employers to reduce injuries and diseases and to rehabilitate disabled workers; and changes to the law that currently allow some states to reduce WC payments once an individual begins to receive SSDI payments (a "reverse-offset"), as opposed to the other way around.

Topic: Expanding community-focused work and health services

Authors: Kim Burton, Jennifer Christian, and Thomas Wickizer

Summary: The authors will submit a plan to develop, test, evaluate, and implement a national program to avoid needless work disability by establishing a network of local, community-focused health and work services to provide just-in-time assistance to workers whose newly acquired or altered disabilities have destabilized their jobs and/or employability. The proposed program is intended to help them optimize their functional level and find a way to remain in the workforce, thus delaying or avoiding application to SSDI. The program will incorporate features of two existing programs, one in Washington state, the other in the United Kingdom. The paper will outline a sequence of projects to assure success, beginning with design, development, feasibility and effectiveness testing, then validation of ROI before rolling it out gradually across

the country. The paper will address specific regulatory changes that would be required, and estimate the costs and benefits.

Topic: Reducing CDR backlogs

Authors: Xuan Che, John Collins, Alex Constantin, Julia Porcino, and Chunxiao Zhou

Summary: The authors propose to analyze the processes SSA use to designate medical improvement diaries and to prioritize medical Continuing Disability Reviews (CDRs). The authors will use the analyses to develop ways to improve those processes, aiming to alleviate case backlogs and better select cases for full medical reviews. The authors will develop methods for extracting medical information from beneficiaries' electronic folders, to develop an automated method for designating the likelihood of future medical improvement, and to improve the current CDR predictive model. These actions would help SSA more accurately designate medical improvement, improve the diary set for review, better target CDRs toward those most likely to have recovered, and thus make the best use of limited CDR dollars.

Topic: Streamlining the determination process

Author: Jon Dubin

Summary: The author proposes several measures to improve the disability determination process. This includes eliminating the first level of appeal (reconsideration) and enhancing case development at the initial claim level.

Topic: Exploring changes to the SSDI adjudication process

Authors: David Engel, Dale Glendenning, and Jeffrey Wolfe

Summary: Recognizing persistent ongoing backlogs and rising costs in the Social Security disability hearings and appeals process, the authors propose comprehensive procedural and jurisprudential reforms. As more than 80% of all disability claimants are now represented, fundamental reforms include adoption of an adversarial jurisprudence/process with inclusion of government counsel (able to resolve disability appeals by agreement early in the appeals process), accompanied by adoption of a body of comprehensive procedural rules. The authors further propose reduction of the scope of Appeals Council review, streamlining the adjudicatory process; and fundamentally restructuring payments to representatives, including elimination of representative travel reimbursement; and reorganization of representative fees, so that fees are no longer calculated on "past due benefits," foreclosing fee-based incentives for delay.

The opinions and views expressed are those of the authors and do not represent any view, position, policy or policy statement, or finding of the U.S. Government or the Social Security Administration or any of its components.

Topic: A system for partial disability benefits

Author: Jason J. Fichtner and Jason S. Seligman

Summary: The authors propose to create a time-limited and partial disability benefit option in order to better reflect the nature of disability as a continuum rather than an all-or-nothing state. A disability insurance system that offers both partial and time-limited benefits would better motivate productive employment of remaining ability and, when possible, rehabilitation of lost ability following any partial or temporary disability determination. Their proposal will also explore an increased role for private employers in providing disability insurance. They expect this reform option to increase opportunities for rehabilitation and work, and they propose demonstration projects to test this assumption. They propose to provide grants to fund demonstration/pilot projects to provide empirical evidence needed for full implementation.

Topic: Using transitional jobs and tax incentives to encourage employment

Authors: Conor Williams, Julie Kerksick, and David Riemer

Summary: The authors propose a group of policy changes centered around offering Transitional Jobs to SSDI beneficiaries. Transitional Jobs (TJ) are subsidized wage-paying jobs, typically in either the private non-profit or private for-profit sector, in which an unemployed or underemployed individual does actual, productive work while pursuing permanent employment in the regular economy. The authors suggest that TJs can be offered to current (as well as potential) SSDI beneficiaries in order to encourage work. They also propose a complementary expansion of the Earned Income Tax Credit (EITC) and a gradual offset of benefits with earned income disregards.

Topic: Transitional benefits for a small subset of SSDI beneficiaries with disabilities likely to experience medical improvement

Authors: Jennifer Christian, Kim Hildred, Harold Krent, Pamela Mazerski

Summary: The authors propose to investigate creating a transitional disability benefit for a small subset of SSDI beneficiaries who (1) have medical conditions that are likely to improve; or (2) whose functional impairments could be significantly reduced, either over time or with medical or rehabilitative treatment. The authors would explore evidence-based practices for both

categories of beneficiaries such as health and self-management techniques aimed at improving function and employment supports to help these individuals improve their health and well-being, increase their level of participation in life, and reattach to the labor market when possible.

Topic: Improving health coverage for workers with disabilities

Author: Mark Perriello

Summary: The author proposes policy changes to create a comprehensive system in the United States to ensure workers with disabilities have affordable access to adequate health insurance coverage and long-term services and supports (LTSS). First, the author proposes establishment of a new program to wrap around coverage to commercial health insurance to provide LTSS to working people with disabilities. The program would supplement the worker's health insurance; fill gaps in current health insurance coverage (e.g., adequate durable medical equipment coverage) and provide LTSS (such as personal attendant care) not covered by health insurance; and prevent individuals from having to apply for Medicaid, which is the only program that now provides them with such services and supports. Secondly, the author proposes to expand the Medicaid Buy-In program (currently active in 45 states) by making the program national, standardizing the earnings and asset limits, and making other changes to improve the level and consistency of the covered services and supports. This would prevent working individuals from having to meet the current strict income/asset standards to qualify for Medicaid and thus obtain the covered services and supports. Finally, the author proposes to improve current tax provisions available to workers with disabilities to assist in covering the costs of needed supports and services not covered, or not fully covered, by the above two programs that are financed out of pocket.

Selection of these papers does not imply endorsement of them by the Initiative Co-Chairs, Advisory Council, staff, or other authors.

McCrery-Pomeroy *SSDI Solutions Initiative*

The McCrery-Pomeroy *SSDI Solutions Initiative* is a project dedicated to identifying practical policy changes to improve the Social Security Disability Insurance (SSDI) program. The *SSDI Solutions Initiative* will issue a call for papers to solicit ideas in a number of areas related to the program, culminating in a conference where authors will present their papers to discussants and attendees. The *SSDI Solutions Conference* will be followed by a publication that compiles the proposals and synthesizes the findings. With the SSDI trust fund only two years from insolvency, these solutions can help spur a debate on how to ensure the SSDI program best serves those with disabilities, those who pay into the program, and the economy as a whole.

What is SSDI?

SSDI – or Social Security Disability Insurance – is a component of the government-run Social Security program. It provides monthly cash benefits to workers who have one or several medical conditions, which are expected to keep them from working for at least a year. The SSDI program has provided important support to millions of disabled workers and their families, helping many individuals who are unable to work stay out of poverty.

What is the Purpose of the *SSDI Solutions Initiative*?

The SSDI program will have insufficient revenues to fully fund these benefits beyond 2016. In addition, there are areas where the program could be improved to better serve workers with disabilities and others who are insured by the program. A number of experts, reviewers, and political leaders have found that improvements should be made to the determination process, program integrity, interactions between SSDI and other federal and state programs, return to work incentives, and early interventions with disabled workers, to name just a few areas.

Why Do We Need to Make Improvements to SSDI Now?

In only two years, the Social Security Disability trust fund is scheduled to run out of money, at which point current law calls for benefits to be cut across-the-board by roughly 20 percent. At least in the short-term, avoiding this cut is likely to require either new revenue or some amount of temporary borrowing or reallocation from the Social Security Old-Age and Survivors Insurance (OASI) trust fund to the Disability Insurance trust fund. However, simply reallocating existing payroll taxes from OASI without doing anything to improve the SSDI program or strengthen the overall state of Social Security would actually weaken the financial state of the OASI program – and for that reason is likely to be controversial.

Instead of viewing the avoidance of trust fund exhaustion as a political liability, we believe policymakers should regard it as a policy opportunity. If provided with thoughtful and practical ideas to improve the SSDI program, policymakers could not only avoid insolvency but begin to reform the SSDI program for the better. This means identifying proposals well in advance of the

deadline, rather than waiting for Congress to cobble together a last-minute, poorly conceived solution.

Ideally, the projected 2016 date for the trust fund depletion would be used as an opportunity for Congress to enact *comprehensive* Social Security reform that addresses the shortfalls in both the SSDI and OASI program in order to consider all of the tradeoffs and interactions within the Social Security program. But whether the depletion of the disability insurance trust fund is addressed as part of comprehensive reform or on its own, there will be a need for constructive ideas to improve the program.

How Will the *SSDI Solutions Initiative* Identify Possible Solutions?

Rather than a top-down approach where we propose our own ideas, the *SSDI Solutions Initiative* will solicit ideas from experts who have been studying this program for years, and even decades. Specifically, the *SSDI Solutions Initiative* will issue a public “call for papers,” allowing potential authors from different disciplines and ideological backgrounds to submit proposals. The project will then select the most promising ideas to be written into full papers; focusing on proposals encompassing a wide variety of areas within the program and placing a special premium on proposals that include “intermediate steps” that could be enacted within the next few years. Once written, the papers will go through a peer-review process, be presented at a conference, and ultimately be published and made available to the public.

Who is Leading the *SSDI Solutions Initiative*?

The *SSDI Solutions Initiative* is co-chaired by former Congressmen and Ways and Means Social Security Subcommittee Chairmen Earl Pomeroy (D-ND) and Jim McCrery (R-LA). They will be assisted by a staff of analysts and an *Advisory Council* of experts, advocates, and practitioners from across the ideological spectrum. The *SSDI Solutions Initiative* is a project of the nonpartisan Committee for a Responsible Federal Budget.