

Informational Report

Beneficiaries Who Left the Social
Security Administration's Disability
Programs from 2004 Through 2013

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: January 6, 2016 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Beneficiaries Who Left the Social Security Administration's Disability Programs from 2004 Through 2013 (A-04-16-50064)

The attached final report presents the results of the Office of Audit's review of information on the number of, and reasons for, beneficiaries leaving the Social Security Administration's disability programs from 2004 through 2013.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Deputy Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

Beneficiaries Who Left the Social Security Administration's Disability Programs from 2004 Through 2013

A-04-16-50064



January 2016

Office of Audit Report Summary

Background

We are issuing this report to convey information on the number of, and reasons for, beneficiaries leaving the Social Security Administration's (SSA) disability programs from 2004 through 2013.

SSA manages two programs that provide benefits based on disability or blindness: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). The SSDI program provides monthly benefits to insured disabled or blind adults covered by workers' contributions to the Social Security trust funds. Certain family members may also be eligible for benefits from the person's earnings record. The SSI program makes monthly payments to aged, disabled, or blind individuals (including children) who have limited income and resources. Both programs have various eligibility requirements.

We reviewed SSA's annual statistics on SSDI and SSI for Calendar Years 2004 through 2013.

Summary

Beneficiaries leave the SSDI program primarily for conversion to retirement benefits, death, medical recovery, and return to work. From 2004 through 2013, SSA's SSDI statistical information showed the awards peaked in 2010 but then declined, while the number of terminations steadily increased during this period. Over the 10 years, the primary diagnoses for the beneficiaries who returned to work after receiving SSDI benefits were mental disorders, diseases of the musculoskeletal system and connective tissues, and diseases of the nervous system and sense organs.

Children accounted for approximately 45 percent of SSDI terminations in 2004 and 36 percent in 2013. Children left SSDI primarily because they reached age 18, no longer attended school, or reached age 19 as a student.

Beneficiaries leave the SSI program primarily for excess income, death, and medical recovery. In the SSI program, there are no conversions to retirement benefits when the beneficiary attains full retirement age; the disability designation may continue although medical recovery is no longer an issue. From 2004 through 2013, SSA's SSI statistical information showed a steady increase in the total number of SSI recipients between ages 18 and 64. In 2013, over 800,000 disabled individuals' payments were terminated. Under SSI rules, payment suspension occurs primarily for financial reasons. The main reasons for suspensions were excess income, whereabouts unknown, medical recovery, and excess resources.

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ABBREVIATIONS

FRA	Full Retirement Age
OIG	Office of the Inspector General
ORES	Office of Research, Evaluation, and Statistics
POMS	Program Operations Manual System
Pub. No.	Publication Number
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
U.S.C.	United States Code

BACKGROUND

We are issuing this report to convey information on the number of, and reasons for, beneficiaries leaving the Social Security Administration's (SSA) disability programs from 2004 through 2013.

SSA manages two programs that provide benefits based on disability or blindness: Social Security Disability Insurance (SSDI)¹ and Supplemental Security Income (SSI).² The SSDI program provides monthly benefits to insured disabled or blind adults covered by workers' contributions to the Social Security trust funds.³ Certain family members may also be eligible for benefits from the person's earnings record. The SSI program makes monthly payments to disabled or blind adults and children who have limited income and resources. Both programs have various eligibility requirements.

The *Social Security Act* defines disability as an 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 twelve months."⁴ For SSDI benefits, the individual also has to be fully insured to be entitled to benefits.

As shown in Table 1, SSA made disability payments to 9.8 million adults aged 18 to 64 in 2004 and 12.9 million in 2013.⁵ This was an overall 32-percent increase in SSA's disability rolls over 10 years.⁶

¹ *Social Security Act* § 201, *et seq.*, 42 U.S.C. § 401, *et seq.* Not all SSDI disabled beneficiaries are paid from the Disability Insurance Trust Fund. All disabled widow(er)s and most disabled adult children are paid from the Old-Age and Survivors Insurance Trust Fund. Persons receiving disability benefits from either trust fund are referred to in this report as Social Security beneficiaries.

² *Social Security Act* § 1601, *et seq.*, 42 U.S.C. § 1381, *et seq.*

³ The statistics used in this report did not distinguish aged from the disabled category.

⁴ *Social Security Act* §§ 223(d)(1)(A) and 1614(a)(3)(A), 42 U.S.C. §§ 423(d)(1)(A) and 1382c(a)(3)(A).

⁵ The numbers in Table 1 are annual averages, which we rounded.

⁶ We determined the increase by calculating the difference in total adults aged 18 to 64 receiving disability payments in 2013 (12.9 million) less those in 2004 (9.8 million), which equaled 3.1 million. The change in the rolls (3.1 million) was then divided by the first year or 2004 (9.8 million), which equaled 32 percent.

Table 1: SSA Disability Rolls – Calendar Years 2004 and 2013

Number of Adults (Aged 18 to 64) on SSA's Disability Rolls							
Calendar Year	SSDI		SSI		Concurrent		Total Rolls (Millions)
	Number (Millions)	Percent of Total Rolls	Number (Millions)	Percent of Total Rolls	Number (Millions)	Percent of Total Rolls	
2004	5.8	59	2.8	29	1.2	12	9.8
2013	8.0	62	3.5	27	1.4	11	12.9

Source: SSA Office of Research, Evaluation, and Statistics (ORES), *Annual Statistical Report on the Social Security Disability Insurance Program* (Pub. No.13-11826), Table 66, 2013.

For this review, we primarily used statistics published in SSA's *Annual Statistical Report on the Social Security Disability Insurance Program*⁷ and *SSI Annual Statistical Report*, 2004 through 2013.⁸

While this report focuses on the number of, and reasons for, beneficiaries leaving SSA's disability programs from 2004 through 2013, we recognize there may be questions about what happened to those who remained on the rolls and if any of those who left have returned. These questions may be the focus of future work by the OIG.

CHANGES IN SSDI ROLLS OVER 10 YEARS

As shown in Figure 1, the number of SSDI awards peaked in 2010. A reason for the increase in awards is the aging of the baby boom generation (born 1946 through 1964), and, according to SSA, the greater likelihood of disability associated with their older age.⁹ However, between 2010 and 2013, the number of SSDI awards declined and returned to pre-Great Recession levels.¹⁰ While terminations continued climbing during this period, the number of awards was greater.

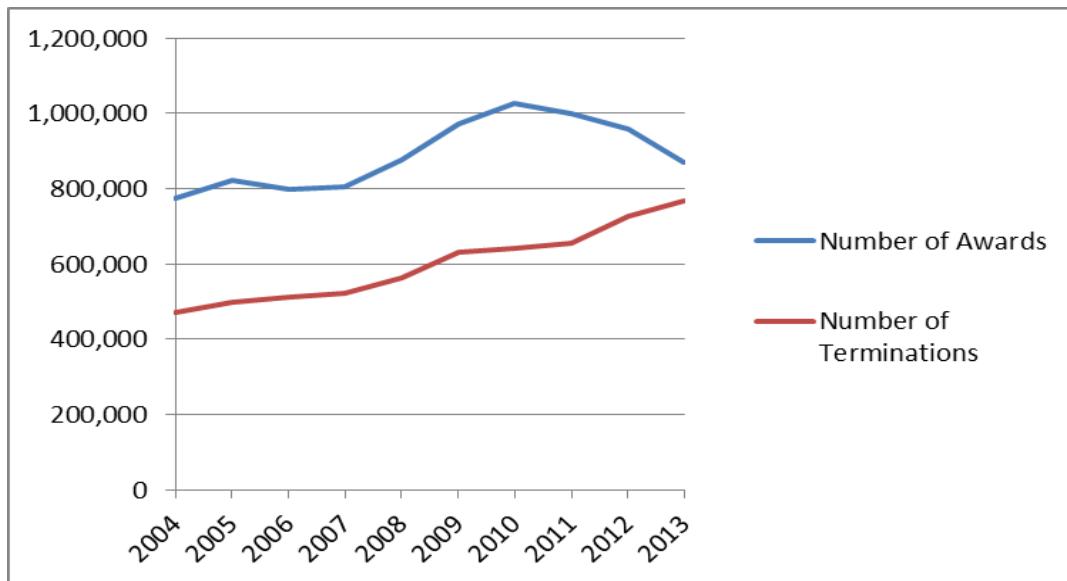
⁷ SSA ORES, *Annual Statistical Report on the Social Security Disability Insurance Program* (Pub. No. 13-11826). Years 2004 through 2013 may be found at https://www.ssa.gov/policy/docs/statcomps/di_asr/2013/index.html.

⁸ SSA ORES, *SSI Annual Statistical Report* (Pub. No. 13-11827), https://www.ssa.gov/policy/docs/statcomps/ssi_asr/2013/index.html.

⁹ SSA ORES, *Trends in the Social Security and SSI Disability Programs* (Pub. No. 13-11831), August 2006.

¹⁰ The Great Recession lasted from December 2007 through June 2009. (SSA ORES, *Social Security Bulletin*, Vol. 72 No. 4, 2012).

Figure 1: SSDI Awards and Terminations – Disabled Workers



Source: SSA ORES, *Annual Statistical Report on the Social Security Disability Insurance Program* (Pub. No. 13-11826), Tables 35 and 49, 2013.

SSA made approximately 775,000 beneficiary awards and terminated approximately 470,000 in 2004 and awarded approximately 870,000 and terminated 770,000 in 2013. The following section and Figure 2 illustrate the reasons for benefit terminations for disabled workers.

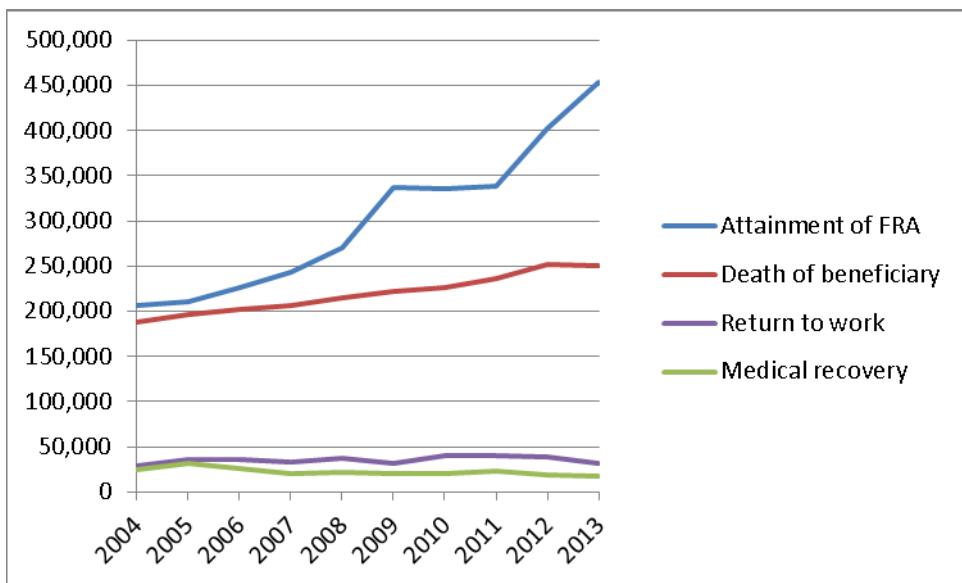
Reasons Why Disabled Workers Left or Were Terminated from the SSDI Program

SSA terminates disabled workers' SSDI benefits primarily because the worker attained full retirement age (FRA),¹¹ died, medically recovered, or returned to work. Most SSDI benefits are terminated when the beneficiary reaches FRA. As shown in Figure 2, the number of disabled workers whose SSDI benefits terminated because of attaining FRA increased 119 percent between 2004 and 2013.¹² While SSDI terminations because of death slightly increased, those terminations resulting from beneficiaries' return to work or medical improvement were generally constant over the 10 years.

¹¹ Once a disabled worker attains FRA, they transition to retirement benefits and no longer receive SSDI benefits.

¹² We determined the percent increase by calculating the difference between those terminated in 2013 less those terminated in 2004 (452,851 less 206,346, which equals 246,505), then dividing this change by 2004 terminations (246,505 divided by 206,346, which equals 119 percent).

Figure 2: Reasons for SSDI Benefit Terminations for Disabled Workers



Source: SSA ORES, *Annual Statistical Report on the Social Security Disability Insurance Program* (Pub. No. 13-11826), Tables 46 (2004) and 50 (2005 – 2013), 2004 – 2013.

SSDI Disabled Workers Whose Benefits Were Terminated Because They Returned to Work

To be entitled to SSDI benefits, a person must be unable to engage in substantial gainful activity (SGA). SSA generally considers an individual engaged in SGA when he/she earns more than a certain monthly amount that depends on the nature of a person's disability. For example, in Calendar Years 2004 through 2013, the amount of monthly earnings considered as SGA for the non-blind progressively increased from \$810 to \$1,040 and, for the blind, from \$1,350 to \$1,740.¹³

During these 10 years, the majority of beneficiaries' disabilities was generally listed in three diagnostic groups:

- mental disorders,
- diseases of musculoskeletal and connective tissue, and
- neoplasms.

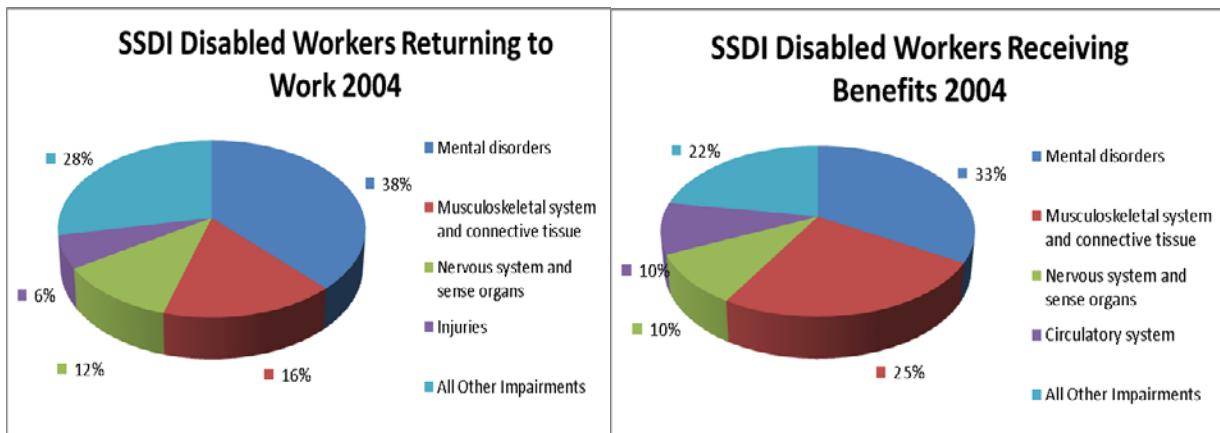
However, the leading impairment differed according to the beneficiaries' age groups. For example, in 2004, mental disorders was the leading impairment for all beneficiaries through age 59, but, for those aged 60 to FRA, diseases of the musculoskeletal system and connective tissue

¹³ SSA, POMS, DI 10501.015 B and C (October 15, 2015).

was the leading disability. In 2013, however, diseases of the musculoskeletal system and connective tissue became the leading impairment at age 50.

Figure 3 compares the leading disabilities of SSDI disabled workers whose benefits were terminated because they returned to work to those who continued receiving benefits in 2004. The top four impairments accounted for approximately 72 percent of the disabilities for those who returned to work in comparison to approximately 78 percent who continued receiving benefits the same year. In 2004, the mental disorders were intellectual disability and other mental disorders.

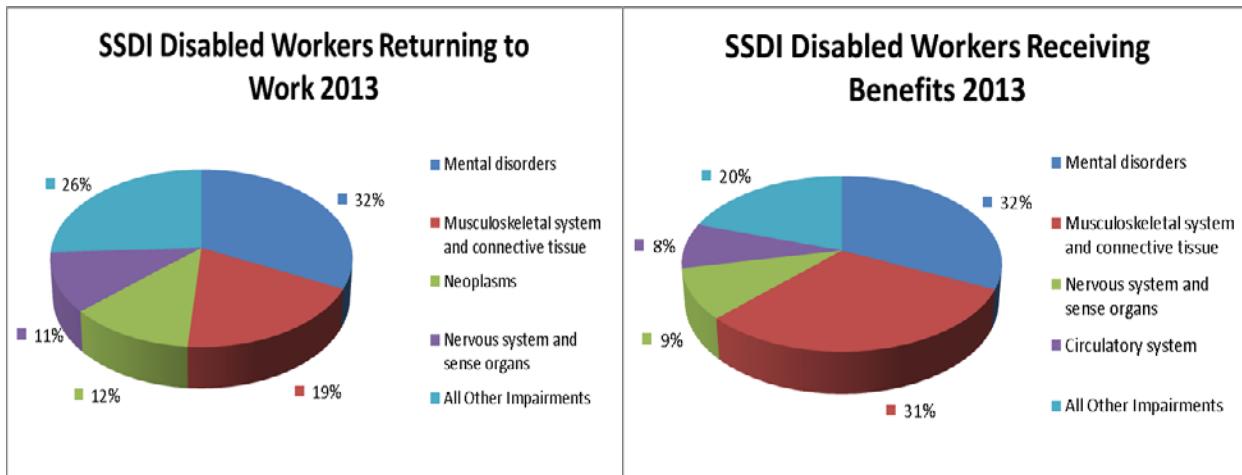
Figure 3: SSDI Disabled Workers' Disabilities in Comparison to Those Who Returned to Work in 2004



Source: SSA ORES, *Annual Statistical Report on the Social Security Disability Insurance Program* (Pub. No. 13-11826), Tables 24 (2004 – 2013), 49 (2004), and 52 (2005 – 2013), 2004 – 2013.

Figure 4 also compares the leading disabilities of SSDI disabled workers whose benefits were terminated because they returned to work to those who continued receiving benefits in 2013. The top four impairments accounted for 74 percent of the disabilities for those who returned to work in comparison to 80 percent who continued receiving benefits the same year. In 2013, the majority of the mental disorders for disabled workers who left the rolls to return to work or continued to receive benefits were mood disorders, other mental disorders, schizophrenic and other psychotic disorders, and intellectual disabilities.

Figure 4: SSDI Disabled Workers Beneficiaries' Disabilities in Comparison to Those Who Returned to Work in 2013



Source: SSA ORES, *Annual Statistical Report on the Social Security Disability Insurance Program* (Pub. No. 13-11826), Tables 24 (2004 – 2013), 49 (2004), and 52 (2005 – 2013), 2004 – 2013.

The “all other impairments” in Figure 3 and Figure 4 included such diagnostic groups as endocrine, nutritional, and metabolic diseases, injuries, and diseases of the blood, digestive system, respiratory system, and skin.

Dependent Children on SSDI Rolls

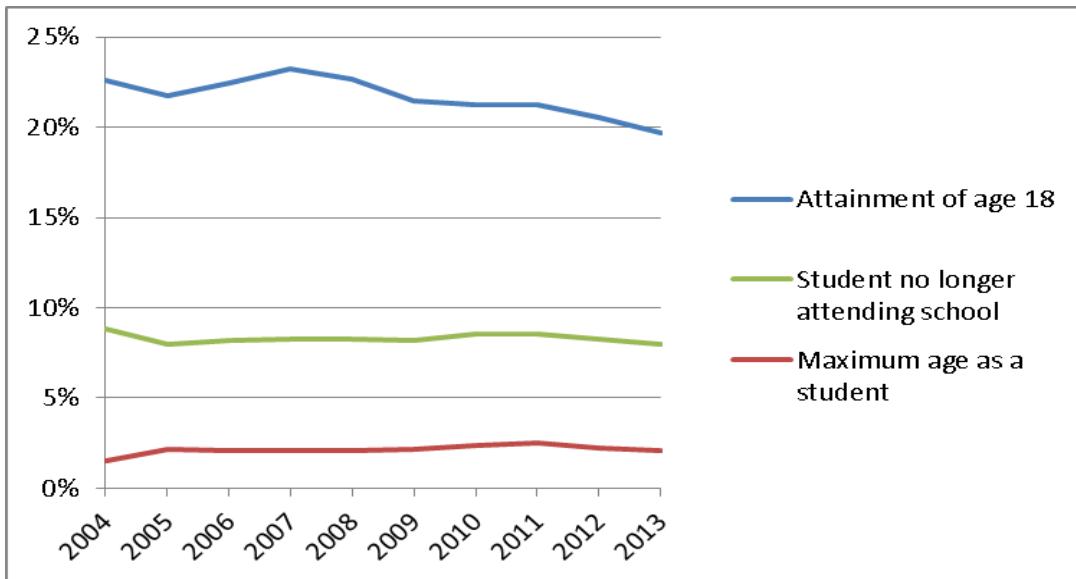
SSA pays benefits to certain dependents of an individual entitled to Old-Age and Disability Insurance benefits, or survivors of an individual who, at the time of his/her death, was either fully or currently insured.¹⁴ Those benefits include monthly cash benefits to unmarried children until they reach age 18; unmarried children until age 19 if they are a full-time elementary or secondary school student; or children 18 or older and disabled if the disability started before age 22.

As shown in Figure 5, the number of children whose benefits SSA terminated declined in relation to all (disabled workers and children under age 19) terminations.¹⁵ Children accounted for approximately 45 and 36 percent of disability terminations in 2004 and 2013, respectively. Additionally, in 2013, SSA terminated children’s benefits because they reached age 18, no longer attended school, or reached age 19 as a student.

¹⁴ Social Security Act § 202(d)(1), 42 U.S.C. § 402(d)(1).

¹⁵ Figure 5 does not include SSA’s category “other,” which represented 12 percent of children’s disability benefit terminations in 2004 and 6 percent in 2013.

Figure 5: Children's Benefits Terminated as a Percentage of All Terminations



Source: SSA ORES, *Annual Statistical Report on the Social Security Disability Insurance Program* (Pub. No. 13-11826), Tables 46 (2004) and 50 (2005 – 2013), 2004 – 2013.

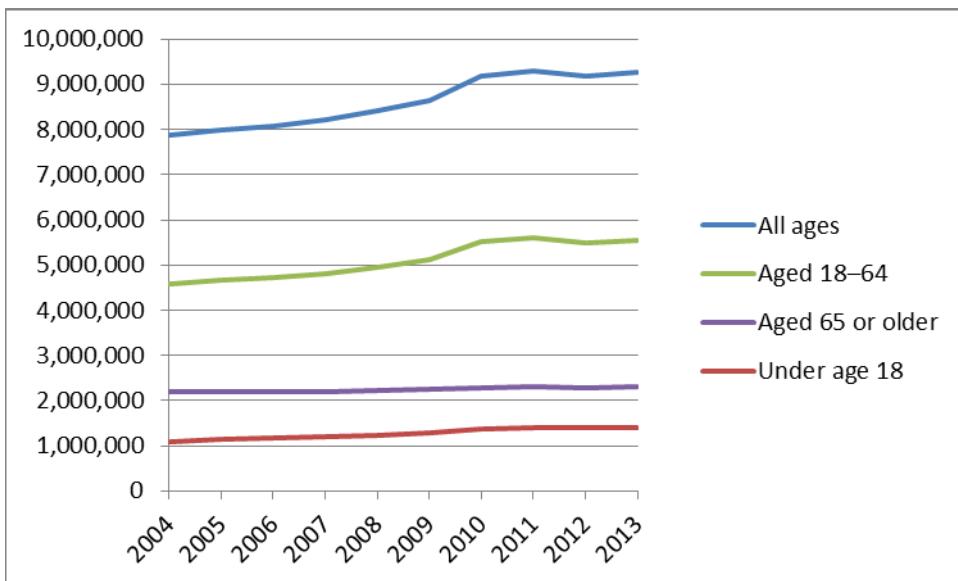
CHANGES IN SSI ROLLS OVER 10 YEARS

From 2004 through 2013, the number of recipients on the SSI rolls steadily increased. As shown in Figure 6, in 2013, almost 5.5 million (60 percent) of all SSI recipients were ages 18 to 64. When SSI recipients reach FRA, there is no conversion to retirement benefits as with SSDI.¹⁶ As such, the aged 65 or older category includes all aged recipients and those who originally entered the SSI program with a disability before age 65.¹⁷

¹⁶ FRA for people born before January 2, 1938 is age 65. However, the FRA increases gradually until it reaches age 67 for people born January 2, 1960 or later.

¹⁷ Under the SSI program, aged recipients are defined as individuals aged 65 or older. Persons receiving SSI disability benefits remain as disability recipients.

Figure 6: Total SSI Recipients by Age



Source: SSA ORES, *SSI Annual Statistical Report* (Pub. No. 13-11827), Table 3, 2013.

Comparing awards to terminations, in 2004, SSA awarded SSI to 862,000 new recipients and terminated awards to over 700,000. In 2013, SSA awarded 918,000 new recipients and terminated over 800,000. Furthermore, in 2013, 12 percent of SSI recipients received benefits based on age or disability, and the remaining 88 percent qualified based on disability alone.

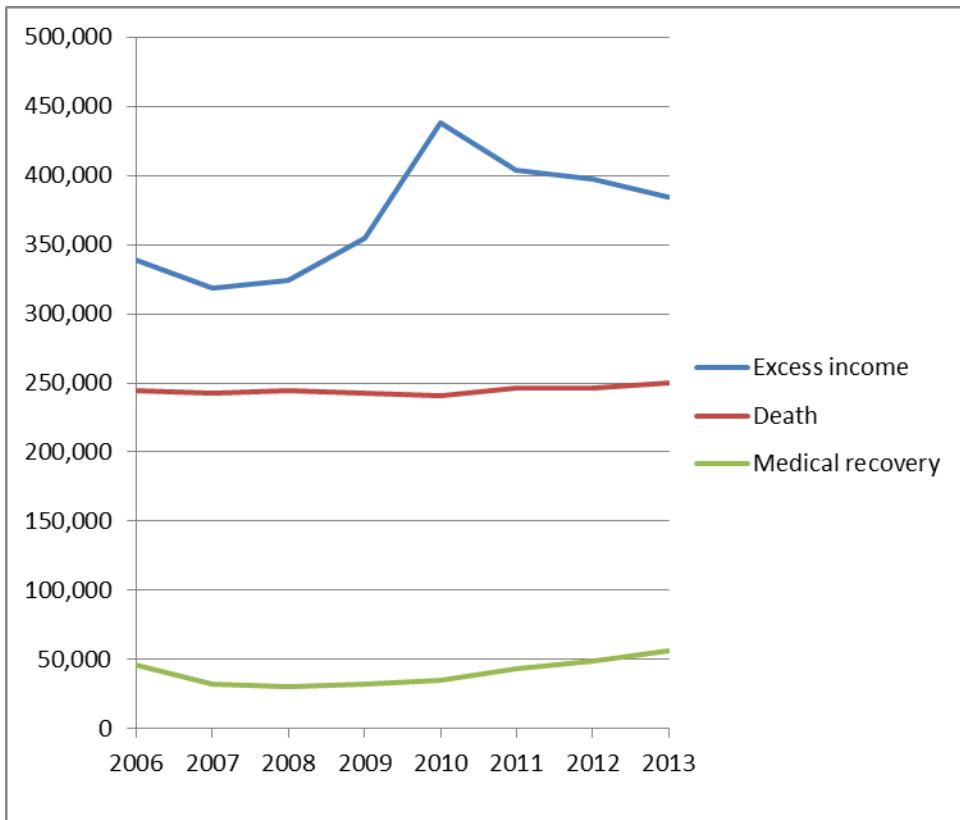
Main Reasons Why Adult Recipients Left the SSI Program

As shown in Figure 7, SSA terminates SSI payments based primarily on excess income, death, and medical recovery.^{18,19} As previously stated, these data include aged recipients and the disabled because SSA's statistical data do not separate these categories. According to SSA, an individual may have multiple life events that would result in SSA terminating their SSI payments. For example, an individual could have excess income *and* have medically recovered. However, SSA can only record a single reason for the termination, and there is a hierarchy of which is chosen. Individuals whose SSI payments were suspended for 12 months or longer are considered terminated from the SSI program.

¹⁸ As a needs-based program, SSI uses the value of a person's resources as one of two "need" criteria in determining eligibility. The other need criterion is income. The general expectation is that individuals or couples whose resources exceed the applicable limit will use the excess to meet their needs before becoming eligible for SSI benefits. (SSA, POMS, SI 01110.001A (October 25, 1990)).

¹⁹ Comparable data on individuals leaving the SSI rolls due to death in 2004 and 2005 were not available from SSA as of the date of this report.

Figure 7: Reasons for SSI Payment Terminations



Source: SSA ORES, *SSI Annual Statistical Report* (Pub. No. 13-11827),
Table 77 (2006 – 2013) 2013.

In 2013, terminations were caused by excess income—approximately 384,000 (48 percent); death—approximately 250,000 (31 percent); medical recovery—approximately 57,000 (7 percent); and all other factors—approximately 110,000 (14 percent). In 2006, excess income was the cause of approximately 339,000 (46 percent) terminations; death was approximately 244,000 (33 percent); medical recovery approximately 47,000 (6 percent); and all other factors were approximately 105,000 (15 percent). During this 8-year period, additional reasons for termination included excess resources and public institutionalization.

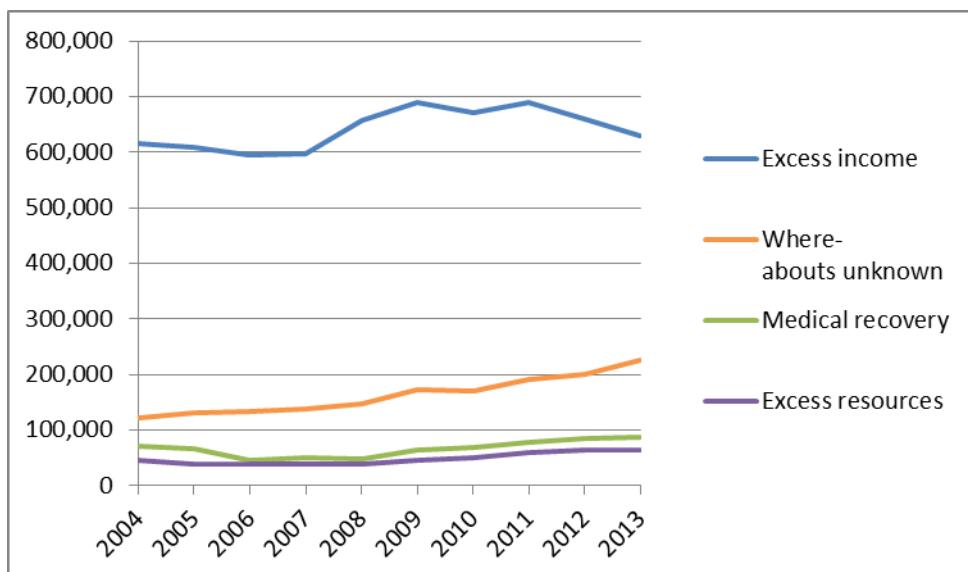
Suspension of SSI Payments

In the SSI program, payments are suspended primarily for financial reasons.²⁰ SSA must suspend a recipient's payments when the recipient is alive but no longer meets the requirements of eligibility under Title XVI of the *Social Security Act* because of excess earnings, unearned income, resources, or a change in living arrangements.

In 2013, almost 1.3 million recipients' benefits were suspended. Of the suspensions, 78 percent was for excess income, whereabouts unknown, medical recovery, and excess resources. Figure 8 depicts the reasons for suspensions for all SSI recipients from 2004 through 2013.

Of the 1.3 million suspensions in 2013, about 852,000 were for individuals aged 18 to 64, an increase from 717,000 in 2004. While not depicted in Figure 8, the primary reasons for suspensions in this age group were excess income, whereabouts unknown, residing in a public institution, and medical recovery.

Figure 8: Reasons for SSI Payment Suspensions



Source: SSA ORES, *SSI Annual Statistical Report* (Pub. No. 13-11827), Table 75, 2013.

²⁰ SSI payments generally are temporarily stopped because the recipient is not currently eligible. Payments can resume if the recipient reestablishes eligibility during the suspension reinstatement period, which is generally 12 months after the effective date of the suspension.

Children Who Left the SSI Rolls

For children under age 18, the primary reasons for benefit termination were excess income, medical recovery, death, and excess resources. A child's income and resources, if any, along with the income and resources deemed to them, counts toward the determination of excess income and resources.²¹ In 2013, almost 263,000 disabled recipients under age 18 had their benefits suspended—a 20-percent increase from the 220,000 suspensions in 2004.²² The primary reasons for suspension were excess income, whereabouts unknown, medical recovery, and failure to furnish reports. SSA did not have any published statistics on the types of disabilities of the children who left the SSI rolls.

SUMMARY

The number of SSDI awards peaked in 2010 and then continually declined through 2013. The number of terminations steadily increased from 2004 through 2013. In 2013, SSA awarded SSDI benefits to approximately 870,000 beneficiaries, and about 770,000 beneficiaries left the program. SSA terminated SSDI benefits primarily because the beneficiary attained FRA (resulting in their conversion from disability benefits to retirement benefits), died, medically recovered, or returned to work.

From 2004 through 2013, SSA's SSI statistical information showed a steady increase in the number of SSI recipients between ages 18 and 64. In 2013, there were 918,000 new recipients, and over 800,000 disabled individuals had their payments terminated. In the SSI program, excess income, death, and medical recovery were the predominant causes of terminations. Under SSI rules, payment suspension occurs primarily for financial reasons. The main reasons for suspensions were excess income, whereabouts unknown, medical recovery, and excess resources.



for

Steven L. Schaeffer, JD, CPA, CGFM, CGMA
Assistant Inspector General for Audit

²¹ In certain situations, the income and resources of others are counted in determining whether an individual's income and resources fall below the levels established by law.

²² We determined the percent increase by calculating the difference between disabled recipients under age 18 who had their benefits suspended in 2013 and 2004 (263,000 less 220,000 equals 43,000) and dividing it by disabled recipients under age 18 who had their benefits suspended in 2004 (43,000 divided by 220,000 equals 20 percent).

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

For this report, we:

- Reviewed the Social Security Administration's (SSA) *Annual Statistical Report on the Social Security Disability Insurance (SSDI) Program*, 2013.
- Reviewed SSA publications on its Supplemental Security Income program.
 - *SSI Annual Statistical Report*, 2004 - 2013
 - *Annual Report of the SSI Program*, 2004 - 2013
- Reviewed SSA's congressional testimony.
- Reviewed Government Accountability Office reports related to SSDI and Supplemental Security Income.

We conducted our review between June and September 2015 in Atlanta, Georgia. The entity reviewed was the Office of Central Operations under the Office of Deputy Commissioner for Operations. We did not determine the reliability of the data in SSA's reports. We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix B – ACKNOWLEDGMENTS

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