Chapter 9

DISABILITY PROGRAMS

The Disability Insurance and the Supplemental Security Income (SSI) disability programs are designed to provide benefits to people who have severe long-term disabilities. Disability Insurance is part of the Social Security program. It pays benefits to disabled workers and their families based on the worker's past earnings. The SSI program pays benefits, based on proven need, to low-income disabled and blind people. In November 1980, $1.3 billion in Disability Insurance benefits were paid to 2.9 million disabled workers and 1.8 million spouses and children. The average monthly benefit for disabled workers was $371, not including family benefits paid to children and spouses. The Federal SSI program in October 1980 paid $.35 billion to 2.1 million disabled and blind recipients. For about 1 in 3 of these recipients, the SSI payment supplemented small Disability Insurance benefits.

The Commission believes that the Disability Insurance and the SSI disability programs are basically sound in structure, but need some modification and modernization. The Commission's review of the disability programs focused on:

(I) The definition of disability;

(2) The cost of the Disability Insurance program;

(3) Provisions to encourage a return to work;

(4) Benefit levels;

(5) The administrative structure; and

(6) The disability determination process.

Definition of Disability

To be considered disabled under either the Disability Insurance or the SSI program, a person must be "unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that has lasted or is expected to last 12 months or to result in death." An individual's physical or mental impairment(s) must be "...of such severity that he is not only unable to do his previous work but cannot, considering his age, education and work experience, engage in any kind of substantial gainful activity which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work."[1/]

To qualify for disability benefits, a person must have a severe impairment or combination of impairments. In practice, some types of impairments are so severe that they are presumed to constitute a disability if the applicant is not, in fact, working.

Other severe impairments or combinations of impairments are considered a disability only if, after assessing the applicant's remaining physical and mental capacities and his or her age, education and work experience, the person is found unable to work. Inability to work, in these cases, means inability to meet the demands of the applicants' past work or of a significant number of less demanding jobs in the national economy, and little or no potential for adapting to a new job.

1/ Sections 223 and 1614 of the Social Security Act.

Age is an important consideration in these cases. Under regulations that govern the application of the test of disability, standards for determining whether an impairment constitutes a disability become less stringent at progressively older ages. For example, workers 60 or older are more likely than workers under 50 to be found disabled if they are unable to continue their usual work.

The definition in the law distinguishes between an impairment and a disability. An impairment is a physical or mental condition determined by a physician. Disability is the inability to work[2/] because of the impairment. Disability is a social concept, not just a medical one. Whether or not people are disabled depends on their capacity to work in spite of their impairments and this capacity depends, in large part, on their age, the kind of work they have done, and what they can be trained to do in the future. The determination of whether an impairment constitutes a disability is a matter of judgment based on the vocational as well as the medical evidence available.

Compared to other domestic disability programs and most foreign social insurance programs, the definition of disability in the Social Security law is very strict. Partial disability, as recognized in the Veteran's Administration program and many government programs, is not sufficient. Nor is it enough that applicants can no longer perform the jobs they have held. If they can perform other jobs available any-

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[2/] Work is defined as "substantial gainful activity" and is measured by the dollar amount of the person's actual or potential earnings (see page 200).

where in the Nation, not just in their own labor market areas, the definition rules out the payment of disability benefits. A/

The historical trend in disability rates is shown in Table 9-l. During the early years of the program, disability award rates (disability benefit awards as a percent of those insured for disablity benefits) were relatively high. This is because only those age 50 or older were eligible for disability benefits and the incidence of health problems among this age group is relatively high. When workers below 50 years of age became eligible, the award rate dropped.

Between 1965 and 1970, Disability Insurance award rates fluctuated in response to legislative changes which both modified the definition of disability and expanded the insured population. During the first half of the 1970's, the award rate grew by almost 50 percent. This rapid growth has been attributed to more attractive benefit levels, a high rate of unemployment, and an apparent increase in the social acceptance of government benefits .3/ The, increase in awards during the 1970% has

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A/ By Mr. Cohen, Mr. Dillman, Ms. Duskin, and Ms. Miller: We believe that further consideration should be given to repeal of the national economy test and to adoption of an occupational test for Disability Insurance benefits after age 55 or 60.

3/ Bayo Francisco R., Stephen C. Goss, and Samuel S. Weissman, Experience of Disabled-Worker Benefits under OASDI--1972-76, Actuarial Study No. 75, Social Security Administration, June 1978, pp.3-4.

also been linked to the administration of the program and the multi-step appeals process [4/] In 1968, only 9 percent of all the people awarded DI benefits received them through the appeals process after initially being denied benefits. By 1978, this rose to 26 percent.

Table 9-I
NUMBER OF AWARDS AND INCIDENCE RATES FOR DISABLED-WORKER BENEFICIARIES, 1957-80*

Calendar Year	Number Insured on January 1 (in millions)	Number of Awards During the Year (in thousands)	Incidence Rate (per thousand)
1957	10.00	179	17.90
1958a/	10.36	131	13.79
1959a/	11.78	178	13.95
1960	46.36	208	4.49
1961	48.51	280	5.77
1962	50.47	251	4.97
1963	51.52	224	4.35
1964	52.30	208	3.98
1965	53.32	253	4.74
1966	54.99	278	5.06
1967	55.72	301	5.40
1968	67.96	323	4.75
1969	70.12	345	4.92
1970	72.36	350	4.84
1971	74.50	416	5.58
1972	76.14	455	5.98
1973	77.80	492	6.32
1974	80.44	536	6.66
1975	83.27	592	7.11
1976	85.15	552	6.48
1977	86.65	569	6.57
1978	88.83	457	5.15
1979	90.60	409	4.51
1980b/	93.10	390	4.19

4/ Schobel , Bruce D., Experience of the Disabled-Worker Benefits under OASDI --1974-78, Actuarial Study No. 81, Social Security Administration, April 1980, p. 6.

a/ For statistical purposes, the years 1958 and 1959 were defined as covering the periods January 1, 1958 to November 30, 1958 and December 1, 1958 to December 31, 1959, respectively. However, the gross incidence rates are shown after conversion to an annual basis.

b/ Estimated by the Office of the Actuary, Social Security Administration.

* From Actuarial Study No. 81, Social Security Administration, April 1980.

Since 1975, Disability Insurance award rates have dropped significantly. The estimated rate for 1980 is 4.19 awards per thousand insured workers--one of the lowest in the history of the program. This decline in the award rate can be attributed to more intensive review of claims, more claims being denied, and the changing age structure of the working population as more younger workers with low disability rates are entering the work force.

The Commission finds little evidence that the definition of disability in the law is too liberal or that it allows benefits to be paid to people who are able to work to support themselves.

Cost of the Disability Insurance Program

The cost of the Disability Insurance program has been a source of concern during the decade of the 70's. The projected long-range cost (benefits as a percent of taxable payroll over the next 75 years) fluctuated greatly due both to an increase in award rates that peaked in mid-decade and to a problem in the benefit computation that was corrected by the 1977 Amendments to the Social Security Act. The projected long-range cost rose dramatically from 1.18 percent of taxable payroll in 1972 to a high of 3.68 percent before enactment of the 1977 Amendments. Those Amendments lowered the future cost of both the disability and the retirement benefit programs. Disability award rates have also declined since mid-decade. The long-range future cost of the Disability Insurance program is now projected to be about 1.5 percent of taxable payrol l.

Provisions to Encourage Work Effort

The Commission believes that the Disability Insurance and the SSI disability programs should be designed to enable and encourage the disabled to return to work. This enhances the individual's sense of self-worth and, to the extent that the disabled regain the ability to support themselves, it reduces the cost of the disability benefit programs.

At the same time, the Commission recognizes that most disability beneficiaries are not likely to regain sufficient earning capacity to support themselves and their families because the test of disability in both the Disability Insurance and the SSI disability program is such that only those with severe long-term impairments are considered disabled.

Those receiving Disability Insurance benefits tend to be older workers; 73 percent of those on the Disability Insurance rolls at the end of 1977 were over the age of 50; 58 percent were over the age of 55.[5/] Many have progressive impairments that are not likely to be reversed. Many have limited educations and job skills and few prospects for transferring to new occupations before retirement age.

SSI disability recipients tend to be a younger group, some of whom have never had sufficient earnings to support themselves. Some have had severe mental or physical impairments since birth.

5/ Social Security Bulletin, Annual Statistical Supplement, 1977-79, Table 65, p. 110.

While the Commission recognizes that many of the disabled are not likely to become fully self-supporting, it believes that the benefit programs should be designed in a way that encourages those who can regain the capacity to support themselves to do so and that allows those with severe limitations to fully utilize their potential, however great or limited it may be.

Three features of the current disability program affect beneficiaries who return to work. They are the definition of substantial gainful activity (SGA), the trial work provisions, and Medicare.

Substantial gainful activity, as defined in regulations, is work which involves significant physical and/or mental duties for remuneration or profit, and is measured by the dollar amount of actual or potental earnings. Benefits are terminated either when the beneficiary's condition improves to such a degree that it can be assumed that he or she has regained the capacity to perform such activity, or when earnings from work performed while collecting benefits demonstrates a capacity to engage in substantial gainful activity regardless of the severity of the impairment. If an individual earns $190 or less a month, he or she is not ordinarily considered to be engaging in substantial gainful activity. If monthly earnings are $300 or more, he or she is not considered to be disabled?' When monthly

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6/ These SGA dollar amounts are based on regulations in effect in calendar year 1980.

earnings fall between these two amounts, the SGA determination is based on other aspects of the work performed.

In order to encourage beneficiaries to test their capacity to work without risking the immediate loss of benefits, a "trial work period" provision was added to the law in 1960. Its purpose is to permit beneficiaries to work long enough to test their ability to work. It extends for 9 (not necessarily consecutive) months during which a beneficiary whose impairment has not medically improved can receive earnings from work performed on a trial basis and continue to get full benefits. (Any month in which earnings are less than $75 is not counted as part of the trial work period.) If the beneficiary is engaging in substantial gainful activity (that is, earning $300 or more a month) by the end of the 9 months, cash benefits are paid for an additional 3-month "grace" period and then are stopped. During the next 12 consecutive months, the beneficiary can start receiving benefits again if monthly earnings fall below the substantial gainful activity level. (Table 9-2 gives the history of substantial gainful activity levels and dollar amounts used to determine a month of trial work.)

Disabled workers are entitled to Medicare benefits after a 24-month waiting period from their first entitlement to cash benefits. Usually Medicare entitlement ends at the same time that cash benefits cease. However, for the beneficiary who has not medically recovered but returns to work, Medicare entitlement extends for an additional 36 months after cash benefits cease and there is no second waiting period for Medicare if the

person becomes re-entitled to disabled worker benefits within 60 months.

Recovery rates increased during the 1960% after the trial work period was introduced, and after workers under 50 became eligible for disability benefits. The rates subsequently declined steadily until 1977, when they once again began to increase (see Table 9-3).

It was theorized at that time that people would be more likely to go back to work if the SGA level were higher. It has also been suggested that an extension of the trial work period may be a greater incentive for a beneficiary to return to work than the dollar level of substantial gainful activity .[7/] Congress responded to this suggestion in 1980 by adding the 12-month automatic re-entitlement period to the original 9-month trial work period plus the 3-month grace period. The National Commission recommends that this incentive be strenqthened by raisinq the substantial gainful activity level to the earnings test exempt amount applied to beneficiaries who are below the age of 65. Earnings below this amount would not be considered substantial gainful activity. This would increase the amount used to define SGA to $340 a month in 1981, define it in statute rather than in regulation , and subject it to the same automatic indexing procedures as the earnings test. The Commission recommends that the amount used to define a month of trial work, currently $75, be indexed in the same way as the earnings test.

7/ Franklin,. Paula, "Impact of Substantial Gainful Activity Level on Disability Beneficiary Work Patterns," Social Security Bulletin, March 1976.

Table 9-2

SUBSTANTIAL GAINFUL ACTIVITY LEVELS AND DOLLAR AMOUNTS USED TO DETERMINE MONTH OF TRIAL WORK

Year	SGA Levels for the Disabled [a] Lower Limit	Upper Limit	Amount to Determine Trial Work Period
1958	$ 50	$100	Any amount triggers a month
1966	75	125	
1968	90	140	Monthly earnings of $50 or more triggers a trial work month (12/12/68)
1974	130	200	
1976	150	230	
1977	160	240	
1978	170	260	
1979	180	280	Monthly earnings of $75 or more triggers a trial work month
1980	190	300	
1981	b/	b/	
1982	b/	b/	

a/ Different SGA levels apply to the blind.

b/ These amounts will remain at 1980 levels unless regulations changing them are issued.

Table C-3

TERMINATION RATES FOR DISABLED WORKER BENEFICIARIES, 1957-79*

Calendar Year	Average Number of Beneficiaries on the rolls (in thousands)	Termination Rates (Per Thousand)	
		Recovery	Death
1957	81	0.6	110.1
1958 a/	201	7.6	152.2
1959 a/	289	10.3	136.7
1960	397 b/	7.9	109.6
1961	540	5.4	112.1
1962	684	14.0	97.9
1963	790	16.4	92.9
1964	867	19.0	87.5
1965	948	19.4	84.2
1966	1,053	21.9	80.1
1967	1,159	32.1	79.5
1968	1,259	30.0	79.4
1969	1,360	28.0	79.9
1970	1,460	27.9	72.5
1971	1,586	27.1	69.3
1972	1,754	22.5	62.0
1973	1,937	18.9	64.8
1974	2,129	17.8 c/	63.4
1975	2,391	16.3 c/	58.5
1976	2,615	15.3 c/	52.5
1977	2,781	21.6 c/	50.1
1978	2,882	22.3	48.8
1979	2,893	25.0	49.4

a/ For statistical purposes, the years 1958 and 1959 were defined as covering the periods January I, 1958 to November 30, 1958 and December 1, 1958 to December 31, 1959, respectively. However, the gross termination rates are shown after conversion to an annual basis.

b/ This figure has been adjusted to take into account the elimination of the age-50 limitation during the year.

c/ From September 1974 through June 1977, procedures for identifying recovery terminations were defective. Numbers of recovery terminations have been estimated for 1974-77 on the basis of data from other sources.

*From data in Actuarial Study No. 81, Social Security Administration, April 1980.

The estimated cost of this proposal is:

Additional DI Benefit Payments in Calendar Years (billions)					Long-Range Cost Effect (Percent of taxable payroll)
1981	1982	1983	1984	1985	
*	*	*	$0.1	$0.2	+.01

*/ Cost of less than $50 million.

The Commission is also recommending that the 24-month waiting period for Medicare entitlement be reduced to 12 months. This recommendation is discussed in Chapter 13. B/

The work incentive issues surrounding the substantial gainful activity amount and the trial work period should be re-evaluated after the Social Security Administration completes the work incentive demonstration projects mandated by the 1980 Amendments. More needs to be learned about which provisions actually encourage and enable the disabled to work and how those provisions could be equitably and effectively implemented. C/

B/ By Mr. Cohen, Ms. Duskin, and Ms. Miller: We wish to point out that this still would mean a disabled person would not be eligible for Medicare until the 18th month from the onset of disability (i.e., the five month initial waiting period plus 12 additional months). It is, therefore, essential that private health insurance coverage be automatically continued for this period for all persons who are subsequently determined to be disabled. Further, follow up studies should be undertaken to see how this revision works out in actual practice and whether any disabled persons lose health insurance coverage during the 17 month hiatus and any proposals to remedy the situation.

C/ By Mr. Cohen Ms. Duskin, Ms. Miller, and Mr. Myers: We urge that consideration be 'given to various earning-disregard offsets in relation to varying SGA income levels to evaluate their impact on work incentives and costs. It is suggested that such experiments be worked out with different voluntary associations of disabled persons and State agencies.

Disability Benefit Levels

The Commission believes that Disability Insurance benefits should, when combined with other income, provide a reasonable replacement of the worker's prior earnings. At the same time, benefits should not be so high as to deter the beneficiary from returning to work.

During the 1970's, DI benefits were criticized as being so high that they discouraged work. The average monthly benefit for workers in 1970 was $131. It rose gradually to $265 by December, 1977. Though this amount is not generous in absolute terms and is, inf act, low in relation to worker's most recent earnings, it may seem high when compared to average lifetime earnings. Average lifetime earnings, however, is not as appropriate a measure of the adequacy of benefits because it is usually lower than the most recent earnings--a better measure of the adequacy of benefits.

The basic disability benefit is computed in essentially the same way as the retirement benefit. Prior to the 1977 Amendments to the Social Security Act, the benefit computation procedure favored young disabled workers--in some cases by significant amounts. This was because the younger workers, with their shorter worklives, had fewer years of out-dated earnings included in their average lifetime earnings. The 1977 Amendments changed this, by providing a new benefit formula based on indexed earnings.

A second way in which the benefit computation was thought to favor young disabled workers relates to the provision for allowing a worker's 5 years of lowest earnings to be dropped when lifetime

earnings are averaged. These five dropout years represented a considerably larger portion of the total worklife for young disabled workers than for retired workers. The Social Security Disability Amendments of 1980 changed this provision so that the number of dropout years for young workers is more nearly proportional to the length of their worklives. D/

A third way in which disability benefits were cited as discouraging work effort related to the availability of auxiliary benefits for children and spouses. Each eligible child is potentially eligible for 50 percent of the worker's basic benefit, and a spouse caring for the child(ren) is also eligible for 50 percent. The total payable to the family, however, is limited to a maximum amount. Until the 1980 Amendments, the maximum amount ranged from 150 percent of the worker's full benefit for those with a history of low earnings, up to 188 percent for those with moderate earnings and 175 percent at higher earnings levels. The 1980 Amendments provided a lower limit on family benefits. The law now limits family benefits to the lesser of 85 percent of the worker's Average Indexed Monthly Earnings, or 150 percent of the worker's full benefit.

The Commission believes that the limit imposed by current law is too strict. It recommends that the monthly family maximum for disability be raised to 80 percent of the monthly average of the worker's highest 5 consecutive years of indexed earnings, or to the limits in effect prior to enactment of the 1980 Amendments, whichever is lower. The Commission

D/ By Mr. Cohen, Ms. Duskin, and Ms. Miller: We opposed this change and would prefer to restore this provision in the law as it was prior to 1980. The change disadvantages the younger disabled worker who had not yet been able to reach his or her full earning capacity as a mature worker.

believes this change is appropriate because the disabled, in general, have greater income needs than the rest of the population. Disabled workers with families incur the costs associated with child-rearing as well as higher personal care expenses. They rarely have the savings that older workers have accumulated. When they are prematurely separated from the work force, they forego not only their current earnings, but any future wage growth they might otherwise have achieved. The limit on disability family benefits recommended by the Commission is less restrictive than the one now in the law. It provides a reasonable replacement of prior earnings for those who have children to support and, at the same time, would assure that benefits are not excessive relative to past earnings. E/

The estimated costs of this proposal are:

Additional D I Benefit Payments in Calendar Years (billions)					Long-Range Cost Effect (Percent of taxable payroll)
1981	1982	1983	1984	1985	
$0.1	$0.2	$0.3	$0.4	$0.5	+.06

Administration of the Disability Programs

The Disability Insurance and the Supplemental Security Income disability programs are administered under a unique Federal-State

E/ See dissenting statement on liberalization of maximum family benefits for disabled workers by Mr. Laxson, Mr. MacNaughton, Mr. Myers, and Mr. Rodgers.

relationship. Program administration carried on by each State is paid for by the Federal government. Under agreements with the Secretary of Health and Human Services, State disability determination units (most are housed within State vocational rehabilitation agencies) make the disability determination based on the definition of disability in the Social Security Act, in accordance with Federal regulations and guidelines issued by the Social Security Administration. This arrangement was instituted because the States had had prior experience in administering various disability-related programs, and had established working relationships with the medical community. It was assumed that if the disability determination process took place within State rehabilitation agencies, disabled individuals could be more easily referred for rehabilitation.

The Federal government's primary function in program administration is to interpret the law and oversee its uniform implementation throughout the country. The Social Security Administration writes the rules and standards governing the program and evaluates, through review of sample cases, the disability determinations made by the State agencies. The Secretary of Health and Human Services has authority to reverse a State agency benefit award as well as a State agency disallowance.[8/]

Recent reports by the General Accounting Office (GAO) and groups of outside experts have been critical of this Federal-State arrangement. They point to the lack of uniformity in the ways States make disability determinations. The GAO has suggested that the program be completely federalized .[9/]

8/ Prior to the 1980 Amendments, the Secretary did not have the power to reverse State Agency denials.

9/ Committee on Finance, U.S. Senate, Issues Related to Social Security Act Disability Programs, CP:96-23, 96th Congress, 1st Session, October 1979, p. 26.

The Social Security Disability Amendments of 1980 require the Secretary to enter into new agreements with the States. These agreements will require States to follow performance standards, administrative requirements, and procedures issued by the Secretary of Health and Human Services. If a State's performance falls short of expectations, the Secretary will be able to assume responsibility for program administration. A State may also terminate administration on its own initiative.

The Commission believes that, in general, the Federal-State system is working well. Most States do a good job of disability determination, but there is room for improvement in the Federal-State relationship through a closer partnership between SSA and the States.

Many of the problems are at the Federal level. SSA should develop clearer lines of authority from State agencies to its regional and central offices. It should create direct lines of communication between those responsible for developing policy and those responsible for implementing it. These lines should be used to issue regulations, policy statements, and procedural directives which are clearly written and meaningfully interpreted. Once these are transmitted, the States should have their questions, observations, and requests for clarification promptly answered by SSA.

The performance standards and requirements for State agencies being developed as part of the new Federal-State agreements, provided for in the Social Security Disability Amendments of 1980, should be achievable and reflect well-integrated program priorities. Once they are established, State agencies should be encouraged to exchange ideas and program experience related to achieving them. The Social Security Administration should play a larger role in training State agency personnel, developing training guidelines, and designing personnel training programs.

The Commission believes that these changes can improve the administration of the disability programs, and are preferable to federalizing the disability determination process at this time. Had a completely Federal operation been adopted when the program began, it might have produced more uniform results, but to change now from Federal-State administration to a federally-run program would disrupt operations and cause delays and possibly errors in adjudicating claims. Valuable State agency personnel, experienced in claims processing, could be lost in the transition. Hiring and training additional Federal employees would ultimately increase administrative costs. There is no guarantee that a Federal operation would be superior. The evidence presented to the Commission suggests that SSA should not take on additional administrative responsibilities.

The Disability Determination Process

State agencies make three types of disability decisions: the initial decision ; reconsideration of denied claims if the applicant requests it; and continuing review of the disability status of those receiving benefits.

An applicant who is not satisfied with the reconsideration decision by the State agency can ask for a hearing before an Administrative Law Judge (ALJ). Those who are not satisfied with the ALJ's decision may appeal their case to the Appeals Council and then to the Federal courts. (see Chapter 10).

The initial claims process of the State agencies has been criticized for its length, complexity, and the quality of decisions produced. The large number of requests for reconsideration and hearings and the high reversal rate (that is, the allowance of claims previously denied) at the hearings level have been a source of continuing concern. The following table shows 1980 estimates of allowance rates at different levels of the process.

Disability applications	1,250,000
Initial allowances by State agencies	300,000
Allowance rate	(24%)
Applications for reconsideration	200,000
Allowances by State agencies	40,000
Allowance rate	(20%)
Applications for ALJ hearings	100,000
Allowances by ALJs	50,000
Allowance rate	(50%)

The high reversal rates after the initial decision have been attributed to:

(I) Inadequate documentation of the initial claim;

(2) The progressive nature of applicants' medical conditions;

(3) The nature of disability; and

(4) Different sets of rules governing different levels of the disability decision-making process.

The quality of the disability application taken by the Social Security District Office and of the initial determination made by the State agency are the foundation of an accurate and timely disability decision. The significant increase in the disability claims caseload during the 1970's made such decisions more difficult. The rising case-load was due to an increase in Disability Insurance claims and to the implementation of the SSI disability program in 1974. In 1970, there were about 868,000 Disability Insurance claims. By 1974, the number of DI claims rose to 1.3 million, not including the additional SSI claims. In 1980, there were 1.2 million DI claims, with SSI disability claims bringing

the total to 1.9 million individuals who applied for either SSI or DI benefits.[10/]

In the past, when caseloads were high, prompt disability decisions were sometimes given priority over obtaining extensive evidence documenting the claimant's condition. In recent years, there has been greater emphasis placed on developing evidence for each claim, on the system of quality assurance, and on more specific Federal guidelines for case documentation. Yet allowance rates at the hearings and appeals levels remain high.

State agencies and the District Offices of the Social Security Administration cooperate in processing disability claims. District Offices accept applications, document the claimant's history and sources of medical evidence, and make all the non-medical determinations associated with eligibility concerning insured status, work activity, income and earnings. The State agency then collects and evaluates the medical and vocational evidence and makes the disability determination. Although the District Office responsibilities are basically clerical, the accuracy and completeness of the information which it takes are crucial. Incomplete or vague information about the claimant's medical or work history can cause unnecessary delays in the development of evidence and may affect the final decision.

Historically, the District Office claims representative has been a generalist working on all types of claims. The Social Security Administration has experimented from time to time with various types of

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10/ In 1980, 400,000 of the total 2.3 million applications were for both Disability Insurance and SSI disability benefits.

specialization. Since 1978, people who apply for disability benefits have been interviewed by employees who specialize in either Supplemental Security Income or Old-Age, Survivors, and Disability Insurance, depending on the type of claim, or by two employees when an individual applies for both types of payments.[11/]

The complex nature of the disability programs requires a skilled interviewer who knows the kind of information needed. Discussions with the staff of the State agencies and with SSA employees indicate that interviews sometimes yield inadequate information. Sometimes this happens because the case is complex. Sometimes the interviewer, pressed by a large caseload, does not have enough time to do a thorough job. Occasionally, the claims representative is inadequately trained.

If better-trained interviewers were available to take only disability claims (for both Supplemental Security Income and Disability Insurance), the number of unsatisfactory and inadequately prepared claims forwarded from District Offices to State agencies could be reduced. The Commission recommends that the Social Security Administration train and use disability program specialists in each District Office. The Commission recommends that the budgetary and staffing restrictions that have been imposed on SSA be relaxed to the degree necessary to allow this.[12/]

[11/] When the decision to use specialized claims representatives was made, consideration was given to specialization according to disability and non-disability cases. It was decided that the Supplemental Security Income/Old-Age, Survivors, and Disability Insurance separation promised better operations than a disability programs/retirement programs specialization.

[12/] See Chapter 14 for a more compete discussion of the staffing and budgetary needs of the Social Security Administration.

Some have suggested that the high rate of allowances after initial denials can also be attributed to the progressive nature of the applicants' impairments. As noted earlier, many Disability Insurance applicants are older people who suffer from some chronic disease. When an applicant with a progressive disease is denied benefits at the initial level because the condition was not severe enough to be considered disabling, it is possible that by the time the case reaches the hearings level, the condition wil I have deteriorated.

Some have also suggested that the disability concept itself may contribute to the high allowance rate at the hearings level. To reach a finding that an applicant is or is not disabled requires a judgment about the effect of the person's impairment on his or her ability to work. While Federal regulations attempt to clarify the definition, they may be interpreted differently by different individuals.

The high allowance rate at the hearings level is also due, in part, to the fact that different levels of the adjudication process are governed by different sets of rules. State agencies must make their initial and reconsideration decisions according to the law and the SSA regulations and guidelines, as explained in the SSA claims manual. The reconsideration process results in few reversals of the initial decision because both decisions are governed by identical rules. An Administrative Law Judge at the hearings level, however, is prohibited from using these guidelines.[13/]

13/ Under the Administrative Procedures Act an Administrative Law Judge cannot use the Federal guidelines issued to State agencies. This is done to protect the independence of the appeals process from the administration of the program.

The adjudication process would be greatly strengthened by a single set of rules. The Commission believes that the administrative guidelines. which bind the States should be published in regulations so that they govern the hearings decision as well. This should help provide more consistent disability determinations from one level of adjudication to another.