



**Congressional
Research Service**

Informing the legislative debate since 1914

Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)

William R. Morton

Analyst in Income Security

October 24, 2016

The House Ways and Means Committee is making available this version of this Congressional Research Service (CRS) report, with the cover date shown, for inclusion in its 2016 Green Book website. CRS works exclusively for the United States Congress, providing policy and legal analysis to Committees and Members of both the House and Senate, regardless of party affiliation.

Congressional Research Service

7-5700

www.crs.gov

RL32279

Summary

The Social Security Administration (SSA) is responsible for administering two federal entitlement programs that provide income support to individuals with severe, long-term disabilities: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). SSDI is a social insurance program that provides monthly cash benefits to nonelderly disabled workers who paid Social Security taxes for a sufficient number of years in jobs covered by Social Security and to their eligible dependents. In contrast, SSI is a public assistance program that provides monthly cash benefits to aged, blind, or disabled individuals (including children) who often have little or no work experience in covered employment and whose assets and other income are below certain limits.

To qualify for disability benefits under either program, claimants must meet the definition of disability prescribed in the Social Security Act. For both SSDI and SSI disability benefits, *disability* is defined as the inability to engage in substantial gainful activity (SGA) by reason of a medically determinable physical or mental impairment that is expected to last for at least one year or to result in death. In general, the individual must be unable to do any kind of substantial work that exists in the national economy, taking into account age, education, and work experience. Special rules apply to statutorily blind individuals and to children under the age of 18 applying for or receiving SSI.

Both programs are administered by SSA and therefore have similar application and disability determination processes. Although SSDI and SSI are federal programs, both federal and state offices are used to determine eligibility for disability benefits. SSA determines whether someone is disabled according to a five-step sequential evaluation process where SSA is required to look at all of the pertinent facts of a particular case. Current work activity, severity of impairment, and vocational factors are assessed in that order. If SSA finds that a claimant is disabled, the agency must periodically reevaluate his or her impairment(s) to ensure that the individual continues to meet the program's respective eligibility criteria.

If a claimant's application for benefits is denied at any point during the disability determination process, the claimant has the right to appeal the decision. During the appeals process, claimants may present additional evidence or arguments to support their case, as well as appoint a representative to act on their behalf. In most states, the appeals process is composed of four stages: (1) reconsideration by a different disability examiner; (2) a hearing before an administrative law judge (ALJ); (3) a review before the Appeals Council; and (4) filing suit against SSA in U.S. district court.

The SSDI program is funded primarily through Social Security payroll tax revenues, portions of which are credited to the Disability Insurance (DI) trust fund. In contrast, the SSI program is financed by annual appropriations from general revenues.

Contents

Introduction	1
Social Security Disability Insurance	1
Supplemental Security Income.....	1
Type of Benefits and Average Benefit Levels	2
SSDI.....	2
SSI.....	2
Eligibility Requirements.....	3
Definition of Disability	3
SSDI.....	3
SSI.....	3
SSA’s Initial Disability Determination Process	5
Special Provisions for Child SSI Claimants.....	7
SSA’s Disability Appeals Process.....	8
Program Integrity	9
Medical Continuing Disability Reviews	10
Work CDRs and SSI Redeterminations.....	10
SSDI.....	11
SSI.....	11
Program Financing Information	11
SSDI.....	11
SSI.....	12

Figures

Figure 1. SSA’s Initial Disability Determination Process for SSDI and Adult SSI Claimants.....	6
Figure 2. SSA’s Initial Disability Determination Process for Child SSI Claimants	7
Figure 3. SSA’s Administrative Appeals Process	9

Contacts

Author Contact Information	12
----------------------------------	----

Introduction

This report presents information on two federal entitlement programs administered by the Social Security Administration (SSA) that provide income support to individuals with severe, long-term disabilities: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). SSDI is a social insurance program that provides monthly cash benefits to nonelderly disabled workers who paid Social Security taxes for a sufficient number of years in jobs covered by Social Security and to their eligible dependents. In contrast, SSI is a public assistance program that provides monthly cash benefits to aged, blind, or disabled individuals (including children) who often have little or no work experience in covered employment and whose assets and other income are below certain limits.

Social Security Disability Insurance

Enacted in 1956 under Title II of the Social Security Act, SSDI is part of the Old-Age, Survivors, and Disability Insurance (OASDI) program, commonly known as Social Security.¹ OASDI is a form of social insurance designed to protect against the loss of income due to retirement, disability, or death. Like Old-Age and Survivors Insurance (OASI), SSDI replaces a portion of a worker's lost earnings based on the individual's career-average earnings in jobs covered under Social Security.² Specifically, SSDI provides monthly benefits to insured workers under the full retirement age who meet the statutory test of disability and to their eligible dependents. The SSDI and OASI programs are funded primarily through a payroll tax levied on current workers who are in jobs covered by Social Security. In August 2016, 10.7 million individuals received SSDI benefits, including 8.9 million disabled workers, 137,000 spouses of disabled workers, and 1.7 million children of disabled workers.³

Supplemental Security Income

SSI, which went into effect in 1974, is a need-based program that provides cash payments assuring a minimum income for aged, blind, or disabled individuals who have limited income and assets. This program is often referred to as a program of “last resort” because individuals who apply for benefits are also required to apply for all other benefits for which they may be eligible (e.g., Social Security retirement or disability benefits, pensions, earnings). Although the SSI program is administered by SSA, it is funded through general revenues—not by payroll taxes. The federal benefit provided through this program, unlike through the SSDI program, is a flat amount (reduced by other countable income), and it is not related to prior earnings. In addition to the federal SSI payment, many states provide supplements to certain groups or categories of SSI recipients. In August 2016, 8.3 million individuals received federally administered SSI payments,

¹ CRS Report R42035, *Social Security Primer*.

² The Social Security Administration's (SSA), Office of the Chief Actuary (OACT) estimates that 171 million people will work in Social Security-covered employment in 2016. For more information, see SSA, “Social Security Program Fact Sheet,” July 21, 2016, <http://www.ssa.gov/oact/FACTS/>.

³ SSA, “Monthly Statistical Snapshot, August 2016,” September 2016, Table 2, http://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/ (hereinafter cited as “Monthly Statistical Snapshot”).

including 1.2 million children under the age of 18, 4.9 million adults aged 18-64, and 2.2 million seniors aged 65 or older.⁴

Type of Benefits and Average Benefit Levels

SSDI

SSDI benefits are based on a worker's career-average earnings in covered employment, indexed to reflect changes in national wage levels.⁵ The benefits are adjusted annually for inflation, as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).⁶ Benefits are also provided to eligible spouses and children of disabled workers, subject to certain maximum family benefit rules. Benefits may be offset if the disabled worker also receives workers' compensation or other public disability benefits. In August 2016, the average monthly SSDI payment was \$1,166 for disabled workers, \$322 for spouses of disabled workers, and \$352 for children of disabled workers.⁷

In addition to cash benefits, disabled workers and certain disabled dependents generally qualify for health coverage under Medicare after 24 months of entitlement to cash benefits.⁸

SSI

The basic federal SSI benefit is the same for all beneficiaries. In 2016, the maximum SSI payment (also called the federal benefit rate), regardless of age, is \$733 per month for an individual living independently and \$1,100 per month for a couple living independently if both members are SSI eligible. Federal SSI benefits are increased each year to keep pace with inflation (as measured by the CPI-W). The monthly SSI benefit may be reduced if an individual has other income or receives in-kind (non-cash) support or maintenance. Some states supplement this payment to provide a higher benefit level than specified in federal law.

SSI recipients living alone or in a household where all members receive SSI benefits are also automatically eligible for the Supplemental Nutrition Assistance Program (SNAP; formerly the Food Stamp Program) and are generally eligible for Medicaid.⁹

Individuals may qualify for SSDI, SSI, or both (in addition to other benefits). However, the amount of the SSI payment may be adjusted based on receipt of other income, such as SSDI benefits. (The SSDI benefit is not reduced if the recipient also receives SSI benefits because SSDI is not means-tested.) In August 2016, the average monthly federally administered SSI payment was \$540 for all recipients, \$645 for children under the age of 18, \$561 for adults aged 18-64, and \$435 for seniors aged 65 or older.¹⁰

⁴ Monthly Statistical Snapshot, Table 3.

⁵ CRS Report R43542, *How Social Security Benefits Are Computed: In Brief*.

⁶ CRS Report 94-803, *Social Security: Cost-of-Living Adjustments*.

⁷ SSA Monthly Statistical Snapshot, Table 2.

⁸ CRS Report R40425, *Medicare Primer*.

⁹ CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits* and CRS Report R43357, *Medicaid: An Overview*.

¹⁰ *Ibid.*, Table 3.

Eligibility Requirements

Definition of Disability

Under both SSDI and SSI, *disability* is defined as the inability to engage in substantial gainful activity (SGA) by reason of a medically determinable physical or mental impairment that is expected to last for at least 12 months or to result in death.¹¹ The SGA earnings limit in 2016 is \$1,130 per month for non-blind individuals and \$1,820 per month for statutorily blind individuals.¹² (For SSI, SGA rules do not apply to statutorily blind individuals and apply only at the time of application to disabled individuals.) In general, individuals must be unable to do any kind of substantial work that exists in the national economy, taking into account their age, education, and work experience.

The definition of disability for minor children under the SSI program is slightly different from the definition for adults. Children under the age of 18 are required to demonstrate that their impairment results in *marked and severe functional limitations*. Child SSI claimants are also subject to slightly different criteria under SSA's medical listings.

SSDI

To qualify for SSDI, workers must be (1) under the full retirement age (FRA), (2) insured in the event of disability, and (3) statutorily disabled. The FRA is the age at which unreduced Social Security retirement benefits are first payable, which is currently 66. To achieve insured status, individuals must have worked in covered employment for about a quarter of their adult lives before they became disabled and for five years of the 10 years immediately before the onset of disability. However, younger workers may qualify with less work experience based on their age. In 2016, SSDI provided disability insurance coverage to more than 152 million nonelderly workers.¹³

Once an individual's application for SSDI benefits has been approved, he or she will receive benefits after a five-month waiting period from the time the disability began and will receive Medicare coverage 24 months after SSDI eligibility begins (generally 29 months after the onset of disability). Disability benefits will continue as long as the individual continues to meet SSA's disability standard, or until he or she reaches FRA, when SSDI benefits are automatically converted to Social Security retired-worker benefits.¹⁴

SSI

To receive SSI *aged benefits*, an individual must be at least 65 years old. To receive SSI *disability benefits*, an individual must meet the same definition of disability that applies under the SSDI program. To qualify for SSI benefits because of *blindness*, an individual must have visual acuity of 20/200 or less with the use of a correcting lens in the person's better eye, or tunnel vision of 20

¹¹ Work activity is considered *substantial* if it involves doing significant physical or mental activities, even if it is done on a part-time basis. Work activity is considered *gainful* if an individual does it for pay or profit, whether or not a profit is realized.

¹² See SSA, OACT, "Substantial Gainful Activity," <http://www.ssa.gov/oact/cola/sga.html>.

¹³ SSA, OACT, "Disabled Insured Workers," <http://www.ssa.gov/OACT/STATS/table4c2DI.html>.

¹⁴ CRS Report R41962, *The Social Security Retirement Age: In Brief*.

degrees or less. In addition to age, disability, or blindness, an individual must meet income and resource tests to qualify for SSI benefits.

The countable resource limit for SSI eligibility is \$2,000 for individuals and \$3,000 for couples. These amounts are not indexed for inflation and have remained at their current levels since 1989. Some resources are not counted in determining SSI eligibility. Excluded resources include an individual's home and adjacent land; one car, regardless of value, if it is used for transportation by the individual or a member of his or her household; property essential for self-support; household goods and personal effects; burial funds of \$1,500 or less; and life insurance policies with a cumulative face value of \$1,500 or less.

Two types of income are considered for purposes of determining SSI eligibility and payment amounts: unearned and earned. Most income not derived from current work (including Social Security benefits, other government and private pensions, veterans' benefits, workers' compensation, and in-kind support and maintenance) is considered *unearned income*. In-kind support and maintenance includes food, clothing, or shelter that is given to an individual. *Earned income* includes wages, net earnings from self-employment, and earnings from services performed. If an individual meets all other SSI eligibility requirements, his or her total monthly SSI payment equals the maximum federal benefit rate (*plus* the amount of an applicable federally administered state supplementation payment) *minus* countable income. Not all income is counted for SSI purposes, and different exclusions apply to earned and unearned income.

Monthly unearned income exclusions include a general income exclusion of \$20 per month that applies to non-need-based income. Food stamps, housing and energy assistance, state and local need-based assistance, in-kind support and maintenance from non-profit organizations, student grants and scholarships used for educational expenses, and income used to fulfill a plan for achieving self-support (PASS)¹⁵ are also excluded from unearned income. Once the \$20 exclusion (and any other applicable exclusion) is applied to unearned income, there is a dollar-for-dollar reduction in SSI benefits (i.e., each dollar of countable unearned income reduces the SSI benefit by one dollar).

Monthly earned income exclusions include any unused portion of the \$20 general income exclusion, the first \$65 of earnings, one-half of earnings over \$65, impairment-related expenses for blind and disabled workers, and income used to fulfill a PASS. Because of the one-half exclusion for earnings, once the \$65 exclusion (and any other applicable exclusion) is applied to earned income, SSI benefits are reduced by \$1 for every \$2 of earned income.

In some cases, the income and resources of non-recipients are counted in determining SSI eligibility and payment amounts. This process is called *deeming* and is applied in cases where an SSI-eligible child lives with an ineligible parent, an eligible individual lives with an ineligible spouse, or an eligible non-citizen has a sponsor.

In addition to the categorical and financial requirements for SSI, a person must also (1) reside in one of the 50 states, the District of Columbia, or the Northern Mariana Islands and (2) be a U.S. citizen or a noncitizen who meets a qualified alien category and certain other conditions. (SSI is not available in Puerto Rico, Guam, the Virgin Islands, or American Samoa.) Recipients who are outside the country for more than a month are ineligible for benefits. Except for situations

¹⁵ A PASS allows an individual to set aside other income to use for reasonable and necessary expenses to fulfill an approved employment goal. The income and resources the individual uses to pursue the PASS are disregarding when determining his or her eligibility or payment amount for SSI. For more information, see SSA, Program Operations Manual System (POMS), "SI 00870.001 Plans to Achieve Self-Support—Overview," April 9, 2009, <http://policy.ssa.gov/poms.nsf/lnx/0500870001>.

involving certain medical facilities, residents of public institutions (such as a jail or prison) are generally ineligible for SSI. Additional requirements related to filing for other benefits and fugitive felon status also apply.

SSA's Initial Disability Determination Process

The application process for SSDI and SSI disability benefits is similar. Although SSDI and SSI are federal programs, both federal and state offices are used to determine eligibility for benefits. The process begins when an individual files an initial application in person at a SSA field office, by telephone, by mail, or online (SSDI claims only). To make an initial determination, SSA employs a five-step sequential evaluation process to verify that a claimant meets the medical and other eligibility criteria for SSDI or SSI benefits (see **Figure 1**). The five steps are listed below:

- **Step 1. Work Test.** Is the individual working and earning over SGA? If yes, the application is denied. If no, the application moves to Step 2.¹⁶
- **Step 2. Severity Test.** Is the applicant's condition severe enough to limit basic work activities for at least one year or to result in death? If yes, the application moves to Step 3. If not, the application is denied.¹⁷
- **Step 3. Medical Listings Test.** Does the condition meet SSA's medical listings, or is the condition equal in severity to one found in the medical listings?¹⁸ If yes, the application is accepted and benefits are awarded. If not, the application moves to Step 4.
- **Step 4. Previous Work Test.** Can the applicant do the work he or she had done in the past? If yes, the application is denied. If not, the application moves to Step 5.
- **Step 5. Any Work Test.** Does the applicant's condition prevent him or her from performing any other work that exists in the national economy? If yes, the application is accepted and benefits are awarded. If not, the application is denied.

Field offices are responsible for validating the non-medical eligibility requirements such as age, employment, marital status, income, resources, and insured status (Step 1). Field office staff will also interview claimants to obtain relevant medical and work-history information, as well as to make certain that required forms are completed.

Applications that meet the non-medical eligibility criteria are then forwarded to a state Disability Determination Service (DDS) for a medical determination (Steps 2-5). DDSs, which are fully funded by the federal government, are state agencies tasked with developing medical evidence and issuing the disability determination. The medical determination for both types of disability benefits is made based on evidence gathered in an individual's case file. State disability examiners—with the help of medical and psychological consultants—typically use medical evidence collected from the claimant's *treating sources* (i.e., a physician, psychologist, or other acceptable medical source) to determine the severity of the claimant's impairment(s). Ordinarily,

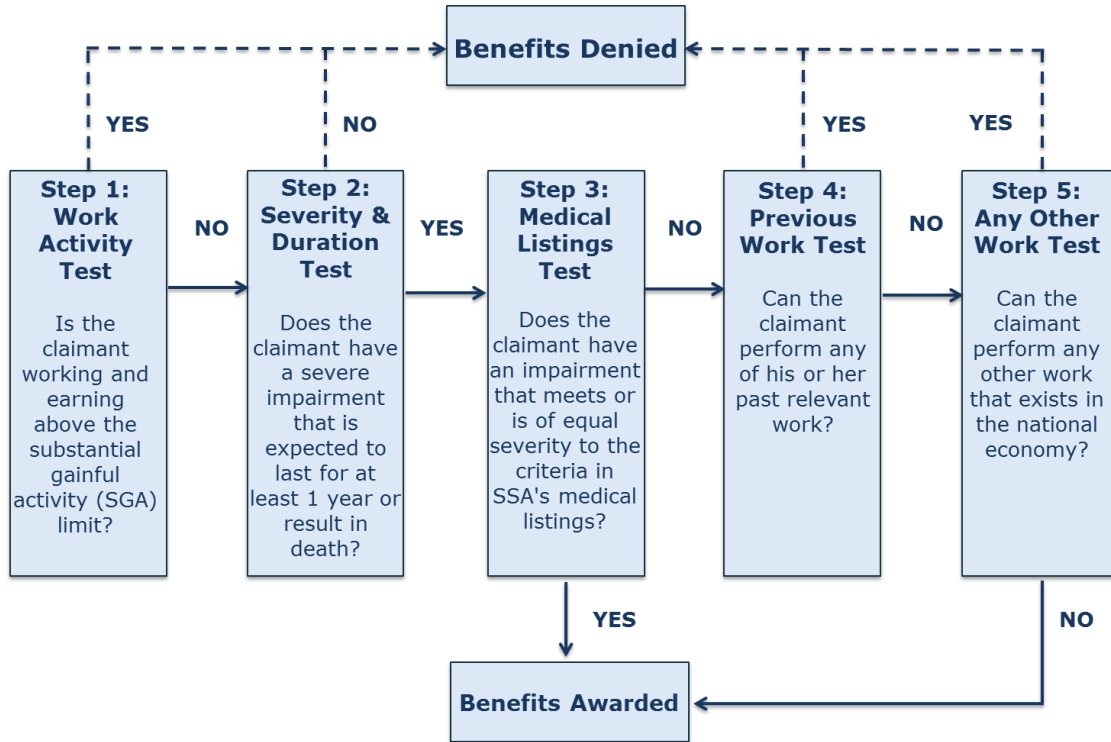
¹⁶ For their application to proceed to the next step in the process, SSI claimants must also have income and resources within the prescribed limits.

¹⁷ There is no duration requirement for blindness under SSI.

¹⁸ See SSA, "Medical/Professional Relations: Disability Evaluation Under Social Security." <https://www.ssa.gov/disability/professionals/bluebook/>.

there is no personal interview with the applicant on the part of the state personnel who decide the claim.

Figure 1. SSA’s Initial Disability Determination Process for SSDI and Adult SSI Claimants



Source: The Congressional Research Service (CRS), adapted from Figure 1 in Government Accountability Office’s (GAO), *Testimony Before the Subcommittees on Income Security and Family Support and Social Security, Committee on Ways and Means, House of Representatives. Social Security Administration: Further Actions Needed to Address Disability Claims and Service Delivery Challenges*, GAO-09-511T, March 24, 2009, p. 5, at <http://www.gao.gov/new.items/d09511t.pdf>.

Notes: In 2016, the substantial gainful activity (SGA) threshold is \$1,130 per month for non-blind individuals and \$1,820 per month for statutorily blind persons. For SSI, the SGA threshold does not apply to blind individuals and applies only at the time of application to disabled individuals. However, all individuals applying for or receiving SSI benefits must have countable income and resources within prescribed limits.

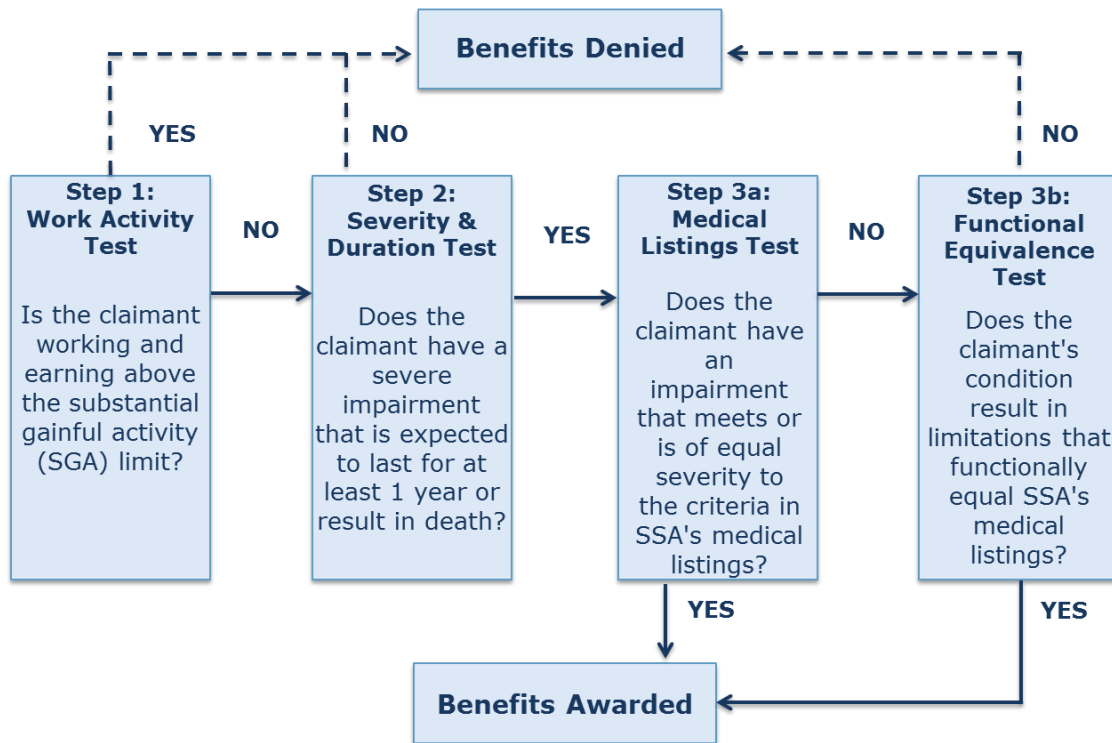
Claimants who do not meet the criteria in the medical listings (Step 3) proceed to a more individualized assessment that examines their residual functional capacity to perform work. *Residual functional capacity* (RFC) is a function-by-function assessment based upon all of the relevant evidence of an individual’s ability to do work-related activities. At Step 4, the state DDS evaluates a claimant’s RFC to complete past relevant work. If the claimant cannot perform past relevant work, his or her application is forwarded to the final step of the determination process. At Step 5, the state DDS uses a claimant’s RFC along with vocational factors, such as age, education, and work experience to determine whether he or she can perform any work that exists in the national economy. Claimants who are unable to perform such work are found to be disabled. After a determination has been made, the state DDS returns the case to the field office for appropriate action.¹⁹

¹⁹ See SSA, “Disability Determination Process,” <http://www.ssa.gov/disability/determination.htm>.

Special Provisions for Child SSI Claimants

The disability determination process for child SSI claimants is similar to the one used for SSDI and adult SSI claimants, in that child claimants must have a severe impairment that prevents them from engaging in basic life activities.²⁰ However, unlike adult disability claimants, child SSI claimants not approved at Step 3a are not subsequently evaluated based on their RFC to perform work. Instead, child SSI claimants proceed to an individualized assessment that examines whether their severe impairment (or combination of impairments) results in limitations that *functionally equal* the medical listings (see Figure 2).

Figure 2. SSA’s Initial Disability Determination Process for Child SSI Claimants



Source: CRS, based on Figure I in GAO report GAO-09-511T.

During this process (child’s Step 3b), the state DDS will assess the extent to which a child’s condition affects his or her functioning during day-to-day activities at home, in childcare, at school, and in the community. The state DDS evaluates a child SSI claimant’s functioning across six domains: (1) acquiring and using information; (2) attending and completing tasks; (3) interacting and relating with others; (4) moving about and manipulating objects; (5) caring for yourself; and (6) health and physical well-being.

A child SSI claimant’s condition functionally equals the criteria in the listings if the impairment (or combination of impairments) results in marked limitations in at least two of the domains or an extreme limitation in one domain.²¹ A *marked limitation* in a domain occurs when a claimant’s impairment interferes seriously with his or her ability to independently initiate, sustain, or

²⁰ Child SSI claimants must also have income and resources within the prescribed limits.

²¹ 20 C.F.R. §416.926a.

complete activities. An *extreme limitation* in a domain occurs when a claimant's impairment interferes very seriously with his or her ability to independently initiate, sustain, or complete activities.

SSA's Disability Appeals Process

If a claimant's application for benefits is denied at any point during the disability determination process, the claimant has the right to appeal the decision.²² During the appeals process, claimants may present additional evidence or arguments to support their case, as well as appoint a representative to act on their behalf (either an attorney or non-attorney).²³ The appeals process includes three levels of administrative review through SSA before a case can be appealed to the U.S. court system, in the following order:

- **Step 1. Reconsideration.** In most states, claimants who are dissatisfied with the initial determination may request to have their case *reconsidered* by a different examiner from the state DDS office.²⁴ The disability examiner will reexamine the evidence from the original decision, along with any new evidence submitted with the appeal. After a review of the evidence, the claimant is notified in writing of the decision. If the claimant disagrees with the reconsideration decision, he or she may proceed to Step 2.
- **Step 2. Administrative Hearing.** Claimants who are dissatisfied with the reconsidered judgment (or who disagree with the initial determination and reside in a state where the reconsideration step has been eliminated) may request a hearing before an administrative law judge (ALJ).²⁵ During a hearing, an ALJ will investigate the merits of an appeal by informally questioning the claimant, as well as any scheduled witnesses such as medical or vocational experts. A claimant and his or her representative may also present additional evidence, examine evidence used in making the determination under review, introduce witnesses, question witnesses, and present oral or written arguments in support of a favorable decision. Because SSA is not represented at the hearing, the proceeding is considered non-adversarial. After the hearing, the claimant is notified in writing of the ALJ's decision. If the claimant disagrees with the hearing decision, the case can be appealed to Step 3.
- **Step 3. Appeals Council.** Claimants dissatisfied with either the ALJ's decision or the dismissal of a hearing request may request a review before the Appeals Council (AC). The AC may dismiss or deny the request for review, or the AC may grant the request and either issue a decision or remand the case to an ALJ. The claimant is notified in writing of the AC's decision or reason for denial of the review. If the claimant disagrees with the AC's decision or denial, he or she may proceed to Step 4.

²² 42 U.S.C. §405(b)(1).

²³ 20 C.F.R. §404.1705.

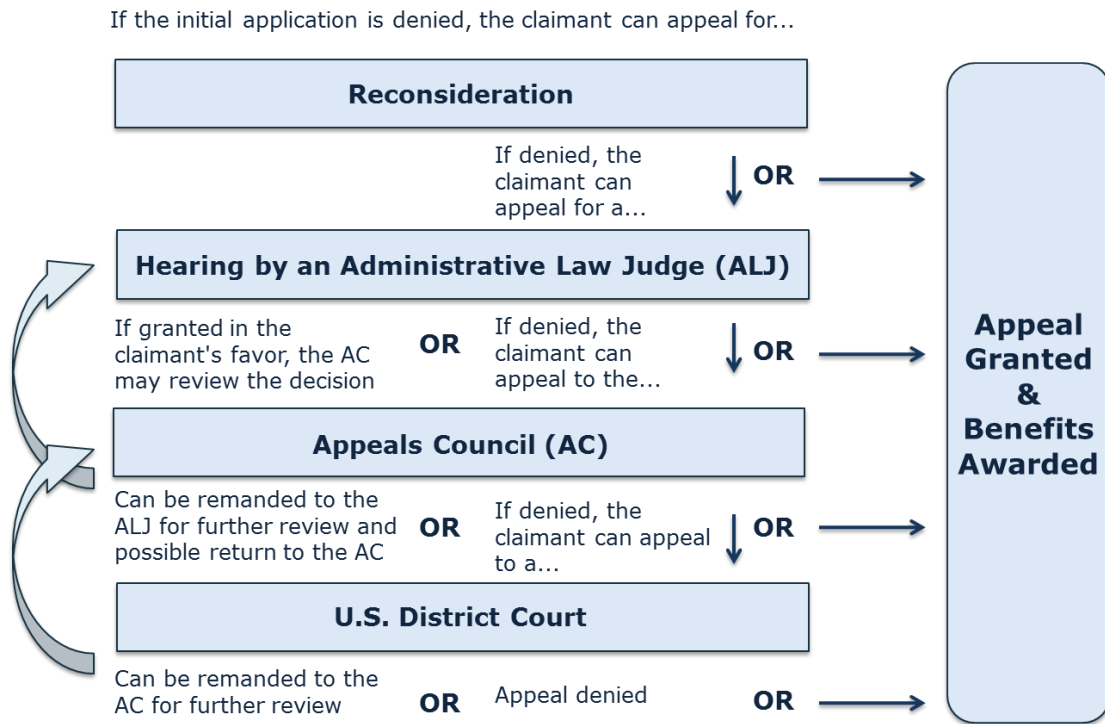
²⁴ In 1999, SSA eliminated the reconsideration step in 10 States, as part of the Disability Redesign Prototype (Prototype) initiative, which included Alaska, Alabama, California (Los Angeles West and North Branches), Colorado, Louisiana, Michigan, Missouri, New Hampshire, New York, and Pennsylvania. For more information, see Social Security Administration, POMS, "DI 12015.100 Disability Redesign Prototype Model," January 2014, <http://policy.ssa.gov/poms.nsf/lnx/0412015100>.

²⁵ Hearings may be held in person or through video conferencing.

- Step 4. U.S. District Court.** If a claimant is dissatisfied with the AC’s decision or if the AC decides not to review the case, the claimant may file a lawsuit in U.S. district court. A district court may issue a decision or remand the case to the AC. The AC may, in turn, either assume jurisdiction and issue a decision or remand the case to an ALJ for further proceedings and a new decision.

At each stage of the appeals process, claimants or their representatives must request an appeal, in writing, within 60 days of receiving notice of the prior decision. On rare occasions, disability cases are appealed beyond U.S. district court to the U.S. court of appeals and, ultimately, the U.S. Supreme Court.

Figure 3. SSA’s Administrative Appeals Process



Source: CRS, based on information for Subpart J of 20 C.F.R. §404. and Subpart N of 20 C.F.R. §416.

Notes: Under the Disability Redesign Prototype model, the Social Security Administration eliminated the reconsideration step of the appeals process in the following states: Alabama, Alaska, California (Los Angeles North and Los Angeles West branches), Colorado, Louisiana, Michigan, Missouri, New Hampshire, New York, and Pennsylvania.

Program Integrity

SSA conducts periodic program integrity reviews to ensure SSDI beneficiaries and SSI disability recipients continue to meet each program’s respective eligibility criteria.

Medical Continuing Disability Reviews

After SSA finds that a claimant is disabled, the agency must evaluate his or her impairment(s) from time to time to determine if the individual is still medically eligible for payments.²⁶ This evaluation is known as a *continuing disability review* (CDR). The frequency of a medical CDR depends on the beneficiary's prospective medical improvement:

- **Medical Improvement Expected (MIE).** If a beneficiary's impairment is expected to improve, SSA will generally schedule a review at intervals from six to 18 months following the most recent decision that the individual is disabled or that disability is continuing.
- **Medical Improvement Possible (MIP).** If medical improvement is possible but cannot be accurately predicted based on current experience and the facts of the case, SSA will schedule a review at least once every three years.
- **Medical Improvement Not Expected (MINE).** If medical improvement is unlikely due to the severity of an individual's condition, SSA will schedule a review once every five to seven years.

Under current law, SSA must find substantial evidence of medical improvement during a CDR to deem a SSDI beneficiary or SSI disability recipient no longer disabled and therefore ineligible for benefits.²⁷ The legal requirement for determining if disability continues during a CDR is called the *medical improvement review standard* (MIRS). Under a MIRS determination for adults, the agency will generally consider an adult beneficiary no longer disabled if the review finds considerable evidence that (1) there has been substantial medical improvement in the beneficiary's impairment(s) related to his or her ability to work since the last favorable medical decision and (2) the beneficiary has the ability to engage in SGA.

For a child SSI recipient, SSA will typically consider the child no longer disabled if the review demonstrates that there has been substantial medical improvement in the recipient's impairment(s) since his or her most recent favorable medical decision to the point where the recipient's condition no longer meets (or medically or functionally equals) the severity in the listings. When a SSDI beneficiary or SSI disability recipient is found no longer disabled, he or she may appeal the decision using the process described previously.

SSA also reevaluates the eligibility of all child SSI recipients who attain age 18 under the adult standard for initial disability claims. These reevaluations are known as *age-18 disability redeterminations*. Because such redeterminations are effectively a new disability determination under the adult criteria, the MIRS does not apply.

Work CDRs and SSI Redeterminations

In addition to medical CDRs, SSA conducts periodic non-medical reviews to ensure that SSDI beneficiaries and SSI disability recipients continue to meet each program's respective financial and other eligibility requirements.

²⁶ 20 C.F.R. §§404.1589 and 416.989.

²⁷ 42 U.S.C. §§423(f) and 1382c(a)(4).

SSDI

Under the SSDI program, SSA performs *work CDRs* to determine if a beneficiary's work activity represents SGA and if eligibility for benefits should continue. SSA typically will initiate a work CDR only if the agency becomes aware of a beneficiary's return to work. If a work CDR finds evidence that a recipient is engaging in SGA and is not participating in an approved SSA work incentive program, the agency may determine that the recipient's disability has ceased.

SSI

Under the SSI program, SSA conducts periodic redeterminations of a recipient's non-medical eligibility factors—such as income, resources, and living arrangements—to verify that a recipient is still eligible for SSI and is receiving the correct payment amount. There are two types of redeterminations: scheduled and unscheduled. *Unscheduled redeterminations* are conducted based on a report of change in a recipient's circumstances that may affect program eligibility or the payment amount. *Scheduled redeterminations* are performed at periodic intervals, depending on the likelihood of payment error:

- annually if a change in a recipient's circumstances is likely to occur; or
- once every six years if a change in a recipient's circumstances is unlikely to occur.

Program Financing Information

The SSDI program is funded primarily through the Social Security payroll tax, a portion of which is credited to a Disability Insurance trust fund. By contrast, the SSI program is funded through annual appropriations from general revenues.

SSDI

The Social Security payroll tax rate on covered wages and self-employment income is 12.40%, which is split equally between employees and employers, up to the taxable maximum of \$118,500 in 2016 (self-employed individuals bear the full tax). Of the 12.4%, 10.03% is paid to the OASI trust fund and 2.37% is paid to the DI trust fund under current law.²⁸ Funding for each trust fund is prescribed in the Social Security Act, and the two funds may not borrow from one another under current law. In addition to the payroll tax contributions, the DI and OASI trust funds receive some revenues from the taxation of Social Security benefit payments.²⁹ These combined revenues are invested in special issue (non-marketable), interest-bearing U.S. government securities. (The interest earned is also deposited in the trust funds.) The resources in the DI trust fund are used to pay for SSDI benefits and the cost of administering the program. In FY2016, the DI trust fund is estimated to have paid out more than \$149.2 billion in benefits.³⁰

²⁸ The allocation of the payroll tax rate between the trust funds is scheduled to change in 2019. See CRS Report R43318, *The Social Security Disability Insurance (DI) Trust Fund: Background and Current Status*.

²⁹ CRS Report RL32552, *Social Security: Calculation and History of Taxing Benefits*.

³⁰ SSA, *Justification of Estimates for Appropriations Committees, Fiscal Year 2017*, February 2016, Table i.5, <https://www.ssa.gov/budget/> (hereinafter cited as "SSA FY2017 Budget Justification").

SSI

The SSI program is financed through the general fund of the U.S. Treasury. Appropriations for SSI benefits and program administration are considered mandatory spending.³¹ In FY2016, the SSI program is estimated to have paid out \$59.6 billion in federal benefits.³²

Author Contact Information

William R. Morton
Analyst in Income Security
wmorton@crs.loc.gov, 7-9453

³¹ CRS Report R44645, *Social Security Administration (SSA): FY2017 Appropriations and Recent Trends*.

³² SSA, FY2017 Budget Justification, Table i.7.