

Social Security Disability Insurance
Past Experience and Expectations:
Applications, Incidence, and Prevalence Rates
Reasons for Change

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Social Security Disability Insurance

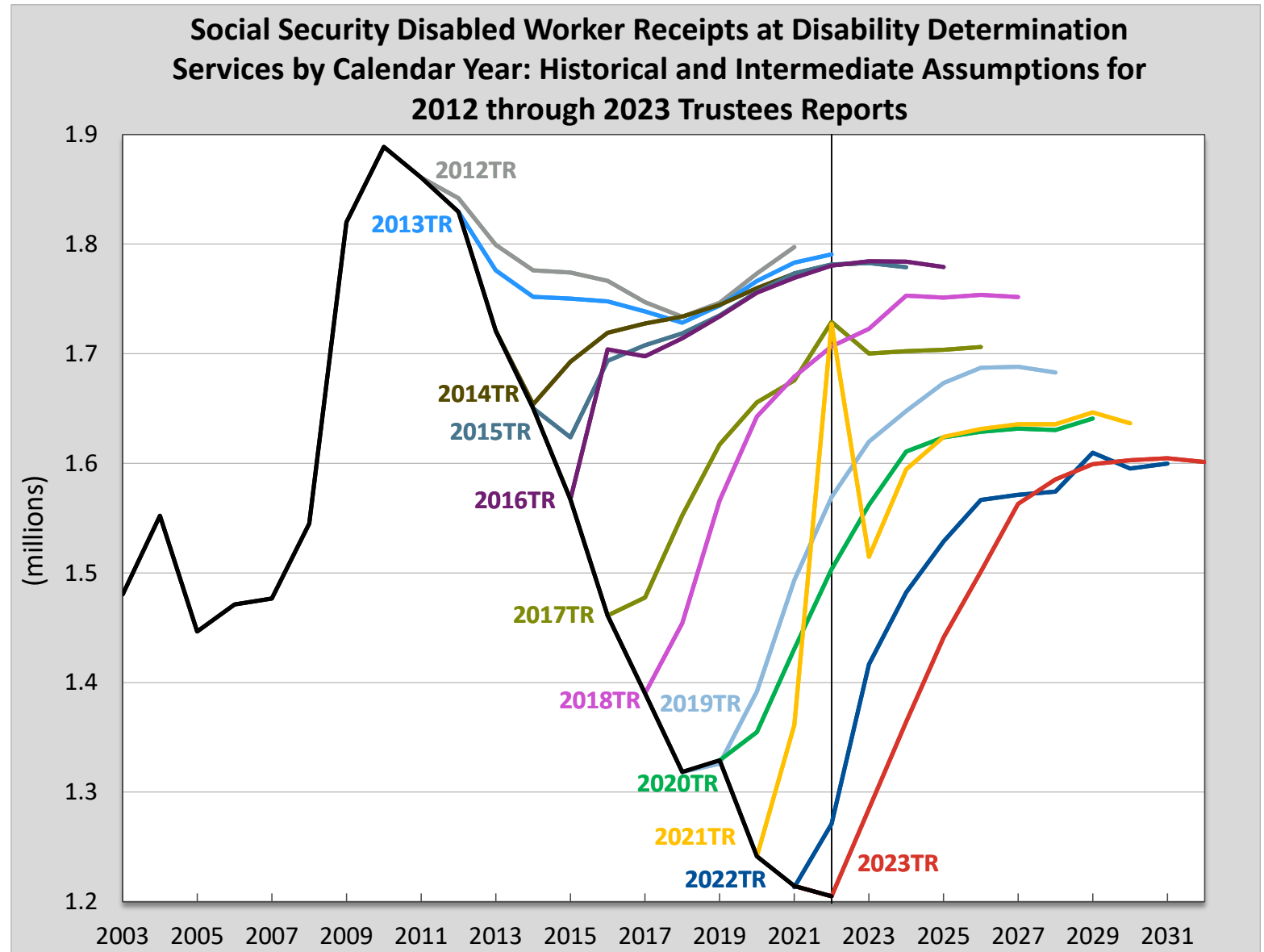
- Total and permanent disability
- Requires inability to engage in any Substantial Gainful Activity based on a medically determinable impairment expected to last at least one year or to result in death
- Insured status: fully insured, plus 20 out of the last 40 quarters
- Monthly benefits are typically less than half the career average prior earnings level

Applications for Disability Benefits Remain Historically Low

At the peak of the last economic cycle in 2007, applications were low, but they increased rapidly in the 2007-09 recession from 1.5 million in 2007 to 1.9 million in 2010.

In 2017 through 2022, applications have dropped below the 2007 level.

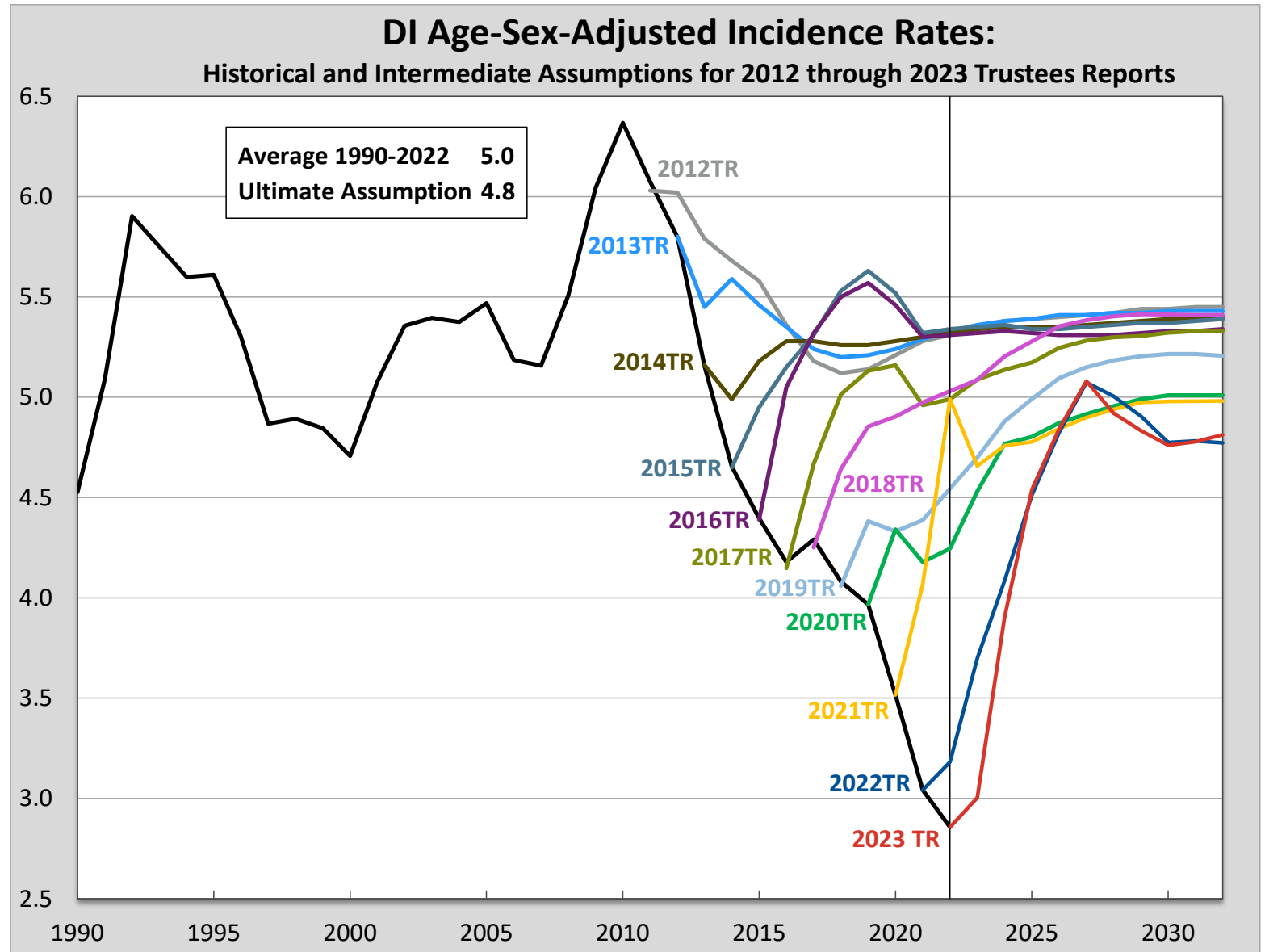
In 2023 applications rose about as expected in TR23.



Disability Incidence Rate Also Remains Historically Low

DI disabled worker incidence rate declined relatively more than applications since 2018, with staffing issues and increased numbers of applicants having to wait for initial DDS determinations.

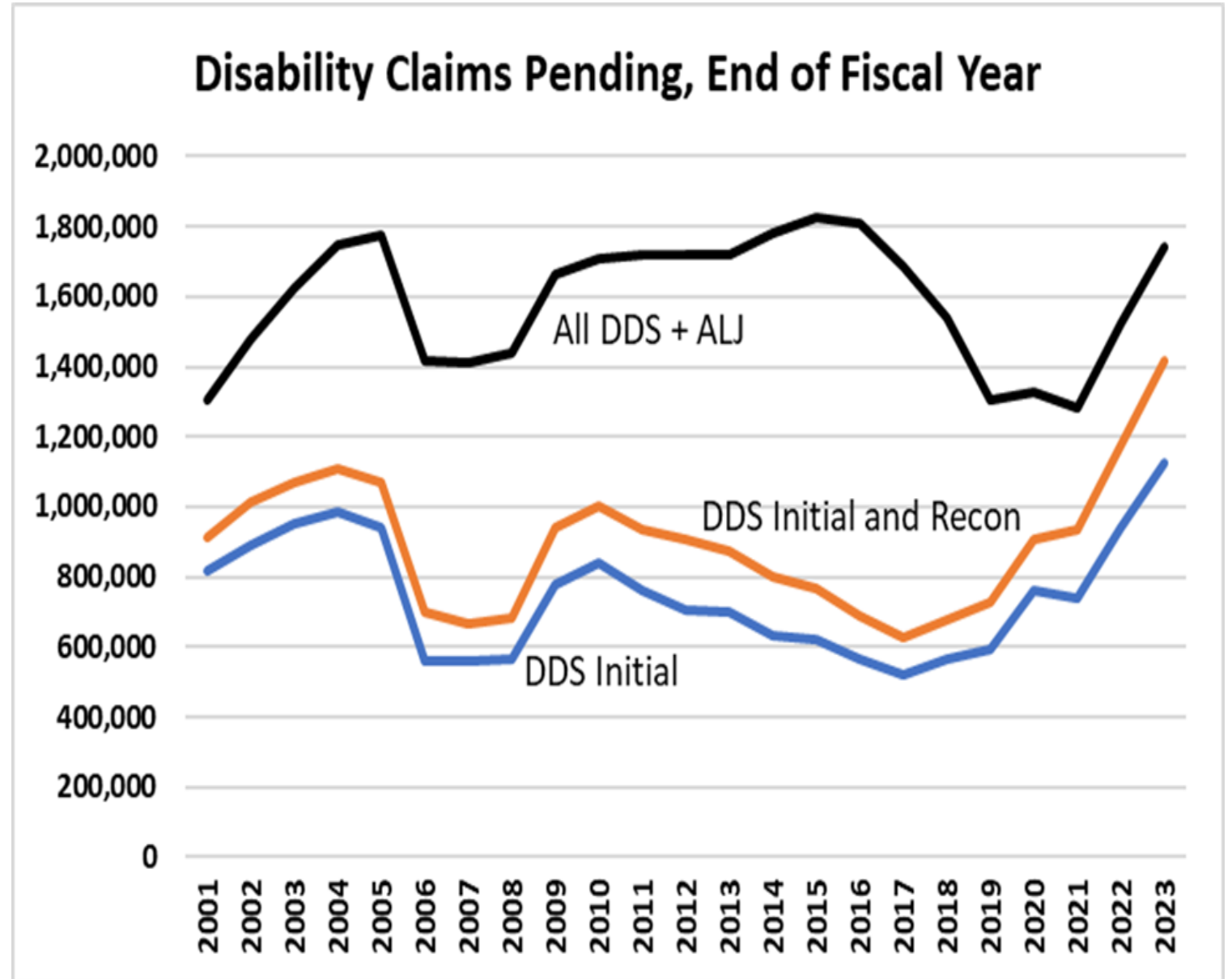
With more adequate staffing, incidence (awards) expected to increase closer to past levels.



Disability Claims Pending Determination

Pending at initial DDS has risen to historic level, even with applications at historic low level.

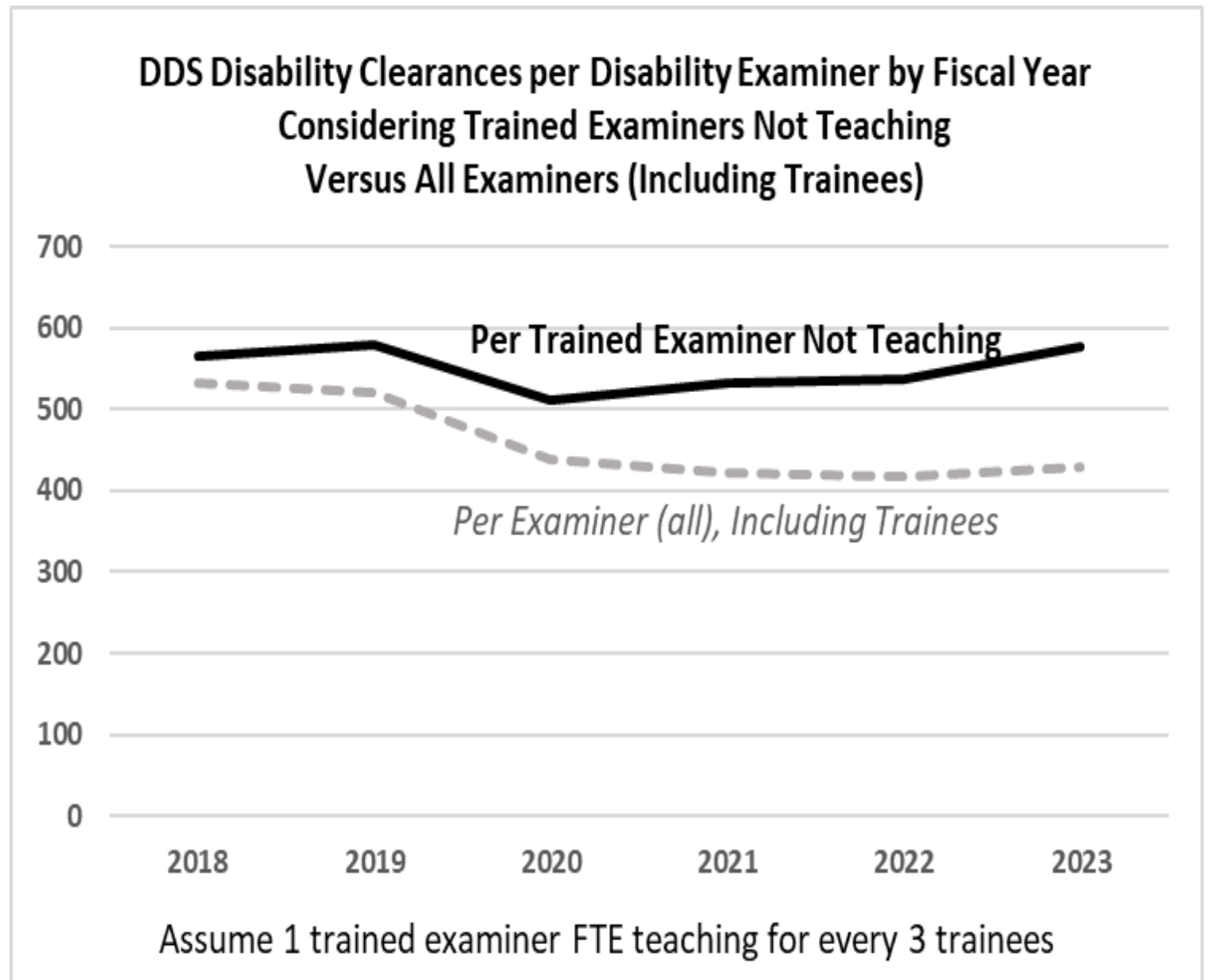
Pending appeals to ALJ have declined to very low levels.



Why Increase in Cases Pending Initial DDS Determination?

Inadequate staffing.

With a high rate of turnover since 2018, the share of state disability examiners in training (in their first year) has increased dramatically. Fully trained examiners are at least as productive as in 2018.



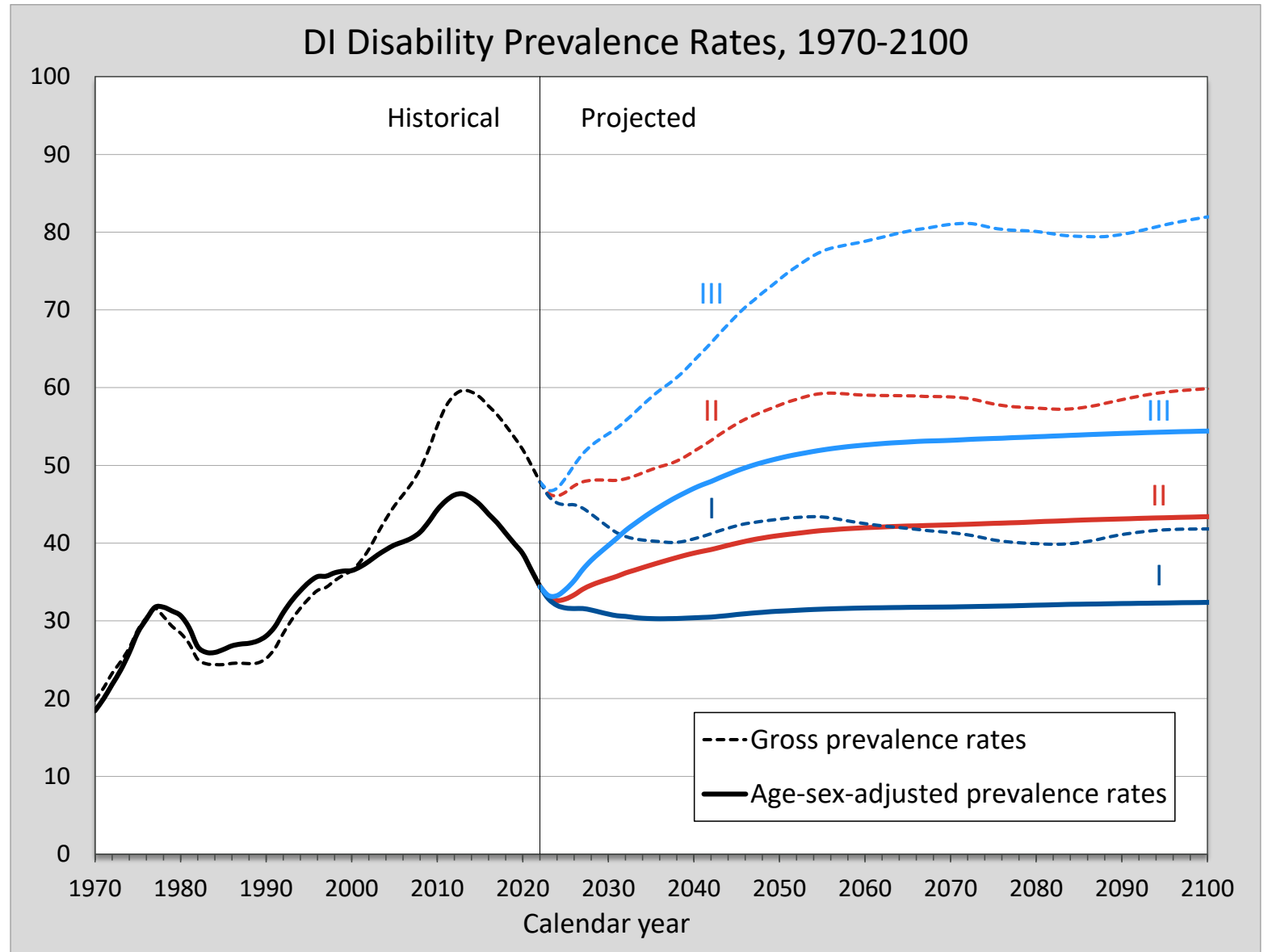
How About Private LTD Experience?

- Society of Actuaries annual meeting, November 9, 2021, Session 5: LTD Experience Trends: Social Security and Private Insurance
 - Jay Barriss (group LTD) and David Wall (individual LTD)—some reduction in claims after 2010, but not as much as for DI
 - https://www.ssa.gov/OACT/presentations/ocact_20211109.pdf
- SOA private LTD incidence rate experience study through 2022, now in progress

Disabled Worker Prevalence Rates

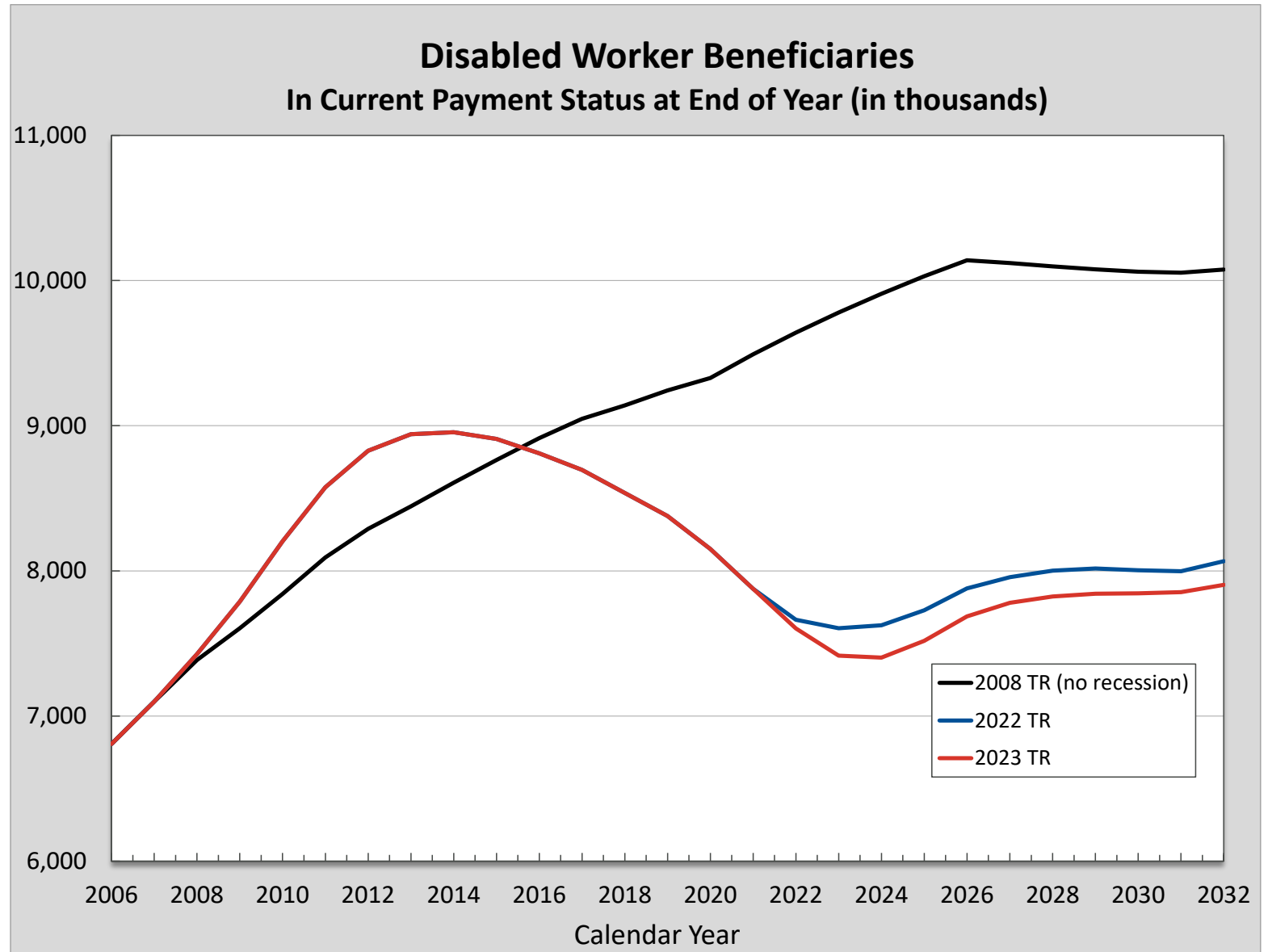
Will prevalence recover to a level above that seen before the 2007-09 recession?

The 2023 Trustees Report projections assume the incidence rate will ultimately rise to 4.8 per thousand, from the levels seen since 2016 of between 3.0 and 4.3.



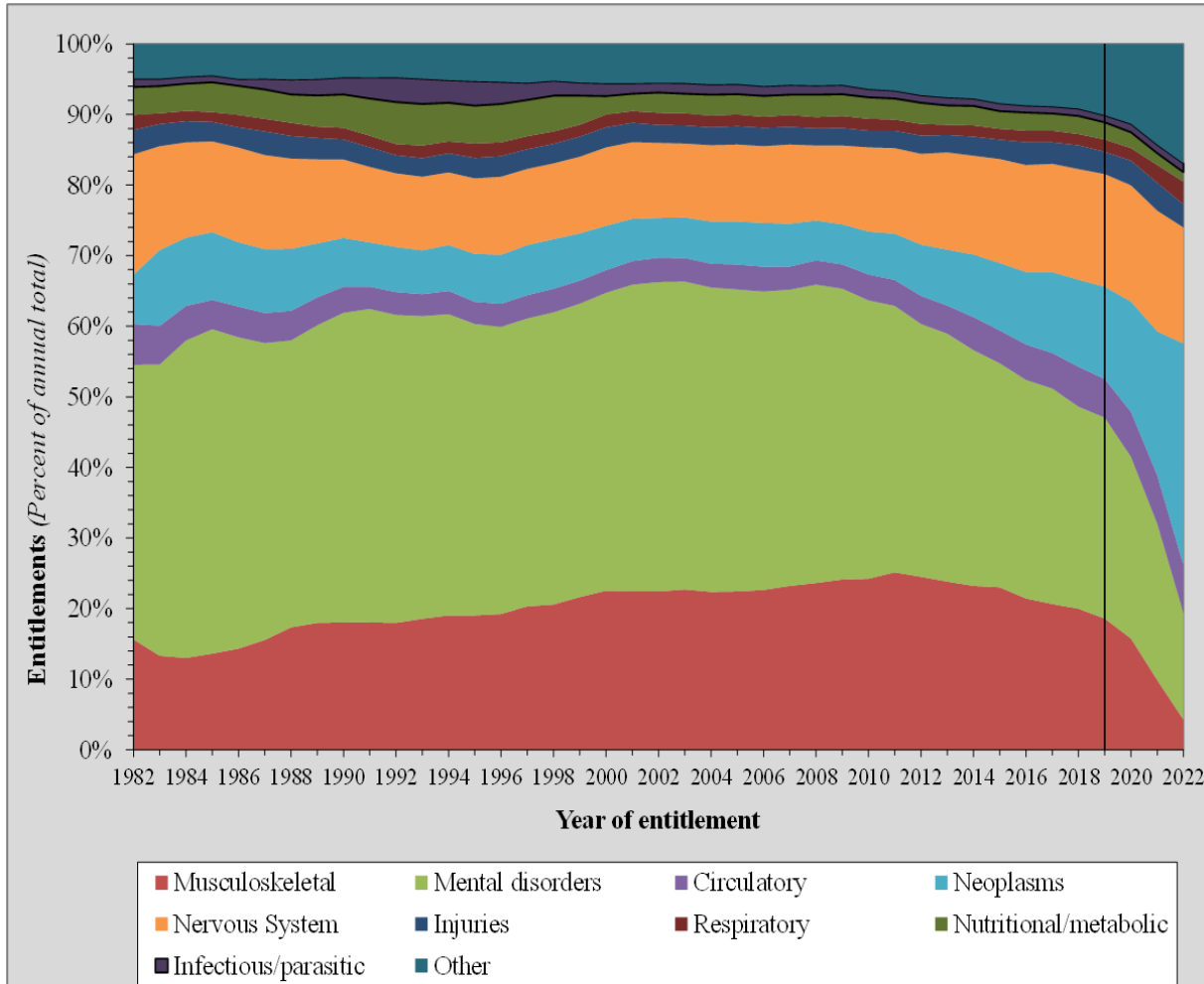
Fewer Disabled Worker Beneficiaries

Fewer now and in near term based on recent applications and incidence rates, with assumed increases deferred another year.

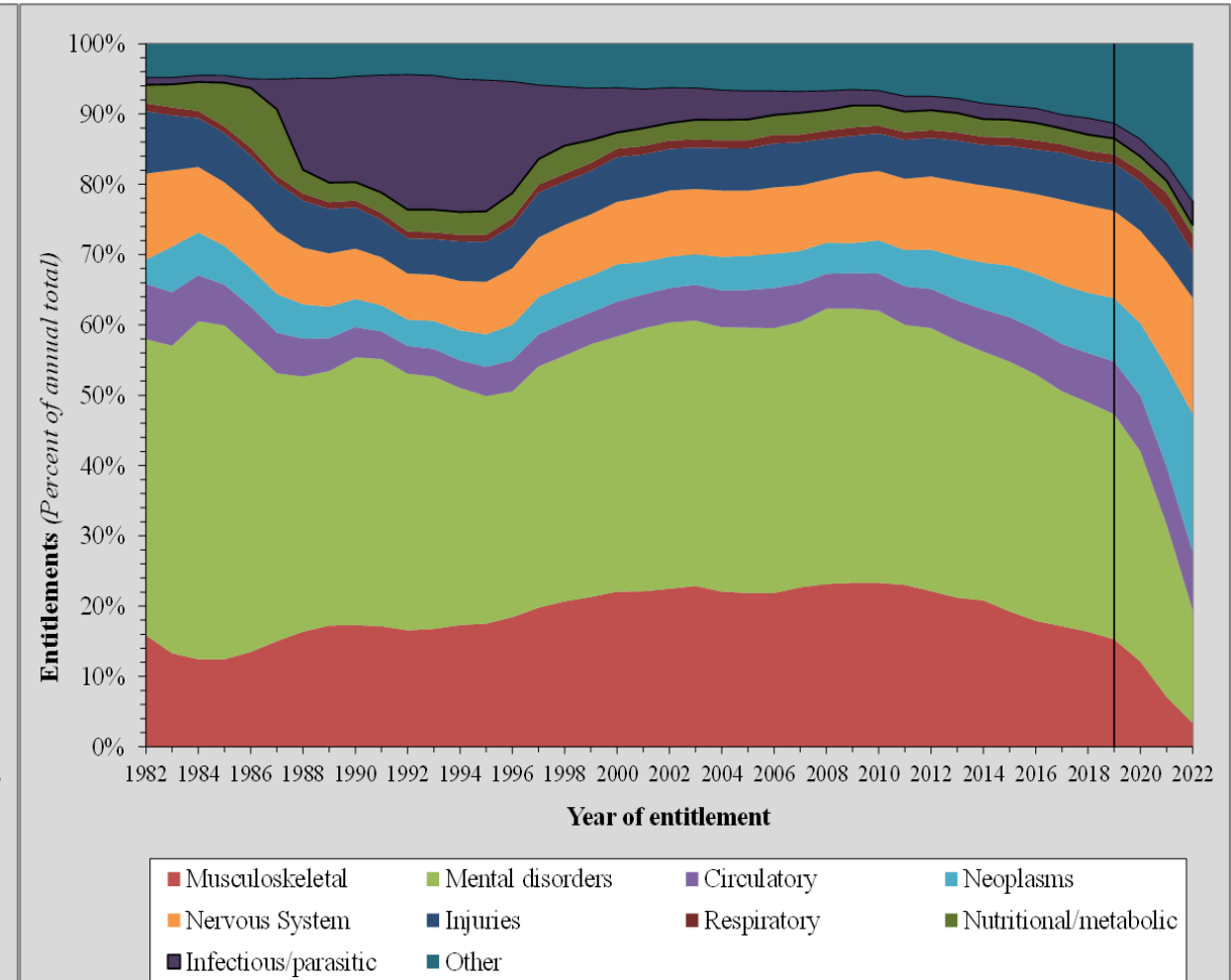


Primary Impairment for New Disabled Worker Entitlements at Ages 30-39 Has Been Consistent & Dominated by Mental Disorders

Women



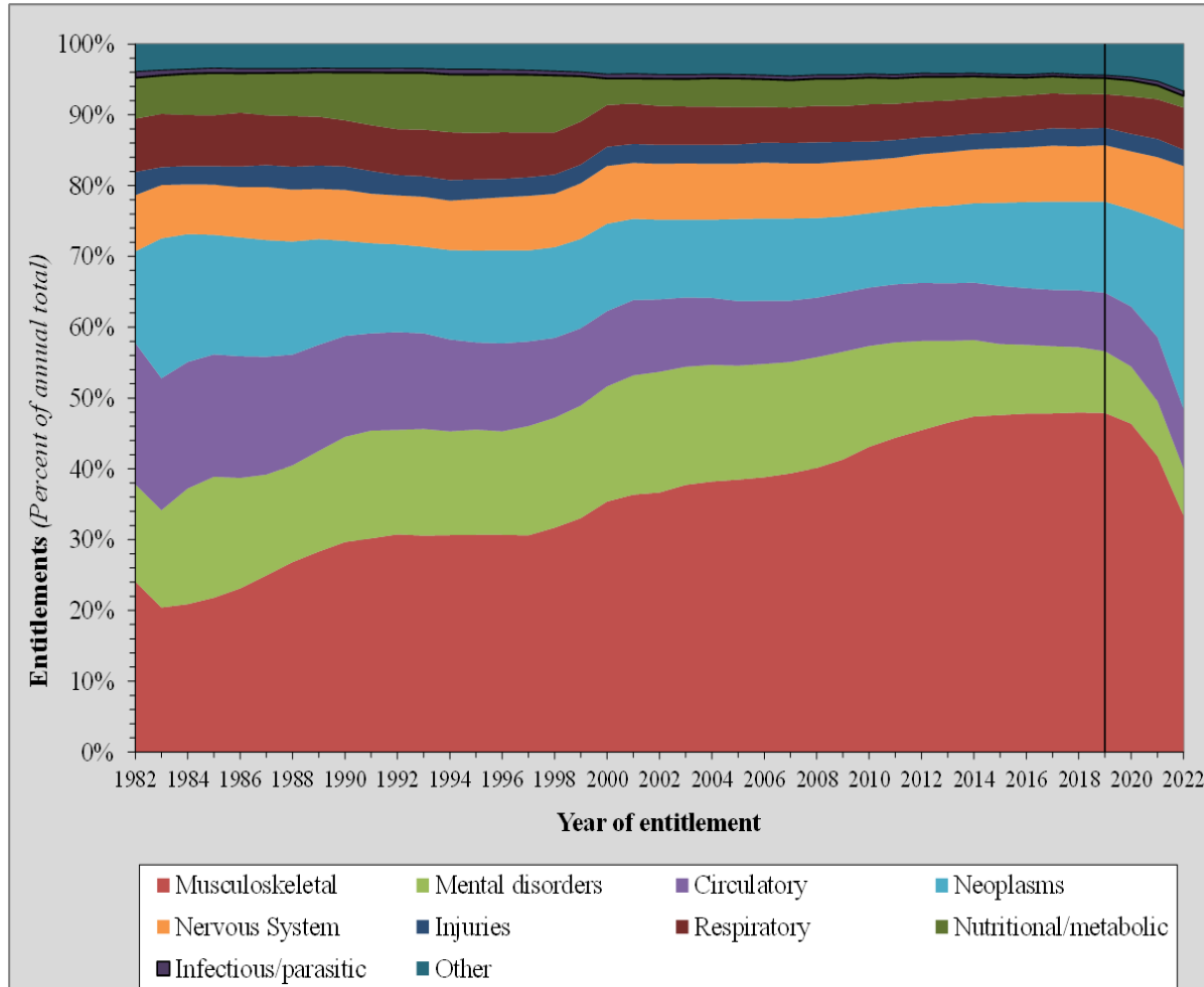
Men



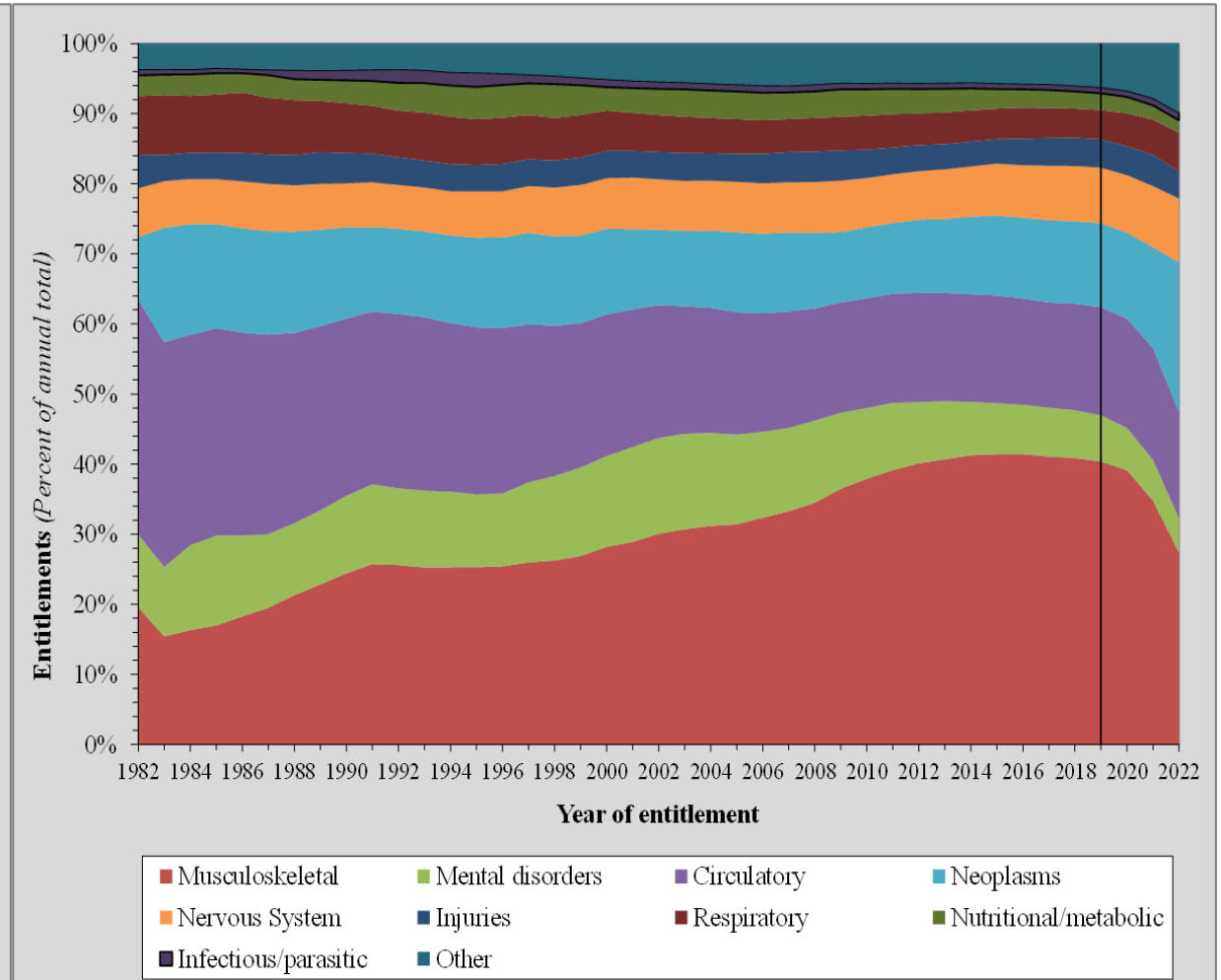
Note: Data for 2019 and later are incomplete.

Primary Impairment for New Disabled Worker Entitlements at Ages 50-59 Has Been Increasingly Musculoskeletal

Women



Men



Note: Data for 2019 and later are incomplete.

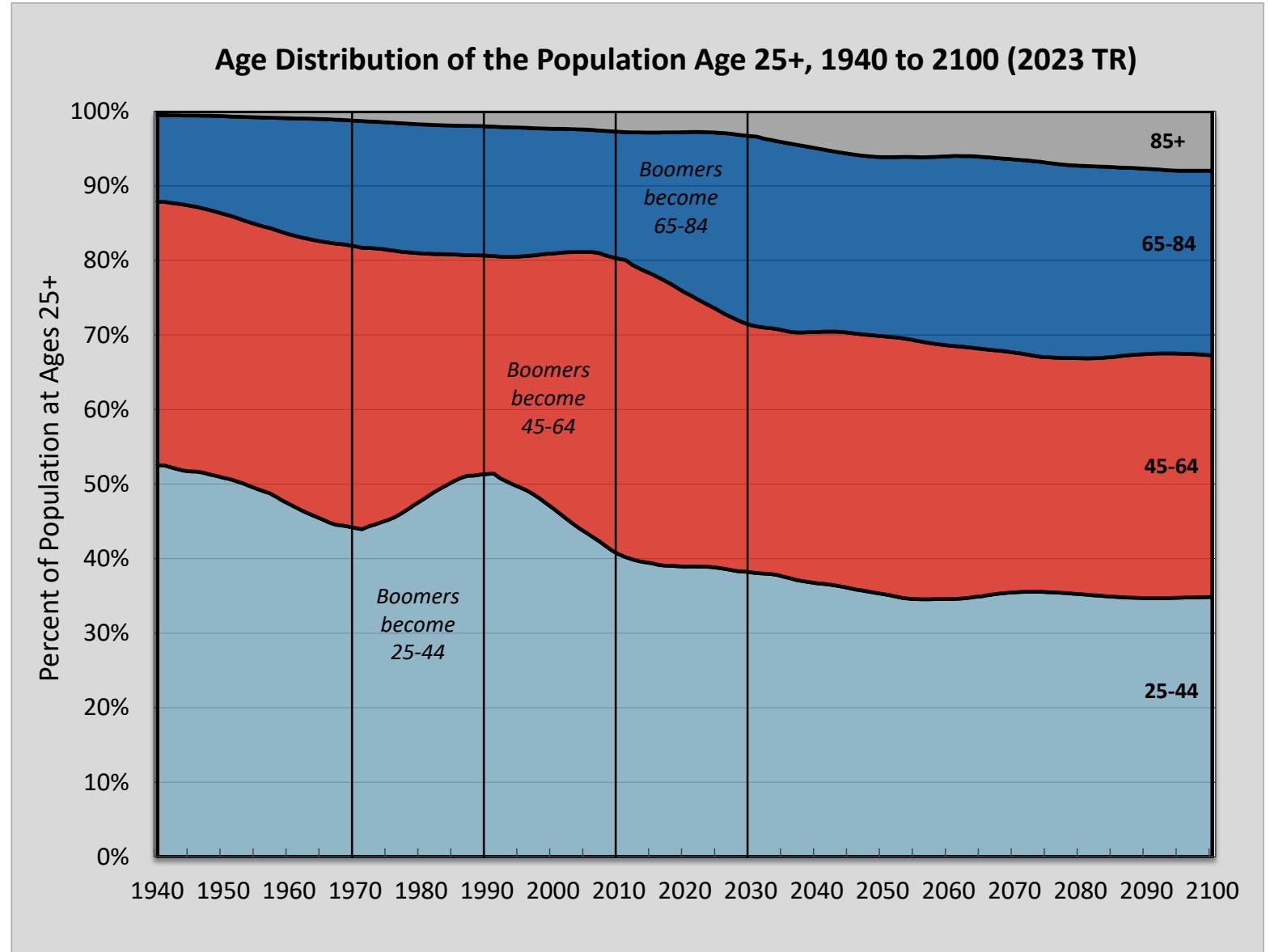
Reductions in Disability Applications and Number Receiving Benefits Have Been Similar by Age, Sex, Geography, Impairment, and Education; COVID Has Not Contributed Significantly

- Reasons for these reductions and future expectations?
 - Healthier population?
 - Greater demand for workers given the changing age distribution of the population?
 - Greater accommodation by employers?
 - More highly educated population; more automation of physical jobs?
 - Changing distribution of jobs/occupations in the economy?
 - Changing nature of work and jobs?

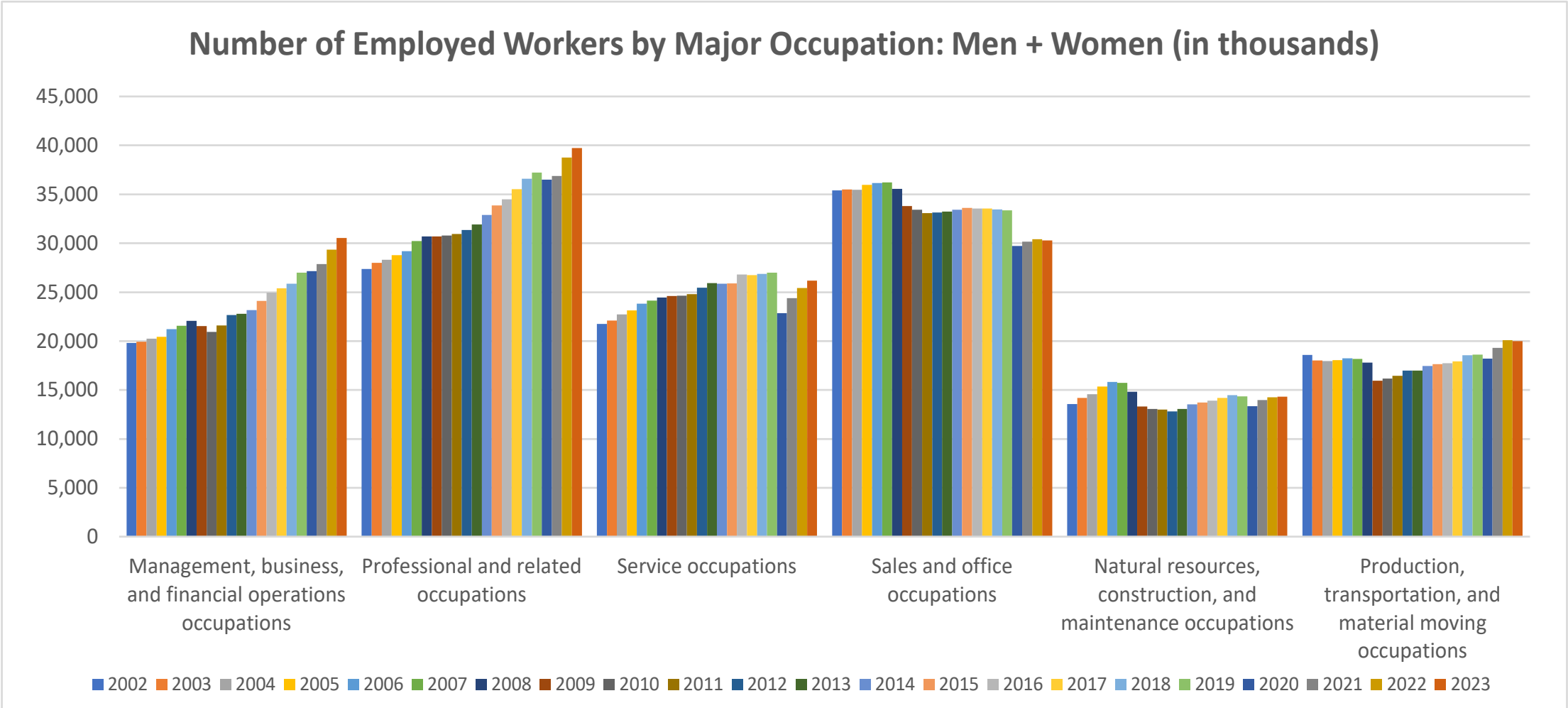
Changing Population Age Distribution:

Increase in 45-64 from 1990 to 2010 elevated disability.

Decrease in 25-64 after 2010 elevated demand for workers.

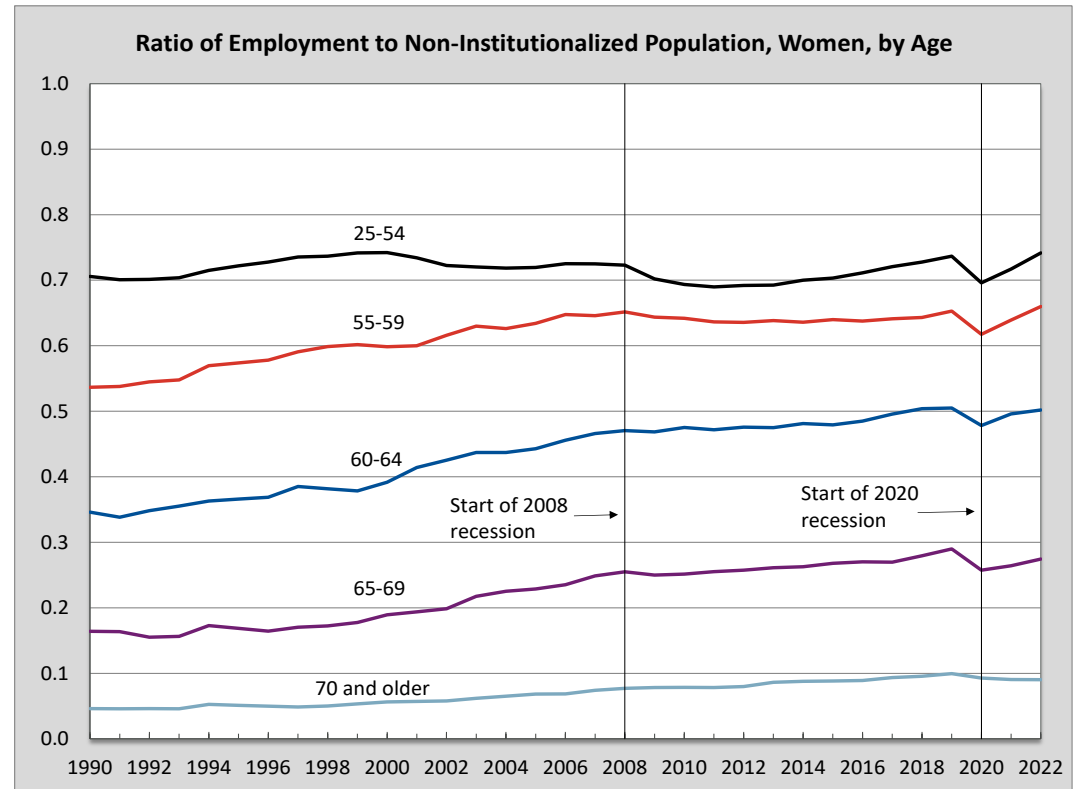
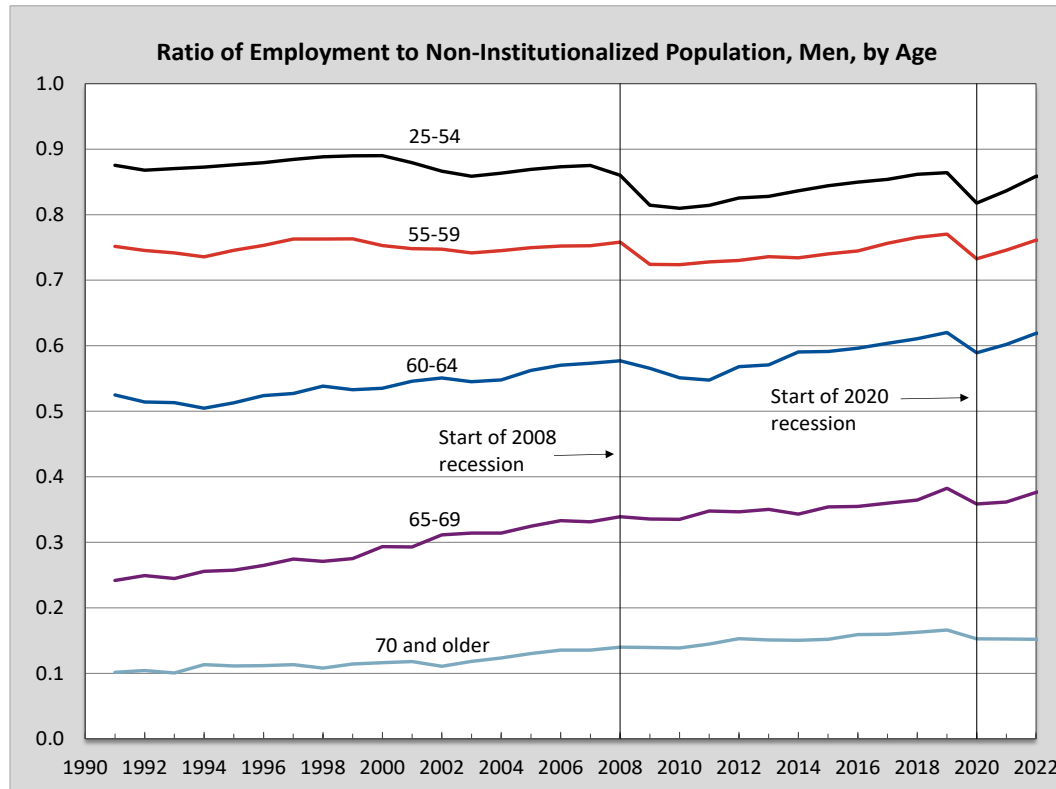


Distribution of Workers by Occupation Has Been Changing



Employment Over Age 60 Has Been Rising as the Age Distribution of the Population Moves to Older Ages

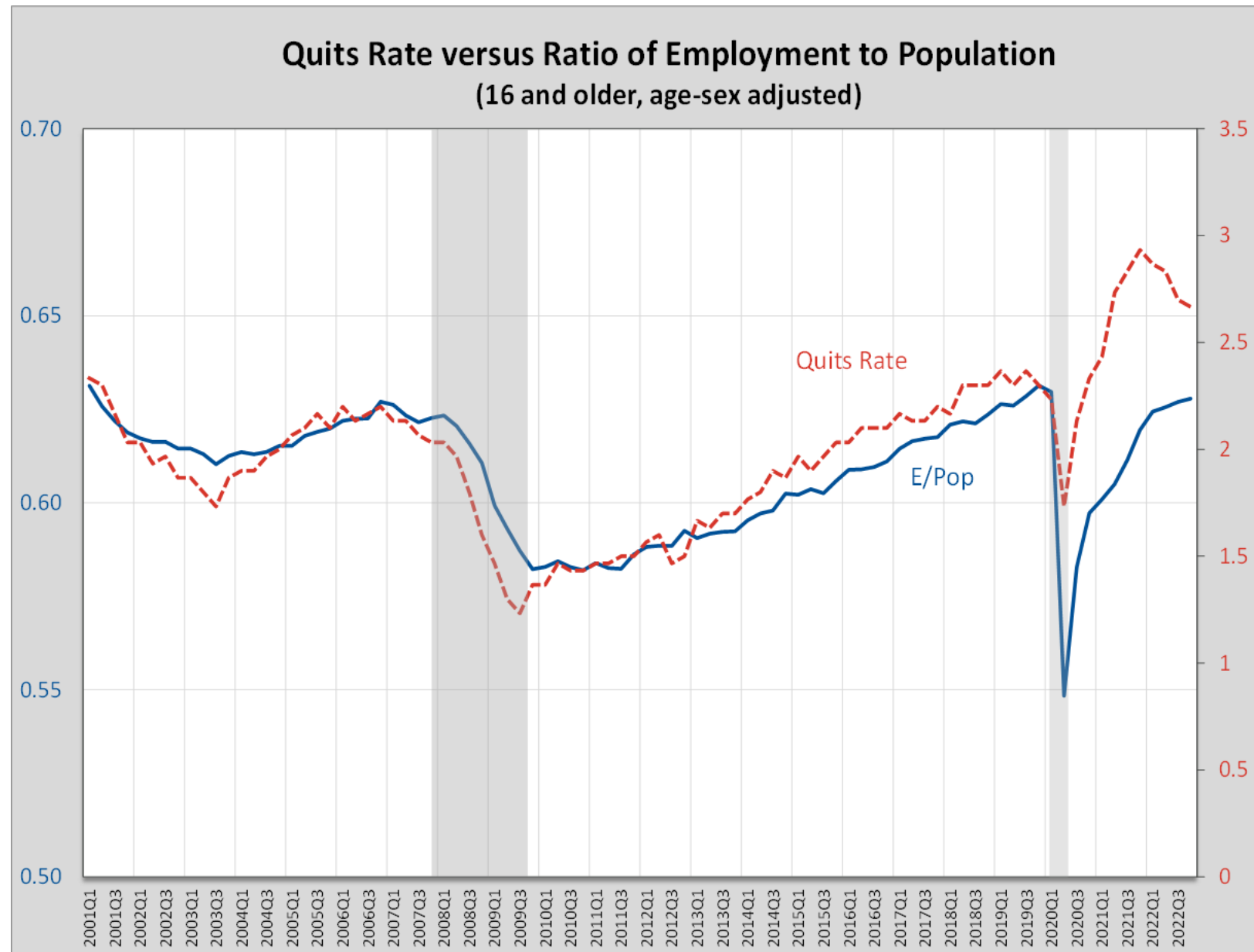
How much of this shift is from changing demands on workers and accommodation by employers?
Will this trend continue with further changes in the age distribution of the population?



Quits Rate vs. Ratio of Employment to Population

The elevated quits rate after 2020 indicated increased demand for workers.

Will this continue as the changing age distribution decreases the share of adults at traditional working ages?

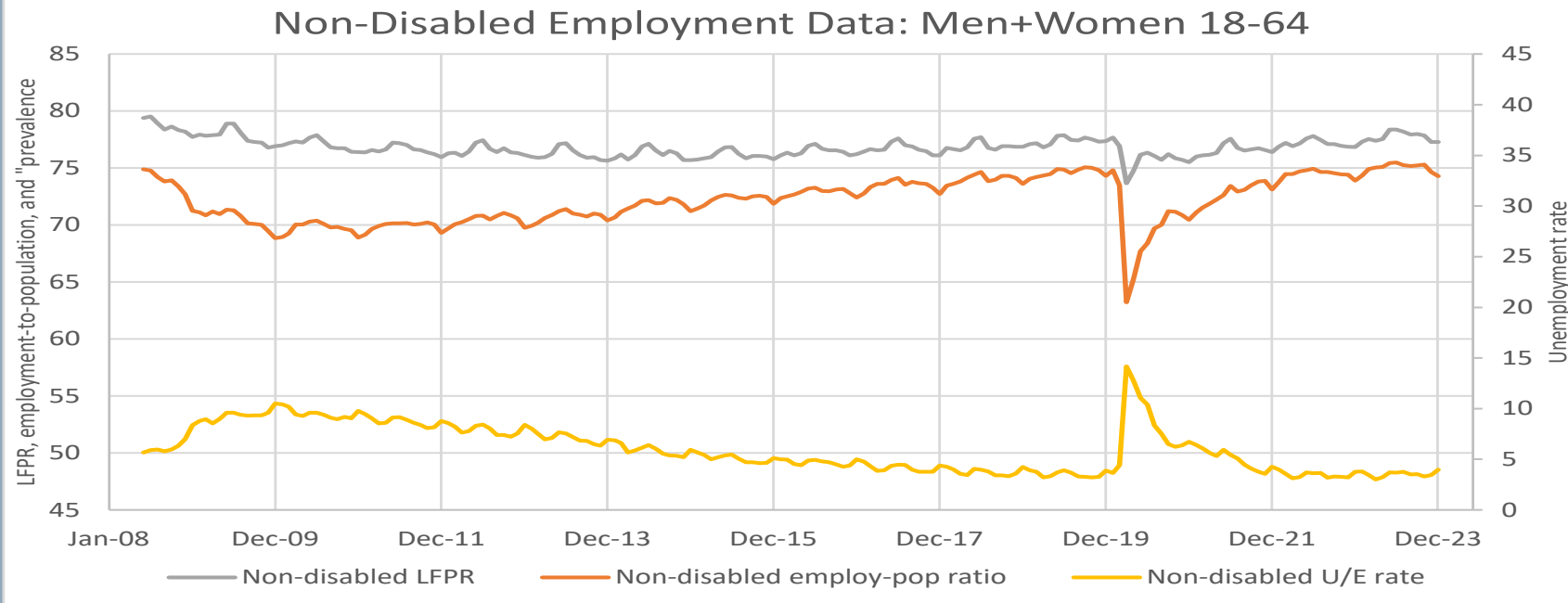
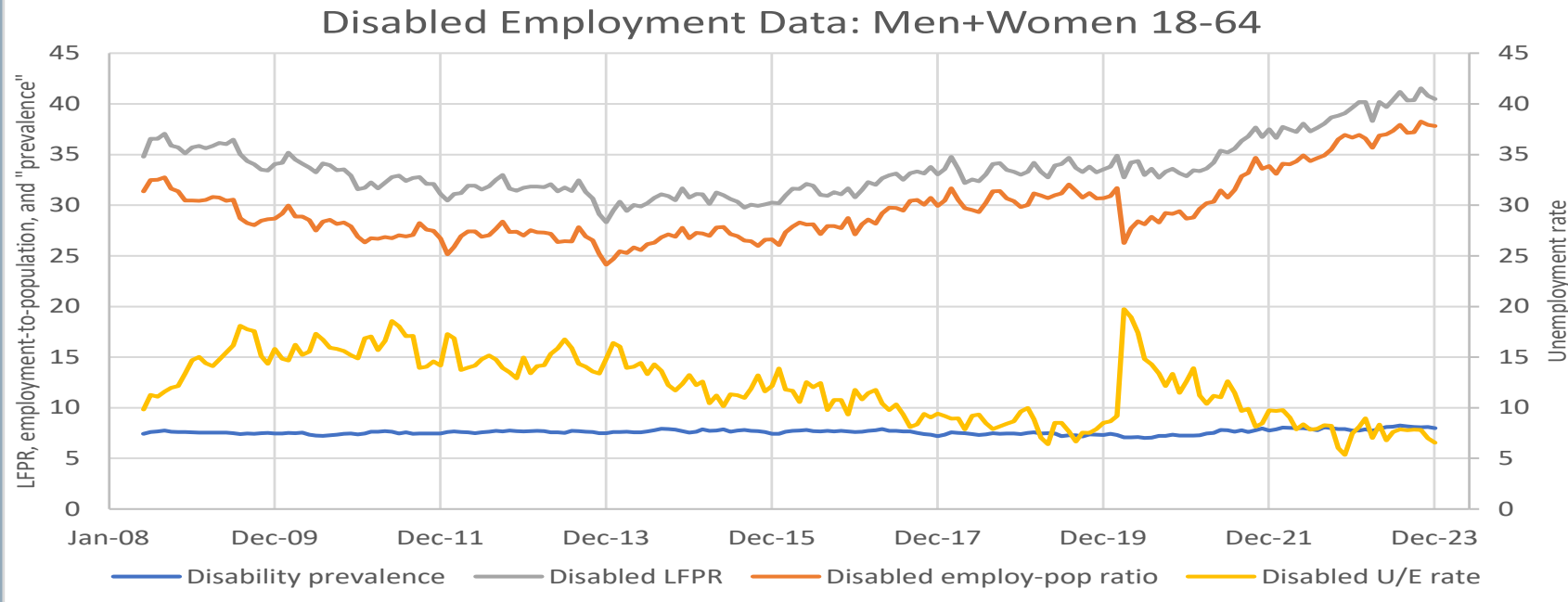


Employment of the Disabled

Employment of individuals self-identifying as disabled appears to be gradually rising from low rates experienced in 2013-15.

Current rates of employment are at the highest levels since the beginning of 2008. Will this continue to increase or level out?

Note that this is self-identification of disability by CPS survey respondents, so the definition of disability may greatly differ from what is used for the OASDI program.



Issues for the Future

1. Restore staffing and make other changes to reduce time for determinations
2. Will applications move back up to levels seen before 2010? Or will they remain lower in the future due to changes in nature of work and accommodations, given the now permanent changes in adult age distribution?
3. Will “long COVID” and future pandemics be a factor?
4. Disability criteria—DOT, consideration of vocational factors?
5. Will we have significant legislative changes in the future?
 - Modify waiting (elimination) period for DI (5 months) or Medicare (29 months)?
 - Modify return to work incentives?
 - Other changes?