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**The Disability Mess**

*By* [*THE EDITORS*](http://roomfordebate.blogs.nytimes.com/author/the-editors/)

(Photo: Justin Sullivan/Getty Images)

**Updated, May 8, 12:30 p.m. |** Richard V. Burkhauser, a public policy professor, explains how the disability system would be improved if it followed the welfare reform model.

**Updated, May 8, 10:20 a.m. |** Tim Moore, a former disability claims examiner in North Carolina joins this discussion.

The [2010 budget unveiled on Thursday](http://www.nytimes.com/2009/05/08/us/politics/08budget.html?_r=1&hp) by the Obama administration estimates that the government can generate huge savings if it devotes more resources to eliminating fraud, abuse and waste in Medicare, Medicaid and the Social Security disability insurance program.

In [the Social Security program alone](http://online.wsj.com/article/SB124147959792585159.html?mod=googlenews_wsj), the White House proposes to spend $4.3 billion over five years to fight fraud associated with disability claims — a problem, officials say, that stems from lack of oversight. Federal spending on disability insurance leaped 65 percent from 2001 to 2007, “yet the number of full medical reviews, one type of review for evaluating claims for eligibility for continuing disability payments, fell from 840,000 in 2001 to 190,000 in 2007, according to the Social Security Administration,” as The Wall Street Journal reported this week.

Why have federal disability costs skyrocketed? Is it because of fraud, an increase in the number of the truly disabled, or are there larger problems with the program?

* [Jennifer L. Erkulwater,](http://roomfordebate.blogs.nytimes.com/2009/05/07/the-disability-mess/#jennifer) political scientist
* [Richard V. Burkhauser,](http://roomfordebate.blogs.nytimes.com/2009/05/07/the-disability-mess/#burkhauser) professor of public policy
* [Gary Burtless,](http://roomfordebate.blogs.nytimes.com/2009/05/07/the-disability-mess/#gary) Brookings Institution
* [Tim Moore,](http://roomfordebate.blogs.nytimes.com/2009/05/07/the-disability-mess/#tim) former state disability examiner
* [Morley White,](http://roomfordebate.blogs.nytimes.com/2009/05/07/the-disability-mess/#morley) administrative law judge

**A Matter of Policy, Not Fraud**



***Jennifer L. Erkulwater****, an associate professor of political science at the University of Richmond, is the author of “Disability Rights and the American Social Safety Net.”*

Before we go looking for miscreants cheating the disability programs, it is important to realize that the growth in the Supplemental Security Income and Disability Insurance programs is perfectly understandable given bipartisan policy changes made two decades ago and current limits on what the Social Security Administration can do to ferret out fraud.

Between 1984 and 1990, Congress and the S.S.A. loosened the disability requirements, especially for children and people suffering from mental disorders. The agency also agreed that it would no longer cut off recipients it thought were “no longer disabled” unless it could show that their medical condition had improved, something that is exceedingly difficult to do. As part of welfare reform in 1996, Republicans in Congress did manage to tighten disability standards somewhat.

Layoffs of state examiners during this recession will make it hard to review disability cases.

However, none of those changes substantially rolled back the loosening of the disability criteria that had occurred. As a result, it should come as no surprise that, compared to two decades ago, it is much easier today for younger adults and children, particularly those with mental disorders, to receive disability benefits and to stay on the disability rolls longer once found eligible.

At the same time, current state efforts to trim budgets will make it difficult for President Obama to achieve the cost savings he seeks. In an effort to save money, some states are laying off the disability examiners that the S.S.A. uses to process claims, leading to a huge backlog in applications. Because these same state disability examiners also conduct the S.S.A.’s continuing reviews of disability, this cutback compromises the agency’s ability to maintain program integrity.

As the recession wears on and more people apply and fewer people are re-examined, disability rolls can be expected to grow. However, the villain here is not fraud. Instead, program growth is the result of intentional changes to policy and administrative capacity.

**Welfare Reform as a Model**



[***Richard V. Burkhauser***](http://www.human.cornell.edu/che/bio.cfm?netid=rvb1) *is the Sarah Gibson Blanding professor of public policy in the department of policy analysis at Cornell. He is co-author, with Mary Daly, of the forthcoming book “The Declining Work and Welfare of People with Disabilities: What Went Wrong and a Strategy for Change.”*

The caseloads and total expenditures of the two major federal transfers programs targeted on that portion of the disabled population that is unable to work — Social Security Disability Insurance and Supplemental Security Income for disabled adults and the families of disabled children — have nearly doubled in size (13 million people in 2008) and program costs ($135 billion in 2008) since 1993.

This program growth was not caused by a deterioration in the health of the working age population but by the unintended consequences of public policy. While the added funds for compliance officers in President Obama’s proposed budget may reduce fraudulent disability claims, this will do little to reduce disability program growth.

Health impairments can lead people to leave the work force permanently, but this need not be the case.

President Obama could be the same agent of change toward disability policies as President Clinton was on welfare reform. The key is recognizing that most working age people with disabilities could and would work, if work paid. It took systemic reforms based on two decades of research that showed that if you made work pay, welfare mothers could and would work, rather than a crackdown on welfare fraud for President Clinton to successfully change welfare as we knew it.

Health-based impairments can lead people to leave the work force permanently, but this need not happen. Incentives matter, and our current disability system encourages impaired workers, their employers and state governments to invest their time and energy in showing that impaired workers can’t work rather than in the accommodation, rehabilitation and access to health care that could keep them in the labor force.

Such a system is bad for taxpayers because it is an ineffective way to provide social protection for the minority of disabled workers who no longer can work and it is bad for benefit recipients since, like welfare mothers, their economic well-being would be greater if they worked.

**Identifying Who Is Disabled**



***Gary Burtless****, a former Labor Department economist, is a* [*senior fellow*](http://www.brookings.edu/experts/b/burtlessg.aspx) *at the Brookings Institution.*

One of the most difficult administrative tasks faced by the Social Security Administration is distinguishing between disabled and nondisabled workers.

In 2006 slightly more than 2 million workers applied for Disability Insurance benefits. About 550,000 applicants were found to be disabled and were awarded a benefit in that year. Almost the same number were initially denied benefits because they were not deemed to be medically disabled. Many other applicants were denied benefits for nonmedical reasons, and about 300,000 applicants did not receive an immediate ruling on their application.

A little more than half the applicants for federal disability insurance ultimately succeed in getting benefits.

Many applicants who are initially denied benefits file an appeal. A large percentage of these appeals are ultimately successful. A little more than half of applicants ultimately receive benefits. The appeals process is both time-consuming and costly. Many applicants who are eventually successful in their appeals may wait for years before receiving a favorable ruling.

The cost of the application and appeals process stems from the inherent difficulty of determining who is too disabled to work. Many disabled workers are initially judged to be nondisabled, and of course some nondisabled applicants end up collecting benefits. Statistics published by the Social Security Administration suggest that the standards for determining disability vary greatly from one state to the next.

The federal government can certainly reduce the disability rolls and the cost of the disability program by conducting more frequent and tough-minded reviews of recipients’ disability status. There will be collateral damage, however. The reviews will impose real hardship on some disabled workers whose cases are reviewed.

It makes sense to conduct the reviews, but it would be sensible to focus reviews on workers with medical conditions that are most likely to improve. Resources should also be concentrated in parts of the country where statistics suggest that error rates are highest.

**Federal Money, State Control**

***Tim Moore*** *is a former disability claims examiner in North Carolina, which is part of the Social Security Administration’s Atlanta region. He publishes a* [*Social Security Disability Blog*](http://www.disabilityblogger.blogspot.com) *that provides information on how the system works.*

I’m a former disability examiner who worked for North Carolina disability determination services. Fraud, from my perspective, seems to be a politically convenient target. However, it occurs in a very, very small percentage of cases.

One big problem:State furloughs of disability examiners when case loads are already too high.

The disability system really faces bigger much problems than fraud. For instance, the bifurcated nature of the claims processing system. Though the disability benefits are paid by the federal government, they are processed in a system that involves both federal and state agencies. The salaries of disability examiners are paid by the federal government, but they are state employees. In this recession, some states are furloughing these workers, too.

The impact, of course, is obvious. It takes a system that is already overstressed with too many cases to process and slows it down even more. For many individuals who are disabled and need help, the delay in having decisions made on their claims means bankruptcy or foreclosure.

Another problem, as I see it, is the lack of consistency in how cases are evaluated. If you take a claimant’s case to two separate processing units in a state agency, you may, at times, get two different outcomes. This is because there’s a lot of subjective evaluation that exists in the current system. There are large differences in approval rates between various states, not to mention differences between approval rates at the state agencies and later at the disability hearing level where an administrative law judge makes the decision on the claim.

Federalizing the system and enforcing more discipline would probably help, as would better medical information training for examiners who often know little about the impairments they evaluate, like the functional limitations that result from pain.

**It’s the System, Not the Individual**

***Morley White*** *is an administrative law judge in Cleveland for the Social Security Administration. The views here are his own and in no way are they expressions of the Social Security Administration.*

As a judge who has handled Social Security disability cases for 16 years, I do not believe that there is as much fraud as the press and the public believe when it comes to the individuals who are making the claims for supplemental security benefits. That does not imply that is no fraud.

I generally believe in the sincerity of what they say. They are poor and the benefits they receive are now only $674 a month for an eligible individual. What are these people supposed to do in this economy with the limitations they say they have?

There is too much emphasis on reputed individual fraud and not enough on how the system itself can be reformed. A number of my fellow judges share my views. Right now, the judge wears three hats: one hat is to represent the claimant, the other is to represent the government, and the third is to represent the Social Security trust fund.

I have advocated for a long time that the government needs to have its own representative in these hearings. I do not advocate making the hearings adversarial, but that government attorneys act as an ombudsman, charged with the duty of getting the pertinent facts. Right now, it is the obligation of the judge, through this staff, to compile a full file. As judges we are responsible for making sure that the record is fully developed. The staff has to assist claimants, even though the claimants may have attorneys, and get all of the appropriate evidence before us. The staff must call hospitals and doctors to request the appropriate evidence.