



**Congressional
Research Service**

Informing the legislative debate since 1914

Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI): An Overview

(name redacted)

Analyst in Income Security

September 14, 2017

Congressional Research Service

7-....

www.crs.gov

R44948

Summary

The Social Security Administration (SSA) is responsible for administering two federal entitlement programs established under the Social Security Act 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 established under Title II of the act that provides monthly cash benefits to nonelderly workers with disabilities and to their eligible dependents, provided the worker paid Social Security taxes for a sufficient number of years in jobs covered by Social Security. In contrast, SSI is a public assistance program that provides monthly cash benefits to seniors and individuals with disabilities (adults and children) who have limited assets and little or no Social Security or other income. In 2016, SSDI and SSI combined paid an estimated \$199 billion in federally administered benefits to 14.6 million qualified disabled individuals and 1.6 million non-disabled dependents of disabled workers.

SSDI is part of the federal Old-Age, Survivors, and Disability Insurance (OASDI) program, commonly known as Social Security. OASDI benefits are based on an insured worker's career-average earnings in jobs covered by Social Security and designed to replace a portion of the income lost to a family due to the worker's retirement, disability, or death. Workers become insured against these events by acquiring a certain number of earnings credits during their careers in covered employment or self-employment. The SSDI component of the program provides benefits to disabled workers who are under Social Security's full retirement age and to their eligible spouses and children. The Old-Age and Survivors Insurance (OASI) component also provides disability benefits to eligible disabled dependents of retired workers and to eligible disabled survivors of deceased beneficiaries and insured workers. Although these individuals are not technically disability insurance beneficiaries, they are often included in the term *SSDI* because they receive Social Security benefits due to a qualifying impairment.

SSI is a federal assistance program that provides needy aged, blind, or disabled individuals (including children) with a guaranteed minimum income to meet their basic living expenses. Although there are no work or contribution requirements to qualify for benefits, the program is based on need and therefore is restricted to individuals with limited financial means. SSI is commonly known as a program of "last resort" because claimants must first apply for all other benefits for which they may be eligible; cash assistance is awarded only to those whose assets and other income (if any) are within prescribed limits. The basic federal SSI benefit is the same for all recipients and is reduced by the amount of other income that an individual receives.

SSDI and SSI are open-ended entitlement programs, meaning that the federal government is obligated to pay benefits to individuals who meet the eligibility requirements specified in each program's authorizing statute. SSDI benefits are paid from the Disability Insurance trust fund, which is financed primarily by a portion of the Social Security payroll tax levied on the earnings of covered workers. SSI, in contrast, is financed by appropriations from general revenues.

Most claimants are considered disabled for SSDI and SSI eligibility purposes if they are unable to engage in any substantial gainful activity (SGA) by reason of any medically determinable physical or mental impairment that is expected to last for at least 12 months or to result in death. In 2017, the SGA earnings limit is \$1,170 per month for most individuals. Claimants generally qualify if they have an impairment (or combination of impairments) of such severity that they are unable to perform any kind of substantial work that exists in significant numbers in the national economy, taking into consideration their age, education, and work experience. 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.

Contents

Introduction	1
Social Security Disability Insurance	1
Eligibility Requirements	3
Disability-Insured Status.....	3
Age.....	4
Dependents and Survivors	4
Termination Events	5
Cash Benefits	6
Five-Month Waiting Period for Benefits.....	8
Retroactive Benefits.....	8
Taxation of Social Security Benefits.....	9
Medicare.....	9
Financing.....	10
Budgetary Treatment of Social Security	11
Supplemental Security Income.....	12
Eligibility Requirements	13
Categorical Requirements.....	13
Financial Requirements	13
Other Requirements	16
Termination Events	17
Cash Benefits	18
Reduced SSI Benefits for Residents of Certain Medical Facilities.....	19
Tax Treatment of SSI Benefits	20
Benefit Calculation Example	20
Income Breakeven Points	21
Treatment of In-Kind Support and Maintenance	22
Relationship with Other Federally Funded Programs	22
Medicaid	22
SNAP	23
Financing.....	24
Budgetary Treatment of SSI.....	24
Concurrent Disability Beneficiaries	25
Definition of Disability	27
SSI's Definition of Disability for Children	27
Comparisons with Other Program Definitions of Disability	28
SSA's Disability Application and Determination Process	28
Disability Determinations for SSDI and Adult SSI Claimants.....	29
Step 1. Work Activity Test	30
Step 2. Severity and Duration Test.....	31
Step 3. Medical Listings Test.....	32
Step 4. Previous Work Test	33
Step 5. Any Work Test	33
Disability Determinations for Child SSI Claimants	34
SSA's Appeals Process	36
Step 1. Reconsideration.....	37

Step 2. Hearing before an Administrative Law Judge.....	37
Step 3. Appeals Council	37
Step 4. Federal Courts	38
Program Integrity	38
Medical Continuing Disability Reviews	38
Work CDRs and SSI Redeterminations.....	39
Work Incentives.....	40
SSDI Work Incentives.....	40
SSI Work Incentives.....	41

Figures

Figure 1. Social Security Beneficiaries, by Type, December 2016	2
Figure 2. SSI Recipients, by Eligibility Pathway and Age, December 2016.....	12
Figure 3. SSDI Beneficiaries and SSI Disability Recipients Aged 18-64, December 2015.....	25
Figure 4. Average Monthly Benefit Amount for Disability Beneficiaries Aged 18-64, by Type of Disability Beneficiary, December 2015	26
Figure 5. Initial Disability Determination Process for SSDI and Adult SSI Claimants	30
Figure 6. Initial Disability Determination Process for Child SSI Claimants.....	35
Figure 7. SSA’s Administrative Appeals Process	36
Figure 8. CDR Diary Classification for SSDI Beneficiaries and SSI Disability Recipients, July 2017	39
Figure B-1. SSA’s Disability Claims and Appeals Workload, FY2016.....	44

Tables

Table 1. Number of Disabled Workers Terminated from SSDI and the Annual Termination Rate, by Reason for Termination, 2015	6
Table 2. Social Security Benefit Formula for Workers Who Attain Age 62, Become Disabled, or Die in 2017	7
Table 3. Number of SSDI and OASI Disability Beneficiaries and Average Benefit Amount, by Type of Beneficiary, December 2016.....	7
Table 4. Number of Nonelderly Blind or Disabled SSI Recipients Terminated and the Annual Termination Rate, by Age Group and Reason for Termination, 2015	17
Table 5. Number of SSI Recipients and Average Federally Administered Benefit Amount, by Age Group, December 2016.....	19
Table 6. Calculating SSI Benefits Using the General and Earned Income Exclusions	21
Table 7. Number of Concurrent Disability Beneficiaries Aged 18-64 and Average Benefit Amount, by Type of SSDI Beneficiary, December 2015	26
Table A-1. Comparison of the SSDI and SSI Programs	43

Appendixes

Appendix A. Side-by-Side of SSDI and SSI	43
Appendix B. Initial Disability Determinations and Appeals Data.....	44

Contacts

Author Contact Information	45
----------------------------------	----

Introduction

This report discusses two federal entitlement programs established under the Social Security Act 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 workers with disabilities and to their eligible dependents, provided the worker paid Social Security taxes for a sufficient number of years in jobs covered by Social Security.¹ In contrast, SSI is a public assistance program that provides monthly cash benefits to seniors and individuals with disabilities (adults and children) who have limited assets and little or no Social Security or other income.² Both programs are administered by the Social Security Administration (SSA) and use the same basic definition of disability to determine eligibility. However, by virtue of design, each program serves a somewhat different population. In 2016, SSDI and SSI combined paid an estimated \$199 billion in federally administered benefits to 14.6 million qualified disabled individuals and 1.6 million non-disabled dependents of disabled workers.³ In discussing individuals who receive cash disability benefits, this report focuses primarily on (1) Social Security disabled-worker beneficiaries under 66 years old and (2) blind or disabled SSI recipients under 65 years old. For a quick overview of SSDI and SSI, see CRS In Focus IF10506, *Social Security Disability Insurance (SSDI)*, and CRS In Focus IF10482, *Supplemental Security Income (SSI)*.

Social Security Disability Insurance

Old-Age, Survivors, and Disability Insurance (OASDI), commonly known as Social Security, is a federal social insurance program established under Title II of the Social Security Act that provides workers and their families with a measure of protection against the loss of income due to the worker's retirement, disability, or death.⁴ Workers obtain insurance protection by working for a sufficient number of years in jobs that are covered by Social Security and thus are taxable and creditable for program purposes. Social Security is financed largely on a pay-as-you-go basis, which means that payroll tax contributions from current workers, their employers, and self-

¹ *Social insurance* generally refers to contributory, mostly compulsory insurance programs administered by the federal or state governments that are intended to protect workers and their families against economic loss due to specific insurable risk, such as involuntary unemployment, old age, disability, death, or sickness. Workers become insured against these "risks" by working in jobs that are covered under the social insurance system. Once individuals work long enough to achieve insured status, they and their qualified family members become eligible for benefits in the event of an insurable risk. Social insurance benefits are often paid from a trust fund to which workers or their employers contribute (i.e., pay taxes on the worker's earnings).

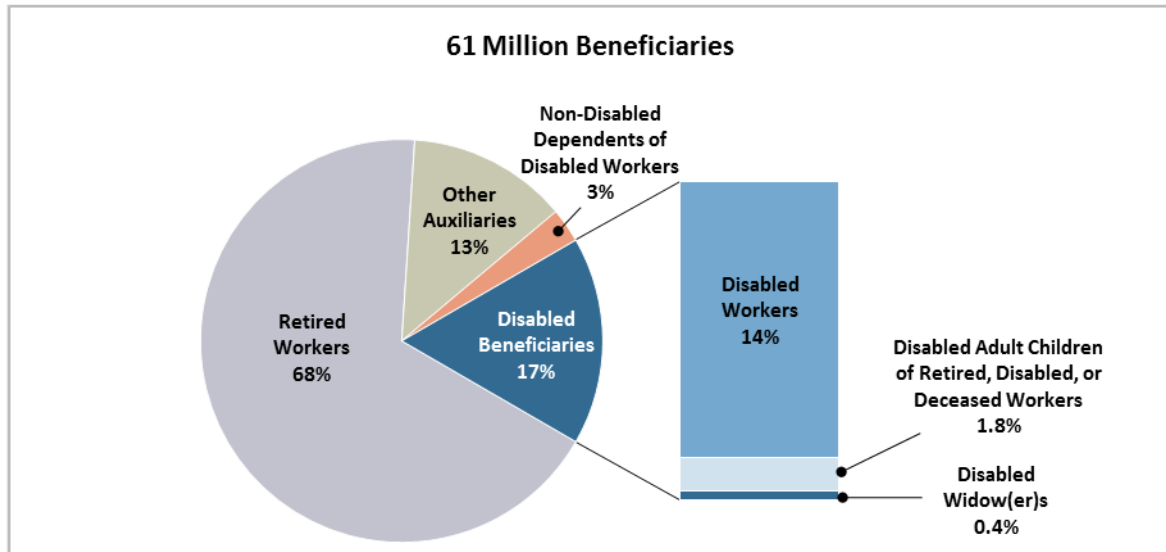
² *Public assistance* generally refers to federally supported aid programs that provide relief to certain groups of individuals for whom social insurance benefits are inadequate or not available because their work histories in covered work are insufficient to qualify for such benefits or the insurance program does not cover their needs. Eligibility for public assistance is based on financial need and therefore is restricted to individuals whose assets and other income (if any) are within certain limits. In addition to financial considerations, many public assistance programs limit eligibility to specific categories of low-income individuals who generally have some difficulty providing for themselves, such as seniors or dependent children. Benefits provided by federally supported aid programs are financed largely by the general fund of the U.S. Treasury.

³ Estimates calculated by the Congressional Research Service (CRS) based on a variety of data sources available on the Social Security Administration's (SSA) website. For purposes of these estimates, the term *Social Security Disability Insurance (SSDI)* include Social Security disability beneficiaries whose benefits are paid from the Old-Age and Survivors Insurance (OASI) trust fund. In addition, the term *qualified disabled individuals* excludes SSI recipients aged 65 or older. Congressional clients may contact the author for the specific methodology used in the calculations.

⁴ 42 U.S.C. §401 et seq. See CRS Report R42035, *Social Security Primer*.

employed individuals are used to make monthly benefit payments to today's beneficiaries. In 2016, an estimated 171 million people (or about 94% of all workers) worked in paid employment or self-employment covered by Social Security, and the program paid monthly benefits to about 61 million beneficiaries, on average (**Figure 1**).⁵

Figure 1. Social Security Beneficiaries, by Type, December 2016



Source: Congressional Research Service (CRS), based on Social Security Administration (SSA), Office of the Chief Actuary (OCACT), "Benefits Paid by Type of Beneficiary," <https://www.ssa.gov/oact/ProgData/icp.html>.

Notes: Subtotals may not sum to 100.0% due to rounding. The term *other auxiliaries* refers to non-disabled dependents and survivors under the Old-Age and Survivors Insurance (OASI) component of the program.

The SSDI component of the program, which was established in 1956, provides monthly benefits to statutorily disabled workers who are under Social Security's full retirement age (FRA) and to their eligible spouses, divorced spouses, minor children, student children, and disabled adult children. The Old-Age and Survivors Insurance (OASI) component of Social Security also provides benefits to eligible disabled dependents of retired workers and to eligible survivors of deceased beneficiaries and deceased insured workers. Although these individuals are not technically disability insurance beneficiaries, they are often included in the term *SSDI beneficiaries*, because they receive Social Security benefits due to a qualifying impairment. In December 2016, the SSDI component of Social Security paid benefits to 8.8 million disabled workers and 1.8 million of their dependents.⁶ That same month, the OASI component paid benefits to 1.2 million OASI disability beneficiaries.

⁵ Social Security Administration (SSA), Office of Legislation and Congressional Affairs (OLCA), *2017 Social Security/SSI/Medicare Information*, January 26, 2017, <https://www.ssa.gov/legislation/2017%20Fact%20Sheet.pdf>.

⁶ SSA, Office of the Chief Actuary (OCACT), "Benefits Paid by Type of Beneficiary," <https://www.ssa.gov/oact/ProgData/icp.html>.

Eligibility Requirements

To qualify for SSDI, disabled workers must

- be insured in the event of disability,
- be under Social Security’s FRA,
- have a qualifying impairment (see the “Definition of Disability” section of this report), and
- have filed an application for benefits.⁷

Disability-Insured Status

Workers become insured for Social Security by acquiring a certain number of credits (i.e., quarters of coverage) during their careers in paid employment or self-employment covered by Social Security. A worker’s job is considered *covered* if the services performed in that job or net earnings derived by the individual result in wages or net self-employment income that are taxable and creditable for insured status and benefit computation purposes. In 2017, workers receive one credit for each \$1,300 in covered earnings, up to the maximum of four credits per year, regardless of when the money is earned.⁸ Thus, if a worker earns \$5,200 in covered wages or net self-employment income during the first week of January 2017, then he or she would be credited with the maximum number of credits for the calendar year. The amount of earnings needed for one credit is adjusted annually for average earnings growth in the national economy, as measured by SSA’s Average Wage Index (AWI).⁹ Requiring individuals to have earned a certain number of work credits to qualify for cash benefits ensures that such individuals contribute a minimum amount to the insurance system via payroll taxes on each credit’s worth of covered earnings.

To be insured in the event of disability, known as *disability insured*, covered workers must be both fully insured for Social Security and meet a recency-of-work requirement. To be *fully insured* for SSDI, covered workers must have at least one credit for each calendar year after they turned 21 years old and before the year they became disabled.¹⁰ The minimum number of credits for fully insured status is 6 for the youngest workers (or 1.5 years of covered work); the minimum number of credits needed for workers aged 62 or older is 40 (or 10 years of covered work).¹¹ In effect, individuals must have worked in covered employment or self-employment for about a quarter of their adult lives to be fully insured.

To meet the recency-of-work requirement, disabled workers generally need 20 credits during the 40-credit period immediately before the onset of the disability.¹² In other words, individuals must have worked in covered employment or self-employment for 5 of the 10 years before becoming disabled. However, workers under 31 years old may meet the recency-of-work requirement with fewer credits based on their age.¹³ In 2016, SSDI provided disability insurance coverage to 152 million workers; about 89% of covered workers aged 21-64 were insured for SSDI.¹⁴

⁷ Section 223(a) of the Social Security Act; 42 U.S.C. §423(a).

⁸ SSA, OCACT, “Quarter of Coverage,” <https://www.ssa.gov/oact/cola/QC.html>.

⁹ SSA, OCACT, “National Average Wage Index,” <https://www.ssa.gov/oact/cola/AWI.html>.

¹⁰ Section 214(a) of the Social Security Act; 42 U.S.C. §414(a). See also 20 C.F.R. §404.110.

¹¹ SSA, *How You Earn Credits*, January 2017, <https://www.ssa.gov/pubs/EN-05-10072.pdf>.

¹² Section 223(c)(1) of the Social Security Act; 42 U.S.C. §423(c)(1). See also 20 C.F.R. §404.130.

¹³ Workers aged 24-30 need quarters of coverage (i.e., work credits) in at least one-half of the quarters in the period (continued...)

Age

An insured worker must also be under Social Security's FRA to be entitled to SSDI, which for workers born from 1943 through 1954 is age 66.¹⁵ FRA is the age at which unreduced Social Security retired-worker benefits are first payable.¹⁶ Upon attaining FRA, disabled workers are automatically transitioned from disabled-worker benefits (or SSDI) to retired-worker benefits (or OASI); however, this change generally does not affect the amount of Social Security benefits paid to them or their dependents. Under current law, Social Security's FRA increases in two-month increments for workers born from 1955 through 1959 until reaching the age of 67 for workers born in 1960 or later. SSDI is not available to workers who have already attained FRA.

Dependents and Survivors

In addition to the disabled worker's own benefit, SSDI provides benefits to certain family members of the worker.

- **Spouses.** Validly married spouses of disabled workers qualify for benefits if they are (1) aged 62 or older or (2) any age and have an eligible child in their care who is under the age of 16 or disabled.¹⁷ Divorced spouses may qualify if they are unmarried, aged 62 or older, and were married to the disabled worker for at least 10 years.¹⁸
- **Minor Children.** Eligible minor children of disabled workers qualify for benefits if they are unmarried and under the age of 18.¹⁹

(...continued)

beginning with the quarter after the quarter they attained the age of 21 and ending in the quarter in which their disability began. Workers under the age of 24 need at least six quarters of coverage in the 12-quarter period ending with the quarter in which they became disabled. Statutorily blind workers are exempt from the recency-of-work requirement. Special rules apply to individuals who become disabled again at age 31 or older after having had a prior period of disability established which began before the age of 31.

¹⁴ SSA, OACT, "Disability Insured Workers," <https://www.ssa.gov/OACT/STATS/table4c2DI.html>. See also SSA, OACT, "Social Security Program Fact Sheet," January 31, 2017, <https://www.ssa.gov/oact/FACTS/>.

¹⁵ Section 216(l) of the Social Security Act; 42 U.S.C. §416(l). See CRS Report R41962, *The Social Security Retirement Age: In Brief*.

¹⁶ The full retirement age (FRA) is sometimes confused with the age at which delayed retirement credits (DRCs) no longer apply. Workers who attain FRA (currently 66) may increase their monthly Social Security benefit by 8% for each year that they delay claiming retired-worker benefits, up to the age of 70.

¹⁷ Section 202(b) and 202(c) of the Social Security Act; 42 U.S.C. §402(b) and 402(c). See also 20 C.F.R. §404.330. To determine the *validity* of the marriage, SSA looks to the laws of the state (as interpreted by the courts of that state) in which the insured worker is domiciled at the time of application. Alternatively, the relationship requirement is met if, under state intestate law, the applicant would be able to inherit a wife's or husband's share of the insured worker's personal property if the insured worker were to die without leaving a will. In addition, the marriage must have lasted at least one year immediately preceding the day on which the application is filed. See Section 216(b), 216(f), and 216(h) of the Social Security Act; 42 U.S.C. §416(b), 416 (f), and 416 (h).

¹⁸ Section 216(d) of the Social Security Act; 42 U.S.C. §416 (d). See also 20 C.F.R. §404.331.

¹⁹ Section 202(d)(1)(B)(i) of the Social Security Act; 42 U.S.C. §402(d)(1)(B)(i). See also 20 C.F.R. §404.350. An *eligible child* is the biological child, adopted child, or dependent stepchild of the insured worker on whose earnings record the claim is based. In determining a child's relationship to an insured worker, SSA looks to the laws of the state (as interpreted by the courts of that state) in which the parent is domiciled at the time of application. A child may qualify as an insured worker's child for purposes of entitlement to child's insurance benefits if he or she would inherit the parent's personal property under state intestate law.

- **Student Children.** Eligible student children of disabled workers qualify for benefits if they are unmarried, aged 18-19, and a full-time student at a secondary education or elementary school.²⁰
- **Disabled Adult Children.** Eligible disabled adult children of disabled workers qualify for benefits if they are unmarried, aged 18 or older, and have a qualifying impairment that began before they attained the age of 22.²¹

The OASI component also provides benefits to eligible disabled dependents of retired workers and to eligible survivors of deceased insured workers. (The term *deceased insured workers* includes deceased individuals who received Social Security retired or disabled-worker benefits and non-beneficiary workers who were insured for Social Security at the time of their death.)

- **Disabled Widow(er)s.** Disabled surviving spouses of deceased insured workers qualify for benefits if they are at least aged 50 but not yet aged 60 and have a qualifying impairment that began within seven years of the insured worker's death or within seven years of a previous entitlement to such benefits. Disabled divorced surviving spouses may qualify if they were married to the deceased insured worker for at least 10 years.²²
- **Disabled Adult Children.** Eligible disabled adult children of retired or deceased insured workers qualify for benefits if they are unmarried, aged 18 or older, and have a qualifying impairment that began before they attained the age of 22.

Social Security pays benefits to family members because workers with one or more dependents are presumed to have greater financial need when they retire, become disabled, or die than similarly situated workers who are single.²³

Termination Events

In general, disabled workers continue to receive SSDI benefits until they (1) die, (2) attain FRA, (3) no longer meet the statutory definition of disability (i.e., medically improve), or (4) return to work (i.e., have earnings that exceed certain thresholds). In 2015, the SSDI *termination rate*—the ratio of disabled-worker terminations to the average number of disabled-worker beneficiaries during the year—was 9.0%. As shown in **Table 1**, the majority of disabled-worker terminations in 2015 were due to attainment of FRA.

²⁰ Ibid.

²¹ Section 202(d)(1)(B)(ii) of the Social Security Act; 42 U.S.C. §402(d)(1)(B)(ii). See also 20 C.F.R. §404.350.

²² Section 202(e) and 202(f) of the Social Security Act; 42 U.S.C. §402(e) and 402(f). See also 20 C.F.R. §§404.335-404.336.

²³ See Arthur J. Altmeyer, "Dependents' Allowances in Social Insurance," *Social Security Bulletin*, vol. 10, no. 4 (April 1947), pp. 3-6, <https://www.ssa.gov/policy/docs/ssb/v10n4/>.

Table 1. Number of Disabled Workers Terminated from SSDI and the Annual Termination Rate, by Reason for Termination, 2015

Reason for Termination	Number of Disabled Workers Terminated	Termination Rate ^a
Total	802,501	9.0%
Attainment of Full Retirement Age (FRA)	460,720	5.2%
Death of Beneficiary	255,152	2.9%
Return to Work ^b	39,652	0.4%
Medical Improvement	35,403	0.4%
Other	11,574	0.1%

Source: Congressional Research Service (CRS), based on Social Security Administration (SSA), *Annual Statistical Report on the Social Security Disability Insurance Program, 2015*, October 2016, Table 50, https://www.ssa.gov/policy/docs/statcomps/di_asr/2015/sect03f.html#table50.

- The term *termination rate* is the ratio of the number of terminations to the average number of disabled-worker beneficiaries during the year, which in 2015 was 8,930,360.
- The term *return to work* means that the disabled worker's termination was due to monthly earnings above the substantial gainful activity (SGA) threshold, which in 2015 was \$1,090 per month for most workers.

With the exception of certain divorced spouses, receipt of SSDI dependents' benefits is linked to the disabled worker's entitlement to Social Security. If a disabled worker's benefits are terminated, benefits payable on his or her earnings record are also generally terminated. Dependents and survivors who no longer meet the relevant entitlement factors are terminated from the rolls as well.

Cash Benefits

Initial monthly Social Security benefits are based on an insured worker's creditable, career-average earnings in Social Security-covered employment or self-employment. The Social Security benefit formula is progressive, replacing a greater share of career-average earnings for low-wage or intermittent workers than for high-wage workers. In computing the initial benefit amount, a worker's annual taxable earnings are indexed (i.e., adjusted) to reflect changes in national earnings levels over his or her career, up to the second calendar year before the year of eligibility (i.e., the year a worker attains age 62, becomes disabled, or dies).²⁴ Next, years with the highest earnings in the applicable computation period are summed and then divided over the number of months in that period to produce the worker's *average indexed monthly earnings* (AIME).²⁵ A formula is then applied to the worker's AIME to compute the *primary insurance amount* (PIA), which is the worker's basic benefit before any adjustments are made. For insured workers who attain age 62, become disabled, or die in 2017, the PIA is determined as follows (Table 2):

²⁴ CRS Report R43542, *How Social Security Benefits Are Computed: In Brief*. Earnings in years after the indexing year are counted at their actual value.

²⁵ Up to five of the worker's lowest-earning years are dropped from the computation.

Table 2. Social Security Benefit Formula for Workers Who Attain Age 62, Become Disabled, or Die in 2017

Factor	Portion of Average Indexed Monthly Earnings (AIME)
90%	of the first \$885, plus
32%	of AIME over \$885 and through \$5,336, plus
15%	of AIME over \$5,336

Source: CRS, based on SSA, Office of the Chief Actuary (OCACT), “Benefit Formula Bend Points,” <https://www.ssa.gov/oact/cola/bendpoints.html>.

The worker’s PIA is subsequently adjusted to account for inflation through cost-of-living adjustments (COLAs), as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).²⁶ SSDI benefits may be reduced if the disabled worker concurrently receives state workers’ compensation (WC), certain other public disability benefits (PDB), or certain pensions based on earnings from non-covered work.²⁷ In December 2016, the average monthly SSDI benefit was about \$1,171 for disabled workers, which on an annualized basis was about \$14,054 (Table 3).²⁸

Table 3. Number of SSDI and OASI Disability Beneficiaries and Average Benefit Amount, by Type of Beneficiary, December 2016

Type of Beneficiary	Number of Beneficiaries	Average Monthly Benefit	Annualized Benefit
Social Security Disability Insurance (SSDI)			
Disabled Workers	8,808,736	\$1,171.15	\$14,053.80
Spouses of Disabled Workers	134,680	\$323.98	\$3,887.76
Minor Children of Disabled Workers (Under Age 18)	1,493,476	\$340.38	\$4,084.56
Student Children of Disabled Workers (Aged 18-19)	50,976	\$487.71	\$5,852.52
Disabled Adult Children of Disabled Workers	122,202	\$483.08	\$5,796.96
Total	10,610,070	\$1,032.25	\$12,387.00
Old-Age and Survivors Insurance (OASI)			
Disabled Widow(er)s	259,207	\$717.65	\$8,611.80
Disabled Adult Children of Retired Workers	308,529	\$676.67	\$8,120.04
Disabled Adult Children of Deceased Workers	654,531	\$854.08	\$10,248.96
Total	1,222,267	\$780.36	\$9,364.38

Source: CRS, based on SSA, OCACT, “Benefits Paid by Type of Beneficiary,” <https://www.ssa.gov/oact/ProgData/icp.html>.

²⁶ CRS Report 94-803, *Social Security: Cost-of-Living Adjustments*.

²⁷ See Section 224 of the Social Security Act (42 U.S.C. §424a), 20 C.F.R. §404.408, and SSA, *How Workers’ Compensation and Other Disability Payments May Affect Your Benefits*, <https://www.ssa.gov/pubs/EN-05-10018.pdf>. See also CRS In Focus IF10203, *Social Security: The Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO)*.

²⁸ SSA, OCACT, “Benefits Paid by Type of Beneficiary,” <https://www.ssa.gov/oact/ProgData/icp.html>.

Spouses and dependent children of disabled workers each receive up to 50% of the worker's basic benefit amount (i.e., the PIA). These supplementary benefits effectively increase the worker's overall *replacement rate*—the ratio of benefits received to the worker's previous earnings—to account for additional expenses associated with each dependent. Benefits for dependents are less than the worker's own benefit because a family is assumed to have economics of scale. Disabled widow(er)s receive up to 71.5% of a deceased worker's PIA. Disabled adult children of retired workers receive up to 50% of the worker's PIA, and disabled adult children of deceased insured workers receive up to 75% of the worker's basic benefit. Initial benefits for survivors are higher than benefits for dependents because a family of a deceased worker experiences a complete loss of that worker's earnings, whereas a family of a retired or disabled worker is compensated partially through the worker's own Social Security benefit.²⁹

Monthly benefits for retired or disabled workers and their eligible family members and for survivors of deceased insured workers are subject to family maximum provisions, which limit the total amount of benefits that can be paid on a worker's earnings record.³⁰ Therefore, a dependent's or survivor's *payable benefit amount* may be less than the maximum share of the worker's PIA for that type of benefit. If the total amount of all family benefits exceeds this maximum amount, then the benefit of each family member (other than the worker) is reduced proportionately. Certain reductions to the worker's benefit affect the dependent's or survivor's benefit amount.

Five-Month Waiting Period for Benefits

For disabled workers and their family members, entitlement to cash benefits begins five full consecutive calendar months after the worker's disability onset date.³¹ This requirement is known as the *five-month waiting period* and applies to both disabled workers and widow(er)s but not to disabled adult children.³² The *onset date* is the first day that a claimant meets the definition of disability under Title II of the Social Security Act in addition to all relevant entitlement factors.

Retroactive Benefits

SSDI provides retroactive benefits for up to 12 months immediately before the month the disabled worker files an application, provided the worker met all other entitlement factors prior to the filing date. Because of the five-month waiting period for cash benefits, the earliest effective date for a SSDI application can be no more than 17 months before the month in which the

²⁹ See U.S. Congress, Senate Committee on Finance, *Advisory Council on Social Security: Final Report*, committee print, 76th Cong., 1st sess., December 10, 1938, S. Prt. 76-4 (Washington: GPO, 1939), p. 17, <https://www.finance.senate.gov/imo/media/doc/76PrtAdvisoryCouncil.pdf>. See also testimony of Robert M. Ball, acting director, Bureau of Old-Age and Survivors Insurance, in U.S. Congress, House Committee on Ways and Means, Subcommittee on Social Security, *Analysis of the Social Security System*, Part 5, 83rd Cong., 1st sess., November 23, 24, and 25, 1953 (Washington: GPO, 1954), p. 852.

³⁰ Section 203 of the Social Security Act; 42 U.S.C. §403. The family maximum benefit for a disabled worker is the smaller of (1) 85% of the worker's average indexed monthly earnings (AIME) (or 100% of the primary insurance amount [PIA] if larger) or (2) 150% of the PIA. For information on the family maximum benefit for retired or deceased insured workers, see SSA, OACT, "Formula for Family Maximum Benefit," <https://www.ssa.gov/oact/cola/familymax.html>.

³¹ Section 223(a)(1) and 223(c)(2) of the Social Security Act; 42 U.S.C. §423(a)(1) and 423(c)(2).

³² Former disabled workers do not have to serve a new waiting period if they become disabled again within 60 months (or five years) after their previous entitlement to cash benefits or a period of disability ended. A similar provision applies to disabled widow(er)s who become disabled again within 84 months (or seven years) of the month they were last entitled to disabled-widow(er) benefits.

application is filed. (*Retroactive benefits* should not be confused with *past-due benefits*, which include both retroactive benefits and benefits owed to claimants for months in which they met all relevant entitlement factors *in or after* the month of application.)

Taxation of Social Security Benefits

Social Security beneficiaries may have to pay federal income tax on their benefits.³³ Up to 85% of Social Security benefits can be included in taxable income for beneficiaries whose provisional income exceeds certain statutory thresholds (based on marital and filing status).³⁴ *Provisional income* equals adjusted gross income, *plus* certain otherwise tax-exempt income, *plus* the addition (or adding back) of certain income specifically excluded from federal income taxation, *plus* 50% of Social Security benefits. About half of all Social Security beneficiaries pay tax on some of their benefits, but a smaller share of SSDI beneficiaries pay tax on their benefits, because they tend to have little income outside of their Social Security benefits.³⁵

Medicare

In addition to cash benefits, Social Security disability beneficiaries (i.e., disabled workers, disabled widow[er]s, and disabled adult children) qualify for health coverage under Medicare.³⁶ Established under Title XVIII of the Social Security Act, Medicare is a federal social insurance program that pays for covered health care services for most individuals aged 65 or older, the majority of Social Security disability beneficiaries and railroad disability annuitants under 65 years old, and certain other individuals who have qualifying impairments.³⁷ As with Social Security, workers earn Medicare coverage by working and paying payroll taxes for a sufficient number of years in covered employment or self-employment. For most individuals, entitlement to Medicare is linked to entitlement to Social Security benefits.³⁸

Social Security disability beneficiaries under 65 years old are entitled to Medicare after 24 months of entitlement to cash benefits.³⁹ This requirement is known as the *24-month waiting period* and does not apply to disability beneficiaries who have amyotrophic lateral sclerosis (ALS) or end-stage renal disease (ESRD).⁴⁰ In rare circumstances, disability beneficiaries who have certain medical conditions caused by exposure to qualifying environmental health hazards may become entitled to Medicare without having to satisfy a waiting period.⁴¹ After factoring in the five-month waiting period for cash benefits, disabled workers and disabled widow(er)s

³³ CRS Report RL32552, *Social Security: Calculation and History of Taxing Benefits*. See also CRS Committee Print CP10002, *Tax Expenditures: Compendium of Background Material on Individual Provisions—A Committee Print Prepared for the Senate Committee on the Budget*, 2016.

³⁴ Section 86 of the Internal Revenue Code (IRC); 26 U.S.C. §86.

³⁵ U.S. Congressional Budget Office (CBO), “Effect of Taxing Social Security Benefits by Income Class Estimated for Tax Year 2014,” February 12, 2015, <https://www.cbo.gov/publication/49949>.

³⁶ See SSA, “Medicare Information,” <https://www.ssa.gov/disabilityresearch/wi/medicare.htm>.

³⁷ 42 U.S.C. §1395 et seq. For more information on Medicare, see CRS Report R40425, *Medicare Primer*.

³⁸ Certain groups of individuals, such as those with end-stage renal disease (ESRD), may become entitled to Medicare without being entitled to Social Security benefits.

³⁹ Section 226(b) of the Social Security Act; 42 U.S.C. §426(b). Social Security disability beneficiaries under 65 years old may count months in which they were previously entitled to cash benefits toward the current Medicare waiting period if their previous entitlement ended within a prescribed period before the month of current onset: 60 months (or five years) for disabled workers and 84 months (or seven years) for disabled widow(er)s and disabled adult children.

⁴⁰ Sections 226(h) and 226A of the Social Security Act; 42 U.S.C. §§426(h) and 426-1.

⁴¹ Section 1881A of the Social Security Act; 42 U.S.C. §1395rr-1. See SSA, “Libby,” <https://www.ssa.gov/libby/>.

typically become entitled to Medicare 29-full calendar months after their disability onset date. Due, in part, to the 24-month waiting period, only 63% of all disabled workers reported entitlement to Medicare in 2013.⁴² Annual Medicare spending per disabled beneficiary under 65 years old was about \$12,776 in 2013.⁴³ Social Security disability beneficiaries under 65 years old are provided Medicare because they generally have medical conditions that require significant health care resources. However, many beneficiaries are often unable to work enough to gain health insurance through an employer or to pay for such insurance on their own.⁴⁴ Medicare is not provided to non-disabled dependents under 65 years old.

Financing⁴⁵

Social Security's income and outlays are accounted for through two legally distinct trust funds: the Federal Disability Insurance (DI) Trust Fund and the Federal Old-Age and Survivors Insurance (OASI) Trust Fund. In the federal accounting structure, a *trust fund* is an accounting mechanism used by the Treasury Department to track and report income dedicated for spending on specific purposes in accordance with the terms of a statute that designates the fund as a trust fund. The DI Trust Fund records income and outlays associated with disabled workers and their dependents, and the OASI Trust Fund records income and outlays associated with retired workers and their dependents as well as survivors of deceased insured workers. Administrative costs are also drawn from the trust funds. The program is financed primarily by dedicated payroll and self-employment taxes levied on the earnings of workers in jobs covered by Social Security. Federal Insurance Contributions Act (FICA) taxes are split evenly between employees and employers, whereas Self-Employment Contributions Act (SECA) taxes are borne fully by self-employed individuals.⁴⁶ The overall Social Security payroll tax rate is 12.4% of a worker's earnings (6.2% for employees and employers, each), up to a maximum annual amount, which in 2017 is \$127,200.⁴⁷ The DI and OASI trust funds are also credited with income from the taxation of a portion of Social Security benefits and from interest earned on special-issue U.S. securities.

In 2016, DI Trust Fund expenditures were \$145.9 billion, with 97.8% for benefit payments, 1.9% for administrative costs, and 0.3% for certain transfers.⁴⁸ Total income credited to the DI Trust Fund in 2016 was \$156.0 billion, with 98.4% from payroll taxes, 0.7% from the taxation of SSDI benefits, and 0.9% from interest earned on asset reserves. At the end of 2016, the balance of the

⁴² Michelle Stegman Bailey and Jeffrey Hemmeter, *Characteristics of Noninstitutionalized DI and SSI Program Participants, 2013 Update*, Research and Statistics Note no. 2015-02, September 2015, Table 1, <https://www.ssa.gov/policy/docs/rsnotes/rsn2015-02.html> (hereinafter "Bailey and Hemmeter 2015").

⁴³ Medicare Payment Advisory Commission (MEDPAC), *A Data Book: Health Care Spending and the Medicare Program*, June 2017, p. 21, http://www.medpac.gov/docs/default-source/data-book/jun17_databookentirereport_sec.pdf. Estimate excludes spending on nonelderly ESRD beneficiaries.

⁴⁴ The House report accompanying the Social Security Amendments of 1972 (P.L.92-603), which extended Medicare coverage to Social Security disability beneficiaries under the age of 65 after a two-year waiting period, stated that the "use of health services by people who are severely disabled is substantially higher than that by the nondisabled ... yet the disabled have limited incomes in comparison to those who are not disabled, and most disabled persons are unable financially to purchase adequate private health insurance protection." See U.S. Congress, Senate Committee on Finance, *Social Security Amendments of 1972*, report to accompany H.R. 1, 92nd Cong., 2nd sess., September 26, 1972, H.Rept. 92-1230 (Washington: GPO, 1972), p. 177, <https://www.finance.senate.gov/imo/media/doc/Rpt92-1230.pdf>.

⁴⁵ See CRS Report RL33028, *Social Security: The Trust Funds*, and CRS Report R43318, *The Social Security Disability Insurance (DI) Trust Fund: Background and Current Status*.

⁴⁶ 26 U.S.C. §§3101, 3111, 1401, respectively.

⁴⁷ SSA, OACT, "Contribution and Benefit Base," <https://www.ssa.gov/oact/cola/cbb.html>.

⁴⁸ SSA, OACT, "DI Trust Fund, A Social Security Fund," <https://www.ssa.gov/oact/STATS/table4a2.html>.

DI Trust Fund was \$46.3 billion. By comparison, the balance of the OASI Trust Fund was \$2.8 trillion. A trust fund's *balance* is a measure of the amount by which income exceeded outlays in the past. Under current law, the Social Security trustees project that the DI Trust Fund will be depleted in 2028.⁴⁹ At that point, continuing tax revenues to the DI Trust Fund would be sufficient to pay 93% of scheduled SSDI benefits. Using slightly different economic and demographic assumptions, the Congressional Budget Office (CBO) projects that under current law, the DI Trust Fund will be depleted in late FY2023.⁵⁰

Budgetary Treatment of Social Security⁵¹

Section 201 of the Social Security Act authorizes the DI and OASI trust funds and designates them as such.⁵² It also provides the trust funds with a permanent and indefinite appropriation, meaning that all monies credited to the trust funds are available for obligation without the need for further legislative action. Stated another way, the appropriation of the trust funds provides legal authority to pay benefits automatically. Although trust fund expenditures for benefit payments are considered *mandatory* (i.e., *direct spending*), the budgetary resources to administer the program are provided and controlled by the annual appropriations process and thus are considered *discretionary spending*.⁵³ Congress provides SSA with funding to administer the Social Security program traditionally through the Departments of Labor, Health and Human Services, and Education, and Related Agencies (LHHS) appropriations bill.⁵⁴

From a federal budget perspective, the Social Security program is considered to be *off budget*, which means that the receipts and expenditures of the DI and OASI trust funds are excluded from the surplus or deficit totals in the President's budget and the congressional budget resolution.⁵⁵ However, in evaluating the total budget deficit, CBO and the Office of Management and Budget (OMB) often include the transactions of DI and OASI trust funds as part of the *unified budget*.⁵⁶

Although all disbursements from the DI and OASI trust funds are classified as off budget—including both mandatory spending on benefit payments and discretionary spending on administrative resources—some of the budgetary resources in those trust funds are subject to sequestration under the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA; P.L. 99-177, as amended). Specifically, these are the administrative expenses that are funded through discretionary spending; mandatory spending on Social Security benefit payments is exempt from sequestration.⁵⁷

⁴⁹ U.S. Congress, House Committee on Ways and Means, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, 115th Cong., 1st sess., July 18, 2016, H.Doc. 115-54 (Washington: GPO, 2017), p. 3, <https://www.ssa.gov/oact/tr/2017/index.html>.

⁵⁰ See CBO, *Old-Age, Survivors, and Disability Insurance Trust Funds—CBO's June 2017 Baseline*, June 2017, <https://www.cbo.gov/sites/default/files/recurringdata/51309-2017-06-trustfund.pdf>.

⁵¹ See CRS Report R44645, *Social Security Administration (SSA): FY2017 Appropriations and Recent Trends*.

⁵² 42 U.S.C. §401.

⁵³ See CRS Report R42388, *The Congressional Appropriations Process: An Introduction*.

⁵⁴ See CRS Report R44691, *Labor, Health and Human Services, and Education: FY2017 Appropriations*.

⁵⁵ Section 710 of the Social Security Act; 42 U.S.C. §911. See also 2 U.S.C. §§632 note and 655. The concurrent budget resolution typically includes SSA's administrative expenses in its allocation under Section 302(a) of the Congressional Budget Act of 1974 (P.L. 93-344, as amended).

⁵⁶ The *unified budget* (sometimes known as the *consolidated budget*) includes all receipts and outlays of the federal government, including both on and off-budget programs.

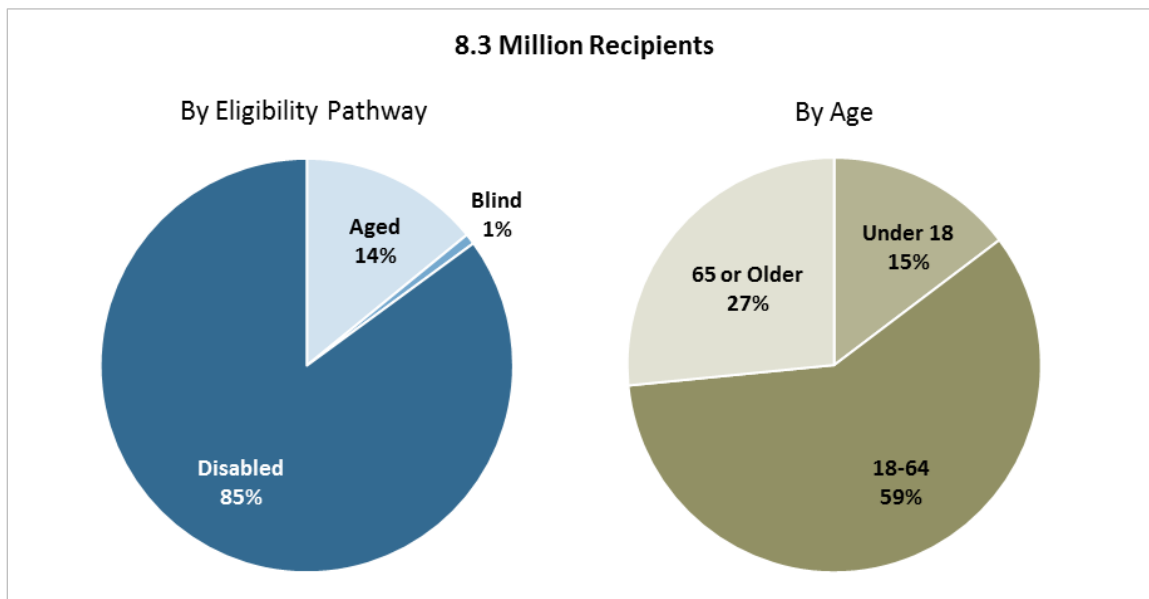
⁵⁷ 2 U.S.C. §905(a). See also CRS Report R42050, *Budget "Sequestration" and Selected Program Exemptions and Special Rules*.

Supplemental Security Income

Established under Title XVI of the Social Security Act in 1972 and implemented in 1974, Supplemental Security Income (SSI) is a means-tested federal assistance program that provides monthly cash benefits to the aged, blind, and disabled.⁵⁸ The program is intended to provide a guaranteed minimum income to adults who have difficulty covering their basic living expenses due to age or disability and who have little or no Social Security or other income. It is also designed to supplement the support and maintenance of needy children who have severe disabilities. SSI is commonly known as a program of “last resort” because claimants must first apply for all other benefits for which they may be eligible; cash assistance is awarded only to those whose assets and other income (if any) are within prescribed limits. The basic federal SSI benefit is the same for all recipients and is reduced by most other income that an individual receives. In December 2016, SSA issued federally administered payments to 8.3 million SSI recipients, 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.⁵⁹

As shown in **Figure 2**, the vast majority of SSI recipients enter the program through the disability pathway. In other words, most individuals become eligible for SSI due to a qualifying impairment other than blindness. Blind or disabled SSI recipients who attain age 65 continue to be classified by SSA as blind or disabled, even though they meet the categorical requirements to be classified as aged. To avoid confusion, this report focuses primarily on blind or disabled SSI recipients under 65 years old.

Figure 2. SSI Recipients, by Eligibility Pathway and Age, December 2016



Source: CRS, based on SSA, “SSI Monthly Statistics, December 2016,” Table 2, https://www.ssa.gov/policy/docs/statcomps/ssi_monthly/index.html, and SSA, *Annual Statistical Supplement, 2017*, (in progress), Table 7.A1, <https://www.ssa.gov/policy/docs/statcomps/supplement/2017/7a.html#table7.a.1>.

⁵⁸ 42 U.S.C. §1381 et seq.

⁵⁹ SSA, “SSI Monthly Statistics, December 2016,” Table 2, https://www.ssa.gov/policy/docs/statcomps/ssi_monthly/index.html (hereinafter “SSI Monthly Statistics, December 2016”).

Notes: Figure includes individuals in receipt of a federal Supplemental Security Income (SSI) benefit as well as 163,204 individuals in receipt of a federally administered state supplementary payment (SSP) but no federal SSI benefit. Some states complement federal SSI benefits with SSPs that are made solely with state funds. In states that contract with SSA to administer their state supplementation programs (i.e., federally administered SSP states), countable income is first subtracted from the federal SSI benefit until the benefit is completely offset. Any remaining countable income is then subtracted from the SSP. A person is considered eligible for SSI in such states if his or her countable income is less than the federal benefit rate (FBR) plus the amount of applicable federally administered SSP. However, in states that do not have supplementation programs or choose to self-administer their programs (i.e., state administered SSP states), a person is eligible for SSI if his or her countable income is less than or equal to the FBR. Thus, individuals in receipt of only a federally administered SSP due to excess countable income are considered by SSA to be SSI recipients but similarly situated individuals in receipt of only a state-administered SSP due to excess countable income are not.

Eligibility Requirements

To qualify for SSI, a person must

- be aged, blind, or disabled as defined in federal law,
- have limited income and resources,
- meet certain other requirements, and
- have filed an application for benefits.⁶⁰

Categorical Requirements

Public assistance programs often limit eligibility to certain groups or *categories* of people who often have difficulty providing for themselves. Under the SSI program, a person must be aged, blind, or disabled to receive benefits.⁶¹

- **Aged.** Individuals who are aged 65 or older.⁶²
- **Blind.** Individuals of any age who have central visual acuity of 20/200 or less in the better eye with the use of a correcting lens or a limitation in the fields of vision so that the widest diameter of the visual field subtends an angle of 20 degrees or less (i.e., tunnel vision).⁶³
- **Disabled.** Individuals who meet SSI's age-specific definition of disability (see the "Definition of Disability" section of this report).

Financial Requirements

The SSI program is based on financial need and therefore is restricted to individuals and couples who have minimal income and other financial resources (i.e., the program is means tested). Specifically, a person's *countable* income and resources must be within the program's statutory limits. Because certain income and resources are disregarded (i.e., not counted), a person may have *gross* income or resources above the countable limits and still be eligible for the program. In addition to the individual's own income and resources, the income and resources of certain ineligible family members (such as a spouse or parent) may be deemed available to meet the

⁶⁰ 20 C.F.R. §416.202.

⁶¹ Section 1602 of the Social Security Act; 42 U.S.C. §1381a.

⁶² Section 1614(a)(1) of the Social Security Act; 42 U.S.C. §1382c(a)(1).

⁶³ Section 1614(a)(2) of the Social Security Act; 42 U.S.C. §1382c(a)(2).

needs of the individual, and as such, may be included in his or her countable income and resources.

*Income*⁶⁴

The limit for countable income—gross income minus all applicable exclusions—is equal to the federal benefit rate (FBR), which is the maximum monthly SSI benefit payable to qualified individuals and couples.⁶⁵ In 2017, the FBR is \$735 per month for an individual living independently and \$1,103 per month for a couple living independently if both members are SSI eligible.⁶⁶ The FBR is adjusted annually for inflation by the same COLA applied to Social Security benefits. Countable income is subtracted from the FBR in determining eligibility for SSI and the amount of the cash payment. In general, individuals and couples are eligible for SSI if their countable income is less than or equal to the FBR.⁶⁷ In states that have an agreement with SSA for the agency to administer their state supplementation program (discussed later in this report), a person is considered eligible for SSI if his or her countable income is less than the FBR plus the amount of the applicable federally administered state supplementary payment (SSP).

Income is defined as anything one receives in cash or in kind that can be used to meet one's needs for food and shelter.⁶⁸ SSI classifies income as either earned or unearned. *Earned income* includes wages, net earnings from self-employment, payments for services performed in a sheltered workshop, and certain royalties and honoraria.⁶⁹ *Unearned income* refers to income not derived from current work, such as Social Security, veterans' benefits, interest income, cash from family or friends, and in-kind support.⁷⁰ Certain income is disregarded in determining eligibility for and the amount of assistance provided by SSI.⁷¹ For example, the program excludes the following:

- the first \$20 per month of any income (earned or unearned);
- the first \$65 per month of earned income plus one-half of any earnings above \$65;
- the first \$30 per calendar quarter of infrequent or irregular earned income;
- the first \$60 per calendar quarter of infrequent or irregular unearned income;
- food and home energy assistance;⁷²
- housing assistance provided by most federally funded housing programs;⁷³

⁶⁴ See Virginia Commonwealth University (VCU)'s Work Incentives Planning and Assistance National Training and Data Center (WIPA NTDC), *How Income Affects SSI Eligibility and Payment Amount*, January 2017, https://vcu-ntdc.org/resources/WIPA_OtherResources/How%20Income%20Affects%20SSI%20Eligibility%20&%20Payment%20Amount%202017.pdf.

⁶⁵ Section 1611(a)(1)(A), 1611(a)(2)(A), and 1611(b) of the Social Security Act; 42 U.S.C. §1382(a)(1)(A), §1382(a)(2)(A), and §1382(b).

⁶⁶ SSA, OACT, "SSI Federal Payment Amounts," <https://www.ssa.gov/oact/cola/SSIamts.html>.

⁶⁷ SSA, Program Operations Manual System (POMS), "SI 02301.215 Summary of Posteligibility (PE) Suspension, Stop Payment and Termination Events by Payment Status Code (PSC)," February 18, 2016, <http://policy.ssa.gov/poms.nsf/lnx/0502301215>.

⁶⁸ 20 C.F.R. §416.1102.

⁶⁹ Section 1612(a)(1) of the Social Security Act; 42 U.S.C. §1382a(a)(1). See also 20 C.F.R. §416.1110.

⁷⁰ Section 1612(a)(2) of the Social Security Act; 42 U.S.C. §1382a(a)(2). See also 20 C.F.R. §416.1120.

⁷¹ Section 1612(b) of the Social Security Act; 42 U.S.C. §1382a(b). See also 20 C.F.R. §§416.1112, 416.1124, and the Appendix to Subpart K. Not all income exclusions are specified in SSI law or in SSA's regulations.

⁷² CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*.

- federal tax refunds and advanced tax credits;
- need-based assistance that is funded wholly by a state or local entity;
- impairment-related work expenses for disabled recipients and work expenses for blind recipients; and
- any income used to fulfill a plan to achieving self-support (PASS).⁷⁴

*Resources*⁷⁵

The limit for countable resources is \$2,000 for an individual and \$3,000 for a couple.⁷⁶ *Resources* are cash or other liquid assets or any real or personal property that an individual (or spouse, if any) owns and could convert to cash to be used for his or her support and maintenance.⁷⁷

Countable resources include the following:

- bank savings or checking accounts;
- stocks, bonds, mutual funds, and certificates of deposit;
- individual retirement accounts (IRAs) or 401(k)s under certain conditions;
- unrestricted health savings accounts (HSAs); and
- most types of trusts.

Individuals and couples are eligible for SSI (and federally administered SSP) if their countable resources are less than or equal to the applicable statutory limit at any given time.⁷⁸ Unlike the FBR, the countable resource limits are not adjusted for inflation and have remained at their current levels since 1989. Certain resources are excluded in determining SSI eligibility, such as the following:

- the person's primary residence;
- household goods and personal effects;
- one automobile used for transportation;
- property essential to self-support;
- health flexible spending arrangements (FSAs);
- resources needed to fulfill a PASS;
- federal tax refunds and advanced tax credits for a 12-month period;

(...continued)

⁷³ CRS Report RL34591, *Overview of Federal Housing Assistance Programs and Policy*.

⁷⁴ A plan to achieving self-support (PASS) allows an individual to set aside other income or resources to use for reasonable and necessary expenses to fulfill an approved employment goal. The income and resources used to pursue the PASS are disregarded in determining the individual's eligibility for and amount provided by SSI.

⁷⁵ See VCU, WIPA NTDC, *How Resources Affect SSI Eligibility*, January 2017, https://vcu-ntdc.org/resources/WIPA_OtherResources/How%20Resources%20Affect%20SSI%20Eligibility%202017.pdf.

⁷⁶ Section 1611(a)(3) of the Social Security Act; 42 U.S.C. §1382(a)(3). See also 20 C.F.R. §416.1205.

⁷⁷ 20 C.F.R. §416.1201(a).

⁷⁸ Under certain circumstances, individuals who have excess countable resources but who meet all other eligibility requirements may receive SSI benefits for a limited period, provided they dispose of their excess resources at current market value (CMV). See Section 1613(b) of the Social Security Act; 42 U.S.C. §1382b(b). See also 20 C.F.R. §§416.1240-416.1245.

- burial funds or life insurance policies with a face value of up to \$1,500; and
- the first \$100,000 in an Achieving a Better Life Experience (ABLE) account.⁷⁹

Deeming

Because children typically do not have income or resources of their own, SSA uses a process called *deeming* to assign part of the value of the income and resources of an ineligible parent to the disabled child.⁸⁰ A child is subject to deeming if the child is under the age of 18, unmarried, and lives in a household with his or her biological or adoptive parent(s) or lives in a household with his or her biological parent and the spouse of a parent (i.e., a stepparent). Deeming occurs because parents are presumed to be financially responsible for their children. Under deeming, the countable income limit is based on the number of ineligible parents and children in the household.⁸¹ The SSI program provides for a resource exclusion of \$2,000 for one ineligible parent and \$3,000 for two ineligible parents. Combined with the disabled child's own \$2,000 resource exclusion, the countable resource limits under deeming are \$4,000 for a child living with one ineligible parent and \$5,000 for a child living with two ineligible parents. Children are subject to parent-to-child deeming until they reach the age of 18. Deeming also applies in cases where a SSI recipient lives with an ineligible spouse or where a qualified noncitizen has a sponsor.⁸²

Other Requirements

In addition to categorical and financial requirements for SSI, a person must (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.⁸³ (SSI is not available in Puerto Rico, Guam, the Virgin Islands, or American Samoa.)⁸⁴ Recipients who are

⁷⁹ CRS In Focus IF10363, *Achieving a Better Life Experience (ABLE) Programs*.

⁸⁰ For more information on deeming, see VCU, WIPA NTDC, *Parent-to-Child Deeming*, January 2017, https://vcu-ntdc.org/resources/WIPA_OtherResources/ParentToChildDeeming2017.pdf.

⁸¹ For information on the income limits applicable to children under SSI's deeming rules, see SSA, "Understanding Supplemental Security Income SSI For Children—2017 Edition," <https://www.ssa.gov/ssi/text-child-ussi.htm>.

⁸² Section 1614(f) of the Social Security Act; 42 U.S.C. §1382c(f). See also 20 C.F.R. §§416.1160-416.1169 and 416.1202-416.1204a. Moreover, see VCU, WIPA NTDC, *Deeming Basics*, January 2017, https://vcu-ntdc.org/resources/WIPA_OtherResources/DeemingBasics2017.pdf. See also VCU, WIPA NTDC, *Spouse-to-Spouse Deeming*, January 2017, https://vcu-ntdc.org/resources/WIPA_OtherResources/SpouseToSpouseDeeming2017.pdf.

⁸³ Section 1614(a)(1)(B) of the Social Security Act; 42 U.S.C. §1382c(a)(1)(B). See also 20 C.F.R. §416.202(b) and 416.1600-416.1619. Moreover, see SSA, *Supplemental Security Income (SSI) for Noncitizens*, September 2015, <https://www.ssa.gov/pubs/EN-05-11051.pdf>. Furthermore, see SSA, "Spotlight on SSI Benefits for Aliens—2017 Edition," <https://www.ssa.gov/ssi/spotlights/spot-non-citizens.htm>.

⁸⁴ The SSI program is not available in Puerto Rico, Guam, and the Virgin Islands. Instead, these territories continue to operate the joint federal-state programs for the aged, blind, and disabled, which SSI replaced in the 50 states and the District of Columbia in 1974. These programs offer federal funds to the territories in the form of categorical matching grants to help pay for the costs of providing cash assistance to needy aged, blind, or disabled adults. Guam and the Virgin Islands operate separate programs of Old-Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Permanently and Totally Disabled (APTD) under Titles I, X, and XIV of the Social Security Act, respectively. Puerto Rico operates the consolidated program of Aid to the Aged, Blind, or Disabled (AABD) under Title XVI as it existed prior to reenactment by P.L. 92-603. The Administration for Children and Families (ACF) at the U.S. Department of Health and Human Services (HHS) oversees the matching-grant programs at the federal level. Neither SSI nor the matching-grant programs are available in American Samoa. SSI was extended to the Northern Mariana Islands as part of its 1976 covenant (P.L. 94-241), effective in January 1978.

outside the country for more than a month are ineligible for benefits.⁸⁵ Except for situations involving certain medical facilities, residents of public institutions (such as a jail or prison) are generally ineligible for SSI.⁸⁶ Additional requirements related to filing for all other benefits,⁸⁷ fugitive felon status,⁸⁸ and permitting SSA to contact a person's financial institutions also apply.⁸⁹

Termination Events

In general, SSI benefits are suspended for any month during which a recipient fails to meet the aforementioned eligibility requirements. After 12 consecutive months of benefit suspension, most recipients are terminated from the SSI rolls and must file a new application for benefits.⁹⁰ In 2015, the SSI termination rate—the ratio of the number of terminations to the average number of SSI recipients during the year for a given age group—was 6.1% for children and 10.4% for working-age adults. As shown in **Table 4**, in 2015, the majority of SSI terminations for children were due to excess income or medical improvement and for working-age adults were due to excess income or death.

Table 4. Number of Nonelderly Blind or Disabled SSI Recipients Terminated and the Annual Termination Rate, by Age Group and Reason for Termination, 2015

Reason for Termination	Under Age 18		Aged 18-64	
	Number of Recipients Terminated	Termination Rate ^a	Number of Recipients Terminated	Termination Rate ^a
Total	77,785	6.1%	510,624	10.4%
Excess Income	25,239	2.0%	279,128	5.7%
Death	4,202	0.3%	117,504	2.4%
Whereabouts Unknown	3,955	0.3%	6,501	0.1%
Excess Resources	8,742	0.7%	17,833	0.4%
In Public Institution	922	0.1%	29,086	0.6%
Failed to Furnish Report	6,127	0.5%	9,854	0.2%
Outside United States	453	0.0%	2,331	0.0%
No Longer Disabled	25,809	2.0%	43,073	0.9%
Other	2,336	0.2%	5,314	0.1%

Source: CRS, based on SSA, *SSI Annual Statistical Report, 2015*, January 2017, Table 77, https://www.ssa.gov/policy/docs/statcomps/ssi_asr/2015/sect11.html#table77.

⁸⁵ Section 1611(f) of the Social Security Act; 42 U.S.C. §1382(f). See also 20 C.F.R. §416.215.

⁸⁶ An individual who is a resident of a jail or prison throughout a month is ineligible for SSI for that month. See Section 1611(e)(1)(A) of the Social Security Act; 42 U.S.C. §1382(e)(1)(A). See also 20 C.F.R. §416.211.

⁸⁷ Section 1611(e)(2) of the Social Security Act; 42 U.S.C. §1382(e)(2). See also 20 C.F.R. §416.210.

⁸⁸ Section 1611(e)(4)(A) of the Social Security Act; 42 U.S.C. §1382(e)(4)(A). See also 20 C.F.R. §§416.202(f) and 416.1339.

⁸⁹ Section 1631(e)(1)(B)(ii) of the Social Security Act; 42 U.S.C. §1383(e)(1)(B)(ii). See also 20 C.F.R. §416.207.

⁹⁰ Section 1631(j)(1) of the Social Security Act; 42 U.S.C. §1383(j)(1). Blind or disabled children of military personnel stationed overseas and military-related individuals who become ineligible for SSI because their spouse or parent(s) is called to active duty have 24 consecutive months after the suspension to have benefits reinstated without having to file a new application. See 20 C.F.R. §416.216.

- a. The *termination rate* is the ratio of the number of terminations to the average number of SSI recipients during the year for a given age group, which in 2015 was 1,282,372 for children and 4,915,391 for adults.

Cash Benefits

As discussed earlier, in 2017, the federal benefit rate (FBR) is \$735 per month for an individual living in his or her own household and \$1,103 per month for a couple living in their own household.⁹¹ On an annualized basis, the FBR in 2017 is \$8,820 for an individual and \$13,236 for a couple. Individuals and couples with no countable income receive the maximum SSI benefit; those with countable income below the applicable FBR have their SSI benefits reduced so that their own income plus the reduced SSI benefit equals at least the FBR. In this way, the FBR acts as an income floor, providing a minimum level of support in 2017 equal to at least 73% of the federal poverty level (FPL) for an individual and 82% of FPL for a couple.⁹²

Some states complement federal SSI benefits with state supplementary payments (SSPs) that are made solely with state funds. SSPs are intended to help individuals whose basic needs are not met fully by the FBR. States may provide SSPs to all eligible SSI individuals, or they may limit payments to certain SSI recipients, such as the blind or residents of domiciliary-care facilities. Currently, 44 states and the District of Columbia have optional state supplementation programs.⁹³ States may self-administer their supplementation programs or contract with SSA to issue SSPs to eligible recipients on the state's behalf.⁹⁴ In December 2016, more than 1.5 million individuals received a federally administered SSP from SSA.⁹⁵ (The agency no longer publishes data on state-administered SSPs and their recipients.)⁹⁶

As shown in **Table 5**, the average SSI payment was about \$542, which on an annualized basis was about \$6,509. These numbers reflect average federally administered SSPs paid to aged, blind, or disabled individuals by SSA but exclude average state-administered SSPs paid to such individuals by their state. Benefits are generally lower for seniors because some of them receive

⁹¹ Section 1611(b) of the Social Security Act; 42 U.S.C. §1382(b). See also 20 C.F.R. §§416.410-416.415.

⁹² The term *federal poverty level (FPL)* used in this report refers to HHS' 2017 federal poverty guidelines for the 48 contiguous states and the District of Columbia. See HHS, Office of the Assistant Secretary for Planning and Evaluation (ASPE), "Poverty Guidelines," <https://aspe.hhs.gov/poverty-guidelines>.

⁹³ SSA, OACT, *Annual Report of the Supplemental Security Income Program, 2017*, September 1, 2017, p. 21, <https://www.ssa.gov/oact/ssir/SSI17/ssi2017.pdf> (hereinafter "2017 Annual SSI Report"). Optional state supplementation programs are authorized under Section 1616 of the Social Security Act (42 U.S.C. §1382e). Some states are required to continue to operate mandatory supplementation programs for certain individuals who were converted from the joint federal-state cash assistance programs for the aged, blind, and disabled to SSI in 1974. Mandatory supplementation programs are authorized under Section 212(a) of P.L. 93-66. Some states operate only mandatory supplementation programs. Arizona, Mississippi, North Dakota, the Northern Mariana Islands, and West Virginia do not operate any supplementation programs. Most states with supplementation programs must meet a maintenance-of-effort (MOE) requirement with respect to expenditures on optional or mandatory state supplementary payments (SSPs). If a state fails to meet the MOE requirement for the year, it risks losing federal Medicaid reimbursement. See Section 1618 of the Social Security Act (42 U.S.C. §1382g) and 20 C.F.R. §§416.2095-416.2099.

⁹⁴ SSA administers optional state supplementation programs for the following areas: California, Delaware, the District of Columbia, Hawaii, Iowa, Michigan, Montana, Nevada, New Jersey, Pennsylvania, Rhode Island, and Vermont. See SSA, *A Guide to Supplemental Security Income (SSI) for Groups and Organizations*, January 2017, Publication No. 05-11015, p. 5, <https://www.ssa.gov/pubs/EN-05-11015.pdf>.

⁹⁵ SSA, SSI Monthly Statistics, December 2016, Tables 4 and 5. In states that contract with SSA to administer their supplementation programs, SSI recipients receive a single payment composed of the federal SSI benefit and the SSP. In states that self-administer their supplementation programs, SSI recipients receive separate payments for SSI and SSP.

⁹⁶ SSA stopped publishing optional state administered SSP data in 2011. See SSA, *State Assistance Programs for SSI Recipients, January 2011*, November 2011, https://www.ssa.gov/policy/docs/progdesc/ssi_st_asst/.

Social Security, which reduces their SSI. Benefits for children are typically higher because they often do not have income of their own.

Table 5. Number of SSI Recipients and Average Federally Administered Benefit Amount, by Age Group, December 2016

Age Group	Number of Recipients	Average Monthly Benefit	Annualized Benefit
Total	8,251,161	\$542.38	\$6,508.56
Under Age 18	1,213,079	\$649.58	\$7,794.96
Aged 18-64	4,845,735	\$563.49	\$6,761.88
Aged 65 or Older	2,192,347	\$436.76	\$5,241.12

Source: CRS, based on SSA, “SSI Monthly Statistics, December 2016.” January 2017, Tables 2 and 7, https://www.ssa.gov/policy/docs/statcomps/ssi_monthly/index.html.

Notes: *Number of Recipients* includes individuals in receipt of a federal SSI benefit and those in receipt of a federally administered SSP but no federal SSI benefit. *Average monthly benefit* and *annualized benefit* include average federally administered SSPs but exclude average state administered SSPs.

The number of SSI recipients in **Table 5** includes individuals in receipt of only federally administered SSPs (i.e., those in receipt of a federally administered SSP but no federal SSI benefit) but excludes individuals in receipt of only state administered SSPs. In states that contract with SSA to administer their state supplementation programs, countable income is first subtracted from the federal SSI benefit until the benefit is completely offset. Any remaining countable income is then subtracted from the SSP. A person is considered eligible for SSI in such states if his or her countable income is less than the FBR plus the amount of applicable federally administered SSP. However, in states that do not have supplementation programs or choose to self-administer their programs, a person is eligible for SSI if his or her countable income is less than or equal to the FBR. Thus, individuals in receipt of only a federally administered SSP due to excess countable income are counted as SSI recipients but similarly situated individuals in receipt of only a state-administered SSP due to excess countable income are not.

Reduced SSI Benefits for Residents of Certain Medical Facilities

Residents of public institutions are generally ineligible for SSI benefits, because the institution provides for their basic needs (i.e., food, clothing, and shelter).⁹⁷ However, residents of medical institutions in which Medicaid pays more than half of the cost of care are eligible for a reduced SSI benefit of no more than \$30 per month (or \$60 per month for couples in certain situations).⁹⁸ Institutionalized children under the age of 18 may be eligible for a reduced SSI benefit if private health insurance pays more than 50% of the cost of care or a combination of private health insurance and Medicaid pays more than 50% of the cost of care.⁹⁹ The reduced SSI benefit, which is also known as a *personal needs allowance*, is used to pay for small comfort items not provided by the facility. Any countable income reduces the \$30 benefit for institutionalized individuals; however, the full FBR is used in determining their eligibility for SSI (\$735 per month for an

⁹⁷ *Public institutions* do not include publicly operated community residences that service no more than 16 residents. See Section 1611(e)(1)(C) of the Social Security Act; 42 U.S.C. §1382(e)(1)(C). See also 20 C.F.R. §416.211(c).

⁹⁸ Section 1611(e)(1)(B) of the Social Security Act; 42 U.S.C. §1382(e)(1)(B). See also 20 C.F.R. §§416.212 and 416.414. Some states supplement the reduced SSI benefit.

⁹⁹ SSA, POMS, “SI 00520.011 Determination of Applicability of \$30 Payment Limit,” April 16, 2013, <http://policy.ssa.gov/poms.nsf/lnx/0500520011>.

individual in 2017).¹⁰⁰ The reduced SSI benefit is not indexed to inflation and has remained at its current level since July 1988.

Tax Treatment of SSI Benefits

Cash assistance payments, including SSI and SSP, are not subject to federal income tax. Although not explicitly excluded under federal law, the Internal Revenue Service (IRS) has long held that payments made by “governmental units under legislatively provided social benefit programs for the promotion of the general welfare (i.e., based on need) are not includible in the gross income of the recipients of the payments.”¹⁰¹

Benefit Calculation Example

As noted earlier, certain income is disregarded in determining SSI eligibility and the amount of assistance. For example, the program excludes the first \$20 per month of any income (earned or unearned) and the first \$65 per month of earned income plus one-half of any earnings above \$65.¹⁰² After the application of the \$20 general income exclusion, the offset for unearned income is \$1 for \$1; in other words, the SSI benefit is reduced by one dollar for each dollar of unearned income. For earned income above \$65 (or \$85 if the individual has no unearned income), the offset is \$1 for \$2; that is, the SSI benefit is reduced by one dollar for every two dollars of earned income.¹⁰³ Income used for certain expenses is also excludable. **Table 6** shows an example of how SSI benefits are calculated for an individual living independently who receives a \$361 monthly SSDI benefit and has earnings of \$289 each month.¹⁰⁴

The \$20 general income exclusion is first applied to unearned income, meaning that only \$341 of the SSDI benefit is countable. Next, the \$65 earned income exclusion is applied to the \$289 in earnings; the remaining \$224 in earnings is counted on a 50% basis (i.e., a \$1 for \$2 offset). Finally, earned and unearned countable income are summed and then subtracted from the \$735 FBR, which results in a monthly SSI payment of \$282.

¹⁰⁰ For example, if an institutionalized individual’s countable income is \$50 per month, then he or she would be ineligible for the reduced SSI benefit because the \$50 in monthly countable income reduces the \$30 benefit to zero. However, because the individual’s countable income is below \$735 per month in 2017, he or she is still considered SSI eligible.

¹⁰¹ Letter from Janine Cook, branch chief, Employment Tax Branch 1 (Exempt Organizations/Employment Tax/Government Entities), Department of the Treasury, February 21, 2006, <https://www.irs.gov/pub/irs-wd/06-0024.pdf>. See also CRS Committee Print CP10002, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2016*.

¹⁰² Section 1612(b)(2) and 1612(b)(4) of the Social Security Act; 42 U.S.C. §1382a(b)(2) and 1382a(b)(4). See also 20 C.F.R. §§416.1112(c)(5) and 416.1124(c)(12).

¹⁰³ Any portion of the \$20 general income exclusion that has not been used to disregard unearned income in a given month can be applied to earned income for that month. See 20 C.F.R. §416.1112(c)(4).

¹⁰⁴ For more examples, see SSA, “Understanding Supplemental Security Income SSI Income—2017 Edition,” <https://www.ssa.gov/ssi/text-income-ussi.htm>.

Table 6. Calculating SSI Benefits Using the General and Earned Income Exclusions

Step	Amount	Description
(1) Countable Unearned Income	\$361	SSDI Benefit
	-20	General Income Exclusion
	\$341	Countable Unearned Income
(2) Countable Earned Income	\$289	Earnings
	-65	Earned Income Exclusion
	\$224	
	-112	½ of Remaining Earnings
	\$112	Countable Earned Income
(3) Total Countable Income	\$341	Countable Unearned Income
	+112	Countable Earned Income
	\$453	Total Countable Income
(4) SSI Benefit	\$735	2017 Federal Benefit Rate (FBR) for an Individual
	-453	Total Countable Income
	\$282	Monthly SSI Benefit

Source: CRS.

Note: The example is of an individual living independently in 2017 who (1) is not in receipt of SSP and (2) uses no other income exclusions other than those shown.

Income Breakeven Points

Individuals are ineligible for a monthly SSI payment if their countable income reduces the FBR to \$0.¹⁰⁵ The amount of earned or unearned income an individual can have so that countable income equals the applicable FBR is known as the *income breakeven point*. The dollar amount of the breakeven point in 2017 depends on the type of other income that an individual or couple receives.

- **Unearned Income Breakeven Point.** If an individual has only unearned income, the breakeven point is \$755 per month for an individual and \$1,123 for a couple (i.e., the applicable FBR *plus* the \$20 general income exclusion).
- **Earned Income Breakeven Point.** If the individual has only earned income, the breakeven point is \$1,555 per month for an individual and \$2,291 for a couple (i.e., 2 x the applicable FBR *plus* the combined \$85 earned income exclusion).¹⁰⁶

Depending on the composition of other income, an individual who receives both earned and unearned income in 2017 faces a breakeven point somewhere between \$755 and \$1,555 per

¹⁰⁵ A person is SSI eligible if his or her monthly countable income is (1) equal to or less than the FBR or (2) less than the FBR and the amount of applicable federally administered SSP. See SSA, POMS, “SI 02301.215 Summary of Posteligibility (PE) Suspension, Stop Payment and Termination Events by Payment Status Code (PSC),” February 18, 2016, <http://policy.ssa.gov/poms.nsf/lnx/0502301215>.

¹⁰⁶ SSA, POMS, “SI 00810.350 Income Break-Even Points General Information,” December 11, 2014, <http://policy.ssa.gov/poms.nsf/lnx/0500810350>. The *combined \$85 earned income exclusion* is the sum of the \$20 general income exclusion and the \$65 earned income exclusion.

month (\$1,123-\$2,291 per month for a couple).¹⁰⁷ However, most individuals who receive SSI have no other income, and of those recipients who do, only about 3% have any earnings from work in a given month.¹⁰⁸

Treatment of In-Kind Support and Maintenance

The FBR is reduced for SSI recipients in certain living situations who receive in-kind support and maintenance (ISM), which SSA defines as food or shelter.¹⁰⁹ If a person lives throughout a month in another's household and receives *both* food and shelter from others living in the household, the FBR is reduced by one third. This reduction is known as the *value of the one-third reduction* (VTR) and is not rebuttable.¹¹⁰ In 2017, the VTR is \$245.00 per month for an individual ($\$735 \times 1/3$) and \$367.66 per month for a couple ($\$1,103 \times 1/3$).¹¹¹ However, if a person receives ISM but does not receive both food and shelter from the household in which the individual lives, then the FBR is reduced by the *presumed maximum value* (PMV) rule.¹¹² The reduction under the PMV is equal to one-third of the FBR plus \$20, which in 2017 is \$265 per month for an individual ($\$735 \times 1/3 + \20) and \$387.66 per month for a couple ($\$1,103 \times 1/3 + \20). Unlike the VTR, the PMV is rebuttable. If the SSI recipient can show that the value of food or shelter received is less than the PMV reduction, then SSA reduces the FBR by the actual value of food or shelter received. Some ISM is disregarded, such as federal housing assistance.¹¹³ According to SSA, only about 9% of SSI recipients have their cash payments reduced due to receipt of ISM.¹¹⁴

Relationship with Other Federally Funded Programs

Medicaid

In addition to cash benefits, most SSI recipients qualify for health coverage under Medicaid.¹¹⁵ Established under Title XIX of the Social Security Act, Medicaid is a joint federal-state program that finances the delivery of primary and acute medical services, as well as long-term services and supports (LTSS), to certain needy populations, including the aged, blind, and disabled.¹¹⁶ SSI recipients often have medical conditions that require significant health care resources. However,

¹⁰⁷ The example assumes the individual or couple does not receive a SSP.

¹⁰⁸ See SSA, *Annual Statistical Supplement, 2017*, (in progress), Table 7.D1, <https://www.ssa.gov/policy/docs/statcomps/supplement/2017/7d.html#table7.d1>.

¹⁰⁹ SSA no longer includes clothing in the definition of in-kind support and maintenance (ISM). See SSA, "Understanding Supplemental Security Income Living Arrangements—2017 Edition," <https://www.ssa.gov/ssi/text-living-ussi.htm>. See also VCU, WIPA NTDC, *Understanding In-Kind Support and Maintenance (ISM)*, January 2017, https://vcu-ntdc.org/resources/WIPA_OtherResources/UnderstandingISM2017.pdf.

¹¹⁰ Section 1612(a)(2)(A) of the Social Security Act; 42 U.S.C. §1382a(a)(2)(A). See also 20 C.F.R. §416.1131. The \$20 general income exclusion does not apply to ISM reduced under the value of the one-third reduction (VTR) rule.

¹¹¹ SSA, POMS, "SI 00835.901 Values for In-Kind Support and Maintenance for 2006 and Later," November 2, 2016, <http://policy.ssa.gov/poms.nsf/lnx/0500835901>.

¹¹² 20 C.F.R. §416.1140. Individuals subject to the presumed maximum value (PMV) may live in a household by themselves or they may live in someone else's household but do not receive both food or shelter from the person.

¹¹³ See CRS Report RL34591, *Overview of Federal Housing Assistance Programs and Policy*.

¹¹⁴ Ken Brown, *In-kind Support & Maintenance in the Supplemental Security Income Program*, July 12, 2016, slide 4, <http://www.ssab.gov/Portals/0/2016%20SSI%20Forum/Presentations/Ken%20Brown%20-%20ISM%20Presentation.pdf?ver=2016-07-09-131547-763>.

¹¹⁵ SSA, "Medicaid Information," <https://www.ssa.gov/disabilityresearch/wi/medicaid.htm>.

¹¹⁶ 42 U.S.C. §1396 et seq. See CRS Report R43357, *Medicaid: An Overview*.

most SSI recipients are unable to work enough to gain health insurance through an employer or to pay for such insurance on their own.¹¹⁷ Medicaid provides most SSI recipients with health coverage, including some LTSS that private health insurance and Medicare do not cover, making it an important program for individuals with significant long-term care needs.¹¹⁸ In FY2015, estimated spending per Medicaid enrollee was \$19,500 for the disabled and \$14,300 for the aged.¹¹⁹

Thirty-four states and the District of Columbia grant Medicaid coverage automatically to individuals who become eligible for SSI. Section 1634 of the Social Security Act allows states to contract with SSA for the agency to perform Medicaid eligibility determinations for their SSI recipients as part of the SSI application process.¹²⁰ In other words, an SSI application in these states is also an application for Medicaid. States that choose to contract with SSA for these Medicaid determinations are known as *1634 states*. Eight states and the Northern Mariana Islands use the same income, resource, and disability standards of the SSI program to determine Medicaid eligibility for SSI recipients but require them to file a separate application for Medicaid with the state or local Medicaid office. States that elect this option are known as *SSI criteria states*.¹²¹ The remaining eight states use at least one eligibility criterion more restrictive than the SSI program to determine Medicaid eligibility for SSI recipients; however, any state-established standard may be no more restrictive than that used by the state's Medicaid program in 1972. States that elect to apply more restrictive standards are known as *209(b) states*, after the section of the Social Security Amendments of 1972 (P.L. 92-603) that established the option.¹²²

In general, individuals in receipt of SSI for a given month are also eligible for Medicaid for that month, provided they meet all other Medicaid eligibility requirements. SSI recipients typically become ineligible for Medicaid whenever their cash payments are suspended or terminated. In 2013, an estimated 96% of all SSI recipients reported Medicaid coverage.¹²³

SNAP

In general, individuals living in pure SSI households—those in which all members receive SSI benefits—are categorically eligible for the Supplemental Nutrition Assistance Program (SNAP; formerly the Food Stamp Program). SNAP is a federally funded assistance program, administered jointly with the states, that provides benefits to eligible households on an electronic benefit

¹¹⁷ The House report accompanying the Social Security Amendments of 1965 (P.L. 89-97), which established the Medicaid program to provide medical assistance to certain low-income groups (including the aged, blind, and disabled), noted that, “a large and growing proportion of the elderly applying for public assistance have had to do so only because they cannot afford needed health care. Frequently the assistance for which they must apply is very limited in scope and inadequate to meet their needs.” See U.S. Congress, House Committee on Ways and Means, *Social Security Amendments of 1965*, report to accompany H.R. 6675, 89th Cong., 1st sess., March 29, 1965, H.Rept. 89-213 (Washington: GPO, 1965), p. 20.

¹¹⁸ Section 1902(a)(10)(A)(i)(II) of the Social Security Act; 42 U.S.C. §1396a(a)(10)(A)(i)(II).

¹¹⁹ HHS, Centers for Medicare & Medicaid Services (CMS), Office of the Actuary, *2016 Actuarial Report on the Financial Outlook for Medicaid*, Table 2, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Research/ActuarialStudies/Downloads/MedicaidReport2016.pdf>. Estimates include spending on aged or disabled beneficiaries who are not in receipt of SSI.

¹²⁰ 42 U.S.C. §1383c. See also 20 C.F.R. §§416.2101-416.2176.

¹²¹ The eight SSI criteria states are Alaska, Idaho, Kansas, Nebraska, Nevada, Oklahoma, Oregon, and Utah.

¹²² Section 1902(f) of the Social Security Act; 42 U.S.C. §1396a(f). The eight 209(b) states are Connecticut, Hawaii, Illinois, Minnesota, Missouri, New Hampshire, North Dakota, and Virginia.

¹²³ Bailey and Hemmeter 2015, Table 8.

transfer (EBT) card, which can be redeemed for foods at authorized retailers.¹²⁴ SSI recipients may also qualify for SNAP if they live in households that meet SNAP's eligibility requirements. In 2013, an estimated 63% of all SSI recipients lived in households that received SNAP.¹²⁵ California provides SSI recipients with a higher federally administered SSP in lieu of SNAP benefits.¹²⁶

SSA is required to inform all applicants for or recipients of SSI or Social Security about the availability of SNAP benefits.¹²⁷ The agency is also required to take SNAP applications from SSI applicants or recipients who live in pure SSI households and forward them to the local SNAP office within one federal workday.¹²⁸ The SNAP state agency determines the SSI applicant's or recipient's program eligibility and calculates applicable benefit amounts.

Financing

Federal SSI benefits and administrative costs are financed from the general fund of the U.S. Treasury. For FY2016, total federal SSI costs were \$63.1 billion, with \$58.9 billion for benefits and \$4.2 billion for administrative and other costs.¹²⁹ SSPs are financed solely with state funds. States reimburse SSA for the cost of SSPs made to their eligible recipients and for the cost of administering their supplementation program. Spending on federally administered SSPs in FY2016 was \$2.8 billion.¹³⁰

Budgetary Treatment of SSI¹³¹

SSI is an *appropriated entitlement* (i.e., mandatory appropriation). Although SSI benefit payments are mandatory and open ended, SSI's authorizing statute does not provide authority to make payments to fulfill legal obligations.¹³² Therefore, funding for SSI benefits is provided through mandatory spending that is enacted through annual appropriations acts. As with Social Security, administrative expenses for SSI are discretionary and thus are controlled by the annual appropriations process. Congress typically appropriates funds for SSI benefit payments and

¹²⁴ 7 U.S.C. §2014(a). See CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, and CRS Report R42054, *The Supplemental Nutrition Assistance Program (SNAP): Categorical Eligibility*.

¹²⁵ Bailey and Hemmeter 2015, Table 9.

¹²⁶ See California Department of Social Services, *SSI/SSP Overview Assembly Budget Sub 1 Committee*, March 11, 2015, http://www.cdss.ca.gov/cdssweb/entres/pdf/legislature/SSI-SSP_Overview.pdf. SSI recipients living in states that *cash out* the value of the SNAP allotment are ineligible to receive SNAP benefits. See 7 U.S.C. §2015(g) and SSA, POMS, "SI 01801.030 Supplemental Nutrition Assistance Program (SNAP) Cash-Out States," August 23, 2017, <http://policy.ssa.gov/poms.nsf/lnx/0501801030>.

¹²⁷ 7 U.S.C. §2020(j). SSA, POMS, "SI 01801.005 Overview of Supplemental Nutrition Assistance Program (SNAP) Benefits," August 23, 2017, <http://policy.ssa.gov/poms.nsf/lnx/0501801005>.

¹²⁸ 7 U.S.C. §2020(i). SSA, POMS, "SI 01801.310 How to Complete Form SSA-4233, Social Security Administration Transmittal for Supplemental Nutrition Assistance Program (SNAP) Applications," August 23, 2017, <http://policy.ssa.gov/poms.nsf/lnx/0501801310>.

¹²⁹ SSA, *Justifications of Estimates for Appropriations Committees, Fiscal Year 2018*, May 23, 2017, Table i.7, <https://www.ssa.gov/budget/>.

¹³⁰ *Ibid.*

¹³¹ See CRS Report R44645, *Social Security Administration (SSA): FY2017 Appropriations and Recent Trends*.

¹³² Sections 1601 and 1602 of the Social Security Act; 42 U.S.C. §§1381 and 1381a.

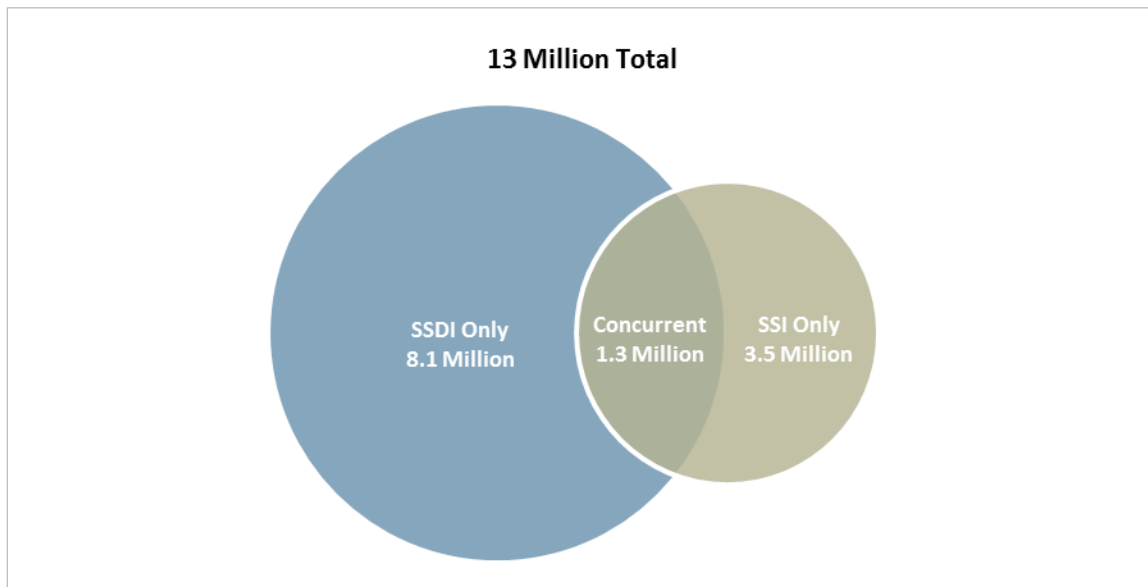
administrative expenses into SSA's accounts each year as part of the LHHs appropriations bill. SSI benefit payments and administrative expenses are both exempt from sequestration.¹³³

Concurrent Disability Beneficiaries

(Hereinafter the term *SSDI* refers to payments made to disabled workers, disabled widow[er]s, and disabled adult children of retired, disabled, or deceased insured workers.)

In December 2015, about 13 million adults aged 18-64 received SSDI or SSI due to a qualifying impairment (**Figure 3**). Of those, more than 1.3 million (or 10%) received both types of disability benefits. About one in eight SSDI beneficiaries aged 18-64 received SSI concurrently. At the same time, about a quarter of SSI recipients aged 18-64 also received SSDI. For this report, individuals who receive both SSDI and SSI due to a qualifying impairment are referred to as *concurrent disability beneficiaries*. Assuming they meet the applicable eligibility requirements, concurrent disability beneficiaries receive health coverage under Medicare and Medicaid. Individuals who qualify for both health care programs are known as *dual eligibles*.

Figure 3. SSDI Beneficiaries and SSI Disability Recipients Aged 18-64, December 2015



Source: CRS, adapted from SSA, *Annual Statistical Report on the Social Security Disability Insurance Program, 2015*, October 2016, Chart 12.

Notes: Subtotals may not equal total due to rounding. The term *SSDI* includes disabled workers, disabled widow(er)s, and disabled adult children of retired, disabled, or deceased workers.

The average combined benefit for concurrent disability beneficiaries in December 2015 was \$783 (**Table 7**). Of that amount, about \$538 was from SSDI and about \$245 was from SSI. Because average benefits for concurrent disability beneficiaries were below the FBR for an individual (\$733 per month in 2015) and because SSDI benefits generally offset SSI benefits on a dollar-for-dollar basis, *combined* benefit levels for each type of concurrent SSDI beneficiary were about the same. Thus, disabled workers (who have higher average SSDI benefit amounts) received lower

¹³³ 2 U.S.C. §905(h).

average SSI benefits, and disabled adult children (who have lower average SSDI benefit amounts) received higher SSI benefits, resulting in roughly the same combined disability benefit amount across all three beneficiary types.

Table 7. Number of Concurrent Disability Beneficiaries Aged 18-64 and Average Benefit Amount, by Type of SSDI Beneficiary, December 2015

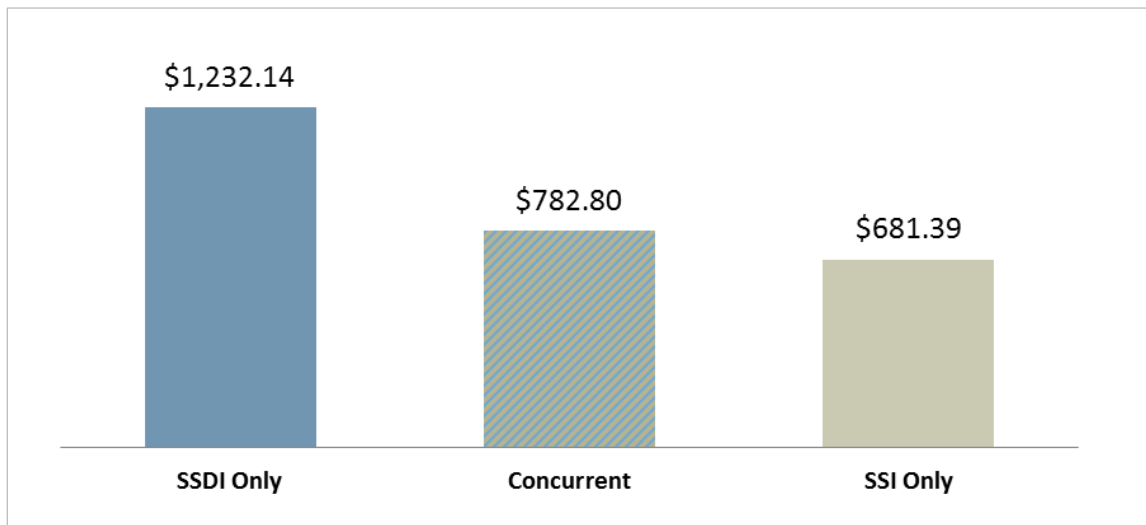
Type of SSDI Beneficiary	Number of Concurrent Beneficiaries	Average Monthly Benefit		
		Combined	SSDI	SSI
Total	1,343,261	\$782.80	\$537.87	\$244.93
Disabled Workers	985,913	784.15	559.07	225.08
Disabled Widow(er)s	29,974	788.56	543.28	245.28
Disabled Adult Children	327,374	778.25	473.98	304.27

Source: CRS, based on SSA, *SSI Annual Statistical Report, 2015*, January 2017, Tables 15 and 16.

Notes: The term *SSDI* includes disabled workers, disabled widow(er)s, and disabled adult children of retired, disabled, or deceased workers.

As shown in **Figure 4**, the average benefit amount for concurrent disability beneficiaries is higher than that for SSI-only recipients but is lower than that for SSDI-only beneficiaries. The purpose of SSI for adults is generally twofold: (1) to provide cash assistance to aged, blind, or disabled individuals who have no income and (2) to supplement the incomes of those who have low Social Security benefits. For SSDI beneficiaries with minimal benefits and other income, SSI increases their overall monthly disability benefit from SSA.

Figure 4. Average Monthly Benefit Amount for Disability Beneficiaries Aged 18-64, by Type of Disability Beneficiary, December 2015



Source: CRS, based on SSA, *Annual Statistical Report on the Social Security Disability Insurance Program, 2015*, October 2016, Table 66.

Notes: The term *SSDI* includes disabled workers, disabled widow(er)s, and disabled adult children of retired, disabled, or deceased workers.

Definition of Disability

To qualify for disability benefits under either program, claimants must meet the definition of disability prescribed in the Social Security Act. SSDI and SSI use a total work-limiting definition of disability for adults; in other words, an individual's impairment(s) must significantly interfere with his or her ability to earn a living.¹³⁴ Most adults are considered disabled for SSDI and SSI eligibility purposes if they are unable to engage in any *substantial gainful activity* (SGA) by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months.¹³⁵ Work activity is considered *substantial* if it involves doing significant physical or mental activities, even if it is done on a part-time basis.¹³⁶ Work activity is considered *gainful* if an individual does it for pay or profit, regardless of whether the profit is realized or legal.¹³⁷

SSA uses a monetary threshold to determine whether an individual's work activity constitutes SGA, which the agency adjusts annually to reflect changes in national earnings levels.¹³⁸ For SSDI, the SGA earnings threshold in 2017 is \$1,170 per month for most individuals and \$1,950 per month for statutorily blind individuals.¹³⁹ Under the SSI program, SGA rules do not apply to statutorily blind individuals. Because of certain work incentives, the non-blind SGA earnings threshold applies to SSI disability claimants only at the time of application (see the "SSI Work Incentives" section of the report).

Adults generally qualify as disabled for SSDI and SSI purposes if they have an impairment (or combination of impairments) of such severity that they are unable to perform any kind of substantial work that exists in significant numbers in the national economy, taking into consideration their age, education, and work experience. The work need not exist in the immediate area in which the claimant lives nor must a specific job vacancy exist for the individual.

SSI's Definition of Disability for Children

The SSI program uses a special definition of disability for children because minors are generally not expected to work. Individuals under the age of 18 must have a medically determinable physical or mental impairment, which results in *marked and severe functional limitations*, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.¹⁴⁰ Children typically qualify as disabled if they

¹³⁴ The definition of blindness under the SSI program does not require an individual to be unable to perform substantial gainful activity (SGA).

¹³⁵ Sections 223(d)(1)(A) and 1614(a)(3)(A) of the Social Security Act; 42 U.S.C. §§423(d)(1)(A) and 1382c(a)(3)(A). Section 223(d)(1)(B) of the Social Security Act provides an alternative definition of disability for blind individuals who are aged 55 or older.

¹³⁶ 20 C.F.R. §§404.1572 and 416.972.

¹³⁷ *Ibid.*

¹³⁸ The SGA threshold for blind SSDI beneficiaries is specified in statute (42 U.S.C. §423[d][4][A]), and the SGA threshold for non-blind SSDI beneficiaries and SSI disability recipients is specified in regulations by SSA (20 C.F.R. §§404.1574 and 416.974). The SGA threshold for blind SSDI beneficiaries is adjusted annually for average earnings growth in the economy, provided a cost-of-living adjustment (COLA) is payable. The SGA threshold for non-blind SSDI beneficiaries and SSI disability recipients is adjusted annually for average earnings growth in accordance with the agency's regulations. SGA rules do not apply to blind SSI recipients.

¹³⁹ SSA, OACT, "Substantial Gainful Activity," <https://www.ssa.gov/oact/cola/sga.html>.

¹⁴⁰ Section 1614(a)(3)(C) of the Social Security Act; 42 U.S.C. §1382c(a)(3)(C).

have a severe impairment (or combination of impairments) that limits their ability to engage in age-appropriate childhood activities at home, in childcare, at school, or in the community. In addition, the child's earnings must not exceed the non-blind SGA earnings threshold at the time of application.

Comparisons with Other Program Definitions of Disability

The definitions of disability under Titles II and XVI of the Social Security Act are considered total and long-term; neither program pays benefits to individuals with partial or short-term impairments. SSA's all-or-nothing definitions of disability are different from other disability standards. For example, the Department of Veterans Affairs (VA) provides partial or total disability benefits to veterans with qualifying impairments on a scale from 0% to 100% (in 10% increments).¹⁴¹ In addition, state workers' compensation pays benefits for total or partial occupational-related injuries and illnesses that are permanent or temporary.¹⁴² According to SSA, the Social Security Act's "purpose and specific eligibility requirements for disability and blindness differ significantly from the purpose and eligibility requirements of other programs."¹⁴³

SSA's Disability Application and Determination Process¹⁴⁴

The process begins when a claimant files an initial application for SSDI or SSI benefits using one of four methods: (1) submitting an application in person at one of SSA's more than 1,200 nationwide field offices; (2) contacting a SSA teleservice representative over the phone and relaying the necessary information; (3) sending a paper application by mail; or (4) filing an electronic application on [ssa.gov](https://www.ssa.gov) (for SSDI and certain concurrent claims only).¹⁴⁵ If the agency requires more information to process the application, it will contact the claimant by phone or arrange for an in-person interview at the local field office. Claimants must inform and submit all evidence to SSA related to their impairment as a condition of their application for benefits.¹⁴⁶

Claims representatives at SSA's field offices screen claimants to make sure they meet the applicable non-medical entitlement factors. For SSDI, non-medical factors include disability-insured status, the work activity test (i.e., SGA earnings limit), and the claimant's relationship to certain family members. For SSI, such factors include income, resources, living arrangements, the work activity test (for non-blind claimants), citizenship, residency, and the requirement to apply for all other benefits. In general, claimants who do not meet the applicable non-medical entitlement factors are found to be ineligible for benefits and do not receive a disability determination. SSA field office personnel notify claimants whose applications are denied due to non-medical factors.

¹⁴¹ CRS Report R41289, *Disability Benefits Available Under the Social Security Disability Insurance (SSDI) and Veterans Disability Compensation (VDC) Programs*.

¹⁴² CRS Report R44580, *Workers' Compensation: Overview and Issues*.

¹⁴³ See SSA, "Revisions to Rules Regarding the Evaluation of Medical Evidence," 82 *Federal Register* 5848, January 18, 2017.

¹⁴⁴ This report describes the initial disability determination process for claims with a filing date on or after March 27, 2017. Claims with an earlier filing date are evaluated under somewhat different rules. See 20 C.F.R. §§404.1527 and 416.927.

¹⁴⁵ See SSA, "Disability Benefits," <https://www.ssa.gov/disabilityssi/>.

¹⁴⁶ 20 C.F.R. §§404.1512 and 416.912.

Applications that meet the applicable non-medical entitlement factors are forwarded to the disability determination services (DDS) office in the area that has jurisdiction for the disability determination (generally the state in which the claimant resides).¹⁴⁷ DDSs, which are fully funded by the federal government, are state agencies tasked with reviewing the medical and vocational evidence and issuing the disability determination for SSA.¹⁴⁸ Although DDS agency staff are state employees, they make the disability determinations based on federal law, regulations, and SSA's policy guidance. DDSs are located in the 50 states, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands.

The disability determination for both types of benefits is made based on evidence gathered in an individual's case record. Disability examiners—with the help of medical or psychological consultants (who are licensed physicians, psychiatrists, or psychologists)—typically use evidence collected from the claimant's own medical sources to evaluate the existence and severity of the claimant's impairment(s).¹⁴⁹ However, if the medical evidence is unavailable or insufficient to make a determination, disability examiners can schedule a physical or mental examination or test from a medical source to obtain the necessary information. In such cases, SSA pays for the consultative examination (CE).¹⁵⁰ After considering all medical and other evidence, the DDS agency issues a disability determination and returns the case to the SSA field office. If the claim is approved, the SSA field office sends out the initial award notice and begins processing the claim. If the claim is denied, the DDS agency prepares a personalized disability explanation and notifies the claimant of the decision.

Disability Determinations for SSDI and Adult SSI Claimants

The Social Security Act gives the Commissioner of Social Security broad authority to promulgate regulations specifying the standards, administrative requirements, and procedures used in conducting disability determinations.¹⁵¹ Under its regulations, SSA employs a five-step sequential evaluation process to determine whether a claimant's medical condition meets the definition of disability prescribed in the act for SSDI and adult SSI claimants (**Figure 5**).¹⁵² Each step in the process is followed in a set order. If SSA finds a claimant disabled or not disabled at a given step, the initial disability determination process is completed and a decision by the agency is made. If SSA cannot find a claimant disabled or not disabled at a given step, the agency proceeds to the next step. The following section examines each step of the sequential evaluation process for adults in more detail.

¹⁴⁷ See SSA, POMS, "DI 22501.002 Responsibilities for Case Development of Disability Claims," March 23, 2016, <http://policy.ssa.gov/poms.nsf/lnx/0422501002>.

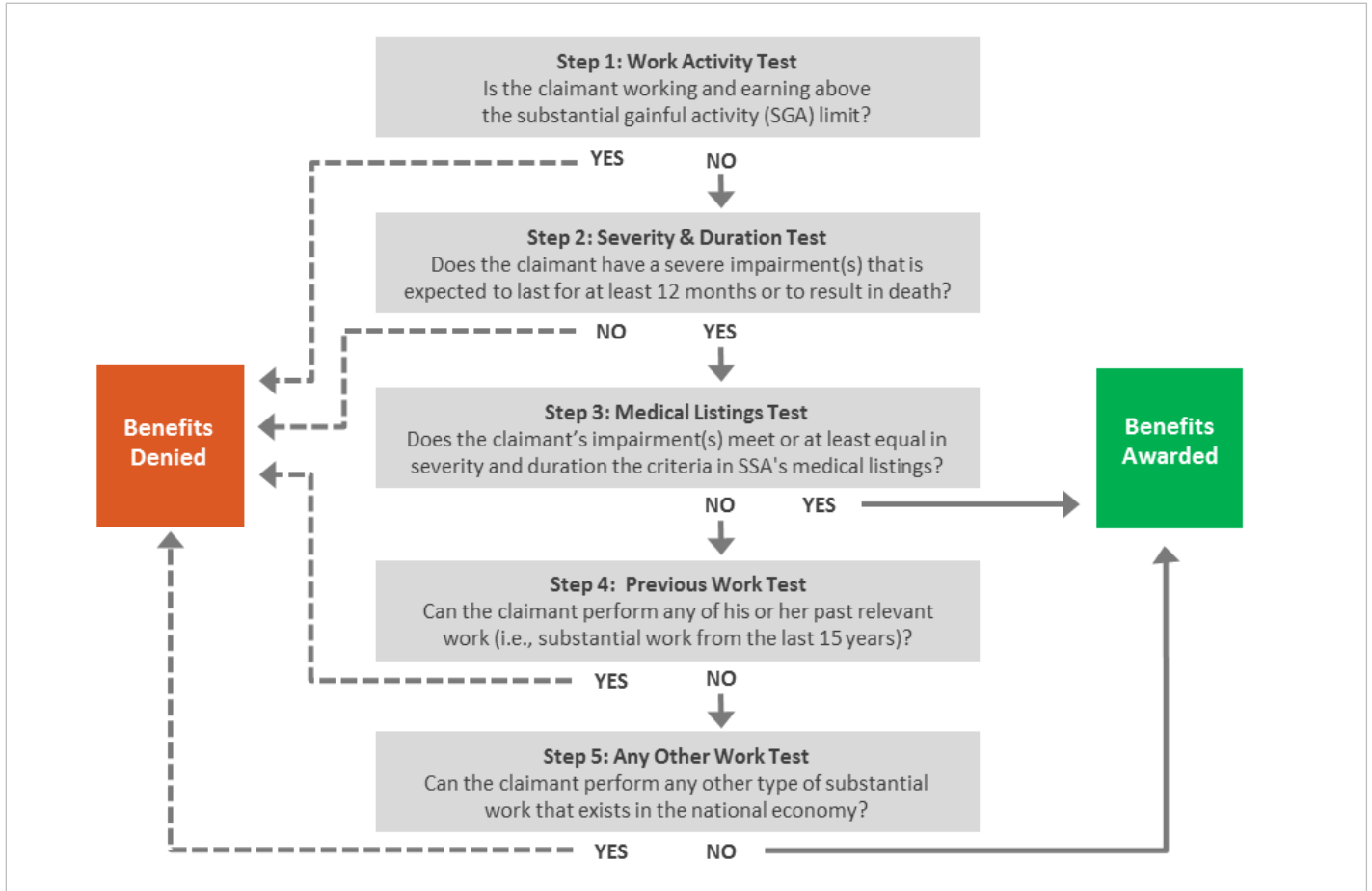
¹⁴⁸ Sections 221(a) and 1633 of the Social Security Act; 42 U.S.C. §§421(a) and 1383b. See SSA, "Disability Determination Process," <https://www.ssa.gov/disability/determination.htm>.

¹⁴⁹ See SSA, POMS, "DI 24501.001 The Disability Determination Services (DDS) Disability Examiner (DE), Medical Consultant (MC), and Psychological Consultant (PC) Team, and the Role of the Medical Advisor (MA)," March 28, 2017, <http://policy.ssa.gov/poms.nsf/lnx/0424501001>.

¹⁵⁰ SSA, "Consultative Examinations: A Guide for Health Professionals," <https://www.ssa.gov/disability/professionals/greenbook/ce-guidelines.htm>.

¹⁵¹ Sections 221, 223(d), and 1614(a)(3) of the Social Security Act; 42 U.S.C. §§421, 423(d), and 1382c(a)(3).

¹⁵² 20 C.F.R. §§404.1520 and 416.920. See also Bernard Wixon and Alexander Strand, *Identifying SSA's Sequential Disability Determination Steps Using Administrative Data*, Research and Statistics Note no. 2013-01, June 2013, <https://www.ssa.gov/policy/docs/rsnotes/rsn2013-01.html>. Moreover, see Tom Johns, branch chief, Disability Quality Branch Office of Quality Performance, Dallas, *SSA's Sequential Evaluation Process for Assessing Disability*, <https://www.ssa.gov/oidap/Documents/Social%20Security%20Administration.%20SSAs%20Sequential%20Evaluation.pdf>.

Figure 5. Initial Disability Determination Process for SSDI and Adult SSI Claimants

Source: CRS, based on Subpart P of 20 C.F.R. §404 and Subpart I of 20 C.F.R. §416.

Notes: The term *SSDI* includes disabled workers, disabled widow(er)s, and disabled adult children of retired, disabled, or deceased workers. In 2017, the SGA earnings limit is \$1,170 per month for non-blind individuals and \$1,950 per month for statutorily blind SSDI claimants.

Step 1. Work Activity Test

The SSA field office assesses whether a claimant's level of work activity constitutes SGA.¹⁵³ In 2017, most claimants are found able to engage in SGA if their countable earnings average more than \$1,170 per month.¹⁵⁴ *Countable earnings* equal gross earnings minus applicable exclusions. Blind SSDI claimants are found able to perform SGA if their countable earnings average more than \$1,950 per month. (SGA rules do not apply to statutorily blind SSI claimants.)

To determine countable earnings, SSA first documents a claimant's gross earnings for each month during the relevant period of work.¹⁵⁵ The agency then considers whether the claimant's work was performed under any special conditions, such as in sheltered employment or under certain

¹⁵³ 20 C.F.R. §§404.1571-404.1576 and 416.971-416.976.

¹⁵⁴ SSA applies special rules in evaluating the countable income of self-employed claimants and the countable earnings or income of statutorily blind Social Security claimants who are aged 55 or older.

¹⁵⁵ Certain compensation is not counted as earnings for SGA purposes, such as vacation or sick pay.

government-sponsored job training or employment programs. Earnings or other compensation derived from work performed under special conditions may be deducted (in part or in whole) from gross earnings. Reasonable costs for certain impairment-related work expenses (IRWE)—such as attendant care services or medical equipment—may also be deducted if the claimant needs such expenses to work. Once a claimant’s countable earnings have been calculated and added together, SSA divides them over the number of months in the relevant review period to produce a monthly average. Claimants with countable monthly earnings at or below the applicable SGA limit proceed to the next step of the disability determination process. Those with countable monthly earnings above the applicable SGA limit are found not disabled, and their application is denied.

Step 2. Severity and Duration Test

The DDS agency determines whether available medical evidence establishes a physical or mental impairment (or combination of impairments) of sufficient severity to prevent the claimant from engaging in SGA and, if so, whether the impairment(s) can be expected to last for at least 12 months or to result in death. In making this determination, the DDS agency first verifies the existence of a medically determinable impairment using objective medical evidence (i.e., medical signs or laboratory findings) from the claimant’s acceptable medical sources.¹⁵⁶ A claimant is considered to have a medically determinable impairment if such evidence shows the existence of one or more anatomical, physiological, or psychological abnormalities.

Once a medically determinable impairment has been established, the adjudicative team evaluates the severity of the impairment using all available evidence, including medical opinions and statements of symptoms from the claimant. *Symptoms*, such as pain or fatigue, are considered if the objective medical evidence from acceptable medical sources shows that the impairment(s) could reasonably be expected to produce the symptoms.¹⁵⁷ The DDS agency then evaluates the intensity and persistence of the claimant’s symptoms to determine the extent to which such symptoms interfere with the claimant’s ability to work. A claimant’s impairment(s) is ultimately considered *severe* if it significantly limits his or her physical or mental ability to do basic work activities. *Basic work activities* include

- walking, standing, sitting, lifting, pushing, pulling, reaching, carrying, or handling;
- seeing, hearing, and speaking;
- understanding, carrying out, and remembering simple instructions;
- use of judgment;
- responding appropriately to supervision, coworkers, and usual work situations; and
- dealing with changes in a routine work setting.¹⁵⁸

A claimant’s impairment(s) is considered *not severe* if it has only a minimal effect on his or her ability to perform basic work activities required in most jobs.

¹⁵⁶ 20 C.F.R. §§404.1521 and 416.921. For more information on the terms used in this section, see 20 C.F.R. §§404.1502 and 416.902.

¹⁵⁷ 20 C.F.R. §§404.1529 and 416.929.

¹⁵⁸ 20 C.F.R. §§404.1522 and 416.922.

In evaluating the claim at Step 2, the DDS agency is required to consider the combined effect of all the claimant's impairments without regard to whether any such impairment, if considered separately, would be of sufficient severity.¹⁵⁹ Thus, a claimant may meet the severity requirement if he or she has multiple non-severe impairments that when combined, have the same effect on the claimant's ability to function as a single severe impairment. Lastly, in addition to being severe, the claimant's medically determinable impairment(s) must be expected to result in death or have lasted or be expected to last for a continuous period of not less than 12 months.¹⁶⁰ Claimants who meet the severity and duration requirements proceed to the next step. Those who do not are found not disabled and their application is denied.

Step 3. Medical Listings Test

The DDS agency determines whether the claimant's medically determinable impairment(s) meets the medical criteria of an impairment specified in SSA's *Listing of Impairments*.¹⁶¹ The listings describe medically determinable impairments for each body system that the agency considers severe enough to prevent a claimant from performing any gainful activity, regardless of the claimant's age, education, or work experience.¹⁶² The listings, which are categorized across 14 major body systems for adults, contain examples of common impairments in the body system and specific evaluative criteria for confirming the existence of a qualifying impairment. Most listed impairments are permanent or expected to result in death. All other listed impairments are expected to last for at least 12 months or for a specific duration.

Claimants qualify at Step 3 of the disability determination process in one of two ways: (1) by meeting the criteria of a specific listing or (2) by equaling the criteria of a specific listing.

1. **Meeting a Listing.** A claimant's medically determinable impairment(s) must satisfy *all* of the criteria described in the listings (i.e., objective medical and other findings and the duration requirement); a diagnosis alone is insufficient to meet a listing.
2. **Equaling a Listing.** A claimant's medically determinable impairment(s) must be at least equal in severity and duration to the criteria of any listed impairment.¹⁶³ If the claimant's impairment(s) is described in the listings but he or she does not exhibit one or more findings specific for the listing (or one of the findings does not meet the specified severity), the DDS will find the claimant's impairment(s) medically equivalent to the listing if the claimant has other findings related to his or her impairment(s) that are at least of equal medical significance to the required criteria. If the claimant's impairment is not described in the listings but is closely analogous to a listed impairment, the DDS will find the claimant's impairment(s) medically equivalent to the analogous listing if the findings related to the

¹⁵⁹ Sections 223(d)(2)(B) and 1614(a)(3)(G) of the Social Security Act; 42 U.S.C. §§423(d)(2)(B) and 1382c(a)(3)(G). See also 20 C.F.R. §§404.1523(c) and 416.923(c).

¹⁶⁰ The Disability Determination Services (DDS) agency cannot combine two or more unrelated severe impairments to meet the 12-month duration requirement. The duration requirement does not apply to blind SSI claimants or to certain blind SSDI claimants aged 55 or older.

¹⁶¹ Appendix 1 to Subpart P of 20 C.F.R. §404. See SSA, "Disability Evaluation Under Social Security: Part III—Listing Of Impairments," <https://www.ssa.gov/disability/professionals/bluebook/listing-impairments.htm>.

¹⁶² 20 C.F.R. §§404.1525 and 416.925.

¹⁶³ 20 C.F.R. §§404.1526 and 416.926.

claimant's impairment(s) are at least of equal medical significance to those of the listed impairment.¹⁶⁴

Claimants with impairments that meet or equal a listing are found disabled and awarded benefits. Those with impairments that do not meet or equal a listing proceed to Step 4.

Step 4. Previous Work Test

Claimants with severe impairments that do not meet or equal a listed impairment proceed to an individual assessment that examines their remaining ability to work. To make this determination, the adjudicative team conducts a residual functional capacity (RFC) assessment, which is a function-by-function assessment of a claimant's ability to perform sustained, work-related physical or mental activities despite the limitations and restrictions caused by his or her medically determinable impairment(s).¹⁶⁵ In general, RFC is a claimant's maximum remaining ability to do sustained work activities in an ordinary work setting on a regular and continuing basis (i.e., eight hours a day, five days a week, or an equivalent work schedule). The RFC assessment is based on all available evidence in the claimant's case record, such as objective medical evidence, activities of daily living (ADL), and statements provided by the claimant or other lay sources (e.g., family, friends, neighbors). In evaluating a claimant's RFC, the DDS agency considers the effects of pain and other symptoms, as well as any non-severe impairment, on the claimant's ability to function in a work setting.

Once the assessment is complete, the DDS evaluates the claimant's RFC with the physical and mental demands of his or her past relevant work.¹⁶⁶ *Past relevant work* is defined as work performed in the past 15 years, at SGA, and which lasted long enough for the claimant to learn to do it.¹⁶⁷ The individual's past relevant work need not exist in significant numbers in the national economy.¹⁶⁸ If a claimant's medically determinable impairment(s) does not prevent him or her from performing past relevant work, the claimant is found not disabled and the application is denied. If the claimant is found unable to perform past relevant work, the case proceeds to the next step.

Step 5. Any Work Test

At the final stage of the disability determination process, the DDS agency considers whether the claimant can adjust to *any* other type of work.¹⁶⁹ Specifically, the claimant must be unable to do not only his or her previous work but cannot, considering his or her age, education, and work

¹⁶⁴ Claimants at this stage of the disability determination process are evaluated at a greater level of severity compared with those evaluated at the latter stages, insofar as awards at Step 3 are based on medical factors alone, whereas awards at the later stages take into consideration a claimant's vocational factors, such as age, education, and work experience. In addition, claimants at Step 3 must be unable to perform *any gainful activity*, which is a stricter standard than *any substantial gainful activity*.

¹⁶⁵ 20 C.F.R. §§404.1545 and 416.945.

¹⁶⁶ If there is insufficient evidence of a claimant's past relevant work, the DDS may expedite the claim to Step 5. See 20 C.F.R. §§404.1520(h) and 416.920(h).

¹⁶⁷ 20 C.F.R. §§404.1560 and 416.960.

¹⁶⁸ See SSA, POMS, "DI 25005.010 Whether Past Relevant Work Must Exist in Significant Numbers in the National Economy (SSR 05-1c)—U.S. Supreme Court Decision in the Case of Jo Anne B. Barnhart, Commissioner of Social Security v. Pauline Thomas," January 27, 2009, <http://policy.ssa.gov/poms.nsf/lnx/0425005010>.

¹⁶⁹ The DDS agency may find a claimant disabled if he or she meets the criteria outlined in SSA's special medical-vocational profiles, which describe specific combinations of vocational factors that are considered so unfavorable to a claimant that he or she is deemed unable to adjust to any other work. See 20 C.F.R. §§404.1562 and 416.962.

experience, engage in any other kind of substantial gainful work that exists in the national economy.¹⁷⁰ *Work that exists in the national economy* means work that exists in significant numbers either in the region where the claimant lives or in several regions of the country.¹⁷¹ It does not matter whether the work exists in the immediate area where the claimant lives, whether a specific job vacancy exists, or whether the claimant would be hired if he or she applied for such work.

At this stage, the DDS agency uses medical-vocational rules (also known as *the grids*) to relate the claimant's age, education, and work experience to his or her RFC to perform work-related physical or mental activities.¹⁷² The grids cross-reference the aforementioned vocational factors by certain exertional (i.e., strength demands) and skill levels to determine the limitations and restrictions imposed by the claimant's impairment(s) and related symptoms. The DDS agency uses the Department of Labor's *Dictionary of Occupational Titles* for information about the physical and mental demands needed for jobs in the national economy.¹⁷³ In general, older individuals (i.e., those over the age of 50) who have limited education and work experience are more likely to be awarded benefits than younger individuals or those who have more education or work experience. Claimants with impairments that prevent them from adjusting to any other work that exists in the national economy are found disabled and awarded benefits. Claimants with impairments that allow them to adjust to a significant number of jobs in the national economy are found not disabled and their application is denied.

Disability Determinations for Child SSI Claimants

As noted earlier, because children are generally not expected to work, the SSI program uses a special definition of disability for minors. Individuals under the age of 18 must have a medically determinable physical or mental impairment, which results in *marked and severe functional limitations*, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. The first part of the disability determination process for child SSI claimants is similar to the one used for SSDI and adult SSI claimants (**Figure 6**).¹⁷⁴

At Step 1, the DDS agency determines whether the child's countable monthly earnings average more than the non-blind SGA earnings limit. At Step 2, the DDS agency determines whether available objective medical evidence from acceptable medical sources establishes a medically determinable impairment, and, if so, whether all medical and other evidence demonstrates that such impairment (or combination of impairments) meets the severity and duration requirements. In determining the severity of the claimant's impairment(s), the DDS agency compares the claimant's functioning to that of children his or her own age who do not have impairments. A child's medically determinable impairment(s) is considered *not severe* if it is a slight abnormality (or a combination of slight abnormalities) that causes no more than minimal functional

¹⁷⁰ Sections 223(d)(2)(A) and 1614(a)(3)(B) of the Social Security Act; 42 U.S.C. §§423(d)(2)(A) and 1382c(a)(3)(B).

¹⁷¹ 20 C.F.R. §§404.1566 and 416.966.

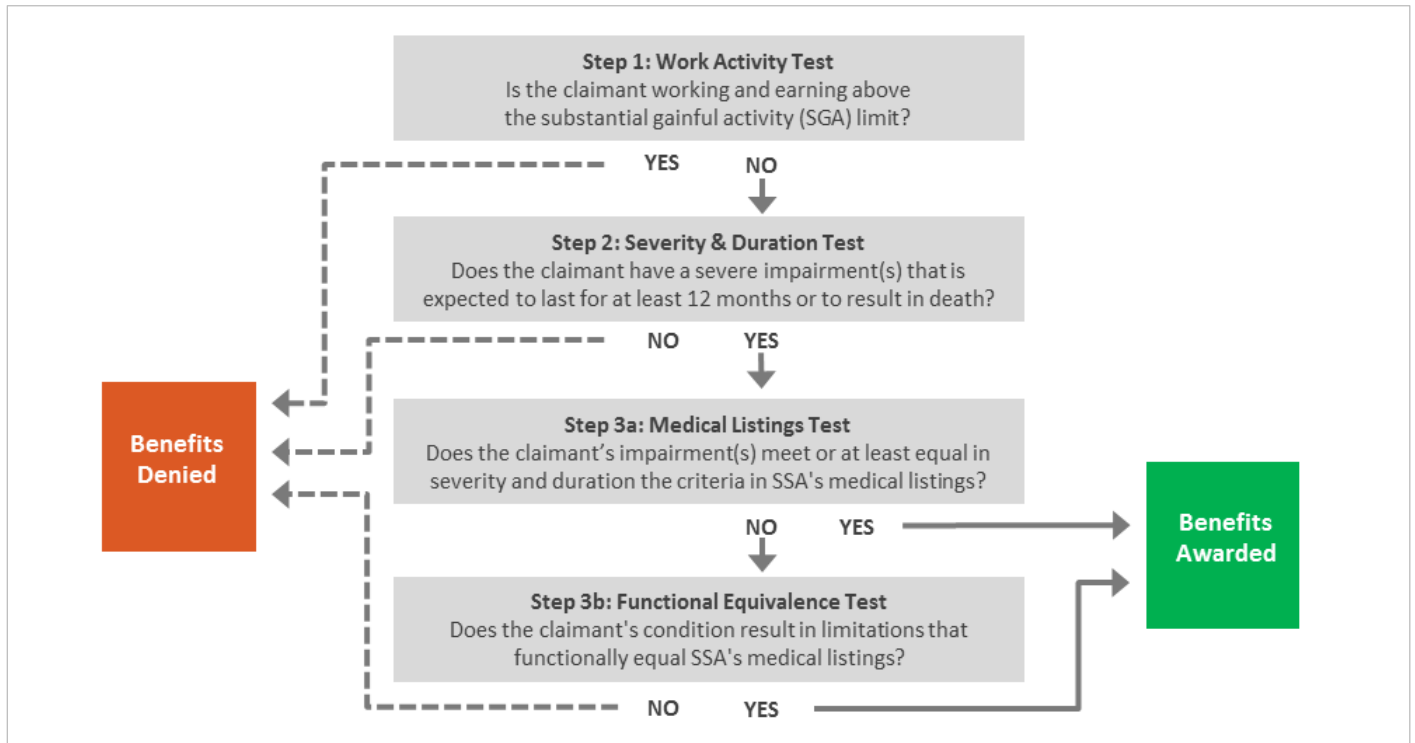
¹⁷² Appendix 2 to Subpart P of 20 C.F.R. §404. See also 20 C.F.R. §§404.1563-1565 and 416.963-416.965.

¹⁷³ The Dictionary of Occupational Titles (DOT) was last updated in 1991. SSA is working with the Bureau of Labor Statistics (BLS) to develop its own occupational information system. See SSA, "Occupational Information System Project," https://www.ssa.gov/disabilityresearch/occupational_info_systems.html.

¹⁷⁴ 20 C.F.R. §416.924.

limitations. At Step 3a, the DDS agency determines whether the child’s medically determinable impairment(s) meets or medically equals the criteria of a specific listing.¹⁷⁵

Figure 6. Initial Disability Determination Process for Child SSI Claimants



Source: CRS, based on Subpart P of 20 C.F.R. §404, Subpart I of 20 C.F.R. §416, and Chart 2 in Bernard Wixon and Alexander Strand, *Identifying SSA’s Sequential Disability Determination Steps Using Administrative Data*, Research and Statistics Note no. 2013-01, June 2013, <https://www.ssa.gov/policy/docs/rsnotes/rsn2013-01.html>.

Notes: In 2017, the SGA earnings limit is \$1,170 per month and applies only at the time of application.

If a child has a severe impairment that does not meet or medically equal the criteria of a specific listing, then the case proceeds to Step 3b, where the DDS agency determines whether the impairment(s) results in limitations that *functionally equal* the listings.¹⁷⁶ During this process, the DDS agency assesses the extent to which a child’s impairment(s) limits or restricts his or her day-to-day functioning at home, in childcare, at school, or in the community. The DDS agency evaluates a child’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. self-care; and
6. health and physical well-being.

¹⁷⁵ The listings for children contain 15 major body systems.

¹⁷⁶ 20 C.F.R. §416.926a.

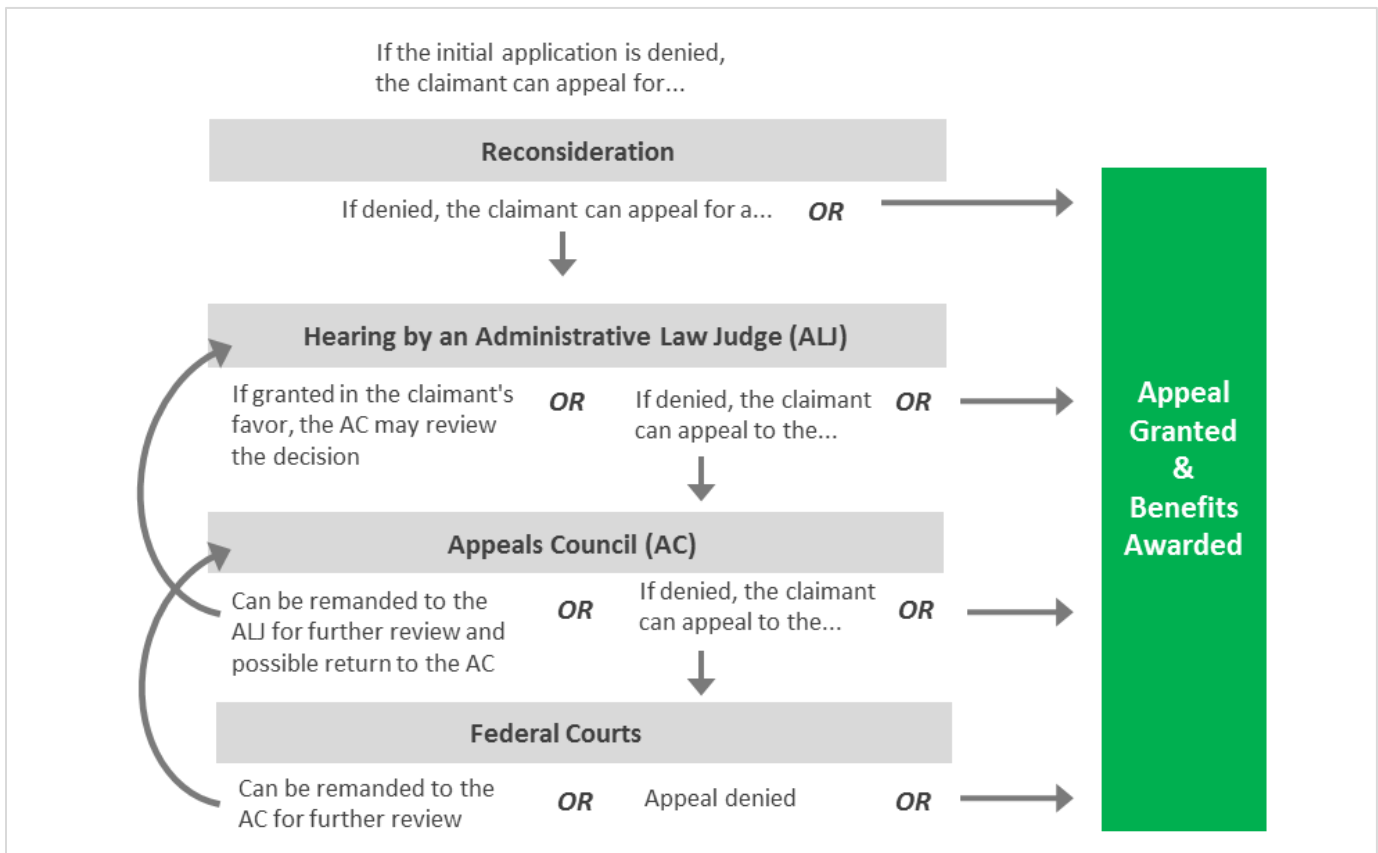
These domains are cross-referenced by age categories that describe age-appropriate functioning and behavior.

At this stage, a claimant's impairment (or combination of impairments) is not evaluated against a specific listing. Rather, it is evaluated on the basis of whether it causes functional limitations that are of listing-level severity, regardless of the nature of the impairment(s). A child's impairment(s) functionally equals the criteria in the listings if it results in marked limitations in at least two of the domains or an extreme limitation in one domain. A *marked limitation* in a domain occurs when a claimant's impairment(s) interferes seriously with his or her ability to independently initiate, sustain, or complete activities. An *extreme limitation* in a domain occurs when a claimant's impairment(s) interferes *very* seriously with his or her ability to independently initiate, sustain, or complete activities. Children are awarded benefits if their impairment(s) meets, medically equals, or functionally equals the listings.

SSA's Appeals Process

If a claimant's application for benefits is denied at any point during the disability application and determination process, the claimant has the right to appeal the decision (**Figure 7**).¹⁷⁷

Figure 7. SSA's Administrative Appeals Process



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

¹⁷⁷ 42 U.S.C. §405(b)(1). SSA, *The Appeals Process*, January 2017, <https://www.ssa.gov/pubs/EN-05-10041.pdf>.

Notes: Under the Disability Redesign Prototype Model, SSA eliminated the reconsideration step of the appeals process for disability issues 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

During the appeals process, claimants may present additional evidence or arguments to support their case and appoint a representative to act on their behalf (either an attorney or qualified non-attorney).¹⁷⁸ In general, the appeals process includes three levels of administrative review through SSA before a case can be appealed to the federal court system. 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.

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 agency.¹⁷⁹ The disability examiner will reexamine the evidence from the original decision and 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. Hearing before an Administrative Law Judge

Claimants who are dissatisfied with the reconsidered decision (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).¹⁸⁰ 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 inquisitorial (i.e., non-adversarial). After the hearing, the claimant is notified in writing of the ALJ's decision. If the claimant disagrees with the 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).¹⁸¹ 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.

¹⁷⁸ 20 C.F.R. §404.1705.

¹⁷⁹ 20 C.F.R. §§404.907-404.922 and 416.1407-416.1422. In 1999, SSA eliminated the reconsideration step in 10 states as part of the Disability Redesign Prototype Model: Alaska, Alabama, California (Los Angeles West and North Branches), Colorado, Louisiana, Michigan, Missouri, New Hampshire, New York, and Pennsylvania.

¹⁸⁰ 20 C.F.R. §§404.929-404.965 and 416.1429-416.1465. See SSA, "Information About Social Security's Hearings and Appeals Process," <https://www.ssa.gov/appeals/>. Hearings may be held in person or by video conferencing.

¹⁸¹ 20 C.F.R. §§404.966-404.982 and 416.1466-416.1482.

Step 4. Federal Courts

If a claimant is dissatisfied with the AC's decision or if the AC decides not to review the case, then 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 a new decision.¹⁸² 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.

Program Integrity

Medical Continuing Disability Reviews

After SSA finds that a claimant is disabled, the agency evaluates his or her impairment(s) from time to time to determine if the individual is still medically eligible for payments on the basis of blindness or disability.¹⁸³ This medical 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 medical improvement is expected, then SSA schedules a review at intervals from 6 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, then SSA schedules 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, then SSA schedules a review once every five to seven years. Individuals who receive this classification are considered *permanently disabled* by SSA.¹⁸⁴

As shown in **Figure 8**, few SSDI beneficiaries and SSI disability recipients are expected to medically improve.

Under current law, SSA must find substantial evidence of medical improvement during a CDR to find a SSDI beneficiary or SSI disability recipient no longer disabled and therefore ineligible for benefits.¹⁸⁵ 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 a SSDI beneficiary or SSI disability recipient no longer disabled if the review finds considerable evidence that (1) there has been substantial medical improvement in the individual's impairment(s) related to his or her ability to work since the last favorable medical decision and (2) the individual has the ability to engage in SGA.

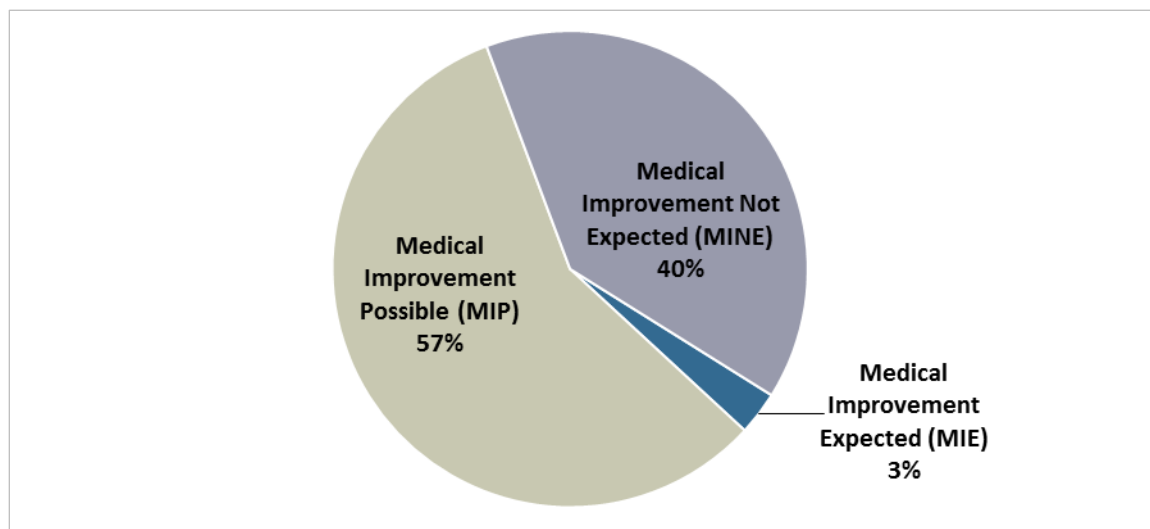
¹⁸² 20 C.F.R. §§404.983-404.985 and 416.1483-416.1485.

¹⁸³ Sections 223(i) and 1614(a)(4) of the Social Security Act; 42 U.S.C. §§423(i) and 1382c(a)(4). See also 20 C.F.R. §§404.1589, 416.989, and 416.989a.

¹⁸⁴ 20 C.F.R. §§404.1590 and 416.990.

¹⁸⁵ Sections 223(f) and 1614(a)(4) of the Social Security Act; 42 U.S.C. §§423(f) and 1382c(a)(4).

Figure 8. CDR Diary Classification for SSDI Beneficiaries and SSI Disability Recipients, July 2017



Source: CRS, based on unpublished data provided to CRS by SSA on August 10, 2017.

Notes: CDR = Continuing Disability Review. The term *SSDI* includes disabled workers, disabled widow(er)s, and disabled adult children of retired, disabled, or deceased workers. Data are for SSDI beneficiaries of any age and SSI disability recipients under 65 years old (including children).

For a child SSI recipient, SSA typically considers 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 in which 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 the age of 18 under the adult standard for initial disability claims.¹⁸⁶ These reevaluations are known as *age-18 disability redeterminations*. Because these reviews are a new disability determination under the adult criteria, the MIRS does not apply.¹⁸⁷

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

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

¹⁸⁶ Section 1614(a)(3)(H)(iii) of the Social Security Act; 42 U.S.C. §1382c(a)(3)(H)(iii). See also 20 C.F.R. §416.987.

¹⁸⁷ SSA, POMS, "DI 33025.075 Age 18 Redetermination Cases Under P.L. 104-193," February 22, 2013, <http://policy.ssa.gov/poms.nsf/lnx/0433025075>.

is still eligible for SSI and receiving the correct payment amount. There are two types of redeterminations: scheduled and unscheduled. *Unscheduled redeterminations* are conducted based on a report of a change in a recipient's circumstances that may affect program eligibility or payment amount. *Scheduled redeterminations* are performed at periodic intervals, depending on the likelihood of payment error: (1) annually if a change in a recipient's circumstances is likely to occur or (2) once every six years if a change in circumstances is unlikely to occur.

Work Incentives

Over the years, Congress has authorized a number of programs and provisions to encourage individuals receiving cash disability payments to return to or enter the workforce. For example, SSA's Ticket to Work program provides working-age SSDI beneficiaries and SSI disability recipients with a voucher or *ticket* to obtain employment and other support services.¹⁸⁸ Services are furnished through the current system of state vocational rehabilitation (VR) agencies or a ticket holder's choice of an approved public or private employment network (EN).¹⁸⁹ State VR agencies and ENs receive payments from SSA based on ticket holders achieving certain earnings and employment outcomes. Under its VR cost reimbursement program, SSA also reimburses state VR agencies for the costs of providing employment services to SSDI beneficiaries and SSI disability recipients who perform SGA for nine continuous months (certain exceptions apply).¹⁹⁰ In addition, former SSDI beneficiaries and SSI disability recipients may request expedited reinstatement of their benefits if they stop earning above the SGA limit within five years of their prior termination and their current impairment(s) is the same as, or related to, their prior impairment(s).¹⁹¹ Below is an overview of select, program-specific work incentives.¹⁹²

SSDI Work Incentives

SSDI beneficiaries are afforded a *trial work period* (TWP), during which they may test their ability to work and earn any amount for up to nine months (not necessarily consecutive) within a 60-month rolling period without having their benefits reduced or terminated.¹⁹³ In 2017, any month in which earnings exceed \$840 is considered a month of *services* (i.e., work) and counted toward the beneficiary's nine-month TWP.¹⁹⁴ In 2014, about 2% of disabled workers participated in a TWP.¹⁹⁵

¹⁸⁸Section 1148 of the Social Security Act; 42 U.S.C. §1320b-19. See CRS Report R41934, *Ticket to Work and Self-Sufficiency Program: Overview and Current Issues*.

¹⁸⁹ See CRS Report R43855, *Rehabilitation Act: Vocational Rehabilitation State Grants*.

¹⁹⁰ Sections 222(d) and 1615(d) of the Social Security Act; 42 U.S.C. §§422(d) and 1382d(d). See also 20 C.F.R. §§404.2101-404.2127 and 416.2201-416.2227.

¹⁹¹ Sections 223(a)(1)(E)(ii) and 1631(p) of the Social Security Act; 42 U.S.C. §§423(a)(1)(E)(ii) and 1383(p). See also 20 C.F.R. §§404.1592b-404.1592f and 416.999-416.999d.

¹⁹² For more information on SSDI and SSI work incentives, see SSA, *2017 Red Book: A Summary Guide to the Employment Supports for Persons with Disabilities under the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) Programs*, January 2017, <https://www.ssa.gov/redbook/index.html>.

¹⁹³ Section 222(c) of the Social Security Act; 42 U.S.C. §422(c). See also 20 C.F.R. §404.1592.

¹⁹⁴ SSA, OACT, "Trial Work Period," <https://www.ssa.gov/oact/COLA/twp.html>.

¹⁹⁵ SSA, *Annual Statistical Report on the Social Security Disability Insurance Program, 2015*, October 2016, Tables 4 and 58, https://www.ssa.gov/policy/docs/statcomps/di_asr/2015/index.html (hereinafter "SSDI Annual Report, 2015"). In 2014, 200,783 disabled workers participated in a trial work period (TWP).

Following the exhaustion of the TWP, beneficiaries enter a 36-month *extended period of eligibility* (EPE), during which their benefits are reinstated for months in which their earnings are at or below the SGA limit.¹⁹⁶ The first month in which SGA is performed during the EPE and the two succeeding months are a grace period; SSA pays benefits during these months regardless of the individual's level of earnings. Beneficiaries who earn above the SGA limit after the EPE are generally terminated from the program; however, they retain Medicare coverage for at least 57 months following the EPE (or at least 93 months following the TWP), provided they continue to have a qualifying impairment. After premium-free Medicare Part A ends, former SSDI beneficiaries may purchase Medicare coverage if they continue to have a qualifying impairment.¹⁹⁷ In 2014, about 1% of disabled workers had at least one suspension month because of earnings above the SGA limit while in the EPE.¹⁹⁸

SSI Work Incentives

Section 1619(a) of the Social Security Act provides for the continuation of cash payments for SSI recipients with substantial earnings that otherwise would disqualify them from the program.¹⁹⁹ Under this provision, recipients who have earnings at or above the SGA threshold but whose countable income is less than the FBR are eligible to receive special SSI benefits in lieu of regular SSI benefits. These special 1619(a) benefits are calculated in the same manner as regular SSI benefits and are payable for as long as an individual performs SGA and meets all other SSI eligibility criteria. 1619(a) effectively eliminates the SGA limit for non-blind SSI recipients. In December 2016, less than 1% of SSI recipients received special 1619(a) benefits.²⁰⁰

Section 1619(b) provides for the continuation of Medicaid coverage for SSI recipients whose earnings make them ineligible for regular SSI benefits or special 1619(a) benefits.²⁰¹ Under this provision, individuals who lose cash benefit eligibility because their countable income exceeds the FBR (or equals or exceeds the combined amount of the FBR and the applicable federally administered SSP) are deemed to be receiving SSI benefits for Medicaid eligibility purposes. To be eligible for 1619(b) status, individuals must

- continue to have a qualifying impairment;
- meet all non-disability requirements for SSI except for earnings;
- need Medicaid to continue to working; and
- have earnings that are considered insufficient to provide a reasonable equivalent of the benefits (i.e., SSI, federally administered SSP, Medicaid, and publically funded personal or attendant care) that would be provided if they did not have those earnings.

¹⁹⁶ Section 223(a)(1)(E) of the Social Security Act; 42 U.S.C. §423(a)(1)(E). See also 20 C.F.R. §404.1592a and 42 C.F.R. §406.12(e).

¹⁹⁷ Section 1818A of the Social Security Act; 42 U.S.C. § 1395i-2a. See also 42 C.F.R. §406.20(c). Moreover, see SSA, "Medicare Information," <https://www.ssa.gov/disabilityresearch/wi/medicare.htm>.

¹⁹⁸ SSDI Annual Report, 2015, Tables 4 and 58. In 2014, there were 115,121 disabled workers with at least one suspension month because of earnings above the SGA limit while in the extended period of eligibility (EPE).

¹⁹⁹ Section 1619(a) of the Social Security Act; 42 U.S.C. §1382h(a). See also 20 C.F.R. §§416.261-416.265.

²⁰⁰ 2017 Annual SSI Report, Tables IV.B9 and V.E2. In December 2016, 13,480 individuals received special 1619(a) payments.

²⁰¹ Section 1619(b) of the Social Security Act; 42 U.S.C. §1382h(b). See also 20 C.F.R. §§416.266-416.269. Moreover, see SSA, "Continued Medicaid Eligibility (Section 1619(B))," <https://www.ssa.gov/disabilityresearch/wi/1619b.htm>.

SSA uses a threshold concept to determine when 1619(b) participants have sufficient earnings to provide a reasonable equivalent of the benefits made available to them under the SSI program. The agency calculates this threshold for a 12-month period based on the sum of (1) the amount of gross earnings that would reduce the SSI benefit (or the combined amount of SSI and applicable SSP) to zero for an individual living independently with no other income and (2) the state's average annual per capita Medicaid expenditures for blind or disabled SSI recipients. The threshold varies from state to state, depending on the amount of the SSP (if any) and average annual per capita Medicaid expenditures. For 2017, the annual earnings threshold for disabled 1619(b) participants ranges from \$18,660 in the Northern Mariana Islands to \$66,308 in Connecticut, with the median being \$35,253.²⁰²

Individuals with earnings that exceed their state charted threshold amount are usually placed in suspension status, which makes them ineligible for Medicaid via SSI. However, if an individual has high medical expenses, SSA will perform an individualized threshold calculation that takes into account the individual's actual Medicaid expenditures as well as the value of any publicly funded personal or attendant care that the individual receives from a program other than Medicaid.²⁰³ Individuals with earnings at or below the individualized threshold continue to qualify for 1619(b) status. In December 2016, less than 1% of SSI recipients were in 1619(b) status.²⁰⁴

²⁰² SSA, POMS, "SI 02302.200 Charted Threshold Amounts," May 9, 2017, <http://policy.ssa.gov/poms.nsf/lnx/0502302200>. California, Iowa, Massachusetts, and Nevada use a higher charted threshold amount for blind SSI recipients.

²⁰³ SSA, POMS, "SI 02302.050 Individualized Threshold Calculation," November 21, 2014, <http://policy.ssa.gov/poms.nsf/lnx/0502302050>.

²⁰⁴ 2017 Annual SSI Report, Tables IV.B9 and V.E2. In December 2016, there were 80,579 individuals in 1619(b) status.

Appendix A. Side-by-Side of SSDI and SSI

Table A-1. Comparison of the SSDI and SSI Programs

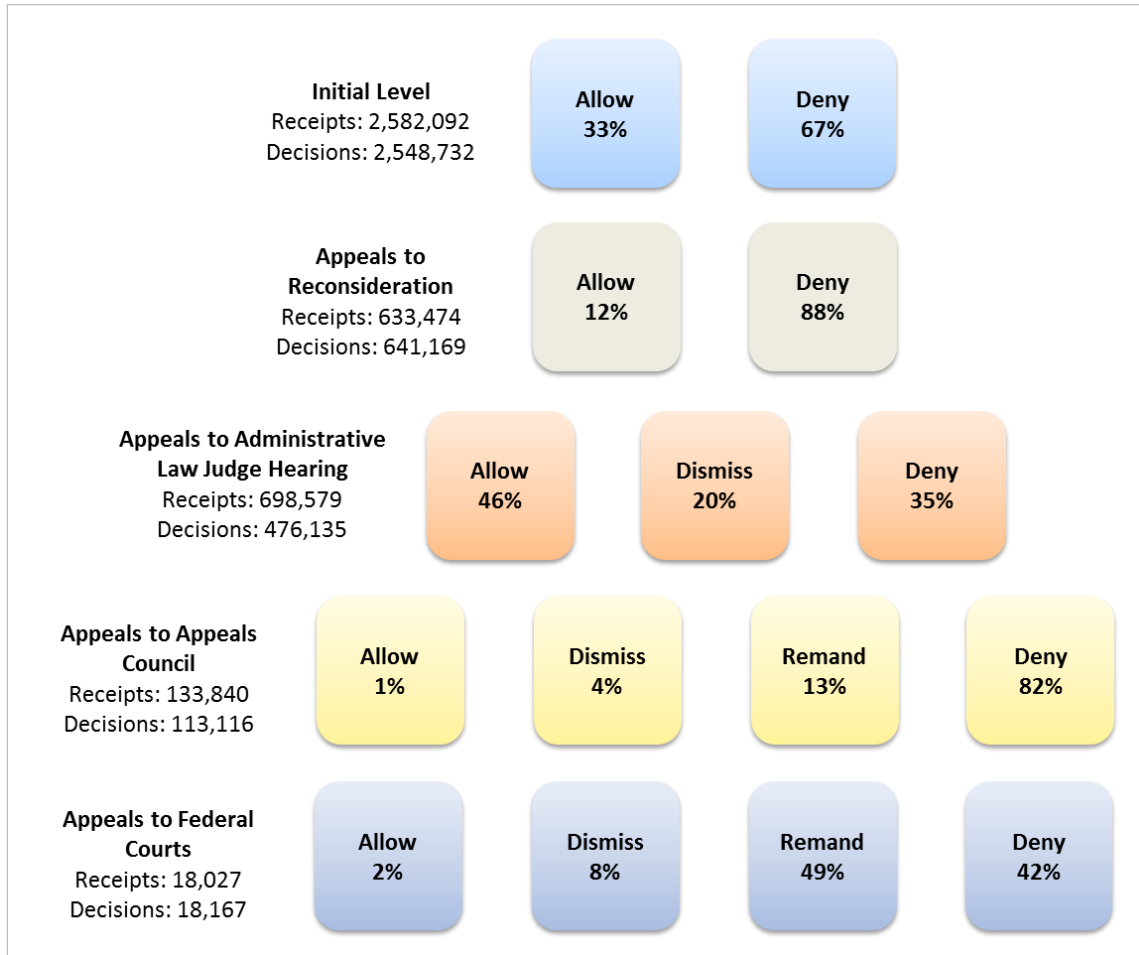
	Social Security Disability Insurance (SSDI)	Supplemental Security Income (SSI)
Type of Program	Work-related federal insurance.	Means-tested federal assistance.
Type of Beneficiary	Disabled individuals under Social Security's full retirement age with significant past work.	Individuals with limited assets and little or no income who (1) are aged 65 or older or (2) have a qualifying impairment, regardless of age.
Definition of "Disability"	Inability to engage in substantial gainful activity (SGA) due to any medically determinable physical or mental impairment which has lasted or is expected to last for at least 12 months or to result in death. In 2017, the SGA earnings limit is \$1,170 per month for most workers. Individuals must be unable to perform any kind of substantial work that exists in significant numbers in the national economy, taking into consideration their age, education, and work experience.	<i>Adults:</i> Same as SSDI. <i>Children:</i> Physical or mental impairment that causes marked and severe functional limitations with daily activities at home, in school, at daycare, or in the community. The impairment must be expected to last for at least 12 months or to result in death. The child's earnings must also be at or below the SGA limit at the time of application.
Work History and Contribution Requirements	Generally, must have worked and paid Social Security taxes for about one-quarter of adult life and for at least 5 years of the 10 years before the onset of disability.	None.
Nature of Cash Benefits	A share of a worker's career-average earnings in jobs covered under Social Security. The share of earnings replaced by SSDI is greater for workers with low lifetime wages than for high-wage workers. Average disabled-worker benefit in 2017 is \$1,172 per month.	Maximum federal benefit of \$735 per month for an individual in 2017 (\$1,103 for a couple). The benefit is reduced by "countable income" (generally, half of earnings plus all other income). States may supplement this benefit. Average benefit in 2017 is \$543 per month.
Waiting Period	5 months.	None.
Health Coverage	Entitled to Medicare after 24 months of entitlement to cash benefits (generally 29 months after disability onset).	Automatically eligible for Medicaid in most states. Some states require a separate Medicaid application. Eight states use more restrictive eligibility criteria than SSI ("209[b] states")
Benefits for Family Members	Certain spouses and dependent children.	None.
Means Tested	No, but earnings must be within the SGA limit for a person to be considered disabled. (The SGA limit is an indirect test of disability.)	Yes. Must have "countable income" at or below the maximum benefit and no more than \$2,000 in "countable assets" for an individual (\$3,000 for a couple). Certain income and assets are not counted for eligibility and payment purposes
Financing	Primarily by payroll taxes credited to the Disability Insurance trust fund.	General revenues.

Source: CRS.

Appendix B. Initial Disability Determinations and Appeals Data

Figure B-1 provides workload data for initial disability determinations and appeals in FY2016. These data include receipts (i.e., requests) and decisions for SSDI, SSI, and concurrent applications and appeals for the entire fiscal year. Most disability awards granted by SSA are made at the initial level of the determination process.

Figure B-1. SSA's Disability Claims and Appeals Workload, FY2016



Source: CRS, reproduced from Table 3.42 in SSA, *Justifications of Estimates for Appropriations Committees, Fiscal Year 2018*, May 23, 2017, p. 183, <https://www.ssa.gov/budget/>.

Notes: Figure includes SSDI, SSI, and concurrent initial disability determinations and appeals decisions issued in FY2016, regardless of the year in which the initial claim was filed, and regardless of whether the claimant ever received benefits. (The term SSDI includes disabled workers, disabled widow(er)s, and disabled adult children of retired, disabled, or deceased workers.) It does not include claims where an eligibility determination was reached without a determination of disability. If a determination or appeals decision was made on Social Security and SSI claims for the same person, the results are treated as one concurrent decision. About 24% of initial level denials are issued in states that use the Disability Prototype process, which eliminates the reconsideration step of the appeals process. The first level of appeal for these cases is a hearing before an administrative law judge (ALJ). Federal court data includes appeals of continuing disability reviews (CDRs). Subtotals may not sum to 100.0% due to rounding.

Author Contact Information

(name redacted)
Analyst in Income Security
[redacted]@crs.loc.gov7-....

Acknowledgments

CRS Graphics Specialist Amber Wilhelm produced the figures shown in the body of this report.

EveryCRSReport.com

The Congressional Research Service (CRS) is a federal legislative branch agency, housed inside the Library of Congress, charged with providing the United States Congress non-partisan advice on issues that may come before Congress.

EveryCRSReport.com republishes CRS reports that are available to all Congressional staff. The reports are not classified, and Members of Congress routinely make individual reports available to the public.

Prior to our republication, we redacted names, phone numbers and email addresses of analysts who produced the reports. We also added this page to the report. We have not intentionally made any other changes to any report published on EveryCRSReport.com.

CRS reports, as a work of the United States government, are not subject to copyright protection in the United States. Any CRS report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS report may include copyrighted images or material from a third party, you may need to obtain permission of the copyright holder if you wish to copy or otherwise use copyrighted material.

Information in a CRS report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to members of Congress in connection with CRS' institutional role.

EveryCRSReport.com is not a government website and is not affiliated with CRS. We do not claim copyright on any CRS report we have republished.