



Commemorating 40 Years
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1973-2013

Hearing before the House Ways and Means Committee Subcommittee on Social Security

Encouraging Work Through the
Social Security Disability Insurance Program

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Testimony of
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On Behalf of the Social Security Task Force
Consortium for Citizens with Disabilities

Chairman Johnson, Ranking Member Becerra, and Members of the Subcommittee, thank you for the opportunity to provide testimony for this hearing on Encouraging Work Through the Social Security Disability Insurance (SSDI) program.

I currently serve as the director of federal policy for Health & Disability Advocates (HDA). HDA is a national policy and advocacy group headquartered in Chicago, Illinois that promotes economic and health care security for people with disabilities. For more than 20 years, HDA has been working at the intersection of health and economic security, focusing on employment and health related employment supports. I also am a member of the Consortium for Citizens with Disabilities (CCD) Social Security Task Force. CCD is a working coalition of national consumer, advocacy, provider, and professional organizations working together with and on behalf of the 54 million children and adults with disabilities and their families living in the United States. The CCD Social Security Task Force focuses on disability policy issues in the Title II disability programs and the Title XVI Supplemental Security Income (SSI) program. I present this testimony on behalf of the Co-Chairs of the CCD Social Security Task Force.

The SSDI program provides vital and much-needed economic security and access to health care for individuals whose impairments are so severe that they preclude substantial, gainful work. This income support program is an integral component of our nation's safety net, reflecting the core American value of assisting those in need. We appreciate your interest in and attention to this critical program.

Any effort to improve the work opportunities and outcomes for people receiving SSDI should start with ensuring that the Social Security Administration (SSA) has adequate administrative resources to effectively administer the SSDI program and the SSDI work incentives in an accurate and timely manner. SSA's administrative budget (Limitation on Administrative Expenses or LAE) has been woefully inadequate in recent years. We urge Congress to provide SSA with adequate resources to carry out all necessary program functions, especially to process wage reports and complete work reviews, including hiring sufficient staff in SSA's field offices and dedicating staff to program integrity and disability employment-related workloads.

The CCD Social Security Task Force Co-Chairs strongly support increasing efforts to help people with significant disabilities to work up to their potential, whether that means helping them keep their attachment to the labor force thus delaying or eliminating the need to apply for disability benefits; or providing the training, services, and supports a beneficiary might need to return to work. We thank the Chairman and Ranking Member for holding this hearing to explore ways to encourage and support work among SSDI beneficiaries.

I. Principles for Improving Employment Opportunities and Outcomes

Before discussing specific proposals and offering our recommendations, we present the following principals the Social Security Task Force believes ought to guide efforts to increase employment opportunities and outcomes for people with disabilities:

Principle 1: Preserve the basic structure of Social Security's disability programs, including the definition of disability.

Social Security's disability programs are critical to people with disabilities and their families. Their basic structure is effective and should be preserved. Any efforts to change the Social Security disability programs must protect and expand the effectiveness of these income support programs, as well as protect access to the corresponding health coverage provided through Medicare and Medicaid. Additionally, because the intent of

the Social Security disability programs is to provide income support for individuals who do not have the capacity to work, the existing definition of disability is appropriate. The current definition is strict, providing benefits only to individuals with the most significant impairments. The current structure also provides sufficient flexibility to allow for policies that promote employment for beneficiaries who are able to do some work.

Principle 2: Efforts should be made to increase employment opportunities and improve employment outcomes for Social Security disability beneficiaries, but those efforts should not be achieved through any tightening of eligibility criteria for cash benefits and/or narrowing of health care benefits.

CCD supports new legislative and regulatory proposals that could increase employment opportunities for individuals with disabilities who receive Social Security disability benefits. However, **new initiatives should be funded outside of the Social Security disability benefit structure and should not come at the expense of existing Social Security disability benefits.** A top priority for CCD is to retain current eligibility criteria for income support and associated health care benefits while also promoting ways to improve employment outcomes for individuals with disabilities who have the capacity for work.

Programs designed to allow flexibility for people with disabilities to return to work, including programs authorized under the Ticket to Work and Work Incentives Improvement Act (TWWIIA), should be supported in order to provide Social Security disability beneficiaries with the flexibility they need to return to work. These programs offer people with disabilities the options to try different work opportunities without risk of losing their benefits should a return to work be unsuccessful. Providing individuals with disabilities the opportunities to work up to their capacity without risking the vital income support and health care coverage allows them the chance to increase their independence and self-sufficiency.

Principle 3: Given that Social Security disability program beneficiaries have already been found unable to perform substantial gainful activity, participation in work or activities to prepare for work should remain voluntary.

While it is critical that high-quality employment services be made readily available to all beneficiaries, the person with a disability is in the best position to evaluate his or her own health condition and ability to participate in such activities. Because many people with disabilities face great challenges in returning to work, and because of the significant diversity of disabilities represented within the Social Security disability programs, receipt of Social Security disability benefits should not be conditional on participation in work or work preparation activities. CCD therefore opposes any type of work requirements in the Social Security disability programs, including any requirements that beneficiaries participate in community service, volunteer work, vocational rehabilitation, training, or other pre-employment activities as a condition of receiving benefits or to avoid sanctions.

Principle 4: Eligibility and cash benefits should not be subject to time limits.

In our experience, even those beneficiaries who eventually attain self-supporting employment may take a long time to do so. Placing arbitrary time limits on benefits could be counterproductive and exacerbate physical or mental health problems. It is also impossible to predict who might be able to work at a self-sustaining level as the course a disability or illness may take is unpredictable and definitely not known ahead of time. For those who are not able to attain a significant level of employment, or not able to do so within the prescribed time frames, a time-limited program would greatly increase the need for repeated applications and adjudications, causing great stress for beneficiaries as well as increased administrative costs for the Social Security

Administration. The current policy of conducting continuing disability reviews avoids these problems and additional costs, while ensuring that individuals who no longer qualify for the program have their benefits terminated.

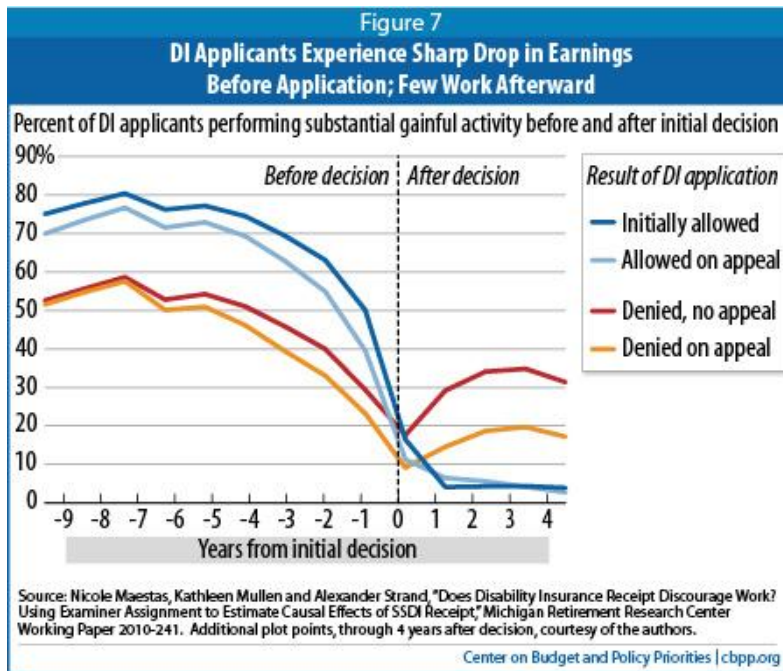
II. Recommendations for Improving Employment Opportunities and Outcomes for People with Disabilities

Keeping these principles in mind, we present the following recommendations to the Subcommittee. In this section, we present recommendations that seek to: (1) help people with disabilities remain in the workforce; and (2) improve work opportunities and outcomes for current and future SSDI beneficiaries. We also share concerns regarding certain proposals that risk detrimental consequences for people with disabilities.

a. Helping People with Disabilities Remain in the Workforce

We strongly support efforts to provide services and supports, access to health care, and help with expenses incurred by workers with disabilities in order to maintain their attachment to the labor force. We believe that early intervention could help many people with disabilities and chronic health conditions remain at work.

About 57 million, or 1 in 5 Americans, live with disabilities, and about 38 million or 1 in 10 have a severe disability.ⁱ The Social Security disability programs provide vital support to only those with the most significant disabilities—about 14 million children and working-age adults.ⁱⁱ Most people who apply for benefits are denied, and only about 40 percent of applicants are awarded benefits under the strict Social Security definition of disability—even after all stages of appeal.ⁱⁱⁱ Early intervention efforts will likely help people who would never have applied for SSDI even in the absence of such efforts, as well as people who would not be eligible for SSDI benefits because they would fail to meet the strict definition of disability for the SSDI program.



We believe that the best time to intervene is long before someone walks through the door of the Social Security office or visits the web site to file a disability application. By the time they walk through that door, many adults with severe disabilities have made repeated attempts to work or stayed at work beyond when recommended by health care professionals, often exacerbating their impairments, before finally turning to the Social Security disability programs for critical income support. As the above chart shows, earnings typically begin dropping several years before an individual applies for benefits. Early intervention programs should target individuals with disabilities and chronic conditions while they are still attached to the labor force, before they lose significant earning capacity, and as early as possible in the course of an individual's impairment.

We believe that a program offering enhanced employment supports and services for workers who have experienced the onset of disability or worsening health, should be administered separate from the Social Security disability programs and outside the Social Security Administration, which lacks the capacity, infrastructure and expertise for individual vocational case management. Several other Federal agencies already administer programs that perform similar functions and are tasked with helping all American workers, including people with disabilities, retain or regain employment and receive significant appropriations to do so. For instance, the Workforce Investment Act programs, administered by the United States Department of Labor, are available to all workers to assist with training, retraining, and assisting with job search related activities. In addition, the vocational rehabilitation program administered by the United States Department of Education is designed to provide individuals with significant disabilities training, education, equipment, job preparation and search assistance, and any other service needed for competitive integrated employment. State Vocational Rehabilitation Agencies received more than \$3 billion in FY2012 to provide employment services to people with disabilities. Despite the significant appropriations received by these programs, they are significantly underfunded and would need additional resources to effectively serve workers with disabilities in an early intervention program. And, although we are not endorsing any particular early intervention approach in this testimony, we urge Congress to carefully examine existing public programs such as the One-Stop Career Centers and the vocational rehabilitation program when considering early intervention designs for people with disabilities.

Importantly, for the above reasons, we believe that the funding for an early intervention program should **NOT** come from Social Security funds—either Federal Insurance Contribution Act (FICA) taxes (otherwise known as payroll taxes), the Disability Insurance Trust Fund or the Social Security Administration LAE.

Experience Rating Would Have a Chilling Effect on Hiring of People with Disabilities

We do not believe that experience rating SSDI FICA payroll taxes will increase employment or retention of people with disabilities. In fact, we believe that this proposal would have the opposite effect—it would make it less likely that people with disabilities or chronic conditions would be hired in the first place. This would especially be the case for people with disabilities that tend to worsen over time, like Multiple Sclerosis, or diabetes, as well as for people with episodic conditions, who are likely to go on and off benefits over time.

Although prohibited by law, discrimination against people with disabilities in hiring can be difficult if not impossible to prove. To prove disability discrimination in hiring, a job applicant must produce explicit evidence (such as an overt verbal or written statement or a witness) that establishes that the employer did not hire them because of the fact that they have a disability. This burden can be extremely difficult for individuals to meet, as such evidence is rarely available to anyone but the employer.^{iv} And in today's economy when there are often hundreds of applicants for every job, it has become even harder to prove that disability is the reason a person did not get a job.

Many employers already have concerns regarding whether it will be more costly to hire a person with a disability than his or her non-disabled peer. This misplaced fear is based on the perceived cost of complying with the Americans with Disabilities Act's (ADA) requirement to provide reasonable accommodations and it often puts potential employees with disabilities at a competitive disadvantage relative to applicants without a disability. The cost of providing reasonable accommodations is less than \$600 total for more than half of employees with disabilities who require accommodations (and many people with disabilities do not require accommodations with any cost)—yet misperceptions and fears persist among many employers^v. Particularly in today's hyper-competitive job market, we are very concerned that adding another potential risk or financial disincentive to the costs employers already fear when considering hiring a person with a disability, could have a dramatic chilling effect on hiring of people with disabilities and chronic conditions.

In response to this concern, proponents of experience rating have suggested reducing disability discrimination in hiring by requiring workers to self-identify as "disabled" on the front end of the hiring process, so that they can be exempted from the experience rating pool. This sort of approach is very likely unconstitutional and in direct contravention of the ADA.^{vi} Employers are prohibited from asking an applicant or an employee to disclose their disability status. How could a certain class of employees be exempted from the experience rating process without running afoul of this Constitutional prohibition? Such an approach is misguided and will unavoidably run roughshod over the Constitutional rights of people with disabilities.

In addition, proponents of such a system also fail to grasp the reality of today's employment landscape. How would the system apply to part-time workers? What about workers who experience disability onset in between jobs, while not currently connected to an employer? What about workers with two employers, or three? What about workers with terminal illnesses or other conditions that make remaining on the job impossible? Suppose an employer does everything in their power to keep a worker and, due to the worker's significant disabling condition, the worker applies for and receives SSDI benefits regardless of the employer's efforts? Would that employer still be penalized by having his or her FICA taxes go up? If so, how is that providing the proper incentives for employers? The employer in that scenario exhibited the exact behavior this proposal purports to be designed to encourage but the employer would not benefit from those efforts. It could have the absurd result of encouraging employers to "triage" workers and not try to prevent people with more significant impairments from leaving their jobs – figuring that they will have their FICA taxes go up regardless of their efforts so why spend the time and money trying to keep the employee. This result would be perverse because the same employer might have undertaken significant efforts to keep that employee absent the experience rating system being in place. Would there be an appeals process through which the employer could contest the increase in taxes? Would there be an appeals process for workers with disabilities to contest their requirement to remain on the job but who are unable to do so? If so, how would that work? Many important questions remain yet to be answered.

Caution is Necessary in Considering Other Countries as Models

We urge caution in looking overseas for reform models. While some point to particular elements of disability program reforms in Europe (particularly in Germany, the Netherlands, and the United Kingdom) as potential models for changes to the Social Security disability programs, such proposals fail to take into account that these nations have much more generous disability systems, less stringent disability standards, higher levels of expenditures on social assistance generally, and more regulated labor markets than the United States.

According to the Organisation for Economic Co-operation and Development (OECD), the U.S. has the most restrictive and least generous disability benefit system of all OECD member countries except Korea. The OECD describes the U.S. disability system, along with those of Korea, Japan, and Canada, as having "the most

stringent eligibility criteria for a full disability benefit, including the most rigid reference to all jobs available in the labor market.” The OECD also reports that the U.S. spends less as a share of its economy on incapacity-related benefits than other nations. In 2009, U.S. expenditures on incapacity-related benefits amounted to just 1.5 percent of GDP, compared to an average of 2.4 percent for all OECD nations.

Moreover, the ADA provides strong civil rights protections to Americans with disabilities in employment and other areas of public life. It might be necessary in countries lacking such strong civil rights protections to try to accomplish some of the goals of ADA, such as the requirement to provide reasonable accommodations and the ability to enforce those rights in court, through alternate means.

Finally, additional aspects of other countries’ social insurance systems render them incomparable to the United States, as well. People with significant disabilities require a number of different services and supports (e.g. health care, long-term services and supports including personal attendant care, transportation, and housing) to obtain and maintain employment. Assuming that policies that have worked in other countries with universal health care and generous pension structures, as well as significantly more robust programs that provide these services and supports, would also work in this country, which lacks such complementary policies and programs, would be a mistake—and could be potentially catastrophic for people with disabilities.

Further Consideration is Needed to Evaluate Effective Strategies to Help Workers with Disabilities Remain on the Job

Although coverage of private disability insurance can be a benefit to workers, we do not believe that requiring employers to purchase such policies would significantly reduce the number of people receiving Social Security disability benefits. Although disability insurance policies and the associated disability management programs can be effective in keeping the attachment of some workers to the labor force, we think that most people who receive SSDI benefits are dissimilar from the majority of workers covered by private disability insurance in key respects.

Approximately 1 in 3 workers in the United States is currently covered by private disability insurance. In general, these workers tend to be skilled and highly educated and work in white collar jobs. On the other hand, the majority of SSDI beneficiaries have a high school diploma or less (42% did not complete high school and another 35% have only a high school diploma or equivalent). SSDI beneficiaries tend to have worked in careers in the service industry or jobs that require physical labor and are older (70% are age 50 or over and nearly 1 in 3 is over 60). Disability management programs and other efforts to assist employees who develop disabling conditions or whose existing impairments worsen are better suited to help white collar workers retain their positions than a coal miner, window washer, or construction worker. We urge caution in adopting this strategy without a thorough examination of the characteristics of the two populations and determining if the strategies that work for highly skilled workers would be effective for the more typical SSDI beneficiary.

It is also worth noting that private disability insurance policies typically contain provisions requiring covered employees that the insurance company believes will not be successful in assisting to remain at work to file for SSDI. This triage process determines who will receive intensive services and who will not. In addition, private disability insurance policies usually include provisions which allow the benefits they pay to be offset by the SSDI benefit a person receives. It therefore is in the insurance carrier’s financial interest to require people to whom they are paying benefits to apply for SSDI so the company’s benefit payments can be reduced.

b. Improving Work Opportunities and Outcomes for Current and Future SSDI Beneficiaries

Development of a system to support work by people with disabilities must start with the needs of the beneficiaries and be designed to meet those needs, rather than letting costs and savings to the disability programs be the driving factor. As a general matter, we have serious concerns that people with disabilities will be hurt by implementation of untested proposals, and urge thoughtful consideration and testing prior to endorsing or implementing any changes to the disability programs. Importantly, we reiterate here that although we support efforts to assist current SSDI or SSI beneficiaries to return to work, we do not expect that they will result in significant numbers of people leaving the disability rolls due to earnings over SGA—nor should savings be the driving factor behind providing supports and services to people with disabilities. As discussed above, the people receiving Social Security disability benefits have very significant disabilities and the vast majority of them have very limited work capacity. We do not believe that efforts to assist current disability beneficiaries return to work will result in significant numbers of people leaving the disability rolls due to earnings over substantial gainful activity (SGA).

Nor do we believe that SSDI as currently constructed acts as a significant work disincentive to people applying for or receiving benefits. Indeed, according to a recent supplement to the Current Population Survey administered by the Bureau of Labor Statistics, just over 8 in 10 people with disabilities who were not working surveyed reported that the biggest barrier to employment was their own disability (80.5 percent). More than 9 in 10 people surveyed indicated that the receipt of public income support benefits had **NO** effect on their work activity. In fact, 92.5 percent of those who received financial assistance within the past year reported that “the program(s) they used did not cause them to work less than they otherwise would have.”^{vii}

A recent report illustrates the low work capacity even of individuals whose applications for disability benefits were denied:

- Barely half of rejected applicants have any earnings. Some 53 percent of rejected male applicants age 45 to 64 (compared with about 20 percent of accepted applicants) had any earnings two years after application, as compared with 82 percent of a control group (selected for its similar demographic characteristics and past work history) of non-applicants who had earnings.
- Fewer had significant earnings. Two years after application, 43 percent of rejected applicants (compared with about 13 percent of accepted applicants) had earnings equivalent to three months out of the year at the minimum wage. In contrast, 79 percent of non-applicants had at least that level of earnings.
- For those with earnings, median amounts are quite low. Among rejected applicants who worked, median annual earnings (in 2000 dollars) were only \$10,000, just slightly above the poverty threshold, (compared with about \$3,500 for accepted applicants). This compared with median earnings of \$35,000 among non-applicants.^{viii}

In our experience, an array of factors contributes to the high rate of unemployment among working-age people with disabilities. These include individual-specific factors that vary from person to person (e.g., the impact of the impairment on the individual's physical or mental capacity to work) and structural barriers, such as the lack of health care coverage and the lack of easily accessible, reliable and affordable housing and public transportation, which can conspire to trap people with disabilities in an endless cycle of poverty. All of these factors must be addressed in constructing a system to assist those people with disabilities who may be able to transition into the workforce and achieve a greater degree economic self-sufficiency.

Finally, the lack of adequate administrative resources for SSA results in work disincentives for beneficiaries who attempt work due to overpayments and other problems. Providing SSA with adequate resources would eliminate those work disincentives, as discussed later in this testimony.

Decoupling Access to Services and Supports from Social Security Disability

As attitudes and expectations regarding people with disabilities evolved, so did a system of programs designed to support people with disabilities to live independently. And as the programs were added to provide needed services and supports, the Social Security disability programs became the “gateway” to access other needed services and supports. Many other important programs use eligibility for Social Security benefits to determine eligibility for the other benefits. For example, receiving a disability determination from SSA and/or receiving Supplementary Security Income automatically entitles a person to receive Medicaid in many states. And SSDI beneficiaries are eligible for Medicare after a 24-month waiting period. This effectively requires people to apply for and receive income support benefits (whether needed or not) in order to obtain the services and supports they need. We recommend that access to services and supports (other than income support) be decoupled from eligibility for the Social Security disability programs.

Improving the Social Security Work Incentives

Although we do not expect that the following work incentives improvements will result in significant numbers of people working their way off benefit eligibility, we do believe that these improvements will allow SSDI and SSI beneficiaries with work capacity to work up to that capacity and will allow some beneficiaries to become self-supporting. We recommend the following:

a. Extend SSA’s Title II Demonstration Authority.

SSDI beneficiaries face a complex set of rules regarding earnings and, if concurrently eligible for SSI, their assets. Demonstrations allow SSA to test additional ways to help beneficiaries navigate the system and can provide important information about assisting beneficiaries to attempt or to return to work. Currently, SSA only has demonstration authority for the SSI program, as demonstration authority for the Title II programs expired in 2005. Congress should extend SSA’s Title II demonstration authority.

b. Ensure Continuation of the Work Incentive Planning and Assistance (WIPA) and Protection and Advocacy for Beneficiaries of Social Security (PABSS) Programs.

The WIPA and PABSS programs, established in 1999, provide critically important employment services that help beneficiaries of Social Security’s SSDI and SSI disability programs attain greater economic self-sufficiency. WIPA grants go to local non-profits and other agencies to support outreach, education, and benefits planning services for SSI and SSDI beneficiaries about work incentives and services for finding, maintaining, and advancing in employment. WIPA grantees inform beneficiaries about the impact that employment will have on their disability income and medical coverage, and address many of the real fears that individuals have about going to work at the risk of losing health coverage. PABSS provides a wide range of services to SSI and SSDI beneficiaries. This includes information and advice about obtaining vocational rehabilitation and employment services, information and referral services on work incentives, and advocacy or other legal services that a beneficiary needs to secure, maintain, or regain gainful employment. The WIPA and PABSS programs should be permanently authorized to prevent service interruptions and loss of well-trained and skilled employees.

c. Improve Program Navigation and Remove Barriers to Work.

Over the years, the CCD Social Security Task Force has developed a number of proposals to make it easier for beneficiaries to navigate the SSDI system, particularly when attempting work. As we have noted in prior testimony before this Subcommittee, we generally support efforts to improve the disability claims process, including through the use of technology, so long as the changes do not infringe on claimants' rights. SSA has already implemented a number of significant technological improvements that have helped claimants and their representatives and have made the process more efficient for SSA employees.

We strongly recommend that SSA develop a better wage reporting and recording system and promptly adjust benefit payments to reduce overpayments. Many individuals with disabilities are wary of attempting a return to work out of fear that this may give rise to an overpayment when reported earnings are not properly recorded and monthly overpayments are not properly and promptly adjusted.

Additional recommendations for strengthening the SSDI program include the following:

- **Establish an earnings offset in the SSDI program.** One of the most difficult and enduring barriers to work for SSDI beneficiaries is the sudden termination of cash benefits when someone crosses the substantial gainful activity (SGA) threshold after the trial work period. This affects both the individual's benefits as well as those of any dependent(s). We recommend establishing a \$1 for \$2 earnings offset in SSDI to parallel the provision in the SSI program, which has existed since the mid-1980s. An earnings offset would eliminate the "cash cliff" for beneficiaries who are able to work, and would help ensure that individuals are financially better off by earning wages than by not earning. This long-overdue proposal is currently being tested. The disability community has been advocating for this change for decades.

- **Provide a "continued attachment" to SSDI and Medicare, as long as a beneficiary's impairments last.** Beneficiaries who are sometimes able and other times unable to be employed should have continued attachment to cash and medical benefits that can be activated with a simple and expedited procedure that is as "seamless" as possible. For example, the President has proposed the Work Incentives Simplification Pilot (WISP). Under the WISP, work would no longer be a reason for terminating SSDI benefits, similar to the SSI program. SSA would continue to pay cash benefits for any month in which earnings were below the established threshold, but would suspend benefits for any month in which earnings were above the threshold. SSA would evaluate whether this pilot simplification reduces the number of improper payments due to work, and allows the agency to redirect those administrative resources to other areas.

- **Support and strengthen programs designed to allow flexibility for people with disabilities to return to work, including programs authorized under the Ticket to Work and Work Incentives Improvement Act (TWWIIA).** These programs offer people with disabilities the options Support and strengthen programs designed to allow flexibility for people with disabilities to return to work, including programs authorized under the Ticket to Work and Work Incentives Improvement Act (TWWIIA). These programs offer people with disabilities the options to try different work opportunities without risk of losing their benefits should a return to work be unsuccessful. Providing individuals with disabilities opportunities to work up to their capacity without risking vital income support and health care coverage promotes their independence and self-sufficiency.

- **Revise the rules for impairment-related work expenses (IRWE).** Under current rules, beneficiaries can deduct from earned income the costs of IRWEs; IRWE deductions are made for SGA determinations. The IRWE deduction can be a significant work incentive by allowing individuals with disabilities to obtain services, medical items, and other assistance that allow them to engage in work activity. Our proposals for revising IRWE include:

o Applying the current SSI blindness rule to SSDI disability claimants and beneficiaries to allow the consideration of all work expenses, not only those that are “impairment related.” Currently, for Title II and SSI disability claimants and beneficiaries, only those work expenses that are “impairment-related” are considered. However, the SSI income counting rules for individuals who qualify based on statutory blindness are more liberal because all work expenses can be deducted, not only those that are “impairment-related.” There is no public policy basis for this continued disparate treatment of people with different significant disabilities.

o Allowing beneficiaries to include their health insurance premiums as IRWEs. This would recognize the higher costs incurred by workers with disabilities who must pay premiums for the Medicaid Buy-In or for continued Medicare after the termination of free Part A benefits.

- **Increase the SGA level for all beneficiaries to be the same as the SGA level for beneficiaries who are blind,** and maintain annual indexing of the SGA to adjust for inflation and cost of living increases.
- **SSA must receive sufficient administrative funding in order to process earnings reports timely and adjust benefits as appropriate.** When an SSDI beneficiary goes to work, she is required to report her earnings to SSA so that a work continuing disability review (CDR) can be performed and benefits can be adjusted when appropriate. If the earnings report is processed in a timely manner, the benefits are adjusted and no overpayment results. However, if SSA lacks the staff to process earnings reports in a timely manner, the beneficiary is likely to receive an overpayment. The longer the delay in processing, the larger the overpayment will be. According to Acting Commissioner Colvin’s testimony before this Subcommittee in January 2012, SSA has allocated additional resources to work CDRs, targeting cases with the oldest earnings reports – those more than a year old. During the hearing, Acting Commissioner Colvin stated that it takes more than 270 days on average for SSA to complete a work CDR.^{ix} Every month that passes from the time that a beneficiary reports earnings before a work CDR is completed increases the likelihood of a large overpayment.

This delay in processing of earnings reports often has a very detrimental impact on people with disabilities. When beneficiaries faithfully notify SSA of earnings or other changes that may reduce their benefit payment amounts, as noted above, it may be months or years before SSA sends an overpayment notice to the beneficiary, demanding repayment of sometimes tens of thousands of dollars of accrued overpayments. It is shocking to beneficiaries to receive these notices, when they reasonably assumed that SSA had processed the information they submitted, and it is challenging, if not impossible, for someone subsisting on benefits alone to repay the overpayments.

Many individuals with disabilities are wary of attempting a return to work out of fear that this may give rise to an overpayment, resulting in a loss of economic stability and health care coverage upon which they rely. SSA needs to develop a better reporting and recording system and promptly adjust benefit payments –thus preventing these overpayments. It is important to note that, in and of themselves, overpayments do not indicate fraud or abuse as beneficiaries are encouraged to work if they are able. The problems arise when reported earnings are not properly recorded and monthly overpayments are not properly adjusted. SSA must have adequate resources and staffing to allow the agency to reduce both the backlog and processing time of earnings reports.

In closing, we strongly support efforts to increase employment opportunities and outcomes for people with significant disabilities. The Social Security disability programs provide critical income support for people with significant disabilities. We urge caution in considering changes to the disability programs that could cause

vulnerable individuals who are unable to support themselves through work to lose access to these vital benefits. Thank you again for your interest in this vital program and the opportunity to present this testimony today.

Sincerely,

Lisa D. Ekman, Health & Disability Advocates
Jeanne Morin, National Association of Disability Representatives
TJ Sutcliffe, The Arc of the United States
Rebecca Vallas, Community Legal Services, Inc.
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Co-chairs of the CCD Social Security Task Force

ⁱ U.S. Census Bureau, Current Population Reports, Americans with Disabilities: 2010 (July 2012), <http://www.census.gov/prod/2012pubs/p70-131.pdf>

ⁱⁱ http://www.socialsecurity.gov/policy/docs/quickfacts/stat_snapshot/index.html

ⁱⁱⁱ Anne DeCesaro and Jeffrey Hemmeter, "Characteristics of Noninstitutionalized DI and SSI Program Participants," Research and Statistics Note, No. 2008-02, January 2008. <http://www.ssa.gov/policy/docs/rsnotes/rsn2008-02.pdf>.

^{iv} See e.g. <http://www.bgsu.edu/offices/oed/page7607.html>;
http://meloukhia.net/2012/01/a_civil_crime_disability_discrimination_in_the_workplace.html

^v See e.g. <http://www.thinkbeyondthelabel.com/Learning-Tools/5Myths-and-RealFacts.aspx>

^{vi} See <http://www.eeoc.gov/policy/docs/medfin5.pdf>

^{vii} United States Department of Labor, Bureau of Labor Statistics, News Release, PERSONS WITH A DISABILITY: BARRIERS TO EMPLOYMENT, TYPES OF ASSISTANCE, AND OTHER LABOR-RELATED ISSUES —MAY 2012," April 24, 2013; available at <http://bls.gov/news.release/pdf/dissup.pdf>

^{viii} Kathy Ruffing, Social Security Disability Insurance is Vital to Workers With Severe Impairments, Center on Budget and Policy Priorities, August 9, 2012. <http://www.cbpp.org/cms/index.cfm?fa=view&id=3818>

^{ix} Statement of Carolyn Colvin, Deputy Commissioner for Social Security, before the Committee on Appropriations Subcommittee On Labor, Health and Human Services, Education, and Related Agencies, March 17, 2011. http://www.ssa.gov/legislation/testimony_031711.html. 6