

# Closing Gaps in Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) through a Comprehensive Financial Safety Net

## Executive Summary:

Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) are critical programs designed to provide financial support for individuals with disabilities. However, both programs face significant gaps that leave many people with disabilities vulnerable to financial hardship. Lengthy application processes, strict eligibility requirements, insufficient benefits, and inadequate cost-of-living adjustments (COLA) contribute to the financial insecurity faced by millions of disabled Americans. This policy proposal aims to address these gaps by creating a comprehensive, timely financial safety net through immediate and targeted reforms to SSDI and SSI.

This proposal outlines a series of reforms designed to streamline the application process, increase benefit amounts, adjust eligibility criteria, and provide emergency financial assistance for those waiting for benefits. With a total estimated budget of \$120 billion annually, this proposal ensures that individuals with disabilities receive meaningful and timely support to lead dignified, independent lives.

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## I. Policy Problem

Although SSDI and SSI provide essential support for individuals with disabilities, they are insufficient to meet the financial needs of many recipients. The existing system has notable gaps that exacerbate financial instability among people with disabilities, often pushing them into poverty. Some key problems include:

### 1. Lengthy and Burdensome Application Processes:

- The average wait time for an initial SSDI decision is five months, and appeals can extend the process to over two years. Many applicants are left without financial support during this period.

### 2. Stringent Eligibility Criteria:

- SSDI's definition of disability is restrictive, requiring proof that the individual cannot engage in any substantial gainful activity (SGA). This leaves many individuals who cannot work full-time but could engage in limited employment without access to benefits.



### 3. **Inadequate Benefit Levels:**

- SSDI and SSI benefit amounts are often insufficient to cover basic living expenses, particularly for individuals living in high-cost areas. The average SSDI benefit in 2023 is \$1,483 per month, while SSI provides an even lower maximum benefit of \$914 per month.

### 4. **Cost-of-Living Adjustments (COLA) Lag Behind Inflation:**

- The annual COLA increases based on the Consumer Price Index for Urban Wage Earners (CPI-W) fail to keep up with rising living costs, further eroding the purchasing power of benefits.

### 5. **No Interim Financial Support for Waiting Applicants:**

- During the application and appeals process, individuals are left without any form of emergency financial assistance, often leading to severe financial distress.

## II. Policy Objectives

This proposal seeks to close the gaps in SSDI and SSI by addressing both short-term financial needs and long-term benefit adequacy. The primary objectives of the policy are as follows:

### 1. **Streamline and Expedite the Application and Appeals Processes:**

- Reduce the average SSDI decision time from five months to two months by increasing staffing levels and utilizing advanced technology in the claims process.
- Implement a fast-track approval system for individuals with clear, severe disabilities (e.g., terminal illnesses or catastrophic injuries).

### 2. **Expand Eligibility for SSDI:**

- Adjust the definition of "substantial gainful activity" (SGA) to allow individuals with disabilities to engage in part-time work without losing eligibility.
- Expand eligibility for SSDI to include individuals with episodic disabilities (such as multiple sclerosis or bipolar disorder) who may not be continuously disabled but experience periods of incapacitation.

### 3. **Increase SSDI and SSI Benefit Levels:**

- Raise the average SSDI benefit by 15% to bring it closer to the poverty line and adjust it based on geographic cost-of-living differences.



- Increase the maximum SSI benefit to 125% of the federal poverty level (FPL), providing more meaningful support to low-income individuals with disabilities.
- 4. Implement a More Accurate COLA Formula:**
  - Shift from the CPI-W to the Consumer Price Index for the Elderly (CPI-E), which better reflects the spending patterns of older and disabled individuals, to ensure that benefit adjustments keep pace with inflation.
- 5. Create an Emergency Disability Assistance Program (EDAP):**
  - Establish a program that provides immediate financial assistance to individuals awaiting approval for SSDI or SSI. These interim benefits would be granted based on financial need and could be repaid once regular benefits begin.
- 6. Simplify the Review Process for Continued Eligibility:**
  - Reduce the frequency of continuing disability reviews (CDRs) for individuals with permanent disabilities and streamline the review process for those with stable or improving conditions.

### III. Legislative and Administrative Reforms

To achieve these policy objectives, several key legislative and administrative actions will be required:

#### 1. Streamline Application and Appeals Processes:

- **Expand Staffing at the Social Security Administration (SSA):**
  - Hire 15,000 new employees (adjudicators, disability examiners, and administrative law judges) to handle the SSDI and SSI application backlog and speed up initial decisions and appeals.
- **Modernize SSA Technology:**
  - Invest in technology upgrades, including artificial intelligence (AI) tools for processing medical records and identifying clear-cut cases for fast-track approvals.
  - **Estimated Cost:** \$10 billion annually for staffing and technology improvements.



## 2. Expand SSDI Eligibility:

- **Legislative Changes to SGA Definition:**
  - Increase the SGA threshold to \$1,800 per month (from the current \$1,470 for non-blind individuals) and allow for flexible, part-time work without losing SSDI eligibility.
- **Include Episodic Disabilities in SSDI Criteria:**
  - Adjust SSDI criteria to account for disabilities with episodic flare-ups, allowing individuals to qualify even if they are not continuously disabled.
  - **Estimated Cost:** \$5 billion annually to expand eligibility.

## 3. Increase SSDI and SSI Benefit Levels:

- **Raise SSDI Benefits by 15%:**
  - Increase the average monthly SSDI benefit from \$1,483 to approximately \$1,705. This will provide individuals with more financial security and reduce the poverty rate among people with disabilities.
- **Increase SSI Maximum Benefit to 125% of the FPL:**
  - Raise the maximum SSI benefit from \$914 to \$1,518 per month, which corresponds to 125% of the federal poverty level for individuals.
  - **Estimated Cost:** \$50 billion annually for SSDI increases, and \$15 billion annually for SSI increases.

## 4. Implement an Improved COLA Formula:

- **Switch to CPI-E for COLA Adjustments:**
  - Ensure annual cost-of-living adjustments better reflect the true cost of living for people with disabilities by adopting the CPI-E, which tracks expenses more relevant to seniors and disabled individuals (e.g., healthcare, housing).
  - **Estimated Cost:** \$5 billion annually for COLA adjustments.

## 5. Establish the Emergency Disability Assistance Program (EDAP):

- **Create Interim Financial Assistance for Pending Claims:**
  - EDAP would provide financial assistance (up to 75% of the anticipated SSDI or SSI benefits) to individuals who are waiting for their disability claims to be processed, capped at six months.
  - Recipients would repay these funds through deductions from future benefits, if approved, or through flexible repayment plans if not approved.



- **Estimated Cost:** \$10 billion annually for interim payments.

## 6. Simplify the Review Process for Continued Eligibility:

- **Reduce the Frequency of CDRs:**
  - Limit the number of continuing disability reviews for individuals with permanent or progressive disabilities and use AI tools to flag cases where reviews are unnecessary.
  - **Estimated Cost Savings:** \$5 billion annually from reduced administrative burden.

## IV. Budgetary Details and Calculations

The total cost of this comprehensive reform package is estimated at \$120 billion annually. These investments would be offset in part by long-term cost savings from reducing administrative inefficiencies and improving the financial stability of individuals with disabilities, leading to better health outcomes and reduced reliance on other safety-net programs.

### 1. SSA Staffing and Technology Modernization:

- **15,000 New Employees:** \$9 billion annually (average salary of \$60,000 per employee plus benefits and overhead).
- **Technology Upgrades:** \$1 billion annually for AI tools, software upgrades, and IT infrastructure.
- **Total Cost:** \$10 billion annually.

### 2. Expanded SSDI Eligibility:

- **SGA Threshold Increase and Episodic Disability Inclusion:** \$5 billion annually in additional SSDI payouts.

### 3. Benefit Increases for SSDI and SSI:

- **SSDI Increase (15%):** \$50 billion annually (based on current SSDI expenditure of approximately \$335 billion annually).
- **SSI Increase (to 125% of FPL):** \$15 billion annually (based on current SSI expenditure of approximately \$60 billion annually).
- **Total Cost:** \$65 billion annually.



#### 4. Improved COLA Formula (CPI-E):

- **Cost of CPI-E Adoption:** \$5 billion annually (reflecting a 0.5% average increase in COLA adjustments compared to the CPI-W).

#### 5. Emergency Disability Assistance Program (EDAP):

- **Interim Financial Assistance:** \$10 billion annually (estimated based on current application backlog and average benefit levels).

#### 6. Simplified CDR Process:

- **Cost Savings from Reduced CDR Frequency:** \$5 billion annually (through reduced administrative costs and fewer unnecessary reviews).
  - **Total Savings:** \$5 billion annually.
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### V. Sources and Calculations

#### 1. SSDI and SSI Program Costs:

- Current SSDI program cost is approximately \$335 billion annually (SSA, 2023).
- Current SSI program cost is approximately \$60 billion annually (SSA, 2023).

#### 2. Staffing and Technology Investments:

- Estimated based on SSA's 2023 operational budget and hiring needs to reduce claim processing times.
- Source: U.S. Social Security Administration, Annual Performance Plan.

#### 3. SGA Threshold and Disability Inclusion Costs:

- Estimated based on current SSDI beneficiary statistics and projected increases in eligibility.
- Source: Congressional Budget Office (CBO) reports on SSDI reform proposals.

#### 4. Benefit Increase Calculations:

- Based on current average SSDI benefit levels and the proposed 15% increase.
  - Source: U.S. Social Security Administration, Monthly Statistical Snapshot, 2023.
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#### **5. Cost-of-Living Adjustments (CPI-E):**

- Calculated based on historical COLA increases and projections from the Bureau of Labor Statistics for CPI-E.
- Source: Congressional Research Service (CRS), 2023 report on Social Security COLA.

#### **6. Emergency Assistance Program Costs:**

- Estimated based on current application processing times, average benefits, and backlogs at the SSA.
  - Source: U.S. Social Security Administration, Annual Report 2023.
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### **VI. Conclusion**

This comprehensive policy proposal seeks to resolve critical gaps in Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) by streamlining application processes, expanding eligibility, increasing benefit levels, and providing interim financial support. The estimated budgetary cost of \$120 billion annually is an essential investment in the financial security of millions of Americans with disabilities. By ensuring timely and adequate benefits, this policy will significantly reduce poverty, improve health outcomes, and promote greater financial independence for individuals with disabilities across the United States.

