

Disability Applications Denied Because of Claimants' Ability to Work

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Office of Audit Report Summary

Objective

To gather specific information on claimants who were denied Disability Insurance (DI) benefits or Supplemental Security Income (SSI) payments because of their ability to work.

Background

When a claimant applies for DI or SSI, the Social Security Administration (SSA) uses a 5-Step sequential evaluation process to determine whether the claimant is disabled. At Step 4, SSA considers a claimant's past relevant work, and, if the claimant is able to perform his/her past relevant work, the claimant would not be considered disabled. At Step 5, SSA considers a claimant's age, education, and work experience to determine whether the claimant could adjust to other work. If so, SSA does not consider the claimant disabled.

On November 7, 2016, the Senate Committee on the Budget requested specific information on claimants who were denied SSA disability payments because of their ability to work.

Conclusion

We identified about 1.1 million claimants who were denied DI or SSI disability payments in Calendar Year 2013 at the initial claims decision level because of their ability to work. The claimants' average earnings before the disability denial was \$12,160. Additionally, 445,696 claimants had earnings after their disability denial, with the average annual earnings after denial being \$3,814.

Based on our sample, we estimate 852,400 claimants either appealed or re-applied after their denial at the initial level in Calendar Year 2013. Of the claimants who appealed or re-applied, we estimate 406,300 were approved for disability payments, and 346,500 were receiving approximately \$4.4 billion per year in DI and SSI payments as of November 2016. Most individuals in our sample had claims approved after reapplying or on appeal because of new impairments or their impairments had worsened. Additionally, we estimate 191,200 individuals had earnings indicating potential substantial gainful activity after they were denied in Calendar Year 2013 because of their ability to work.