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United States General Accounting Office  
Report to Congressional Requesters

November 1989

**SOCIAL SECURITY  
DISABILITY**

**Denied Applicants'  
Health and Financial  
Status Compared With  
Beneficiaries'**



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Human Resources Division

B-229289

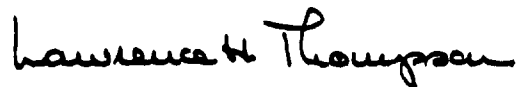
November 6, 1989

The Honorable Andrew Jacobs, Jr.  
Chairman, Subcommittee on Social Security  
Committee on Ways and Means  
House of Representatives

The Honorable John Heinz  
Ranking Minority Member  
Special Committee on Aging  
United States Senate

In response to your request and later discussions with your offices, we are providing information on the employment, health, and economic conditions of applicants and beneficiaries in the Social Security Disability Insurance Program. This is the second report we have issued in response to your request. In January 1988, we reported on the demographic and economic characteristics of beneficiaries, on the basis of our analysis of data from the 1982 New Beneficiary Survey by the Social Security Administration. In this second report, we describe and compare the employment, health, and financial status of beneficiaries, denied applicants, and terminated beneficiaries, based on our 1987 survey of those populations.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its date of publication. At that time, we will send copies of the report to interested congressional committees, the Secretary of Health and Human Services, the Office of Management and Budget, the Commissioner of Social Security, and other interested parties, and will make copies available to others on request.



Lawrence H. Thompson  
Assistant Comptroller General

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# Executive Summary

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## Purpose

The Social Security Disability Insurance Program is the nation's primary source of income replacement for workers who cannot work because of disabling health conditions. Each year, about 1 million people apply for the benefits and about 30 percent are awarded them. In 1988, the program paid over \$19 billion to about 4 million beneficiaries.

Social Security criteria for granting disability benefits are very strict. Impairments that merely limit the number of hours people are able to work or the type of work they are able to do are not, generally, considered severe enough to qualify for disability benefits. Only impairments that are believed to result in total disability are compensated.

The Senate Special Committee on Aging and the House Social Security Subcommittee asked GAO to determine what happens to severely impaired people who apply for Social Security disability insurance benefits, especially those who are denied benefits; specifically, what is their employment, health, and financial status.

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## Background

Under the Social Security Disability Insurance Program, disability is defined as the inability to engage in substantial gainful activity (generally, not able to earn more than \$300 per month) by reason of any medically determinable physical or mental impairment expected to last at least 12 months or to shortly result in death. Disability criteria are designed to differentiate those who are totally disabled (can do no work of a substantial nature) from those who are not. Thus, by definition, those who are allowed benefits are generally supposed to be unable to work, and those denied benefits are supposed to be able to work.

To determine their employment, health, and financial status, GAO conducted a national survey in 1987 of the applicants and beneficiaries in the Social Security disability program. The survey population included (1) people who were allowed disability benefits in 1984 and were still receiving benefits as of June 1987, (2) people who were denied disability benefits in 1984 and were not receiving benefits in June 1987, and (3) former disability beneficiaries who, during a large-scale review (between 1981 and 1984) of continuing eligibility, were determined by SSA to no longer qualify for benefits and had been reinstated or remained ineligible, that is, the terminated.

GAO contracted with the Bureau of the Census to conduct personal interviews of approximately 3,000 people sampled nationwide to collect the data. To supplement the interview data, GAO also analyzed information

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taken from SSA's administrative files on the survey participants' employment and earnings records.

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## Results in Brief

Overall, GAO found that both Social Security disability beneficiaries and denied applicants are not well-off in terms of employment, health, and financial status.

Almost all of the applicants who were allowed Social Security disability benefits in 1984 reported that they were not working at the time of GAO's survey in 1987. Over one-half of the applicants who were denied benefits during the same time period also reported not working. Most of the nonworking denied applicants said they had been out of work since 1984 or earlier; many said that they did not expect to ever work again. In addition, many of the denied applicants who were working at the time reported work limitations, usually because of their health.

Overall, the self-reported health status of denied applicants as a group was slightly better than that of the allowed population. However, when separating the denied applicants into those who were working and those who were not, we found that the health status reported by the nonworking denied applicants resembled that of allowed applicants; both were significantly worse than that of the working denied. The impairments, however, reported by denied applicants (both working and nonworking) to be most limiting differed from those reported by the allowed applicants.

All groups studied by GAO reported relatively poor financial status, with the denied applicants who were not working in the worst situation; many of them had income near or below the poverty level (see p. 37). In addition, a significant proportion of denied applicants lacked medical insurance coverage.

As of 1987, about two-thirds of former beneficiaries who were determined by SSA, between 1981 and 1984, to be ineligible for benefits had been reinstated on the benefit rolls. Of those who remained ineligible, the terminated, over one-half had returned to work, but many had no health insurance coverage.

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## Principal Findings

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### Denied Applicants Continue to Have Employment Problems

About 58 percent of the applicants who were denied benefits in 1984 and were not receiving benefits as of 1987 reported they were not working. Over two-thirds of these nonworking denied applicants had been out of work for at least 3 years, and 54 percent said they did not expect to ever work again. Of the denied applicants who were working at the time of GAO's survey, 71 percent said that because of their health, they were limited in the kind or amount of work that they could do. Over 40 percent were earning less in 1986 than they were before applying for disability. (See pp.21-23.)

### Both Allowed and Nonworking Denied Report Poor Health

GAO assessed respondents' health status on the basis of their self-perceptions and reported abilities to perform the activities of daily living and personal care. Although the health status reported by denied applicants was slightly better than that of the allowed population, both generally reported poor health. In addition, the self-reported health status differed significantly between the denied who worked and those who did not. When separating the denied into working and nonworking groups, the self-reported health status of the nonworking denied group closely resembled that reported by the allowed population, and both were significantly worse than that of the working denied. For example,

- 80 percent of the nonworking denied group and 78 percent of the allowed population perceived their health as fair to poor, with about 44 percent of both stating they were in poor health; in contrast, only 13 percent of the working denied said they were in poor health (see p.26.);
- 40 percent of the nonworking denied group and 51 percent of the allowed population said they had to depend on others for at least one personal care activity, such as dressing, eating, or getting in and out of bed; only 12 percent of the working denied needed any help (see p.30); and
- 71 percent of the nonworking denied group and 76 percent of the allowed population could be classified as having severe functional limitations; in comparison, only 41 percent of the working denied could be so classified (see p. 32).

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**Impairments That Most Limit Differ**

The denied applicants (both working and nonworking) reported back problems as the impairment that limited them the most; the allowed population most often reported mental and heart problems (see p.33).

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**Serious Financial Problems Reported**

Both the allowed population and denied applicants reported low financial status, with the nonworking denied in the worst situation. The income reported by the nonworking denied was very low; the median family income was about \$6,500 in 1986. Total family income was below the Census's poverty level for 61 percent, and 35 percent depended on government programs other than Social Security (mainly public assistance) for half or more of their total family income. (See pp.36-40.)

Despite receiving program benefits, 33 percent of the allowed population said they lacked enough income to get along; 43 percent reported income that is below the poverty level.

At the time of GAO's survey in 1987, a significant proportion of the denied groups were without medical insurance coverage. Twenty-nine percent of the working denied and 25 percent of the nonworking denied reported no medical insurance coverage. Most of those without insurance said they had been without it since 1984 or earlier. (See p.41.)

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**Most 1981-84 Ineligible Beneficiaries Have Been Reinstated**

As of 1987, 63 percent of the beneficiaries who were determined ineligible for benefits during SSA's 1981-84 review had been reinstated on the disability benefit rolls; another 4 percent had begun to receive Social Security retirement benefits. As of June 1987, 7 percent of the initial ineligible beneficiaries had died. Altogether, only about 26 percent of those initially found ineligible remained terminated; 58 percent of these terminated (or 15 percent of the initial ineligible) had returned to work. (See pp.46-48.)

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**Recommendations**

GAO is not making recommendations in this report.

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**Agency Comments**

GAO did not obtain formal comments on this report. Major findings of the report, however, were discussed with SSA officials and their comments were incorporated where appropriate.

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**Abbreviations**

ALJ	administrative law judge
CDR	continuing disability review
HHS	Department of Health and Human Services
PSU	primary sampling unit
SSA	Social Security Administration
SSDI	Social Security Disability Insurance

# Introduction

The Social Security Disability Insurance (SSDI) Program, administered by the Social Security Administration (SSA),<sup>1</sup> provides cash benefits to insured workers who cannot work because of disabling health conditions. SSDI is the nation's primary source of income replacement for disabled workers. Each year, about 1 million people apply for SSDI benefits, and about 30 percent are awarded benefits. For fiscal year 1988, the program paid over \$19 billion to about 4 million beneficiaries.<sup>2</sup> The primary benefit amounts for disabled workers are based on the work history and average earnings of the insured worker. For a disabled worker with a spouse and two or more dependent children, the average family benefit was about \$918 per month in December 1987.

In this report, we primarily address what happens to applicants who are denied benefits—their subsequent employment, health, and financial status. Comparisons are made with the status of those awarded benefits during the same time period. We also discuss the employment, health, and financial status of beneficiaries who were declared no longer eligible for benefits during the 1981-84 period when SSA conducted a massive review of beneficiary eligibility.

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## Program Background

To be eligible for SSDI benefits, a worker must be insured under Social Security and also be disabled. To gain insured status, a worker disabled after the age of 30 generally must have worked in Social Security-covered employment for at least 5 of the 10 years preceding disability. Lesser work requirements apply to workers aged 30 or younger.

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## Definition of Disability

The Social Security Act defines disability as the inability to engage in substantial gainful activity (SGA) by reason of any medically determinable physical or mental impairment expected to last at least 12 months or to shortly result in death.<sup>3</sup> SSA's regulations and rulings elaborate that to meet the Social Security criteria for disability, a person's physical or mental (or both) impairments must be of such severity that he or she is

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<sup>1</sup>In addition to SSDI, SSA also administers the Supplemental Security Income Program, which provides assistance to needy aged, blind, and disabled persons, many of whom lack recent work experience. Our study is limited to SSDI applicants and beneficiaries.

<sup>2</sup>Including approximately 2.8 million disabled workers and 1.2 million spouses and children.

<sup>3</sup>SGA is defined as a level of work that is productive and yields remuneration or profit. The work may be substantial even if it is done on a part-time basis. SSA establishes certain earnings criteria as indications of SGA activity. Since 1979, average earnings of over \$300 a month will ordinarily demonstrate that a person is engaged in SGA. A special (more liberal) definition of SGA applies for the blind.

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not only unable to do work previously done; he or she cannot, considering age, education, and work experience, engage in any kind of substantial gainful activity that exists in the national economy. This is regardless of whether (1) such work exists in the immediate area in which the person lives, (2) a specific job vacancy exists, or (3) the person would be hired if he or she applied for work.

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## Medical Criteria for Determining Disability

To carry out the provisions of the law, SSA has developed specific medical criteria, including a list of impairments that are considered severe enough, in and of themselves, to prevent most people from doing any gainful activity. Disability adjudicators develop medical evidence to allow them to compare the applicants' alleged impairments with these listed impairments.

If an applicant's impairment or combination of impairments is severe enough to meet or equal a listed impairment, he or she is presumed to be disabled, as long as he or she is not working. Otherwise, the adjudicators review information on the applicant's residual functional capacities (what a person can still do despite his or her limitations) and vocational factors (age, education, and work experience) to determine whether the applicant qualifies for disability benefits. Criteria for establishing eligibility for benefits become less stringent as applicants become older. For instance, those 55 years of age or older who are unable to do their usual work because of a physical or mental impairment are more likely to be judged disabled than those with similar impairments, education, and work experience who are under the age of 45.

Most people who are awarded disability benefits are awarded them on the basis of impairments that are as severe as impairments in SSA's Listing of Impairments. Social Security rulings note that the listing contains over 100 medical conditions that would ordinarily prevent a person from engaging in any gainful activity. The listing helps to assure that (1) determinations or decisions of disability have a sound medical basis, (2) claimants receive equal treatment throughout the country, and (3) the majority of people who are disabled can be readily identified. Thus, although people whose impairments meet or equal the listed impairments are presumed to be unable to do any work, this is not always the case. For example, blindness qualifies a person for disability even though some blind people are capable of working at a substantial level.

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## Objectives and Scope

The disability criteria are designed to distinguish between people who are totally disabled (can do no work of a substantial nature) and those who are not. Because the severity of physical and mental impairments is a matter of degree and the same impairments may have different disabling effects on different people, accurate judgments of disability can be difficult in some cases.

In addition, because an eligibility determination is all or nothing, people can be severely impaired but not meet the strict program eligibility standards and, therefore, not receive benefits. This aspect of the program prompted congressional concern as to what happens to applicants who have been denied benefits: Do they eventually find work? Are the decisions that they are not disabled accurate? There have also been other questions.

In December 1985, Senator John Heinz, then Chairman of the Senate Special Committee on Aging, requested that we conduct a broad study of Social Security disability applicants and beneficiaries. In February 1986, Congressman James R. Jones, then Chairman of the Subcommittee on Social Security, House Committee on Ways and Means, made a similar request. Both sought detailed demographic and economic information on three kinds of people involved with SSDI:<sup>4</sup> (1) those who applied for disability benefits and were allowed, (2) those who applied but were denied, and (3) those who had been receiving benefits but were later found unqualified. Specifically, the requesters were interested in knowing the following:

- What is the financial status of people applying for SSDI benefits? What are their health insurance needs?
- What happens to people after they are turned down for benefits or subsequently have them taken away? Do they seek work? Do they find work? What happens to them financially? What do they do for health insurance?
- Why do people apply for disability? Can they no longer do their type of work? Do they no longer want to work? Are they contemplating retirement?
- What happens to people who receive benefits? Do they want to return to work? How is their life, both socially and financially, affected by their disabilities?

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<sup>4</sup>The request from the Senate Special Committee on Aging also included a fourth group—people who never apply for benefits but are “nonetheless arguably disabled.” Because of difficulties in identifying such people, the Committee staff subsequently agreed to dropping them from our study.

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This is the second report we have issued in response to the above requests. In January 1988, we reported on the demographic and economic characteristics of beneficiaries, basing findings on our analysis of data from SSA's 1982 New Beneficiary Survey.<sup>5</sup> In the current report, we describe and compare the health, employment, and financial conditions of beneficiaries, denied applicants, and terminated beneficiaries. Data in this report are from our 1987 survey of SSDI program participants (described below).

Most of the questions asked by the requesters are answered in this report or our earlier one. We were unable, however, to address the questions about why people apply for disability benefits and how the disabilities affect their social life. We initially included a set of attitudinal and motivational questions in our questionnaire in an attempt to answer those questions. Most of them, however, were deleted after the questionnaire pretest because interviewers expressed difficulties in obtaining reliable responses for them.

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## Survey Methodology

From October through December 1987, we conducted a survey of SSDI program applicants and beneficiaries. Through personal interviews with nationally representative samples of the following three groups, we gathered a wide range of demographic and financial data:

1. Allowed applicants or beneficiaries: People who were initially allowed benefits in 1984 and were receiving disability benefits as of June 1987 (the time of our sample selection). From a universe of 138,583 persons, we selected a sample of 1,081 persons.
2. Denied applicants or "denied": People who were initially denied benefits in 1984 and were not receiving benefits in June 1987. From a universe of 279,542 persons, we selected a sample of 1,109 persons.
3. Ineligible beneficiaries: Beneficiaries who were determined by SSA to no longer qualify for benefits during 1981-84, when SSA conducted a massive review of the continuing eligibility of disability beneficiaries. We subdivided this population into two groups: those who had since been reinstated on the benefit rolls (referred to as "reinstated") and those who remained ineligible for the rolls as of June 1987 (referred to

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<sup>5</sup>Social Security: Demographic and Economic Characteristics of New Beneficiaries (GAO/HRD-88-35BR, Jan. 1988).

as “terminated”). From the universes for each group, 196,687 for reinstated and 82,534 for terminated, we selected samples of 566 and 552 persons, respectively.

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## Development of Survey Universes

In defining the allowed and denied applicant populations, we used SSA’s 1984 disability determination file to first identify applicants who were primary wage earners and were allowed or denied benefits at the initial decision level.<sup>6</sup> We then updated their benefit status as of June 1987. The 2-year to 3-year lag between the 1984 initial decisions and the 1987 update was designed to allow the denied applicants time to go through the appeal process so that we could select our sample from the final denied population.<sup>7</sup> Similarly, for the allowed population, only those who were still on the benefit rolls after this lag period were included in the study.

The survey universes include only applicants who were aged 18 to 64 at the time of the interviews. Applicants who died or retired (receiving Social Security retirement benefits) between the time of initial allowance or denial in 1984 and the time of sample selection also were excluded (see fig. 1.1). Additional information on our development of the universes and selection of samples for the survey appears in appendix I.

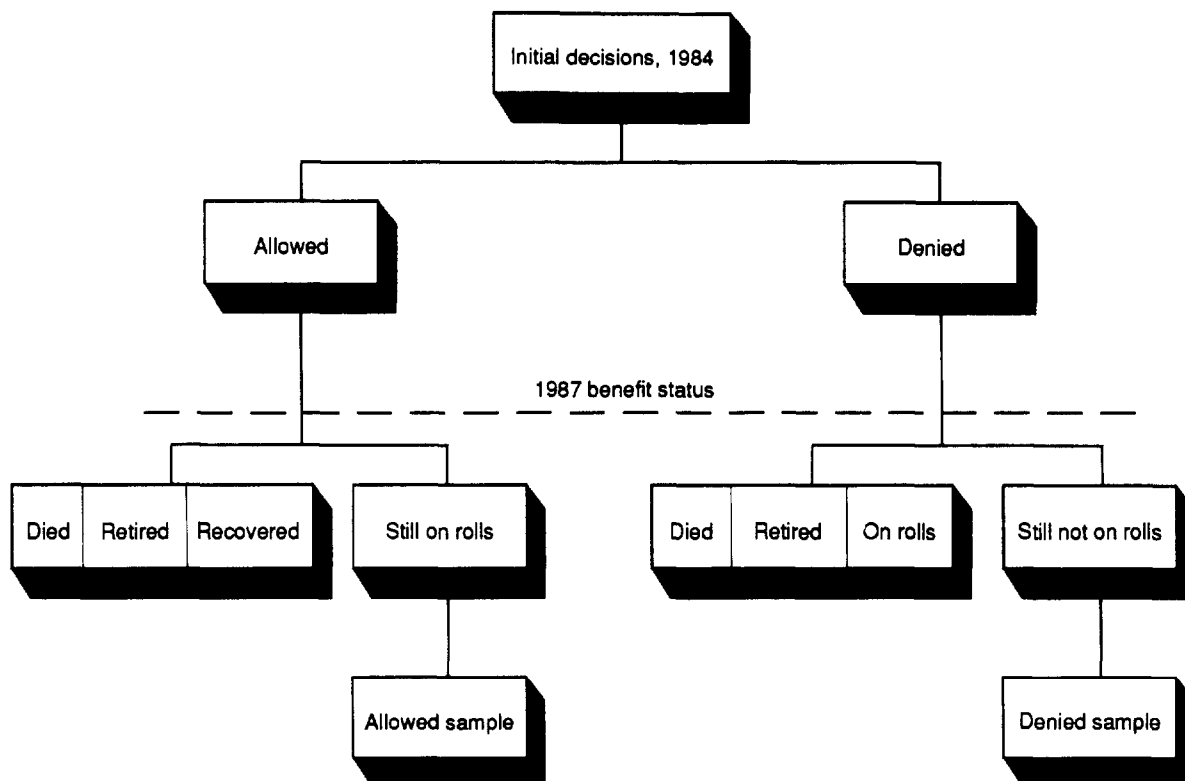
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<sup>6</sup>These are workers who applied for disability benefits on the basis of their own work records. Spouses and dependent children of disabled workers can also apply for disability benefits, but they are considered auxiliary beneficiaries (as opposed to primary beneficiaries).

<sup>7</sup>Initial disability decisions are made by state agencies, called Disability Determination Services (DDSs), which operate under regulations published by the Department of Health and Human Services (HHS). Applicants for benefits who are initially denied by a DDS may request a reconsideration by the same DDS. If still not satisfied, applicants can appeal successively to an administrative law judge (ALJ), SSA’s Appeals Council, and the U.S. district courts.



Figure 1.1: Development of Universes for Sample Selection, Allowed and Denied Applicants



We also used SSA's 1981-84 continuing disability determination file to identify beneficiaries who were determined to be no longer eligible for benefits during that time period. We then updated their benefit status as of June 1987. Because of special interest expressed by the requesters, we included in our study both beneficiaries who had been reinstated and those who remained terminated. We selected a separate sample from each of the two groups. Additional information on the survey universes of these two groups is presented in chapter 3.

### Data-Collection Technique

The Bureau of the Census, under contract with us, did personal interviews to collect the data and assisted us in sample design, weighting, and variance estimation. We received completed questionnaires from Census and did data processing and data analysis ourselves. We employed a number of measures to ensure data quality. Raw data from

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the questionnaires were manually edited before they were converted into automated form. The automated data were traced back to the source documents, and consistency and range checks were done as part of a data-verification process. Additional information concerning survey development, sample selection, response rates, sampling errors, and weighting and variance estimates is provided in appendix I. Statistical data that were used to produce figures in this report are presented in appendix II.

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## Demographic Characteristics of Survey Populations

Some general characteristics of our study populations (based on our survey results) are provided below. This should serve as a frame of reference for our observations about SSDI applicants and beneficiaries' employment, health, and financial conditions, which are discussed in chapters 2 and 3.

**Table 1.1: Age, Sex, Race, Marital Status, and Education of Study Populations (1987)**

Characteristic	Study populations			
	Allowed	Denied	Reinstated	Terminated
In percent				
Age:				
18-44	32	49	25	44
45-54	19	26	38	36
55-64	49	25	37	20
<b>Subtotal</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Sex:				
Men	68	63	70	69
Women	32	37	30	31
<b>Subtotal</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Race:				
White	75	67	77	76
Black	17	24	15	14
Other	8	9	8	10
<b>Subtotal</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Marital status:				
Married	50	49	60	61
Unmarried	50	51	40	39
<b>Subtotal</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Education:				
Less than high school	44	38	49	39
High school graduate	38	44	37	39
Some college & above	17	17	14	22
Missing or don't know	1	1		
<b>Subtotal</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Compared with the allowed applicants, denied applicants are generally younger, as shown in table 1.1. At the time of our survey, the median age of the allowed population was 54 years; the median age of the denied applicants was 45. A slightly higher proportion of denied applicants was black; this difference is consistent across all age groups. Although a slightly larger proportion of the allowed population did not complete high school, the overall difference in educational levels between the allowed and the denied populations was insignificant when age was held constant. In addition, there was no significant difference in sex and marital status distribution between the two groups.

Similarly, compared with the reinstated, the terminated were generally younger; the median age for the terminated was 42 years and for the

reinstated 52. The terminated were slightly more educated than the reinstated. These educational differences were consistent across all age groups. There were no significant differences in sex, race, and marital status between the two groups.

The observed age differences between allowed and denied applicants and between reinstated and terminated beneficiaries are not surprising. Older people are more likely to have health conditions or impairments that are long-lasting and severe enough to meet the disability criteria. In addition, under the sequential evaluation process, when a disability decision cannot be made based on medical evidence alone, consideration is given to the claimant's age, education, and work experience. Generally, rules more favorable to claimants are used to adjudicate the cases of older claimants and people with less education.

# Employment, Health, and Financial Status of Allowed and Denied Applicants

The Social Security disability criteria are designed to differentiate those who are disabled from those who are not. Therefore, by definition, those who are allowed benefits are supposed to be unable to do any work of a substantial nature and those denied benefits are supposed to be able to work. As expected, almost all of the applicants who were allowed benefits in 1984 and were still receiving benefits at the time of our survey in June 1987 (our allowed population) reported that they were not working. Over half of the applicants who were denied benefits during the same time period, however, also reported that they were not working. Most of these nonworking denied had been out of work for 3 or more years, and over half said they did not expect to work again ever.

Health was cited as the main reason for not working by both the allowed and denied applicants. As a whole, the self-reported health status of denied applicants was slightly better than that of the allowed population. When separating the denied applicants into those who were working and those who were not,<sup>1</sup> however, we found major differences in health status within these two denied subgroups. In fact, the self-reported health status of the nonworking denied was about the same as that reported by the allowed population, but the working denied reported significantly better health. Family income levels of both allowed and denied applicants were generally low; the nonworking denied were at the lowest levels. A detailed discussion of the employment, health, and financial status of the allowed and denied applicants follows.

## Employment Status of the Allowed and Denied Applicants

To determine the employment status of the study populations, we asked survey respondents whether they were working in a paid job or business. If not, were they looking for work and what had they done in attempting to find work. On the basis of the responses, we classified the employment status of respondents into working and nonworking categories,<sup>2</sup> and subdivided not working into those who were looking for work and those who were not. Nearly all of the allowed population and a large

<sup>1</sup>Because work status could have a significant influence over other variables—such as income, health insurance, and even self-perception of functional limitations—we separated the denied population into working and nonworking groups. We did not split the allowed population because practically all of them were not working.

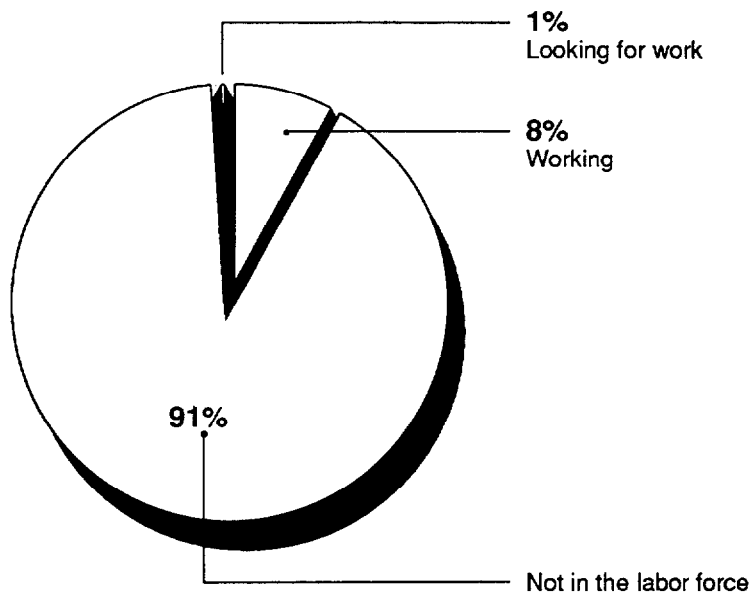
<sup>2</sup>Although the respondents in the working category said they were working at the time of our survey and we so classified them, some of them were not working full-time or at a “substantial” level. For example, of the denied applicants who were working, 6 percent reported earning less than \$3,600 a year and about 11 percent reporting work less than 20 hours per week. In addition, as discussed in greater detail beginning on page 22, many reported difficulties in working and their earnings were substantially less in the jobs they now hold than before applying for disability.

proportion of denied applicants were not working at the time, our survey results showed, and many who worked reported that they were limited in the kind or amount of work they could perform.

### Few Allowed Applicants Working

As expected, almost all of the applicants who were allowed benefits in 1984 and were still receiving benefits as of June 1987 were not working. As shown in figure 2.1, 91 percent of the allowed population reported that they were not working and not looking for work (not in the labor force) and another 1 percent were not working, but said they were looking for work. Although the remaining 8 percent reported that they were working at the time, nearly all of them had reported annual earnings of less than \$3,600, the level SSA uses to determine "substantial gainful activity."

Figure 2.1: Few of the Allowed Working or Looking for Work (1987)

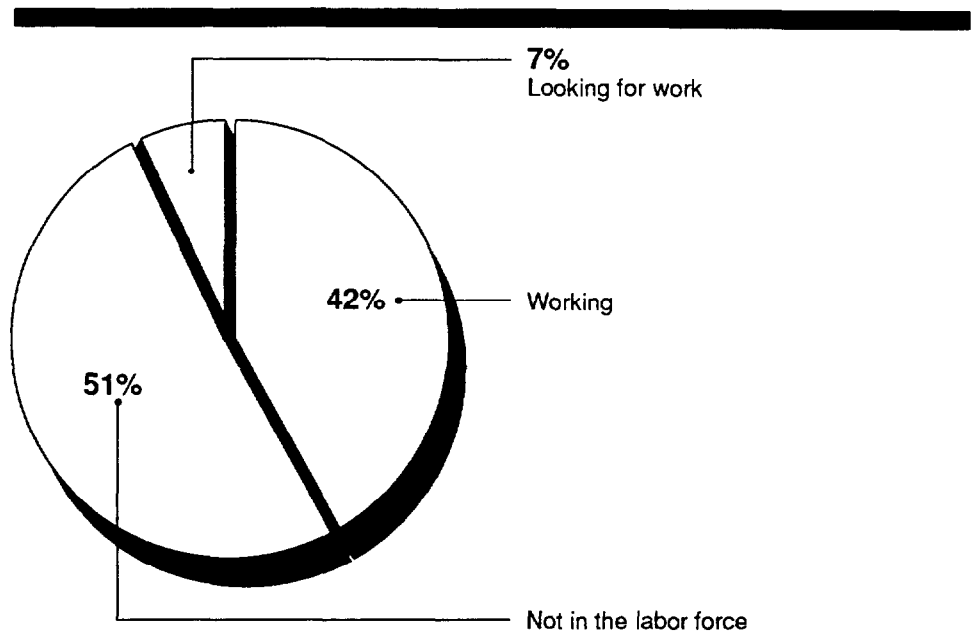


### Over One-Half of Denied Applicants Not Working

About 51 percent of respondents who were denied benefits in 1984 and remained denied as of June 1987 reported they were not working and not looking for work (not in the labor force). Another 7 percent were not working, but were looking for work (see fig. 2.2). Over two-thirds of these nonworking denied said they had been out of work since 1984 or

earlier. Over three-quarters of them said they were unable to work because of poor health.

Figure 2.2: Over Half of Denied Applicants Not Working (1987)



For those not working at the time of our survey, we asked about their future work expectations. Over one-half (54 percent) of the nonworking denied and 81 percent of the allowed population responded that they probably or definitely did not expect to ever work again. Older nonworking denied were more likely than the younger nonworking denied to report that they probably or definitely would not work again. As shown in table 2.1, the median age of those who definitely did not expect to work again was 55, as compared with 39 for those who definitely expected to work again.

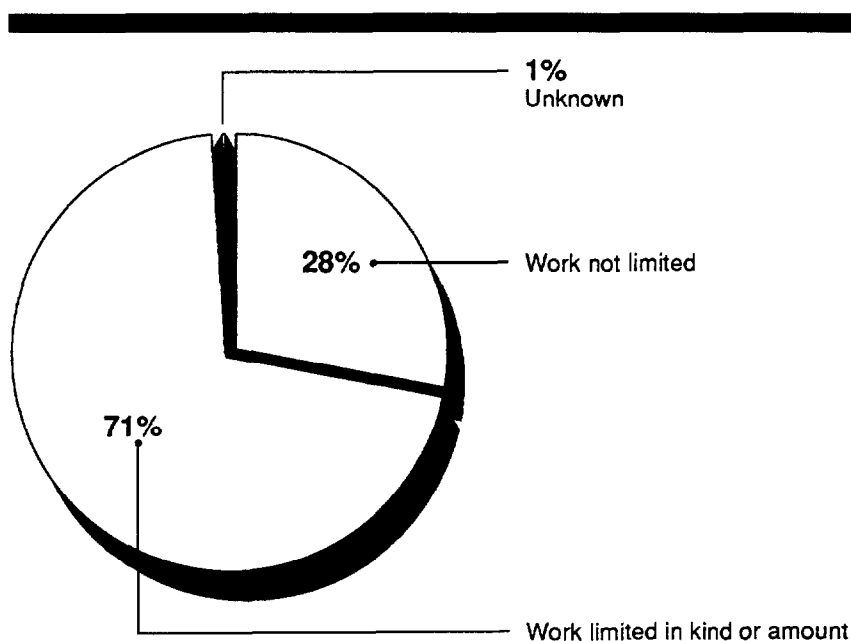
Table 2.1: Work Expectations of  
 Nonworking Denied (1987)

Expectation	Nonworking denied population	
	Percent	Median age (in years)
Work again:		
Definitely	19	39
Probably	23	43
<b>Subtotal</b>	<b>42</b>	
Not work again:		
Definitely	27	55
Probably	27	51
<b>Subtotal</b>	<b>54</b>	
Don't know or no response	4	
<b>Total</b>	<b>100</b>	

### Working Denied Also Reported Work Difficulties

Forty-two percent of denied applicants reported working at the time of the survey. Nearly three-quarters of these said they were limited because of health problems in the kind or amount of work they could do (see fig. 2.3). Of those who reported being limited, about a third said they could work only part-time.

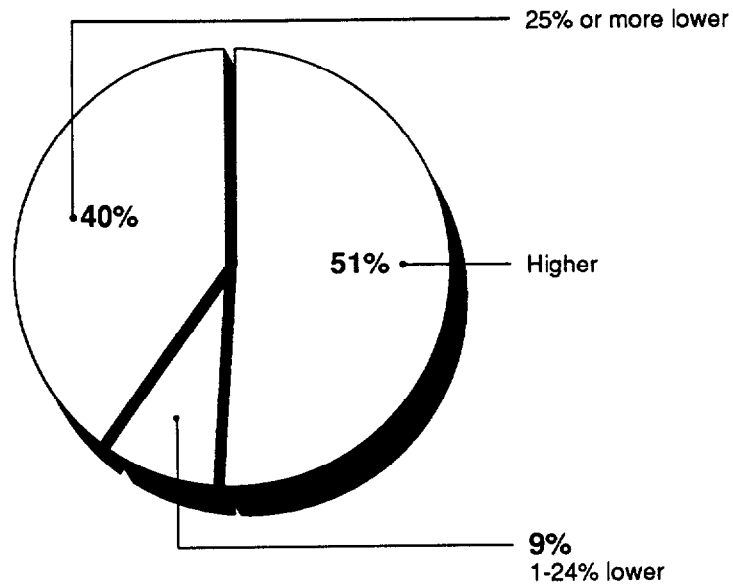
Figure 2.3: Most Working Denied  
 Reported Work Limitations (1987)





Of the denied applicants who were working in 1987, about 40 percent said they were not doing the same type of work that they did most of their lives, mainly because of their health problems. In addition, nearly half were earning less in 1986 (the year before the survey) than they were in 1980.<sup>3</sup> Using Social Security earnings records, we compared their 1986 and 1980 earnings. Without interim changes in cost of living factored in, 49 percent of those with earnings in 1980 were earning less in 1986 than in 1980;<sup>4</sup> 40 percent were earning three-quarters or less of what they earned before, and 51 percent were earning more (see fig. 2.4). If 1986 earnings are adjusted to account for the increases in the consumer price index between 1980 and 1986, 62 percent of the working denied were earning less in 1986.

**Figure 2.4: Almost Half of the Working Denied Earning Less in 1986 Than in 1980 (Unindexed)**



Note. These percentages are not adjusted to account for increases between 1980 and 1986 in the consumer price index.

These findings are consistent with results from earlier surveys. For example, data from SSA's 1972 and 1978 surveys of disability showed that less than 50 percent of denied male applicants were working at the time of the surveys, and typical earnings of those that did work were

<sup>3</sup> Because of the possibility that health problems in the years immediately prior to 1984 (the year of disability decisions) may have had a negative effect on earnings for some applicants, we assumed that 1980 would be a more representative year for preapplication earnings than 1981-83.

<sup>4</sup> About 88 percent of the working denied had earnings in SSA's 1980 earnings records.

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less than 50 percent of median earnings for other men their age.<sup>5</sup> Because of differences in study designs, it is difficult to make direct comparisons of these data. We believe that the consistency in results over time, however, further supports our survey findings concerning the employment status of denied applicants.

**Employment Status of Denied Applicants Varies by Age, Education, and Race**

The younger denied applicants were more likely to be working. Half of the denied applicants 18 to 44 years of age were working at the time of our survey as compared with 39 percent of those 45 to 54 and 29 percent of those 55 to 64 years of age, as shown in table 2.2.

**Table 2.2: Employment Status of Denied Applicants by Age (1987)**

In percent		
Age group (in years)	Applicants	Working within age group
18 to 44	49	50
45 to 54	26	39
55 to 64	25	29
<b>Total</b>	<b>100</b>	

As shown in table 2.3, the likelihood of work appeared to increase with education. In addition, compared with black denied applicants, a higher proportion of white denied applicants reported working (46 percent of white were working compared with 35 percent of black). This relationship was fairly consistent across all age groups and all educational levels (see tables 2.3 and 2.4).

**Table 2.3: Employment Status of Denied Applicants by Education (1987)**

In percent					
Education	Applicants	Working within age groups			Overall
		18 to 44 years	45 to 54 years	55 to 64 years	
Less than high school	39	45	29	23	<b>33</b>
High school graduate	44	48	43	34	<b>44</b>
Some college & above	17	61	67	35	<b>58</b>
<b>Total</b>	<b>100</b>				

<sup>5</sup>These surveys were analyzed by John Bound at the University of Michigan; see *The Health and Earnings of Rejected Disability Insurance Applicants* (University of Michigan and the National Bureau of Economic Research, Jan. 1988).

**Table 2.4: Employment Status of Denied Applicants by Race (1987)**

In percent					
Race	Applicants	Working within age groups			Overall
		18 to 44 years	45 to 54 years	55 to 64 years	
White	67	55	43	31	46
Black	24	43	29	22	35
Other	9	34	40	34	36

Race	Applicants	Working within educational levels			Overall
		<12	12 grade	>12	
White	67	35	46	64	46
Black	24	27	36	54	35
Other	9	37	44	0	36
<b>Total</b>	<b>100</b>				

## Health Status of the Allowed and Denied Applicants

Overall, the self-reported health status of denied applicants appeared to be a little better than that of the allowed population. When separating the denied into working and nonworking groups, however, health status reported by the allowed and nonworking denied appeared to be about the same; both reported significantly worse health than that of the working denied. Specific impairments reported as most limiting were different for the denied and allowed populations.

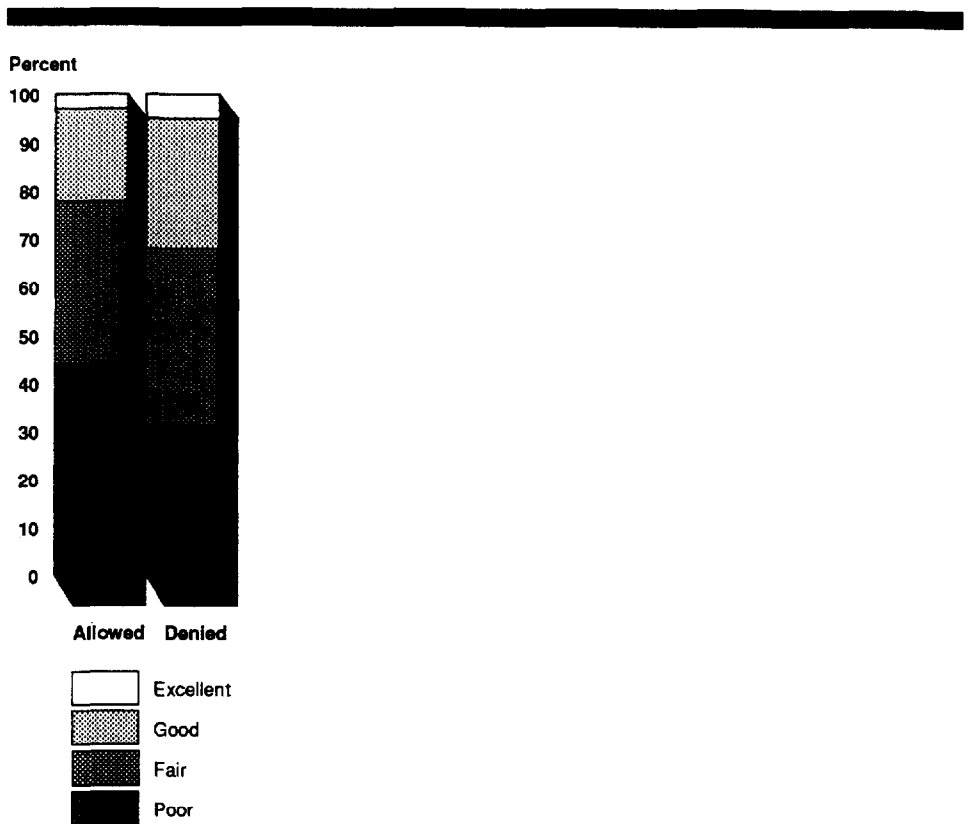
About 29 percent of the allowed population and 4 percent of the denied had died by the time of our survey.<sup>6</sup> Thus, the health status comparison presented here is representative only of the survivors of these two populations at the time of our survey; the comparison may not be representative of all applicants at the time of their disability decisions in 1984. Those who died may be presumed to have been in worse health than the surviving applicants at the time of the disability decisions, and a larger proportion of the allowed population died. Thus, the comparative distribution of health status would most likely be somewhat different if the survey had been conducted in the year of the disability decision.

<sup>6</sup>See app. I for details of numbers and percentages of (1) the allowed and the denied populations who died between the time of initial disability decisions in 1984 and the time of our sample selection in June 1987 and (2) those who died between the time of sample selection and the time of the survey.

We evaluated the health status of the allowed and denied using four different measures, as follows:

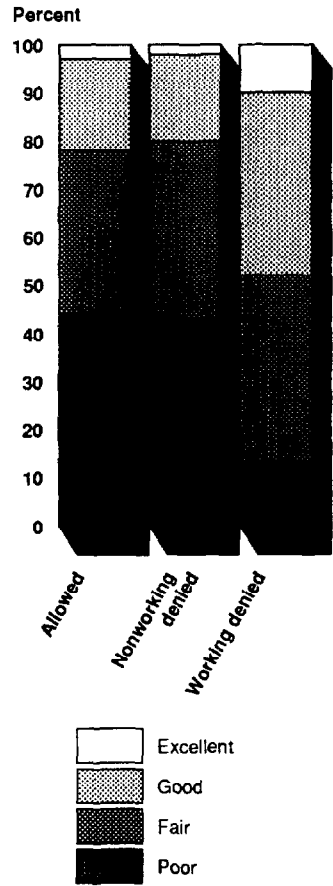
1. Self-perception of health status: The denied applicants as a group perceived themselves in slightly better health than that of the allowed population. Seventy-eight percent of the allowed and 68 percent of denied applicants perceived their health as fair to poor (see fig. 2.5).

**Figure 2.5: Self-perception of Health Slightly Better for the Denied Than the Allowed (1987)**



When subdividing the denied into the working and nonworking groups, the self-perception of health for the nonworking denied was similar to that of the allowed and markedly worse than that of the working denied. Eighty percent of the nonworking denied and 78 percent of the allowed population perceived their health as fair to poor, with about 44 percent of both saying they were in poor health. In contrast, only 13 percent of the working denied said that they were in poor health and 48 percent perceived their health as good or excellent (see fig. 2.6).

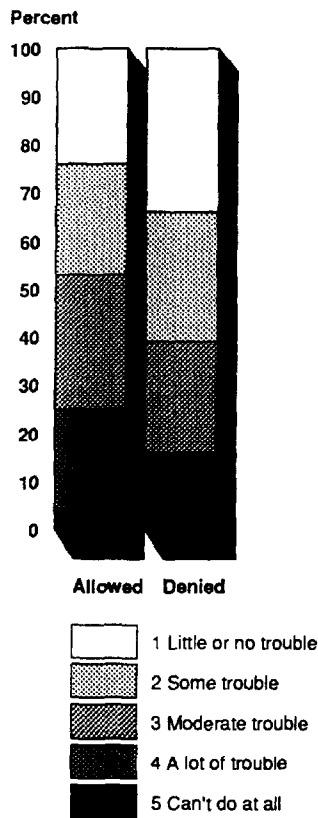
**Figure 2.6: Self-perception of Health  
 Similar Between Nonworking Denied and  
 Allowed**



2. Ability to perform essential activities of daily living: Nine activities of daily living were selected for this measure, including, for example, walking 2 to 3 blocks without resting or sitting for 2 hours. (For the list of questions concerning activities of daily living, see app. III.) We averaged the responses, in which ability to do each activity was rated on a 5-point scale (1 = little or no trouble, 2 = some trouble, 3 = moderate trouble, 4 = a lot of trouble, and 5 = can't do at all).

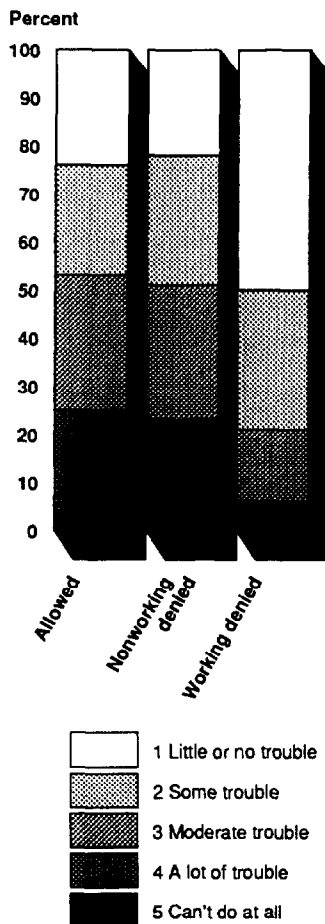
Again, the denied applicants reported a lesser degree of difficulty than the allowed in performing these activities. About 38 percent of the denied as compared with 53 percent of the allowed had an average score of 3 or above; that is, on average, they experienced a moderate or greater degree of difficulty in performing the nine activities of daily living (see fig. 2.7).

**Figure 2.7: Ability to Perform Activities of Daily Living Slightly Better for the Denied Than the Allowed (1987)**



When subdividing the denied into working and nonworking groups, the degree of functional limitation reported by the nonworking denied mirrored that of the allowed population and differed markedly from the working denied. About half of the nonworking denied, 51 percent, and the allowed, 53 percent, had an average score of 3 or above. In comparison, only 21 percent of the working denied reported the same degree of difficulty in performing those activities (see fig. 2.8).

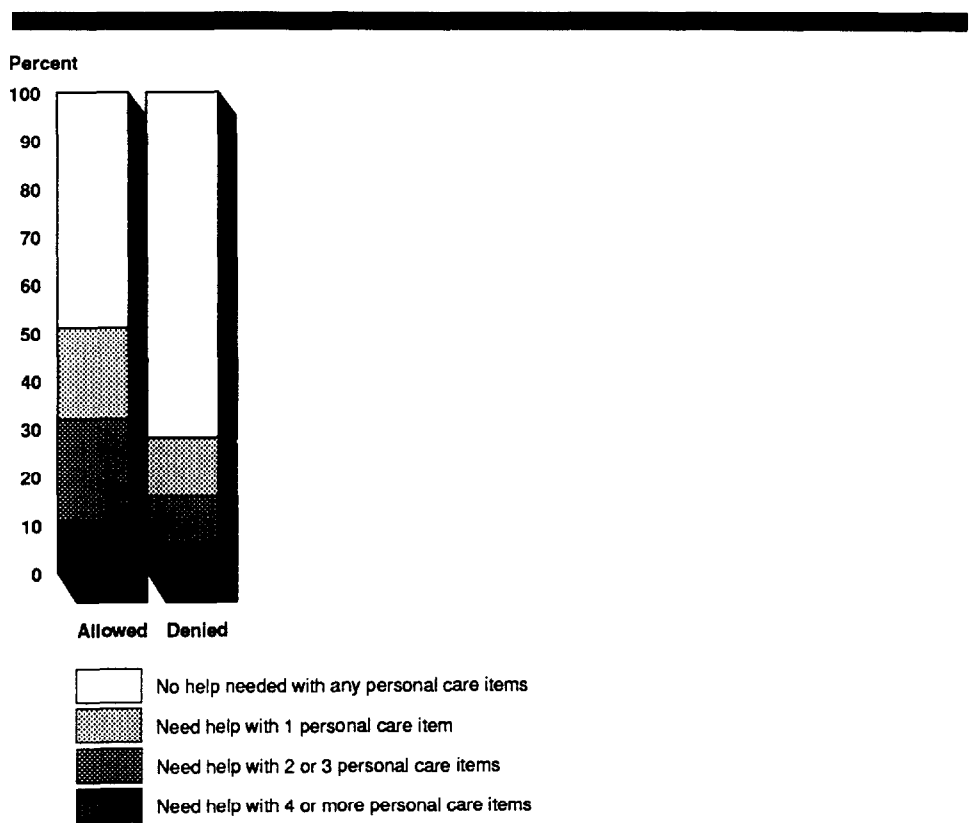
**Figure 2.8: Ability to Perform Activities of Daily Living About the Same for the Nonworking Denied and Allowed (1987)**



3. Ability to care for oneself: Respondents were asked whether they needed help with any of several personal care items, such as dressing, eating, or getting in and out of bed. (See app. III for a complete list of questions.)

Overall, the denied applicants were less dependent on others for personal care than the allowed population. About 28 percent of the denied and 51 percent of the allowed said they had to depend on others for at least one of the personal care items (see fig. 2.9).

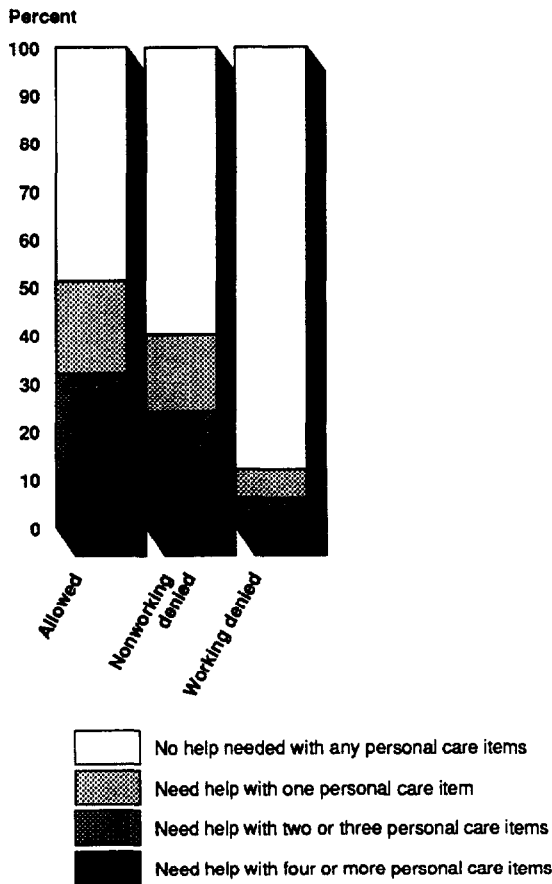
**Figure 2.9: Dependency on Others for Personal Care, the Allowed and Denied (1987)**



When dividing the denied into nonworking and working groups, the nonworking denied reported limitations resembling those of the allowed population and differing from those of the working denied. About 40 percent of the nonworking denied and one-half of the allowed said they had to depend on others for at least one of the personal care items; only 12 percent of the working denied had to depend on others (see fig 2.10).



Figure 2.10: Ability to Care for Oneself Similar for the Nonworking Denied and the Allowed (1987)



4. Ability to perform activities of daily living combined with ability to care for self: This is essentially the same measurement the Bureau of Census used to classify the severity of functional limitation reported in its Current Population Reports.<sup>7</sup> Census considers a person as having a severe functional limitation if he or she (1) cannot perform one or more of the activities of daily living or (2) needs help of another person for any of the personal care items.

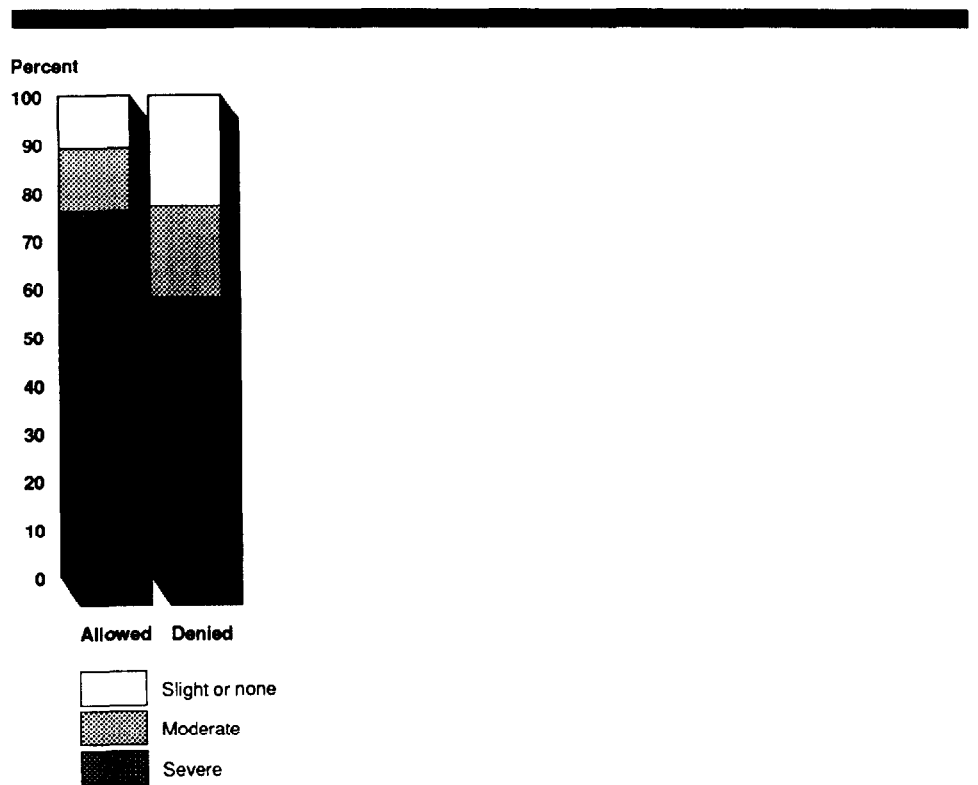
In addition to the “severe” category that Census used, we added two others: “moderate” for those who reported having either a moderate

<sup>7</sup>Bureau of the Census, Disability, Functional Limitation, and Health Insurance Coverage: 1984/85, Data from the Survey of Income and Program Participation, Current Population Reports, Series P-70, No.8. (Washington, D.C.: U.S. Government Printing Office, Dec. 1986).

amount of trouble or a lot of trouble performing one or more of the activities and "slight or no limitation" for all others.

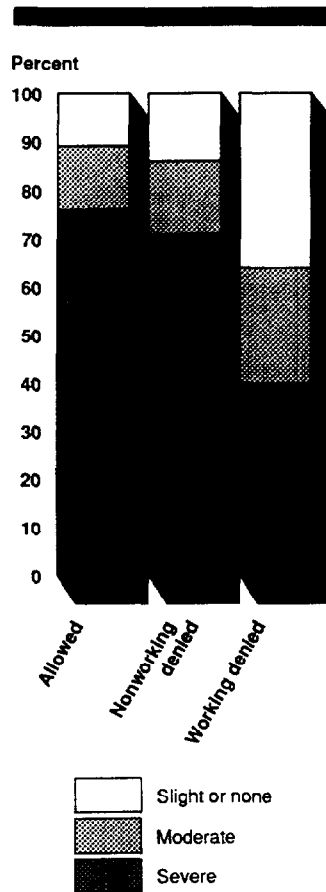
Overall, a higher proportion of the allowed than the denied reported having severe limitations; 76 percent of the allowed and 58 percent of the denied can be classified as being severely limited (see fig. 2.11).

**Figure 2.11: Severity of Functional Limitations Better for the Denied Than the Allowed (1987)**



When separating the denied into the working and nonworking groups, the severity of functional limitations reported by the nonworking denied resembled that of the allowed population: 71 percent of the nonworking denied and 76 percent of the allowed reported being severely limited. In comparison, only 41 percent of the working denied reported having a severe limitation (see fig. 2.12).

**Figure 2.12: Severity of Functional Limitations About the Same for Nonworking Denied and the Allowed (1987)**



**Impairments That Were Most Limiting Differ Between the Denied and the Allowed**

Although self-assessments of health and functional limitation appeared similar for the nonworking denied and the allowed populations, impairments reported as most limiting were different for the two populations. In particular, both groups of denied (the working and nonworking) most frequently reported back problems as limiting them the most; the allowed population most frequently reported mental and heart problems (see table 2.5).<sup>8</sup>

<sup>8</sup>Our survey questionnaire listed over 25 different types of diseases and conditions. We asked respondents to report all problems they had and to designate the one that limited them the most. Because the percentage distribution of such impairments is lengthy, only the ones reported by 5 percent or more of the respondents in at least one population are shown in the table.

**Table 2.5: Impairments the Denied and Allowed Reported as Most Limiting (1987)**

Most limiting impairment	Allowed	Total	Denied applicants	
			Working	Nonworking
Back or spinal problems	6	22	19	23
Mental problems	16	10	10	10
Heart condition	15	5	4	6
Arthritis or rheumatism	9	12	11	12
Limb missing, deformed, or paralyzed	8	4	4	4
Breathing or lung problems	8	5	5	4

The impairments reported by our respondents to be most limiting at the time of our survey may or may not differ from the primary impairments diagnosed at the time of disability adjudication in 1984. We did not analyze the differences between primary impairments diagnosed at the time of adjudication and the most limiting impairments reported by our survey populations. Our analysis of administrative records (using the diagnosis codes recorded in the files) for all 1984 applicants showed, however, that similar to our survey findings, back conditions were more prevalent among the denied than among the allowed applicants.

### Implications of the Health and Impairment Comparisons Between Denied and Allowed Applicants

Our study was not designed to identify all the factors that may have contributed to the similarity in health limitations and the differences in the most limiting impairments we found between the denied and allowed populations. Some observations about possible implications concerning the disability criteria and determination process are, however, worth noting.

A significant proportion of denied applicants were not working, and their self-reported health limitations appeared to be similar to those of program beneficiaries. This suggests that some of those denied may be, or at least perceive themselves to be, as severely impaired or incapacitated in terms of their ability to work as some of the allowed population. In addition, some of the allowed may not be as severely impaired or disabled as they were determined to be, our survey data showed. For example, about 20 percent of the allowed population reported themselves in good to excellent health, and another 35 percent saw themselves in fair health (see fig. 2.5). Other health measurements show similar patterns. The data, on the surface, appear to raise some questions as to the accuracy of SSA's disability criteria and determination process in judging a disability applicant's ability to work.

The concept of disability and the assessment of a person's ability to work is, however, a complex and difficult task. This can be illustrated by a study done 20 years ago,<sup>9</sup> which involved independent clinical evaluation of the work potential of disability applicants.<sup>10</sup> Significant incongruities between clinical assessments and adjudicators' disability decisions were found in both allowance and denial cases. For example, for applicants whom the clinical team judged to have capacity to work under normal conditions, the adjudicators allowed benefits (that is, found the applicants disabled) in 27 percent of the cases. Conversely, of the cases that the clinical team found unfit for work, the adjudicators denied benefits (that is, found the applicants not disabled) in 27 percent of the cases. Further, the incongruent rates varied widely by impairment type.

In particular, the study found that applicants with certain types of disorders, such as circulatory system problems, were more frequently allowed benefits by the adjudicators than those with other disorders, such as musculoskeletal impairments. This is similar to our current findings of differences between the denied and the allowed populations in back and heart conditions.

Although our survey and this study appear to raise some questions about the accuracy of disability decisions and criteria, there are factors other than type of impairment and functional limitation that may influence whether or not a denied applicant works. These include personal motivation and attitudes toward work as well as the availability of jobs in the economy. Further, the Social Security disability program is an all or nothing concept. Applicants are either allowed benefits based on total disability or they are not. Many severely impaired people, who may perceive themselves unable to work, will not meet the program's criteria for disability.

Because we were unable to control for all these factors when examining the data, we do not know how many of the nonworking denied applicants were not working because of their functional limitations and how many were not working because of other factors. Therefore, we cannot draw definitive conclusions from these data about how well disability

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<sup>9</sup>Saad Z. Nagi, Ph.D., *Disability and Rehabilitation: Legal, Clinical, and Self-Concepts and Measurement* (Ohio State University Press, 1969).

<sup>10</sup>As part of the Ohio State study, a clinical team consisting of physicians from several specialties and a psychologist, social worker, vocational counselor, and occupational therapist were employed to personally and independently (apart from the claims adjudicators) assess the applicants' fitness for competitive employment at the time of disability application.

eligibility criteria distinguish between those who, considering functional limitations, can and cannot work.

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## Financial Status of the Allowed and Denied Applicants

What is the financial status of denied applicants and how does their status compare with that of the allowed? What health insurance do they have? To answer these questions, we obtained information on respondents and their families' income sources and medical insurance.<sup>11</sup>

Generally, our survey found that both the denied and allowed applicants were not doing well financially. Because work has a significant influence on the income and medical insurance of the denied applicants, we again separated the denied into working and nonworking groups. The self-reported financial status of the nonworking denied was worse than that of the allowed and the working denied. Many had family income below the poverty level in 1986 and relied on other government programs (mainly public assistance programs) for most of their total income.

Despite receiving Social Security disability benefits, the income reported by many of the allowed population was also below the poverty level. The financial status of denied applicants who were working, although relatively low, was better than that of allowed applicants and the nonworking denied.<sup>12</sup> In addition, at least one-fourth of both working and nonworking denied were without medical insurance at the time of our survey.

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## Self-reported Financial Status of Nonworking Denied Is Worst

We used three income measures to examine the financial status of our survey populations: (1) self-perceived income adequacy, (2) median income levels, and (3) Census's poverty level. Of all the groups surveyed, the financial status of the nonworking denied was the worst.

**1. Self-perception of income adequacy:** As one measure of financial status, we asked respondents whether they (and their spouses) received enough income from all sources to get along. Over half of the nonworking denied (58 percent), as compared with 33 percent of the allowed and

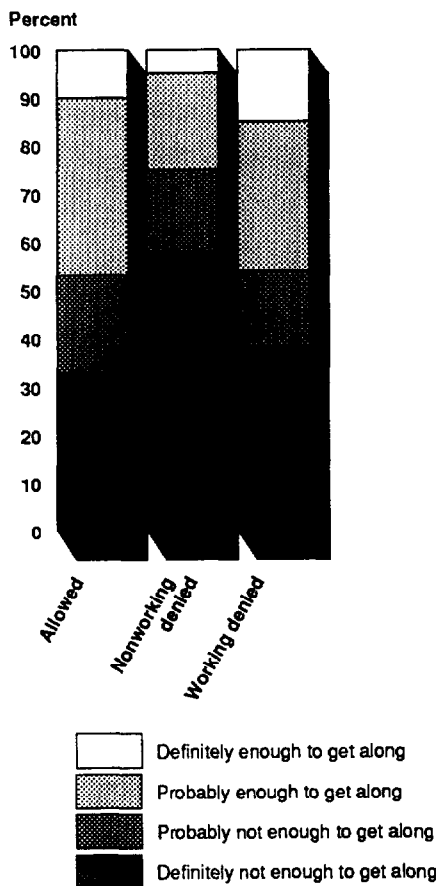
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<sup>11</sup>Our survey included questions about sources and amounts of income received by the sampled people and their spouses. Missing data on major income items, earnings, and Social Security benefits were replaced by data from SSA's administrative records.

<sup>12</sup>Judging from median incomes and earnings of the general population for the same year (from Census's general population survey), the general financial status of both allowed and working denied, though better than the nonworking denied, is still relatively poor.

38 percent of the working denied said they definitely did not have enough income to get along (see fig. 2.13).

**Figure 2.13 Self-perception of Income Adequacy (1987)**

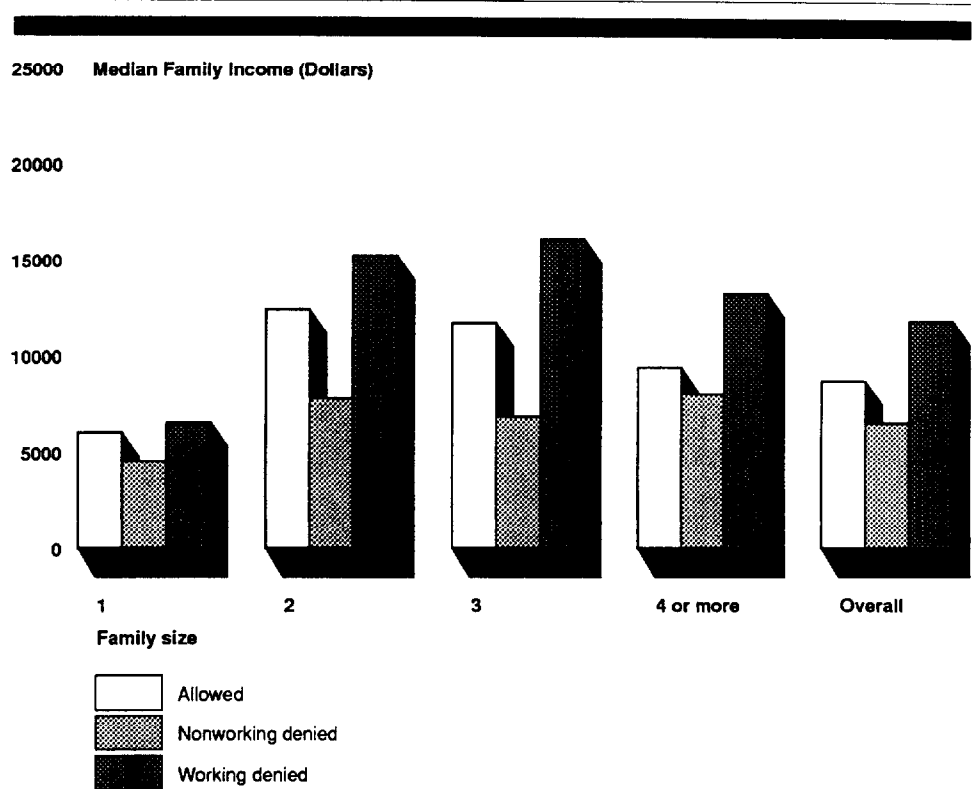


2. Median family income: To determine the respondents' family income levels, we asked them to report the amounts of income they and their spouses received during 1986 from such sources as jobs, businesses, farms, pensions, interest, dividends, rents, and Social Security, as well as other government payments.<sup>13</sup> Income from all sources was summed to arrive at the total family income.

<sup>13</sup>Although the survey was conducted in 1987, we asked respondents to report the total income they received from each source in 1986, the last whole year before our survey. Thus, we could compare the reported income with annual earnings and Social Security benefits from administrative files.

In 1986, the median family income for the denied as a group was about the same as that of the allowed, regardless of family size. It was \$8,676 for the allowed and \$8,400 for the denied. When separating the denied into working and nonworking groups, however, family income was the highest for the working denied, at \$11,822, followed by the allowed at \$8,676 and the nonworking denied at \$6,500 (see fig. 2.14).

Figure 2.14: Median Family Income  
 Lowest for Nonworking Denied (1986)

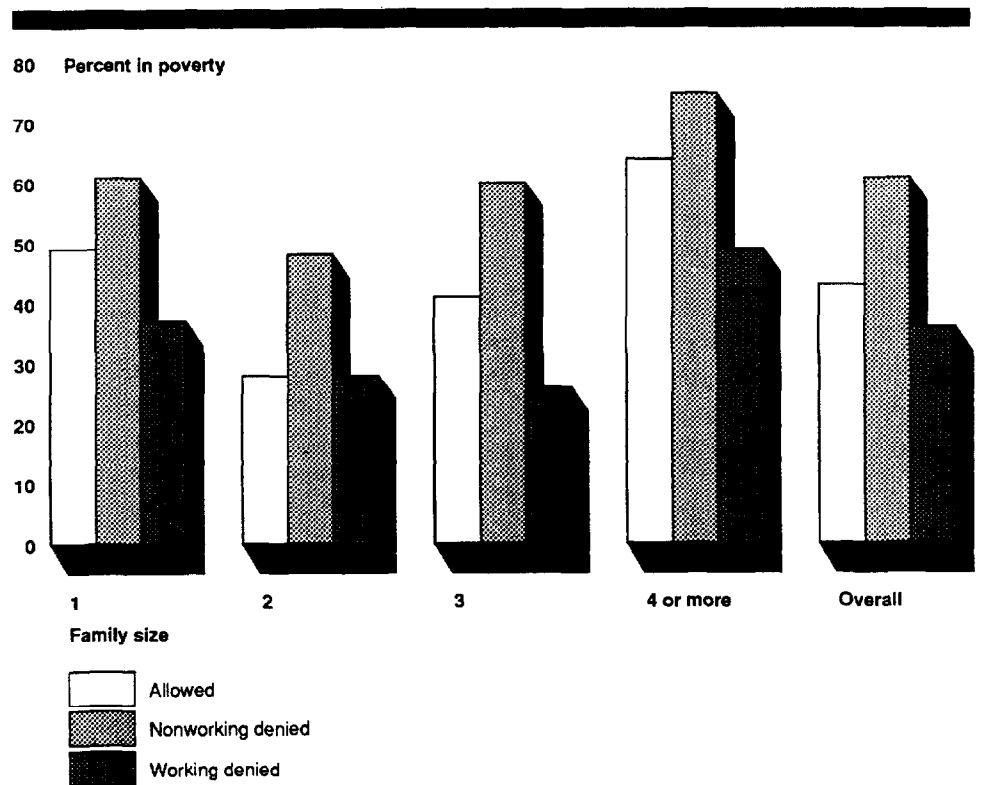


Concerning income sources, 35 percent of the nonworking denied depended on government programs other than Social Security (mainly public assistance programs) for half or more of their total family income in 1986. The major source of income for the allowed population was Social Security benefits; 63 percent relied on them for half or more of their total income. For the working denied, as expected, their major source of income was their own earnings, with 63 percent relying on earnings for half or more of their total family income. Detailed information on income sources for all populations is presented in appendix IV.



3. Living below poverty: A significant proportion of both the allowed population and the denied applicants, especially those not working, had income below the poverty level in 1986.<sup>14</sup> For example, according to Census data, in 1986 the poverty levels for an individual under the age of 65 was \$5,701 per year and for a family of four, \$11,203. Using the poverty level for each family size as a measure, about 61 percent of the nonworking denied reported having total family income below the poverty level in 1986. This is in comparison with 43 percent for the allowed and 36 percent for the working denied. Within every category of family size, the nonworking denied had the highest proportion of families with income below the poverty level (see fig. 2.15).

Figure 2.15: Many Nonworking Denied Living in Poverty (1986)



<sup>14</sup>To determine the numbers and percentages of people with income below the poverty level, we used Census's household and family definition to classify our survey populations by family size. We then compared their family income with the poverty level for their family size.

For two reasons, the total family income reported by the respondents may be understated and the proportion of families with income below the poverty level overstated:

First, the income data used in our study were based on self-reported numbers, which could have been underreported.<sup>15</sup> Second, the income of family members other than the spouse may not always have been reported in our survey because we did not interview each household member directly. Instead, we asked our respondents to report total income they and their spouses received from each source, including children and other household members.

Although there may be some underreporting of income data, we have no reason to believe that any underreporting would be significantly different among our study groups. Further, the income data we presented are not important so much for their absolute value, but for the picture they present of the relative income status of denied applicants and the allowed population. Although the proportion of families with income below the poverty level may be somewhat overstated, our primary finding is that the income of a large number and percentage of both allowed population and denied applicants was below the poverty level, with the nonworking denied in the worst situation.

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### Many Working and Nonworking Denied Are Without Medical Insurance

Medicare, the federal health insurance program, is available to Social Security disability recipients after they have been entitled to disability benefits for 2 years. Thus, at the time of this survey, almost all of the allowed population was covered by Medicare. Denied applicants, however, are not eligible for Medicare (until they reach the age of 65). Unless they qualify for other state-assisted or federally assisted health insurance programs, denied applicants would have to acquire private health coverage or pay for medical expenses out of pocket.

We asked all respondents about the type of health insurance they had. If they had none, we also asked about the length of time they had been without it and the reasons for not having it. A significant proportion of both the working denied (29 percent) and the nonworking denied (25 percent) were without medical insurance coverage at the time of our survey in 1987 (see fig. 2.16.). About 60 percent of those without insurance in both groups said they had been without it since 1984 or earlier.

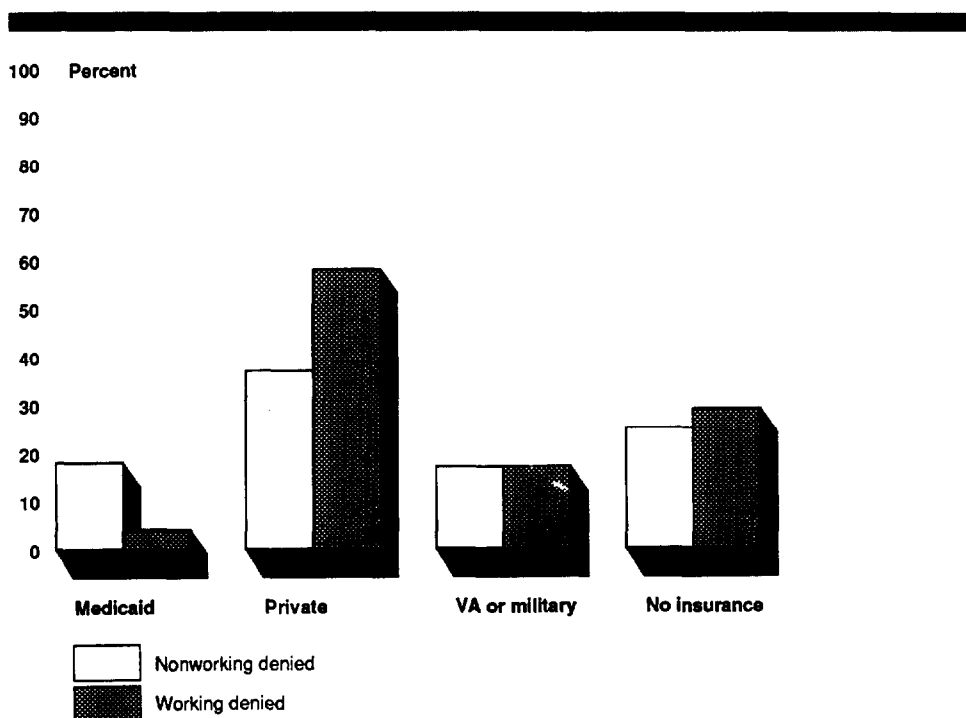
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<sup>15</sup>This underreporting is common in all surveys. According to Census's Report from the Current Population Survey, there are three main causes for income underreporting in surveys: (1) failure to report receipt of a specific income type, (2) reporting an amount that was less than the actual amount received, and (3) reporting the source of income incorrectly.

Major reasons cited for no insurance, said members of both groups, were that they lost jobs that provided them coverage or they could no longer afford coverage or both.

The types of insurance denied applicants had differed slightly between the working and the nonworking denied. As expected, a significantly higher percentage of working denied (58 percent) had private insurance plans through their own or their spouses' current or former employment than did the nonworking denied (37 percent). On the other hand, because of their poor financial status, the nonworking denied were more likely to receive Medicaid, a state program that pays health care for people in need (see fig. 2.16).

**Figure 2.16: Insurance Status of the Working and Nonworking Denied Applicants (1987)**



## Summary of Data

Of the disability applicants who were denied benefits in 1984 and were still denied at the time of our survey (1987), 58 percent reported that they were not working mainly because of their health. Over half of these nonworking denied said they did not expect to ever work again. The denied applicants who were working at the time of our survey also

reported having work difficulties; over two-thirds said they were limited in the kind or amount of work that they can do, and many reported earning significantly less than what they earned before their disability application.

Judging by our four health measures, the self-reported health status of the nonworking denied resembled that of the allowed population and was significantly worse than that of the working denied. The most limiting impairments reported by both working and nonworking denied were different from those of the allowed population. Back problems were most frequently reported as the most limiting impairments for the denied; heart and mental conditions, for the allowed population.

Generally, both the allowed and denied applicants were not doing well financially, with the nonworking denied in the worst situation. A large proportion of nonworking denied had income below poverty level and relied on other government programs (mainly public assistance) for a major portion of their total income. In addition, a significant proportion of both working and nonworking denied lacked medical insurance coverage at the time of our survey; most of them said they had been without it for 3 or more years.

# Current Status of Beneficiaries Removed From Rolls Between 1981 and 1984

Almost two-thirds of the disability beneficiaries whom SSA deemed ineligible during its 1981-84 review of disability cases have since been reinstated on the benefits rolls. Of those who remained terminated, about 42 percent were not working or looking for work; the other 58 percent had returned to work, despite some reported work limitations. Most of the nonworking terminated cited health as the reason for not working, and most had a relatively poor financial status.

## Historical Perspective of Continuing Disability Reviews and Benefit Terminations

From its establishment in 1954 to the late 1970s, SSDI experienced tremendous growth, both in numbers of people on the rolls and the amount of benefits paid each year. The program went from 687,000 disabled beneficiaries (including spouses and children) in 1960 to a peak of over 4.8 million in 1978, then declined to about 4 million in December 1987. In the late 1970s, congressional concern was centered on (1) the rapid increase in the disability rolls, (2) program costs, and (3) the lack of adequate follow-up on the continuing eligibility of beneficiaries. According to an SSA study completed in 1979 and cited in a GAO report in 1981,<sup>1</sup> about 20 percent of program beneficiaries were receiving benefits for which they were no longer eligible. In an attempt to contain program growth, provide more control over the size of the beneficiary caseload, and improve incentives for rehabilitation and return to work, the Congress enacted the Social Security Disability Amendments of 1980 (P.L. 96-265).

A significant measure in the 1980 Amendments was a provision requiring the Secretary of Health and Human Services (HHS) to review all beneficiaries (except those with permanent disability) for continuing eligibility at least every 3 years, beginning in January 1982. As recommended by GAO, SSA and state agencies began continuing disability reviews (CDRs) in March 1981, ahead of the mandatory January 1982 date. According to SSA data, between March 1981 and October 1984, state agencies had reviewed over 1,200,000 cases and found almost 500,000 (about 41 percent) ineligible for continuing benefits.

## Concern About Massive Benefit Terminations

The CDR process and the large number of initial terminations during the 1981-84 period resulted in much controversy and public outcry. Most of the controversy was centered on whether (1) it was appropriate to subject existing beneficiaries to more current (and, in some cases, more

<sup>1</sup>More Diligent Followup Needed to Weed Out Ineligible SSA Disability Beneficiaries (GAO/HRD-81-48, Mar. 3, 1981).

restrictive) eligibility criteria than when they were initially awarded benefits or (2) medical improvement should be demonstrated before anyone is terminated from the disability rolls. During the period, SSA instructed state agencies to evaluate beneficiaries' continuing eligibility, using the same medical criteria and evaluation guidelines that were used for new applicants. As a result, many beneficiaries who had been on the rolls for many years without improvement in their medical conditions had their benefits terminated.

Numerous class action lawsuits were filed across the country contesting SSA's medical standards in CDRs. The medical improvement issue was the subject of increased activities in 1983, when 18 state agencies were ordered by their governors or the federal courts to provide evidence of medical improvement before terminating disability benefits. At about the same time, 8 more state agencies were ordered by their governors to discontinue processing benefit terminations altogether.

In response to the breakdown of the CDR process, in April 1984, the Secretary of HHS placed a national moratorium on the processing of periodic review cases (cases selected for review once every 3 years). In October, the Secretary issued another moratorium extending the freeze to regular medical diary cases.<sup>2</sup>

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## Enactment of Medical Improvement Standard

In October 1984, the Congress, concerned about the erosion of public faith and confidence in the disability program, enacted the Social Security Disability Benefits Reform Act of 1984 (P.L. 98-460). It prescribed a standard of review, including a medical improvement provision, for determining whether disability benefits should continue. The moratorium was supposed to expire on October 1, 1985, and, at the same time, CDRs were to resume under the medical improvement standard. SSA's actual resumption of CDRs was several months later.

The new standard for CDRs has substantially reduced the termination rates (the CDR cessation rate decreased from 42 percent in 1983 to 12 percent in 1987) and alleviated most of the concerns about the CDR process. Interest remains, however, in what happened to beneficiaries who were determined to be no longer eligible for benefits during the 1981-84 period. Specifically, the study requesters were interested in finding out

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<sup>2</sup>These are cases in which a future medical reexamination date (diary) was set at the time of the initial disability determination. When the dates are arrived at, state agencies are to reevaluate beneficiaries' impairments to determine if their benefits should be continued.

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how many of those who lost benefits (1) went back to work and (2) for those who did not work what happened financially. In addition, the requesters wanted to know how terminated beneficiaries took care of their medical insurance needs because they no longer qualified for Medicare insurance.

Although the information could shed some light on what happens to disabled people after benefit termination, the population from the 1981-84 period may not be representative of current or future terminated populations. The 1984 Disability Benefits Reform Act substantially changed the criteria for CDRs by requiring SSA and the states to provide evidence of medical improvement before removing beneficiaries from the rolls. Thus, beneficiaries removed from the rolls under the new standards probably are not similar to those removed before these standards, especially those who were reinstated.

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### Majority of Ineligible Beneficiaries Have Since Been Reinstated

According to SSA and news media accounts at the time, the continuing eligibility reviews during the 1981-84 period resulted in initial determinations of approximately 500,000 beneficiaries ineligible for disability benefits. During that period, SSA changed its methods for selecting cases for review four times, and some states were operating under either their own or court-ordered adjudicative standards. This was a period of confusion and of great flux in the processing. SSA did not keep track of all cases selected for review or the final disposition of those 500,000 initial terminations.

From our study, we found that the widely published number (500,000) was much greater than the total number of terminations recorded in SSA's Continuing Disability Determination File (833 file).<sup>3</sup> Based on this file, which SSA provided us, the total record counts of the 1981-84 initial terminations under the CDR process for primary beneficiaries were about 315,910. SSA officials explained that the number cited by SSA and the news media at the time came from its state agencies' operations report. Because this report is a workload report that records all cases passing through state agencies, the total counts included cases that were not primary beneficiaries or not part of the CDR process. It also included duplicate counts of some cases that passed through states more than once.

After identifying the 315,910 initial termination cases, we used SSA Master Beneficiary Records to update the benefit status of these cases

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<sup>3</sup>This is SSA's automated file for recording all continuing eligibility reviews.

as of June 1987. Nearly two-thirds (63 percent) of the initial terminations had been reinstated on the disability rolls; another 4 percent were receiving Social Security retirement benefits as of June 1987 (see table 3.1). Seven percent of the initial terminations had died. Only 26 percent of the initial terminations remained terminated as of June 1987.

**Table 3.1 : Status of Initial Terminations**  
 (as of June 1987)

Initial terminations	Total	Dead	Retired	Reinstated	Terminated
Number	315,910	21,176	12,295	199,079	83,360
Percent	100	7	4	63	26

## Employment Status of Reinstated and Terminated

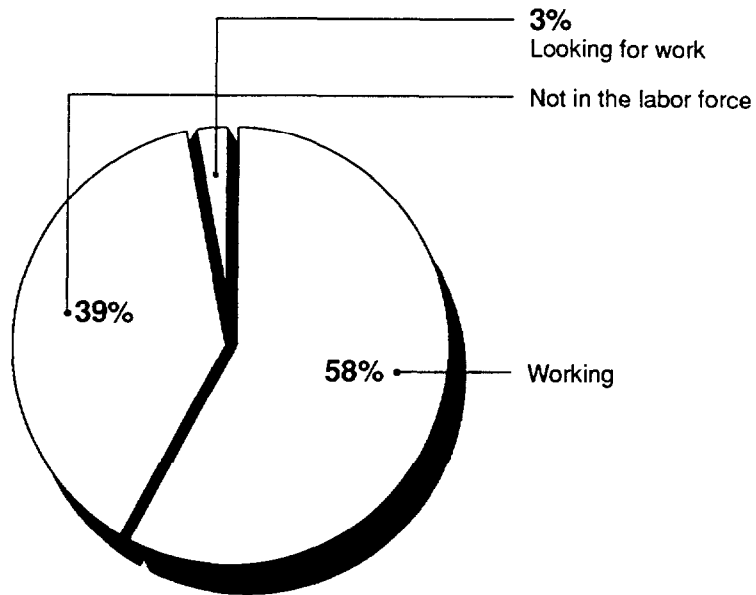
As expected, relatively few of the beneficiaries who were reinstated on the benefit rolls were working at the time of our survey. Ninety-six percent were not working and not looking for work (not in the labor force); another 1 percent were not working, but looking for work. The remaining 3 percent reported working; nearly all of them, however, had reported annual earnings of less than \$3,600, the level SSA uses to determine SGA.

Of those who were found ineligible during 1981-84 and had not since been reinstated, 58 percent had returned to work at the time of our survey in 1987;<sup>4</sup> 42 percent were not working (see fig 3.1). Of those who were not working, 62 percent said they probably or definitely would never work again. This is in comparison with 85 percent of the reinstated who said they did not expect to work again ever. At the time of our survey, the median age for the terminated who definitely expected to work again was 39 and for those who definitely did not expect to work again, 53 (see table 3.2).

<sup>4</sup>This means that approximately 15 percent of those initially found ineligible during the 1981-84 CDR reviews had returned to work. This percentage is arrived at by taking the 58 percent of the 26 percent that represent the terminated population. Because this group is working, we believe this adds credibility to SSA's initial (1979) estimates of about 20 percent of the beneficiary population being potentially ineligible (see p. 44).



**Figure 3.1: Over Half of Terminated Beneficiaries Working When Surveyed (1987)**

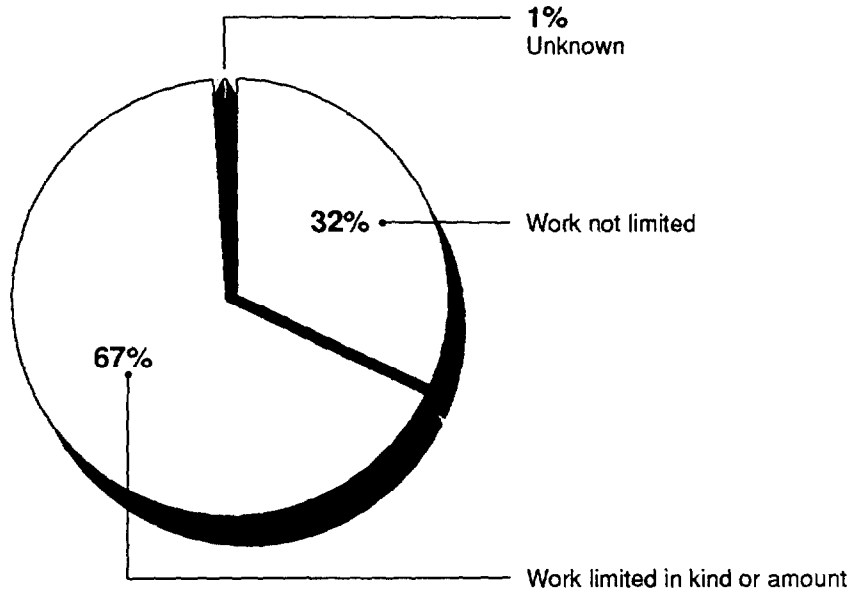


**Table 3.2: Work Expectations of Nonworking Terminated (1987)**

	Percent	Median age (in years)
Expect to work again:		
Definitely	14	39
Probably	20	44
<b>Subtotal</b>	<b>34</b>	
Did not expect to work again:		
Definitely	28	53
Probably	34	51
<b>Subtotal</b>	<b>62</b>	
Don't know or no response:	4	
<b>Total</b>	<b>100</b>	

Although 58 percent of the terminated beneficiaries had returned to work, two-thirds of them said that because of their health, they were limited in the kind or amount of work that they could do (see fig. 3.2). Twenty percent of them said they were limited to working part-time.

Figure 3.2: Two-Thirds of the Working Terminated Reported Work Limitations (1987)



### Health Status of Terminated Compared With Reinstated

Overall, the self-reported health status of the terminated as a group appeared to be better than that of the reinstated. Because the general characteristics and the health status of the terminated who were working were very different from those who were not, we separated the terminated into two subgroups, working and nonworking. The health status of the nonworking terminated was much worse than that of the working terminated, but not as bad as the reinstated. The health status of the reinstated and terminated was evaluated using the same four measures described in chapter 2 for the allowed and denied populations, as follows:

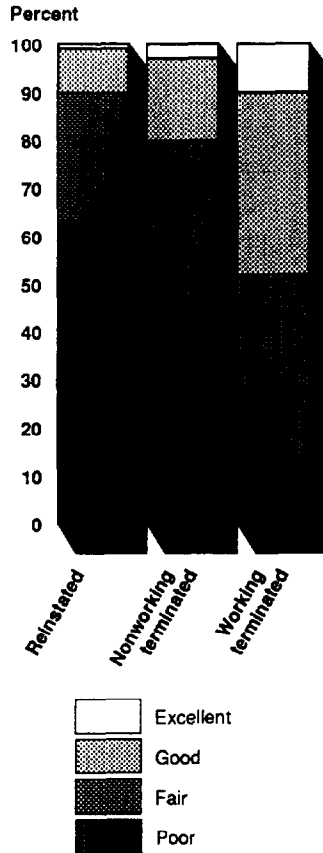
1. Self-perception of health status: Ninety percent of the reinstated and 64 percent of the terminated perceived their health as fair to poor (see fig. 3.3).

Figure 3.3: Self-perception of Health, the Reinstated and Terminated (1987)



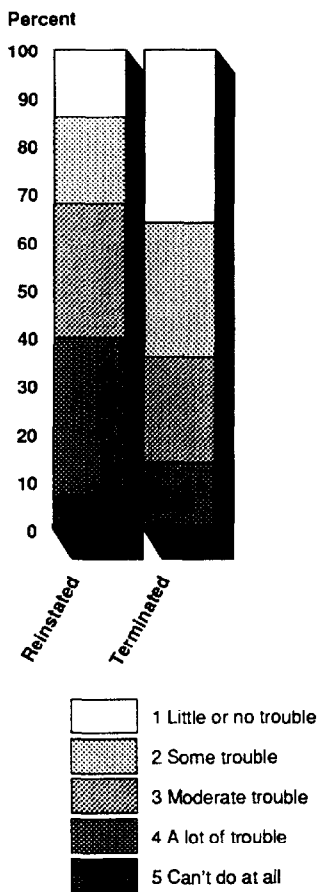
When separating the terminated into working and nonworking groups, 45 percent of the nonworking terminated and 63 percent of the reinstated perceived their health as poor; only 13 percent of the working terminated said they were in poor health (see fig. 3.4).

Figure 3.4: Self-perception of Health Slightly Better for Nonworking Terminated Than for Reinstated (1987)



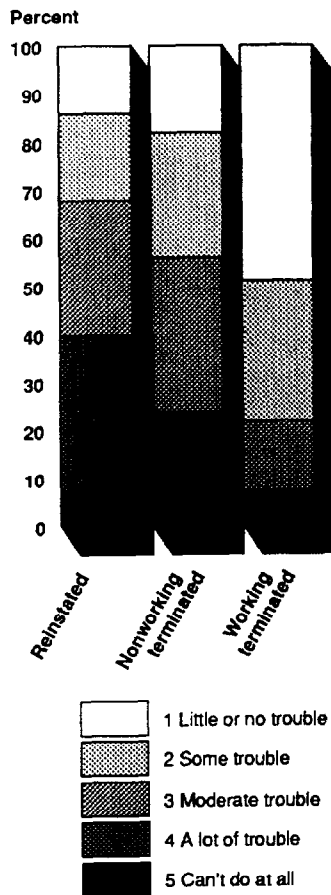
2. Ability to perform essential activities of daily living: Sixty-eight percent of the reinstated and 36 percent of the terminated reported having a moderate or greater amount of difficulty, on the average, with these activities (see fig. 3.5).

Figure 3.5: Ability to Perform Activities of Daily Living, the Reinstated and Terminated (1987)



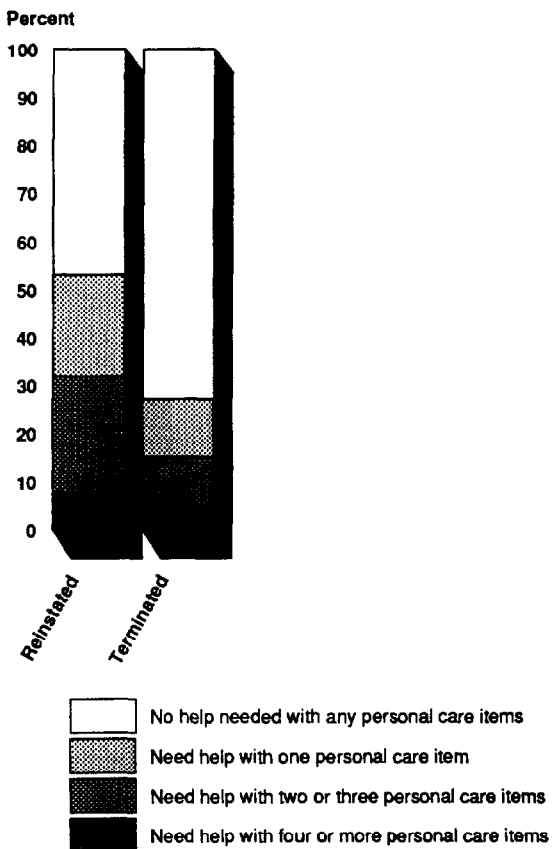
When separating the terminated into working and nonworking groups, 56 percent of the nonworking terminated as compared with 68 percent of the reinstated reported experiencing a moderate or greater degree of difficulty performing essential activities of daily living. Only about 22 percent of the working terminated reported the same degree of difficulty (see fig. 3.6).

Figure 3.6: Ability to Perform Activities of Daily Living Better for Nonworking Terminated Than for Reinstated (1987)



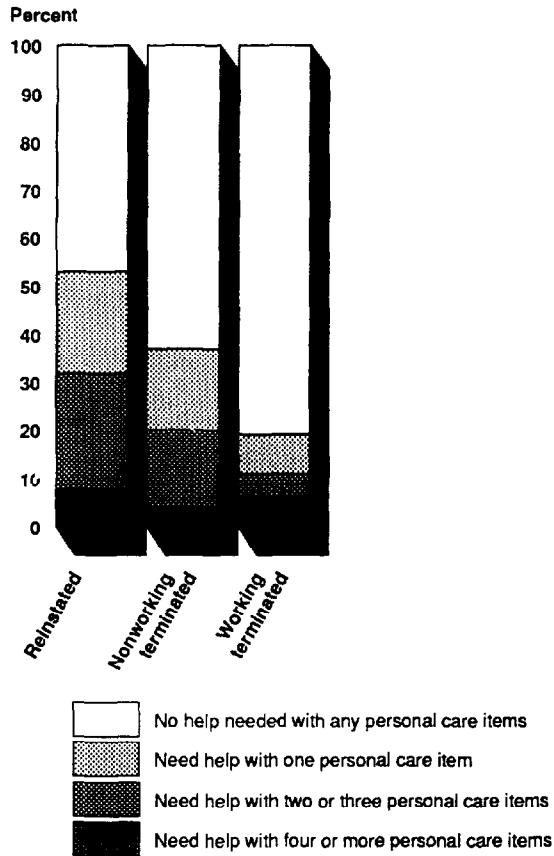
3. Ability to care for oneself: Overall, the terminated population was less dependent on others for help with personal care items than the reinstated population. Although 53 percent of the reinstated said they had to depend on others for at least one of the personal care items, only 26 percent of the terminated reported they needed help (see fig. 3.7).

Figure 3.7: Ability to Care for Oneself  
 Worse for the Reinstated Than the  
 Terminated (1987)



Of the nonworking and working terminated groups, the working terminated were less dependent on others for help with personal care. Only 19 percent of the working terminated said they had to depend on others for at least one of the personal care items, as compared with 37 percent of the nonworking terminated who needed help (see fig. 3.8).

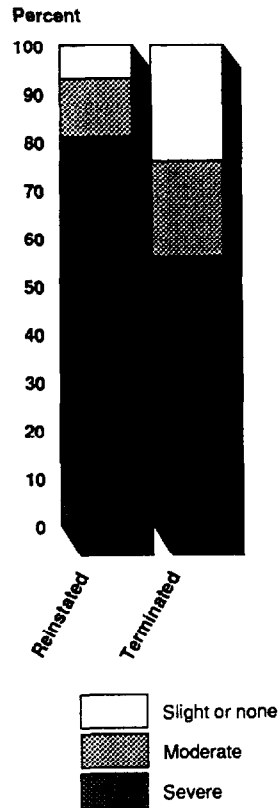
**Figure 3.8: Working Terminated Least Dependent on Others for Personal Care (1987)**



4. Ability to perform activities of daily living combined with ability to care for self: Overall, more of the reinstated population reported severe functional limitations than the terminated. About 81 percent of the reinstated and 56 percent of the terminated can be classified as having severe functional limitations (see fig. 3.9).

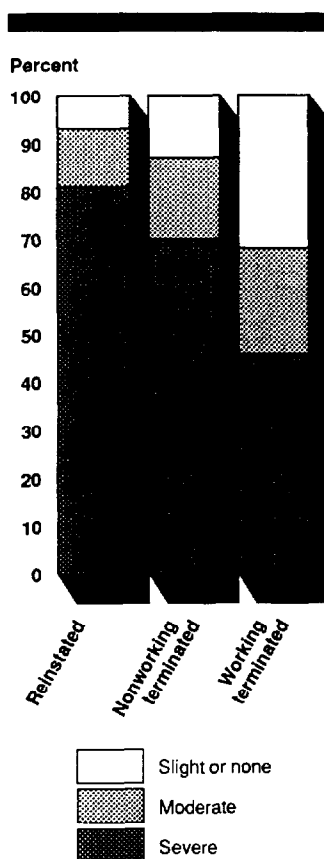


Figure 3.9: Severity of Functional Limitations, the Reinstated and the Terminated (1987)



When dividing the terminated into the working and nonworking groups, 70 percent of the nonworking terminated as compared with 81 percent of the reinstated reported severe functional limitations; only 45 percent of the working terminated were severely limited (see fig. 3.10).

**Figure 3.10: Severity of Functional Limitations Slightly Better for Nonworking Terminated Than for Reinstated (1987)**



Thus, as these four health measures demonstrate, the self-reported health status of the nonworking terminated was slightly better than that of the reinstated; both were worse than that of the working terminated.

**Self-reported Impairments Similar Between the Terminated and the Reinstated**

Unlike the differences in impairments between the denied and the allowed populations reported in chapter 2 (see p. 33), the distribution of most limiting impairments reported by the working and nonworking terminated and the reinstated were similar, with back problems heading the list for all three groups (see table 3.3).

**Table 3.3: Most Limiting Impairments  
 Reported by Reinstated and Terminated**

In percent

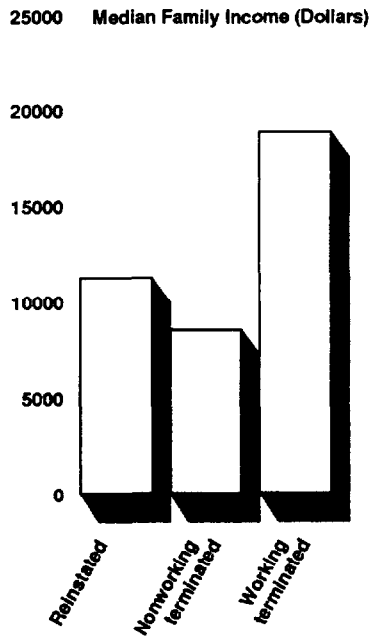
Most limiting impairment <sup>a</sup>	Reinstated	Terminated beneficiaries		
		Total	Working	Nonworking
Back or spinal problems	23	18	17	19
Mental problems	16	8	6	9
Heart condition	13	11	8	14
Limb missing, deformed, or paralyzed	4	10	11	8
Arthritis or rheumatism	9	9	10	8
Breathing or lung problems	7	4	4	3

<sup>a</sup>The table lists only impairments that were reported as most limiting by 5 percent or more of at least one of the three groups.

## Financial Status of the Terminated Compared With the Reinstated

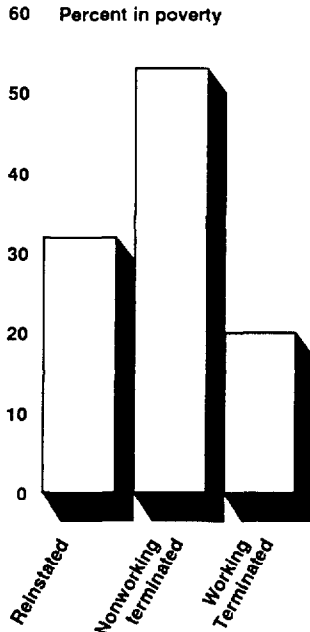
The financial status of the terminated was better than that of the reinstated. Because work status has a significant impact on the financial status of the terminated, we again subdivided the terminated into the working and nonworking groups. As expected, the financial status of the terminated who were not working at the time of our survey was worse than that of both the working terminated and the reinstated beneficiaries. A higher proportion of the nonworking terminated (55 percent), as compared with the working terminated (23 percent) and the reinstated (35 percent), said that they definitely did not have enough income to get along. The median family annual income for the nonworking terminated was \$8,500 in 1986 as compared with \$18,816 for the working terminated and \$11,208 for the reinstated (see fig. 3.11). These income levels of the terminated (both working and nonworking) were also higher than those reported by the denied applicants (see p. 38).

**Figure 3.11: Median Family Income  
Lowest for Nonworking Terminated  
(1986)**



About half of the nonworking terminated had income below the poverty level in 1986. This is in comparison with 20 percent for the working terminated and 30 percent for the reinstated (see fig. 3.12). In addition, about a third (31 percent) of the nonworking terminated had to rely on government programs other than Social Security for half or more of their income (see app. V for details on the sources of income for the terminated and reinstated populations).

Figure 3.12: About Half of the Nonworking Terminated Living in Poverty (1986)



For the reasons we cited in chapter 2, the family income reported by the respondents may be understated, which also may result in some overstatement of proportion of families with income below the poverty level. The income data presented above are not intended to be measured in absolute terms. Rather, they are intended to provide insight into the relative income status of the terminated and the reinstated beneficiaries.

### Many Terminated Without Medical Insurance

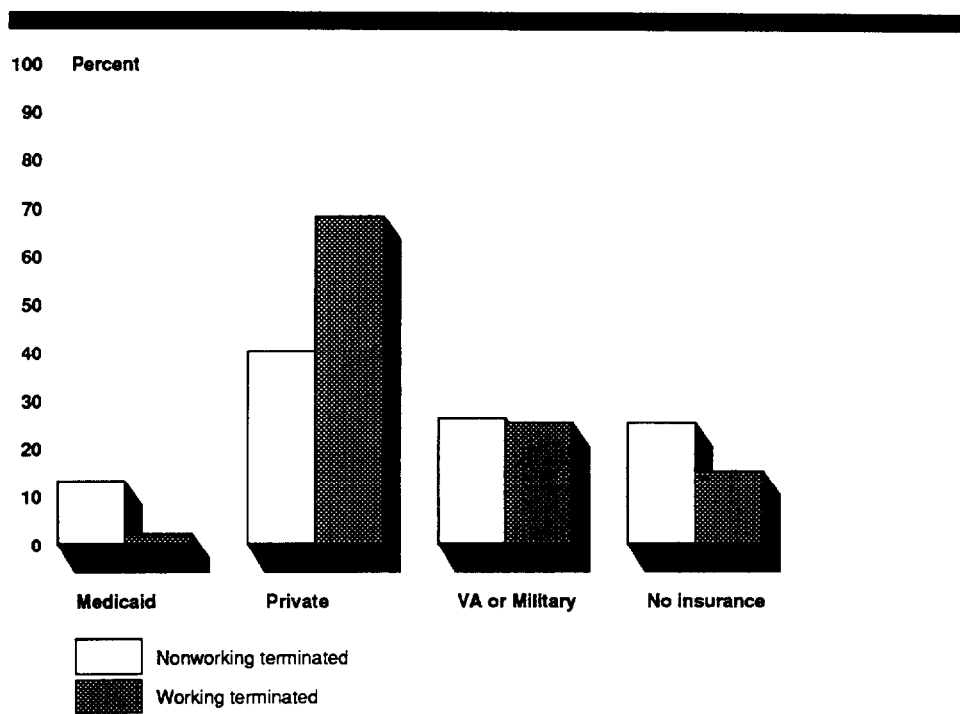
Like the allowed beneficiary population, the reinstated beneficiaries were eligible for Medicare insurance. Thus, as expected, over 90 percent of them reported being covered under Medicare at the time of our survey. Terminated beneficiaries, however, are no longer eligible for Medicare (until they reach the age of 65). Unless they qualify for other state assisted or federally assisted health insurance programs, these beneficiaries would have to acquire private health plans to cover their medical costs or pay medical expenses out of pocket.

At the time of our survey, 25 percent of the nonworking terminated and 15 percent of the working terminated had no medical insurance coverage (see fig. 3.13). About two-thirds of those without insurance in both groups said that they had been without it since 1984 or earlier. Major reasons cited for no insurance were (1) loss of Social Security benefits or

jobs with insurance coverage or (2) the unaffordability of health insurance.

As also shown in figure 3.13, the working terminated were more likely to have private insurance through their own or their spouses' employment; the nonworking terminated were more likely to receive Medicaid.

**Figure 3.13: Insurance Status of the Working and Nonworking Terminated (1987)**



It is interesting to note that the proportion of working terminated who had no medical insurance coverage (15 percent) was lower than that of the working denied population (29 percent, see p. 41). This is possibly due to the relatively higher income level of the working terminated compared with the denied.

## Summary of Data

A majority of SSDI beneficiaries who were determined ineligible for benefits between 1981 and 1984 had been reinstated on the benefit rolls as of June 1987. Of those who had not been reinstated, 42 percent reported that they were not working or looking for work, mostly because of health problems. The other 58 percent had returned to work, despite some reported work limitations.

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**Chapter 3**  
**Current Status of Beneficiaries Removed**  
**From Rolls Between 1981 and 1984**

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The self-reported health status of the terminated was better than that of the reinstated. When separating the terminated into the working and nonworking groups, however, the health status of the nonworking terminated was worse than that of the working terminated, but was better than that of the reinstated. The impairments reported to be most limiting were similar between the terminated and the reinstated.

Compared with both the working terminated and the reinstated, the financial status of the nonworking terminated was worse. A higher proportion of them had family income below the poverty level and relied on government programs other than Social Security (mainly public assistance programs) for a substantial portion of their income. In addition, many terminated people, especially those not working, said they were without medical insurance coverage; most of them had been without it since 1984.

# Technical Description of GAO's Survey and Sampling Methodology

## Development of Sampling Frames

We developed the sampling frames (universes) for the study populations (allowed, denied, reinstated, and terminated) using computer files of Social Security Disability Insurance (SSDI) applicants and beneficiaries maintained by the Social Security Administration (SSA). Only applicants and beneficiaries who were primary wage earners were included in our study (we excluded applicants for auxiliary benefits, such as spouses and dependent children of disabled workers).

For the allowed (applicants awarded SSDI benefits) and denied (applicants denied benefits) populations, we defined universes by the year of initial disability decision (1984) and benefit status at the time of our sample selection in June 1987. The allowed population included applicants who were initially awarded disability benefits in 1984 and were living and still receiving benefits in June 1987. Therefore, this population does not include applicants initially allowed in 1984 who subsequently were removed from the benefit rolls. The denied population consisted of applicants who were initially denied benefits in 1984 and were living, but not receiving benefits, in June 1987. Therefore, this population does not include the 1984 initial denials who were awarded benefits through appeals as of June 1987.

For both the allowed and the denied populations, our survey included only applicants who (1) were between the ages of 18 and 64 at the time of our survey and (2) had not been converted to retired worker benefits between 1984 and June 1987. Details on the development of the final universes for the allowed and denied populations are presented in table I.1.

Table I.1: Development of Universes

Status of 1984 decision	Allowed		Denied	
	Number	Percent	Number	Percent
1984 applicants	244,446	100	498,605	100
<b>Status in June 1987</b>				
Deceased	70,620	29	22,284	4
Retired	18,404	8	52,394	11
Receiving SSDI	143,422	59	141,904	28
Not receiving SSDI	12,000	5	282,023	57
<b>Preliminary universes</b>	<b>143,422</b>		<b>282,023</b>	
Pretest cases	48		46	
Under 18 yrs. of age	4		47	
Over 64 yrs. of age	4,787		2,388	
<b>Final universe</b>	<b>138,583</b>		<b>279,542</b>	



The reinstated and terminated universes were derived from the beneficiaries who were determined to no longer qualify for benefits during the 1981-84 period, when SSA conducted a large-scale review of the continuing eligibility of disability beneficiaries. Details on the development of the final universes for these two populations are presented in table I.2.

**Table I.2: Development of Universes for Reinstated and Terminated Beneficiaries**

Benefit status	Cases	
	Number	Percent
1981-84 initial termination	315,910	100
Status as of June 1987:		
Deceased	21,176	7
Retired	12,295	4
Receiving SSDI	199,079	63
Not receiving SSDI	83,360	26
Universe	Number of cases	
	Reinstated	Terminated
Preliminary universes	199,079	83,360
Pretest cases	71	29
Under 18 yrs.	2	2
Over 64 yrs.	2,319	795
<b>Final universe</b>	<b>196,687</b>	<b>82,534</b>

## Sampling Design

For sampling purposes, the Census Bureau has demarcated the country into groups of contiguous counties called primary sampling units (PSUs). The four samples for our survey (allowed, denied, reinstated, terminated) were systematically selected from our study populations residing in each of 98 PSUs. This method for selecting the samples was designed to ensure that national estimates could be made based on the sampled cases.

## Sample Size and Projectability of Results

The universe sizes and sample sizes for each frame are shown in table I.3. Approximately 1,100 cases were initially selected from each of the allowed and denied populations. About 550 cases were selected from each of the reinstated and terminated populations. Actual sample sizes, however, were smaller than the number initially selected because we found that some people in the samples were deceased or institutionalized at the time of our survey. The adjusted sample reflects the number of sample cases after excluding these.

Although the samples were drawn from the universe of cases in each population, the survey results are projectable to the adjusted universes, that is, the estimated number of living, noninstitutionalized people in each population at the time of the survey. These estimates are based on the assumption that the proportion of cases that we found to be institutionalized and deceased in the sample for each population reflects these proportions in the corresponding universe.

To make estimates about the adjusted universes based on the samples, it was necessary to weight the data obtained from interviewed cases. The weight for each sample person was calculated according to a complex procedure developed by the Census Bureau. This procedure takes into account the probability of selection; the noninterview rate; and the age, sex, and race distribution in each population. The average weights in this survey for the adjusted sample were 129 for the allowed population, 252 for the denied population, 348 for the reinstated population, and 150 for the terminated population. The average weight can be interpreted as the average number of people that an interviewed case represents.

**Table I.3: Initial and Adjusted Universe and Sample Sizes**

Universe and sample	Cases			
	Allowed	Denied	Reinstated	Terminated
Universe size	138,583	279,540	196,687	82,533
Initial sample size	1,081	1,109	566	552
Deceased	26	34	6	12
Institutionalized	39	26	13	9
Adjusted sample	1,016	1,049	547	531
Adjusted universe	130,199	264,588	190,406	79,427
Average weight	128	252	348	150

## Data Collection and Quality Controls

We used a variety of methods to ensure that our data are consistent, valid, reliable, and accurate. The techniques we employed are described below:

### Data Collection Technique

To obtain information about people in our four survey populations (allowed, denied, reinstated, and terminated), we chose to personally interview a sample from each population. We felt that a personal interview would produce higher quality data than either a mail questionnaire

or a telephone interview because of the (1) amount, complexity, and sensitivity of the information we needed to obtain and (2) anticipated difficulty in locating many of the people in our sample.

We contracted with the Bureau of the Census to conduct the interviews. Census maintains a nationwide staff of trained interviewers who are experienced in administering questionnaires similar to the one we used. We were confident that using Census interviewers would reduce the potential for interviewer bias and increase the potential for high questionnaire and item response rates.

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## Questionnaire Design and Pretest

GAO designed a questionnaire for this survey to ensure that the data collected were consistent. Questionnaire items included

- household makeup and demographics;
- health conditions, use of health care resources, and health insurance coverage;
- employment history;
- functional capacity, work limitations, and work attitudes;
- income and assets; and
- SSDI and state vocational rehabilitation program participation.

We pretested the questionnaire with a sample of people from each of our survey populations living in the Philadelphia area. During the week of June 1-5, 1987, 14 interviewers from Census's Philadelphia Regional Office located and interviewed 92 of the 193 people in our pretest sample. As a result, design flaws identified in the questionnaire were corrected; interviewer protocols were expanded or clarified; and the questionnaire was shortened. Our staff conducted a second pretest (of a more limited scope) to further refine the questionnaire.

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## Interview Process

Our survey methodology contained various elements designed to ensure that the interviews were conducted in a manner that would produce quality data. We developed an extensive manual that was used by interviewers as a reference guide in the field. Only trained and experienced Census interviewers were selected for our survey. In addition, the interviewers completed an 8-hour self-study program that trained them in how to (1) administer the questionnaire for this survey and (2) use the interviewer manual as a reference guide.

The Census Bureau developed its own specifications for reviewing and monitoring the quality of interviews during the survey period. Staff from each Census regional office also reinterviewed a 5-percent sample of completed cases. All reinterviewed respondents verified that the original interview had taken place, and few discrepancies were encountered between the original response to selected questions and the response to the same questions during the reinterview.

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## Measures to Minimize Nonresponse

SSA does not update its address records for denied applicants and terminated beneficiaries. Addresses on file for the denied applicants and terminated beneficiaries could have dated as far back as 1981 (the time of the last disability decision). We took several steps to reduce the potential for a low response rate: (1) We asked Census interviewers to take the most aggressive approach in tracking sample people. (2) We asked Census to also mail out address correction requests to the local postmasters to obtain address updates before the interviews began. (3) We searched through SSA's administrative files to obtain additional leads—such as the name of an employer, relative, or friend of sample people—to assist interviewers' tracking of difficult cases.

We used several methods to encourage people to respond once we located them. Before interviewers visited homes for interviews, we mailed each potential respondent an introductory letter and fact sheet describing our study and the importance of participation. We assured respondents that we would keep their responses strictly confidential. Each Census regional office sent letters to those who refused to participate, encouraging them to reconsider. Each regional office was also instructed to send a second interviewer, skilled in converting refusals, to visit the participant to attempt to convince him or her to participate in the survey.

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## Survey Response Rates

Among the four samples, the response rates ranged from 75 to 93 percent (see table I.4). The response rates were highest for the allowed population, 93 percent, and for the reinstated population, 92 percent; rates were lowest for the denied population, 75 percent, and the terminated population, 77 percent. As stated before, SSA did not maintain current addresses for people in the denied and terminated populations. Therefore, despite concerted efforts by Census interviewers, it was not possible to locate 18 percent of the people in the denied group and 15 percent of the terminated population.

**Appendix I  
 Technical Description of GAO's Survey and  
 Sampling Methodology**

**Table I.4: Survey Response Rates of Populations**

Survey response	Sample cases							
	Allowed		Denied		Reinstated		Terminated	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Interviews	947	93	789	75	505	92	409	77
Noninterviews	69	7	260	25	42	8	122	23
<b>Total</b>	<b>1,016</b>	<b>100</b>	<b>1,049</b>	<b>100</b>	<b>547</b>	<b>100</b>	<b>531</b>	<b>100</b>
Categories of noninterviews:								
Unable to locate	18	2	189	18	13	2	78	15
Refused	37	4	34	3	19	4	28	5
Other	14	1	37	4	10	2	16	3

**Characteristics of  
 Nonrespondents**

In general, if the characteristics of nonrespondents to a survey differ substantially from those of the respondents, the estimates from the survey could be biased. In our survey, the potential for bias because of non-response is greatest for the denied group and the terminated population because approximately one-quarter of the people in these samples were not interviewed. To assess whether any evidence exists that the nonrespondents were substantially different from the respondents, we compared the demographic and earnings information for nonrespondents (available from SSA's administrative files) with that for respondents (from survey). As shown in table I.5, none of these comparisons showed substantial differences between respondents and nonrespondents. Thus, although potentially some of the estimates in this report may be slightly understated or overstated because of non-response bias, we are reasonably confident that the impact of nonresponse on our analysis is not substantial.

**Table I.5: Comparison of Respondents  
 With Nonrespondents for Selected  
 Variables**

In percent

Category	Denied		Terminated	
	Respondent	Nonrespondent	Respondent	Nonrespondent
Age 18 to 44 yrs.	47	59	45	49
Black	24	27	14	14
Female	36	32	32	25
High school incomplete	39	46	39	
No earnings in 1986	48	45	34	40

<sup>a</sup>Data not available

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## Item Nonresponse

Among those interviewed, the responses were fairly complete. Item nonresponse rates for most of the variables, except income data, were generally less than 1 percent (item nonresponse rates exceeding 1 percent are reported in tables). Item nonresponses for income data were more significant. To reduce the number of missing data on key income variables, we used SSA's administrative data—for a sample person's earnings, spouses' earnings, and amount of Social Security benefits received—to fill in the missing data. Once this was done, the percentage of cases, among the major groups analyzed, without complete income data were between 5 and 9 percent.

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## Sampling Errors

As we surveyed a sample rather than the universe of cases in each population, each reported estimate has a sampling error associated with it. The size of the sampling error reflects the precision of the estimate: the smaller the sampling error, the more precise the estimate.

Sampling errors for estimates from this survey were calculated at the 95-percent confidence level, on the basis of formulas provided by the Census Bureau. This means that the chances are about 19 out of 20 that the actual number or percentage being estimated falls within the range defined by our estimate, plus or minus the sampling error. For example, if we have estimated that 30 percent of a group has a characteristic and the sampling error is about 4 percentage points, there is a 95-percent chance that the actual percentage with the characteristic is between 26 and 34 percent.

The largest sampling errors associated with estimates for each of the major groups analyzed in this report appear in table I.6. As most of the estimates presented in this report are in percentage form, the sampling errors shown in the table are stated in terms of percentage points. For example, as shown in the table, there is about a 95-percent chance that the actual percentage for any estimated characteristic for the allowed group is within 3 points of the reported percentage.

**Appendix I  
 Technical Description of GAO's Survey and  
 Sampling Methodology**

**Table I.6: Maximum Sampling Error for  
 Percentage Estimates at 95-Percent  
 Confidence Level**

<b>Study group</b>	<b>Maximum sampling error (percent)</b>
Allowed	± 3
Denied:	± 3
Working	± 5
Not working	± 4
Reinstated	± 4
Terminated:	± 4
Working	± 6
Not working	± 7

This report also includes several discussions of differences between the study populations as to the extent to which a specific characteristic is present. All differences between populations that are highlighted in the report are statistically significant at the 95-percent confidence level. This means that there is only a 5-percent chance that our sample led us to find a difference between populations when in reality there is no difference.

# Statistical Data for Figures Presented in Chapters 2 and 3

**Table II.1: Statistical Data for Figures 2.5 and 2.6**

In percent				
Self-perception of health	Allowed	Total denied	Nonworking denied	Working denied
Poor	44	31	43	13
Fair	34	37	37	39
Good	19	27	18	38
Excellent	3	5	2	10
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table II.2: Statistical Data for Figures 2.7 and 2.8**

In percent				
Degree of difficulty	Allowed	Total denied	Nonworking denied	Working denied
Little or no trouble	24	34	22	50
Some trouble	23	27	27	29
Moderate trouble	28	23	28	15
A lot of trouble	21	15	22	5
Can't do at all	4	1	1	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table II.3 Statistical Data for Figures 2.9 and 2.10**

In percent				
Degree of dependency	Allowed	Total denied	Nonworking denied	Working denied
No help needed with personal care items	49	72	60	88
Need help with one personal care item	19	12	16	6
Need help with two to three personal care items	21	10	15	3
Need help with four or more personal care items	11	6	9	3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table II.4: Statistical Data for Figures 2.11 and 2.12**

In percent				
Severity	Allowed	Total denied	Nonworking denied	Working denied
Severe	76	58	71	40
Moderate	13	19	15	24
Slight or none	11	23	14	36
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>



**Appendix II  
Statistical Data for Figures Presented in  
Chapters 2 and 3**

**Table II.5: Statistical Data for Figure 2.13**

In percent			
<b>Income adequacy</b>	<b>Allowed</b>	<b>Nonworking denied</b>	<b>Working denied</b>
Definitely not enough	33	58	38
Probably not enough	20	17	16
Probably enough	37	20	31
Definitely enough	10	5	15
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table II.6: Statistical Data for Figure 2.14**

In dollars			
<b>Family size</b>	<b>Allowed</b>	<b>Nonworking denied</b>	<b>Working denied</b>
1	6,000	4,500	6,500
2	12,400	7,740	15,200
3	11,700	6,816	16,080
4 or more	9,380	8,000	13,236
All categories	8,676	6,500	11,822

**Table II.7: Statistical Data for Figure 2.15**

In percent			
<b>Family size</b>	<b>Allowed</b>	<b>Nonworking denied</b>	<b>Working denied</b>
1	49	61	37
2	28	48	28
3	41	60	26
4 or more	64	75	49
All categories	43	61	36

**Table II.8: Statistical Data for Figure 2.16**

In percent		
<b>Type of insurance (other than Medicare)</b>	<b>Nonworking denied</b>	<b>Working denied</b>
Medicaid	18	4
Private	37	58
VA or military	17	17
No insurance	25	29

Appendix II  
 Statistical Data for Figures Presented in  
 Chapters 2 and 3

Table II.9: Statistical Data for Figures 3.3 and 3.4

In percent				
Self-perception of health	Reinstated	Terminated	Nonworking terminated	Working terminated
Poor	63	27	45	13
Fair	27	37	35	39
Good	9	29	17	38
Excellent	1	7	3	10
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Table II.10: Statistical Data for Figures 3.5 and 3.6

In percent				
Degree of difficulty	Reinstated	Total terminated	Nonworking terminated	Working terminated
Little or no trouble	14	36	18	49
Some trouble	18	28	26	29
Moderate trouble	28	22	32	15
A lot of trouble	33	13	22	7
Can't do at all	7	1	2	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Table II.11: Statistical Data for Figures 3.7 and 3.8

In percent				
Degree of dependency	Reinstated	Total terminated	Nonworking terminated	Working terminated
No help needed with any personal care item	47	73	63	81
Need help with one personal care item	21	12	17	8
Need help with two or three personal care items	24	10	16	5
Need help with four or more personal care items	8	5	4	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Table II.12: Statistical Data for Figures 3.9 and 3.10

In percent				
Degree of dependency	Reinstated	Total terminated	Nonworking terminated	Working terminated
Severe	81	56	70	46
Moderate	12	20	17	22
Slight or none	7	24	13	32
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Appendix II**  
**Statistical Data for Figures Presented in**  
**Chapters 2 and 3**

**Table II.13: Statistical Data for Figure 3.11**

<b>Income</b>	<b>Reinstated</b>	<b>Nonworking terminated</b>	<b>Working terminated</b>
Median family income	\$11,208	\$8,500	\$18,816

**Table II.14: Statistical Data for Figure 3.12**

In percent			
<b>Family size</b>	<b>Reinstated</b>	<b>Nonworking terminated</b>	<b>Working terminated</b>
Overall	32	53	20

**Table II.15: Statistical Data for Figure 3.13**

In percent			
<b>Type of insurance (other than Medicare)</b>	<b>Reinstated</b>	<b>Nonworking terminated</b>	<b>Working terminated</b>
Medicaid		13	2
Private		40	68
VA or military		26	25
No insurance		25	15

# Excerpt From GAO Questionnaires Concerning Ability to Perform Activities of Daily Living and to Care for Oneself

## Excerpt From GAO Interview Questionnaire Concerning Ability to Perform Activities of Daily Living

Now I'd like to ask you about your ability to do everyday activities without help from another person. Are you **USUALLY ABLE** to *Read each category?*

Dress without help from another person. ....	2301	<input type="checkbox"/> Yes <input type="checkbox"/> No
Bathe without help .....	2302	<input type="checkbox"/> Yes <input type="checkbox"/> No
Get around inside without help from another person. ....	2303	<input type="checkbox"/> Yes <input type="checkbox"/> No
Get to the bathroom and use the toilet without help from another person. ....	2304	<input type="checkbox"/> Yes <input type="checkbox"/> No
Eat without help from another person. ....	2305	<input type="checkbox"/> Yes <input type="checkbox"/> No

[Questions not used.]

Get around outside (within walking distance of home), if you need to, without help. ....	2309	<input type="checkbox"/> Yes <input type="checkbox"/> No
Go places further than walking distance, if you need to, without help from another person. ....	2310	<input type="checkbox"/> Yes <input type="checkbox"/> No
Use public transportation such as buses or trains, if you need to, without help from another person. ....	2311	<input type="checkbox"/> Yes <input type="checkbox"/> No

[Questions not used.]

Do you <b>USUALLY</b> need help from another person to get in and out of bed?	2316	<input type="checkbox"/> Yes <input type="checkbox"/> No
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[Questions not used.]

Appendix III  
 Excerpt From GAO Questionnaires  
 Concerning Ability to Perform Activities of  
 Daily Living and to Care for Oneself

Excerpt From GAO Interview  
 Questionnaire Concerning Ability to Care  
 for Oneself

I would like to know how much trouble, if any, you have doing various activities.

SHOW FLASHCARD:

Do you have little or no trouble, some trouble, a moderate amount of trouble, or a lot of trouble? Read each category?

	Little or no trouble	Some trouble	A moderate amount of trouble	A lot of trouble	Can't do at all
a. Walking a quarter of a mile, or about 2 or 3 city blocks, without resting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Walking up one flight of stairs without resting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Bending to put on your socks or stockings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Stooping, crouching or kneeling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Being on your feet for about 2 hours without sitting down	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Sitting for about 2 hours without getting up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Reaching over your head with both arms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Using your fingers to grasp and handle small objects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Lifting or carrying a 10-lb. object, such as a full bag of groceries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

[Questions not used.]

# Sources of Family Income of Denied Applicants Compared With the Allowed Population (1986)

Source of income	Percentage of applicants receiving 1% or more of family income from source <sup>a</sup>			Percentage of applicants receiving 50% or more of family income from source <sup>a</sup>		
	Denied applicants		Allowed applicants	Denied applicants		Allowed applicants
	Working	Not working		Working	Not working	
Social Security benefits	4 <sup>b</sup>	14 <sup>b</sup>	98	3 <sup>b</sup>	8 <sup>b</sup>	63
Earnings:	90	43	32	80	32	17
Own	87 <sup>c</sup>	26 <sup>c</sup>	9	63 <sup>c</sup>	15 <sup>c</sup>	2
Spouse	31	25	25	14	16	15
Pensions or insurance	8	20	25	1	10	5
Asset income	12	12	15	1	3	
Other government programs:	33	54	34	10	35	8
Entitlement	17	21	6	4	11	2
Welfare	20	39	28	6	23	6
Other private sources	13	13	8	3	5	

<sup>a</sup>The percentage is computed on the basis of complete responses to questions about each source of income. Cases with missing data (refused to answer or answered "don't know" to individual questions) that were between 5 to 9 percent for the major groups analyzed were excluded from the computation.

<sup>b</sup>Although the denied applicants in our sample were not receiving Social Security benefits in 1987, these cases reported receiving benefits in 1986. It was not possible to determine from the questionnaire whether these benefits were for the sample person, the spouse, or the dependent children.

<sup>c</sup>The working and nonworking classifications are based on the employment status of the respondents at the time of the interview in 1987. The earnings data, however, are based on the amount respondents reported to have received during 1986. Thus, some respondents who were classified as not working (in 1987) reported receiving earnings in 1986, and some of those who were classified as working reported no earnings in 1986.

<sup>d</sup>Less than 1.

# Sources of Family Income of Terminated Beneficiaries Compared With the Reinstated Beneficiaries (1986)

Source of income	Percentage of beneficiaries receiving 1% or more of family income from source <sup>a</sup>			Percentage of beneficiaries receiving 50% or more of family income from source <sup>a</sup>		
	Terminated beneficiaries		Reinstated beneficiaries	Terminated beneficiaries		Reinstated beneficiaries
	Working	Not working		Working	Not working	
Social security benefits	6 <sup>b</sup>	16 <sup>b</sup>	98	3 <sup>b</sup>	8 <sup>b</sup>	65
Earnings	97	54	34	93	40	20
Own	94	31 <sup>c</sup>	4	73 <sup>c</sup>	15 <sup>c</sup>	
Spouse	42	33	32	17	23	18
Pensions or insurance	7	16	21	d	5	2
Asset income	13	9	15	d	1	d
Other government programs	22	49	34	2	33	7
Entitlement	15	26	16	0	16	4
Welfare	9	29	19	1	17	2
Other private sources	8	11	8	d	5	

<sup>a</sup>The percentage is computed on the basis of complete responses to questions about each source of income. Cases with missing data (refused to answer or answered "don't know" to individual questions) that were between 5 to 9 percent for the major groups analyzed were excluded from the computation.

<sup>b</sup>Although the denied applicants in our sample were not receiving Social Security benefits in 1987, these cases reported receiving benefits in 1986. It was not possible to determine from the questionnaire whether these benefits were for the sample person, the spouse, or the dependent children.

<sup>c</sup>The working and nonworking classifications are based on the employment status of the respondents at the time of the interview in 1987. The earnings data, however, are based on the amount respondents reported to have received during 1986. Thus, some respondents who were classified as not working (in 1987) reported receiving earnings in 1986, and some of those who were classified as working reported no earnings in 1986.

<sup>d</sup>Less than 1.

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