



## **SSA: Disability Recipients Soar, Funding Nearly Depleted Under Obama**

By: Jennifer G. Hickey – December 17, 2013

The number of Americans receiving Social Security disability payments has increased 20 percent since President Barack Obama took office and the influx of new recipients has pushed the program close to insolvency.

The annual deficit in the Social Security Disability Trust Fund hit \$31.49 billion in fiscal 2013 and the remaining balance of \$100.49 billion in the fund will be depleted by 2016, the Social Security Administration predicts.

"At the time this program began we were much more of a blue collar, manual labor society, so there was some real need for it. Today, we are a lot more white collar, we have better medicine and devices to assist the disabled, but those receiving benefits have nonetheless exploded," Tad DeHaven, a budget analyst at the Cato Institute, told Newsmax.

DeHaven noted that applications for Social Security Disability Insurance, or SSDI, tend to increase during recessionary periods, but he said the program's expenditures were an estimated \$144 billion this year, nearly double what they were a decade ago.

When Obama took office there were over 7.4 million workers on disability. The Social Security Administration announced in October that the number is now more than 8.9 million, a 20 percent jump. Another 2 million spouses and children of disabled workers also receive SSDI benefits, bringing the total number of beneficiaries to some 10.9 million Americans.

The fund has run a deficit every year since Obama took office, after 15 straight years of surpluses. In the 57-year history of the program, there have been 19 years where the trust fund ran a deficit, five of them under the current president.

Since Obama took office, the annual deficits in the disability trust fund totaled \$8.46 billion in fiscal 2009; \$20.83 billion in 2010; \$25.26 billion in 2011; and \$29.70 billion in 2012.

Adding in the fiscal 2013 deficit of \$31.49 billion brings the program's red ink under Obama to \$115 billion, according to SSA.

Should the disability fund become depleted, DeHaven said, Congress will likely draw from the larger Social Security Trust Fund to cover the deficit rather than implement any substantial reform of the system, putting more pressure on the finances of the retirement program.

"When politicians try to make reforms, they find people protesting in front of their offices in wheelchairs, so good luck finding 60 votes in the Senate. There simply is no political will at the moment to truly reform the system," DeHaven said.

Started in 1956, the SSDI program was designed to temporarily assist individuals with physical or mental disabilities that were severe enough to prevent them from maintaining employment.

Some 4.7 percent of the working-age population is collecting disability payments, an increase from 2.3 percent in 1980. "In other words, disability insurance caseloads increased about twice as quickly as the working-age population," an analysis by the San Francisco Federal Reserve pointed out.

The program has also been fraught with fraud and abuse, adding to the program's financial woes.

In August, the Government Accountability Office reported that the Social Security Administration made an estimated \$1.29 billion in benefit overpayments to about 36,000 individuals as of January 2013. The GAO noted it could not calculate an exact amount without launching "detailed case investigations."

A report by the nonpartisan group Our Generation provided further evidence of abuse within the SSDI program, including:

- An information technology supervisor from Minnesota received \$144,293 in disability payments — \$6,773 a month — after faking a diagnosis of early-onset dementia.
- A Missouri man contended he was unable to work and from 2004 through February 2008, received nearly \$60,000 in illegal Social Security disability payments — while he was earning more than \$30,000 a year as a state legislator.
- A Social Security worker and a group of doctors in Puerto Rico created a large and sophisticated system for defrauding the federal government of disability benefits that likely totaled \$6 million.
- A Vietnam veteran was sentenced to two years in prison for defrauding taxpayers of \$7,575 in disability payments and more than \$500,000 in various Veterans Administration benefits after falsely claiming he couldn't walk or stand.

"What the report aims to highlight is how the program, which is well-intentioned, remains susceptible to outright fraud and abuse," says MacMillin Slobodien, executive director of Our Generation, which promotes free-market solutions to public policy issues.

"By highlighting these examples of abuse we hope to raise awareness among the public and legislators of the need to implement cost controls, and tighten eligibility requirements and oversight. It was meant to be a temporary assistance program, and if you provide people with the incentive to get back to work,

then you might have fewer people trying to game the system," Slobodien told Newsmax.

An earlier report by Our Generation said that in addition to a liberalization of eligibility rules, the benefits are more generous than a decade ago.

"Over time, due to SSDI's wage-indexing system, rising healthcare costs, and slow wage growth for low-income earners, SSDI benefits have become more appealing than their available alternatives. Adjusted for inflation, the average payment to SSDI beneficiaries has risen from approximately \$560 per month in 1960 to \$1,129 in March 2013, an increase of 98 percent," according to the report.

"We would support any reforms that make sure the benefits go to people who actually have disabilities, but there must be continuing disability reviews to ensure those who are receiving payments still qualify," Slobodien said.

But oversight of the program has actually decreased as the size of the program increased.

SSA Inspector General Patrick P. O'Carroll Jr. testified at a House hearing in November that an increase in disability claims has created "workloads that strain resources, causing delays and backlogs, and leaving the agency vulnerable to fraud and abuse."

O'Carroll said the IG's office estimates the SSA could have "avoided paying at least \$556 million during calendar year 2011 if SSA had conducted the medical Continuing Disability Reviews when they were due."

DeHaven sees fraud as a legitimate problem, but also believes abuse that is legally permissible under the program merits equal outrage.

"SSDI has more of an abuse problem than a fraud problem," DeHaven told Newsmax. "There are the obvious examples of abuse, such as the adult man who spent his days dressed up as a baby and was claiming benefits citing back problems. His claims may have been wrong, but within the broad definition of disability, his claims were legal because the definition of disabled has been so liberalized."

DeHaven added: "If you have the right lawyers and are persistent, it is quite easy to game the system."