SOCIAL SECURITY
Office of the Chief Actuary

May 6, 2015

The Honorable Sam Johnson
Chairman, Subcommittee on Social Security
The Honorable Charles Boustany
Chairman, Subcommittee on Human Resources
House of Representatives
Washington, D.C. 20515

Dear Mr. Johnson and Mr. Boustany:

I am writing in response to your request for an estimate of the financial effects on Social Security of H.R. 2135, "Promoting Opportunity for Disability Benefit Applicants Act," introduced on April 30. This Bill would allow the Commissioner of Social Security to provide information on appropriate public or private entities that provide employment services, vocational rehabilitation services, or other support services to applicants for disability benefits under Title II or Title XVI who are denied benefits based on an adverse determination of disability. However, the Commissioner would not be authorized to make referrals or to pay for these services under this Bill. Permission to make such information available to such applicants under this Bill applies for disability applications filed at least 180 days after enactment.

We have analyzed the potential effects of this Bill with assistance from Amy Shuart and Ted McCann of your staff. Many in the Office of the Chief Actuary contributed to the development of this analysis, most particularly Bert Kestenbaum.

We conclude that enactment of this Bill would most likely have a very small net effect on Title II, Old Age, Survivors, and Disability Insurance (OASDI), benefit cost and Title XVI, Supplemental Security Income (SSI), cost for years 2015 through 2024, and beyond, assuming enactment of the Bill on July 1, 2015. The net effect of the expected actions is unclear. We assume that enactment would result in providing information on the type of services available and possibly contact information to the denied applicants. For those who would seek services based on the information provided, some would be assisted in finding sustained employment and thus would eliminate the likelihood of a later reapplication for benefits. However, in some cases, resulting employment would help denied applicants maintain their disability insured status, thus providing the opportunity to qualify for benefits later should their condition worsen. In addition, we understand that one of the positive services that VR agencies can provide is assessment and advice that can help individuals who cannot work make a more complete application that may then qualify them for disability benefits. On balance, we believe that the net change in OASDI and SSI program cost would be negligible. For the long-range actuarial status of the overall OASDI program, we estimate that enactment of the Bill would change the actuarial deficit by a negligible amount (less than 0.005 percent of taxable payroll).

The analysis provided here is preliminary and speculative. The magnitude of the net effect will depend on many factors that are not clear at this time. However, it appears that the following factors would both have beneficial effects: (1) facilitating some individuals to sustain work and thus maintain an earnings level in excess of the potential disability benefit and (2) assisting other individuals who qualify for benefits to make a more complete application. We hope this analysis will be helpful. Please let me know if we may provide further assistance.

Sincerely,

Stephen C. Goss

Stephen C. Goss
Chief Actuary