

Annual Report
on
Social Security Pre-effectuation Reviews of
Favorable State Disability Determinations



Fiscal Year 2023

**PRE-EFFECTUATION REVIEW OF FAVORABLE
STATE DISABILITY DETERMINATIONS BY
THE SOCIAL SECURITY ADMINISTRATION
FISCAL YEAR 2023**

Background—We submit this annual report pursuant to section 221(c)(3)(C) of the Social Security Act (Act). The Act requires us to report to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate on the pre-effectuation reviews (PER) conducted during the previous fiscal year of disability and blindness determinations¹ made by the State disability determination services (DDS). The report must include: (1) the number of such reviews conducted; and (2) findings based on such reviews of the accuracy of State DDS determinations.

Title II of the Act requires the Commissioner to review at least 50 percent of all State DDS initial and reconsideration allowances of applications for Old-Age, Survivors, and Disability Insurance (OASDI) benefits based on disability. The Act further requires the Commissioner to review a sufficient number of OASDI medical continuing disability review (CDR) continuance determinations by State DDSs to ensure a high level of accuracy in such determinations.

In addition, the Deficit Reduction Act of 2005 (Public Law 109-171) added section 1633(e) to Title XVI of the Act, requiring similar PERs of DDS allowances of applications by persons aged 18 or older for Supplemental Security Income (SSI) benefits based on disability. Since fiscal year (FY) 2008, the required level of SSI reviews is also at least 50 percent of initial and reconsideration allowances.

Key results—During FY 2023, we spent \$68 million to complete 323 thousand reviews of adult State DDS allowances. We returned about 13,600 cases to the DDS for corrective actions, resulting in about 5,500 reversals of the original allowance decision. After all appeals, we estimate that about 3,100 of these reversals will remain denials, resulting in an estimated present value of \$824 million in lifetime net Federal program outlay reductions. For FY 2023, the estimated ratio of net reductions in Federal benefit outlays to administrative costs is approximately \$12 to \$1. More details on the key findings and estimated effects of PERs conducted in FY 2023 are provided below.

Initial and reconsideration allowances—We reviewed 240,777 Title II allowances, representing 50.8 percent of all DDS allowances for Title II disability benefits in FY 2023. We returned 10,805 deficient cases to DDS offices, representing a return rate of 4.5 percent. After corrective action, we estimate that 4,439 of these deficient initial and reconsideration allowances will change to denials, representing a change rate of 1.8 percent of all PER reviews of allowances initiated under Title II.² Table 1 presents these overall results for reviews initiated under Title II, split between cases that involved only Title II benefits and those cases that also involved Title XVI benefits.

In addition, for cases involving only Title XVI disabled adults, we reviewed 77,144 initial and reconsideration allowances during FY 2023, representing 50.6 percent of all DDS allowances for adult SSI benefits. We determined that 2,713 of these cases were deficient and returned them to DDS offices for corrective action, representing a return rate of 3.5 percent. After corrective action,

¹ The Act requires these reviews for determinations involving either disability or blindness. For convenience, we will refer to these collectively as “disability” or “disabled” determinations throughout this report.

² Individuals whose disability decision is reversed due to pre-effectuation review have the right to appeal such reversal. The cited numbers do not reflect the effect of any appeals activity.

we estimate that 999 of these deficient initial and reconsideration allowances will change to denials, representing a change rate of 1.3 percent of all PER reviews of Title XVI adult allowances.²

Both the Title II and Title XVI change rate projections are based on the results of corrective action on at least 95 percent of deficient PER cases. Actual numbers of changed decisions could vary slightly.

Table 1.—Pre-effectuation Reviews in FY 2023					
	Reviews initiated under Title II			Reviews initiated under Title XVI	Total
	Title II-only reviews	Title II reviews involving title XVI recipients	Subtotal, Title II		
Universe of cases subject to PER—					
DDS allowances:					
Initials.....	324,552	99,097	423,649	138,246	561,895
Reconsiderations.....	34,288	15,570	49,858	14,303	64,161
Total, initials and reconsiderations	358,840	114,667	473,507	152,549	626,056
CDR continuances.....	181,566	30,539	212,105	a	212,105
Cases reviewed—					
Number of cases:					
Initials.....	139,605	69,144	208,749	68,008	276,757
Reconsiderations.....	19,692	12,336	32,028	9,136	41,164
Total, initials and reconsiderations	159,297	81,480	240,777	77,144	317,921
CDR continuances.....	4,422	1,120	5,542	a	5,542
Percent of corresponding cases subject to PER:					
Initials.....	43.0%	69.8%	49.3%	49.2%	49.3%
Reconsiderations.....	57.4%	79.2%	64.2%	63.9%	64.2%
Total, initials and reconsiderations	44.4%	71.1%	50.8%	50.6%	50.8%
CDR continuances.....	2.4%	3.7%	2.6%	a	2.6%
Cases returned for correction—					
Number of cases:					
Initials.....	5,687	3,480	9,167	2,333	11,500
Reconsiderations.....	959	679	1,638	380	2,018
Total, initials and reconsiderations	6,646	4,159	10,805	2,713	13,518
CDR continuances.....	84	20	104	a	104
Percent of corresponding cases reviewed:					
Initials.....	4.1%	5.0%	4.4%	3.4%	4.2%
Reconsiderations.....	4.9%	5.5%	5.1%	4.2%	4.9%
Total, initials and reconsiderations	4.2%	5.1%	4.5%	3.5%	4.3%
CDR continuances.....	1.9%	1.8%	1.9%	a	1.9%
Cases projected to have decision changed after review—					
Number of cases:					
Initials.....	2,178	1,442	3,620	831	4,451
Reconsiderations.....	495	324	819	168	987
Total, initials and reconsiderations	2,673	1,766	4,439	999	5,438
CDR continuances.....	37	5	42	a	42
Percent of corresponding cases reviewed:					
Initials.....	1.6%	2.1%	1.7%	1.2%	1.6%
Reconsiderations.....	2.5%	2.6%	2.6%	1.8%	2.4%
Total, initials and reconsiderations	1.7%	2.2%	1.8%	1.3%	1.7%
CDR continuances.....	0.8%	0.4%	0.8%	a	0.8%
a Pre-effectuation reviews of Title XVI CDR continuances are not required, and we conducted none in FY 2023.					

^a Pre-effectuation reviews of Title XVI CDR continuances are not required, and we conducted none in FY 2023.

Disability continuance determinations—In FY 2023, we initiated 5,542 PERs of favorable Title II CDR determinations, representing 2.6 percent of all such DDS continuances. Of these reviews, we returned 104 deficient CDR continuances to State DDS offices, representing a return rate of 1.9 percent. After correction, we estimate that 42 of the deficient continuance determinations reviewed in FY 2023 will change to cessations, an estimated change rate of 0.8 percent. Of the 5,542 CDR

continuances we reviewed, 1,120 were concurrent Title II/XVI continuances. There is no requirement to review Title XVI-only CDR continuances, and we conducted no such reviews in FY 2023.

Findings on the accuracy of favorable disability determinations under Title II and Title XVI—

Based on results of PERs in FY 2023, we found that the decision to allow or continue was supportable in 98.2 percent of all DDS favorable Title II disability determinations. We found that the decision to allow was supportable in 98.7 percent of all DDS favorable Title XVI-only adult disability determinations.

Estimated net reductions in Federal program outlays attributable to PER—Individuals denied because of a PER, as with other DDS-level determinations, may appeal the determination. Following all appeals, we estimate that 2,445 Title II initial and reconsideration error cases (1.0 percent of all such PER reviews) will remain denials. For the corresponding reviews of Title XVI-only adult cases, we estimate that 641 cases (0.8 percent of all such PER reviews) will remain denials. For reviews of Title II CDR cases, we estimate that 21 of the continuance cases with errors (0.4 percent of all such reviews) will remain cessations after all appeals. These changed determinations result in reduced lifetime program outlays that would have been payable from the OASDI and SSI programs had we not conducted the PERs, as well as net reductions in Medicare program outlays and a small net increase in Medicaid program outlays. Overall, we estimate that the PER process for FY 2023 will result in net reductions in Federal program outlays totaling \$824 million in net lifetime Federal benefits. We present details of these estimates in Table 2.

As shown in Table 2, we estimate that the action taken in these cases will result in net lifetime reductions in program outlays (after all appeals) of \$533 million in OASDI benefit payments, \$48 million in Federal SSI payments, \$244 million in Medicare benefits, and a net increase of \$1 million in the Federal share of Medicaid payments.³ We illustrate the relative size of these contributions of program outlay reductions attributable to the PER process in the chart below.

The estimated net program outlay reductions presented in this report represent the direct effects of PERs conducted in fiscal year 2023 on disability applications ultimately denied OASDI or SSI program eligibility as a result of the PER process. Indirect effects, such as improved adjudicator thoroughness and accuracy due to PER feedback, are not reflected in the estimates shown in Table 2 and the accompanying chart.

³ Due to the timing of when these estimates were developed, they do not reflect the effects of Public Law 119-21, the One Big Beautiful Bill Act, enacted on July 4, 2025.

Table 2.—Estimated Net Lifetime Federal Benefit Reductions in Program Outlays Due to the Pre-Effectuation Review of Disability Cases in Fiscal Year 2023			
Item	Initial and reconsideration allowances	CDR continuances	Total, all reviews
Estimated number with decision changed after review, and after all appeals:			
Cases initiated under Title II	2,445	21	2,466
Cases initiated under Title XVI.....	641	^a	641
Estimated present value of net lifetime program outlay reductions, as of the end of FY 2023 (in millions): ^b			
OASDI benefit payments ^c	\$529	\$4	\$533
Medicare benefit payments ^d	241	2	244
Federal SSI payments:			
Title XVI-only cases	37	^a	37
Concurrent cases.....	11	^c	11
Subtotal, SSI payments	48	^c	48
Federal share of Medicaid payments ^{d f}			
Title XVI-only cases	-1	^a	-1
Concurrent cases.....	^c	^c	^c
Subtotal, Medicaid payments	-1	^c	-1
Total, all Federal program outlays:			
Cases initiated under Title II	782	7	789
Cases initiated under Title XVI.....	36	^a	36
Total	817	7	824
^a Pre-effectuation reviews of Title XVI CDR continuances are not required, and we conducted none in FY 2023. ^b Due to the timing of when these estimates were developed, they do not reflect the effects of Public Law 119-21, the One Big Beautiful Bill Act, enacted on July 4, 2025. ^c Includes a net reduction in program outlays of \$12.7 million from changing the date of disability onset in certain initial and reconsideration cases. ^d The Office of the Actuary in the Centers for Medicare & Medicaid Services provided the estimates shown for net reductions in Medicare and Medicaid program outlays. ^e Between -\$0.5 million and \$0.5 million. ^f The Medicaid estimates reflect the Affordable Care Act provision that, starting in 2014, allows states to provide Medicaid coverage to individuals in households with incomes up to 133 percent of the Federal poverty level, with higher Federal matching rates for expanded coverage. A 5 percent household income exclusion effectively raises the eligibility threshold to 138 percent of the Federal poverty level.			
Notes: 1. The estimates are based on the intermediate assumptions from the <i>2024 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds</i> , the intermediate assumptions of the <i>2024 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds</i> , and assumptions underlying the <i>2024 Annual Report of the Supplemental Security Income Program</i> . 2. The estimated net program outlay reductions represent the direct effects on net lifetime Federal benefits of disability applications ultimately denied OASDI or SSI program eligibility as a result of the PER process. See the body of the report for further information. 3. Totals may not equal sum of components due to rounding.			

The direct administrative cost of performing PERs of 317,921 allowances and 5,542 continuances was about \$54 million. This amount does not include the cost of processing appeals of PER reversals. Including appeals, we estimate the total cost to be approximately \$68 million. Thus, we estimate that the reviews conducted in FY 2023 will result in net reductions of approximately \$15 on average per \$1 spent directly on PERs, or about \$12 on average per \$1 of the total cost of PERs. Table 3 summarizes estimates of these benefit-to-cost ratios.

The results in Table 3 indicate that reviews initiated under Title II resulted in significantly higher average reductions in Federal program outlays per \$1 spent compared to those initiated under Title XVI.

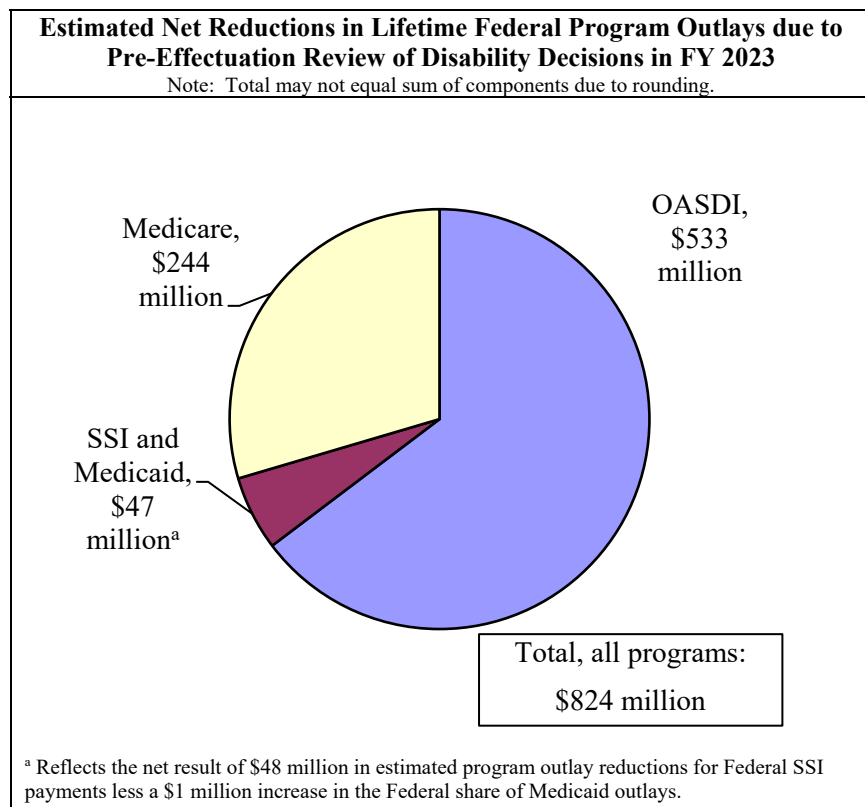


Table 3.—Estimated Cost Effectiveness of the FY 2023 PER Process			
Item	Reviews initiated under --		Total, all reviews
	Title II	Title XVI	
Estimated present value ^a of net lifetime Federal program outlay reductions under the OASDI, SSI, Medicare, and Medicaid programs (in millions)	\$789	\$36	\$824
Cost of conducting PER (in millions):			
Direct cost of PER reviews	47	8	54
Estimated cost of appeals of PER reversals	13	1	14
Total cost of PER.....	60	9	68
Average program outlays reduced per \$1 of --			
Direct PER review cost ^b	16.9	4.7	15.2
Total PER cost ^a	13.2	4.2	12.1

^a As of September 30, 2023
^b Computed using unrounded amounts of estimated benefits and administrative expenses.
 Note: Totals may not equal sum of components due to rounding.