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

Fiscal Year 2024

PRE-EFFECTUATION REVIEW OF FAVORABLE STATE DISABILITY DETERMINATIONS BY THE SOCIAL SECURITY ADMINISTRATION FISCAL YEAR 2024

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 determinations[1] 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 2024, we spent $74 million to complete 358 thousand reviews of adult State DDS allowances and CDR continuances. We returned about 14,700 cases to the DDS for corrective actions, resulting in about 5,700 reversals of the original decision. After all appeals, we estimate that about 3,200 of these reversals will remain denials or CDR cessations, resulting in an estimated present value of $919 million in lifetime net Federal program savings. For FY 2024, the estimated ratio of net Federal benefit savings to administrative costs is approximately $12 to $1. More details on the key findings and estimated effects of PERs conducted in FY 2024 are provided below.

Initial and reconsideration allowances—We reviewed 265,611 Title II allowances, representing 51.1 percent of all DDS allowances for Title II disability benefits in FY 2024. We returned 11,656 deficient cases to DDS offices, representing a return rate of 4.4 percent. After corrective action, we estimate that 4,652 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 88,885 initial and reconsideration allowances during FY 2024, representing 51.8 percent of all DDS allowances for adult SSI benefits. We determined that 2,960 of these cases were deficient and returned them to DDS offices for corrective action, representing a return rate of 3.3 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 1,055 of these deficient initial and reconsideration allowances will change to denials, representing a change rate of 1.2 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 2024

	Reviews initiated under Title II				
	Title II-only reviews	Title II reviews involving Title XVI recipients	Subtotal, Title II	Reviews initiated under Title XVI	Total
Universe of cases subject to PER—					
DDS allowances:					
Initials	354,506	108,389	462,895	154,663	617,558
Reconsiderations	38,886	17,834	56,720	16,895	73,615
Total, initials and reconsiderations	393,392	126,223	519,615	171,558	691,173
CDR continuances	128,158	17,969	146,127	[a]	146,127
Cases reviewed—					
Number of cases:					
Initials	153,466	77,152	230,618	78,073	308,691
Reconsiderations	21,191	13,802	34,993	10,812	45,805
Total, initials and reconsiderations	174,657	90,954	265,611	88,885	354,496
CDR continuances	2,990	685	3,675	[a]	3,675
Percent of corresponding cases subject to PER:					
Initials	43.3%	71.2%	49.8%	50.5%	50.0%
Reconsiderations	54.5%	77.4%	61.7%	64.0%	62.2%
Total, initials and reconsiderations	44.4%	72.1%	51.1%	51.8%	51.3%
CDR continuances	2.3%	3.8%	2.5%	[a]	2.5%
Cases returned for correction—					
Number of cases:					
Initials	6,182	3,747	9,929	2,552	12,481
Reconsiderations	1,002	725	1,727	408	2,135
Total, initials and reconsiderations	7,184	4,472	11,656	2,960	14,616
CDR continuances	60	11	71	[a]	71
Percent of corresponding cases reviewed:					
Initials	4.0%	4.9%	4.3%	3.3%	4.0%
Reconsiderations	4.7%	5.3%	4.9%	3.8%	4.7%
Total, initials and reconsiderations	4.1%	4.9%	4.4%	3.3%	4.1%
CDR continuances	2.0%	1.6%	1.9%	[a]	1.9%
Cases projected to have decision changed after review—					
Number of cases:					
Initials	2,157	1,625	3,782	887	4,669
Reconsiderations	502	368	870	168	1,038
Total, initials and reconsiderations	2,659	1,993	4,652	1,055	5,707
CDR continuances	23	2	25	[a]	25
Percent of corresponding cases reviewed:					
Initials	1.4%	2.1%	1.6%	1.1%	1.5%
Reconsiderations	2.4%	2.7%	2.5%	1.6%	2.3%
Total, initials and reconsiderations	1.5%	2.2%	1.8%	1.2%	1.6%
CDR continuances	0.8%	0.3%	0.7%	[a]	0.7%

[a] Pre-effectuation reviews of Title XVI CDR continuances are not required, and we conducted none in FY 2024.

Disability continuance determinations—In FY 2024, we initiated 3,675 PERs of favorable Title II CDR determinations, representing 2.5 percent of all such DDS continuances. Of these reviews, we returned 71 deficient CDR continuances to State DDS offices, representing a return rate of 1.9 percent. After correction, we estimate that 25 of the deficient continuance determinations reviewed in FY 2024 will change to cessations, an estimated change rate of 0.7 percent. Of the 3,675 CDR continuances we reviewed, 685 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 2024.

Findings on the accuracy of favorable disability determinations under Title II and Title XVI— For PERs conducted in FY 2024, case reviewers found no deficiency in 98.3 percent of all DDS favorable Title II disability determinations and 98.8 percent of all DDS favorable Title XVI-only adult disability determinations.

Estimated net Federal program savings 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 2,477 Title II initial and reconsideration error cases (0.9 percent of all such PER reviews) will remain denials. For the corresponding reviews of Title XVI-only adult cases, we estimate that 666 cases (0.7 percent of all such PER reviews) will remain denials. For reviews of Title II CDR cases, we estimate that 13 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 benefits that would have been payable from the OASDI and SSI programs had we not conducted the PERs, as well as net Medicare program savings and a small net increase in Federal Medicaid program costs. Overall, we estimate that the PER process for FY 2024 will result in net lifetime Federal program savings totaling $919 million. 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 savings (after all appeals) of $581 million in OASDI benefit payments, $53 million in Federal SSI payments, $293 million in Medicare benefits, and a net increase in Federal Medicaid cost of $9 million.[3] We illustrate the relative size of these contributions of program savings attributable to the PER process in the chart below.

The estimated net program savings presented in this report represent the direct effects of PERs conducted in FY 2024 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] The Medicaid estimates reflect the effects of Public Law 119-21, the One Big Beautiful Bill Act (OBBBA), enacted on July 4, 2025. The OBBBA has no direct effect on the OASDI and SSI estimates and is not anticipated to materially affect the Medicare estimates.

Table 2.—Estimated Net Lifetime Federal Program Savings Due to the Pre-Effectuation Review of Disability Cases in FY 2024			
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	2,477	13	2,490
Cases initiated under Title XVI	666	[a]	666
Estimated present value of net lifetime program savings, as of the end of FY 2024 (in millions):[b]			
OASDI benefit payments[c]	$578	$3	$581
Medicare benefit payments[d]	291	2	293
Federal SSI payments:			
Title XVI-only cases	40	[a]	40
Concurrent cases	13	[e]	13
Subtotal, SSI payments	53	[e]	53
Federal share of Medicaid payments[d f]			
Title XVI-only cases	-6	[a]	-6
Concurrent cases	-2	[e]	-2
Subtotal, Medicaid payments	-9	[e]	-9
Total, all Federal program savings:			
Cases initiated under Title II	881	4	885
Cases initiated under Title XVI	34	[a]	34
Total	914	4	919

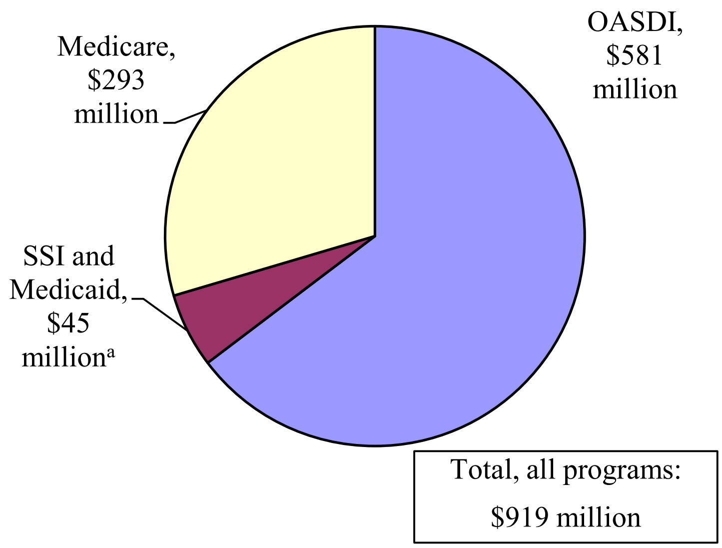
[a] Pre-effectuation reviews of Title XVI CDR continuances are not required, and we conducted none in FY 2024.
[b] The Medicaid estimates reflect the effects of Public Law 119-21, the One Big Beautiful Bill Act (OBBBA), enacted on July 4, 2025. The OBBBA has no direct effect on the OASDI and SSI estimates and is not anticipated to materially affect the Medicare estimates.
[c] Includes a net program savings of $15.7 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 savings in the Medicare and Medicaid programs.
[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 *2025 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, the intermediate assumptions of the *2025 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds*, and assumptions underlying the *2025 Annual Report of the Supplemental Security Income Program*.
2. The estimated net program savings 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 354,496 allowances and 3,675 continuances was about $60 million. This amount does not include the cost of processing appeals of PER reversals. Including appeals, we estimate the total cost to be approximately $74 million. Thus, we estimate that the reviews conducted in FY 2024 will result in net Federal program savings 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.

Estimated Net Lifetime Federal Program Savings due to Pre-Effectuation Review of Disability Decisions in FY 2024

Note: Total may not equal sum of components due to rounding.



[a] Reflects the net result of $53 million in estimated program savings for Federal SSI payments less a $9 million increase in Federal Medicaid cost.

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

Table 3.—Estimated Cost Effectiveness of the FY 2024 PER Process

Item	Reviews initiated under -- Title II	Title XVI	Total, all reviews
Estimated present value[a] of net lifetime Federal program savings under the OASDI, SSI, Medicare, and Medicaid programs (in millions)	$885	$34	$919
Cost of conducting PER (in millions):			
Direct cost of PER reviews	51	9	60
Estimated cost of appeals of PER reversals	13	1	14
Total cost of PER	63	10	74
Average program savings per $1 of --			
Direct PER review cost[b]	17.5	3.6	15.3
Total PER cost[a]	14.0	3.3	12.5

[a] As of September 30, 2024

[b] Computed using unrounded amounts of estimated benefits and administrative expenses.

Note: Totals may not equal sum of components due to rounding.