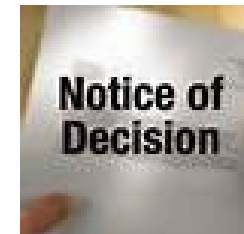




CDR



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Disclaimer

- The views presented here are mine and do not represent the Social Security Administration or the Office of the Chief Actuary within SSA.

CDR

Continuing Disability Review

A **Continuing Disability Review** (CDR) is a routine medical **review** done by the Social Security Administration (SSA). CDRs are done to make sure that people receiving Social Security (OASDI) and Supplemental Security Income (SSI) **disability** benefits are still disabled and entitled to those benefits.

CDR is part of SSA's Program Integrity

CDR Cost and Program Savings

- In 2018 SSA will spend around \$900 Million to conduct nearly 900 thousand CDRs.
- We estimate that the CDRs will save a present value of more than ten times that amount in Federal benefits over the next 40 years.

SSA Administered Programs

- OASI: Old-Age and Survivors Insurance
- DI: Disability Insurance
- SSI: Supplemental Security Income

Supplemental Security Income (SSI) is a government program that is run by SSA that provides stipends to low-income and low assets people who are either aged 65 or older, blind, or disabled.

SSI and DI Disability

Both SSI and DI determine disability the same way:

- Disability for an adult is defined as the inability to engage in any SGA (Substantial Gainful Activity) by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of at least 12 months.

SGA – Substantial Gainful Activity

- a level of work activity and earnings for people receiving disability benefits.
- In 2017 SGA is generally \$1,170 a month

Continuing Disability Review

Person received benefits for several years. Is the individual still disabled?

By law SSA is required to review each case to determine if the individual is still eligible for benefits.

Determine if there was any significant improvement in the disability.

CDR Projection Models

Office of Chief Actuary – uses several models for:

- OMB Budget
- CDR Report

2 Questions

- 1) How Many - CDRs are processed in each year
- 2) How Much - Is the Savings from Cessations due to a CDR

How Many CDRs

- Budget
- DDS

How Much Savings

- Cost vs Savings
- Appropriate Funds

CDR

My area of expertise is:

- 1) SSI Only
- 2) Medical CDR

What I am going to present will primarily deal with SSI Medical CDR.

CDR Process

In 2017 there are over 6 million SSI recipients under 65 years old.

How often to do a CDR?

The frequency of review depends on the likelihood of medical improvement.

DDS determines a diary (category) of when the next CDR is due.

CDR Diaries

<u>DIARY</u>	<u>Definition</u>	<u>Next Due Date</u>
MIE	- Medical Improvement Expected	- In 1 Year
MIP	- Medical Improvement Possible	- In 3 Years
MINE	- Medical Improvement Not Expected	- In 7 Years

| MIE – 1 Year | MIP – 3 Years | MINE – 7 Years |

Processed vs. Not Processed

- Even those due for a CDR in a certain year cannot always be processed in that year.
- Those CDRs that are not processed that year are delayed to the following year.
- **BACKLOG**

Categories of SSI Reviews

- 1) Low Birth Weights (LBW) - Children that are born prematurely or with low birth weight
- 2) Other Children - Children that are not low birth weight
- 3) Adults - Recipients that are over 18 years of age

LBW

Children

Age 18
Redetermination

Adults

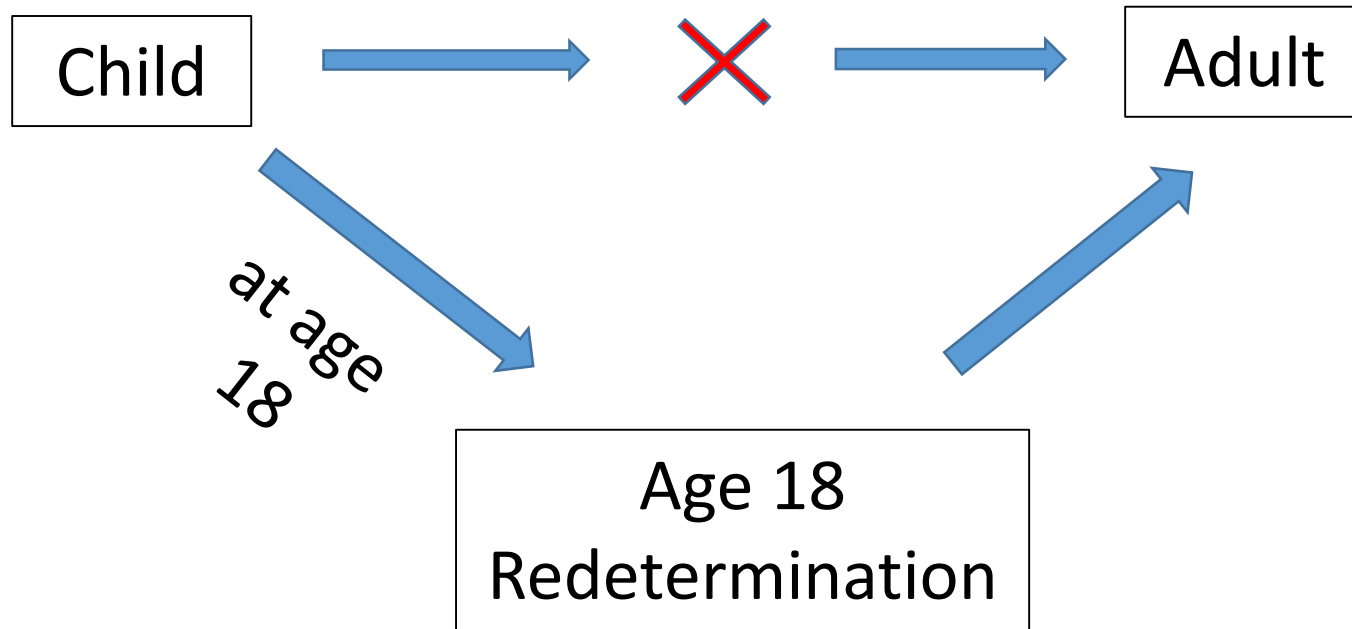
Age 18 Redetermination

Definition of Disability

Adult: physical or mental impairment that results in the inability to do any substantial gainful activity (SGA) (at least 12 months)

Child: physical or mental impairment that results in marked and severe functional limitation (at least 12 months)

Age 18 Illustration



Determining How Many CDRs Are There in Any Given Year

We are going to go through the CDR process by each category and see how it flows.



LBW

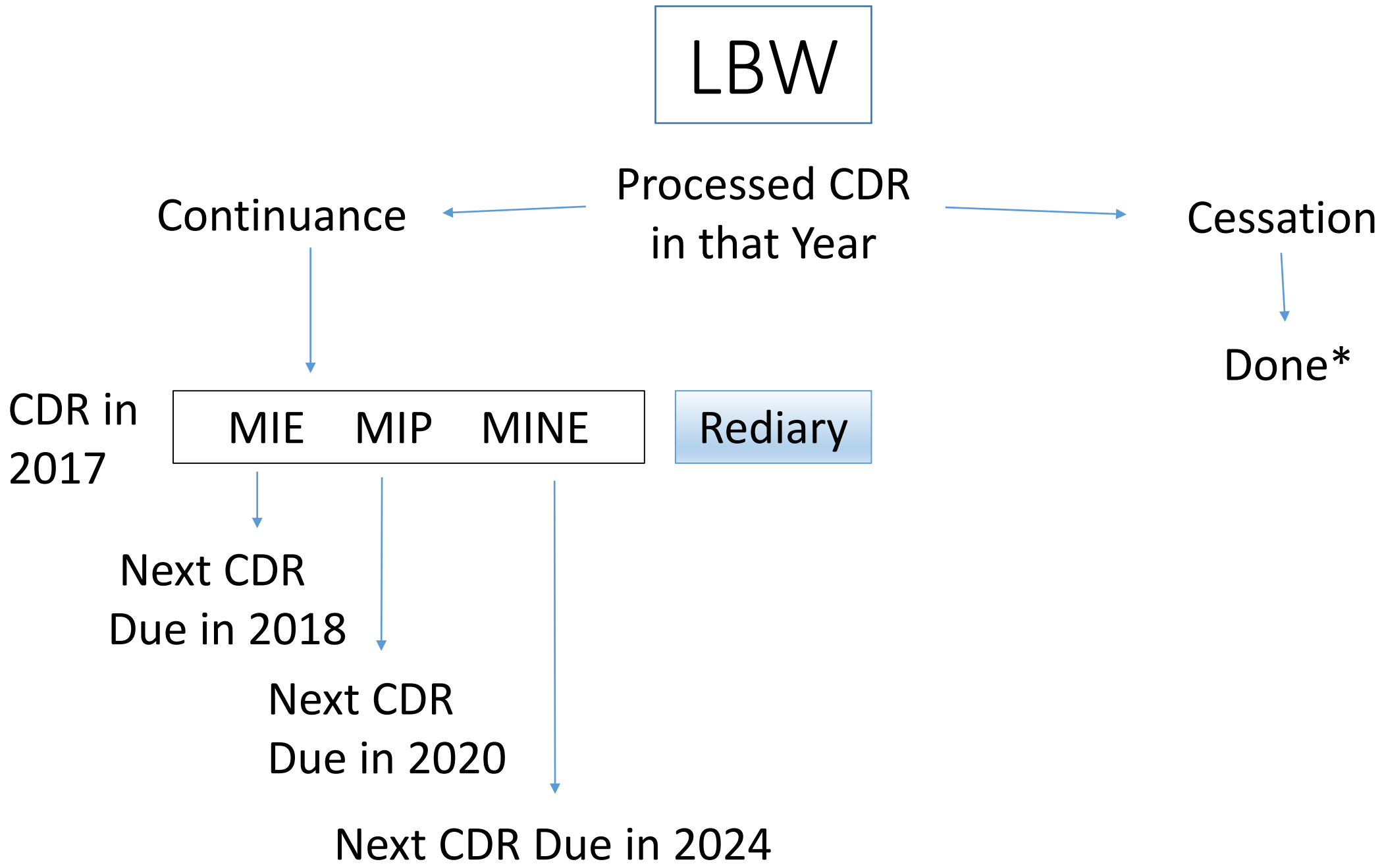
```
graph TD; LBW[LBW] --> A[Did not Process CDR in that Year]; LBW --> B[Processed CDR in that Year]; A --> C[Postpone to Following Year]; C --> D[Backlog];
```

Did not Process
CDR in that Year

Processed CDR
in that Year

Postpone to
Following Year

Backlog



KIDS

```
graph TD; KIDS[KIDS] --> A[Did not Process CDR in that Year]; KIDS --> B[Processed CDR in that Year];
```

Did not Process
CDR in that Year

Processed CDR
in that Year

KIDS-Not Processed

Current Age
Less than 17



Backlog

Following Year

Current
Age is 17



AGE 18
Redetermination

KIDS

Processed CDR
in that Year

Continuance

Cessation

Rediary

Done*

1st CDR KIDS

Rediary

Turning Age 18 Before
Diary is Due?

NO

YES

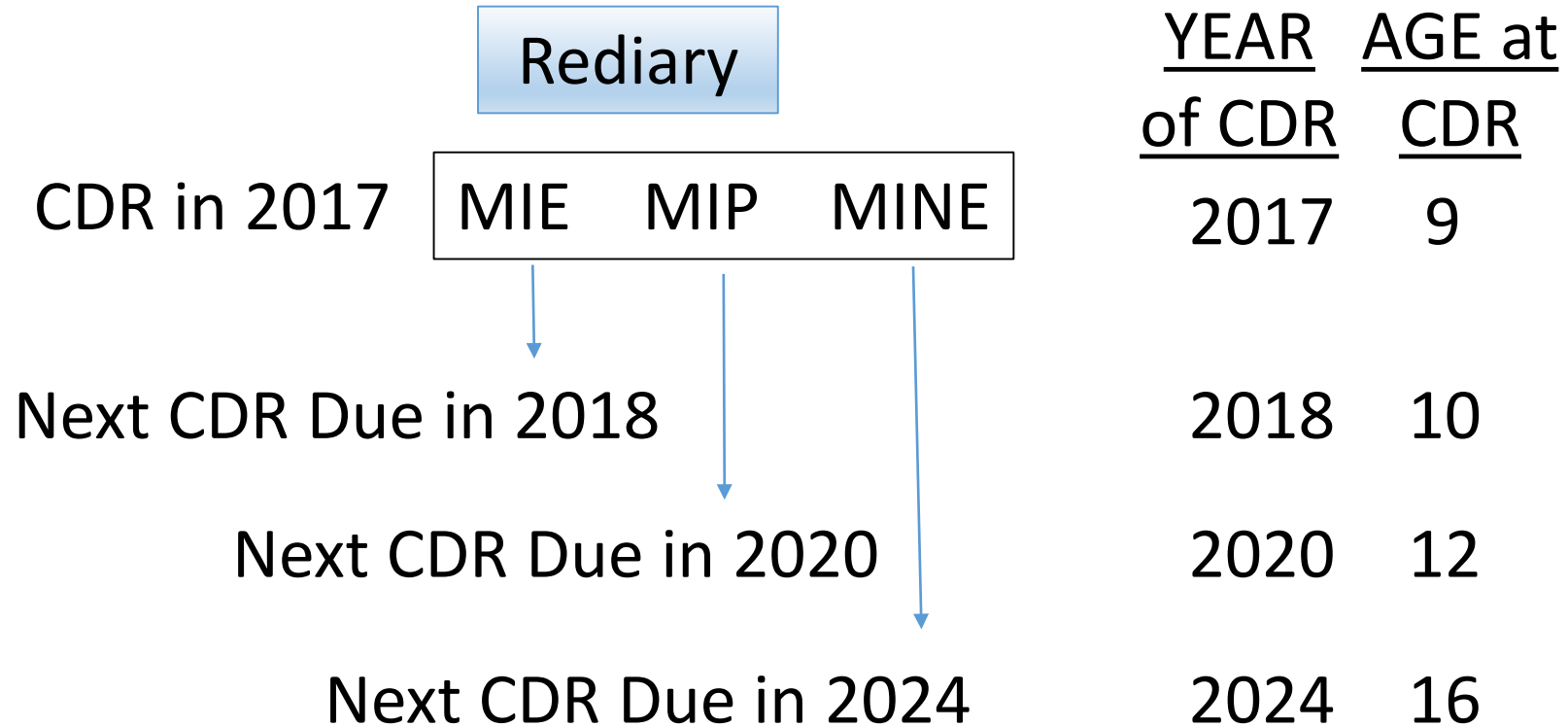


2nd CDR

KIDS
CDR

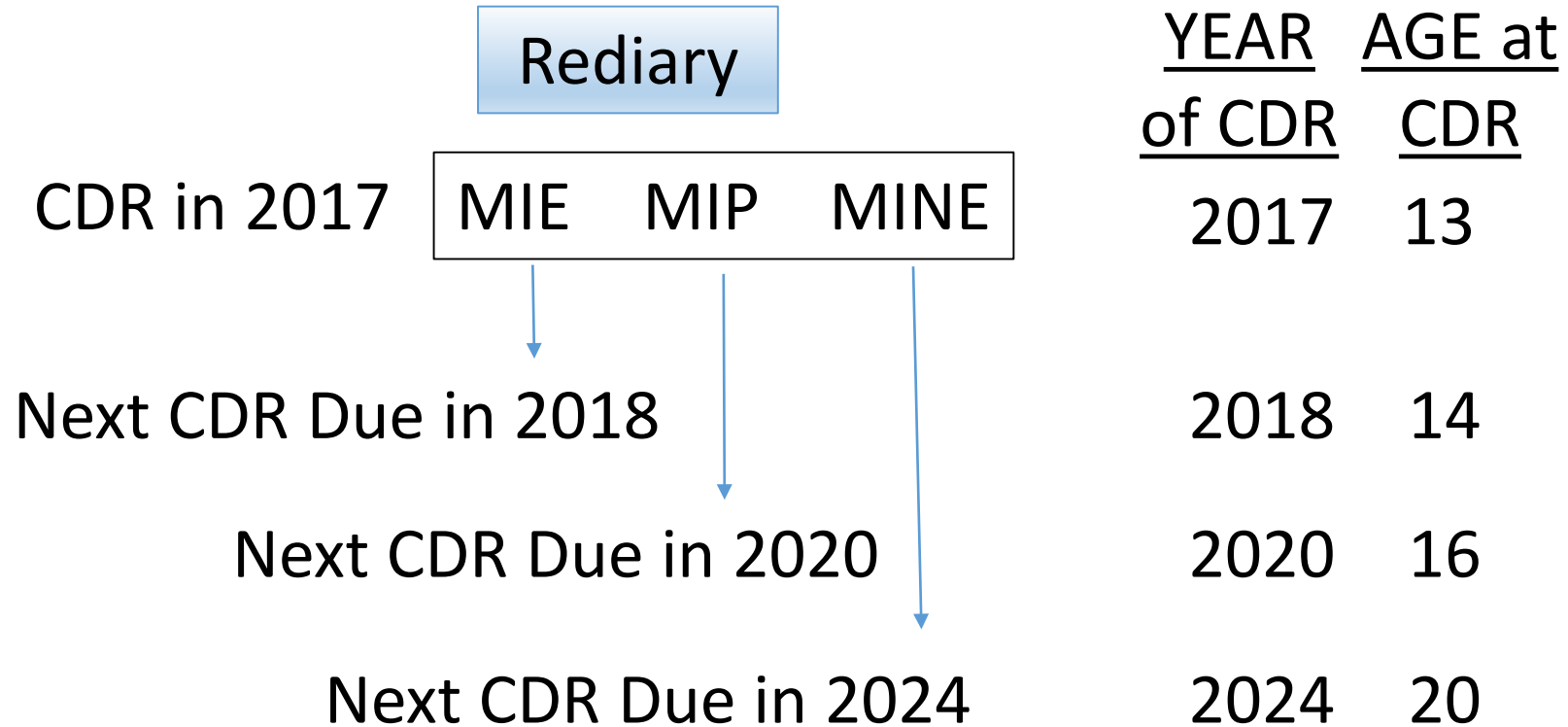
AGE 18
Redet.

KIDS-Scenario 1



Not going to turn Age 18
before any Diary is due.

KIDS-Scenario 2



MINE diary would be due in 2022,
two years earlier than its due date.

ADULT CDR

- Over 1 Million Adults CDRs are processed every year.
- In 2016 there were 1.7 Million Adults CDR processed.
- Each full CDR costs around \$1,000 to process.
- Total cost for Adults CDR would then be \$1.7 Billion.
- Adult Cessation rate is around 5%
- 1.6 Million Adult CDR would not get a cessation
- \$1.6 Billion of spending would not result in a cessation

ADULT Mailers

- In mid 1990's SSA started a mailer system.
- Goal is to do a CDR on only the most likely cases of cessation.
- Adults that have a high chance of medical improvement get a FMR (Full Medical Review).
- Adults that have a low chance of medical improvement get a mailer.
- Purpose was to save on administrative cost without losing efficiency in the program.

Mailers Process

- A mailer is sent out to be filled out by the recipient.
- Mailer contains 6 questions about the disability of the person.
- Based on the answers SSA determines if the individual needs a full medical review or defer individual's diary until next CDR.
- If the person needs a full medical review after a mailer is processed he is referred by SSA as a "Do-CDR"

Mailer's Profile Model

- To determine who gets a mailer, SSA developed a profile model.
- Based on different inputs the model determines if the individual has a “High”, “Medium”, and “Low” chance of cessation.
- Model has many inputs including age, how long they have been on SSI, whether they previously had a CDR and many more.
- The inputs of every individual is updated and the profile is rescored at the beginning of every year.
- The model is tested every year by having 60,000 individuals sampled from the DI and SSI population that is due for a CDR. Those individuals get a mailer and a FMR (regardless of profile scores) and results are compared to the model.

Profile Score for Mailer

- “High” chance of cessation is all relative.
- Profile score alone will not determine who gets a mailer.
- Not all “High” will be Full Medical Review (FMR) and not all “Low” will be Mailers.
- SSA uses a mixture of Profile score and Diary to determine who gets a Mailer or a FMR.

Mailers Administrative Savings

- 1.7 Million Adults CDR were processed in 2016.
- Out of those 1.7 million, 1.2 million were mailers.
- Each full CDR costs around \$1,000 to process
- Each mailer costs around \$20 to process

Using Mailers

1.2 Million Mailers x \$20 = \$24 Million

Without Using Mailers

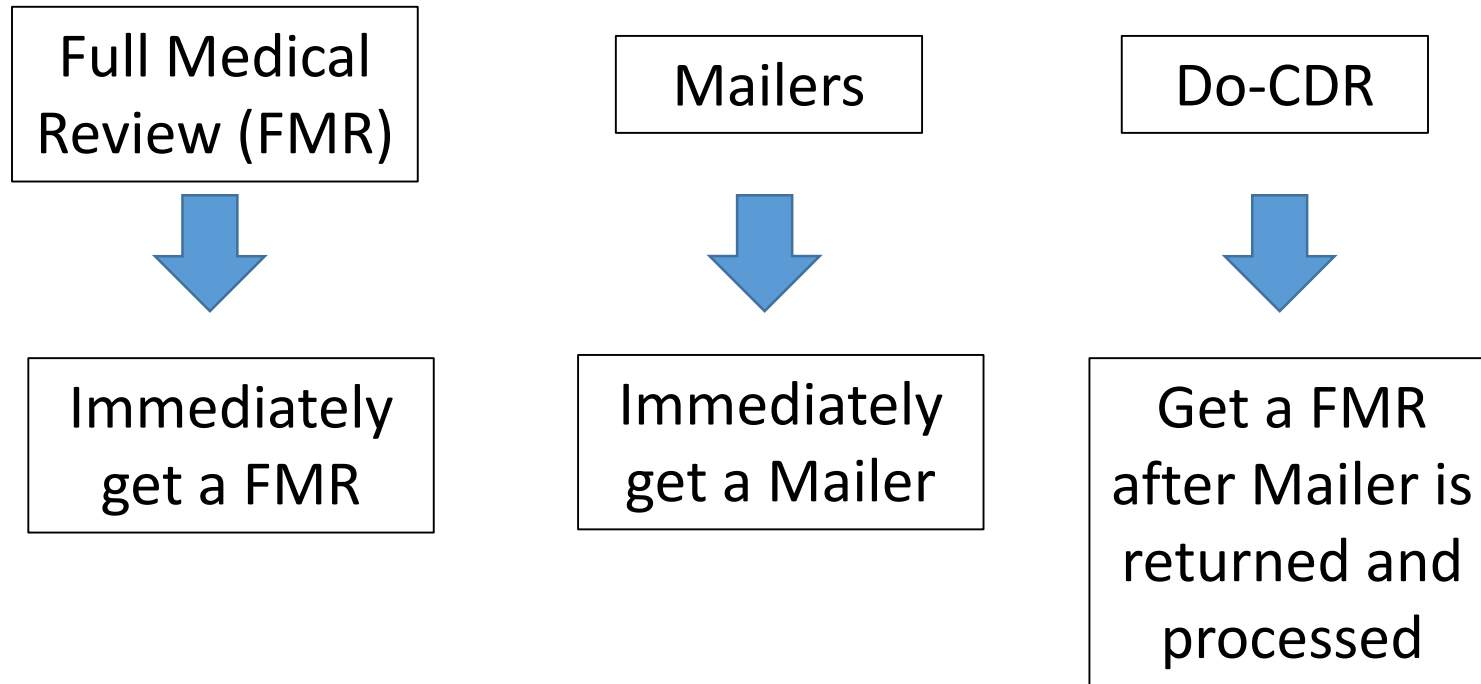
1.2 Million FMR x \$1,000 = \$1.2 Billion

Mailers process saved over \$1 Billion.

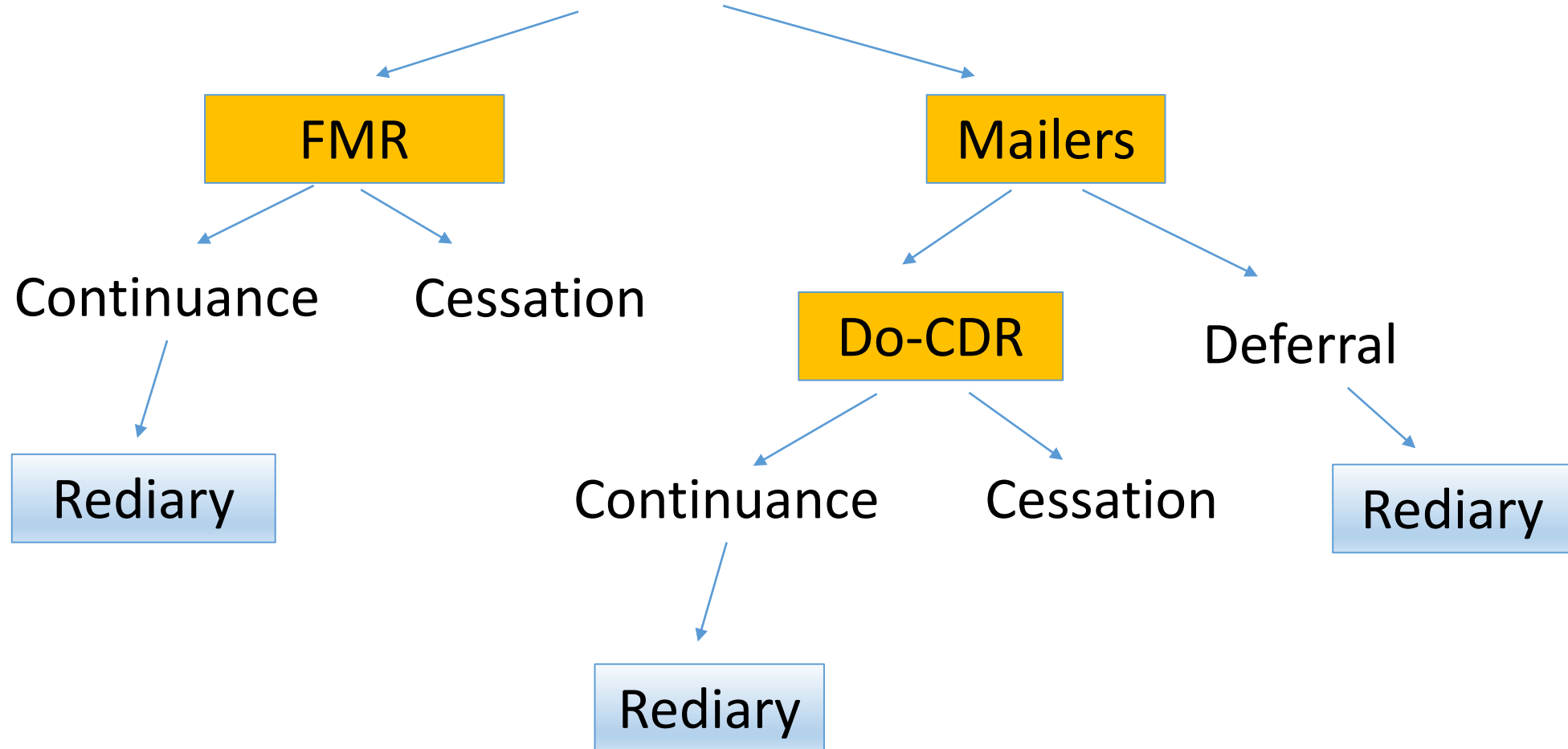


ADULT CDR PROCESS

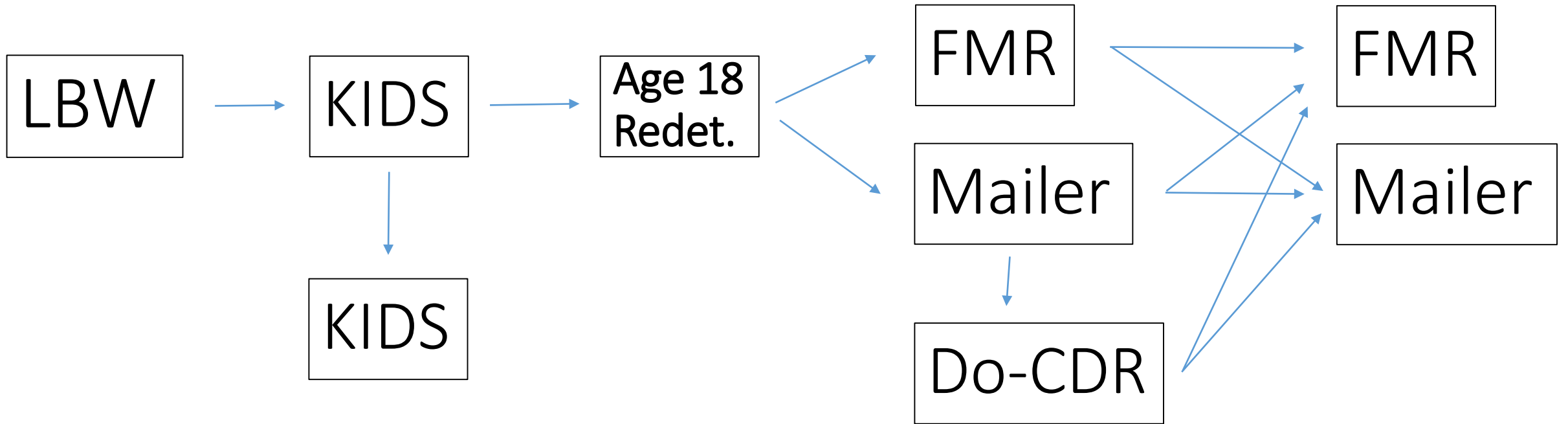
Adult in the CDR process can be in any of the three groups:



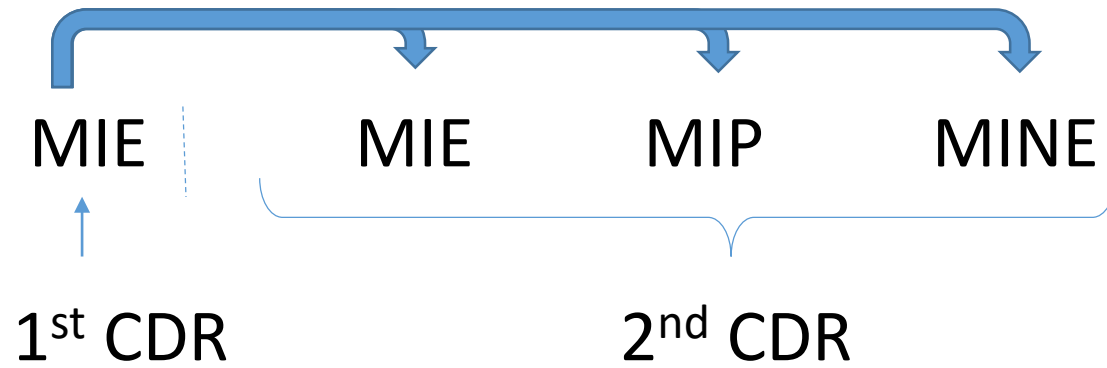
Adult CDR



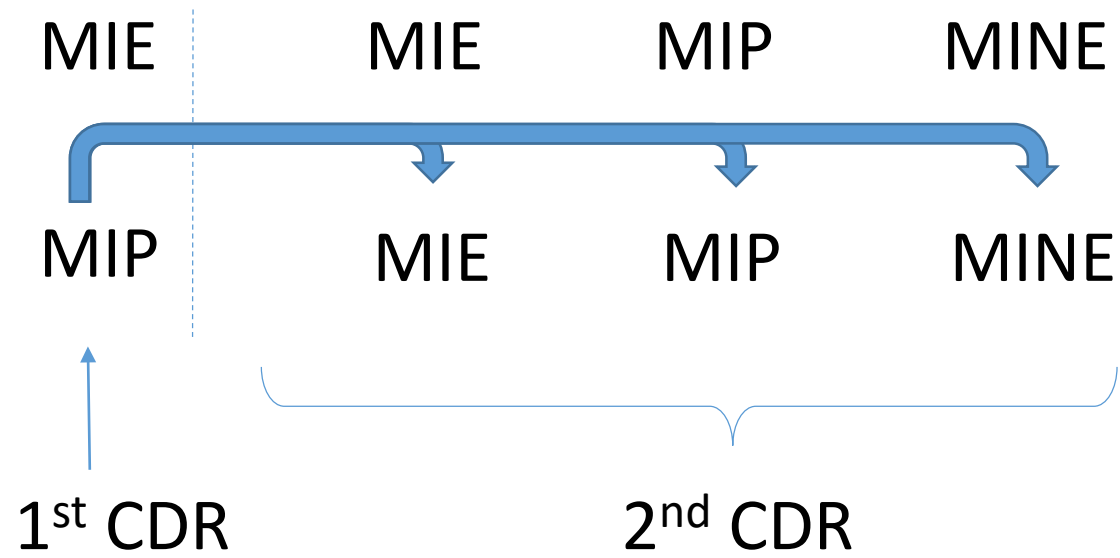
Rediary Transitions



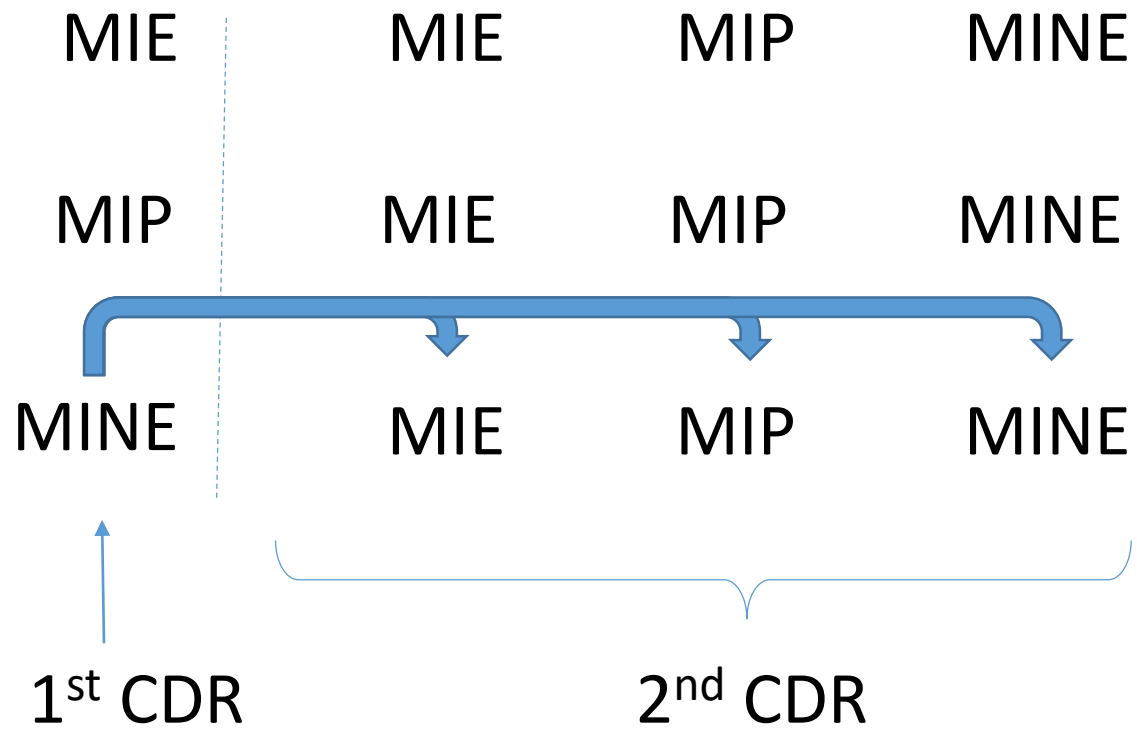
Kids Rediary



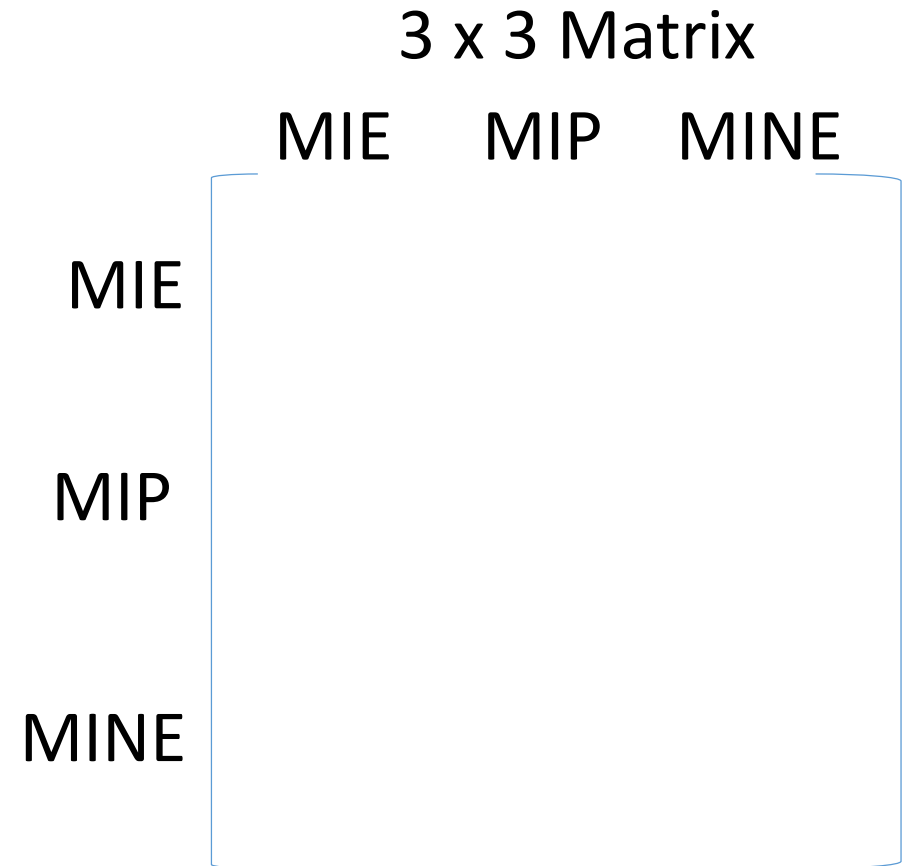
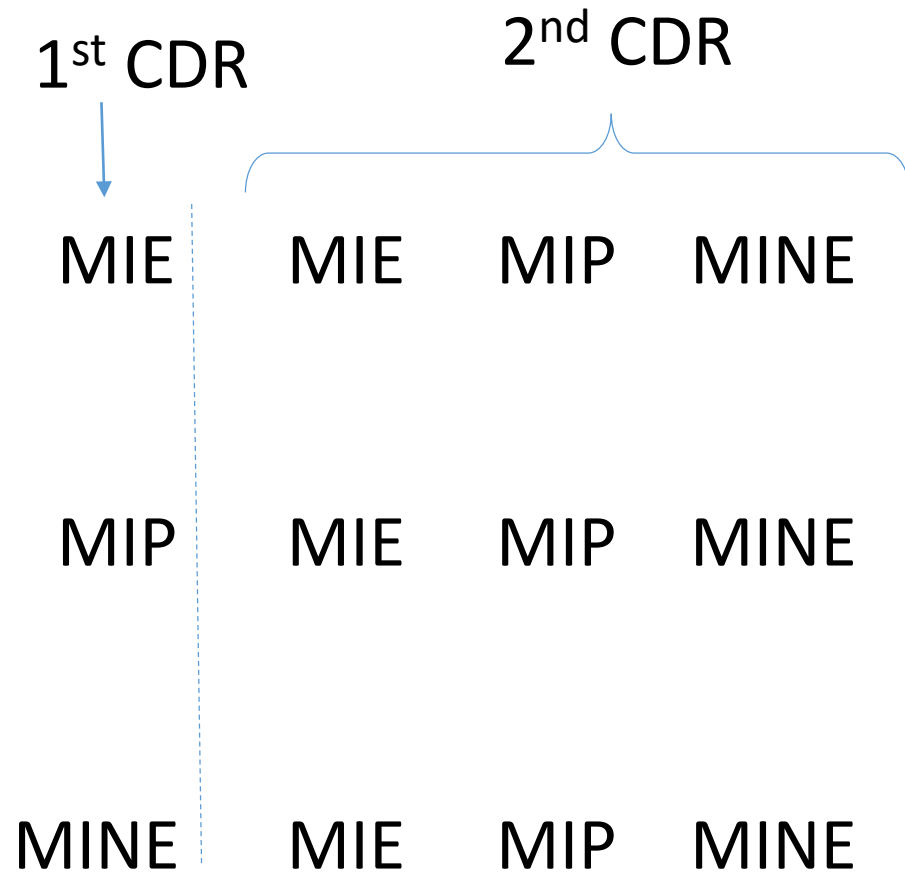
Kids Rediary



Kids Rediary



Kids Rediary



Adults Rediary

High

Medium

Low



High
MIE

MIE

MIP

MINE

MIE

MIP

MINE

MIE

MIP

MINE

1st CDR

Adults Rediary

High

Medium

Low

High
MIE

MIE MIP MINE

MIE MIP MINE

MIE MIP MINE

High
MIP

MIE MIP MINE

MIE MIP MINE

MIE MIP MINE

1st CDR

Adults Rediary

9 x 9 Matrix

High

Medium

Low

MIE MIP MINE

MIE MIP MINE

MIE MIP MINE

High

MIE
MIP
MINE

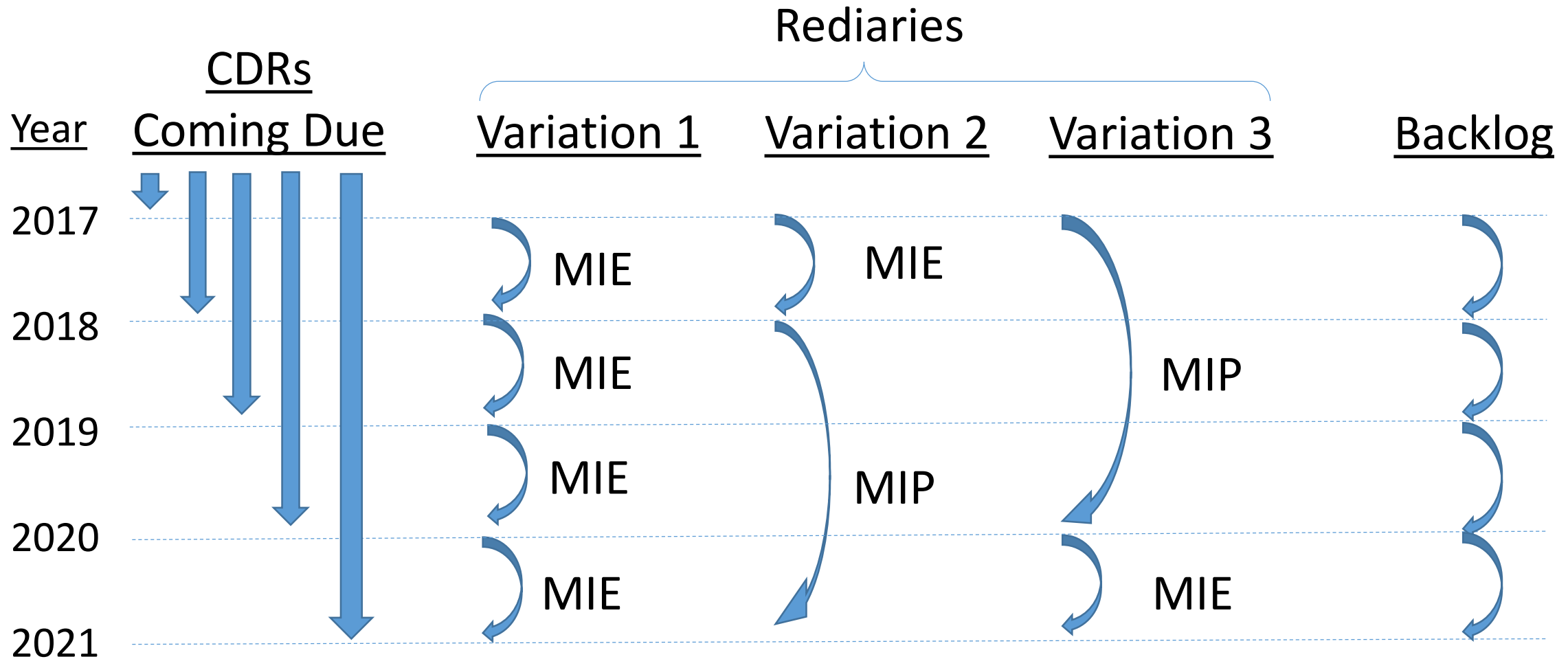
Medium

MIE
MIP
MINE

Low

MIE
MIP
MINE

How many CDRs will be processed in 2021?



Other Factors in the Model

- 1) Attrition (due to death, too much income or resource etc.)
- 2) Cessations from CDR (by category)
- 3) Aging Out of CDR process

AGE

Age is an important factor in the CDR model.

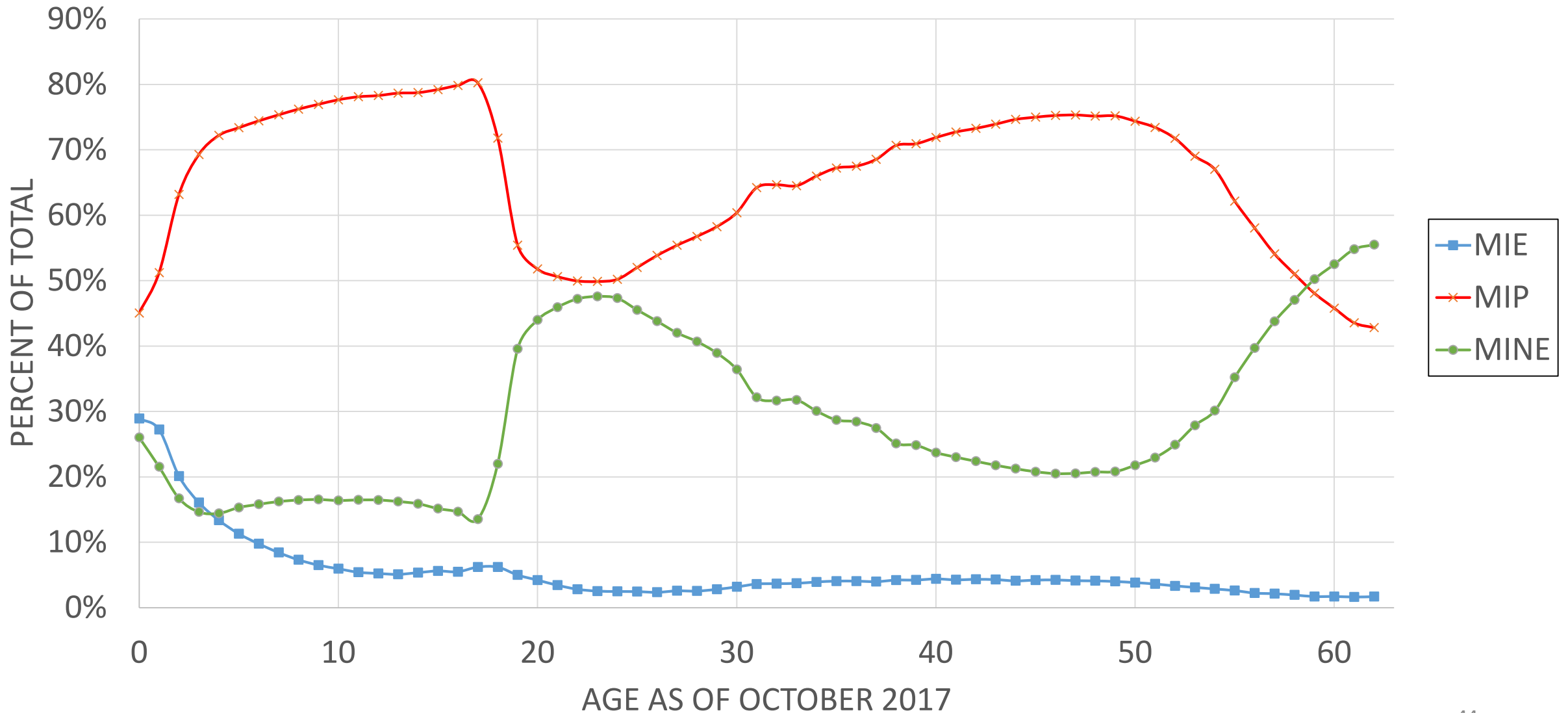
- Children to Adult transition
- Aging Out Adults
- Assumptions

Assumptions

- Setting assumptions by age
- Applying the assumptions by age

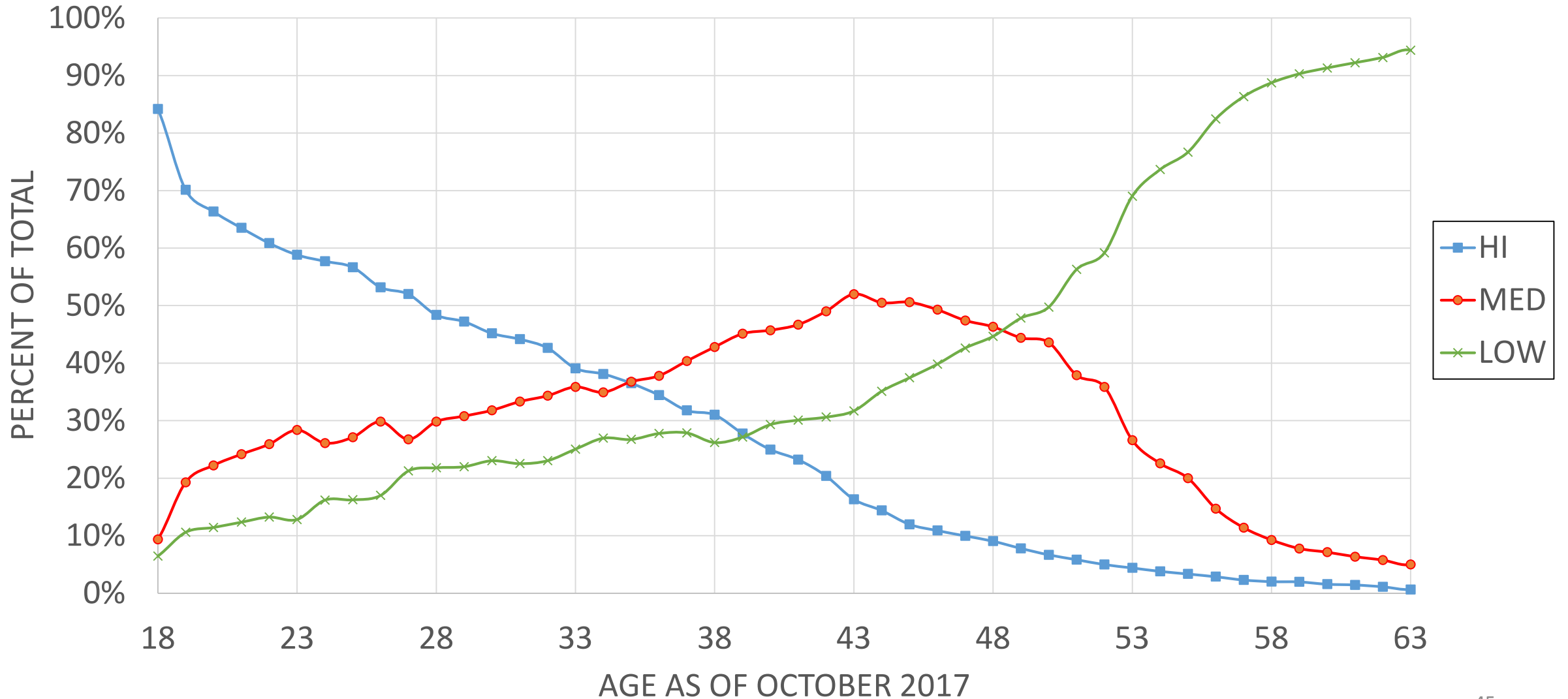
Assumptions with Age - Diaries

DIARIES AS PERCENT OF TOTAL IN EACH SINGLE YEAR OF AGE



Assumptions with Age - Profiles

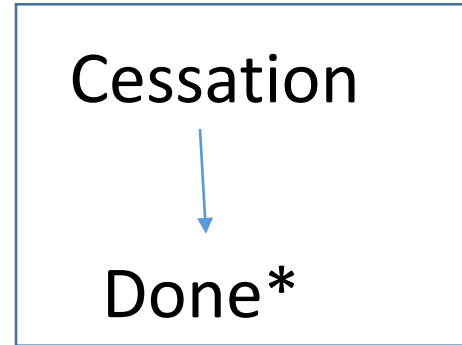
PROFILES AS PERCENT OF TOTAL IN EACH SINGLE YEAR OF AGE



How Much - CDR Program Savings

Cessations

- How many cessations
- When are they final



Appeal

Claimant has 60 days to appeal his/her denial of benefits.

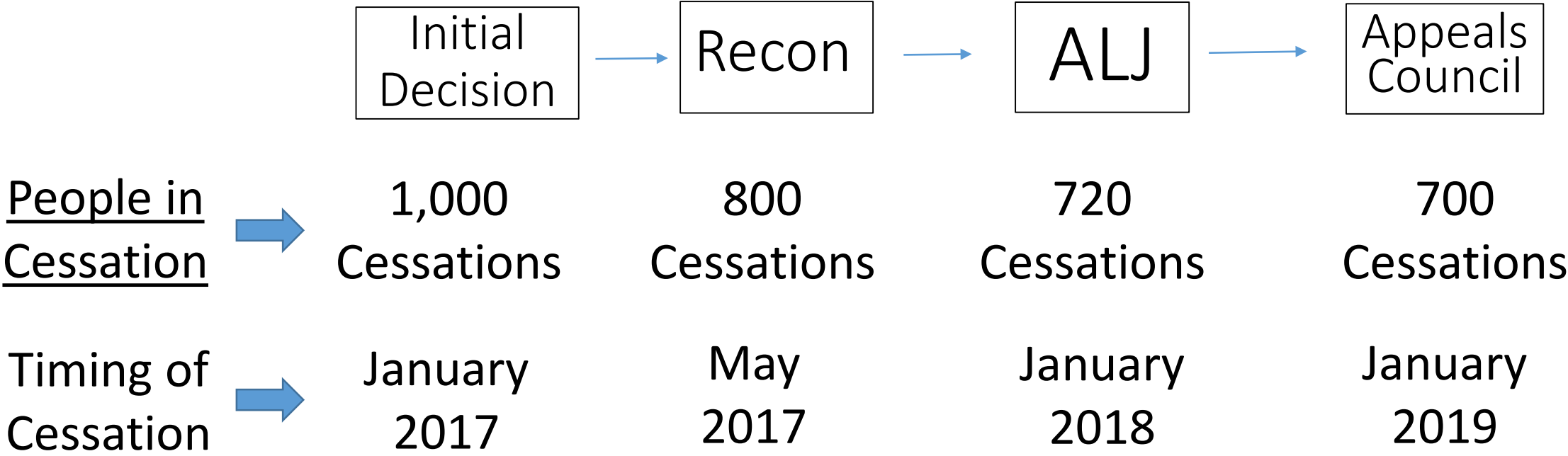
CDR Appeals Process

There are four level of appeals

- Reconsideration
- Hearing by an administrative law judge
- Review by the Appeals Council; and
- Federal Court review



Ultimate Cessations and Timing of Cessation



Estimating the Savings

- Present Value of Future Benefits
- Determine how much benefit the individual would have been paid in each year
- Take into account attrition and recidivism
 - Attrition – person would die or lose eligibility for benefits even without cessation
 - Recidivism – person would reapply and receive benefits after cessation
- Savings accumulate over each year

Monthly Number of Individuals Off the SSI Payment Rolls Attributable to Medical CDRs

Without Appeals Process (Initial Cessations)

Fiscal Year of Initial Decision	Fiscal Year of Federal Savings											Totals
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2017 - 27</u>
2017	1000	900	810	729	656	590	531	478	430	387	349	6,862
2018		1000	900	810	729	656	590	531	478	430	387	6,513
2019			1000	900	810	729	656	590	531	478	430	6,126
2020				1000	900	810	729	656	590	531	478	5,695
2021					1000	900	810	729	656	590	531	5,217
2022						1000	900	810	729	656	590	4,686
2023							1000	900	810	729	656	4,095
2024								1000	900	810	729	3,439
2025									1000	900	810	2,710
2026										1000	900	1,900
2027											1000	1,000
Totals												
2017 - 27	1,000	1,900	2,710	3,439	4,095	4,686	5,217	5,695	6,126	6,513	6,862	48,243

11,000 -> 48,000

Monthly Number of Individuals Off the SSI Payment Rolls Attributable to Medical CDRs

With Appeals Process (Ultimate Cessations)

Fiscal Year of Initial Decision	Fiscal Year of Federal Savings											Totals
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2017 - 27</u>
2017	333	600	840	756	680	612	551	496	446	402	362	6,079
2018		333	600	840	756	680	612	551	496	446	402	5,717
2019			333	600	840	756	680	612	551	496	446	5,316
2020				333	600	840	756	680	612	551	496	4,869
2021					333	600	840	756	680	612	551	4,373
2022						333	600	840	756	680	612	3,822
2023							333	600	840	756	680	3,210
2024								333	600	840	756	2,529
2025									333	600	840	1,773
2026										333	600	933
2027											333	333
Totals												
2017 - 27	333	933	1,773	2,529	3,210	3,822	4,373	4,869	5,316	5,717	6,079	38,956

11,000 -> 39,000

Sum It All Up

How Many

CDR

How Much

Program
Savings

Links

(2014) CDR Report - <https://www.ssa.gov/legislation/other.html>

(2017) SSI Report - <https://www.ssa.gov/OACT/ssir/index.html>

Thank you for listening

Questions?