



Promoting Opportunity for Disability Benefit Applicants Act

Chairman Hatch is committed to promoting opportunities for those with disabilities, including current and future beneficiaries of the Social Security Disability Insurance (DI) program, as well as those who apply for DI but ultimately are not awarded benefits. The *Promoting Opportunity for Disability Benefit Applicants Act* promotes opportunities for workers who have applied for DI but are not awarded benefits.

To help individuals return to work, the Act authorizes the Commissioner of Social Security to provide denied applicants with information about employment support services—provided both by public agencies and private not-for-profit organizations—to assist them in finding opportunities to re-enter the workforce and not continue to cycle through the DI application process. The Act *does not* affect individuals as they move through the DI appeals process, except to the extent of increasing the likelihood that they may find employment.

Currently, a lengthy application process leads to a wait of over 100 days on average for an initial decision on a claim for benefits, which represents time for the claimant outside of the workforce trying to prove a benefit claim.

For those whose applications are denied, many appeal denials and receive benefit awards at some stage in the appeals process. However, some applicants are denied on the basis of their abilities to engage in “substantial gainful activity” as measured by SSA. Research shows negative long-run labor market effects from time out of the labor force associated with processing times of disability applicants.¹ Time spent by DI claimants who ultimately do not receive awards takes those individuals out of the workforce for protracted periods. The longer the amount of time out of the workforce, the higher the hazard for a worker of not being able to obtain opportunities for work.

The Act provides referrals to employment support services when an individual’s DI application is denied, to enhance information available to denied claimants about opportunities and employment supports such as vocational rehabilitation. Such information can act as counterweights to incentives for denied claimants to cycle through the DI claims process, which impedes re-entry into the labor market.²

A similar idea of providing information about employment support services to denied DI claimants has been proposed by the Obama Administration³ and the Bush Administration⁴ because such services “might have a salutary effect on their [denied claimants’] health and enable them to enter and remain in the work workforce when they otherwise might not” and could reduce reapplications for benefits.⁵ This Act has the support of Easter Seals and the National Council of Disability Determination Directors. The Congressional Budget Office’s preliminary budget estimate is that the Act would have mandatory spending effects of between -\$500,000 and +\$500,000 over 10 years.

¹ See, for example, David H. Autor, Nicole Maestas, Kathleen J. Mullen, Alexander Strand, “Does Delay Cause Decay? The Effect of Administrative Decision Time on the Labor Force Participation and Earnings of Disability Applicants”, January 2015, National Bureau of Economic Research working paper at <http://www.nber.org/papers/w20840>

² French, Eric, and Jae Song. 2014. "The Effect of Disability Insurance Receipt on Labor Supply." *American Economic Journal: Economic Policy*, 6(2): 291-337. <https://www.aeaweb.org/articles.php?doi=10.1257/pol.6.2.291> .

³ Social Security Miscellaneous Amendments of 2009, at <http://www.socialsecurity.gov/legislation/other.html#a0=0> .

⁴ Social Security Miscellaneous Amendments of 2008, at <http://www.socialsecurity.gov/legislation/other.html#a0=0> .

⁵ Prior to the Ticket to Work and Work Incentives Improvement Act of 1999 (Pub .L. No. 106-170), Section 222(a) of the Social Security Act authorized the Commissioner to refer individuals denied disability benefits to state Vocational Rehabilitation agencies for employment support services.