

19 Million Working-Age Americans Have a Disability that Limits or Prevents Work. Most are Poor or Low Income.

People with disabilities are often at a distinct disadvantage in the labor market. Public and private insurance programs, and public assistance programs, may replace lost income and provide health insurance coverage for severely disabled workers, but programs need to be improved both to provide more timely and adequate assistance to people who cannot work and to provide needed supports to people with disabilities who can work.

More than 19 million working-age Americans—10.9 percent of people ages 21 to 64—have a work disability, according to data from U.S. Census Bureau’s March 2008 Current Population Survey (CPS). Work disability applies to people in a variety of circumstances, including those who report that they have a health problem or a disability that prevents work or limits the amount of work they can do, and people who report that they left a job or retired for health reasons. People under age 65 who reported receiving certain public benefits—Medicare, Supplemental Security Income (SSI), or veterans’ disability compensation—are also counted as having a work disability.

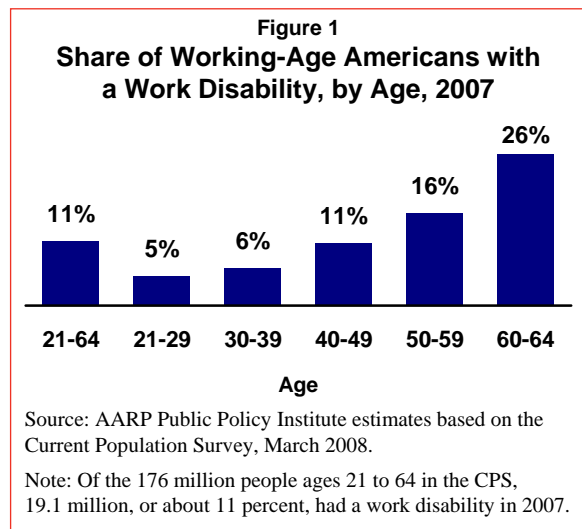
Not all people with disabilities are limited in their ability to work. There are nearly 50 million people in the United States who report some kind of disability, but of these only 19 million report a work disability.¹

The concept of work disability is subject to varying estimates and interpretations. This fact sheet adopts the operational definition used in the CPS and reports characteristics of civilian, non-institutionalized people of working age (defined here as ages 21 to 64) who have a work disability. (People living in

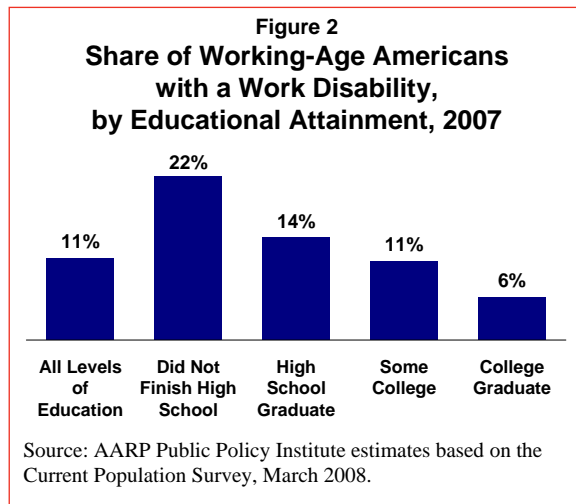
institutional settings are not counted as part of the population available for work.)

What do we know about people with work disabilities?

- The rate of work disability increases with age:** Five percent of people in their 20s report a work disability, compared to 26 percent of people in their 60s (Figure 1). However, roughly half of all working-age people with a work disability (47 percent) are under age 50.



- People with low levels of education are most likely to experience work disability.** About 22 percent of people (ages 21–64) who did not finish high school reported a work disability in 2007, compared to just 6 percent of college graduates (Figure 2).



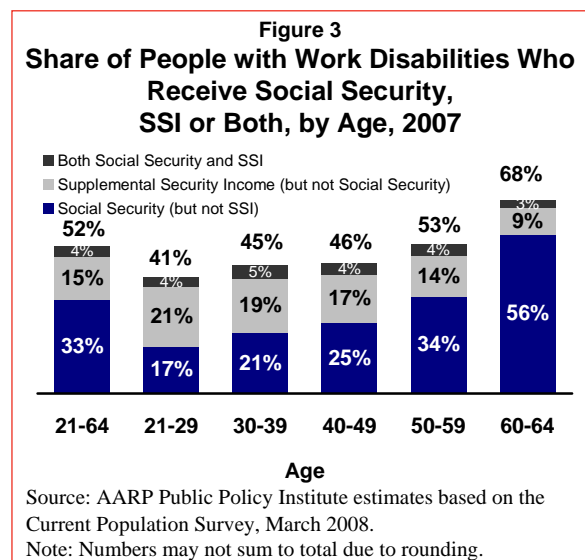
- Many people with work disabilities are receiving Social Security benefits.** In 2007, 37 percent of people who reported a work disability received Social Security benefits—primarily Social Security Disability Insurance (SSDI), but also retired worker benefits or survivor benefits. A third of working-age people with work disabilities received Social Security only, and roughly 4 percent received both Social Security and Supplemental Security Income (SSI) (Figure 3).

Nearly all of these Social Security beneficiaries are receiving benefits under SSDI, which insures against the loss of earnings due to severe and long-lasting disability. And, although it is not possible to distinguish among different types of Social Security benefits (e.g., SSDI, retired worker benefits, survivor benefits) with precision in these data, a relatively small proportion are likely

receiving an early retirement benefit (i.e., those age 62 to 64) or are receiving Social Security benefits as a disabled spouse, widow(er), or other survivor, such as an adult child with a disability.

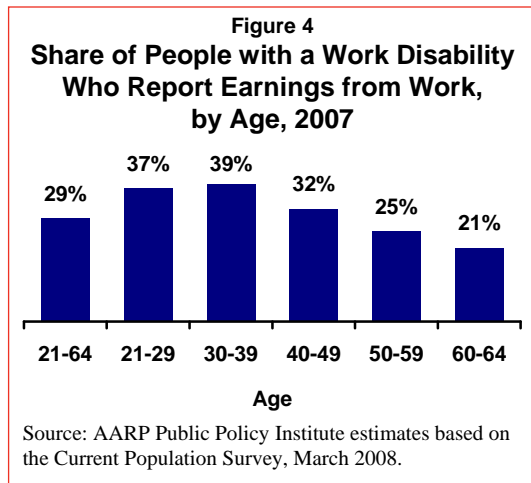
Older people with a work disability are more likely than younger people with disabilities to be receiving any Social Security benefit because early retirement benefits can be claimed beginning at age 62 and because the eligibility rules in SSDI acknowledge the difficulty of transitioning from physically demanding work to desk work for those age 50 and above.

- Supplemental Security Income fills gaps.** In 2007, roughly 19 percent of working-age people with disabilities received SSI (Figure 3). SSI is a means-tested assistance program that provides a very modest monthly cash benefit and, in most, but not all, states, fairly automatic eligibility for Medicaid. Eligibility is limited to people age 65 and above and people with disabilities who have very low incomes and very limited assets (less than \$2,000). Some people who receive Social Security benefits may also receive SSI. When both sources of income are counted, more than



half of all people ages 21 to 64 with work disabilities received assistance from Social Security and/or SSI in 2007 (Figure 3).

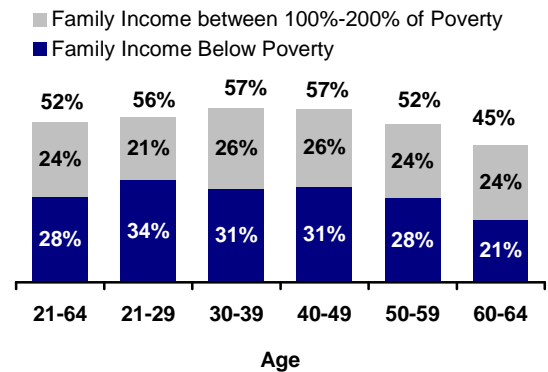
- **Despite limits on their ability to work, many do work.** In 2007, 29 percent of people with work disabilities reported at least some income from work in the past year, with younger people somewhat more likely to have had earnings than older people. Roughly 40 percent of people with work disabilities in their 20s and 30s reported income from work in the past year, compared to about 20 percent of people in their 60s (Figure 4). A much smaller proportion of people with work disabilities work full-time and full-year.²



- **A very small proportion of people with work disabilities both work and receive Social Security.** Only 4 percent of working-age adults with disabilities reported that they had income from work and received Social Security benefits.
- **Despite work and benefits, the majority of people with work disabilities are poor or have low incomes.** Nearly 30 percent of working-age people with disabilities

are poor, and more than half (53 percent) live in low-income families (with family income below 200 percent of the federal poverty line—an income of \$21,574 for an individual and \$42,406 for a family of four in 2007)³ (Figure 5).

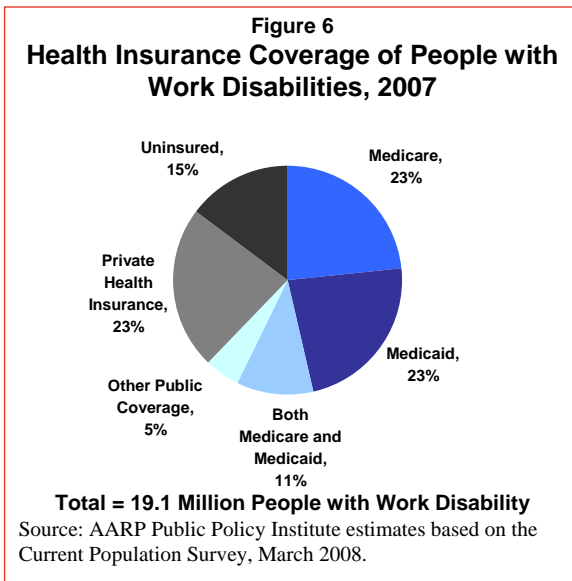
Figure 5
Share of People with Work Disabilities Who Are Poor or Low-Income, by Age, 2007



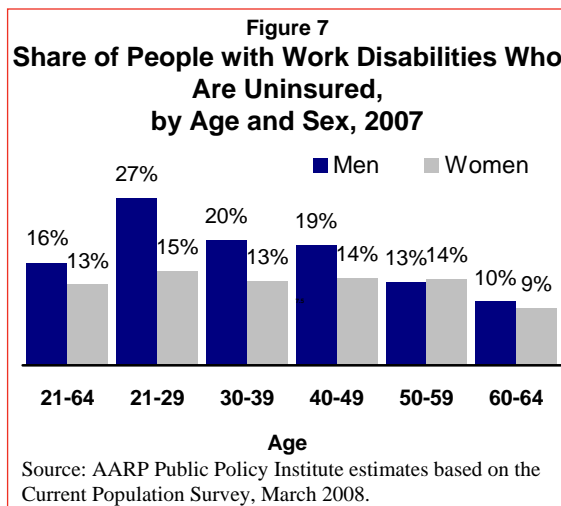
Source: AARP Public Policy Institute estimates based on the Current Population Survey, March 2008.

- **Medicare and Medicaid play an important role for people with disabilities, providing health insurance coverage to more than 60 percent of working-age people with disabilities.** Roughly a third of working-age people with disabilities (34 percent) had health insurance coverage through Medicaid, the publicly funded health insurance program for poor and low-income Americans (23 percent with Medicaid only and 11 percent with both Medicaid and Medicare); about the same proportion was covered by Medicare (figure 6). (Workers with disabilities who are receiving SSDI benefits are eligible for Medicare after a two-year waiting period.) Another 5 percent of people with work disabilities were covered by other public health insurance programs, primarily health care programs for the military and

veterans, bringing the share covered by public sources to 62.3 percent. Private health insurance coverage (either employment-based or individually purchased) plays a smaller role than public coverage; a quarter (23.1 percent) are privately insured.⁴ (Figure 6)



- **In 2007, 15 percent of working-age people with work disabilities lacked health insurance coverage (16 percent of men and 13 percent of women).** Working-age people with work disabilities are actually somewhat less likely to be uninsured than people without work disabilities, 20 percent of whom were uninsured in 2007 (Figure 7).



- **Women with work disabilities, especially young women, are less likely to be uninsured than work-disabled men.** Among people with work disabilities in their 20s, more than a quarter of men, but 15 percent of women, were uninsured. (Figure 7) Women with work disabilities are less likely to be uninsured than men because they are more likely to be covered by Medicaid, the federal-state health insurance program for poor and low-income people. The gender gap is closed at older ages, at least in part, because Medicaid is less likely to reach older women than younger women.⁵

Policy Challenges

A key challenge facing policymakers is how to design public programs—and encourage private employers—to effectively support people with disabilities in their efforts to secure and retain employment and achieve economic self-sufficiency.

As unemployment rates have risen to their highest levels in 25 years, people with work disabilities—who have low and, in recent years, declining rates of employment—will likely face even greater challenges.⁶ Unfortunately, existing federal programs provide little assistance to people with work disabilities who need income and other supports to achieve self-sufficiency. Wage subsidies (such as an expansion of the Earned Income Tax Credit) and access to comprehensive, affordable, and guaranteed health insurance coverage could go a long way toward improving the economic well-being of people with work disabilities and their families.

Supporting work and wages. The central problem is that the nation's federal disability programs provide cash benefits (and, subject to certain conditions, health insurance coverage) to

people who are not able to work or who earn only a very modest amount.⁷ Clearly, there are millions of people with severe work disabilities who are not able to work or who are not able to work full-time or full-year at wages high enough to sustain themselves and their families. But, there are even larger numbers of people with work limitations who are willing and able to work, but are not working because they lack job opportunities and adequate supports (assistance securing transportation, paying for quality child care, etc.) or because they cannot work and earn enough to be economically independent. The current recession is likely to further erode opportunities.

Ensuring timely and adequate support for people with disabilities who cannot work or who are unlikely to achieve self-sufficiency through work. Until comprehensive reform is enacted, renewed efforts must be made to ensure timely access to SSDI and SSI benefits for people with severe and long-lasting disabilities.

In SSDI, more than 762,000 people with disabilities are waiting for a final resolution of their application for benefits; they can expect to wait a year and a half on average, and as long as three or four years.⁸ Thousands of families suffer extreme hardship during these unacceptably long waits.

States can use one modest option to ease the hardship for very low-income people with disabilities who have applied for SSI and, stuck in the same backlog, are waiting for a decision. They can provide temporary cash assistance to people with disabilities who have applied for SSI. In 2007, 37 states and the District of Columbia provided such interim assistance.⁹ There is no similar assistance for people awaiting a decision about SSDI.

Today, the Social Security Administration continues to try to dig its way out of this very large—and deepening—hole. Although backlogs have occurred at different points in the history of the program, there has been a substantial deterioration in service over the past eight years. The disability backlog has nearly doubled since 2001, rising from about 392,000 at the end of fiscal 2001 to more than 762,000 at the end of fiscal 2008.¹⁰

The Social Security Administration has undertaken reforms and expanded hiring to address the persistent backlog of claims, but its efforts have been hampered by a failure to finalize the fiscal year 2009 appropriations.¹¹ This left the agency operating at its 2008 funding level, which was already insufficient.

In a piece of good news, in March of this year, the President signed an appropriations bill that provides \$10.5 billion in administrative funding for SSA for fiscal 2009, a roughly 7 percent increase over the fiscal 2008 funding level and the largest annual increase since fiscal 2001. In addition, the President's 2010 budget request includes \$11.6 billion in funding for SSA, a 10 percent increase over the fiscal 2009 appropriation.¹² These funding increases should help the Agency reduce the long waits experienced by applicants and assure that disability benefits are available on a timely basis to people who truly need them.

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Written by Ellen O'Brien and Carlos Figueiredo
AARP Public Policy Institute,
601 E Street, NW, Washington, DC 20049
www.aarp.org/ppi
202-434-3879, elobrien@aarp.org
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NOTES

- ¹ The 2000 Census counted 49.7 million people with some type of long-lasting condition or disability. They represented 19.3 percent of the 257.2 million people who were aged 5 and older in the civilian noninstitutionalized population — or nearly one person in five. See U.S. Census Bureau, *Disability Status: 2000*, available at: <http://www.census.gov/prod/2003pubs/c2kbr-17.pdf>, and the discussion in the 2007 Institute of Medicine report, *The Future of Disability in America*, Washington, DC: The National Academies Press, p. 1. Estimates of the number of working-age people with work disabilities also vary depending on the definitions and data sources used. For example, estimates from the 2005 Survey of Income and Program Participation data suggest that there were 13.3 million people aged 16 to 64 (7 percent of this population) who reported difficulties finding a job or remaining employed due to a health-related condition. When the question was expanded to include people who report that they are limited in the kind or amount of work they can do because of physical, mental, or other health condition, the number of people with a work disability rose to 22.7 million people (11.9 percent of the population age 16 to 64). See Matthew W. Brault, “Americans with Disabilities, 2005” Current Population Reports, P70-117, December 2008, available at: <http://www.census.gov/prod/2008pubs/p70-117.pdf>
- ² Andrew J. Houtenville, 2004, “Demographics of People with Disabilities: Numerous Sources, A Range of Estimates,” available at: www.nawrs.org/Oklahoma/WorkshopPapers/B2.houtenville.ppt
- ³ U.S. Census Bureau, “Poverty Thresholds for 2007 by Size of Family and Number of Related Children Under 18 Years,” available at: <http://www.census.gov/hhes/www/poverty/threshld/thresh07.html>
- ⁴ This is the share of people who have private insurance and no public coverage. Because of the way overlapping coverage is treated in producing these estimates, this figure understates somewhat the share of people with work disabilities who have any private coverage. If all people with private health insurance coverage are counted, 38 percent of working-age people with a work disability have a private source of coverage.
- ⁵ According to our estimates from the March 2008 CPS, 53 percent of work-disabled women in their 20s have Medicaid, compared to 38 of work-disabled men in their twenties (a 15 percentage point gap). Among men and women with work disabilities in their 60s, the gap is 8 percentage points (26 percent of women and roughly 18 percent of men have Medicaid). In these statistics, we count people with Medicaid only as well as people who are enrolled in both Medicare and Medicaid.
- ⁶ In February 2009, the national unemployment rate reached 8.1 percent, the highest level since December 1983. U.S. Bureau of Labor Statistics, *Employment Situation, February 2009*, available at: <http://www.bls.gov/news.release/pdf/empst.pdf>
- ⁷ Ellen O’Brien. 2009. “Social Security Disability Insurance: A Primer,” Publication I28, Washington, DC: AARP Public Policy Institute.
- ⁸ Ellen O’Brien. 2009. “Social Security Disability Insurance: A Primer,” Publication I28, Washington, DC: AARP Public Policy Institute.
- ⁹ Social Security Administration, 2008. “State Assistance Programs for SSI Recipients,” January 2007. http://www.socialsecurity.gov/policy/docs/progdsc/ssi_st_asst/2007/index.html
- ¹⁰ In this instance, the backlog in question is the backlog at the appeals level. The count refers to the number of people waiting for an appeals hearing before an Administrative Law Judge. If an application for SSDI benefits is denied at this stage, an applicant can appeal to the Appeals Council and, subsequently, can file an action in Federal District Court.
- ¹¹ The Commissioner of Social Security has recently stated that “the effects of an extended continuing resolution are clearly slowing our progress.” Adequate and timely funding is needed to permit SSA to continue its effort to reduce the number of pending cases. See the October 17, 2008 SSA news release, “Social Security Continues to Make Progress Expediting Backlogged Disability Cases,” at: <http://www.ssa.gov/pressoffice/pr/backlog-progress-pr-alt.pdf>.
- ¹² See “Commissioner’s Broadcast, March 11, 2009” at ssa.gov/legislation/FY09Appropriation.pdf