

GAO Highlights

Highlights of [GAO-18-248](#), a report to congressional requesters

Why GAO Did This Study

SSDI, which is administered by SSA, provides financial and other assistance to qualifying individuals who are unable to work due to their disabilities. SSDI is primarily funded by employee and employer payroll taxes that are placed in the Disability Insurance Trust Fund, which is currently projected to not be able to pay full benefits starting in 2028. While there are a number of ways to address the fiscal condition of the Disability Insurance Trust Fund, some researchers have proposed expanding employer-provided PDI. GAO was asked to review whether expanding PDI could result in potential savings to the Disability Insurance Trust Fund.

This report examines (1) what is known about how coverage and key features of SSDI and PDI compare, and (2) the potential implications of three distinct proposals to expand employer-sponsored PDI on the Disability Insurance Trust Fund and various stakeholders.

GAO analyzed data on SSDI and PDI coverage from SSA and BLS for 2016 and 2017; reviewed relevant federal laws, regulations, and guidance; reviewed three PDI policies that three large insurers we selected described as typical for their companies; reviewed three distinct proposals to expand PDI identified through a literature review; and interviewed SSA and Department of Labor officials, authors, researchers, and representatives of insurance, employer, employee, and disability groups for a range of perspectives.

View [GAO-18-248](#). For more information, contact Elizabeth H. Curda at (202) 512-7215 or curdae@gao.gov.

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SOCIAL SECURITY DISABILITY INSURANCE

Information on Potential Implications of Expanding Private Disability Insurance

What GAO Found

GAO's analysis found that coverage and key features of Social Security Disability Insurance (SSDI) and long-term employer-sponsored private disability insurance (PDI) differ in a number of ways. Key differences include the number of workers covered; characteristics of covered workers; and eligibility, benefits, and return to work assistance. For example:

- According to GAO's analysis of Bureau of Labor Statistics and Social Security Administration (SSA) data, SSDI covers an estimated 96 percent of workers, while 33 percent of workers have PDI coverage through their employers. Also, PDI coverage is more prevalent among workers with higher wages (e.g., management positions) and in certain business sectors (e.g., finance).
- GAO's review of SSDI and PDI policies found that some PDI policies may pay benefits for medical conditions that SSDI would not. However, these PDI policies may time limit payments for mental health and musculoskeletal disorders, while SSDI does not. In addition, while both SSDI and PDI policies include features designed to help beneficiaries return to work, PDI policies may provide such supports more quickly than SSDI.

GAO's review of the literature identified three distinct proposals for expanding PDI that the proposals' authors believe would address SSDI's fiscal challenges. Specifically, all three proposals suggest that cost savings for the Disability Insurance Trust Fund could be expected by expanding PDI. According to the proposals, this would happen because expanding PDI would provide workers earlier access to cash and employment supports, which would reduce the number of SSDI claims or the length of time SSDI benefits are paid to claimants. However, GAO's review of the three proposals noted that none of them provide enough information to assess how SSDI enrollment and costs might be affected with an expansion of PDI. Therefore, it is unclear whether cost savings to the Disability Insurance Trust Fund would actually be realized. For example, the proposals do not provide information on the type and timing of return-to-work services that would be provided under expanded PDI, nor do they take into account the differences in the populations served by SSDI and PDI policies. Moreover, stakeholders that GAO interviewed about these proposals raised a number of issues about other implications of PDI expansion that the proposals do not explicitly or fully address. For example:

- Insurers told GAO that it was unclear how expanding PDI would affect PDI premiums and the impact this would have on enrollment.
- Employers told GAO they were concerned about potential additional requirements or administrative burdens that would be placed on them if PDI were expanded.
- Employee and disability advocacy groups told GAO they were concerned about whether PDI expansion would provide standard services or employee protections currently available under SSDI, especially with respect to PDI expansion proposals that would replace SSDI for 2 years.