



## MODERNIZING THE SSDI ELIGIBILITY CRITERIA A Reform Proposal That Eliminates the Outdated Medical-Vocational Grid

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The Social Security Administration has been awarding benefits through its Disability Insurance (SSDI) program at an increasing rate, but meanwhile the actual rate of disability in the US population working age and older has remained stable or even decreased. The SSDI Trust Fund will run out of money by 2016. While some propose transferring payroll taxes from Social Security's retirement fund to its disability fund, it would be much better to address the underlying problems by reforming the SSDI system.

A new paper published by the Mercatus Center at George Mason University documents the growth of SSDI and explains that the "medical-vocational grid" reflects a view of the labor market and disability that is out of date with the economy and modern medicine. The grid's guidelines make it easier to award SSDI benefits to middle-aged and older workers, unskilled workers, and non-English-speakers, and should be eliminated and replaced with a simpler, fairer, and more uniform system for determining eligibility. The same process applied to people under age 45 should also be applied to those above age 45.

To read the paper and learn more about its authors, economist [Mark J. Warshawsky](#) and Mercatus MA Fellow [Ross A. Marchand](#), please see "[Modernizing the SSDI Eligibility Criteria: A Reform Proposal That Eliminates the Outdated Medical-Vocational Grid.](#)"

### BACKGROUND

#### **Disability Insurance Criteria**

The Social Security Disability Insurance program was enacted in 1956, providing federal benefits to citizens deemed unable to work due to disability. The main criterion for getting SSDI benefits was functional incapacity due to a medically determinable impairment. Four criteria were included in the evaluation process:

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- A person who is performing substantial gainful activity cannot be found disabled.
- A person must have a medically determinable impairment, expected to last for a long time or result in death, that significantly limits his or her ability to perform basic work activities.
- The impairment must meet or equal one or more of the impairments in an official listing.
- If a person is otherwise qualified for SSDI benefits but does not have an impairment found in the listing, then vocational factors (age, education, and work experience and skills) are considered.

The Social Security Administration has promulgated rules and procedures for each of these steps, several of which would benefit from reform. But any reform effort should focus on the fourth criterion, which opened the door to the medical-vocational grid.

### **The Medical-Vocational Grid**

SSDI applicants who do not qualify as disabled under the official listing move on to the fourth criterion, the medical-vocational grid. If an applicant is considered unable to engage in his or her previous level of work based on work history, but does have an ability to undertake some form of work, then the applicant's eligibility for SSDI will be determined using the grid. Depending on the level of work possible, applicants will be deemed eligible or ineligible based on their age, education, skills, and language ability. This approach makes several mistakes:

- *It makes age a hard cutoff.* For example, a 50-year-old who can perform only sedentary work and is unskilled is presumptively disabled, while a 49-year-old is not (unless he or she cannot speak English). Given increases in the average human lifespan, the age cutoffs and loose standards for age-related disability are ripe for reform. Many in the baby-boomer generation who wish to retire early will be found to be disabled under the medical-vocational grid if they have a history of unskilled work or skilled work with skills that do not transfer to other work.
- *It regards language as a factor.* Using the English language as a criterion can have a counterintuitive effect, and language is no longer the barrier it once was. In Puerto Rico, a lack of English skills will result in applicants being deemed disabled, even though the common language in Puerto Rico is Spanish. The US workforce is far more diverse culturally, ethnically, and linguistically than it was in the 1950s. For example, more than half of the increase in the labor force between 1996 and 2012 came from foreign workers.
- *It leads to more eligible beneficiaries.* The loose standards of the medical-vocational grid have allowed many types of ailments to qualify for disability benefits despite questionable medical proof. For example, as numerous cases of fraud discovered in 2014 demonstrate, the increasing proportion of awards to those suffering from mental illnesses and musculoskeletal diseases may be caused by some applicants gaming the system and misrepresenting their conditions.
- *It assumes jobs require physical exertion.* The medical-vocational grid fails to consider that the nature of the workforce has changed over the last several decades. The economy has shifted away from exertional jobs that require direct physical labor and toward more

sedentary jobs, owing to computerization and mechanization. Moreover, flexibility within a career was an exception in the 1950s, while today people switch jobs and occupations more readily than ever before.

## POLICY PROPOSALS

- The official medical listing of diseases and conditions should be updated on a regular basis rather than infrequently. (In the past, sometimes more than a decade has gone by between updates.) As technology and medicine progress, so too must the government's ability to determine whether diseases and conditions are truly disabling.
- The medical-vocational grid, involving age, education, and language skills, should be eliminated. As older people live longer and work less physically demanding jobs in a more open and less educationally segregated workforce, the grid is no longer fair or necessary—nor does it reflect current conditions. Age, education, and language skills should not be considered.
- If age must be considered, policymakers should raise the cutoff—for example, to above age 60.
- Eliminating the medical-vocational grid will require legislation, but—as an interim step—the Social Security Administration can increase all age requirements by five years through regulation.
- Any new criteria should apply only to new applicants, to avoid controversy and criticism from those currently receiving benefits. However, better investigation of current beneficiaries and targeted disability reviews will help ensure that those who are legally disabled are the only ones receiving benefits.

## CONCLUSION

Due to its impending insolvency, SSDI must be reformed, and this reform should include the elimination of the medical-vocational grid. The disability insurance program is going bankrupt because it is too easy for certain applicants to qualify for benefits: those who are over age 50, don't speak English, or have less than a high school education. The current guidelines are designed for conditions that existed decades ago, not for the economy and workers of today.