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Testimony

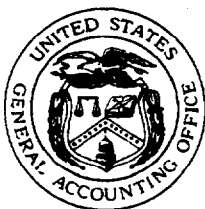
Before the Subcommittee on Oversight of Government
Management
Committee on Governmental Affairs
United States Senate

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SOCIAL SECURITY

Racial Difference in Disability
Decisions

Statement of Lawrence H. Thompson
Assistant Comptroller General
Human Resources Division



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Summary

In the Social Security Disability Insurance (DI) and Supplemental Security Income (SSI) programs, the percentage of black applicants allowed disability benefits is lower than the percentage of white applicants allowed. GAO analyzed 1988 applicants for DI and SSI benefits to understand better the causes of this difference. GAO's analysis showed that, except for young SSI applicants, the lower black allowance rate in initial disability decisions could be explained by black applicants having less severe impairments and having demographic characteristics associated with lower allowance rates, regardless of race.

However, in the appeals decisions of administrative law judges (ALJs), the racial differences were both larger and more difficult to explain than at the initial decision level. Under the DI program, this racial difference was largely unexplained by differences in severity and type of impairment or demographic characteristics. Under the SSI program, such factors explained about one-half of the difference in allowance rates. Under both programs, the lower black allowance rates were related, but only minimally, to a racial difference in the rate of attorney representation at hearings.

Despite the lower allowance rate among blacks who apply for benefits each year, GAO's analysis suggested that the only subgroup in the population in which blacks may be receiving benefits at lower rates than whites is severely impaired people aged 18 to 24. Otherwise, blacks in the population were receiving benefits at equal or higher rates to those of whites.

GAO recommended that the SSA Commissioner further investigate the reasons for the racial difference in allowance rates in the initial decisions for young SSI applicants, as well as for all ALJ decisions. GAO also recommended that the Commissioner examine the criteria used in adjudicating cases involving impairments that showed relatively large racial differences in allowance rates. These included schizophrenia and other mental, as well as neurological/sensory and respiratory disorders.

SSA informed GAO of a number of actions it has taken in response to the recommendations. These include: (1) conducting reviews of ALJs and regions identified as showing the largest racial difference in allowance rates; (2) designing a new quality assurance system to review samples of ALJ decisions; (3) looking into the issue of racial differences in initial allowance rates for young SSI applicants; and (4) conducting a review of SSA's medical listings to ensure that there is no inherent racial bias in

the criteria used to adjudicate impairments which occur more frequently among blacks.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to testify on the racial difference in the rates at which blacks and whites are allowed disability benefits under the Social Security Disability Insurance (DI) and the Supplemental Security Income (SSI) programs. Consistently, over the past 30 years, a lower percentage of black than white applicants for DI benefits has been allowed benefits. For example, in 1988, including appeals of initial disability decisions, 42 percent of black applicants were allowed DI benefits, compared with 53 percent of white applicants. Available information for recent years indicates a lower percentage of black applicants are also allowed SSI disability benefits. The DI and SSI programs are the largest federal programs providing cash benefits to people with severe, long-term disabilities.

In a previous study, we found a racial difference among 1984 applicants for DI benefits.¹ Subsequently, the late Senator John Heinz asked us to study the reasons for the lower allowance rate among blacks. In response, we examined whether the racial difference in allowance rates could be explained by factors other than race. As we began our study, we knew that one possible reason for the lower allowance rate among blacks is that they may be applying with less severe impairments. Another possible reason is that proportionately more black applicants may have impairments or characteristics that are associated with low allowance rates, regardless of race. To the extent applicants who have characteristics associated with low allowance rates make up a larger proportion of black than white applicants, the racial difference in allowance rates can be said to be explained by those characteristics.

To determine if factors other than race could explain the racial difference in allowance rates, we analyzed Social Security Administration (SSA) data on initial and appeals decisions for 1988 applications. We analyzed the severity and type of applicants' impairments as well as age, education, sex, geographic location, and percent urban population. In considering the severity of applicants' impairments, we relied on the severity decisions made by state disability determination services (DDSs) as to whether the applicants have a severe impairment(s); if not, they are denied benefits. In using the DDS's severity measure, we

¹U.S. General Account Office, Social Security Disability: Denied Applicants' Health and Financial Status Compared With Beneficiaries (GAO/HRD-90-2, November 1989), p. 17.

assumed that any racial difference in those assessments did not result from bias on the part of the DDSs.

We recently issued our findings in the report: Social Security: Racial Difference in Disability Decisions Warrants Further Investigation (GAO/HRD-92-56, April 1992). In summary, we found that blacks had lower allowance rates than whites in both initial and appeals decisions in 1988 (see table 1). The magnitude of racial difference varied considerably by the demographic characteristics and impairment types we examined (see tables 2 and 3). For example, in initial disability decisions, the racial difference among SSI applicants aged 18 to 24 was almost twice that for DI or other SSI applicants. In terms of impairments, under both the DI and SSI programs, the largest racial difference occurred for schizophrenia and other mental disorders, and neurological/sensory and respiratory disorders.

Our analysis indicated, however, that except for young SSI applicants, 80 percent of the racial difference in allowance rates at the initial decision level could be explained by factors other than race. It appears that blacks had lower allowance rates primarily because they applied more frequently with less severe impairments and they had demographic characteristics associated with lower allowance rates, regardless of race.

At the first level of appeal, called reconsideration, the racial difference in allowance rates was relatively small and we did not analyze the extent to which that difference could be explained by other factors. However, at the next appeal level, review by SSA's administrative law judges (ALJs), the racial difference in allowance rates was somewhat larger than at the other levels. Racial difference at the ALJ level also varied considerably by SSA region (see table 4). The difference ranged, under the DI program, from 1 percentage point in the Denver region to 17 percentage points in the Chicago region, both in favor of whites. Under the SSI program, the difference ranged from a 5 percentage-point difference in favor of blacks in Denver to a 15 percentage-point difference in favor of whites in the New York region.

Moreover, at the ALJ level, unlike at the initial level, the severity and type of applicants' impairments and other demographic characteristics we analyzed could not explain most of the racial difference in allowance rates. Under the DI program, the factors we analyzed explained less than about one-third of the racial difference. Under the SSI program, these factors explained about one-half of the difference in allowance rates. In addition, for both programs, the lower black allowance rates were related, but only minimally, to a

racial difference in the rate of attorney representation at hearings.

Despite the lower allowance rate among black applicants, we found that within the general population of working-age adults, blacks were almost twice as likely as whites to be receiving DI benefits and four times as likely to be receiving SSI benefits. Within the working-age population considered severely impaired in 1988, blacks were receiving DI and SSI benefits at a rate comparable with that of whites. Blacks in the general population were receiving benefits at a higher rate because they applied at a higher rate, thus offsetting their lower allowance rate. A larger proportion of blacks than whites were also severely impaired, accounting for blacks' higher application rate and their receiving benefits at a rate comparable with that of whites within the severely impaired population.

Based on these findings, we cannot say whether the racial difference in allowance rates results from personal or system bias, or other factors we did not examine. We believe, however, that even the appearance of bias is a matter for concern. We recommended, therefore, that the SSA Commissioner further explore possible reasons for the racial difference in the initial disability decisions for young SSI applicants as well as in all ALJ decisions, and act to correct and prevent any unwarranted disparities. In addition, we recommended that the Commissioner examine the criteria used in adjudicating cases involving impairments that showed relatively large racial differences in allowance rates.

SSA informed us of a number of actions it is undertaking in response to our recommendations. These include: (1) conducting a review of the regions we identified as showing the largest racial difference in ALJ allowance rates; (2) conducting a review of the individual judges showing the largest racial difference in allowance rates; (3) designing a quality assurance system to routinely review a sample of ALJ decisions; (4) developing an educational training program for ALJs to recognize bias in decisionmaking; (5) redesigning the management information systems at the Office of Hearings and Appeals to facilitate program operations; (6) looking into the issue of racial differences in initial allowance rates for young SSI applicants; and (7) conducting a review of SSA's medical listings to ensure that there is no inherent racial bias in the criteria used to adjudicate impairments which occur more frequently among blacks. We believe these steps present an excellent blueprint for actions if carried to successful completion.

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Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions you or other members of the Subcommittee may have.

TABLE 1

DI AND SSI ALLOWANCE RATES
BY DECISION LEVEL (1988 CASES)

<u>Decision level</u>	<u>DI program</u>			<u>SSI program</u>		
	<u>White</u>	<u>Black</u>	<u>Racial diff.</u>	<u>White</u>	<u>Black</u>	<u>Racial diff.</u>
Initial	.36	.29	.07	.37	.29	.08
Reconsideration	.14	.11	.03	.14	.13	.01
ALJ appeals	.66	.55	.11	.60	.51	.09
Cumulative ^a	.53	.42	.11	.50	.41	.09

^a"Cumulative" refers to the additive allowance rate--after initial, reconsideration, and ALJ decisions.

TABLE 2

INITIAL DI ALLOWANCE RATES AND DISTRIBUTION
OF APPLICANTS BY DEMOGRAPHIC CHARACTERISTICS
AND IMPAIRMENT TYPE (1988 CASES)

<u>Demographic characteristic</u>	<u>Allowance rates</u>			<u>Distribution of applicants^a (in percent)</u>	
	<u>White</u>	<u>Black</u>	<u>Racial diff.</u>	<u>White</u>	<u>Black</u>
All applicants	.36	.29	.07	100	100
<u>Age</u>					
18 to 24 years	.33	.28	.05	5	5
25 to 34 years	.28	.23	.05	16	20
35 to 44 years	.27	.22	.05	19	24
45 to 54 years	.33	.27	.06	25	26
55 to 64 years	.48	.41	.07	35	26
<u>Education</u>					
Less than 9th grade		.34	.34	.00	19 20
9th to 11th grade		.33	.26	.07	21 28
12th grade	.36	.27	.09	40	35
More than 12th grade		.44	.31	.13	14 10
<u>Sex</u>					
Female	.34	.27	.07	36	41
Male	.38	.30	.08	64	59
<u>Region</u>					
Northeast	.47	.37	.10	14	12
South	.33	.29	.04	42	58
Midwest	.36	.25	.11	24	21
West	.36	.27	.09	19	9
<u>Percent urban population</u>					
Less than 60%	.35	.32	.03	15	16
60% to 75%	.34	.26	.08	41	41
More than 75%	.39	.30	.09	44	43

TABLE 2 (con't.)

<u>Impairment type</u>	<u>Allowance rates</u>			<u>Distribution of applicants^a</u> (in percent)	
	<u>White</u>	<u>Black</u>	<u>Racial diff.</u>	<u>White</u>	<u>Black</u>
Neoplasm	.79	.72	.07	9	6
Diabetes	.14	.08	.06	2	4
Other endocrine	.28	.26	.02	4	5
Mental retardation		.53	.60	2	3
Schizophrenia	.67	.55	.12	3	5
Other mental	.41	.31	.10	11	9
Nervous/sensory	.42	.30	.12	8	7
Hypertension	.07	.05	.02	2	6
Ischemic heart	.44	.40	.04	7	3
Other cardiovascular		.54	.53	.01	6 7
Respiratory	.45	.32	.13	5	3
Osteoarthritis	.27	.22	.05	5	5
Other musculoskeletal		.13	.10	.03	19 16
Fractures	.13	.08	.05	7	6
Others	.32	.26	.06	12	15

^aAll subgroups may not add to 100 percent because of rounding of percentages.

TABLE 3

INITIAL SSI ALLOWANCE RATES AND DISTRIBUTION
OF APPLICANTS BY DEMOGRAPHIC CHARACTERISTICS
AND IMPAIRMENT TYPE (1988 CASES)

<u>Demographic characteristic</u>	<u>Allowance rates</u>			<u>Distribution of applicants^a (in percent)</u>	
	<u>White</u>	<u>Black</u>	<u>Racial diff.</u>	<u>White</u>	<u>Black</u>
All applicants	.37	.29	.08	100	100
<u>Age</u>					
18 to 24 years	.47	.34	.13	20	13
25 to 34 years	.31	.28	.03	18	23
35 to 44 years	.27	.23	.04	19	23
45 to 54 years	.29	.24	.05	21	22
55 to 64 years	.48	.42	.06	22	19
<u>Education</u>					
Less than 9th grade		.35	.34	.01	26 22
9th to 11th grade		.33	.26	.07	28 36
12th grade	.35	.26	.09	.28	26
More than 12th grade		.39	.28	.11	6 5
<u>Sex</u>					
Female	.36	.29	.07	58	55
Male	.38	.29	.09	42	45
<u>Region</u>					
Northeast	.44	.36	.08	14	14
South	.34	.31	.03	42	48
Midwest	.36	.25	.11	24	27
West	.37	.27	.10	20	11
<u>Percent urban population</u>					
Less than 60%	.35	.35	.00	16	12
60% to 75%	.35	.28	.07	41	39
More than 75%	.39	.29	.10	43	50

TABLE 3 (con't.)

<u>Impairment type</u>	<u>Allowance rates</u>			<u>Distribution of applicants^a</u> (in percent)	
	<u>White</u>	<u>Black</u>	<u>Racial diff.</u>	<u>White</u>	<u>Black</u>
Neoplasm	.64	.63	.01	4	3
Diabetes	.10	.07	.03	3	4
Other endocrine	.28	.28	.00	5	6
Mental retardation		.64	.67	11	7
Schizophrenia	.77	.69	.08	6	7
Other mental	.39	.29	.10	16	13
Nervous/sensory	.42	.25	.17	9	8
Hypertension	.08	.07	.01	3	8
Ischemic heart	.45	.42	.03	3	2
Other cardiovascular		.48	.49	4	5
Respiratory	.34	.23	.11	5	4
Osteoarthritis	.24	.21	.03	4	4
Other musculoskeletal		.13	.11	.02	11
Fractures	.13	.10	.03	5	4
Others	.22	.21	.01	12	16

^aAll subgroups may not add to 100 percent because of rounding of percentages.

TABLE 4

REGIONAL VARIATION IN
ALJ ALLOWANCE RATES (1988 CASES)

<u>Racial Region diff.</u>	<u>DI program</u>			<u>SSI program</u>	
	<u>White</u>	<u>Black</u>	<u>Racial diff.</u>	<u>White</u>	<u>Black</u>
Atlanta	.69	.60	.09	.62	.57
Boston	.68	.54	.14	.63	.51
Chicago	.63	.46	.17	.53	.43
Dallas	.65	.53	.12	.62	.50
Denver	.67	.66	.01	.63	.68
Kansas City	.65	.60	.05	.56	.50
New York	.71	.56	.15	.62	.47
Philadelphia	.71	.65	.06	.64	.67
San Francisco	.66	.54	.12	.60	.53
Seattle	.63	.51	.12	.67	.61
					.07
					.61
					.06