



# AMERICAN DISABILITY COMPENSATION

David Trimmer

A Framework  
to Fully Support  
Disabled Americans

People's Policy Project

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THE UNITED STATES, LIKE ANY country in the world, has a sizeable disabled population. There are over 42 million disabled Americans, according to the [American Community Survey](#). These Americans have disabilities that comprise a broad spectrum, including physical, behavioral, developmental and sensory impairments. Common examples include paralysis, autism, cerebral palsy, ADHD, blindness and hearing loss. These impairments not only present considerable hurdles for disabled individuals and their immediate families but often impose overwhelming financial strains.

Around half of the U.S. disabled population is working-age, representing [11%](#) of Americans between [18 and 64](#). Many disabilities significantly curtail or outright prevent working-age individuals from participating in the labor force, thereby impeding their ability to provide for themselves. Importantly, this limitation stems not from a lack of desire to work but from the inherent constraints of their disabilities. Consequently, individuals with disabilities have substantially lower market incomes, resulting in [widespread poverty](#). Unfortunately, the United States' approach to combating these issues has been less than successful, as the existing support programs have proven inadequate in effectively addressing the financial needs of disabled Americans.



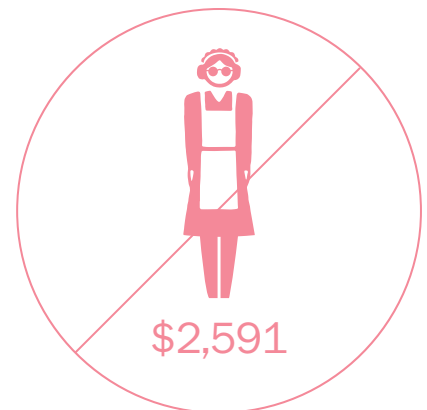
# AMERICA'S WOEFUL DISABILITY PROGRAMS

Jack Smith, 42, a disabled miner who lives in Rhodell, West Virginia, shown with one of his daughters, Debra, in the tavern he now operates. He had worked in the mines one year when his legs were crushed in a roof cave-in. It took him 18 years to receive workman's compensation. His wheelchair was bought for him by his friend, Arnold Miller, president of the United Mine Workers. *U.S. National Archives. 1974.*

# SSDI

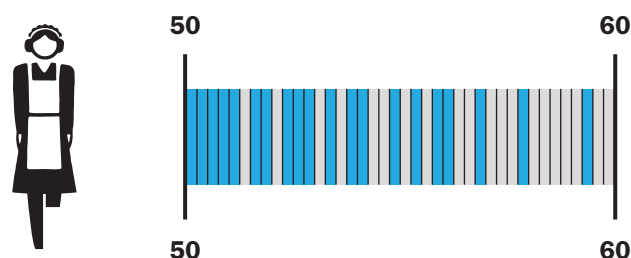
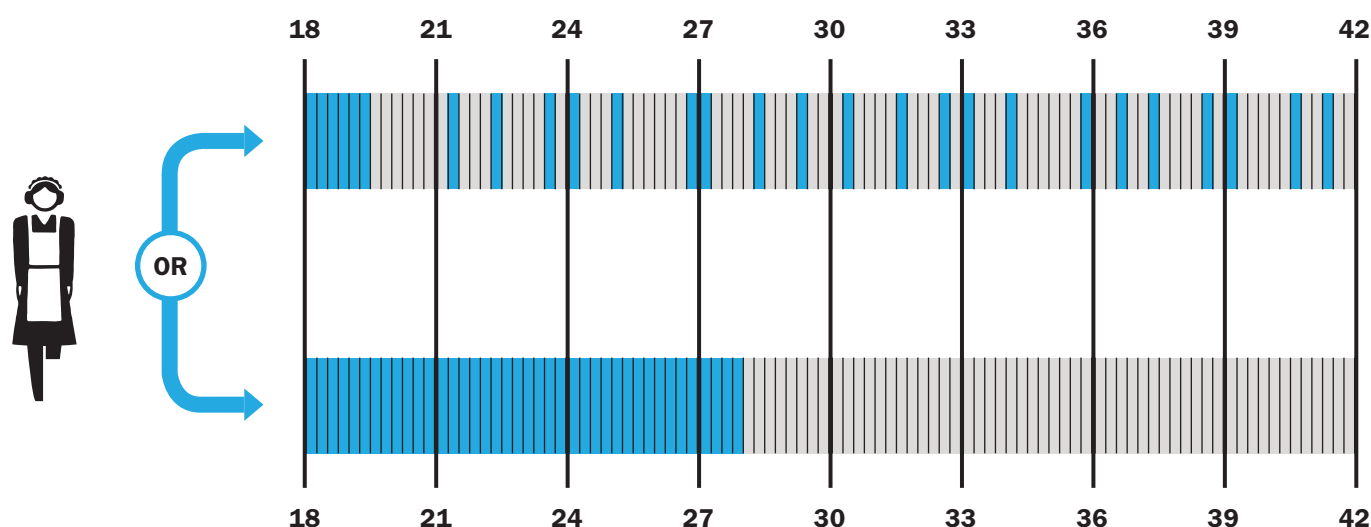
**T**HE UNITED STATES HAS TWO MAJOR programs that provide benefits to disabled individuals. The first is **Social Security Disability Insurance (SSDI)**, a program for disabled individuals with an extensive work history. SSDI has strict eligibility requirements that individuals must meet before they can receive financial assistance.

To qualify for SSDI, applicants must prove that their disability will last [at least one year](#) or result in death and that it impedes their ability to engage in **substantial gainful activity (SGA)**. In other words, the severity of the disability must prevent them from earning above a certain income. In 2024, the [SGA limit](#) is \$1,550 per month for all disabilities except for blindness, which has a threshold of \$2,590. If an applicant is deemed capable of earning above the SGA limit, even by a single dollar, they are entirely disqualified. In addition to these stipulations, SSDI maintains work history requirements.



# Applicants must meet two criteria to adhere to SSDI's work history requirements.

First, claimants must be “fully insured” for Social Security or, more specifically, gain at least six quarters of coverage (QC) and one QC every year after turning 21. In 2024, a person must earn at least [\\$1,730](#) to receive one QC. Individuals can earn up to four quarters yearly (they must make \$6,920 in 2024 to get all four QCs). Additionally, applicants can permanently maintain “fully insured” status by accumulating 40 QCs, effectively working for ten years.



The second requirement is that applicants earn at least 20 QCs in the last ten years. This criterion effectively requires a claimant to work five of the past ten years to retain eligibility.



The complexity and strictness of SSDI's work history requirements are apparent. These standards pose significant hurdles for applicants, particularly for those who developed disabilities during childhood, as they are categorically denied support from SSDI. Moreover, interruptions or a delayed start to labor market participation, including attending college or caring for a child, can lead to disqualification for younger adults who develop a disability. Even for those who manage to meet the eligibility criteria, navigating the SSDI application process can be [arduous](#), particularly for individuals with intellectual disabilities. SSDI's complicated and rigorous work history requirements could explain why most denials are attributed to the applicant's [lack of work history](#).

Those who successfully navigate the system and are accepted into the program must endure a five-month waiting period before benefits arrive. This delay prevents support at a critical time when claimants are ad-

justing to their new situation. Furthermore, when benefits finally arrive, they tend to be modest. SSDI benefits are calculated using the [same formula](#) as Social Security Old-Age Pension. SSDI beneficiaries typically have less work history than those at retirement, which results in smaller benefits.

In 2023, the average SSDI was [\\$1,487 a month](#), hovering just above the poverty line. Additionally, only [20% of beneficiaries](#) receive more than \$2,000 monthly. While the benefits are low compared to OECD countries, benefits are not subjected to any means-testing. Those on SSDI who have the ability to engage in labor activity can do so without worrying about their benefits phasing out as long as they are determined to be unable to earn above their specified SGA limit. Despite SSDI's one bright spot, it faces several issues, and yet, it is the superior of the two major disability programs America currently has to offer to the general public.

# SSI

**A**MERICA'S DISABILITY PROGRAMS are arranged as a two-tier system, where those who do not adhere to SSDI's work history requirements can apply for the even less generous **Supplemental Security Income** (SSI). Like SSDI, SSI requires that an applicant's disability last at least one year or result in death and prevents them from engaging in substantial gainful activity. The main difference between the two programs is that SSI has no work history requirements but includes strict asset limits. SSI applicants must ensure the value of their assets falls below a specific threshold. For individuals, the asset limit is set at \$2,000; for couples, it is \$3,000. There are only a couple of exceptions, including but not limited to a primary residence, one automobile and sentimental items. These asset limits have not been updated since [1989](#), enacting a harsh toll on disabled individuals who are forced to sell their valuables and forgo any savings to stay beneath the asset limit.

If the claimant meets the asset test and other stipulations, they are eligible for financial assistance. However, the maximum SSI benefit for [2024](#) is only \$943 a month, falling well below the poverty line. Worse yet, income from other sources can [phase out](#) a beneficiary's benefit. SSI subtracts any unearned income (excluding the first \$20) from the monthly payments. Each dollar of earned



income (past the first \$65) reduces benefits by 50 cents (50% phaseout). This phase-out discourages disabled Americans from pursuing any employment opportunities since doing so would barely improve their financial situation.

Unlike SSDI, SSI maintains no waiting period for benefits. However, both programs have a [significant backlog of claims](#) totaling 1.1 million for initial disability decisions. Lack of administrative funding has furthered these issues, leading to an average wait time of almost eight months. Those seeking to appeal a denial have to wait additional months or even another year, a delay that, tragically, some disabled Americans do not outlive.

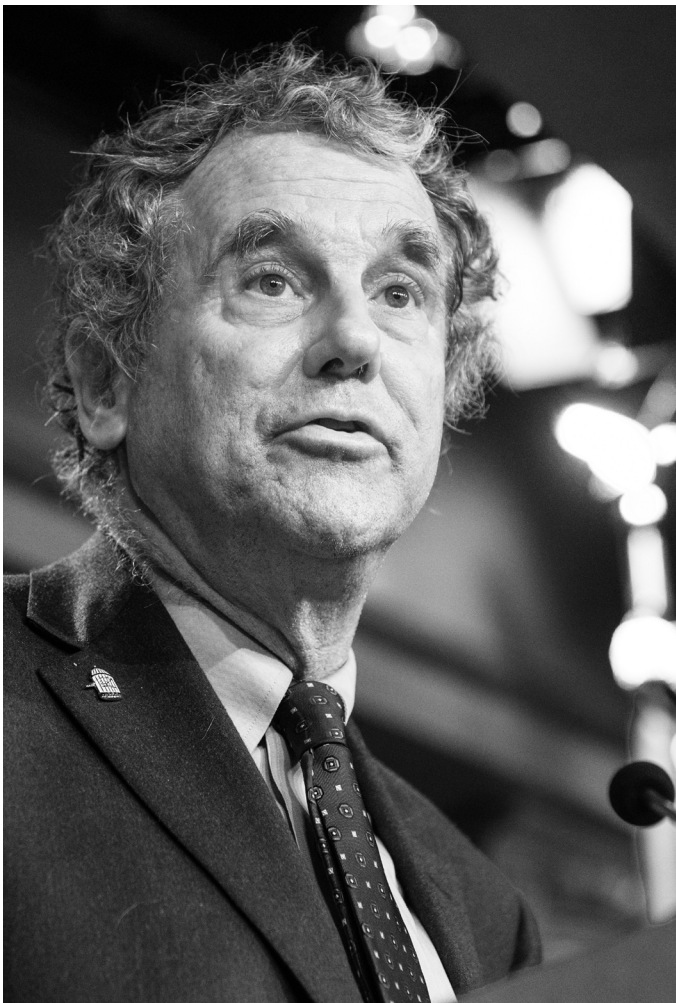
	SSDI ▼	SSI ▼
<b>GENERAL ELIGIBILITY</b>	<b>ELIGIBILITY</b>	<b>ELIGIBILITY</b>
<ul style="list-style-type: none"> <li>■ Disability must last at least one year or result in death.</li> <li>■ Disability must prevent an individual from performing substantial gainful activity (i.e., earning above \$1,550 a month for those with non-blind disabilities, earning above \$2,590 a month for those with blindness).</li> </ul>	<ul style="list-style-type: none"> <li>■ Must have “fully insured” by either accumulating six quarters of coverage (QC) and 1 QC for every year since turning 21 or accumulating 40 QCs.</li> <li>■ Must have 20 QCs over the past ten years</li> </ul>	<ul style="list-style-type: none"> <li>■ Must have assets below \$2,000 as an individual or \$3,000 as a couple (minus exceptions)</li> </ul>
	<b>BENEFITS</b>	<b>BENEFITS</b>
	<ul style="list-style-type: none"> <li>■ Benefits determined using the Social Security formula (same as old-age pension; must wait five months after acceptance)</li> <li>■ The average benefit is around \$1,500 a month</li> </ul>	<ul style="list-style-type: none"> <li>■ Maximum benefit for an individual is \$943 a month (benefit subject to means-testing)</li> </ul>

fig. 1 ELIGIBILITY AND BENEFITS CHART

SSDI and SSI have systemic problems. Each has unforgiving eligibility requirements and meager benefits for the majority of beneficiaries. Their failure has translated to extremely high poverty rates, as roughly [one-fifth of SSDI recipients](#) and [half of SSI beneficiaries](#) live in poverty. Not only is poverty a significant issue, but families with disabled individuals are forced to support them without any meaningful assistance from the federal government. Having a disabled member can drain a family’s income, diminishing economic participation even in middle-class households.

Currently, efforts to alleviate some of the issues within SSDI and SSI are underway. The most prevalent solution among policy-makers is [raising the SSI asset limits](#) from \$2,000/\$3,000 to \$10,000/\$20,000 for individuals and couples, respectively. Updating the limits would ease the restrictions currently placed on SSI recipients and expand eligibility to more disabled Americans.

Sen. Sherrod Brown [has also proposed](#) tying the maximum SSI benefit to the [one-person federal poverty line](#) and increasing the exclusions on unearned and earned income. Such measures would ensure that no SSI recipient lives in poverty alone and bolster incentives for SSI recipients who can engage in labor activity to do so. Finally, policymakers are discussing [eliminating the SSDI benefit waiting period](#) as well as the Medicare waiting period. SSDI recipients qualify for Medicare, but only two years after they begin receiving SSDI payments, for which they have to wait five months. Eliminating both waiting periods would [deliver support immediately](#) to Americans during the crucial time following the development of a disability.



While these proposed reforms would improve the lives of millions, they do not comprehensively address many of the underlying issues plaguing SSDI and SSI and fail to fully guarantee that all disabled Americans have basic economic security. None of the prevailing proposals resolve the rigorous eligibility requirements in SSDI or the harsh income phaseouts in SSI. Additionally, even increasing the SSI max benefit to the poverty line would still leave millions of SSI recipients financially insecure. Someone incapable of engaging in any labor activity would not be able to support themselves with \$1,255 a month without further assistance, as this amount is far below a [living wage](#) in most U.S. states. Even if all medical costs are covered by Medicaid (which is [typical for SSI recipients](#)), the sum of all other basic expenses dwarfs this amount.



Another crucial aspect the proposals do not address is the all-or-nothing approach found in each disability benefit program. Disabilities come in many shapes and forms that range from partially limiting to severely debilitating. Despite this, SSDI and SSI have a single earnings test. In 2024, if an individual with a disability (apart from blindness) is deemed to be able to make over \$1,550 a month, they are denied any benefits from SSDI and SSI. This creates a massive cliff as disabled Americans with partial limitations are left with zero financial assistance. Furthermore, they will be unable to qualify for Medicare or Medicaid, exacerbating their economic insecurity as they will either have to buy health insurance or pay for their medical expenses out of pocket.



SSDI and SSI are **woefully inadequate**, and while incremental reforms would improve the current situation, they do not entirely solve the blatant deficiencies within each program.

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Policymakers seeking to fully support disabled Americans must embrace the idea that America's disability programs require a dramatic overhaul and adopting an alternative model is a necessity.

Fortunately, policymakers do not need to look too far, as another disability program within the United States presents a promising framework for what a better system could entail.



## V.A. DISABILITY COMPENSATION

Peter MacDonald, Sr., 93–94, spoke at a wreath-laying at the National World War II Memorial honoring the Navajo Code Talkers. U.S. Department of Veterans Affairs, 2022.



**V**A DISABILITY COMPENSATION stands as [America's oldest and best disability program](#), providing compensation to veterans whose disabilities stem from military service. These disabilities include but are not limited to the loss of limbs, traumatic brain injuries and post-traumatic stress disorder (PTSD). The administration of VA disability compensation is simple yet remarkably effective.

Veterans with service-related disabilities undergo evaluation by medical professionals. After medical assessment, professionals assign each veteran a disability rating on a scale ranging from 10% to 100%. This rating correlates directly with a specific benefit level disbursed to the veteran each month. As of 2024, these [benefits](#) span from \$171 to \$3,877 monthly, with supplements for veterans with a spouse or dependents. Furthermore, recipients of these payments gain access to health-care services through the VA, ensuring comprehensive coverage for their medical needs.

The structure of the benefits in VA Disability Compensation diverges significantly from the current disability programs. VA Disability Compensation does not examine a veteran’s work history or the sum of their assets. The primary eligibility requirement is that a veteran’s disability is service-related. Additionally, VA Disability Compensation does not utilize any SGA limits. Medical professionals assign veterans a disability rating based on the severity of their disability. This structure orients the program to adequately compensate veterans based on their needs. Veterans with partial disabilities receive a lower rating and a subsequent benefit. Those with completely debilitating impairments are assigned a 100% disability rating and receive a monthly payment that exceeds a living wage. Moreover, VA Disability Compensation is a universal program with no phaseouts. Veterans who can earn additional income can do so without fear that their benefits will be reduced.

DISABILITY RATING	MONTHLY BENEFIT Veteran alone, 2024
10%	\$ 171. <sup>23</sup>
20%	\$ 338. <sup>49</sup>
30%	\$ 524. <sup>31</sup>
40%	\$ 755. <sup>28</sup>
50%	\$ 1,075. <sup>16</sup>
60%	\$ 1361. <sup>88</sup>
70%	\$ 1,716. <sup>28</sup>
80%	\$ 1,995. <sup>01</sup>
90%	\$ 2,241. <sup>91</sup>
100%	\$ 3,737. <sup>85</sup>

fig. 2 VA RATINGS AND BENEFITS CHART



VA Disability Compensation shines as an efficient and generous program, extending vital assistance to millions of veterans annually. The design of the VA system lacks any of the grueling issues that beleaguer SSDI and SSI. If the goal of policymakers is to ensure that disabled Americans receive ample support so they can maintain basic economic security, then revising the current disability system towards a structure that mirrors VA Disability Compensation is imperative. Therefore, federal policymakers should replace SSDI and SSI and establish a new program within the Social Security Administration called **American Disability Compensation**.



# AMERICAN DISABILITY COMPENSATION

Jesse Jackson shaking hands with disability advocate Justin Dart Jr., who is in a wheelchair, during a hearing of the House Committee on Education and Labor on a bill which became the Americans with Disabilities Act. *Library of Congress, 1989.*

DISABILITY RATINGS	SGA THRESHOLD as % of FPL	MONTHLY SGA 2024	BENEFIT as % of FPL	MONTHLY BENEFITS 2024	YEARLY BENEFITS 2024
10%	225%	\$ 2,823. <sup>75</sup>	25%	\$ 313. <sup>75</sup>	\$ 3,765. <sup>00</sup>
20%	200%	\$ 2,510. <sup>00</sup>	50%	\$ 627. <sup>50</sup>	\$ 7,530. <sup>00</sup>
30%	175%	\$ 2,196. <sup>25</sup>	75%	\$ 941. <sup>25</sup>	\$ 11,295. <sup>00</sup>
40%	150%	\$ 1,882. <sup>50</sup>	100%	\$ 1,255. <sup>00</sup>	\$ 15,060. <sup>00</sup>
50%	125%	\$ 1,568. <sup>75</sup>	125%	\$ 1,568. <sup>75</sup>	\$ 18,825. <sup>00</sup>
60%	100%	\$ 1,255. <sup>00</sup>	150%	\$ 1,882. <sup>50</sup>	\$ 22,590. <sup>00</sup>
70%	75%	\$ 941. <sup>25</sup>	175%	\$ 2,196. <sup>25</sup>	\$ 26,355. <sup>00</sup>
80%	50%	\$ 627. <sup>50</sup>	200%	\$ 2,510. <sup>00</sup>	\$ 30,120. <sup>00</sup>
90%	25%	\$ 313. <sup>75</sup>	225%	\$ 2,823. <sup>75</sup>	\$ 33,885. <sup>00</sup>
100%	0%	\$ 0. <sup>00</sup>	250%	\$ 3,137. <sup>50</sup>	\$ 37,650. <sup>00</sup>

fig. 3 ADULT BENEFIT CHART

THE ADMINISTRATION OF **AMERICAN Disability Compensation** (ADC) would mirror VA Disability Compensation with medical professionals evaluating individuals with disabilities aged 18 and above and assign each eligible applicant a disability rating ranging from 10–100%. Adults with moderately limiting disabilities would receive a lower rating, whereas individuals with severely debilitating impairments would receive a higher rating and a larger monthly benefit.

When determining specific criteria for each disability rating within ADC, policymakers have two options. Policymakers can adopt criteria similar to VA Disability Compensation, which would compensate individ-

uals based on the severity of their disability. This method would keep ADC in line with VA Disability Compensation, which is a far more successful program than SSDI and SSI. However, policymakers could instead utilize SGA limits for each disability rating, which would focus the program directly on providing assistance to Americans with work-limiting disabilities. Policymakers may find this approach more intuitive as benefits would be disbursed directly to individuals with partial or complete work limitations and, thus, are in need of support. Under this scenario, each SGA limit and benefit level could be tied to a percentage of the one-person federal poverty line. Figure 3 ▲ shows what a framework using this method could look like.

American Disability Compensation would also extend benefits to children. Policymakers could employ criteria similar to how [SSI currently determines eligibility](#) when establishing criteria for ADC. However, ADC could employ four child benefit levels rather than one, ensuring children with more severe dis-

abilities would receive a greater benefit than SSI and those with a partially limiting disability still receive some assistance. Benefit levels for children could be linked to a percentage of the difference between the one-person and two-person federal poverty lines.

DISABILITY RATINGS	MONTHLY BENEFIT  as percentage of difference between 1-2 person FPL	MONTHLY BENEFITS  2024	YEARLY BENEFITS  2024
25%	75%	\$ 336. <sup>25</sup>	\$ 4,035. <sup>00</sup>
50%	150%	\$ 672. <sup>50</sup>	\$ 8,070. <sup>00</sup>
75%	225%	\$ 1,008. <sup>75</sup>	\$ 12,105. <sup>00</sup>
100%	300%	\$ 1,345. <sup>00</sup>	\$ 16,140. <sup>00</sup>

fig. 4 CHILD BENEFIT CHART

While policymakers can negotiate specific criteria and benefit levels, certain aspects of American Disability Compensation should be concrete. ADC should absorb the Disability Insurance Trust Fund, directly replacing SSDI. As previously mentioned, this program would replace SSI as well but also eliminate disabled adult child benefits, as when individuals reach the age of 18, they would receive adult benefits from ADC. Furthermore, policymakers would be wise not to consolidate VA

Disability Compensation into ADC in order to avoid any concerns from the veteran population. VA Disability Compensation could retain its current structure of disbursing benefits exclusively to veterans with service-related disabilities. However, veterans who either have non-service-related disabilities or encounter issues proving their disability is service-related, which is an [issue for some applicants](#), could apply for ADC benefits instead.



AMERICAN  
DISABILITY  
COMPENSATION  
WASHINGTON, DC



*To:*

IRVING R. CITIZEN  
1212 YORBEN DRIVE  
POTRZEBIE, CA 90210

Open to start  
exploring your new  
ADC benefit payments.

American Disability Compensation presents a comprehensive solution to all the challenges outlined previously. ADC's proposed framework has straightforward eligibility requirements that are easy to comprehend. If a medical professional determines that an individual's disability would last at least one year and prevents them from earning a living wage, they qualify for the program. Furthermore, benefits would be universal, as in VA Disability Compensation, allowing any recipient wishing to pursue employment opportunities to do so without facing significant benefit reductions. The compensation structure (provided in Figure 3) is also simple as the SGA income threshold and the monthly benefits add up to 250% of the one-person

federal poverty line for each disability rating. In 2024, this is \$3,137.50 a month or \$37,650 annually, qualifying as a living wage in most U.S. states. Therefore, if a beneficiary works up to the SGA income threshold designated for their disability rating, which they are determined to be able to do by a medical professional, their combined earned income and ADC benefit would add up to a living wage, ensuring they have basic economic security. This structure tailors the program to meet the needs of all disabled individuals, including those with partial disabilities who do not qualify for the current programs, as well as guaranteeing those with severely debilitating conditions receive monthly payments at a living wage.



## EDGE CASES

ADC is poised to enhance the financial well-being of every American with a disability. However, there are two edge cases that need to be addressed. First, in ADC's proposed payment structure, the current SGA income threshold for non-blind disabilities (\$1,550 a month) is around the 50% disability rating with a corresponding benefit at 125% of the poverty line. Although this benefit is higher for all SSI beneficiaries and around the average benefit for SSDI, blind Americans could see a reduced benefit since their SGA limit is higher. To mitigate this concern, medical professionals could reevaluate the degree to which blindness affects work and give blind Americans a higher disability rating, resulting in a more adequate benefit.

In addition to this first concern, some SSDI beneficiaries could also see reductions in their monthly payments under ADC. Disabled Americans with extensive work histories could have larger SSDI payments than their potential ADC benefit. This would be particularly relevant for Americans who developed a disability near retirement age. To safeguard these recipients from any benefit reductions, anyone currently receiving SSDI and determined to have a disability rating of 50% or higher would continue to receive their SSDI payments if it exceeds their potential ADC benefit. By addressing these two cases, ADC would benefit all Americans with disabilities or, at a minimum, have no effect on their financial well-being.

# The impact of American Disability Compensation would be **undeniably profound** for disabled Americans and their families.

One crucial outcome of ADC would be a monumental reduction of poverty among disabled Americans. All adult beneficiaries with a 40% disability rating or higher would individually be at or above the poverty line in the proposed framework. Because the SGA income threshold at the 40% disability rating is below the non-blind SGA limit, the vast majority of SSDI and SSI recipients who fall below the poverty line would be lifted above it. Additionally, Americans with partial disabilities who engage in limited work could ascend above the poverty line once they receive their ADC benefit. The incomes of households with a disabled person would be increased considerably, elevating each family member's standard of living and boosting their participation in the economy. Finally, consolidating the current programs would reduce administrative costs, especially since there would be no need for any income data collection due to the universality of ADC benefits.



The proposed framework of American Disability Compensation offers a vast improvement over the status quo, guaranteeing economic security for millions of disabled Americans and their families. However, given the comprehensive nature of this overhaul, addressing potential concerns is essential to ensure the program's utmost success.



## POTENTIAL CONCERNS

Center Park housing residents protesting proposed Metro bus changes, Seattle, May 18, 1993. MOHAI, Seattle Post-Intelligencer.



## RETIREMENT

Retiring Americans typically receive benefits from Social Security Old Age Pension disbursed by the **Old Age and Survivors Insurance** (OASI) Trust Fund. Their payments are based on the same formula used for SSDI, and SSDI recipients have their benefits [converted to retirement benefits](#) when they reach old age. Additionally, individuals who do not qualify for Social Security Old Age Pension can receive SSI's elderly benefit equivalent to the monthly disability payment and subject to the same asset and income restrictions. With the introduction of ADC and the consequent elimination of SSDI and SSI, it becomes essential to address the transition for disabled

beneficiaries upon reaching retirement age. The following change should be made to ensure older Americans, especially those with disabilities, stay financially secure.



1

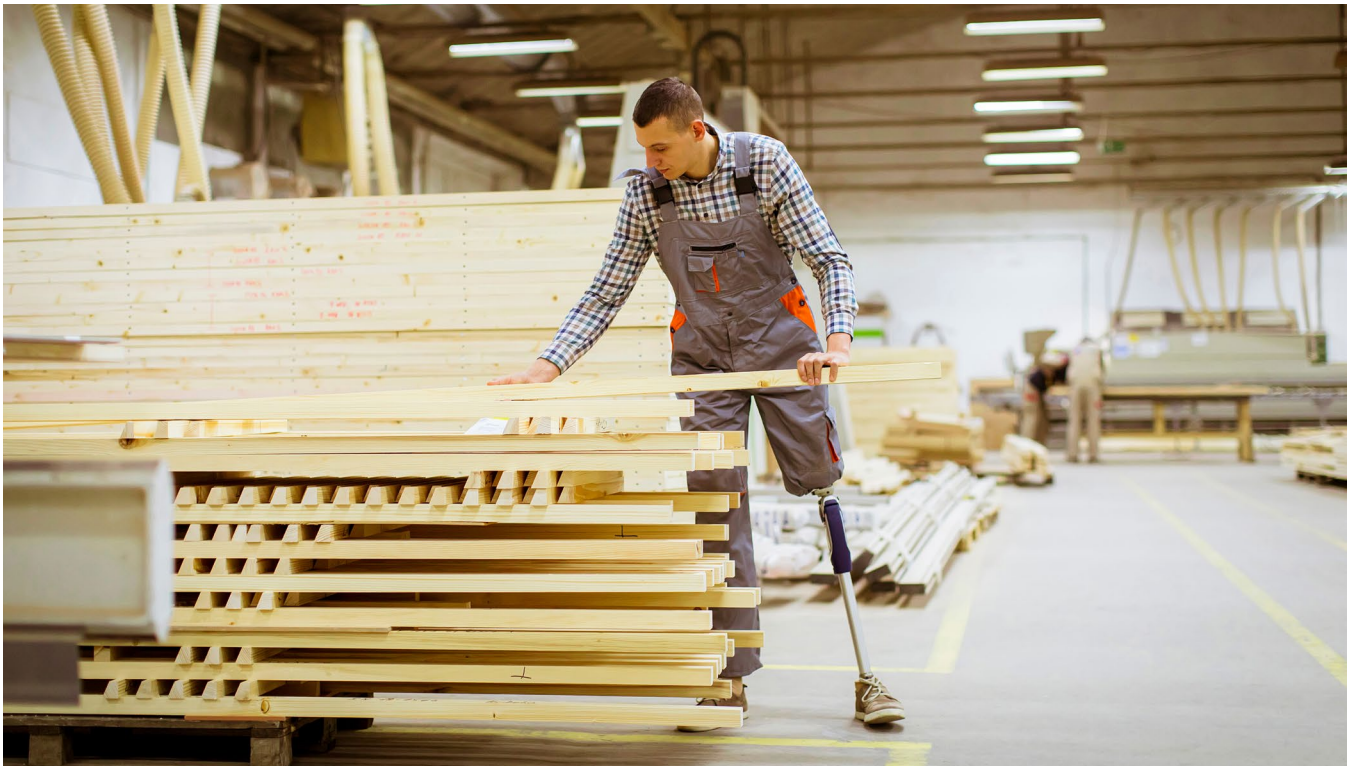
Allow ADC beneficiaries to maintain their disability payments after retirement.

Many disabled Americans, particularly those who developed an impairment at a young age, may have been denied the opportunity to accumulate sufficient earnings or work history to qualify for adequate retirement benefits. More significantly, reaching retirement age does not mean one's disability is resolved, as aging can often further the debilitating nature of one's impairment. Therefore, Americans receiving ADC benefits should be permitted to do so beyond retirement age if their ADC benefit exceeds their anticipated Social Security benefits using the current formula. Implementing this change would ensure that disabled Americans do not face a sudden reduction in their payments just because they reach old age.

2

Fully integrate SSI into Social Security by establishing a minimum retirement benefit.

Upon reaching 65 years of age and opting for retirement, Americans would be entitled to receive the greater of their retirement benefits as determined by the existing Social Security formula or the newly established minimum benefit. The minimum benefit would be fixed at 125% of the one-person federal poverty line. Additionally, the benefit would increase by 5% of the poverty line for each additional year of retirement, reaching a maximum of 150% if retirement occurs at age 70. All Americans, not just those with disabilities, would be able to receive the minimum benefit. However, disabled Americans can continue to receive their ADC monthly payments if they surpass the newly created minimum benefit as well as their retirement benefits calculated using the Social Security formula. Making these adjustments would reduce administration costs as SSI would be eliminated entirely and ensure all elderly Americans, including those with disabilities, are above the poverty line independently.



## UNEMPLOYMENT

It is not uncommon for Americans to develop a disability during their prime working years. For someone enduring a life-altering disability, the sudden reduction in income can plunge them into economic turmoil. The inception of ADC aims to address this by offering immediate support, ensuring those with a 100% disability rating receive a benefit equivalent to a living wage. However, if an individual was making \$75,000 a year and their income dropped to the maximum ADC benefit at \$37,650, they would still find themselves in a precarious financial position. Despite their income halving, their expenses would remain unchanged if not increased. A newly disabled

individual would still have to pay their rent or mortgage as well as meet their other basic expenses. Reworking someone's finances takes time, and those unable to bridge the gap during this tumultuous period risk facing financial ruin or worse. While unemployment insurance could offer some respite, the dire state of unemployment insurance in the United States leaves little hope that it would alleviate this issue. Therefore, to provide newly disabled individuals with the necessary breathing space to restructure their finances, the following reform should be implemented.



1

Allow newly disabled Americans to receive an enhanced unemployment benefit for one year.

Americans between the ages of 18 and 64 who suffer a life-altering disability, which would be determined as someone who qualifies for a disability rating of 70% or above, could receive a benefit equal to 90% of their prior-year earnings up to the national median household income instead of their potential ADC monthly payments. In 2022, the [household median income](#) was \$74,580. That means that the worker previously mentioned would receive 90% of their income, which is \$67,500. Such a benefit level would cover their existing expenses, affording them the essential time to navigate their financial situation before transitioning to a lower ADC benefit. Should their ADC benefit exceed 90% of their previous earnings, they can access their ADC benefit immediately.



## HEALTHCARE

Currently, SSDI and SSI recipients can gain access to Medicare and Medicaid, respectively. While SSDI beneficiaries must wait 29 months to receive Medicare (plus any time during the approval process) and Medicaid has some administrative challenges, both programs are crucial in providing basic healthcare services to disabled Americans. Additionally, Medicaid offers **long-term services and supports** (LTSS), which are vital to disabled Americans with daily needs, especially those who require at-home caregivers. With the elimination of both programs under ADC, the question arises: how will ADC recipients access healthcare? Ideally, the United States would adopt some

form of universal healthcare, rendering this issue moot. However, due to a lack of healthcare coverage comparable to other OECD nations, the following steps should be taken.



1

Enroll all ADC recipients in Medicare.

Even partially limiting disabilities can prevent disabled Americans from finding employment that provides healthcare coverage. To ensure every ADC beneficiary has basic healthcare coverage, they should be granted access to Medicare and all its covered benefits.

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2

Eliminate the categorical and financial requirements for receiving LTSS.

The current prerequisites for LTSS, including categorical, financial and functional status criteria, can prove burdensome and deny care to those in need. Therefore, individuals meeting functional status requirements for LTSS under current guidelines should receive services regardless of their income, assets, or other stipulations. This change ensures ADC beneficiaries requiring LTSS can access services without any issues.

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3

Allow states to offer full Medicaid coverage to Americans with high ADC disability ratings.

By enrolling all ADC recipients in Medicare, they are eligible to receive healthcare coverage for most of their needs. However, individuals who would have qualified for SSI could receive comprehensive healthcare coverage through Medicaid. While Medicare entails premiums, deductibles and co-payments, Medicaid imposes minimal cost-sharing. Therefore, states should redirect the revenue from granting Medicaid access to SSI recipients to ADC beneficiaries with higher disability ratings to ensure their healthcare needs are met without incurring Medicare's cost-sharing and, therefore, boosting their disposable income.

## CONCLUSION

**A**ERICAN DISABILITY COMPENSATION and its proposed framework would stand as an effective social insurance program dedicated to helping America's disabled population. ADC would resolve all of the issues plaguing SSDI and SSI, offering a streamlined eligibility process and a compensation structure designed to meet the diverse needs of disabled individuals. With ADC in place, poverty among disabled Americans would plummet while their incomes would be raised toward a living wage. Furthermore, by addressing a few edge cases and adapting other social programs to work in unison with ADC, disabled Americans would be guaranteed basic economic security in retirement, protection from a drastic income shock after becoming newly disabled and comprehensive healthcare coverage.

Undoubtedly, the recommendations in this paper would be extremely difficult to implement today, particularly given the current political landscape and the radical nature of this idea. However, ADC should stand as the ultimate goal, the endgame if you will, for what disability insurance in the United States should embody. While incremental reform will offer short-term relief, transitioning toward ADC's framework should be a priority for anyone committed to ensuring that Americans with disabilities can have a respectable livelihood.



# COLOPHON

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ABOUT	David Trimmer is a Policy Fellow at PolicyEngine and a contributor to the People’s Policy Project. He has previously worked as a Social Policy Intern for the Niskanen Center.	
SPECIAL THANKS	Matt Bruenig Will Raderman Jon White James Medlock	
DESIGNED BY	Jon White	<a href="http://jonwhitestudio.com">jonwhitestudio.com</a>
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