

APPLICATION OUTCOMES FOR DISABILITY BENEFITS

Railroad retirement employee disability awards are based either on total disability or on occupational disability. A total disability annuity is based on disability for all employment and is payable at any age to employees with at least 10 years of service. Employees with less than 10 years of railroad service, but at least 5 years of service after 1995, may qualify on the basis of total disability if they also meet certain social security earnings requirements.^a An employee is considered totally disabled if medical evidence shows that a permanent physical or mental condition exists which prevent the performance of any regular work. A condition is considered to be permanent if it has lasted or may be expected to last for at least 12 months.

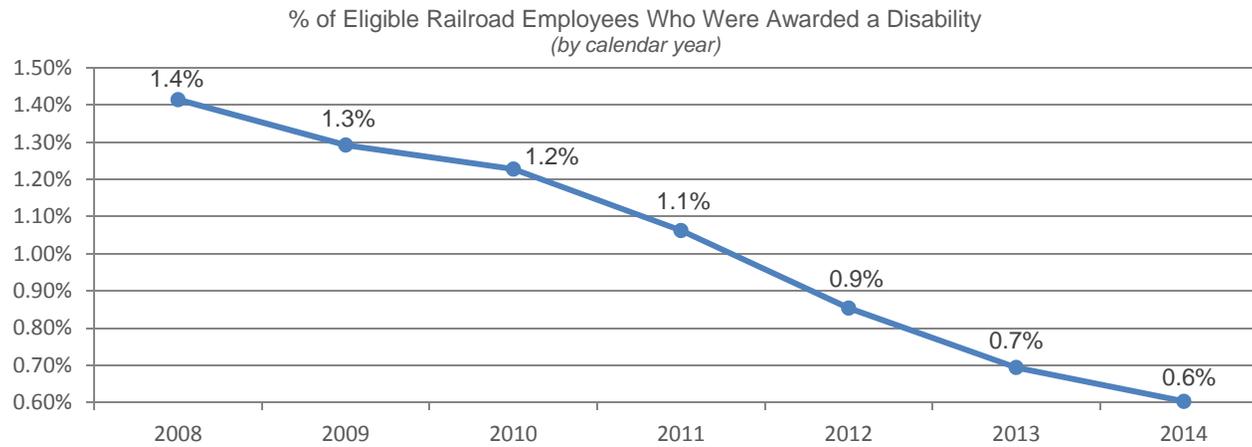
An occupational disability annuity is based on disability from the employee's regular railroad occupation and is payable to employees with a current connection with the rail industry at age 60, if the employee has 10 years of service, or at any age, if the employee has at least 20 years of service. An employee who worked for a railroad in at least 12 months in the 30 months immediately preceding the month his or her railroad retirement annuity begins will meet the current connection requirement. If an employee does not qualify for a current connection on this basis, but has 12 months of service in an earlier 30-month period, he or she may still meet the current connection requirement.^b An employee is considered occupationally disabled if medical evidence shows that a permanent physical or mental condition exists which prevents the performance of his or her regular railroad occupation. An employee considered occupationally disabled for work in his or her regular railroad occupation may be able to perform other kinds of work.

An application for an employee disability annuity is also an application for a period of disability, also known as a disability freeze, under the Social Security Act. The standards for disability freeze determinations follow social security law and are comparable to the criteria for total disability. Also, an employee granted a disability freeze may qualify for early Medicare coverage and lower Federal income taxes on his or her annuity.

For calendar year 2014, there were 270,500 active railroad employees of which 182,400 were eligible for a disability annuity on the basis of years of railroad service. Of these eligible employees, approximately 0.6 percent were awarded disability benefits. This percent of eligible employees awarded disability benefits has steadily decreased from 1.4 percent in calendar year 2008. The chart below displays this decline of eligible railroad employees who were awarded a disability.

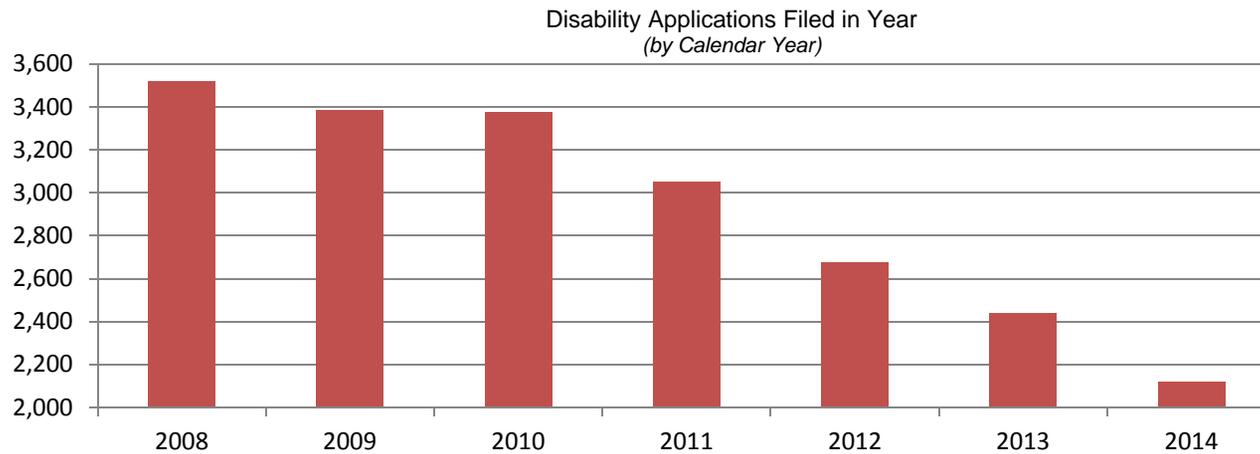
^a Ordinarily, a disability annuity is comprised of a Tier I component and a Tier II component. However, if a total disability annuity is payable to an employee with less than 10 years of service, the Tier II component is not payable until the employee attains age 62.

^b The current connection alternative generally applies if the employee did not have any regular employment outside the railroad industry after the end of the last 30-month period which included 12 months of railroad service and before the month the annuity begins or the date of death. Full or part-time work for a nonrailroad employer in the interval between the end of the last 30-month period including 12 months of railroad service and the month an employee's annuity begins, or the month of death if earlier, can break a current connection. For additional information on current connection see - https://www.rrb.gov/pdf/opa/pub_1511.pdf.



Source: Numbers provided by the Bureau of the Actuary. Data thru 2013 is from the April 2015 Retirement Master Benefit File. Data for 2014 is from the March 2016 Retirement Master Benefit File.

As illustrated by the chart below, disability applications have decreased from 3,519 applications filed in calendar year 2008 to 2,120 applications in calendar year 2014, almost a 40.0 percent decline.



Source: Table 1

Tables 1-4 provide data on the application outcomes for disability benefits at different levels of adjudication (initial, reconsideration, hearings and appeals, and above). These new tables are derived from the Application Tracking System which is maintained by the Office of Programs. Each year this report will be updated to include data from the previous year. The data in these tables is reported by the disability application filing year and includes decisions through the administrative appeals process. The administrative appeals process is defined as all adjudicative levels subsequent to the initial level. For this report's first year, the decisions are through April 14, 2016 for applications filed during calendar years 2008 through 2014.

Table 1: Outcomes of Disability Applications at All Adjudicative Levels
 Calendar Year of Applications, 2008-2014
 Workers

Calendar Year	Total Applications	Pending	Technical Denials ^b	Total Disability								Occupational Disability							
				Denials ^c	Allowances		Freeze Determinations for Allowances ^a				Denials ^c	Allowances		Freeze Determinations for Allowances ^a					
					Number	Rate ^d	Number	Percent ^e	Non-Freeze	Percent ^f		Number	Rate ^d	Number	Percent ^e	Non-Freeze	Percent ^f		
2008	3,519	0	19	159	1,074	87.1%	902	84.0%	172	16.0%	27	2,240	98.8%	1,752	78.2%	488	21.8%		
2009	3,383	0	20	145	1,153	88.8%	997	86.5%	156	13.5%	30	2,035	98.5%	1,655	81.3%	380	18.7%		
2010	3,372	0	27	157	1,191	88.4%	1,024	86.0%	167	14.0%	26	1,971	98.7%	1,621	82.2%	350	17.8%		
2011	3,050	0	25	176	1,090	86.1%	961	88.2%	129	11.8%	29	1,730	98.4%	1,422	82.2%	308	17.8%		
2012	2,675	0	13	166	949	85.1%	826	87.0%	123	13.0%	18	1,529	98.8%	1,320	86.3%	209	13.7%		
2013	2,440	2	15	155	915	85.5%	787	86.0%	128	14.0%	49	1,304	96.4%	1,100	84.4%	204	15.6%		
2014	2,120	15	33	188	779	80.6%	680	87.3%	99	12.7%	35	1,070	96.8%	892	83.4%	178	16.6%		

NOTES: Applications may be pending for recent years which will result in changes to decisions and rates.

- a. An application for an employee disability annuity is also an application for a period of disability, also known as a disability freeze, under the Social Security Act. The standards for disability freeze determinations follow social security law and are comparable to the criteria for total disability. Also, an employee granted a disability freeze may qualify for early Medicare coverage and lower Federal income taxes on his or her annuity. Pending, denied, and cancelled disability freeze applications are included as non-freeze determinations.
- b. Applications were denied for non-medical reasons.
- c. Applications were denied for not meeting the medical criteria for disability.
- d. Yearly allowance rates (percent) are determined by dividing medical allowances by all medical decisions. Medical decisions are the sum of denials plus allowances.
- e. Freeze percents are determined by dividing freeze decisions by associated allowance decisions.
- f. Non-freeze percents are determined by dividing non-freeze decisions by associated allowance decisions.

SOURCE: Railroad Retirement Board, Application Tracking System. Decisions through April 14, 2016.

Table 2: Outcomes of Disability Applications at the Initial Adjudicative Level
 Calendar Year of Applications, 2008-2014
 Workers

Calendar Year	Total Applications	Pending	Technical Denials ^b	Total Disability								Occupational Disability							
				Denials ^c	Allowances		Freeze Determinations for Allowances ^a		Non-Freeze		Denials ^c	Allowances		Freeze Determinations for Allowances ^a		Non-Freeze			
					Number	Rate ^d	Number	Percent ^e	Number	Percent ^f		Number	Percent ^e	Number	Percent ^f				
2008	3,519	0	19	330	903	73.2%	781	86.5%	122	13.5%	48	2,219	97.9%	1,740	78.4%	479	21.6%		
2009	3,383	0	20	332	966	74.4%	853	88.3%	113	11.7%	39	2,026	98.1%	1,651	81.5%	375	18.5%		
2010	3,372	0	27	333	1,015	75.3%	896	88.3%	119	11.7%	36	1,961	98.2%	1,615	82.4%	346	17.6%		
2011	3,050	0	25	317	949	75.0%	858	90.4%	91	9.6%	43	1,716	97.6%	1,412	82.3%	304	17.7%		
2012	2,675	0	13	265	850	76.2%	758	89.2%	92	10.8%	28	1,519	98.2%	1,313	86.4%	206	13.6%		
2013	2,440	2	15	251	819	76.5%	721	88.0%	98	12.0%	74	1,279	94.5%	1,095	85.6%	184	14.4%		
2014	2,120	15	33	229	738	76.3%	657	89.0%	81	11.0%	37	1,068	96.7%	890	83.3%	178	16.7%		

NOTES: Applications may be pending for recent years which will result in changes to decisions and rates.

a. An application for an employee disability annuity is also an application for a period of disability, also known as a disability freeze, under the Social Security Act. The standards for disability freeze determinations follow social security law and are comparable to the criteria for total disability. Also, an employee granted a disability freeze may qualify for early Medicare coverage and lower Federal income taxes on his or her annuity. Pending, denied, and cancelled disability freeze applications are included as non-freeze determinations.

b. Applications were denied for non-medical reasons.

c. Applications were denied for not meeting the medical criteria for disability.

d. Yearly allowance rates (percent) are determined by dividing medical allowances by all medical decisions. Medical decisions are the sum of denials plus allowances.

e. Freeze percents are determined by dividing freeze decisions by associated allowance decisions.

f. Non-freeze percents are determined by dividing non-freeze decisions by associated allowance decisions.

SOURCE: Railroad Retirement Board, Application Tracking System. Decisions through April 14, 2016.

Table 3: Outcomes of Disability Applications at the Reconsideration Adjudicative Level
 Calendar Year of Applications, 2008-2014
 Workers

Calendar Year	Total Applications	Pending	Total Disability								Occupational Disability							
			Denials ^b	Allowances		Freeze Determinations for Allowances ^a				Denials ^b	Allowances		Freeze Determinations for Allowances ^a					
				Number	Rate ^c	Number	Percent ^d	Number	Percent ^e		Number	Percent ^d	Number	Percent ^e				
2008	270	0	184	60	24.6%	50	83.3%	10	16.7%	13	13	50.0%	7	53.8%	6	46.2%		
2009	266	1	192	59	23.5%	47	79.7%	12	20.3%	8	6	42.9%	3	50.0%	3	50.0%		
2010	242	0	183	40	17.9%	35	87.5%	5	12.5%	13	6	31.6%	4	66.7%	2	33.3%		
2011	235	1	172	41	19.2%	33	80.5%	8	19.5%	16	5	23.8%	3	60.0%	2	40.0%		
2012	188	0	149	25	14.4%	22	88.0%	3	12.0%	9	5	35.7%	3	60.0%	2	40.0%		
2013	215	2	141	30	17.5%	20	66.7%	10	33.3%	33	9	21.4%	1	11.1%	8	88.9%		
2014	166	31	98	19	16.2%	9	47.4%	10	52.6%	17	1	5.6%	1	100.0%	0	0.0%		

NOTES: Applications may be pending for recent years which will result in changes to decisions and rates.

a. An application for an employee disability annuity is also an application for a period of disability, also known as a disability freeze, under the Social Security Act. The standards for disability freeze determinations follow social security law and are comparable to the criteria for total disability. Also, an employee granted a disability freeze may qualify for early Medicare coverage and lower Federal income taxes on his or her annuity. Pending, denied, and cancelled disability freeze applications are included as non-freeze determinations.

b. Applications were denied for not meeting the medical criteria for disability.

c. Yearly allowance rates (percent) are determined by dividing medical allowances by all medical decisions. Medical decisions are the sum of denials plus allowances.

d. Freeze percents are determined by dividing freeze decisions by associated allowance decisions.

e. Non-freeze percents are determined by dividing non-freeze decisions by associated allowance decisions.

SOURCE: Railroad Retirement Board, Application Tracking System. Decisions through April 14, 2016.

Table 4: Outcomes of Disability Applications at the Hearings and Appeals or Above Adjudicative Levels
 Calendar Year of Applications, 2008-2014
 Workers

Calendar Year	Total Applications	Pending	Total Disability								Occupational Disability					
			Denials ^b	Allowances		Freeze Determinations for Allowances ^a				Denials ^b	Allowances		Freeze Determinations for Allowances ^a			
				Number	Rate ^c	Number	Percent ^d	Number	Percent ^e		Number	Rate ^c	Number	Percent ^d	Number	Percent ^e
2008	137	2	16	111	87.4%	71	64.0%	40	36.0%	0	8	100.0%	5	62.5%	3	37.5%
2009	155	2	22	128	85.3%	96	75.0%	32	25.0%	0	3	100.0%	1	33.3%	2	66.7%
2010	159	2	16	136	89.5%	93	68.4%	43	31.6%	1	4	80.0%	2	50.0%	2	50.0%
2011	134	3	20	100	83.3%	70	70.0%	30	30.0%	2	9	81.8%	7	77.8%	2	22.2%
2012	104	8	17	74	81.3%	46	62.2%	28	37.8%	0	5	100.0%	4	80.0%	1	20.0%
2013	131	23	25	66	72.5%	46	69.7%	20	30.3%	1	16	94.1%	4	25.0%	12	75.0%
2014	79	46	7	22	75.9%	14	63.6%	8	36.4%	3	1	25.0%	1	100.0%	0	0.0%

NOTES: Applications may be pending for recent years which will result in changes to decisions and rates.

a. An application for an employee disability annuity is also an application for a period of disability, also known as a disability freeze, under the Social Security Act. The standards for disability freeze determinations follow social security law and are comparable to the criteria for total disability. Also, an employee granted a disability freeze may qualify for early Medicare coverage and lower Federal income taxes on his or her annuity. Pending, denied, and cancelled disability freeze applications are included as non-freeze determinations.

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