

## *Denial of SSI Applications Because of Excess Resources*

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To receive payments under the Supplemental Security Income (SSI) program, certain eligibility requirements must be met. One requirement places a limit on the value of "countable resources" of an individual or a couple. Resources are defined in the regulations as cash and any other personal property, as well as any real property, that an individual:

- owns;
- has the right, authority, or power to convert to cash; and
- is not legally restricted from using for his/her support and maintenance.

The Social Security Act provides that certain items will not be considered in whole or in part in determining whether resources are within the limits. These exclusions include the person's primary residence, one automobile, burial spaces and funds, household goods, and certain other items.<sup>1</sup> All other resources are "counted" against the limit. During the study period (1989), the countable resource limits were \$2,000 for an individual and \$3,000 for a couple.<sup>2</sup>

Resources are determined to be either liquid or nonliquid. Liquid resources are in the form of cash or in any other form that can be converted to cash within 20 workdays. Nonliquid resources are those which cannot be converted to cash within 20 workdays.

Currently, little is known about applicants who are denied SSI payments because of excess countable resources or about the resources they own. The purpose of this note is to

discuss the types and amounts of countable resources held by persons who were denied payments because of excess resources. Also discussed are the proportions of denied applicants disposing of their resources within 1 year, thus becoming eligible for SSI payments.

### *Methodology*

Information used in this study comes from the Supplemental Security Record (SSR)—the principal computer file used to administer the SSI program. A universe of 12,860 cases was selected from those applicants receiving a denial notification because of excess resources between October and December 1989. The study was limited to those cases denied solely for excess resources and 1,530 were dropped because the applicant also had excess income. From the remaining 11,330, a 10-percent sample was selected based on the 8th and 9th digits of the Social Security number. Claims folders were requested for the 1,133 sample cases. However, only 974 folders were received from the SSA field offices. An additional 70 folders were then excluded from the study because of insufficient information, or because the person was also ineligible for reasons other than excess resources.

The final study file contained 904 cases drawn during the last quarter of 1989. The SSR was again used to determine whether or not these denied applicants became eligible at a later date. Each case represented either an individual or a couple. Couples were included if the account number of the first person fell within the sample frame. In the case of couples, total resources owned by the couple are

included in the study. Data in the study are based on the 904 cases, and are inflated to the universe representing the entire year. The resulting inflated universe count is 43,392 for calendar year 1989.

### *Data Limitations*

There are two data limitations to the information gathered for this study. First, not all persons who entered a field office to file for SSI payments are included. The study universe is limited to those who filed an application. Others may have been discouraged from filing when the limitation on resources became evident early in the application process. Second, the amount of information contained in the study file on resources may be limited, depending on the value of the largest resource. If the application process disclosed a resource that was, by itself, above the limit, further development tended to be curtailed and little information was provided on other resources.<sup>3</sup> As a result, information on the total number of resources held by each applicant and the value of these resources was sometimes not reported.

### *Applications Denied*

During 1989, an estimated 43,392 applications for SSI payments were denied because of excess countable resources. Of these, 27,360 (63 percent) were for persons applying for SSI payments on the basis of blindness or disability (table 1). For the purpose of this note, data for those two eligibility categories, blind and disabled, are combined. The remaining 16,032 applications (37 percent) were based on age. Of all claims for SSI

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Table 1.—Percentage distribution of applicants initially denied SSI payments because of countable resources, by type of applicant and reason for eligibility, 1989

Applicant	Total		Reason for eligibility	
	Number	Percent	Aged	Blind and disabled
Total .....	43,392	100.0	36.9	63.1
Individuals.....	25,680	100.0	46.0	54.0
Individuals with—				
Ineligible spouse .....	11,808	100.0	14.2	85.8
Eligible spouse .....	4,560	100.0	55.8	44.2
Children .....	1,344	100.0	0	100.0

filed in 1989. 83 percent were based on blindness and disability and the remaining 17 percent were based on age.

Individuals with spouses are more likely to be denied SSI payments because of excess resources than are unmarried individuals. The following tabulation shows the percentage distribution of applicants denied payments because of excess resources compared with that of total applications submitted:

Applicants	All applications	Denied for excess resources
Individuals	67	59
Couples—		
Ineligible spouse	17	27
Eligible spouse	7	11
Children	9	3

**Aged Applicants**

The 16,032 aged applicants who were denied SSI payments because of excess resources had assets with a mean value of \$10,500 (table 2). The most common liquid resource was a bank account or other noncash liquid resources: 87 percent of the aged had such noncash liquid resources. The mean value of the accounts was about \$6,300. Only 17 percent of the bank accounts were for \$10,000 or more (table 3). One in three aged applicants also reported some cash on hand at the time of application. The average amount was very small—about \$100.

The most frequent nonliquid resource

owned by the aged was real property. About 30 percent owned some type of real property other than their primary residence. Such property included farmlands, plots, trailer homes, apartments, and business or residential buildings. The mean equity value of these real properties was about \$13,000. About 41 percent of the aged had equity of \$10,000 or more.

Although real property was the most frequently owned nonliquid resource, substantial groups of aged applicants

owned countable vehicles or insurance policies. About 11 percent had countable resources from second vehicles. The mean current market value of those vehicles was \$3,200; about 42 percent of the applicants owned vehicles valued at an amount more than the limit, which is \$2,000 for individuals and \$3,000 for couples.<sup>4</sup> About 13 percent of the aged applicants had insurance policies with some cash surrender value. The mean cash surrender value was about \$2,500.

**Blind and Disabled Applicants**

Blind and disabled applicants who were denied payments because of excess resources had more resources than the aged. They owned countable resources with a mean value of \$16,900 (table 2). In comparison, the amount was only \$10,500 for the aged.

Like the aged, the most frequent liquid resource owned by the blind and disabled was a bank account and/or

Table 2.—Percentage distribution of applicants initially denied SSI payments because of excess countable resources, by type of applicant and type and mean value of resources<sup>1</sup>, 1989

Type of resource	Total applicants	Mean value of resources
		Aged
Total .....	16,032	\$10,542
Liquid resources:		
Cash .....	34.4	118
Bank accounts and other .....	87.4	6,277
Nonliquid resources:		
Property <sup>2</sup> .....	29.9	12,846
Vehicle <sup>3</sup> .....	11.4	<sup>4</sup> 3,158
Insurance <sup>5</sup> .....	13.2	<sup>4</sup> 2,449
Other .....	24.8	6,167
	Blind and disabled	
Total .....	27,360	\$16,880
Liquid resources:		
Cash .....	36.7	105
Bank accounts and other .....	84.2	8,405
Nonliquid resources:		
Property <sup>2</sup> .....	32.3	18,665
Vehicle <sup>3</sup> .....	17.9	4,702
Insurance <sup>5</sup> .....	14.6	9,634
Other .....	27.9	8,491

<sup>1</sup> Applicants can own more than one resource.

<sup>2</sup> Current market value of the property minus outstanding mortgage.

<sup>3</sup> Current market value.

<sup>4</sup> Dollar averages are based on fewer than 50 cases.

<sup>5</sup> Cash surrender value.

Table 3.—Percentage distribution of applicants initially denied SSI payments because of excess resources, by type of applicant and type and amount of resources, 1989

Type of resource	Total		Amount of resources				
	Number	Percent	Less than \$1,000	\$1,000-\$1,999	\$2,000-\$3,999	\$4,000-\$9,999	\$10,000 or more
<b>Aged</b>							
Liquid resources:							
Cash .....	5,520	100.0	100.0	0	0	0	0
Bank accounts .....	14,016	100.0	17.5	14.7	31.9	18.8	17.1
Nonliquid resources:							
Property <sup>1</sup> .....	4,800	100.0	6.0	1.0	24.0	28.0	41.0
Vehicle <sup>2</sup> .....	1,824	100.0	<sup>3</sup> 44.7	<sup>3</sup> 13.2	<sup>3</sup> 18.4	<sup>3</sup> 21.1	<sup>3</sup> 2.6
Insurance <sup>4</sup> .....	2,112	100.0	<sup>3</sup> 27.3	<sup>3</sup> 34.1	<sup>3</sup> 25.0	<sup>3</sup> 11.4	<sup>3</sup> 2.2
Other .....	3,984	100.0	18.1	32.5	25.3	18.1	6.0
<b>Blind and disabled</b>							
Liquid resources:							
Cash .....	9,216	100.0	100.0	0	0	0	0
Bank accounts .....	23,040	100.0	20.2	9.4	27.3	22.9	20.2
Nonliquid resources:							
Property <sup>1</sup> .....	8,832	100.0	.5	3.3	15.8	26.6	53.8
Vehicle <sup>2</sup> .....	4,896	100.0	30.5	15.7	18.6	23.5	11.7
Insurance <sup>4</sup> .....	3,984	100.0	20.5	14.4	18.1	24.1	22.9
Other .....	7,632	100.0	12.6	11.3	22.6	31.5	22.0

<sup>1</sup> Current market value of the property minus outstanding mortgage.

<sup>2</sup> Current market value.

<sup>3</sup> Total represents fewer than 50 cases.

<sup>4</sup> Cash surrender value.

another form of noncash liquid, such as mortgages, stocks, or bonds (84 percent). Of the 27,360 blind and disabled applicants with liquid resources, the mean value of these accounts was about \$8,400. Only 20 percent of the bank accounts were \$10,000 or more (table 3). Slightly more than one-third of this group also had a very small amount of cash; the mean amount was about \$100.

Also like the aged applicants, the most common nonliquid resource owned by this group was real property other than their own primary residence. Nearly one-third in this group owned some type of property. The mean equity value was about \$18,700. More than one-half of the real properties had a value of \$10,000 or more.

Ownership of vehicles and life insurance policies also played a significant role in resource denials among blind and disabled applicants. Nearly one-fifth owned vehicles in addition to the one excludable automobile. The mean current market value of these vehicles was also

significantly higher than the value of vehicles owned by aged applicants—\$4,700 versus \$3,200. Approximately 12 percent of the vehicles had a value of \$10,000 or more. About 15 percent of the applicants in this group had insurance policies; the mean cash surrender value of these policies was about \$9,600.

### Resource Limits

The resources of most denied applicants were well above the limits. Overall, about 80 percent of the denials were more than \$1,000 above the limit; about 31 percent were more than \$10,000 over the limit. Aged applicants were closer to the limits than were blind and disabled applicants (table 4). About 26 percent of the aged had resources that were over the limits by less than \$1,000. In comparison, only about 16 percent of the blind and disabled denials were within \$1,000 of the limit. Similarly, only 24 percent of the aged reported to own resources valued at \$10,000 or more over the

limit. For the blind and disabled, this figure was 36 percent.

Persons applying for SSI as individuals were closer to the limit than were couples, particularly among aged applicants. Of the 11,808 individual aged claims, almost 29 percent had marginal resources that amounted to less than \$1,000 over the limit (\$2,000). In comparison, among aged couple claims, only 17 percent had resources that were less than \$1,000 over the limit of \$3,000. Of the 15,216 individual blind and disabled claims (including children), 17 percent had resources that amounted to less than \$1,000 over the limit. Among the blind and disabled couples, the figure was about 15 percent.

### Spending Down

Some applicants who were denied payments because of excess resources during October-December 1989 became eligible for SSI at a later date by spending down their resources. To identify these applicants, records were matched against SSI program files in

June 1990 and again in December 1990. Overall, of the 43,392 applicants, 5,088 (about 12 percent) had become eligible by June. By December, 17 percent had become eligible. June represents a 6-8 month wait from the time of the original month of denial, and December represents a 12-14 month wait.

Aged applicants were more likely to spend down their resources than were the blind and disabled. Of the 16,032 aged applicants initially denied because their resources exceeded the limit, 28 percent disposed of their excess resources and became eligible for SSI payments by December 1990 (table 5). It comes as no surprise that the percentage of applicants who spend down is much higher where the original amount of resources was low. Of the aged applicants who were within \$1,000 of the limit, 40 percent became eligible for SSI by December 1990.

Fewer blind and disabled applicants (11 percent) disposed of their resources to become eligible for SSI by December 1990 (table 5). The percentages of the aged who spent down were higher where the original excess amounts were marginal. About 23 percent of the blind and disabled who had excess resources within \$1,000 of the limits spent down by the end of the year.

There was also some variation between the aged and the blind and disabled by type of filing unit. Aged individuals (29 percent) and aged couples (24 percent) were the units most likely to spend down and become eligible. Blind and disabled individuals with ineligible or eligible spouses (6 percent) were least likely to spend down. The percentages of those who disposed of their excess resources by December 1990 by type of claim are given in table 6.

### Conclusion

During 1989, approximately 43,000 SSI applications were denied solely because countable resources exceeded \$2,000 for an individual or \$3,000 for a couple. Two-thirds of the denials were for blind and disabled applicants

Table 4.—Percentage distribution of applicants initially denied SSI payments because of excess resources, by amount exceeding the limit, 1989

Amount exceeding limit	Applicants		
	Total	Individuals <sup>1</sup>	Couples <sup>2</sup>
	Aged		
Total number.....	16,032	11,808	4,224
Total percent.....	100.0	100.0	100.0
Less than \$1,000.....	26.0	29.3	17.1
\$1,000-\$1,999.....	12.4	15.0	4.5
\$2,000-\$3,999.....	17.4	17.9	15.9
\$4,000-\$9,999.....	20.6	19.5	23.9
\$10,000 or more.....	23.6	18.3	38.6
	Blind and disabled		
Total number.....	27,360	15,216	12,144
Total percent.....	100.0	100.0	100.0
Less than \$1,000.....	16.3	17.4	15.0
\$1,000-\$1,999.....	10.0	10.7	9.1
\$2,000-\$3,999.....	16.2	18.3	13.4
\$4,000-\$9,999.....	21.9	24.0	19.4
\$10,000 or more.....	35.6	29.6	43.1

<sup>1</sup> Includes children.

<sup>2</sup> Includes individuals with ineligible and eligible spouses.

Table 5.—Percentage distribution of applicants initially denied SSI payments in 1989, by amount of resources exceeding the limit and percent of those who disposed of their countable resources and became eligible during 1990

Amount exceeding limit	Total applicants	Percent who became eligible in—	
		June 1990	December 1990
	Aged		
Total.....	16,032	17.4	27.5
Less than \$1,000.....	4,146	24.1	40.2
\$1,000-\$1,999.....	1,968	<sup>1</sup> 22.0	<sup>1</sup> 31.7
\$2,000-\$3,999.....	2,784	19.0	24.1
\$4,000-\$9,999.....	3,312	15.9	26.1
\$10,000 or more.....	3,792	8.3	15.2
	Blind and disabled		
Total.....	27,360	8.2	11.1
Less than \$1,000.....	4,464	18.3	22.6
\$1,000-\$1,999.....	2,736	7.0	8.8
\$2,000-\$3,999.....	4,416	6.5	12.0
\$4,000-\$9,999.....	6,000	7.2	16.8
\$10,000 or more.....	9,744	4.5	7.4

<sup>1</sup> Based on fewer than 50 cases.

Table 6.—Percentage distribution of those applicants initially denied SSI payments in 1989 because of excess resources and who subsequently spent down and became eligible by December 1990

Type of applicant	All denials	Aged	Blind and disabled
Total.....	17.1	27.5	11.1
Individuals.....	21.3	28.9	15.4
Couples.....	10.3	23.9	5.5

and one-third was for the aged. Approximately 90 percent of the denials occurred because at least one resource exceeded the limits. Typically, the resource value of real property or bank accounts was responsible for the denials. Approximately 84 percent of the aged and 80 percent of the blind and disabled had bank accounts. The ownership of real property was the next major reason for denial. Nearly one-third of the applicants in both categories owned some type of property other than their primary residences. The mean value of properties owned by the aged was \$13,000; the blind and disabled owned property with a mean value of nearly \$19,000.

Most of the persons denied were well above the limit, primarily because of the value of countable real property. About 12 percent of the denied applicants spent their resources down within 6-8 months of the denial and received SSI payments. An additional 5 percent took 12-14 months to spend down. The rate of spend down was much lower for the blind and disabled (11 percent) than it was for the aged (28 percent).

### *Notes*

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<sup>1</sup> Other exclusions are certain real property, property essential to self-support, resources set aside as part of a plan to achieve self-support, certain stock in Alaska regional or village corporations, Federal disaster assistance, retroactive Social Security and SSI payments, and housing assistance.

<sup>2</sup> In addition to the overall resource limits, there are also limits to the value of some exclusions, such as burial funds and life insurance.

<sup>3</sup> This is consistent with current operating procedures that curtail verification of resources in certain instances.

<sup>4</sup> Dollar averages based on fewer than 50 cases.