



The Student Loan Borrower Assistance Project (SLBA) is a program of the [National Consumer Law Center](#) (NCLC).

POLICY BRIEF

Disability Discharges

Problems with Current Disability Discharge and Possible Solutions:

1. The Department of Education's (ED) current definition of "total and permanent disability" is much more restrictive than other federal programs such as Social Security. As a result, very seriously disabled borrowers are often denied discharges. Just a few recent examples:
 - A 45 year old single mother in Georgia went to nurse's aide school and worked for 10 years. She since became severely disabled, with problems including: AIDS, insulin-dependent diabetes, high blood pressure, and severe depression. Her physician certified that she was totally and permanently disabled based on these conditions and her application for discharge was denied. (She was approved for SSI based on disability).
 - A 78 year old woman in New Mexico is legally blind and suffers from severe arthritis. Her doctor signed the disability discharge form, but ED denied her application. Her Social Security is being offset.
 - An elderly man in Colorado took out a student loan in 1982 to attend travel marketing school. He attended for one semester. He now has terminal cancer and is suicidal. His application for a disability discharge, signed by a physician, was denied.

2. The disability discharge system is unfairly burdensome for borrowers.

Many severely disabled borrowers are disqualified from receiving discharges due to an arbitrary and burdensome evaluation system. Common problems include:

- Repeated requests for information from doctors, often with very short time lines.
 - Arbitrary denials.
 - Inadequate information about reasons for denials.
3. **High reinstatement rate after borrowers receive conditional or final discharges.**

Possible Solutions:

Tie the disability standard to the standard used by the Social Security Administration or Veterans Affairs.

Consider evidence of eligibility for Social Security or V.A. benefits to raise a rebuttable presumption of eligibility for DOE discharge.

A 2008 law included some improvements, including tying the student loan disability determination to eligibility for V.A. disability benefits. This should be very helpful for disabled veterans. Congress should now act to extend the same benefits to Social Security recipients. The Department should also monitor the new system for veterans to make sure it is effective.

Doctors should be given reasonable time deadlines to respond to requests for additional information. Borrowers should also be informed when their applications are being held up due to a doctor's failure to respond.

The Department should also provide borrowers with reasons for denials and information about how to appeal.

The Department has created new letters that address many of these concerns. It is important to monitor the Department and its contractors to make sure that they are using the new and improved letters and that they are following up when borrowers have questions or complaints.

The Department should simplify the post-discharge verification process. Among other changes, the Department should accept Social Security statements to verify annual income during the three year reinstatement period.

For more information, please contact:

Deanne Loonin

National Consumer Law Center

617/542-8010

dloonin@nclc.org