Return-to-Work Outcomes Among Social Security Disability Insurance Program Beneficiaries

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Motivation

- **Social Security Disability Insurance (DI)**
  - Largest federal income support program for working-age people with disabilities
  - 9.8 million beneficiaries in 2011

- DI trust fund expected to be exhausted in 2016

- There is strong interest in promoting employment among DI beneficiaries

- Policymakers need more information on what factors are associated with return-to-work
Motivation (cont’d)

- Employment rates among DI beneficiaries have remained consistently low over the years
- Recent findings suggest a longitudinal perspective provides a more positive picture of return-to-work efforts among DI beneficiaries
- In this paper, we take a longitudinal view of what factors influence return-to-work outcomes among DI beneficiaries
Research Question

- How are beneficiary characteristics and local economic conditions associated with achievement of return-to-work outcomes among DI beneficiaries?

- We specifically focus on
  - Age and impairment type
  - State unemployment rate and other state-level effects
  - Timing of award
Data Sources

- Administrative records from
  - Social Security Administration (SSA)
  - Rehabilitation Services Administration (RSA)
- Disability Analysis File 2009 from SSA
- RSA-911 files from RSA
- Monthly state unemployment rates from the Bureau of Labor Statistics
Study Population and Study Period

- Working-age new DI awardees from January 1996 to December 2004
- Analysis sample excluded beneficiaries
  - Younger than 18 in December 2004
  - Older than full retirement age in January 1996
  - Who died or reached age 65 within five years of award
- 10 percent sample of over 4 million beneficiaries
- Five year follow-up period after DI award
  - 1996 cohort: followed up through 2001
  - 2004 cohort: followed up through 2009
Outcomes: Return-to-Work Milestones in Five Years Following DI Award

- **Service enrollment**
  - Enrollment in services from state vocational rehabilitation agency (SVRA) or employment network (EN)
- **Trial work period (TWP) start**
- **TWP completion**
- **Suspension or termination due to work (STW)**
New DI Awardees 1996–2004: Achievement of Milestones by Age
New DI Awardees 1996–2004: Achievement of Milestones by Impairment Type

Note: Because administrative data are incomplete with respect to the TWP start month the estimated percentages for TWP completion might be higher than that for TWP start.
Multivariate Analysis: Linear Probability Model

\[ Y_i = \alpha_i + \beta'X_i + \gamma'State_i + \delta'Month_i + \epsilon_i \]

- \( Y_i \) is a 0/1 variable for whether the milestone was reached within five years after DI award
- \( X_i \) is a set of beneficiary characteristics
  - Age, impairment type, sex, race/ethnicity, education level, monthly DI benefit, adjudicative level, number of dependents, SSI recipient status, Medicare eligibility, DAC and DWB status, state unemployment rate, and percentage change in state unemployment rate
- \( State_i \) is a set of state dummy variables
- \( Month_i \) is a set of award-month dummy variables
Likelihood of Achieving Milestones

- Probability of achieving milestones increases with
  - Sensory impairments
  - Being black
  - Years of education
  - DI award at initial adjudication level

- Probability of achieving milestones decreases with
  - Age
  - Back and other musculoskeletal disorders
  - Monthly DI benefit
  - Receipt of SSI benefits
  - Medicare eligibility at award
  - DAC status
  - Increase in state unemployment rate
Coefficients on State Indicators

- Coefficients on state indicators show large variation across state of residence at award and return-to-work outcomes.

- The state coefficients for STW, TWP completion, and service enrollment roughly maintain the same rank-order.

- There is considerably more variation in state coefficients on service enrollment compared to the other milestones.
Award-month coefficients capture unobserved factors affecting behavior among beneficiaries who enter DI at different points in time
- Changes in policy over time
- Changes in the composition of new awardees in terms of unobserved characteristics

Recall we account for several beneficiary characteristics, state level economic conditions, and other fixed state conditions
Coefficients on Award Month Indicators (cont’d)

-4%
-2%
0%
2%
4%

Six-month moving average

STW

Coefficients on Award Month Indicators (cont’d)

Six-month moving average

TWP Start

TWP Completion

STW
Younger beneficiaries substantially more likely to achieve return-to-work milestones

Beneficiaries with sensory impairments have highest likelihood of achieving all milestones; those with back and other musculoskeletal disorders show the lowest two likelihoods

Differences across age and impairment persist after accounting for other characteristics

Large variation in the relationship between state of residence and return-to-work outcomes

Timing of award may be capturing unobserved beneficiary characteristics
Policy Issues

- Should SSA direct efforts to help beneficiaries return to work toward recent awardees under age 40?
- Should return-to-work initiatives be tailored according to impairment type?
- Should efforts to slow entry via early intervention focus on those most likely to achieve the return-to-work milestones under current law?
- How does availability of other benefits and services affect return-to-work efforts of DI beneficiaries?
- What factors explain variation across states and time?
For More Information

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