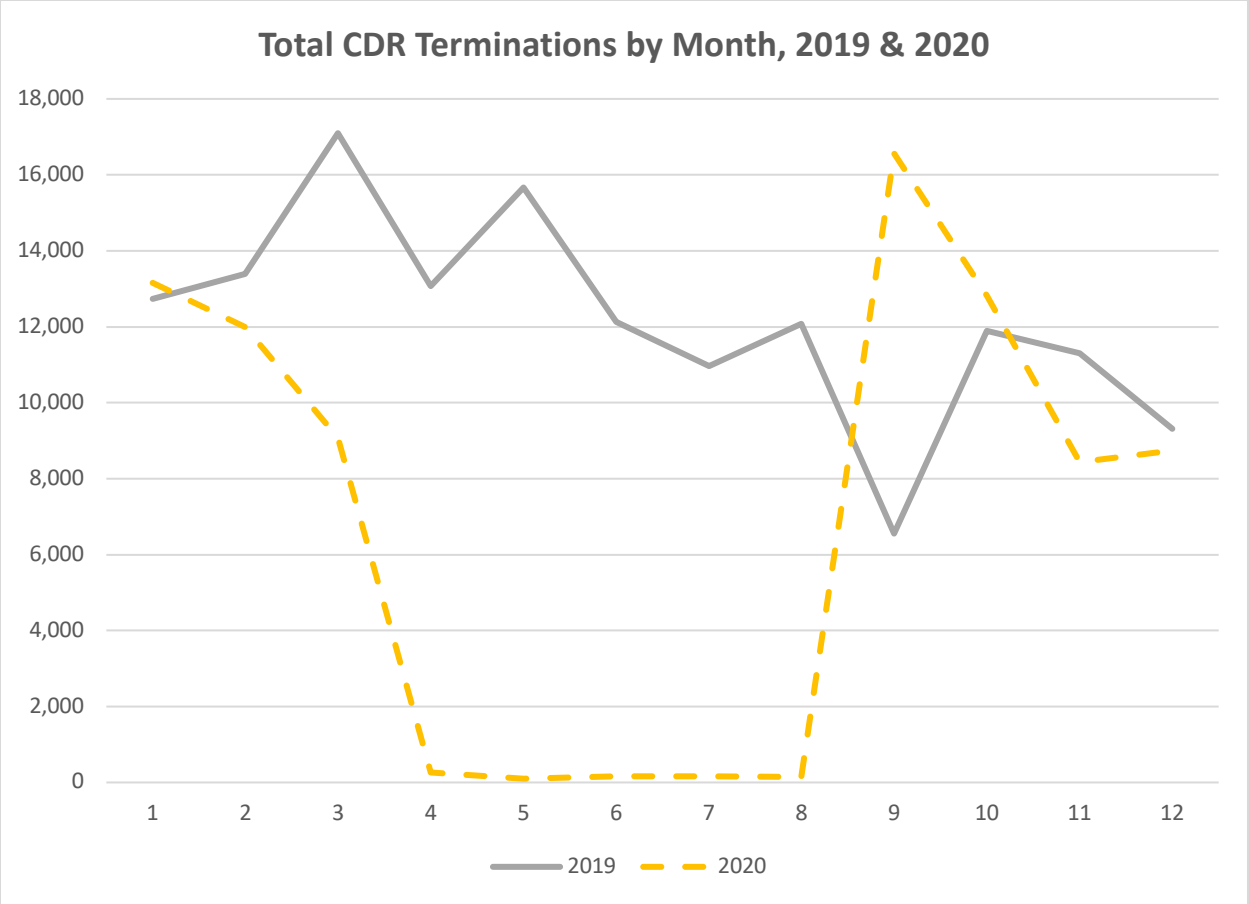
How do economic conditions affect labor supply and re-application for DI beneficiaries whose benefits were terminated?

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Previous research has shown that disabled workers whose benefits were terminated for medical improvement tend to fare poorly after termination. Hemmeter and Stegman (2013) tracked participation outcomes of SSDI-only disabled worker beneficiaries whose benefits were terminated for medical improvement between 2003 and 2008, and found that 20 percent returned to the SSDI program within 8 years, and 11 percent successfully applied for SSI benefits. In a follow-up study using administrative earnings data, Hemmeter and Bailey (2016) found that 80 percent did not consistently earn more than the SGA threshold. For this project, we propose to explore the extent to which economic conditions at the time of termination affect outcomes for beneficiaries who exit SSDI and/or SSI due to CDR. We will exploit variation in local economic conditions to analyze trends in employment, earnings and re-applications to SSDI and/or SSI for beneficiaries whose CDRs occurred during and after the Great Recession. The analysis would ideally use individual-level data in the CDR Waterfall file but could also be conducted with aggregated data at the state-month level. We will also take advantage of public-use data on economic conditions and the SSA State Agency Monthly Disability Workload Data for this analysis. If data are available, we will also assess the extent to which there are disparities in outcomes by race-ethnicity for beneficiaries who exit due to CDR and explore how these disparities are affected by economic conditions. This project will most readily address Focal Area #3 (Disabled Beneficiaries and Return to Work), but will also address Focal Areas #6 (Economic Security of SSA Beneficiaries) and #7 (Disparities by Race and Ethnicity).

This project will lay a foundation for understanding how CDR policy changes during the pandemic affected beneficiaries whose benefits would have been terminated in Spring-Summer 2020 but whose CDRs were delayed to a later date. From March 2020 until August 31, 2020, the Social Security Administration suspended all CDRs that could result in benefit cessation (OIG 2020). During this time, SSA only completed CDRs that were already initiated and did not start any new CDRs. Among the pending CDRs that were completed during this time, nearly all were granted continuations. As shown in the figure below, this resulted in fewer than 200 people having benefits terminated during the months of April and August 2020, compared with an average of nearly 13,000 per month over the same period during 2019. While it is too early to assess the labor supply impacts of this dramatic change in CDR terminations, it raises questions of how the labor market and reapplication outcomes of beneficiaries whose benefits would have otherwise been terminated during the pandemic potentially benefited from the delay to a later date with better economic conditions. We hope to explore this related question in future work.



Source: SSA State Agency Monthly Disability Workload Data, Accessed on 3/18/21