Reform of the Appellate Disability Determination Process and Employment After Application

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Focal Areas: #2 Decline in SSDI/SSI Applications; #6 Return-to-Work

In May 2011, the *Wall Street Journal* profiled an Administrative Law Judge with nearly a 100 percent allowance rate on Disability Insurance (DI) applications. Further, rather than hearing applications on the usual first-in, first-out system, the judge was reviewing a disproportionate number of applications from one particular attorney. A hearing by the House Ways and Means Subcommittee followed in July. Even before this publicity, however, SSA had begun implementing reforms to improve judicial consistency. The reforms included a revised training curriculum for new judges, summer training for existing judges, focused reviews of particular judges that were outliers in their past decisions, and informational tools that allowed judges to monitor and compare their decisions to that of their peers. This project will investigate the impacts of these reforms on 1) disability determinations at the appellate level; 2) downstream effects on applicants' post-decision employment and earnings; and 3) "self-screening effects" on subsequent initial applications. Prior research has documented that hearing-level allowance rates in 2012 were ten percentage points lower than in 2010 (Maestas, Mullen & Strand, 2021, *Journal of Public Economics*). In addition, initial DI applications have steadily declined since 2010.

Our analysis will use data we obtained from the Social Security Administration's Appeals Council. Our exploratory analyses show that the revised curriculum for new judges led to newer cohorts of judges having lower allowance rates than older cohorts. Also, judges who received focused reviews had lower allowance rates after the review. However, participation in summer training for existing judges did not lead to changes allowance rates after the training. We will utilize this quasi-experimental variation to form a series of instruments for an instrumental variables analysis. Because the reforms were associated with large changes in allowance rates relative to historical trends, our preliminary estimates point to a strong first-stage relationship with respect to case allowance rates (F=99). During the project period, we will first perform instrument development and validity testing and complete data linkages. We will then proceed to estimation of the effects of the different reform components on the hearing-level allowance rate, the effect of the change in the hearing-level allowance rate on post-application employment and earnings, and spillover effects on the rate of initial DI application. We will conduct detailed complier analyses to help inform comparisons with the prior literature and we will assess whether the reduction in disability program access contributed to the secular rise in disability employment since 2010.