Improving Recipiency in U.S. Social Insurance: A Scoping Examination

Isaac Marcelin, University of Maryland Eastern Shore and NBER

Focal and Program Areas: #1: Disparities by Race and Ethnicity; #4: Understanding Service Needs; #5: Understanding Communication Needs

Keywords: Disability Insurance; Supplemental Security Income; wealth disparity; retirement security; racial inequality; Economics of the Elderly; Economics of the Handicapped; Non-labor Market Discrimination; JEL classification: J31, J24, E24, Q54, R23

Social safety net programs provide an income floor to targeted populations: aged or disabled workers, their spouses and children, and survivors of insured workers, among others. Enrollment in social insurance programs depends on eligibility and take-up rates and can vary across demographic groups, states, communities, and benefit levels. Notably, the recipiency of Disability Insurance (DI) and Supplemental Security Income (SSI) stands below projections. This study aims to identify the factors suppressing the take-up rates in DI and SSI while discussing ways to overcome them. Exploring the organization of the programs is the starting point, followed by eligibility determination, cross-programs eligibility, beneficiaries' characteristics, and delivery mechanisms in the G7 countries, and the extant empirical evidence and contrasting them with those in the U.S. while considering avenues for improvements and reforms. It asks whether structural barriers to benefits overlap with race, gender, age, location, and religion while considering the deleterious multigenerational consequences of lack of access to social insurance benefits. It will consider how programs operate over the business cycle, and the wealth implications for eligible individuals with a focus on the COVID-19 pandemic exacerbated hardships and vulnerabilities in groups with long-term disabilities or those struggling to meet their basic needs and gain the skills they need to enter and succeed in the labor market.

Several reasons may help explain the low take-up rate, including structural barriers and other inhibitors such as eligibility thresholds, informational challenges, inadequate community engagement, red tape, Etc.; second, weak integration of information technology to enhance cross-program linkages for the automatic enrollment of qualified individuals/households; and third, lack of private-public partnerships (P3) whereby private contractors cooperate with local stakeholders, including healthcare services and social service offices, to identify and accompany qualified individuals/households through the application process to reduce the number of times individuals go to field offices in person to apply for or renew their eligibility for benefits. Initial denials occur naturally. Successful disability claims require perseverance, and most disabled individuals lack the resources, knowledge, and energy to persevere in cutting through bureaucratic hurdles for a successful claim. In contrast, others with adequate resources, such as information on program mechanisms, but dubious disability claims may prevail. Fourth, technology and P3 can help circumvent taste-based and statistical discrimination by eliminating interactions between those with discriminating tastes and those towards whom they harbor animus. They can also simplify the vetting process, resulting in increased take-up and retention (and reduced churn), preventing beneficiaries from slipping off programs for which they remain eligible, causing them to reapply to re-enroll). This set of measures may enable states to broaden access to the programs, reducing inequities and silos and streamlining the disjointed social safety net programs.