Benefits and Barriers to
Supplemental Security Income Program Application and Participation:
Evidence from Census RDC Linked Data[1]

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Project Description

The Supplemental Security Income (SSI) program served 7.7 million people in December of 2021. The decision to apply for SSI among the eligible population may be influenced by the amount of benefits potential applicants expect to receive, the administrative barriers applicants must overcome to submit their application and how much information applicants have about the program and application process (Akerlof 1978; Nichols and Zeckhauser 1982). These barriers may be particularly difficult to overcome for groups with less access to the resources necessary to overcome cognitive or bureaucratic hassles, exacerbating inequity (Bertrand, Mullainathan, and Shafir 2004; Deshpande and Li 2018). However, little is known about the extent to which these factors affect individuals' decision to apply for SSI benefits. Furthermore, because SSI benefits are generous and long-lasting relative to many other transfer programs, the program may affect recipients' health and labor-market outcomes in the long run. While the academic literature has generated high-quality evidence that young adults who lose benefits after their 18th birthday suffer lower and more volatile income (Deshpande 2014), less is known about the program's long-run impacts on the broader population or marginal recipients of SSI benefits (Duggan, Kearney, and Rennane 2016). In this project, which addresses SSA Focal Areas 2 and 3, we will use two Census Research Data Center (RDC) datasets that link SSA administrative data to the Current Population Survey (CPS) and Survey of Income and Program Participation (SIPP), together with state-of-the-art research methodology, to examine how changes across states and over time in (i) the State Supplementation Program (SSP) benefit levels and (ii) administrative burdens created by the SSI-Medicaid application link affected SSI program application and program participation rates, as well as the health and labor-

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market outcomes of recipients. Co-investigators Hawkins and Timpe already have Census RDC approval for and access to these linked datasets.

We propose to study two aspects of the SSI program that vary across states and over time using state-of-the-art differences-in-differences methods. The first aspect is the optional SSP benefits. States have had the option of supplementing the federal SSI benefit amount with an additional state SSP amount. As of December 2021 44, states and the District of Columbia have an optional SSP, of which 33 began their SSP in 1974 when federal SSI payments began and 11 states began their SSP in the following years (GA 2006, IN 1976, KS 2006, LA 1982, NM 1976, OH 1982, SC 2001, SD 1975, TX 1999, UT 1978, WY 1977 and AZ ended their program in 2009). In addition, states provide different maximum benefit amounts for different groups based on being a single eligible or couple eligible as well as living arrangements, impairment type, and age. This means that although the federal SSI benefit amount calculations are uniform across states, the state supplementation rules are not and therefore an individual with otherwise similar characteristics maybe eligible for different benefit package amounts. Co-investigators Hawkins and Timpe have begun collecting state SSP rules for every state-year starting in 1974 using HathiTrust and the Wayback Machine. We propose merging this data together with the Census RDC datasets to study how changes in the benefit package applicants in a state-year-characteristic group would be eligible for affects the decision to apply for and take-up SSI. The second aspect we propose to study is the SSI-Medicaid application link. While in most states people who enroll in SSI are automatically also enrolled in their states' Medicaid program (1634 states), some states require a separate application for both programs but using the same criteria as the federal SSI (SSI criteria states) and still others in addition have stricter eligibility requirements for the state Medicaid compared to SS (209(b) states). Requiring multiple applications could be an administrative burden discouraging some would be applicants to the SSI program. Preliminary data collected from HathiTrust indicates that Nebraska switched from a 209(b) state to an SSI criteria state in 1991; North Carolina switched from being a 209(b) state to a 1634 state in 1995; and Vermont switched from being an SSI criteria state to a 1634 state in 1991. We propose collecting data on all available state changes in the SSI-Medicaid application link going back to 1974, to merge this information to the Census datasets and to use a differences-in-difference method to study how changes in administrative barriers created by the SSI-Medicaid link might have impacted SSI program applications and take-up. We are particularly interested in heterogeneous responses to these changes in the benefits of, and barriers to, SSI receipt across different populations, such as among historically disadvantaged groups. Finally, if we find statistically and economically meaningful changes in SSI program participation caused by these changes in state policies, we will further be able to use those policy changes as an instrument to investigate how SSI program participation may relate to measures of economic well-being and material hardship in the SSA-Census linked data.

Relevance to SSA Focal Areas

This research is relevant to SSA's interests in better understanding how program design and public policy affect the decision to apply for and participate in the SSI program (Focal Area 2.3) and better understanding what are the barriers among the eligible population who decide not to apply (Focal Area 2.1). Research into the changes in the SSI-Medicaid application links could also speak to SSA's interest in learning about the role of simplifying the documentation requirements (Focal Area 2.10). Lastly, we propose studying how these state level policies in the SSP program and Medicaid-SSI links might ultimately affect the financial well-being and material hardship of the SSI applicant population. Using the Census linked datasets, we will be able to study not just changes in income using he Detailed Earnings Record but also be able to look at self-reports of material hardship and unmet needs. This analysis will speak to SSA's interests in how SSI change disparities in income, and well-being (Focal Area 3.1).