

Center for Studying Disability Policy

# Outcomes following disability insurance termination

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# Eligibility will cease after medical improvement or substantial gainful activity

- Medical review finds medical improvement
  - Not eligible for expedited reinstatement
- Engage in substantial gainful activity (SGA)
  - SGA threshold is currently \$1,310 per month
  - No medical evaluation
  - Eligible for expedited reinstatement

# Medical improvement may not imply return to the labor force

- Prior literature has examined outcomes following termination for medical improvement:
  - 48% do not have earnings above SGA in 5 years post (Hemmeter and Bailey, 2016)
  - 20% return to DI within 8 years (Hemmeter and Stegman, 2013)
- These papers include terminations as recent as 2008

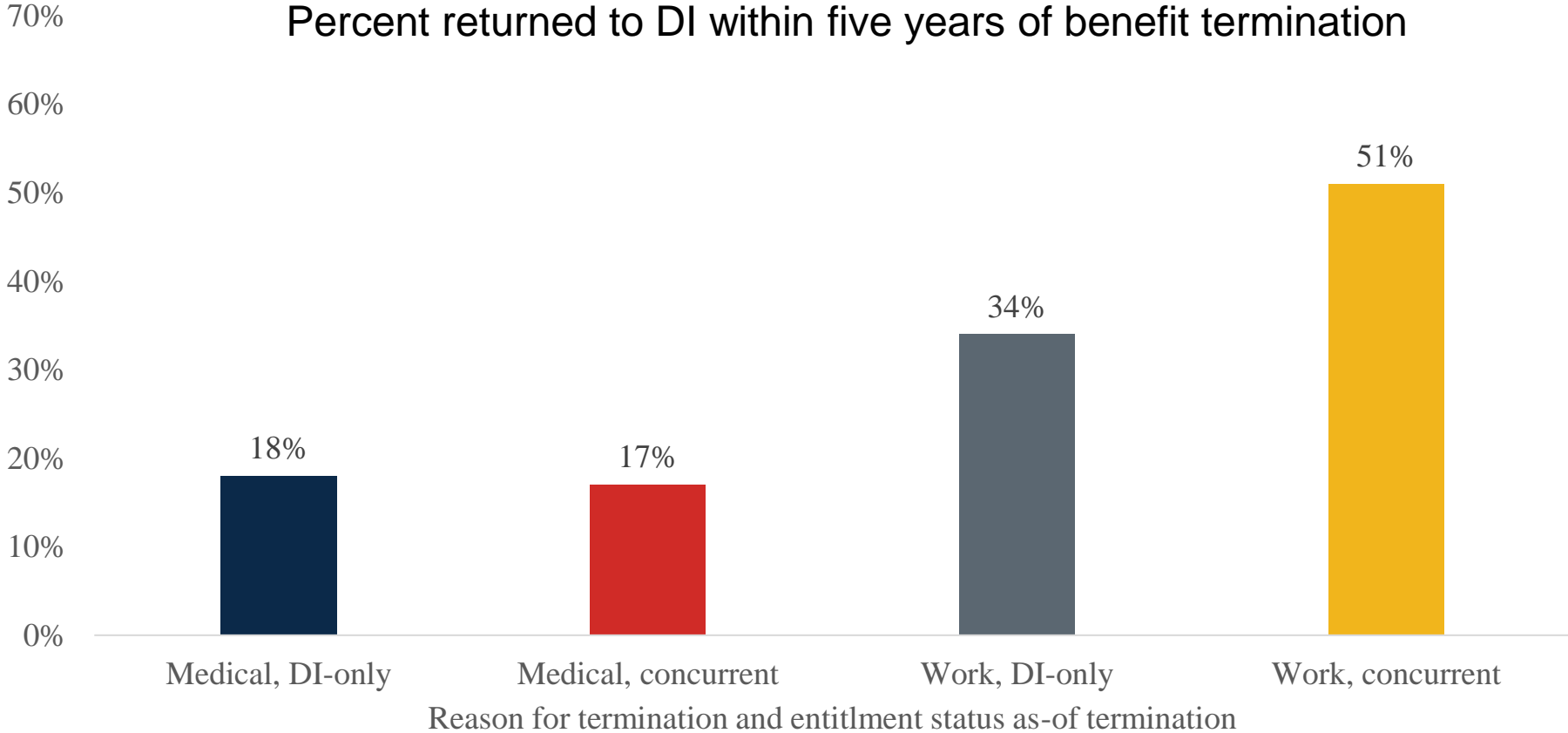
# What happens to people who lose entitlement due to work?

- We examine earnings and program participation following termination:
  - Including terminations for both work and medical improvement
  - Using data through 2019 (terminations through 2014)

# Approach

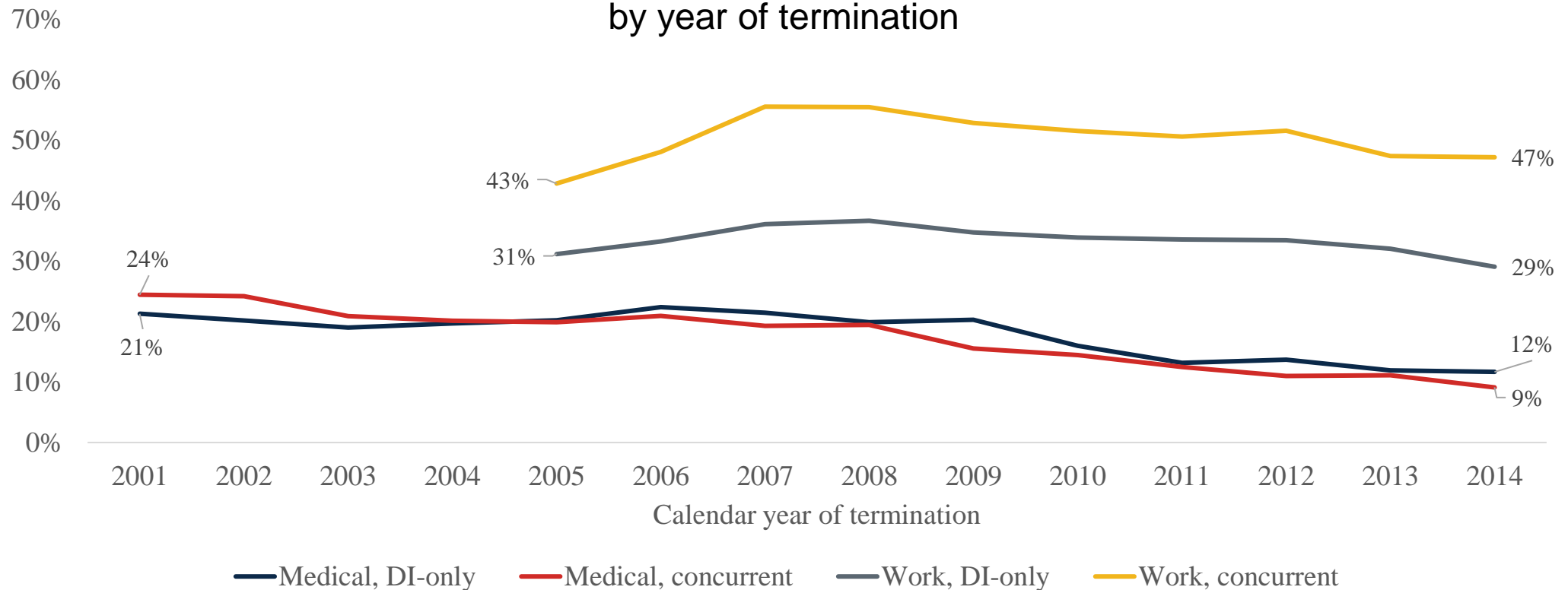
- Data: 2019 Disability Analysis File (DAF)
- Identify benefit terminations due to medical improvement (2001-2014) or work (2005 – 2014)
- Link the Master Earnings File to calculate post-termination average annual earnings in the 5 years following termination
- We show results separately by reason for termination and entitlement status prior to termination:
  - DI-only
  - Concurrent entitlement: DI and SSI

# Individuals with work terminations return to DI at a greater rate than those with medical improvement



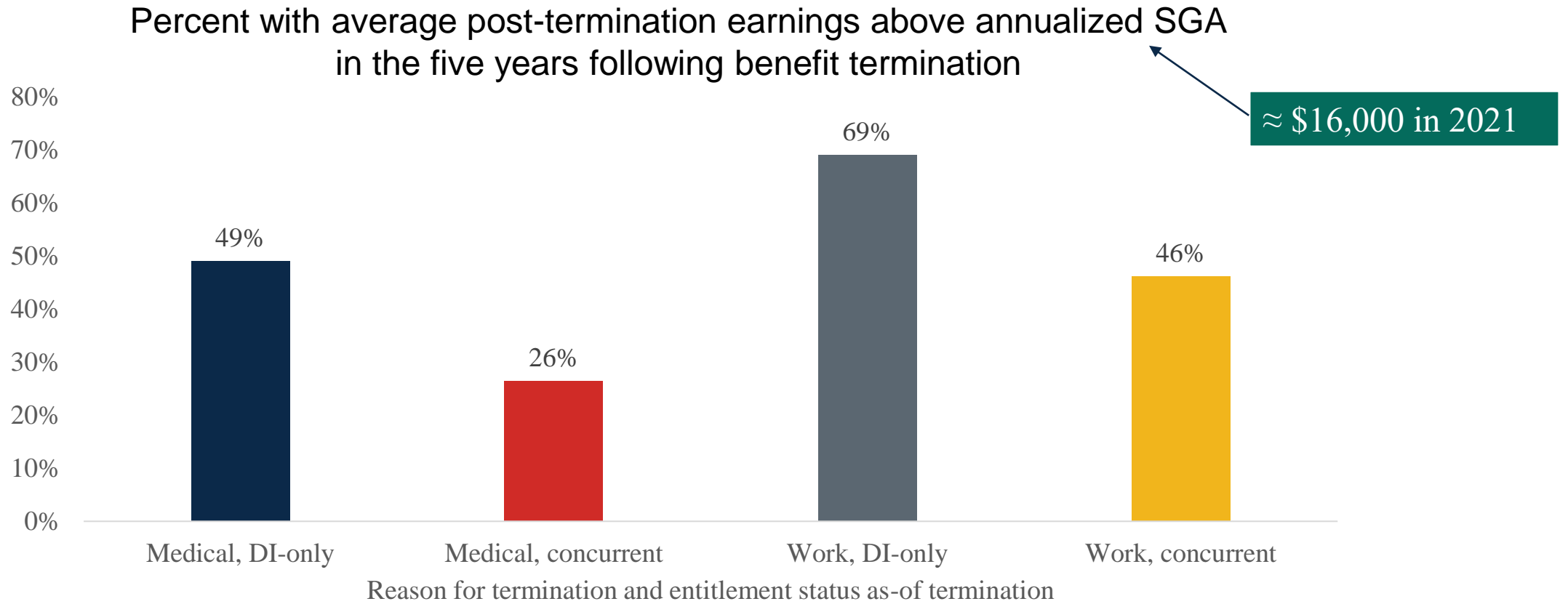
# There has been a moderate decline in DI return rates among more recent cohorts

Percent returned to DI within five years of benefit termination, by year of termination



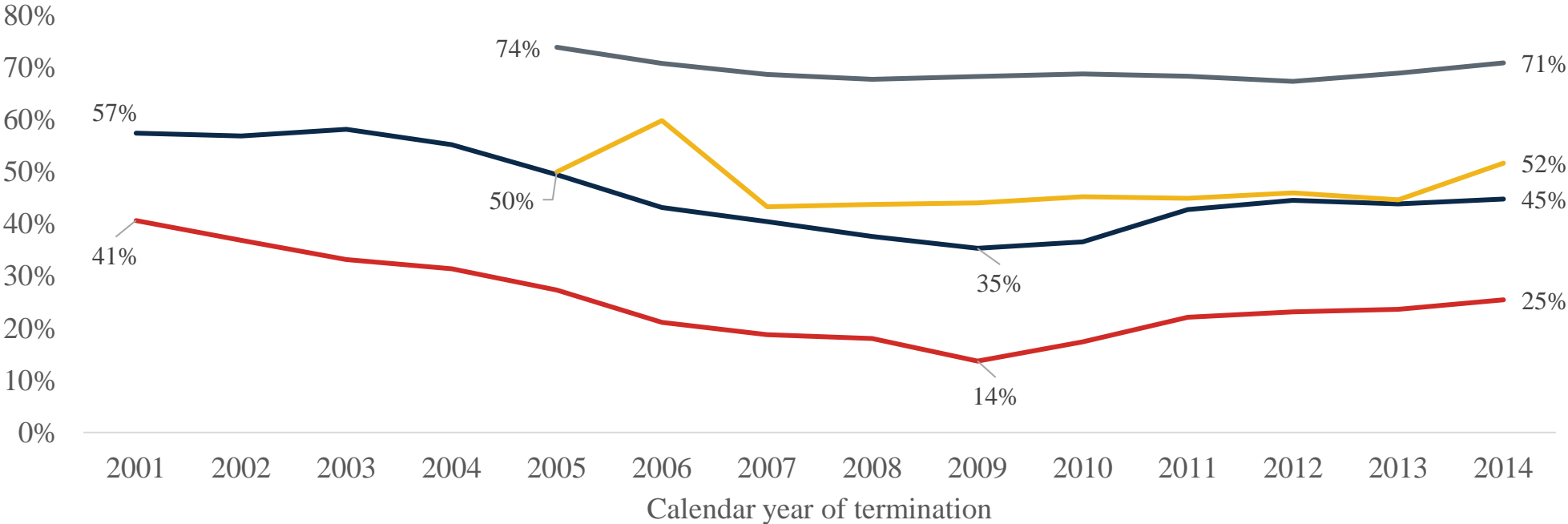


# Post-termination earnings were higher among those whose benefits terminated for work than for those with medical improvement



# Post-termination earnings were lowest among those whose benefits terminated due to medical improvement in 2009

Percent with average post-termination earnings above annualized SGA in the five years following benefit termination, by year of termination



— Medical, DI-only    — Medical, concurrent    — Work, DI-only    — Work, concurrent

# Certain characteristics were associated with benefit independence and earnings

	No return to DI / earnings above threshold	Return to DI / did not have earnings above threshold
Age at termination	Younger than 40	40 or older
Duration of entitlement (prior to termination)	Less than 6 years	6 or more years
SSA expectation for medical improvement	Improvement expected	Improvement not expected
County unemployment rate	Lower	Higher
Primary diagnoses	Neoplasms, injuries	Schizophrenia or other psychotic disorders, musculoskeletal and connective tissue diseases

# Key findings

- Terminations for medical improvement:
  - Our findings generally align with the prior literature
  - Successive termination cohorts since 2009 have had fewer return to DI and more attain earnings above annualized SGA
- Terminations for work, relative to medical improvement:
  - More likely to return to DI (expedited reinstatement)
  - More likely to have post-termination earnings above threshold (stronger attachment to the labor force)

# Policy considerations

- Many people who lost eligibility did not return to the labor force
- More than a third who lost eligibility due to work returned to DI
  - Workplace accommodations
  - Benefit offset policy
- Fewer than half who lost eligibility due to medical improvement earned above SGA
  - Exits from Disability Demonstration
- Understanding the characteristics of former beneficiaries who do or do not maintain self-sufficiency after termination of benefits could help target interventions

# Thank you

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