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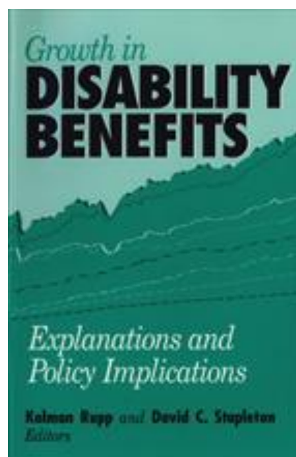

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Return to Work for SSI and DI Beneficiaries: Employment Policy Challenges

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Advances in medical treatments, technology, and civil rights policy have created optimism that people with disabilities will increasingly become a part of the labor force. Yet that optimism has not yielded measurable outcomes in the employment rate of people with disabilities, which has consistently ranged between 23 percent and 45 percent, depending on the definitions of "employment" and of "disability" used. In addition, the number of people entering the Supplemental Security Income (SSI) and Social Security Disability Insurance (DI) rolls has increased notably in the last decade, from 4.2 million in 1985 to 11 million in 1996. The percentage of those leaving the rolls for the purpose of returning to employment persistently remains less than 1 percent.

Puzzled by this seeming contradiction between the improvements that should lead to increases in employment for people with disabilities and the steady increase on the SSI/DI rolls, the Social Security Administration (SSA) set about to examine why the return-to-work rate (or the rate of entering the workforce for the first time) is so low for beneficiaries with disabilities. We reviewed the literature, talked to the experts, and dedicated ourselves to hearing from beneficiaries themselves about the obstacles they face when they consider returning to work. The following is a summary of what we learned.

HIGH RISK OF LOSING ACCESS TO HEALTH CARE

When people with disabilities become SSI beneficiaries, they generally become Medicaid beneficiaries as well. After two years, DI beneficiaries are eligible for Medicare. In general, loss of cash benefits may eventually lead to loss of health insurance as beneficiaries increase work earnings, even though they may not have improved medically. Between 1988 and 1992, the number of uninsured people grew by five million people in the United States. In addition, limits on employer-based health coverage for chronic conditions expanded. People with disabilities may find it difficult to access private health insurance because of preexisting condition exclusions and waiting periods imposed by carriers. Some people with disabilities need part-time employment due to limitations imposed by their disabilities. Part-time employment is rarely accompanied by health insurance benefits. Some people with disabilities need personal assistance services, which in many states are covered only by Medicaid. Thus, even if beneficiaries were to replace their public health insurance with private health insurance, they would not likely receive coverage for all the services they need.

In a survey of more than 1,200 disability leaders from every state, the President's Committee on Employment of People with Disabilities (1994) found that loss of Medicare and Medicaid was perhaps the single greatest barrier to employment. Another survey of disability program applicants found that 75 percent of DI applicants and 79 percent of SSI applicants considered continued medical coverage as key to encouraging work.

Several work incentives address this problem. DI beneficiaries can continue Medicare coverage for at least 39 months following a trial work period and purchase Medicare after that time. SSI recipients can continue receiving Medicaid coverage up to a state-determined income ceiling after their earnings become too high for them to be eligible for cash payments. For example, in 1994 the cutoff point was $17,480 in Pennsylvania.

These work incentives do not appear to have a significant impact on the return-to-work rate of a large number of beneficiaries. Beneficiaries are generally unaware of the provisions. One survey found that 80 per-

cent of beneficiaries who returned to work were unaware of the incentives at the time they did so (Hennessey and Muller 1996). When beneficiaries are aware of the incentives provisions, they rarely understand them fully; the incentives are complex, with different provisions applying to SSI and DI. Social security claims representatives have a difficult time explaining them and are generally focused on establishing the applicant's eligibility and inability to work rather than pursing return-to-work goals.

WORK THAT PAYS THE BILLS

Some people with disabilities have enormous disability-related expenses, such as assistive technology or personal assistance services, for which there is rarely a subsidy, tax credit, or insurance reimbursement. Some people with disabilities require extra time to accomplish daily activities, which means they may have less time and energy available for work. Others may have recurring or cyclical health problems, such as mental illness or multiple sclerosis, that require flexible work situations enabling them to meet their intermittent disability-related needs. Finding employment that is responsive to these needs and that offers a living wage can be difficult.

In addition, people with disabilities are often less educated than people without disabilities and thus tend to have lower-paying jobs. While people with disabilities who work have an average income that is higher than people with disabilities who do not work, people with disabilities earn less than people without disabilities. One analysis found the average earned income of workers with disabilities in 1995 to be $15,556, while it was $24,667 for workers without disabilities (Yelin 1996).

In addition to receiving cash benefits and health care, people with disabilities who have low incomes may be receiving other types of public subsidies, such as food stamps, housing assistance, and energy assistance. Returning to work may jeopardize the cash benefits, the health insurance benefits, and all addition benefits. The loss of cash, medical, and other benefits may total an irreplaceable loss to a low-skilled worker who is likely to be compensated at minimum wage.

CUSTOMER CHOICE AND PROVIDER INCENTIVES FOR RETURN TO WORK

While most recipients of disability benefits are unlikely candidates for return-to-work programs, a significant percentage are. Thirty-five percent of DI beneficiaries responding to a 1993 questionnaire indicated an interest in receiving return to work services (cited in U.S. General Accounting Office 1996). Demonstration projects conducted by SSA, such as Project Network, have enabled beneficiaries with vastly different impairments to return to work. Yet the current system yields few beneficiaries who do return to work.

The Social Security Act requires referral of disability applicants to state vocational rehabilitation (VR) agencies. On average, state Disability Determination Services offices refer about 8 percent of applicants who are awarded benefits. Less than 10 percent of those referred are accepted by the VR agencies as clients. State VR agencies successfully rehabilitate about 1 out of every 1,000 beneficiaries each year (U.S. General Accounting Office 1996).

Because of the limited capacity and resources to serve all who may benefit from VR services, many state VR agencies limit the referrals they will accept to those they consider to be the best VR candidates. SSI or DI beneficiaries are often perceived as less appealing candidates because they may be seen as more difficult to rehabilitate. Although SSA pays VR agencies for rehabilitation costs of beneficiaries successfully employed for nine months, the delay in payments and the risk accepted by the VR agency are often cited as disincentives to rehabilitate SSI/DI beneficiaries.

Customers assert that they know best which services would help them return to work. They dislike becoming involved with yet another government bureaucracy in order to access such services. Some need training that employers can best provide. Some need personal assistance services or assistance with transportation. Customers want to choose the service provider that will enable them to design their own individualized rehabilitation services to meet their unique needs.

In 1996, SSA initiated a program to allow private rehabilitation providers to be reimbursed for serving SSI/DI beneficiaries when the state VR system does not serve them. SSA hopes that private providers will

offer greater choice for beneficiaries who seek to return to work. They also invited state VR agencies to create performance partnerships. While only six agencies are participating, early results are promising.

YOUTH IN TRANSITION

The average age of SSI/DI recipients has decreased in recent years. As of 1994 about 4.2 percent of SSDI beneficiaries and 19.2 percent of SSI recipients were between the ages of 18 and 29. Today more than one million beneficiaries are younger than 22. Many who enter the rolls as children stay on the rolls through their adolescence and into adulthood. The proportion of beneficiaries with long-lasting impairments, such as mental impairments, has increased in the last decade. Thus, many recipients are coming on the rolls earlier and staying longer.

DI, and to a lesser extent SSI, was originally constructed as an early retirement program. The programs are intended to replace cash income when a wage earner needs to retire before age 65. Therefore, in the eligibility process, the focus is on the limitations of people needing to retire, not on their abilities. The programs were not designed for young people with significant impairments who nevertheless have ambitions and need to develop skills to achieve them. Too often they, and sometimes their families, may become dependent upon cash benefits that limit both their income and their potential. As the number of young people coming on the rolls increases and the length of stay increases, we must ask ourselves if a "retirement" model will best meet the needs, ambitions, and potential of so many of our nation's youth with disabilities.

CONCLUSIONS

We believe the four key areas we have identified as obstacles to return to work for SSI/DI beneficiaries—access to health insurance (including personal assistance services), finding work that pays enough

to live on, customer choice of return-to-work services, and the unique needs of youth—must be addressed if we are to improve our employment outcomes among beneficiaries. SSA is committed to supporting all beneficiaries who want to work. However, many of the obstacles people with disabilities encounter in seeking to work are beyond the scope of cash benefit policy and programs. Our nation's employment policy must accept and support people with disabilities as part of the American workforce, not as ancillary to it. SSA is working with other federal agencies to identify policy options that will remove employment obstacles encountered by our beneficiaries. Our customers have told us clearly that our federal return-to-work efforts need improvement. We have heard them and we are moving forward with our federal partners seeking to address their concerns.

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