

Mortality Impacts of Disability Insurance Payments: Context and Implications

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Key Findings and Policy Implications

This paper builds upon a predecessor study,¹ which found that SSDI payments reduce mortality, particularly among those with the lowest incomes. In this follow-up study, we compare the economic and demographic circumstances of SSDI recipients relative to non-recipients. We then consider how the differences in baseline circumstances, combined with the estimated mortality effects of SSDI, might be interpreted in program evaluation and reform. The analysis uses data from the Survey of Income and Program Participation that is linked to SSA administrative records, as well as data from the Consumer Expenditure Survey. The study finds that:

- SSDI recipients show important signs of economic disadvantage, relative to non-recipients, particularly in the lower-income groups where SSDI income has the largest effect on mortality. Given this economic disadvantage, it is perhaps unsurprising that this group also experiences a significant reduction in mortality from additional SSDI income.
- Mortality considerations make a difference when assessing the optimal level of SSDI benefit payments. The impact of including mortality considerations in modeling optimal SSDI income, however, is sensitive to the specific model assumption and specifications used. Thus, no clear takeaway emerges regarding optimal SSDI payments.
- Because SSDI recipients have particularly high mortality rates, the estimated mortality effects of SSDI income do not necessarily generalize to understanding the broader effects of transfer income in non-SSDI populations.

The net welfare effect of social income insurance programs like SSDI are commonly evaluated by weighing the protections they provide to recipient wellbeing, relative to the reduction in labor supply induced. This study informs the evaluation of SSDI program design by demonstrating the mortality implications of SSDI income, and its context in extending benefits to an economically disadvantaged population of recipients.

¹ Gelber, Alexander, Timothy J. Moore, Zhuan Pei, and Alexander Strand. “Disability Insurance Income Saves Lives.” Purdue University working paper (2022).

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