Racial and Ethnic Disparities in SSDI Entry and Health

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Key Findings and Policy Implications

This paper describes trends in the racial/ethnic composition of SSDI recipients and shows how the health of SSDI entrants and the responsiveness of SSDI entry to economic conditions and program rules varies by race and ethnicity. The study uses the race/ethnic categorization in Medicare administrative data for its 45 million beneficiaries under age 65 from 1992 to 2017. The paper finds that:

• Per-capita entry into SSDI varies widely by race. Entry rates are highest among those identified as Blacks, followed by Whites, then Hispanics, and lowest among Asians. Asians are about one third as likely to enter SSDI as Whites; Blacks are 1.5 to 2 times as likely to enter as Whites, and 4 to 5 times as likely to enter as Asians.

• Individuals identified as Whites and Asian have the lowest average medical spending. Hispanics have somewhat higher spending, followed by Native groups; average spending is highest for those identified as Blacks. Black non-Hispanic individuals spend an average of 36 to 40 percent more than those identified as White or Asian.

• Among those identified as White, Black, or Asian, a one percentage-point increase in their local unemployment rate resulted in a roughly 4.5 percent increase in their SSDI entry rate. The responsiveness of Native and Hispanic groups was roughly half that rate.

• All racial and ethnic groups exhibit a proportionately similar spike in SSDI entry at ages 50 and 55, when SSDI eligibility rules are incrementally relaxed.

There has long been concern about racial disparities in the SSDI program. One of the main barriers to understanding racial differences in program entry, however, has been a lack of data on the race and health of SSDI recipients, as information on race and ethnicity is not available in SSA’s public use databases. By using Medicare data for beneficiaries under 65 as a proxy for SSDI enrollment (after a 24-month waiting period), this study takes advantage of the race identifiers in the Medicare data, as well as its extensive information on health and health care spending.