

How do Economic Conditions Affect Earnings and Return to Disability Programs for Beneficiaries whose Benefits were Terminated?

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Key Findings and Policy Implications

This paper explores how economic conditions affect the labor supply and subsequent program participation of SSDI and SSI beneficiaries whose benefits were discontinued due to medical improvement after a Continuing Disability Review. The analytic database links publicly available information on state-specific unemployment rates between 2000 and 2015 to SSA administrative records through 2020. The paper finds that:

- Economic conditions at the time of benefit cessation can have a modest impact on post-cessation outcomes for some groups. For former SSI-only recipients, a one percentage point increase in the unemployment rate reduces annual earnings by approximately 4 percent during the first three years after benefit cessation.
- A one percentage point higher unemployment rate also increases the likelihood of re-applying to any disability benefit program by 1 percentage point and increases the likelihood of returning to SSI by 0.6 percentage points, or 2.5 percent.
- We find a similar pattern and magnitude of results for former SSDI-only and former concurrent beneficiaries, though we do not interpret those results as causal due to some concerns about selection.

Medical eligibility for SSDI and SSI is revisited periodically through Continuing Disability Reviews. Prior research has shown that disabled workers whose benefits have been terminated for medical improvement tend to fare poorly after termination. This study shows that these difficulties may be even more pronounced during economic downturns, when there is less availability of jobs for those who have lost benefits.

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