



Framing the Issues Surrounding SSDI

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Introduction

- Purpose of Presentation
 - You've heard about the pressing needs of the program.
 - Highlight key concepts you'll hear through out the day.
 - Focus on concepts of
 - Disability
 - Rehabilitation
 - Engaging the individual
 - Question: How to keep individuals engaged during vocational rehabilitation services, when SSDI as usual is available afterwards.



Key Dimensions

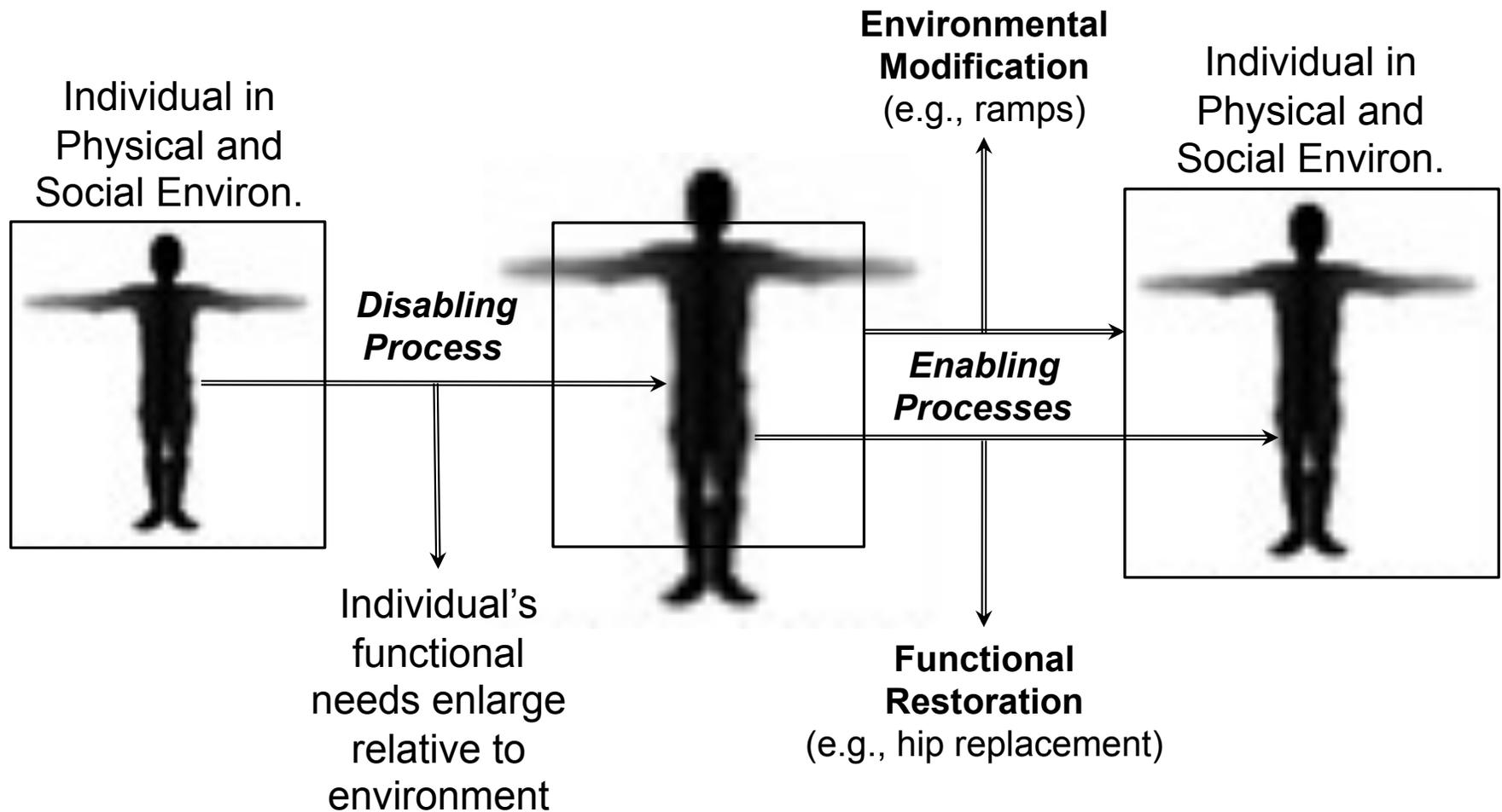
- Time/Timing
 - Early and Post
 - Emergency
 - Temporary
 - Timeliness
- Dollars (\$)
 - Cost
 - How much?
 - Who pays?

Key Concept

- Disability
 - Definition
 - Determination & Evidence
- Rehabilitation
 - Medical and vocational
 - Coordination
 - Provider incentives
- Choice/Choices
 - Constrained choices
 - Expectations
 - Incentives (compatibility)

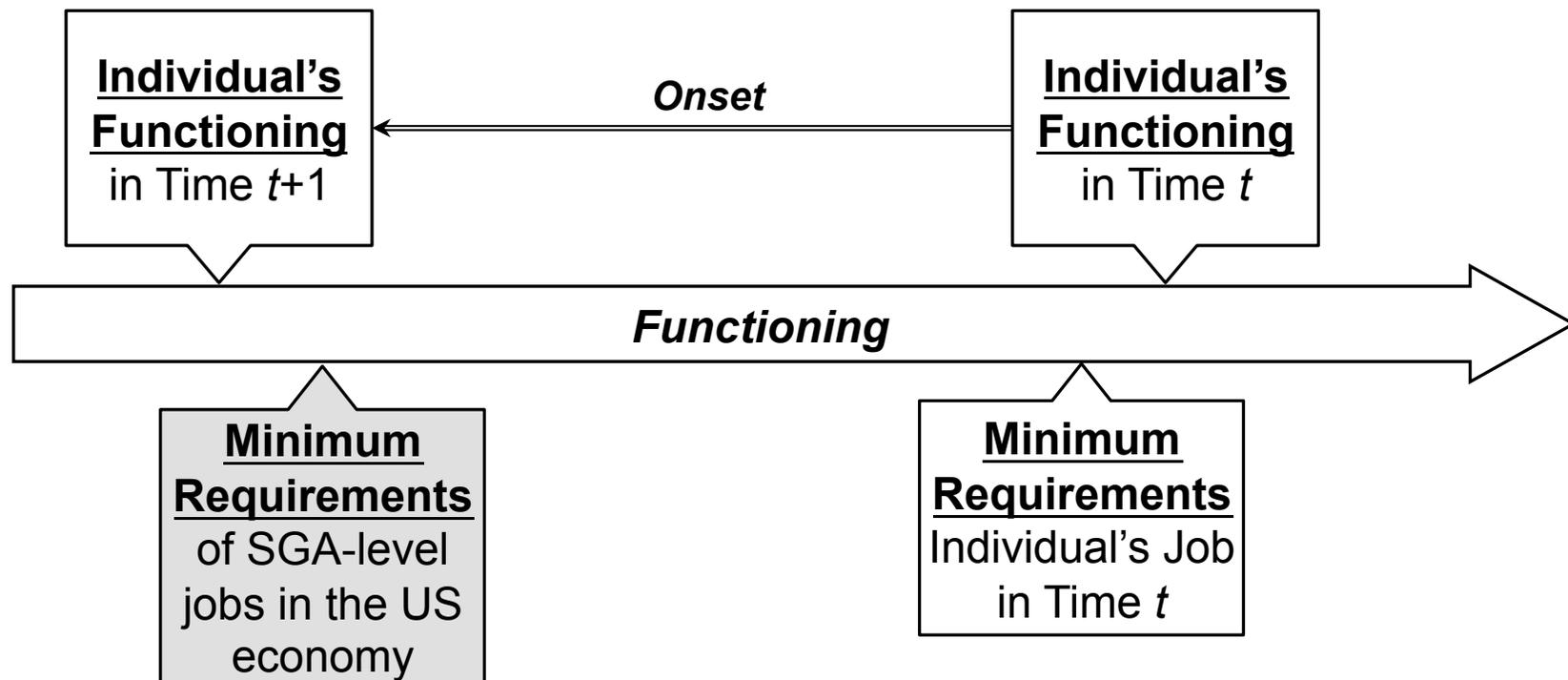


Disability: IOM Model of Functioning





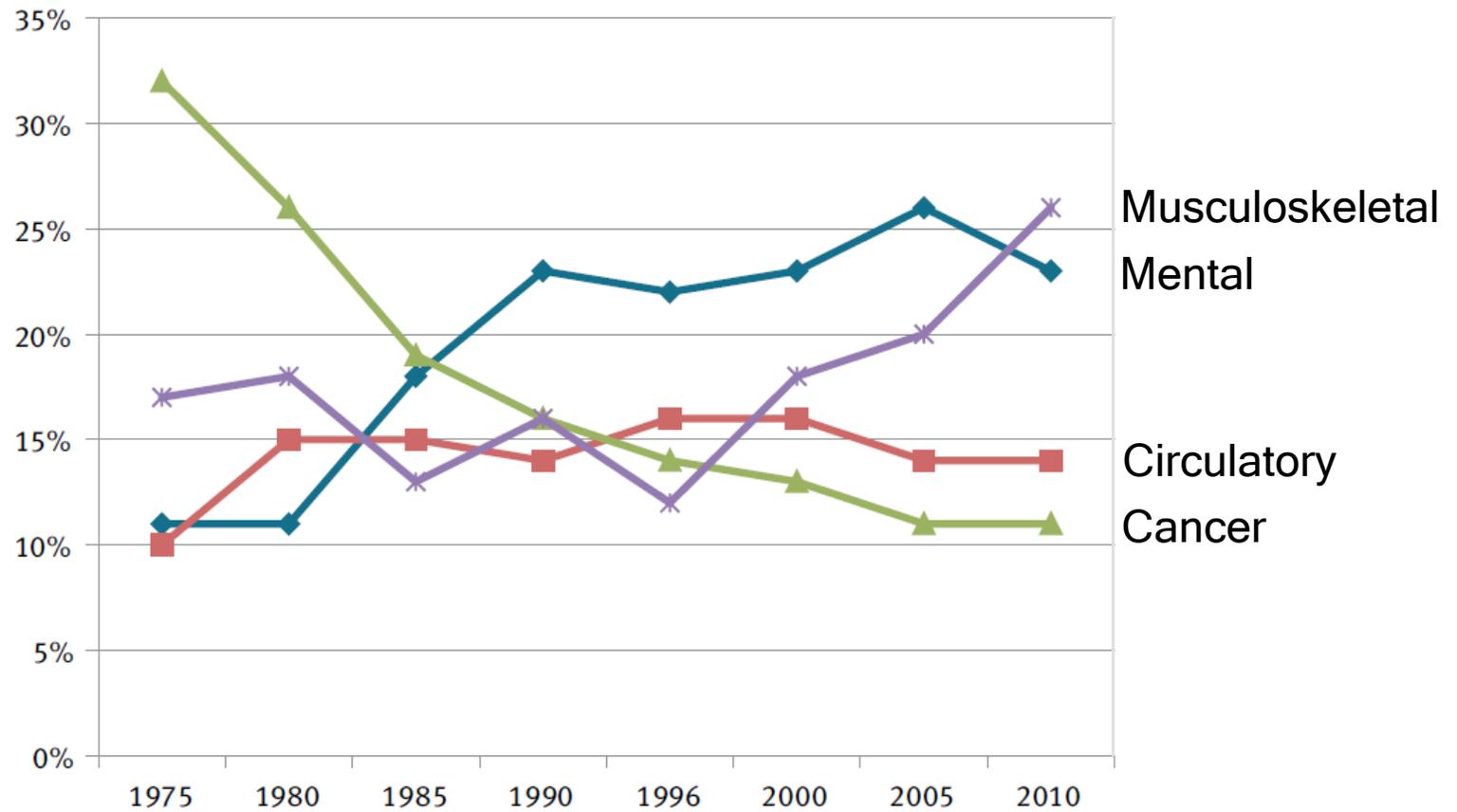
Statutory Definition & Functioning





Diagnostic Groups

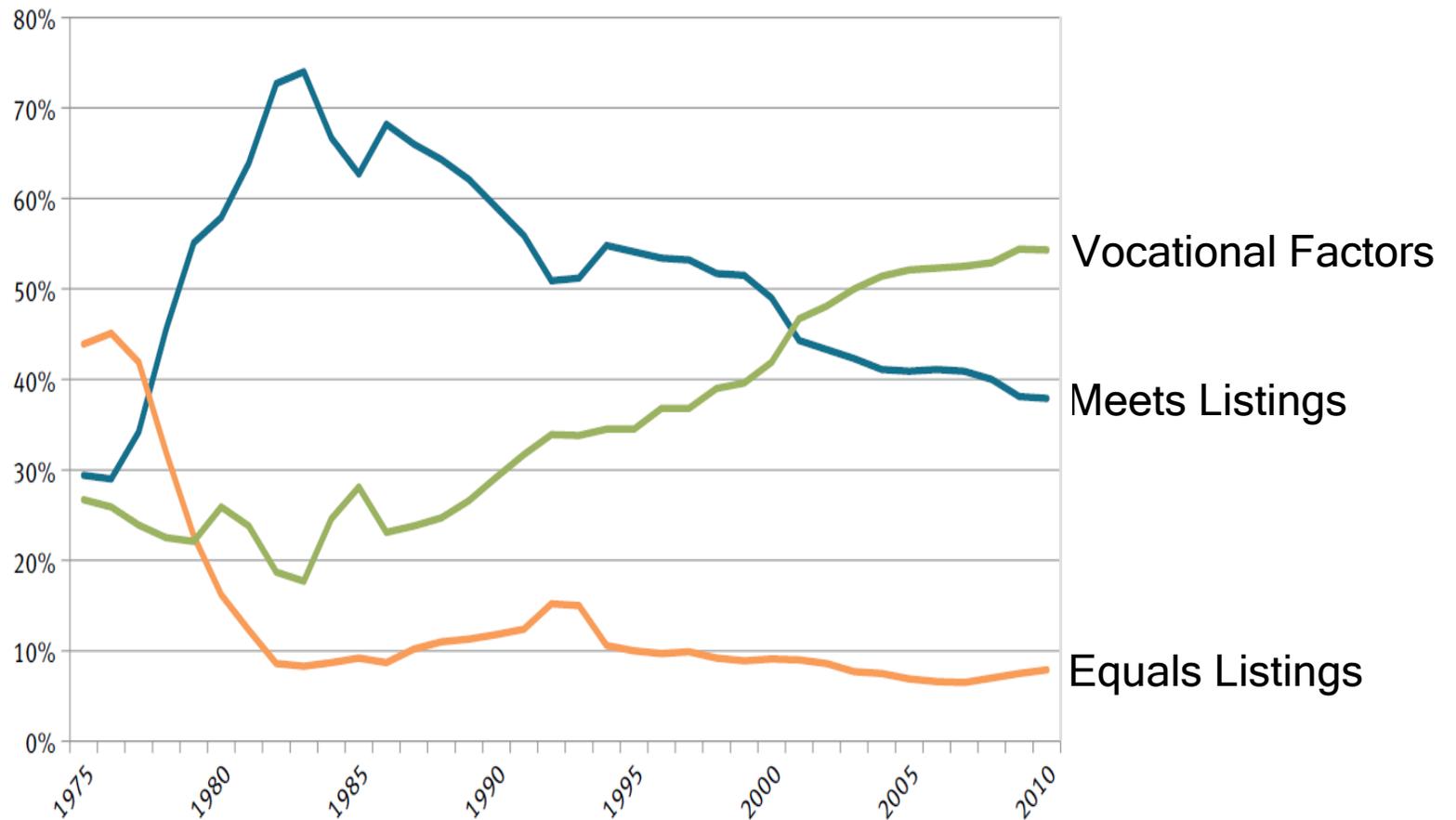
Percent of Initial DI Worker Awards





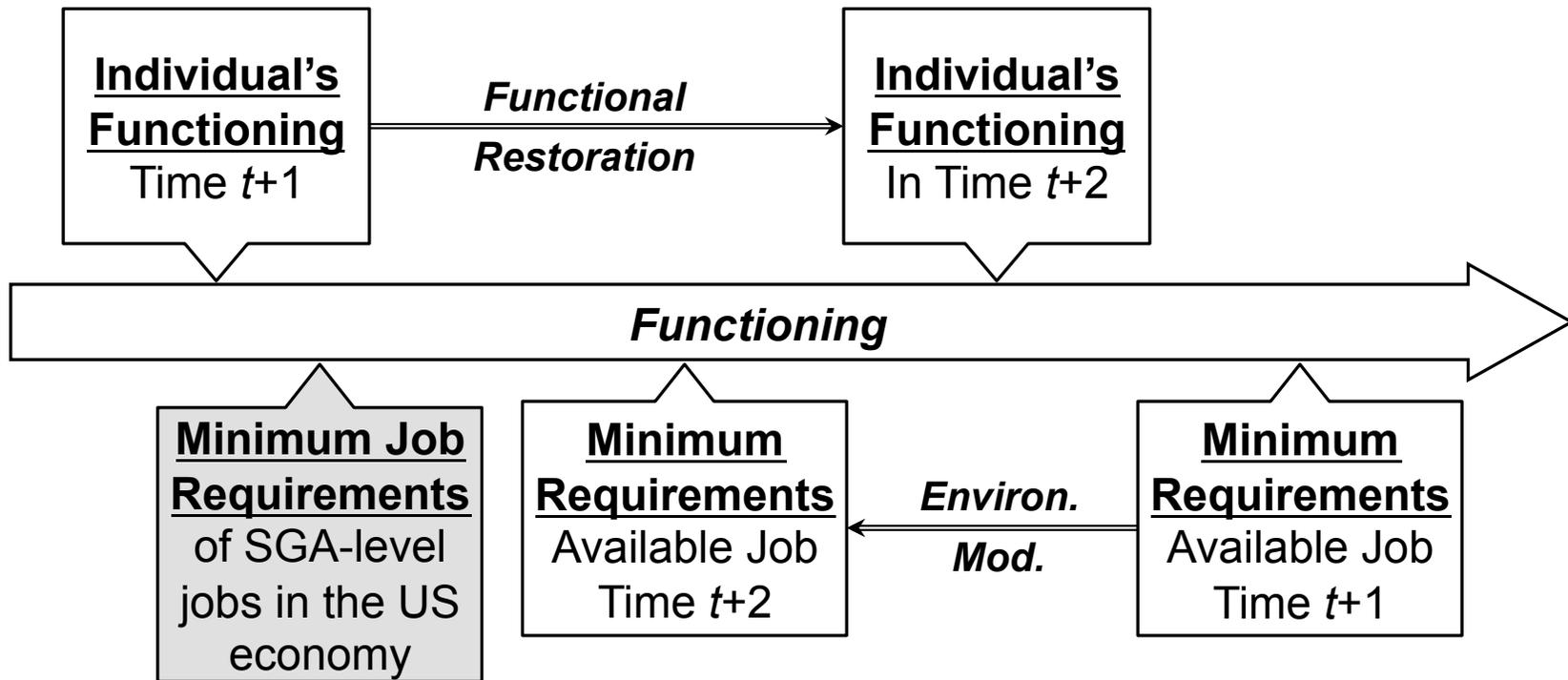
Step in Sequential Review (Basis)

Percent of Initial DI Worker Awards





Rehabilitation





Key Facets of Proposed Reforms

- Two-Phase System:

Phase 1 - Early intervention work-focused filter, and then

Phase 2 - SSDI as usual.

- Early Intervention (i.e., upgrade rehabilitation):

a) A preliminary disability assessment.

c) Provides emergency/temporary cash benefit.

b) Incentivized ways of delivering VR services.

d) Alternative funding sources.



Engagement and Constrained Choices

- In general, economic theory suggests that
 - Individuals make constrained choices that maximize their well-being.
 - The functional implications of disability are to some degree a constraint.
 - SSDI benefits influence a persons budget constraint.
 - Individuals are the best ones to make decisions for themselves (key premise of the Ticket).
- Will individuals remain engaged?



Partial Disability/Disability Rating

- Premise: A benefit based on a disability rating system supports people with disabilities as they maintain work.
- Partial Disability/Percentage Rating
 - Consistent with the continuous nature of disability.
 - Maintains work-expectations.
 - Eliminates the all-or-nothing gamble.
 - Potentially cost-equivalent to the current system.
 - Not inconsistent with current proposals.
 - Keeps many of the motivations with the individual.



Veterans with Service-Connected Disabilities

Civilians Ages 21-64			
	Proportion	Employed	
All person	-----	69.6%	
Veterans	-----	64.7	
No SCD	-----	66.0	
SCD	100%	58.5	
Rating (%)	0%	7.2	67.5
	10 or 20	37.6	71.5
	30 or 40	17.1	69.1
	50 or 60	10.1	59.7
	70-100	19.5	23.3
	N.A.	8.6	50.9
Based on 2008-2010 pooled ACS.			



Concerns

- Payment Regardless of Earnings like VA?
 - Debatable. Each rating would likely have an earnings threshold, over which benefits would be reduced.
- Just another target to hit: Certainly there may be incentives to obtaining a higher rating.
- Expansion:
 - Current beneficiaries rated as 100%?
 - Induced Entry: there are individuals that could/would apply for partial benefit, while working full-time and use it to cut back hours.



Inadequate Technology

- Earnings (Disability in Single Dimension)
 - Earnings above SGA (in five-month waiting period or post-award) is an indicator of work productivity.
 - Unfortunately, observed earnings are endogenous (related to the constrained choices people make).
- Backlogs and Difficulties with SGA-level disability
- Information loss: info gathered at determination is under-utilized in later parts of the program
- Multiple Dimensions
 - Individual Functioning and Job Requirements (OIS)



Changes the Social Contract?

- SSDI insure against a loss of earnings due to a health condition/impairment.
- It is not a compensation program. Should it be?
- Need a system where
 - Disability is exogenous -- not a function of people's choices -- constrained choices
 - Expands opportunities for people with disabilities to be included in the labor market.
 - Our current programs are insufficient.



March labor force participation rate, civilians ages 16-64

— Work limitation — Broad disability
••• No work limitation ••• No broad disability

