

Social Security Advisory Board

Discussion Forum on the Definition of Disability

April 14, 2004

Using Early Intervention Concepts and Techniques as a Test of Disability

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The reports of the Social Security Advisory Board over the last several years provide overwhelming evidence that the current tests of disability used by the Social Security Administration have a multitude of problems. I will not repeat the evidence amassed by the Board to show that the system is broke and needs fixing. Radically new approaches are needed and I will suggest one alternative approach to determining whether the applicant for Social Security Disability Insurance (SSDI) benefits is or is not disabled.

That approach stems from the work we at Rutgers have been doing for the last three years in designing an Early Intervention (EI) program to return applicants for SSDI to work. Here is the essence of the EI program:

- Applicants for SSDI are screened to determine if they would qualify for SSDI benefits and then to determine if they are likely candidates for a return to work program.
- Applicants are asked to volunteer for a return to work program and are given substantial inducements to participate in such a program. In one model applicants can be given whatever is required to secure a job for them subject to a maximum expenditure formula.
- Applicants are brought together with providers of return to work services with the objective of a speedy return to a suitable job.
- The entire project is evaluated with half of the applicants who pass the screens and volunteer placed in the treatment group and half in a control group.

We are testing two different models of early intervention in three pilot states: Vermont, New Mexico and Wisconsin. In each of these models, applicants are given inducements to persuade them to cooperate in a return to work program. Each of these applicants came to the SSA office (or inquire over the phone) with the objective of getting a cash benefit after they proved that they were disabled. Now, they are asked to choose a different

route; they are being asked to take part in a program that is designed to put them to work rather than giving them a cash benefit for not working.

In each of the models, applicants who pass the two screens are to be given an immediate cash stipend equivalent in value to the benefit they would receive if they qualified for SSDI. At the same time, they are given immediate Medicare. This eliminates the twenty four month waiting period. These inducements are temporary. The cash stipend is for a one-year period and the medical benefit for a maximum of three years. Also these inducements are conditional on the applicant cooperating with the return to work program.

In one of the models the inducements are more generous. In effect, what is provided the applicant is dependent on what the applicant requires in order to return to work. This may include aid with transportation, aid in housing arrangements or whatever else is needed in order for the applicant to take a job.

It is recognized that some of these benefits might be quite expensive and there is a limit on what would be spent in an individual case. That benefit is given by what we have termed the *maximum expenditure formula*. That formula is designed to measure the present value of the cash benefits and Medicare that would be paid to the applicants if they became SSDI beneficiaries.

The use of the maximum expenditure formula has all sorts of implications and we will be testing these in the pilot programs. What it means essentially is that we are reducing the return to work issue to a practical business item. We spend whatever is necessary to return people to work subject to this maximum that is designed to assure that the program will be cost effective. If the program goes into effect, we will have to face the fact that some persons would not be given the advantages of the return to work program because it would not pay. We think that such a stance is ethically feasible since those persons who are rejected for the return to work program are given what it is that they came to SSA for in the first place. They return to the queue to apply for SSDI benefits and we take precautions to assure that they are not disadvantaged in any way.

All of this is an explanation of the EI program that is currently being tested in the three pilot states but what does this have to do with disability determination? Early Intervention appears to be so different from disability determination where the object of the process is to determine if the applicant is or is not capable of engaging in substantial gainful activity. I will argue that EI has within it a true test of disability. If SSA can, through this program, return the applicant to a suitable job, one would have to conclude that the applicant was not disabled. If, on the other hand, its best efforts end in failure and the applicant does not return to the labor market, possibly this is good evidence that the applicant meets the disability test.

Of course using EI as a test of disability is different from the current system of determination but I proceed on the assumption that it is not possible to administer the current system. The difficulties and the inconsistencies documented in the reports of the

Advisory Board do not stem from deficiencies in the administration of the disability test, they stem from fundamental problems with the test. We need something different, a different test and a different orientation. Among the possibilities, EI is at least worthy of consideration.

What is probably most controversial about using EI as a test of disability determination is its cost, principally in the time that Social Security employees would have to spend with each applicant. I am proposing the SSA spend considerable time with each individual applicant for SSDI benefits and that before they cut a check for benefits or deny the applicant's right to receive such a check, they try to put the applicant back to work. They try to place the applicant in a job and offer all sorts of help to achieve that goal. That certainly is a different task for SSA and one in which they have had little experience.

I hear a chorus of objections. I hear a deafening chorus with all manner of objections. As noted above, I would guess that the first set of objections would center around the issue of the additional cost that would be involved.. SSA runs the largest social insurance program in the world with nearly two million applications for disability benefits to be processed each year. Given that volume of applications and the present number of persons charged with processing such applications, it is not possible to spend a great deal of time with any one applicant. It is highly controversial to suggest that each applicant be seen in person at the field office before any decision as to benefit eligibility is reached. What is being proposed here obviously would take time and obviously would increase costs unless there are some offsetting benefits.

The question of whether there may be offsetting benefits is exactly what is being tested in the EI demonstration now underway. We are going to great lengths to test whether the costs of the EI interventions are less than the benefits that will be forthcoming. If the EI program can show that some of the applicants will in fact return to work instead of accessing the SSDI rolls, obviously there are real savings to the trust fund.

We need something more than a theoretical cost benefit calculation that depends on assumptions that cannot be tested. We need unambiguous evidence that the EI type of intervention can return persons to work and this prevent the payment of SSDI benefits. To that end, the EI demonstration is truly an experiment.

Recall that applicants are first subject to the two different screens and that they then are asked to consent to being included in the return to work program. The group that passed both screens and consented to participate are then divided into two. One sub-group is the treatment group that will participate in the return to work program and the other is a control group. Provisions are made to follow up members of both groups so that we can measure the effects of the EI intervention on the propensity of the applicants to return to work. Plans are made to keep an accurate measure of all of the costs that are involved and the benefits can be calculated as we measure the number of applicants who return to work by reason of the EI intervention.

We cannot overemphasize the importance of calculating these offsetting benefits, if in fact they do exist. It is not that we are so concerned with saving trust fund money, it is that we seek to justify spending the extra time and effort on these applicants as we seek to promote their return to the labor market. If we can show that there are benefits that will more than compensate for the extra time and attention and for the extra benefits that will be provided, then we can justify these expenditures.

We do not yet know whether there will be savings that result from the EI program. Unfortunately, we will not have valid measures of outcomes in the three-state pilots now underway. Our tests will be one of the processes involved but the number of cases that will be taken in each of the states is too small to give us a reliable measure of the outcomes. It is expected that the pilot projects will be followed by a national demonstration where we should have valid and unambiguous results of outcomes and hence of the costs and the benefits. If it can be shown that there are positive benefits to such a program, we will have ample justification for undergoing the additional costs that would be involved in a return to work program.

If we can get over the issue of costs, there are other objections that have to be dealt with. Putting rehabilitation or return to work first and cash benefits second requires a radically different orientation for Social Security. Nothing in the organization's mission, culture, orientation or expertise fits it for administering a return to work program. It would mean a radical change for the organization that would have to retool and everything we know about such large organizations testifies that it is a big battleship that is not easy to turn around.

Here again, the EI pilots are paving the way. We are experimenting with having an outside Program Manager (PM) administer the program. The PM would have responsibility for seeing that cash stipends are paid and that medical benefits are authorized in a timely fashion. Possibly the most difficult area will be the relations with the actual providers of return to work services.

We anticipate innovations in several areas. First, we seek to attract a wide variety of provide sector providers. The traditional vocational rehabilitation program would not be excluded from participating, but we would like to see them compete with an assortment of providers some of whom may never have been attracted to serving persons with disabilities before.

Second, we would like the providers to concentrate on job placement almost to the exclusion of other services. All applicants will have had extensive job experience and we would like to see providers build on this and get these persons jobs that meet the criteria of suitability that will be established.

We anticipate that the providers will have different ideas and approach the task of job placement in different ways. We visualize the development of a market where the providers would be given information on the applicants and the applicants given information on providers. We would expect, given this information, that both sides of the

market would be given free choice and that there would be a minimum of rules and regulations.

In one model, the providers will be paid on a fee for service basis in a manner and method that would have to be worked out with the PM. In another model, the providers would be paid on an outcomes basis much like the system used in the Ticket to Work program, albeit on a more generous basis.

In general, we would like to see the process to be as open and transparent as possible with both parties being given as much information as is possible given the necessity to preserving essential privacy. If we move the EI process to one that is essentially concerned with a test of disability, additional modifications will be necessary but the basic outlines would remain the same.

To recapitulate:

- We learn from the reports of the Social Security Advisory Board that the current system of making disability determinations used by the Social Security Administration is in dire trouble.
- We contend that the difficulties are not due to flaws in the administration of the test but in fundamental problems with the test itself,
- We propose a radically different approach whereby the SSA uses its resources to attempt to return suitably screened applicants to work.
- We concede that such a different approach requires a fundamental shift in the orientation and culture of SSA.
- We recognize that such a system cannot be adopted unless it can be shown conclusively that the system is cost neutral.
- Demonstrations now underway contain all of the seeds of a determination process that would provide an unambiguous test of work disability and at the same time show the way to cost neutrality.

When it comes to research, government agencies are impatient masters. Once a demonstration is underway, results are wanted quickly with little patience for nuances, academic distinctions and multiple answers. We count our blessings that the Early Intervention project has been allowed to develop without interference and with the positive encouragement of the officials at SSA.

Our primary interest is to see if EI will result in some applicants returning to work rather than accessing the DI rolls. We are delighted that the EI concepts and much of what we

are learning from the project also have the possibility of being adapted as a substitute for the current disability determination process that is not working.