

# DRC Annual Research Meeting

## **PROJECT ABSTRACTS: TRENDS IN DISABILITY CLAIMS AND BENEFIT RECEIPT**

### **Chronic Disease, Functional Status Limitations, and Social Security Disability Payments**

*Jay Bhattacharya*, Stanford University and NBER

Over the past decade, driven in part by rising obesity prevalence, many indicators of chronic disease and disability have deteriorated in the U.S. This change in the health status of the population will have important consequences for both Social Security retirement and disability payments over the coming decades. These health-induced changes will operate over and above the well-anticipated demographic changes brought about by the aging of the population. This study adapts the well-established Future Elderly Model to account for these changes in the health status of the population to forecast future Social Security outlays, including Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), and retirement payments. In addition, the authors examine how policy-induced changes in chronic disease prevalence and instrumental activity of daily living disability rates will affect future Social Security outlays.

### **Understanding the Increase in DI Spending**

*Jeffrey Liebman*, Harvard University and NBER

Federal spending on disability insurance benefits through the SSDI and SSI programs increased from 0.65 percent of GDP in 1984 to 1.20 percent of GDP in 2010. Some experts describe the increase in disability rolls as “unbelievable” (Murray 2012), “skyrocketing” (Duggan and Imberman 2009), “unsustainable” (Burkhauser 2011), and as leading to “a fiscal crisis unfolding” (Autor and Duggan 2006). Others see the spending increase as “modest” and program finances as “sustainable” (Reno 2011). This project seeks to identify the share of the increase in spending attributable to each of three categories of factors: demographic changes such as population aging and the increase in female labor force participation; policy changes such as the 1984 Disability Benefits Reform Act, the increase in the old-age and survivors insurance full benefits age, and the 1996 welfare reform; and labor market developments, such as stagnating wages for workers with low levels of education. The goal is to determine whether the 30-year trend of rising spending on disability benefits is likely to continue or, alternatively, whether disability insurance spending is likely to stabilize, now that the baby boomers are converting from disability benefits to retirement benefits and policy changes such as the 1984 reforms have had decades to fully work through the system.

### **Exploring the Growth of the Child SSI Caseload**

*Anna Aizer*, Brown University and NBER, *Nora Gordon*, Georgetown University and NBER, and *Melissa Kearney*, University of Maryland and NBER

The child SSI caseload has increased by nearly 40 percent between 2002 and 2012, from just over 900,000 to nearly 1,300,000. In this descriptive paper, we explore the nature of the caseload growth over this period. Consistent with previous studies, we find that national trends in child SSI participation are driven by growth in cases diagnosed with mental impairments, which more than doubled over this period. Our state-level analysis reveals that the national trends mask significant variation across states. Some states experienced only very small increases, while other states experienced dramatic increases, the largest percentage increase being in Texas, where the mental diagnoses caseload increased by 129 percent over this 10-year period. Our focus on states suggests that the experience is varied and no small set of factors can explain the differential growth across states. In particular, we do not find evidence of an aggregate relationship between changes in state-level diagnoses rates among the general population of children and new SSI cases. We similarly fail to find evidence of a statistical relationship between differential changes in health insurance coverage among children and new SSI cases. The data offer some suggestion that rates of growth in special education participation at the state level lead to increases in new child SSI cases. Most of all, the data point to the need for in-depth case studies of caseload growth in key states such as Arkansas, the District of Columbia, and Texas.

**Note: Individual research projects are at varying stages of completion; not all findings are final.**