

Disability Policy Brief

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Work-Related Benefit Suspension Experiences Among Disability Beneficiaries

Abstract

Some federal disability beneficiaries who work—particularly those who work above the substantial gainful activity (SGA) level set by the Social Security Administration (SSA)—stop receiving cash benefits. Little is known about how beneficiaries adjust their employment after such benefit suspensions, and why many resume receiving benefits. This brief examines the employment experiences and characteristics of Social Security Disability Insurance (DI) and Supplemental Security Income (SSI) beneficiaries whose disability benefits are suspended due to earnings.

Background

SSI and DI program rules on earnings

SSI and DI offer income support to adults who cannot work because of a significant health condition. To qualify for either program, an applicant must demonstrate an inability to engage in substantial work due to a medically determinable impairment expected to last at least 12 months or result in death. SSA defines substantial work (referred to as SGA) for most individuals as monthly earnings of more than \$1,310 (in 2021).

Although initial eligibility for DI and SSI is contingent on limited earnings and the same medical criteria, the programs differ in how they use earnings to determine monthly cash payments and ongoing eligibility. Under DI, individuals can work and earn at any level for nine months without losing eligibility for DI cash benefits. This nine-month period is referred to as the trial work period. In the SSI program, monthly payments decline by \$1 for every \$2 of earnings after \$65 of earnings and a \$20 per month general income exclusion; thus, SSI payments can decline with very low levels of earnings, but only gradually as earnings rise. SSI program provisions allow participants to earn above the SGA level and remain eligible for SSI (Section

1619[a]) and Medicaid (Section 1619[b]) benefits even after SSA suspends SSI payments because of earnings. In addition, DI and SSI have provisions to help beneficiaries return to work. Most allow beneficiaries to remain eligible for Medicare or Medicaid and keep more of their cash benefits while working or preparing for work; others provide resources to help beneficiaries improve their ability to work.

Employment and benefit suspensions

Many SSI and DI beneficiaries work after entering the disability programs. About 22 percent of beneficiaries worked during the first five years after entering the programs (SSA 2020), with those ages 18 to 29 being the most likely to have worked (41 percent). Despite employment being common, few SSI and DI beneficiaries work enough to leave the disability rolls; only about 5 percent had their benefits suspended for work, and even fewer had their benefits terminated for work during their first 15 years participating in the programs (SSA 2020).

Work incentives/responses

Current research provides little information to explain why individuals who work enough for SSA to suspend their benefits do not sustain their earnings

and why many who leave the disability rolls because of earnings subsequently return. Of the 3.5 percent of DI beneficiaries and less than 0.5 percent of SSI recipients who had earnings high enough for SSA to terminate their benefits during their first 15 years in the programs, about half of such DI beneficiaries and one-quarter of such SSI recipients eventually returned to the disability rolls (SSA 2020). The most common reasons working beneficiaries left jobs 15 to 20 years ago were being fired or laid off and the onset or worsening of a health condition (Livermore et al. 2009). But recent studies have not examined why beneficiaries leave jobs or resume benefits after SSA suspends their benefits because of earnings.

Methods

This analysis used data from the 2017 National Beneficiary Survey (NBS), which includes a large sample of SSI and DI beneficiaries who recently worked above the SGA level. The oversample of SGA earners is nationally representative of beneficiaries on the rolls in June 2016 who earned above SGA for three or more consecutive months during the six-month period before they were interviewed in 2017.

This brief examines the benefit suspension experiences of SSI and DI beneficiaries who were on the disability rolls in June 2016. Respondents self-report information on benefit suspensions. Recently employed beneficiaries (who were employed at survey interview, worked in past six months, or worked in the calendar year before the interview) were asked whether their disability benefits stopped because they were working in the past year. For most analyses, restricting the sample to those who were recently employed resulted in a sample of 5,372 unweighted individuals representing 1.9 million beneficiaries.

We analyzed beneficiaries who were eligible for SSI and DI separately, because the work-related provisions differ between the DI and SSI programs. Both sets of outcomes include those who were concurrently eligible for SSI and DI.

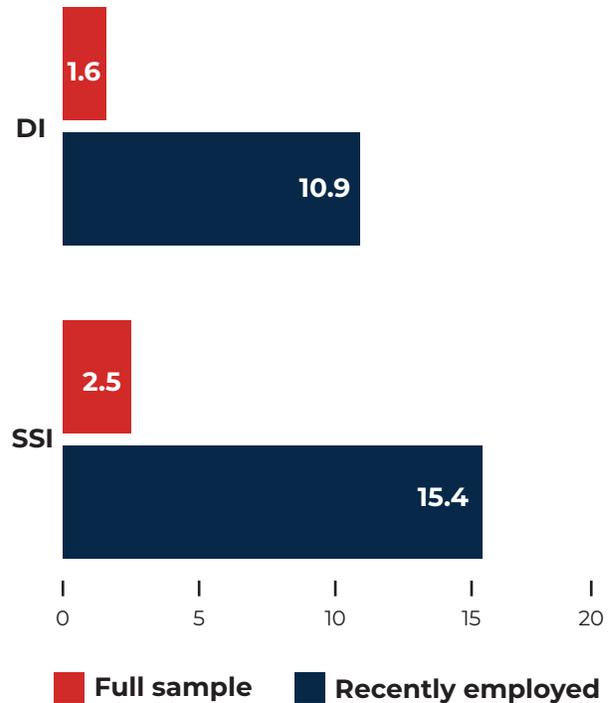
We computed all statistics using the NBS weights and the adjusted standard errors used in tests of statistical significance to account for the NBS sample design. ▲

Findings

How common were earnings-related benefit suspensions among recently employed beneficiaries?

Among all beneficiaries, 1.9 percent reported experiencing a recent benefit suspension. The rate among those who had been recently employed was 13 percent, representing nearly 250,000 beneficiaries. Perhaps in part reflecting the differences in the treatment of earnings between the programs, a somewhat higher percentage of recently employed SSI recipients than recently employed DI beneficiaries (15 and 11 percent, respectively) reported that their disability benefits stopped because they were working in the past year (Figure 1).

Figure 1. Benefit suspension rates by program, overall and among recently employed beneficiaries (percentage)^a

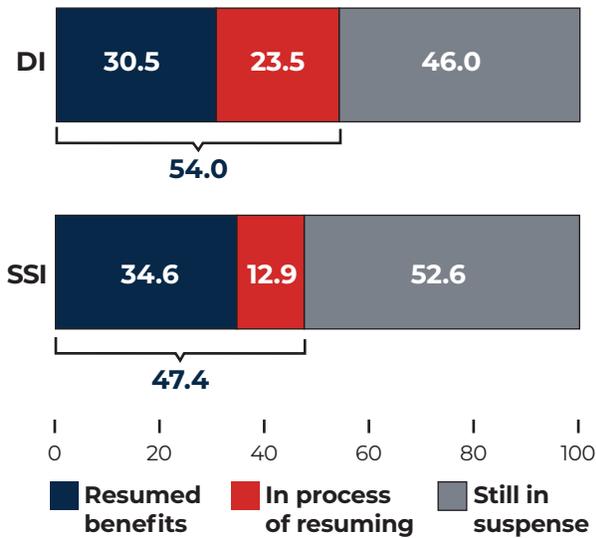


Source: 2017 National Beneficiary Survey, weighted data.
^aRecent employment = employed at interview, worked in past six months, or worked in the calendar year before interview (2016).

Do beneficiaries whose benefits were suspended return or plan to return to benefits? If so, why?

About half of beneficiaries who had a recent benefit suspension had resumed or were in the process of resuming benefits at the time of interview (Figure 2). Among those who had resumed or were in the process of resuming benefits, more than half were employed at interview (66 percent of DI beneficiaries and 52 percent of SSI recipients; authors' calculations not shown). Similar percentages planned to earn enough to leave benefits again in the future (51 percent of DI beneficiaries and 64 percent of SSI recipients), suggesting that their return to benefits could be due to temporary barriers to employment (Table 1).

Figure 2. Benefit suspension status at interview among beneficiaries with a recent earnings-related suspension (percentage)



Source: 2017 National Beneficiary Survey, weighted data.
 Note: Status was self-reported.

Reasons for resuming benefits

Most beneficiaries resuming benefits cited a health-related reason, and smaller shares reported job-related or personal reasons for returning to benefits (Table 1). Beneficiaries were asked whether they returned to benefits because of their health, job, or personal circumstances, and could choose multiple reasons or none of them. Nearly three-quarters of DI beneficiaries (73 percent) cited a health-related reason; about one in five reported a job-related reason (16 percent) or a personal circumstance (21 percent). Most of those who cited a job-related reason or personal circumstance also cited a health-related reason (74 percent; not shown); 20 percent of DI beneficiaries did not respond affirmatively to any of the three reasons queried. Relative to DI beneficiaries, SSI recipients were less likely to report health-related reasons for returning to benefits and more likely to report job-related and personal reasons. About one-half (56 percent) cited a health-related reason, and between one-quarter and one-third reported job-related reasons (28 percent) or personal circumstances (30 percent). One-quarter of SSI recipients who were resuming or had resumed benefits did not report any of the reasons.

Beneficiaries were asked to specify the aspects of their health, job, or personal circumstances that might have caused them to work less or stop working. The specific reasons for returning to benefits varied, but the distributions were similar across programs (Table 1). About one-third of beneficiaries reported an existing health problem getting worse (31 and 32 percent of DI and SSI beneficiaries, respectively). Between 5 and 15 percent of beneficiaries reported health interfering with job performance, needing time for medical appointments/hospitalizations, and new health problems. Similarly, small shares of beneficiaries in both programs reported the potential loss of benefits, low pay, or stressful work as reasons for resuming benefits. Less than 5 percent reported other reasons, including lack of transportation, child care, personal assistance, or stamina for work.

Table 1. Reasons for returning to benefits and expectations for future suspensions of benefits

Resumed or resuming benefits	DI	SSI
Unweighted number	641	568
Weighted percentage of all experiencing a suspension	54.0	47.4
Reason for returning to benefits (percentage) ^a		
Health-related	72.5	56.5
Job-related	16.4	27.7
Personal circumstances	21.1	30.0
Did not report any of the above reasons	19.5	24.9
Specific reason for returning to benefits (percentage) ^a		
Existing health problem gets worse	31.2	32.1
Health interferes with job performance	11.6	14.1
Might lose benefits	8.3	6.3
Need time for medical appointments	7.4	8.7
New health problem	6.2	5.8
Job does not pay enough	5.4	6.9
Work is too tiring or stressful	4.6	7.9
Need to be hospitalized	3.0	5.4
Lack reliable transportation to and from work	2.6	4.1
Need help caring for children or others	2.0	2.9
Lack the strength, physical energy, or stamina required to work	2.0	1.7
Plans to earn enough to stay off benefits in the future (percentage)	50.9	64.4

Source: 2017 National Beneficiary Survey, weighted data.

^a Multiple responses possible.

Is awareness of key SSA work incentives correlated with benefit suspension, anticipation of suspension, and resumption of benefits after suspension?

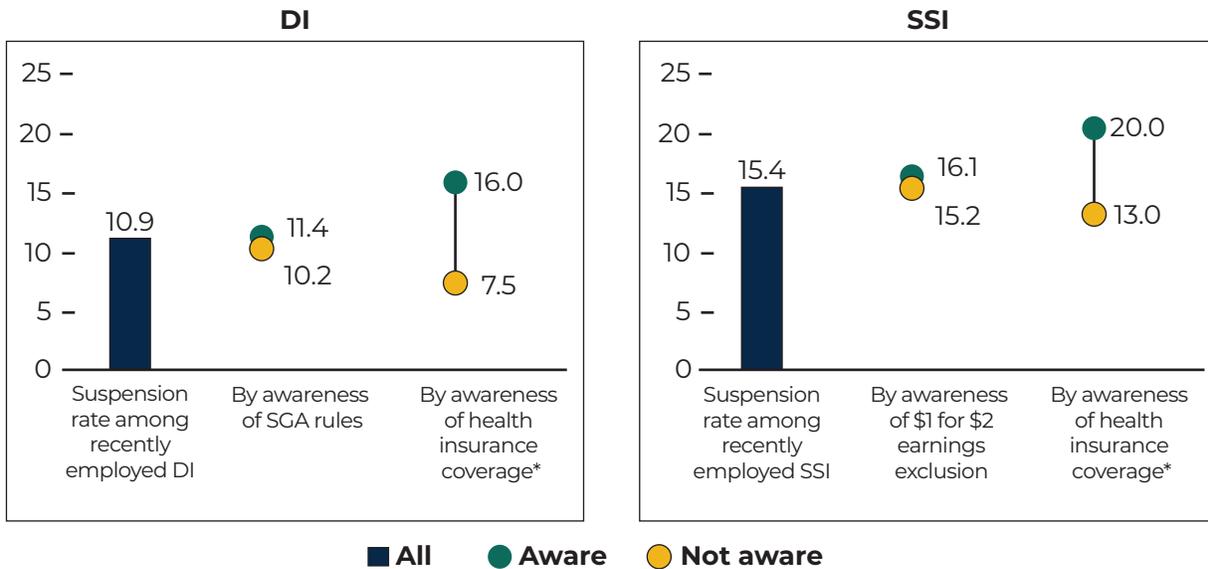
Beneficiaries aware of key provisions governing earnings might be more likely to work at levels that suspend benefits because they know they will not lose health insurance and can prepare for the benefit suspensions; they might be less likely to resume benefits after a suspension because they are not surprised or destabilized by the loss of cash benefits. To test whether awareness of the provisions related to retention of health insurance and cash benefits was associated with the likelihood of these events, we estimated regression models among recently employed beneficiaries, predicting benefit suspension outcomes, including variables representing awareness of (1) the ability to keep health insurance after benefit loss, (2) the DI SGA rule, and (3) the SSI \$1 for \$2 earned income exclusion.^{1,2} We believe these provisions to be the most relevant to beneficiaries' concerns about benefit loss and the rules governing the calculation of benefits.

After controlling for other personal characteristics, awareness of the ability to retain health insurance after cash benefits cease is positively associated with a likelihood of experiencing a benefit suspension that is twice the rate of those unaware of the provision (Figure 3). Among recently employed SSI recipients, those aware of the health insurance provision had a 50 percent greater likelihood of experiencing a benefit suspension than their unaware peers. Awareness of the SGA rule and \$1 for \$2 earnings exclusion provisions was not associated with the likelihood of a benefit suspension.

¹ The SGA rule question posed of respondents was as follows: "Most people receiving Social Security disability benefits will lose their cash benefits if they work and earn more than \$1,170 in a month for more than nine months. Is this something {you/NAME} knew before today?"

² The earned income exclusion question posed of respondents was as follows: "{Have you/Has NAME} ever heard of the earned income exclusion or the 1 for 2 earnings exclusion? This is a Social Security incentive where one-half of {your/a beneficiary's} earnings over \$85 are not counted when Social Security figures {your/the} benefit."

Figure 3. Suspension rates among recently employed beneficiaries, overall and by awareness of key provisions



Source: 2017 National Beneficiary Survey, weighted data.

Note: Estimates are regression-adjusted for differences between those aware and not aware of program rules in sex, age, race, ethnicity, education, time receiving disability payments, impairment, functional limitations, and SSA's expectation of medical improvement.

*Significantly different from zero at the .05 level, two-tailed test.

The positive association between awareness of the health insurance provisions and likelihood of a benefit suspension suggests that knowing they can maintain health insurance when cash benefits cease might empower some beneficiaries to earn at levels that suspend benefits. But it could also be because some beneficiaries did not become aware of the health insurance provisions until they experienced a suspension and saw that they did not lose their health insurance.

Working beneficiaries aware of the key provisions related to the impact of earnings on benefits would seem more likely to anticipate a benefit suspension, and we found this was true among DI beneficiaries but not among SSI recipients. Among DI beneficiaries, awareness of the SGA rule was associated with a substantially greater likelihood (38 percentage points greater after controlling for

other characteristics) of anticipating suspension (Shenk and Livermore 2021). Knowledge of the \$1 for \$2 earnings exclusion was not associated with anticipating a suspension among SSI recipients. Among both DI and SSI beneficiaries, awareness of the ability to maintain public health insurance was positively associated with anticipating a benefit suspension.

Finally, we tested whether awareness of the three key provisions was associated with resuming benefits after suspension. This might be the case if lack of awareness of the earnings rules and fear of losing benefits prompted some beneficiaries to limit their work activity and resume cash benefits because the loss was unexpected. Among both DI and SSI beneficiaries, we found no relationship between awareness of key provisions and resumption of benefits (Shenk and Livermore 2021).

Discussion

Benefit suspensions occurred for nontrivial shares of recently employed beneficiaries. After controlling for other personal characteristics, awareness of key SSA work incentives was positively associated with anticipation of and/or likelihood of experiencing a benefit suspension among recently employed beneficiaries.

Although it is hard to separate the direction of the relationships, because the survey data do not tell us whether beneficiaries became aware of key provisions before or after they experienced a suspension, the data provide some evidence of the role of awareness on beneficiary employment behavior. The findings suggest that improving knowledge of the SSA provisions governing earnings among beneficiaries who are working or want to work might prompt more beneficiaries to work at levels that result in benefit suspension and anticipate those suspensions. Knowledge of the health insurance provisions seems particularly relevant in empowering beneficiaries to earn at levels that suspend benefits. This is not surprising given the importance of health insurance to people with disabilities, the finding that many beneficiaries resume benefits because of health reasons, and the qualitative evidence that some beneficiaries working above SGA are fearful of losing their public health insurance.

The high rate of returning to benefits after a suspension suggests an opportunity to intervene. Most beneficiaries who were returning to benefits were still working when they were interviewed. Such beneficiaries might be able to resume their higher earnings with support.

However, it is unclear what type of supports would be effective. Most who returned to benefits did so because of a worsening health condition or because their health interfered with their job performance. The types of supports and accommodations needed are likely to vary substantially depending on health issue and occupation. Thus, any intervention to help beneficiaries remain working and off of benefits would need to be highly individualized.

This brief is one of two research briefs about the overpayment and benefit suspension experiences of recently employed SSI and DI beneficiaries. The companion brief focuses on overpayments. The information is intended to help SSA and policymakers better understand the experiences of working SSI and DI beneficiaries. Complete findings are available in Shenk and Livermore (2021)

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