



## SOCIAL SECURITY

The Commissioner

September 5, 2018

The Honorable Orrin G. Hatch  
Chairman, Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

Our agency conducts demonstration projects to test changes to our disability programs. These demonstration projects allow us to explore ways to help beneficiaries enter or reenter the workforce. I am writing to update you on the status of our demonstration efforts, as required by Section 234 of the Social Security Act.

I have enclosed a copy of our annual report that details the ongoing progress of our Benefit Offset National Demonstration, mandated by the Ticket to Work and Work Incentives Improvement Act of 1999, and the status of our Promoting Opportunity Demonstration, mandated by the Bipartisan Budget Act of 2015. The report includes information on the Youth Transition Demonstration, Benefit Offset Pilot Demonstration, Accelerated Benefits Demonstration, and Mental Health Treatment Study, because, even though they have ended, we occasionally field questions on them. We also included information on a new project procuring Technical Expert Panels to help us design new demonstration projects and a description of our recent proposal for extending our demonstration authority.

I appreciate your support of our efforts to maximize the self-sufficiency of individuals with disabilities.

If you or your staff would like a briefing on this report, please contact me or have your staff contact Royce Min, our Acting Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6030.

We are also sending the report to Chairman Brady.

Sincerely,

Nancy A. Berryhill  
Acting Commissioner

Enclosure

cc:

The Honorable Ron Wyden, Ranking Member  
U.S. Senate Committee on Finance

**Social Security Administration**  
**September 2018**  
**Annual Report on Section 234 Demonstration Projects**

Section 234 of the Social Security Act (Act) gives us the authority to conduct research and demonstration projects designed to test Social Security Disability Insurance (SSDI) program changes that may encourage disabled beneficiaries to work. Congress extended this authority through December 31, 2022 in the Bipartisan Budget Act (BBA) of 2015. Section 234 of the Act requires us to report annually to Congress by September 30 of each year on the progress of the experiments and demonstration projects that we carry out under this authority. This report presents the status and findings on our current projects funded under Section 234 of the Act. They are the:

- Benefit Offset National Demonstration (BOND),
- Promoting Opportunity Demonstration (POD), and
- Technical Expert Panels (TEPs) for SSDI Demonstrations.

We are also providing summaries on four completed projects funded under Section 234 of the Act. They are the:

- Youth Transition Demonstration (YTD);
- Benefit Offset Pilot Demonstration (BOPD);
- Accelerated Benefits Demonstration (AB); and
- Mental Health Treatment Study (MHTS).

While these four projects have technically ended, we still occasionally field questions on them and include them in the report for reference purposes. If we perform additional analyses on these projects, we will include updates in future reports.

For more information on these and other demonstrations, please see our webpage at <https://www.ssa.gov/disabilityresearch/demos.htm>.

This report also presents information on a legislative proposal included in the fiscal year (FY) 2019 President's Budget regarding Section 234 of the Act, which sunsets at the end of 2022, and Section 1110 of the Act, which is our authority to conduct demonstrations of the Supplemental Security Income (SSI) program and early intervention demonstrations.

**Benefit Offset National Demonstration (BOND)**

We designed BOND to test the effectiveness of benefit offset and enhanced benefit counseling to address the low rate of return to work among SSDI beneficiaries. BOND replaces the complete loss of cash benefits that occurs when a beneficiary performs substantial gainful activity (SGA) with a more gradual reduction in benefits. Under current SSDI rules, beneficiaries who are disabled may work up to nine months, called a trial work period (TWP), while they continue to receive benefits, regardless of how much they earn. After the 9-month TWP, the beneficiary begins a 36-month extended period of eligibility (EPE). During the EPE, beneficiaries who work

at the SGA level will lose their entire monthly payments, except for the first three months (called the grace period) in which they continue to receive full benefits.

In the BOND project, we are testing the effect of an alternative to withholding full benefits when beneficiaries perform SGA during the EPE. When participants perform SGA after the TWP and the three-month grace period, we reduce their benefits by \$1 for every \$2 that their earnings exceed the annualized SGA threshold amount.

## **Project Background**

The Ticket to Work Incentives Improvement Act of 1999 directed us to conduct a benefit offset demonstration for SSDI. We awarded a design contract for this project in 2004. We then used a full and open competition procurement process to award a nine-year implementation and evaluation contract award in December 2009. The estimated cost of this contract is approximately \$121 million. We published a notice in the *Federal Register* announcing the BOND project in November 2010 (75 FR 71171).

## **Study Design**

We are implementing the various treatments of the benefit-offset program for SSDI-only beneficiaries and concurrent beneficiaries (i.e., those who receive both SSDI and SSI benefits based on disability) in 10 sites around the country. We selected these sites based on the geographic areas supported by our area offices within the regions.

The BOND project has two stages. Offset treatment participants in both Stage One and Stage Two will participate in BOND for a maximum of 60 months upon completion of a TWP. Participants must have completed their TWP on or before September 30, 2017 to qualify for the project. We will evaluate the effectiveness of the treatment groups by comparing employment status, earnings, and benefits paid across the different groups.

- **Stage One:** 968,713 beneficiaries (non-volunteers) assigned to two groups:
  - \$1 for \$2 offset for a five-year period and Work Incentives Counseling or
  - Control (no offset).
- **Stage Two:** 12,744 beneficiaries (volunteers) assigned to three groups:
  - \$1 for \$2 offset and Work Incentives Counseling; or
  - \$1 for \$2 offset with Enhanced Work Incentives Counseling; or
  - Control (no offset).

## **Progress to Date**

BOND's ninth year of operation will end December 6, 2018. In December 2018, we will modify the contract to continue work incentives counseling services for those eligible to use the offset until December 2022. These services will also help beneficiaries transition back to regular rules. We will post the final BOND report after it is finalized in September 2018.

## **Findings**

As of June 2018, early effect estimates from the \$1 for \$2 offset indicate:

- 4,945 BOND participants have been in offset for one month or more;
- No evidence of an increase in participants' average earnings at this time;
- Strong evidence of an increase in benefits paid;
- Some evidence of an increase in the proportion of beneficiaries with earnings above the level at which they become eligible for the offset;
- Evidence of an increase in the proportion of beneficiaries employed;
- Evidence of an increase in the number of overpayments;
- Evidence of a decrease in the average amount of overpayments; and
- For the Stage 2 volunteer group, as of 2015 we found:
  - No detectable evidence of an increase in participants' average earnings;
  - Some evidence of increased benefits paid;
  - Some evidence of an increase in the proportion of beneficiaries employed;
  - Some evidence of an increase in the proportion of beneficiaries with earnings above the level at which they become eligible for the offset; and
  - No evidence that enhanced counseling services are superior to current services.

### **Data Collection**

- Baseline surveys and 12-month surveys are complete;
- 36-month surveys are complete;
- Focus group interviews are complete; and
- Interviews with staff and beneficiaries are complete.

### **Reports**

The following reports are available on our agency's BOND website at [www.socialsecurity.gov/disabilityresearch/offsetnational.htm](http://www.socialsecurity.gov/disabilityresearch/offsetnational.htm).

- BOND Design Report;
- BOND Evaluation Analysis Plan;
- BOND Process Analysis Report;
- BOND Stage-1 Early Assessment Report;
- BOND Stage-1 First-Year Snapshot Report;
- BOND Stage-1 Second-Year Snapshot Report;
- BOND Stage-1 Third-Year Snapshot Report;
- BOND Stage-1 (2016) Interim Process, Participation, and Impact Report;
- BOND Stage-1 (2017) Interim Process, Participation, and Impact Report.
- BOND Stage-2 Early Assessment Report;
- BOND Stage-2 First and Second Year Snapshot Report;
- BOND Stage-2 (2015) Interim Process, Participation, and Impact Report;
- BOND Stage-2 (2017) Year 4 Snapshot Report;
- BOND Stage-2 (2017) Interim Process, Participation, and Impact Report.

## **Next Steps**

Once the final report is complete, we will post it to the BOND website. We will also provide a copy to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate. We will continue to offset benefits and provide work incentives counseling services to participants until December 31, 2022. These services will also focus on transitioning beneficiaries from BOND rules to regular rules.

### **Promoting Opportunity Demonstration (POD)**

Section 823 of the BBA of 2015 amended Section 234 of the Act by instructing our agency to carry out a demonstration project testing a new \$1 for \$2 benefit offset for SSDI beneficiaries. Under current SSDI rules, beneficiaries who are disabled may work up to nine months (the TWP), while they continue to receive benefits, regardless of how much they earn. After the nine-month TWP, the beneficiary begins a 36-month EPE. During the EPE, beneficiaries who work at the SGA level will lose their entire monthly payments, except for the first three months (called the grace period) in which they continue to receive full benefits. We do not include the costs of certain impairment-related items and services needed to work when determining if a beneficiary is performing SGA.

In POD, we must offset benefits by \$1 for every \$2 of earnings above either a standard threshold (determined by the Commissioner) or an itemized Impairment-Related Work Expenses (IRWE) level. The TWP and EPE are eliminated under POD. Further, the BBA of 2015 states that we may terminate benefits once benefits reach \$0 under the offset; however, a beneficiary whose benefits are terminated will maintain Medicare Part A benefits for a period of no longer than 93 months after termination, or until he or she medically improves. Participation in this demonstration is voluntary and individuals can withdraw from the project at any time. POD will last for five years.

## **Progress to Date**

We began designing the demonstration and developing the systems and operational processes immediately following passage of the BBA of 2015. POD officially began with the award of an evaluation contract in December 2016. We awarded a separate implementation contract in January 2017. In January 2018, we began our enrollment period to recruit beneficiaries into the demonstration.

## **Study Design**

We will recruit at least 9,000 beneficiaries and randomly assign them into one of three equal groups. The control group will be subject to current program rules. Two treatment groups will be subject to the offset for earnings above the POD threshold. The threshold is the greater of 1) the current TWP monthly amount (\$850 in 2018) or 2) the individual's monthly total amount of IRWEs (up to SGA). The first treatment group will be eligible for the offset, and if benefits are offset and reduced to \$0 for 12 consecutive months, we will terminate benefits. The second treatment group will also be eligible for the offset, but we will not terminate benefits because of earnings from work.

The evaluation will include process, participation, impact, and cost-benefit analyses. We are conducting surveys of participants at the time of enrollment, and 12 and 24 months after enrollment.

We are implementing the project in the following States:

- Alabama (all)
- California (selected counties)
- Connecticut (all)
- Maryland (selected counties)
- Michigan (selected counties)
- Nebraska (selected counties)
- Texas (selected counties)
- Vermont (all)

These sites offer a diverse population of SSDI beneficiaries and a sufficient number to meet the enrollment goal. State vocational rehabilitation agencies and Work Incentive Planning and Assistance providers are the subcontractors providing POD-specific benefits counseling and assisting the implementation contractor to submit earnings and IRWEs to our agency to adjust benefits monthly.

### **Next Steps**

We will recruit and enroll beneficiaries into POD throughout 2018. POD will continue through June 2021 for participants. We will have an interim evaluation report in calendar year 2020 and the final evaluation report by the end of calendar year 2021.

### **Technical Expert Panels (TEPs) for SSDI Demonstrations**

Given the strong Congressional interest in improving the labor force participation of individuals with disabilities, we plan to initiate work on several new demonstration projects to test policies to support SSDI beneficiaries' work efforts.

In preparation for these new demonstrations, we will convene up to three TEPs. These TEPs will provide independent, informed recommendations on the criteria for potential demonstration projects. These recommendations will include, but are not limited to: policy alternatives; design criteria (e.g., random assignment versus quasi-experimental designs); potential populations these demonstrations should recruit; outcome measurement; and optimal length of time to field the demonstrations.

One panel will discuss what is often referred to as “the ultimate demonstration,” a test removing all perceived financial disincentives to encourage beneficiaries to work. All earnings rules and other work impediments from the SSDI program will be removed. This demonstration would enable us to better understand the cumulative effect of SSA's current work incentives on beneficiary employment. A second panel will discuss a test of incentives for State vocational rehabilitation agencies to provide quicker supports to individuals leaving SSDI. The third panel will cover a to-be-determined demonstration.

## **Progress to Date**

We expect to award a contract in September or October 2018 for a third party to convene the TEPs.

### **Youth Transition Demonstration (YTD)**

YTD is a research study that evaluated the effects of enhanced youth transition programs and modified SSI rules (waivers) on youths between the ages of 14 and 25 who have disabilities. YTD projects included service delivery systems and a broad array of services and supports to assist youth with disabilities in their transition from school to employment and to help them gain economic self-sufficiency.

## **Project Background**

YTD began in 2003, with seven projects in six States (California, Colorado, Iowa, Maryland, and Mississippi each having one, and two projects in New York). Maryland and Iowa terminated early, while California and Mississippi completed their participation. In 2007, we piloted three new projects: one in Florida, one in Maryland, and one in West Virginia. Combined with the three projects that were still running from the original seven (one in Colorado and two in New York), we had a total of six projects in place. These projects produced the first evaluation of the empirical evidence of the effects of youth transition programs and modified SSI work incentives.

The modified SSI program rules that we tested under YTD included the following five program waivers.

- We continued paying benefits for as long as the individual continued to be a YTD participant, despite the finding of a continuing disability review or an age-18 medical redetermination that an individual is no longer eligible for benefits.
- We applied the student earned income exclusion (Section 1612(b)(1) of the Act), which normally applies only to students who are age 21 or younger, to all participants who met school attendance requirements.
- We expanded the general earned-income exclusions guidelines. The general earned-income exclusions (Section 1612(b)(4) of the Act) permit the exclusion of \$65 plus half of what an individual earns in excess of \$65; however, for YTD, we excluded the first \$65 plus three-fourths of any additional earnings.
- We extended the SSI program's treatment of Federally-supported Individual Development Accounts (IDA) to IDAs that do not involve Federal funds.
- We modified the guidance pertaining to development of a plan to achieve self-support (PASS). Ordinarily, a PASS must specify an employment goal that refers to getting a particular kind of job or starting a particular business. For YTD, we approved an otherwise satisfactory PASS that had either career exploration or postsecondary education as its goal. Income and assets that an individual used for PASS expenses did not count when we determined SSI eligibility and payment amount.

## Findings

YTD projects in Colorado and New York ended in 2010, while the Florida, Maryland, and West Virginia projects ended in 2012.

We subsequently released the following papers and reports:

- 12-month, post-random-assignment reports for all the sites to the general public;
- 24-month, post-random-assignment report covering all the sites in the February 2014 edition of the *Social Security Bulletin*; and
- Comprehensive final report of the six random assignment projects to our website in November 2014.

This demonstration produced mixed evidence on whether YTD effects on paid employment are sustainable. Two of the six projects (Florida and Bronx County, New York) showed an increase in employment three years after random assignment. New York showed positive effects on paid employment during the year after participants entered the evaluation. In Florida, 23 percent of participants in the program group worked for pay during that year, compared with just 13 percent of control group members. In the Bronx, 33 percent of program group members had paid employment, compared with 25 percent of the control group members. Because several youths took advantage of the modified program rules (listed in bullets above), participants of five of the six projects had higher total income from earnings and disability benefits in the third year after random assignment. These effects ranged from \$1,010 higher total income in West Virginia to \$1,729 higher total income in Bronx, New York. YTD showed that substantial doses of well-designed services to youth with disabilities could improve key transition outcomes in the medium term. We will follow participants using administrative data and conduct cost-benefit-analyses at specified periods, such as 5 and 10 years, to test the longer-term outcomes of these projects.

Our findings from YTD influenced the development of the “Promoting Readiness of Minors in SSI” (PROMISE) project, a joint initiative involving our agency, and the Departments of Education, Health and Human Services, and Labor. PROMISE funds model demonstration projects in several States to promote positive outcomes for children with disabilities who receive SSI and their families.

## Next Steps

We continue to work both independently and with our contractors to produce policy briefs and research articles. To learn whether the interventions led to longer-term effects, we plan to re-analyze the data in late FY 2018 to measure any employment and program participation effects 5 to 7 years after enrollment.

## Research Products

1. Fraker, T. & Rangarajan, A. (2009). “The Social Security Administration’s youth transition demonstration projects.” *Journal of Vocational Rehabilitation* 30(3): 223-240.

This article describes the motivations for YTD, the study design, and the expected effects. The authors also provide an overview of each of the random-assignment sites.

<http://www.mathematica-mpr.com/~media/publications/PDFs/disability/SSAYouth.pdf>

2. Luecking, R.G. & Wittenburg, D. (2009). “Providing supports to youth with disabilities transitioning to adulthood: Case descriptions from the Youth Transition Demonstration.” *Journal of Vocational Rehabilitation* 30(3): 241-251.

This article describes the variety of YTD intervention components. The authors also provide case studies describing how some individuals participating in YTD used these interventions.

<http://www.mathematica-mpr.com/~media/publications/PDFs/disability/providingsupports.pdf>

3. Croke, E.E. & Thompson, A.B. (2011). “Person centered planning in a transition program for Bronx youth with disabilities.” *Children and Youth Services Review* 33(6): 810-819.

This paper describes the City University of New York’s YTD project, focusing on the person-centered planning offered to treatment youths. The findings indicate that youths who participated in person-centered planning were more likely to hold at least one paid job. The article also provides recommendations to practitioners implementing person-centered planning.

[www.sciencedirect.com/science/article/pii/S019074091000383X](http://www.sciencedirect.com/science/article/pii/S019074091000383X)

4. Fraker, T. (2011). “The Youth Transition Demonstration: Interim Findings and Lessons for Program Implementation.” Center for Studying Disability Policy Issue Brief Number: 11-04.

This brief provides an overview of YTD projects and summarizes the 1-year effects for the Phase One sites (Colorado, Bronx, New York, and Erie, New York).

<https://www.mathematica-mpr.com/our-publications-and-findings/publications/the-youth-transition-demonstration-interim-findings-and-lessons-for-program-implementation>

5. Fraker, T. (2013). “The Youth Transition Demonstration: Lifting Employment Barriers for Youth with Disabilities.” Center for Studying Disability Policy Issue Brief Number: 13-01.

This brief provides an overview of YTD projects and summarizes the 1-year employment effects for all sites, focusing on the relationship between employment services receipt and actual employment.

<https://www.mathematica-mpr.com/our-publications-and-findings/publications/the-youth-transition-demonstration-lifting-employment-barriers-for-youth-with-disabilities>

6. Bucks Camacho, C. & Hemmeter, J. (2013). “Linking Youth Transition Support Services: Results from Two Demonstration Projects.” *Social Security Bulletin* 73(1): 59-71.

This article presents an overview of two of the original YTD projects: California’s Bridges to Youth Self-Sufficiency and Mississippi’s Model Youth Transition Innovation. The authors describe these projects and the participants and report SSDI and SSI receipt and earnings up to five years after participation.

[www.socialsecurity.gov/policy/docs/ssb/v73n1/v73n1p59.html](http://www.socialsecurity.gov/policy/docs/ssb/v73n1/v73n1p59.html)

7. Hemmeter, J. (2014). “Earnings and Disability Program Participation of Youth Transition Demonstration Participants after 24 Months.” *Social Security Bulletin* 74(1): 1-25.

This article presents earnings and disability program payment outcomes for youths participating in all six YTD projects in the two years after random assignment.

<https://www.ssa.gov/policy/docs/ssb/v74n1/v74n1p1.html>

8. Fraker, T., Mamun, A., & Timmins, L. (2015). “Three-Year Impacts of Services and Work Incentives on Youth with Disabilities.” Center for Studying Disability Policy Issue Brief.

This brief summarizes the effects on employment three years following study enrollment.

[www.disabilitypolicyresearch.org/~media/publications/pdfs/disability/ytd\\_3yrimpact\\_ib.pdf](http://www.disabilitypolicyresearch.org/~media/publications/pdfs/disability/ytd_3yrimpact_ib.pdf)

9. Fraker, T., Luecking, R., Mamun, A., Martinez, J., Reed, D., & Wittenburg, D. (2016). “An Analysis of 1-Year Impacts of Youth Transition Demonstration Projects.” *Career Development and Transition for Exceptional Individuals* 39(1): 34-46.

This article examines the effects of YTD. Based on a random assignment design, the analysis uses data from a 1-year follow-up survey and our administrative records for 5,203 youth in six research sites to estimate demonstration effects. Three of the six demonstration projects had positive effects on the rate at which youth were employed during the year after they entered the evaluation. Those effects were concentrated in sites where the projects provided more hours of services, counterfactual services were weak, and the target population of youth had more severe disabilities.

<http://journals.sagepub.com/doi/abs/10.1177/2165143414549956>

10. Cobb, J., Wittenburg, D., & Stephanczuk, C. “Possible State Interventions Options to Serve Transition Age Youth: Lessons from the West Virginia Youth Works Demonstration Project.” *Social Security Bulletin*, forthcoming.

The Youth Works project was one of six projects that were part of the full YTD evaluation. This article focuses on the implementation and impact findings from Youth Works to provide an important potential case study of a program and potential lessons for other States interested in expanding services to youth with disabilities. The impact findings indicate that Youth Works increased reported use of employment services, employment, and income one year after random assignment; the impacts were large relative to previous agency demonstrations. However, the size of the impacts diminished three years following random

assignment without sustainable supports in place, which underscores the potential need for follow-up supports.

11. Fraker, T., Cobb, J., Hemmeter, J., Luecking, R., & Mamun, A. “Three-Year Impacts of Youth Demonstration Projects.” *Social Security Bulletin*, forthcoming.

This article summarizes the three-year impacts of YTD. The study found statistically significant positive impacts of approximately 7 percentage points on employment rates in three sites during the third post enrollment year. In two of the three sites, services had been intense relative to those of the other sites, and treatment youth were significantly more likely than control youth to have had paid work experiences during the initial post enrollment year.

### **Presentations**

In an effort to share our findings with policymakers, we presented our YTD findings at a variety of conferences and other arenas including:

- Mathematica Disability Policy Forums in 2011 and 2013;
- Association for Public Policy Analysis and Management annual conference, November 2013;
- Division on Career Development and Transition conference, November 2012;
- Welfare Research and Evaluation conference, May 2013;
- National Transition conference, May 2012; and
- Pathways to Adulthood conference, June 2012.

### **Benefit Offset Pilot Demonstration (BOPD)**

Even though we completed the four-State (Connecticut, Utah, Vermont, and Wisconsin) BOPD, we continue to disseminate the findings to policymakers.

In BOPD, we tested the feasibility of a national demonstration providing a \$1 reduction in SSDI benefits for every \$2 in earnings, in combination with employment supports. We did not design the pilot to provide nationally representative estimates. The project provided beneficiaries with a gradual reduction in their benefits, eliminating the normal sudden loss of cash benefits in the SSDI program when a beneficiary works and has earnings over a specified amount. The demonstration provided us with preliminary evidence of the potential for a benefit offset national demonstration to increase work and earnings among a select group of volunteers.

We completed the BOPD evaluation in 2010 and the four States in the pilot have all submitted their final reports. These reports are available at [www.socialsecurity.gov/disabilityresearch/offsetpilot.htm](http://www.socialsecurity.gov/disabilityresearch/offsetpilot.htm).

### **Additional Research**

While we completed the evaluation in 2010, we have used the data collected from the project to provide new information to researchers and policymakers. We do not have plans to pursue future research on the BOPD.

## Research Products

1. Tremblay, T., Porter, A., Smith, J., & Weathers, R. (2011). “Effects on Beneficiary Employment and Earnings of a Graduated \$1-for-\$2 Benefit Offset for Social Security Disability Insurance.” *Journal of Rehabilitation* 77(2): 19-28.

This study evaluated effects of BOPD on the employment and earnings levels of participants in Vermont. The study uses a randomized trial in which we randomly assigned volunteers either to a group receiving the benefit offset or to a control group. The findings demonstrate that an SSDI benefit offset can have a significant and enduring effect on the SGA earnings rate of certain beneficiaries, but that the effect may be limited to a subset of individuals and may increase when paired with healthcare protection. Specifically, the effect was large among SSDI beneficiaries participating in the Vermont Medicaid buy-in program. The New York Times Economix blog titled, “Moving from Disability Benefits into Jobs” featured this study ([http://economix.blogs.nytimes.com/2011/04/07/moving-from-disability-benefits-to-jobs/?\\_php=true&\\_type=blogs&\\_r=0](http://economix.blogs.nytimes.com/2011/04/07/moving-from-disability-benefits-to-jobs/?_php=true&_type=blogs&_r=0)).

<https://www.questia.com/library/journal/1G1-256602885/effects-on-beneficiary-employment-and-earnings-of>

2. Weathers II, R.R. & Hemmeter, J. (2011). “The Impact of Changing Financial Work Incentives on the Earnings of Social Security Disability Insurance (SSDI) Beneficiaries.” *Journal of Policy Analysis & Management* 30(4): 708-728.

This study uses our administrative data to examine the effect of the BOPD on the employment, earnings, and benefits paid to SSDI beneficiaries in all four States. The authors show that the benefit offset policy led to a 25 percent increase in the percentage of beneficiaries in the benefit-offset group with earnings above the annualized SGA amount, or \$11,760 in 2009 dollars. However, the benefit offset actually increased benefit payments in the short run. Some members of the benefit-offset group would have their benefits suspended due to work activity under the existing rules. Under the benefit offset, they received a partial benefit payment. The benefit payments made to this group under a benefit-offset policy were larger than the reductions in benefit payments due to increased SGA under the benefit offset. While it is unclear whether this result would hold for a broader population of beneficiaries if they were to become eligible for a benefit-offset policy, the results point to another potential cost of implementing a national policy.

[www.onlinelibrary.wiley.com/doi/10.1002/pam.20611/pdf](http://www.onlinelibrary.wiley.com/doi/10.1002/pam.20611/pdf)

3. Chambliss, C., Julnes, G., McCormick, S., & Reither, A. (2011). “Supporting Work Efforts of SSDI Beneficiaries: Implementation of the Benefit Offset Pilot Demonstration.” *Journal of Disability Policy Studies* 22(3): 179-188.

This paper focuses on the Utah pilot results. The authors report positive effects of the policy on employment outcomes for certain groups of participants. They focus on lessons learned in Utah for implementing policy initiatives with vulnerable populations (e.g., individuals

with disabilities). These lessons learned cover partnering among service agencies, enhancing communication, and implementing policy innovations in complex policy environments.

<http://dps.sagepub.com/content/22/3/179.abstract>

4. Delin, B.S., Hartman, E.C., and Sell, C.W. (2015). "Given Time It Worked: Positive Outcomes From a SSDI Benefit Offset Pilot After the Initial Evaluation Period." *Journal of Disability Policy Studies* 26(3): 54-64.

This paper focuses on the Wisconsin pilot results. The authors followed participants after the pilot study period and found differences in subgroups defined by use of the TWP. While these results are unique to Wisconsin, the results suggest that it may take time for the national demonstration to measure effects.

<http://dps.sagepub.com/content/26/1/54>

### **Accelerated Benefits Demonstration (AB)**

We developed AB to study the effects of offering newly entitled SSDI beneficiaries health insurance and employment services during the 24-month Medicare waiting period. AB provided information on the effects of altering the 24-month waiting period for hospital insurance benefits under Section 226 of the Act. It also provided information on the effects of programs that develop, perform, and otherwise stimulate new forms of rehabilitation. While not part of the original design, AB provided information on the potential effects of the Patient Protection and Affordable Care Act on individuals eligible for SSDI benefits.

The primary aim of AB was to identify the effect of health insurance coverage on the health, employment, earnings, and economic self-sufficiency of newly entitled SSDI beneficiaries who lacked health insurance coverage during the Medicare waiting period. A secondary aim was to estimate how adding rehabilitation and counseling services might increase the employment, earnings, and economic self-sufficiency of participants.

The project included three randomly assigned groups of newly entitled beneficiaries:

- AB group that received a health insurance package;
- AB Plus group that received the health insurance package plus additional rehabilitation and counseling services; and
- A control group.

The additional rehabilitation and counseling services that we provided to AB Plus participants addressed the barriers that some newly entitled beneficiaries face as they attempt to return to work.

Specifically, AB Plus participants received:

- Medical care management along with the health insurance package to treat or stabilize their disabling health condition;

- A program called the Progressive Goal Attainment Program to encourage them to participate in activities that will eventually lead to work; and
- Employment and benefits counseling services to inform them of employment services and programs.

The results from AB show that providing health insurance for newly entitled beneficiaries can lead to an increase in health care use, a reduction in unmet medical needs, and improved health; however, the results do not show any effect on short-term mortality. Additional rehabilitative services provided to these beneficiaries led to increased use of employment services and slight increases in employment and earnings levels.

We completed AB in January 2011. The final report is available at [www.socialsecurity.gov/disabilityresearch/factsheets/accelerated.htm](http://www.socialsecurity.gov/disabilityresearch/factsheets/accelerated.htm).

### **Additional Research**

In addition to a final report, we worked with our contractors to produce policy briefs and research articles. We also presented our findings at conferences, policy forums, and other agencies. The following is a summary of our research products and presentations. We occasionally receive requests about this research and provide information about the project to researchers and policymakers. We do not have plans to pursue future research on the AB demonstration.

### **Research Products**

1. Wittenburg, D., Baird, P., Schwartz, L., & Butler, D. (2008). "Health Benefits for the Uninsured: Design and Early Implementation of the Accelerated Benefits Demonstration." MDRC Policy Brief, New York: MDRC.

This brief provides an overview of AB and describes findings from the initial phase of enrollment from October and November 2007 and plans for full implementation.

[www.socialsecurity.gov/disabilityresearch/documents/Accelerated%20Benefits%20--%20Early%20Findings.pdf](http://www.socialsecurity.gov/disabilityresearch/documents/Accelerated%20Benefits%20--%20Early%20Findings.pdf)

2. Wittenburg, D., Warren, A., Peikes, D., & Freedman, S. (2010). "Providing Health Benefits and Work-Related Services to Social Security Disability Insurance Beneficiaries: Six-Month Results from the Accelerated Benefits Demonstration." MDRC Policy Brief, New York: MDRC.

This brief describes the sample selected for the project and the effects on health care use and unmet medical needs during the first six months. The findings indicate that the intervention increased the use of health care services and reduced the reported unmet health care needs of the project participants.

[www.socialsecurity.gov/disabilityresearch/documents/AB\\_brief\\_2\\_final.pdf](http://www.socialsecurity.gov/disabilityresearch/documents/AB_brief_2_final.pdf)

3. Weathers II, R.R., Silanskis, C., Stegman, M., Jones, J., & Kalasunas, S. (2010). "Expanding Access to Health Care for Social Security Disability Insurance Beneficiaries: Early Findings from the Accelerated Benefits Demonstration." *Social Security Bulletin* 70(4): 25-47.

This paper describes the logic model and recruitment process for AB. It also provides additional findings from a survey conducted six months after enrollment into the project. The findings from a survey conducted six months after enrollment indicate that AB increased access to health services, but that some participants in the control group were able to obtain health care coverage during the six-month period. The report also provides evidence that AB participants were very satisfied with the AB health plan and the other services provided as part of the project. The paper provides the public with information on the design and early implementation experience from the project.

[www.socialsecurity.gov/policy/docs/ssb/v70n4/v70n4p25.pdf](http://www.socialsecurity.gov/policy/docs/ssb/v70n4/v70n4p25.pdf)

4. Michalopoulos, C., Wittenburg, D.C., Israel, D.A.R, & Warren, A. (2012). "The Effects of Health Care Benefits on Health Care Use and Health: A Randomized Trial for Disability Insurance Beneficiaries." *Medical Care* 50(9): 764-771.

This paper focuses on the effect of the AB health benefit package on increasing health care use and reductions in unmet medical needs during the waiting period. When compared to the control group, beneficiaries who had access to the AB health insurance package experienced a 22 percentage point increase in the number who received a diagnostic test and a 10 percentage point increase in the number who underwent surgery. The health care package also led to an 18 percentage point reduction in beneficiaries reporting any unmet medical need and a 40 percentage point reduction in beneficiaries reporting an unmet need for a prescription drug. The findings quantify the importance of health insurance on access to needed health care during the waiting period.

[http://journals.lww.com/lww-medicalcare/Abstract/2012/09000/The\\_Effects\\_of\\_Health\\_Care\\_Benefits\\_on\\_Health\\_Care.3.aspx](http://journals.lww.com/lww-medicalcare/Abstract/2012/09000/The_Effects_of_Health_Care_Benefits_on_Health_Care.3.aspx)

5. Weathers II, R.R. & Stegman, M. (2012). "The effect of expanding access to health insurance on the health and mortality of Social Security Disability Insurance beneficiaries." *Journal of Health Economics* 31(6): 863-875.

This paper focuses on the effect of the AB health insurance package on health outcomes within one year of enrollment into the project and mortality within three years of enrollment. When compared to the control group, SSDI beneficiaries who had access to the AB health insurance package experienced a 10 percentage point reduction in the report of poor health. They also experienced a 9 percentage point reduction in SF-36 (a survey that measures functional health and well-being) mental health scores indicative of clinical depression, and a 7 percentage point reduction in SF-36 scores indicative of an SSDI disability. The AB health insurance package did not have an effect on mortality within a three-year follow-up period. However, the effects on health suggest that health insurance may reduce mortality over a longer period.

The findings suggest that the health insurance provisions under the Affordable Care Act will help some individuals address their disabling health conditions and could reduce their dependence on the SSDI program.

[www.sciencedirect.com/science/article/pii/S0167629612001130](http://www.sciencedirect.com/science/article/pii/S0167629612001130)

6. Weathers II, R.R. & Stegman, M. (2014). “The Impact of Rehabilitation and Counseling Services on the Labor Market Activity of Social Security Disability Insurance (SSDI) Beneficiaries.” *Journal of Policy Analysis and Management* 33(3): 623-648.

This paper describes the effect of the additional employment services provided to AB Plus participants on their labor market activity. Our results indicate that the program led to a 4.6 percentage point increase in the receipt of employment services within the first year of random assignment and a 5.1 percentage point increase in participation in the agency’s Ticket to Work program within the first three years of random assignment. The program led to a 5.3 percentage point increase in employment and an \$831 increase in annual earnings in the second calendar year after the calendar year of random assignment. The short-term effects disappear in the third calendar year following random assignment. We identify SSDI program rules that are consistent with our findings and relate our findings to recent disability policy proposals.

<http://onlinelibrary.wiley.com/doi/10.1002/pam.21763/abstract>

7. Weathers II, R.R. & Bailey, M.S. (2014). “The Accelerated Benefits Demonstration: Impacts on the Employment of Disability Insurance Beneficiaries.” *The American Economic Review: Papers and Proceedings* 104(5): 336-341.

In this paper, we use AB demonstration project data to estimate the effects of providing newly entitled SSDI beneficiaries with health insurance and additional services during the SSDI program’s 24-month Medicare waiting period. While health insurance alone did not increase employment, the additional employment services appeared to have positive short-term effects on labor market activity. We find a statistically significant increase in employment and earnings in the second calendar year after random assignment, although these findings disappear in the third calendar year. Our results may have implications for disability reform proposals and provisions within the Affordable Care Act.

[www.aeaweb.org/articles.php?doi=10.1257/aer.104.5.336](http://www.aeaweb.org/articles.php?doi=10.1257/aer.104.5.336)

## **Presentations**

We presented our findings on the effect of AB on the employment of SSDI beneficiaries at the American Economic Association’s annual meeting in Philadelphia, Pennsylvania on January 4, 2014.

### **Mental Health Treatment Study (MHTS)**

Even though we completed the MHTS in July 2010 and submitted the final report in 2011, we continue to research the study population and to conduct outreach activities to promote best practices and encourage additional research in this area. Study reports are available at [www.socialsecurity.gov/disabilityresearch/mentalhealth.htm](http://www.socialsecurity.gov/disabilityresearch/mentalhealth.htm).

Disabled workers with mental illness, excluding those with an intellectual disability, represent about 26 percent of SSDI beneficiaries. Many persons with mental illness want to work and will respond to treatment. In the MHTS, we tested the effectiveness of providing quality medical care and employment support in facilitating the return to work for a sample of SSDI beneficiaries with schizophrenia or affective disorders.

The study found that the MHTS package of interventions (e.g., systematic medication management, supported employment, services of a nurse-care coordinator) resulted in overall better outcomes for the treatment group over the control group. For example, the MHTS services resulted in fewer hospitalizations and improved quality of life, as well as increased employment, hours of work, and earnings. However, monthly earnings among beneficiaries receiving the MHTS services were generally below the SGA level. We found that the MHTS services had no effect on increasing earnings above SGA or on reducing SSDI benefit payments among beneficiaries.

#### **Additional Research**

We currently have a contract with the original contractor to continue to maintain the MHTS data. In conjunction with that research, the National Institute of Mental Health awarded a grant to several researchers to analyze Centers for Medicare and Medicaid Services data on MHTS participants. We are working with those researchers to conduct this research. Additionally, work is being conducted under the Disability Research Consortium to study the long-term employment and earnings outcomes of MHTS participants.

The planned research includes analyzing MHTS effects on employment and the implications of these impacts on the length of employment, job stability, level of work participation, and types of jobs. The researchers will also analyze factors associated with job attainment, job retention, and job quality, and investigate the effects of education and previous employment on employment, health, and functioning. To date, the researchers have produced 11 papers for publication.

1. Frey, W., Azrin, S., Goldman, H. H., Kalasunas, S., Salkever, D., Miller, A., Bond, G. & Drake, R. E. (2008). "The Mental Health Treatment Study." *Psychiatric Rehabilitation Journal* 31(4): 306-312.

SSDI beneficiaries with primary psychiatric impairments comprise the largest, fastest growing, and most costly population in the SSDI program. This paper describes the MHTS, which provided a comprehensive test of the hypothesis that access to evidence-based employment services and behavioral health treatments, along with insurance coverage, can enable SSDI beneficiaries with psychiatric impairments to return to competitive employment.

<http://psycnet.apa.org/fulltext/2008-05200-008.html>

2. Drake, R., Frey, W., Bond, G.R., Goldman, H.H., Salkever, D., Miller, A., Moore, T.A., Riley, J., Karakus, M., & Milfort, R. (2013). "Assisting Social Security Disability Insurance Beneficiaries With Schizophrenia, Bipolar Disorder, or Major Depression in Returning to Work." *American Journal of Psychiatry* 170: 1433-1441.

Overall, 2,059 SSDI beneficiaries with schizophrenia, bipolar disorder, or depression in 23 cities participated in the MHTS. The teams implemented the intervention package with acceptable fidelity. The intervention group experienced more paid employment (60.3% compared with 40.2%) and reported better mental health and quality of life than the control group.

<http://ajp.psychiatryonline.org/doi/abs/10.1176/appi.ajp.2013.13020214>

3. Salkever, D.S., Gibbons, B., Frey, W.D., Milfort, R., Bollmer, J., Hale, T.W., Drake, R.E., & Goldman, H.H. (2014). "Recruitment in the Mental Health Treatment Study: A Behavioral Health/Employment Intervention for Social Security Disabled-Worker Beneficiaries." *Social Security Bulletin* 74(2): 27-46.

This paper reports on the recruitment patterns for the MHTS, including assessment of take-up rates, and a statistical analysis of the relationships between beneficiaries' characteristics and the probability of enrollment. Results indicated that take-up rates among potential MHTS subjects with confirmed telephone contacts met or exceeded rates for previous agency-randomized trials, and beneficiaries with administrative records of recent vocational or labor-market activity were most likely to enroll. The authors discuss implications of their analyses on recruitment in similar interventions in the future.

[www.socialsecurity.gov/policy/docs/ssb/v74n2/v74n2p27.html](http://www.socialsecurity.gov/policy/docs/ssb/v74n2/v74n2p27.html)

4. Salkever, D.S., Gibbons, B., Drake, R., Frey, W.D., Hale, T.W., & Karakus, M. (2014). "Increasing Earnings of Social Security Disability Income Beneficiaries with Serious Mental Disorders." *Journal of Mental Health Policy and Economics* 17(2): 75-90.

Persons with severe and persistent mental disorders have extremely low earnings levels and account for 29.1 percent of all SSDI disabled worker beneficiaries under age 50. This paper provides the results of the MHTS, which show significant positive earnings impacts.

<http://www.pubfacts.com/detail/25163103/Increasing-earnings-of-social-security-disability-income-beneficiaries-with-serious-mental-disorder>

5. Salkever, S., Gibbons, B. & Ran X. (2014). "Do Comprehensive, Coordinated, Recovery-Oriented Services Alter the Pattern of Use of Treatment Services? Mental Health Treatment Study Impacts on SSDI Beneficiaries' Use of Inpatient, Emergency, and Crisis Services." *Journal of Behavioral Health Services and Research* 41(4): 434-446.

Current arrangements for financing and delivering behavioral health services to U.S. working-age adults with severe and persistent mental disorders (SPMD) have major inadequacies in funding for and access to critical elements of a recovery-oriented,

comprehensive, and coordinated package of community-based treatment and rehabilitation services. This study presents results from a nation-wide 2-year randomized trial, involving 2,238 SSDI beneficiaries with SPMD, of a comprehensive intervention including evidence-based treatment and employment services. Estimates of impacts of the MHTS service intervention package, from a variety of regression specifications, showed clearly significant treatment group reductions in four outcomes (hospital stays and days, emergency room (ER) visits for mental health problems, and psychiatric crisis visits); these estimates suggest annual inpatient hospital treatment cost savings in excess of approximately \$900 to \$1,400. Negative estimated MHTS effects on three other utilization outcomes (hospital stays and days for mental health problems, and overall ER visits) generally did not achieve statistical significance. Possible study implications for cost offsets from further expansions/replications of the MHTS intervention model are considered within the context of health reform.

<http://link.springer.com/article/10.1007/s11414-013-9388-1>

6. Milfort, R., Drake, R.E., Bond, G.R., McGurk, S.R. (2015). “Barriers to Employment Among Social Security Disability Insurance Beneficiaries in the Mental Health Treatment Study.” *Psychiatric Services* 66(12): 1350-1352.

This study examined barriers to employment among SSDI beneficiaries who received comprehensive vocational and mental health services, but were not successful in returning to work. Researchers identified three contributing factors: 1) poorly controlled symptoms of mental illness (55%), 2) nonengagement in supported employment (44%), and 3) poorly controlled general medical problems (33%). Other factors were identified much less frequently.

<http://ps.psychiatryonline.org/doi/full/10.1176/appi.ps.201400502>

7. Luciano, A., Metcalfe, J., Drake, R.E., Bond, G.R., Miller, A.L., Riley, J., & O’Malley, A.J. (2016). “Hospitalization Risk Before and After Employment Among Adults With Schizophrenia, Bipolar Disorder, or Major Depression.” *Psychiatric Services* 67(10): 1131-1138.

The influence of employment on subsequent psychiatric hospitalization for people with serious mental illness is unclear. This study examined whether unemployed people with serious mental illness in the MHTS were more or less likely to experience psychiatric hospitalization after gaining employment. The conclusion is that unemployed outpatients with serious mental illness were less likely to experience psychiatric hospitalization after gaining employment.

<http://ps.psychiatryonline.org/doi/full/10.1176/appi.ps.201500343>

8. Drake, R.E., Frey, W., Karakus, M., Salkever, D., Bond, G.R., & Goldman, H.H. (2016). “Policy Implications of the Mental Health Treatment Study.” *Psychiatric Services* 67(10): 1139-1141.

The MHTS produced positive mental health, employment, and quality of life outcomes for people on SSDI. The investigators discuss major policy implications. First, because integrated, evidence-based mental health and vocational services produced clinical and societal benefits, the authors recommend further service implementation for this population. Second, because provision of these services did not reduce SSDI rolls, the authors recommend future research on prevention (helping people avoid needing SSDI) rather than rehabilitation (helping beneficiaries leave SSDI). Third, because integrating mental health, vocational, and general medical services was extremely difficult, the authors recommend a multifaceted approach that includes streamlined funding and infrastructure for training and service integration. Fourth, because insurance coverage for people with disabilities during the MHTS (pre–Affordable Care Act) was chaotic, the authors recommend that financing strategies emphasize functional—not just traditional clinical—outcomes.

<http://ps.psychiatryonline.org/doi/full/10.1176/appi.ps.201500336>

9. Metcalfe, J., Drake, R.E. & Bond, G.R. (2017). “Predicting Employment in the Mental Health Treatment Study: Do Client Factors Matter?” *Administration and Policy in Mental Health and Mental Health Services Research* 44(3): 345-353.

This study examined a battery of potential client predictors of competitive employment, testing the hypothesis that evidence-based supported employment would mitigate the negative effects of poor work history, uncontrolled symptoms, substance abuse, and other client factors. For those who received the intervention package provided in the Mental Health Treatment Study, factors commonly considered barriers to employment, such as diagnosis, substance use, hospitalization history, and misconceptions about disability benefits, often had little or no impact on competitive employment outcomes.

<https://link.springer.com/article/10.1007/s10488-016-0774-x>

10. McGurk, S.R., Drake, R.E., Xie, H. Riley, J., Milfort, R., Hale, T.W., & Frey, W. (2018). “Cognitive Predictors of Work Among Social Security Disability Insurance Beneficiaries With Psychiatric Disorders Enrolled in IPS Supported Employment.” *Schizophrenia Bulletin* 44(1): 32-37.

This study explored cognitive predictors of work in a diagnostically mixed sample of people with major mood and schizophrenia spectrum disorders. The findings suggest cognitive functioning contributes to competitive work outcomes in persons with psychiatric disorders who have relatively unimpaired cognitive abilities, even under optimal conditions of treatment and vocational support.

<https://academic.oup.com/schizophreniabulletin/article-abstract/44/1/32/4098820?redirectedFrom=fulltext>

11. Metcalfe, J. D., Riley, J., McGurk, S., Hale, T., Drake, R.E., & Bond, G.R. (2018). “Comparing Predictors of Employment in Individual Placement and Support: A Longitudinal Analysis.” *Psychiatry Research* 264: 85-90.

This study assessed the effects and relative contributions of predictors of employment among Individual Placement and Support (IPS) recipients using measures of baseline client characteristics, local economic context, and IPS fidelity in the MHTS. A recent work history, less time on the Social Security rolls, greater cognitive functioning, and a lower local unemployment rate were associated with greater probability of employment.

<https://www.sciencedirect.com/science/article/pii/S0165178117322382>

### **Next Steps**

The continuing research under this project includes analyzing MHTS effects on employment, including length of employment, job stability, level of work participation, and types of jobs held. The researchers will also analyze factors associated with job attainment, job retention, and job quality, and investigate the effects of education and previous employment on employment, health, and functioning. As researchers publish their papers, we will continue to share the results with public and private organizations interested in the findings.

### **Research Authority**

In order to conduct demonstrations that test substantive changes to program rules, SSA would require an expansion in the scope and time period of our current demonstration authorities. Our current authority to conduct tests of changes to SSDI program rules (Section 234) sunsets after December 31, 2022. Our authority to conduct tests of changes to the SSI program and early intervention demonstrations does not allow us to carry out projects that would result in a substantial reduction in an individual's total income and resources as a result of participation in the project. Additionally, both Section 234 and Section 1110 of the Act require voluntary, revocable, informed written consent.

These limitations preclude our ability to test policies that may be of interest to policymakers, such as time-limited benefits or requiring participation in employment services, which may sustain these programs for future generations. We are also limited in our ability to accurately assess how program changes might affect people beyond the subset of the population who volunteered. As a result, the impacts are not easily generalizable to the national population and may not provide the adequate understanding required to make informed decisions about broader policy changes.

In the FY 2019 President's Budget, we included a proposal to expand our authorities to allow us, in limited circumstances, to conduct demonstrations with mandatory participation. We also included a proposal to extend our Section 234 authority to match the projected SSDI Trust Fund depletion, currently 2032. This would allow us the time and ability to better identify potential program designs and provide a solid basis for permanent reforms to the programs.

### **Conclusion**

These demonstration projects allow us to explore ways to help beneficiaries enter or re-enter the workforce. We appreciate your support of our efforts to maximize the self-sufficiency of beneficiaries with disabilities.