

Improving the Interaction Between the SSDI and Workers' Compensation Programs

John F. Burton Jr

Professor Emeritus

Rutgers University and Cornell University

and

Xuguang (Steve) Guo

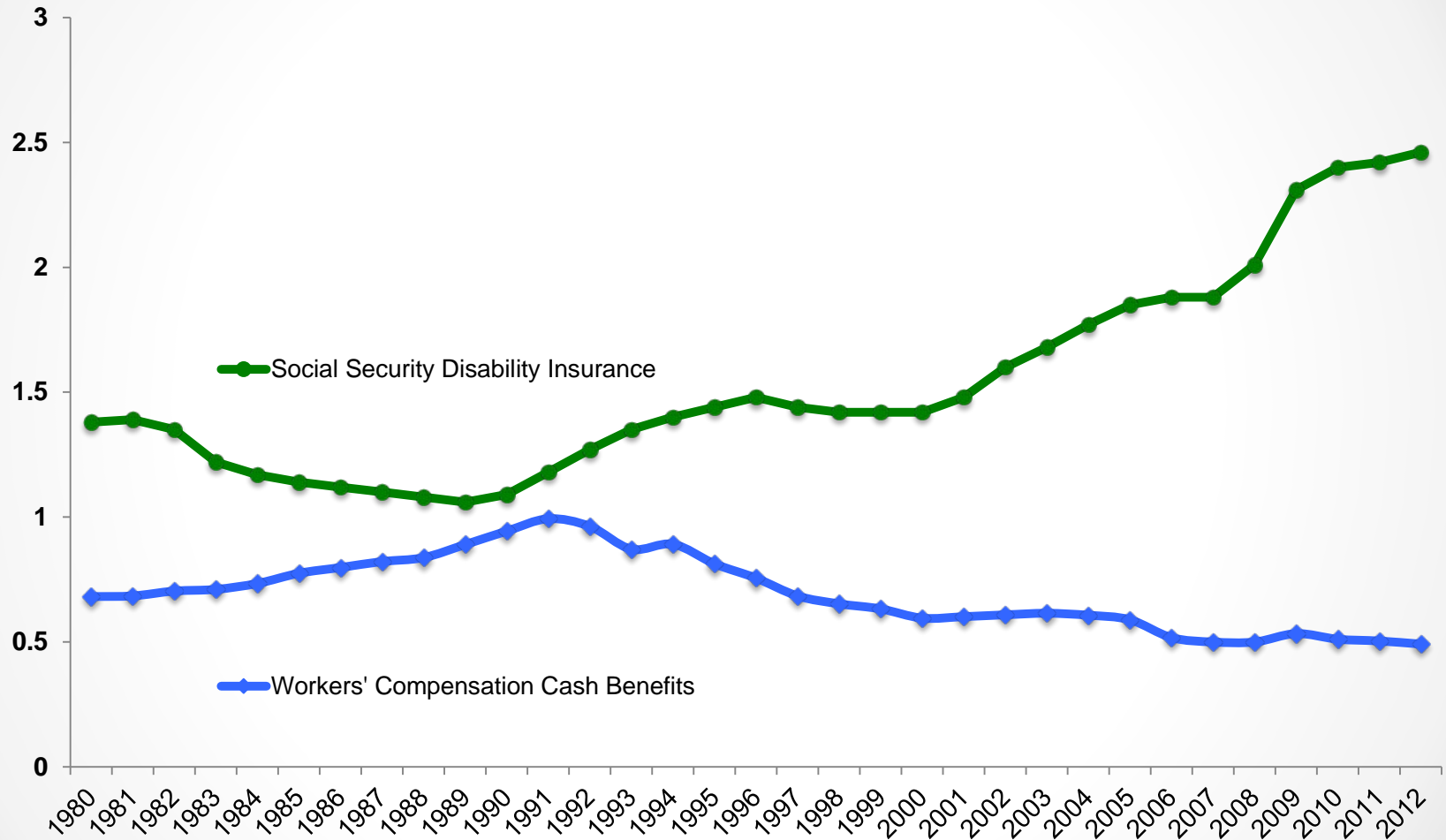
Assistant Professor

Cal Poly Pomona

Prepared for the

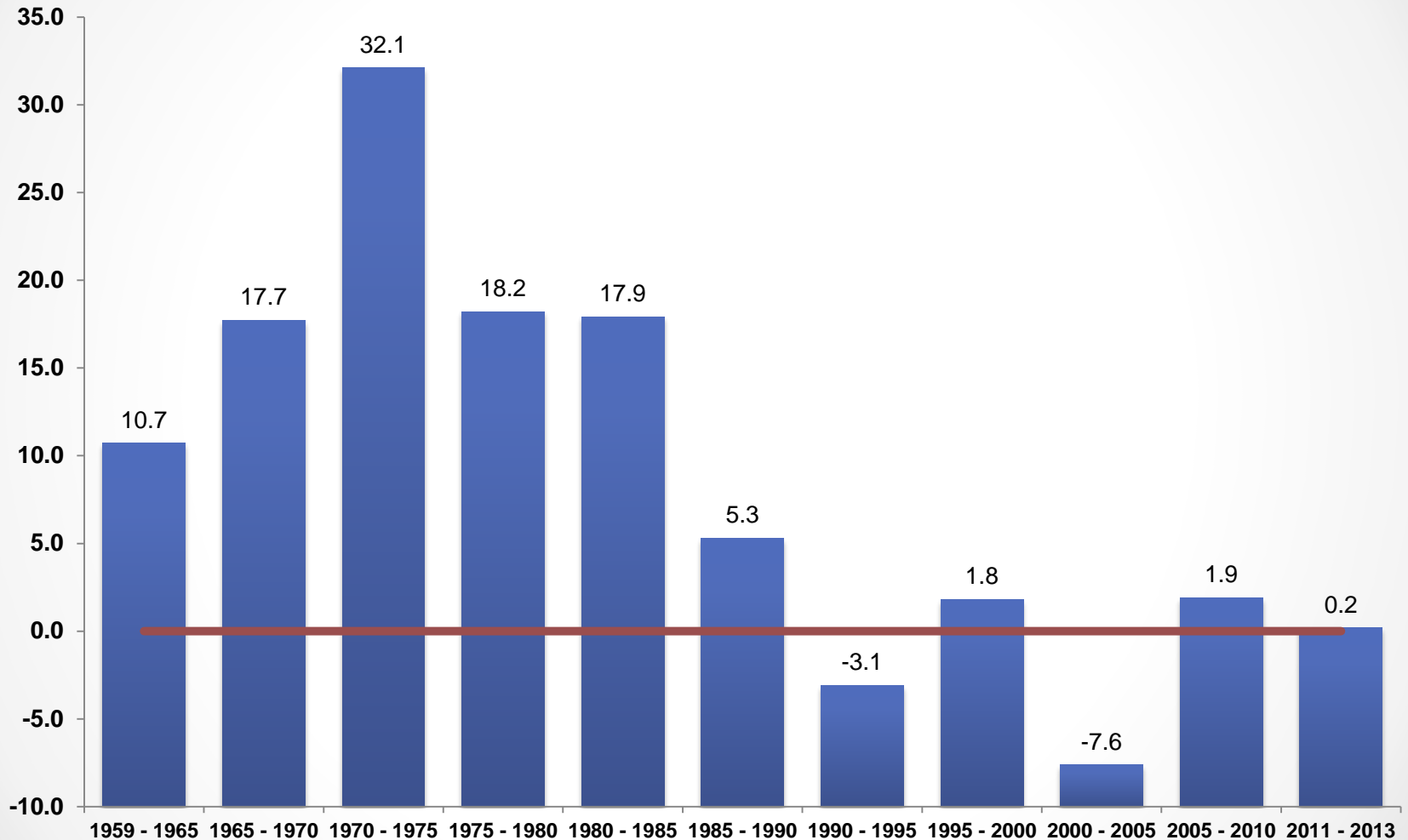
**McCrery-Pomeroy SSDI Solutions Initiative
Committee for a Responsible Federal Budget**

Figure 1: Social Security Disability Insurance and Workers' Compensation Cash Benefits Per \$100 of Wages, 1980-2012



Source: National Academy of Social Insurance and the Office of the Actuary, Social Security Administration

Figure 2: Workers Compensation Statutory Benefits Changes Percentage Changes in Sub-periods, 1959 – 2013



Source: Calculations by John Burton based on NCCI (2014 and earlier editions)

Proposals That Refine the Current Direct Relationships Between the SSDI and Workers' Compensation Programs

Proposal One:

Improve the Design and Implementation of the Offset Provision

- Eliminate the Reverse-Offset Provision in the 15 states that Reduce Workers' Compensation Benefits rather Than SSDI benefits When the Programs Overlap

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Proposal Two:

Require Workers' Compensation Settlements to Cover Future Cash Benefits

- Federal law currently requires workers' compensation settlements to set-aside funds for future Medicare payments
- Enact a law that requires workers' compensation settlements to set-aside funds for future SSDI payments

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Proposal Four:

Federal Standards for State Workers' Compensation Programs

- Not Recommended as a Solution to the Current Problems with the SSDI

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Proposal Three:

Experience Rate the SSDI Program

- The employers' premiums for the workers' compensation and unemployment insurance programs are experience-rated (premiums of each employer depend on the previous benefits paid to the employees of that employer)
- The SSDI program is unusual among US social insurance programs because it does not rely on experience rating to determine employer premiums
- The experience rating formula for workers' compensation provides a model of experience rating for SSDI

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Proposal Three: Experience Rate the SSDI Program

The Consequences

- Experience rating of the SSDI program provides incentives to employers to reduce all sources of injuries and diseases among workers
- Experience rating of the SSDI program provides incentives to employers to rehabilitate and re-employ workers who are disabled
- Legitimate concerns about adverse consequences of experience rating for workers can be ameliorated, in part based on the experience of the workers' compensation program in dealing with these concerns
- An indirect consequence of experience-rating of SSDI premiums for employers is that incentives for employers to shift costs of workplace injuries and diseases from workers' compensation to SSDI will be reduced