

Liebman and Smalligan, “An Evidence-Based Path to Disability Insurance Reform”

With the Social Security Disability Insurance (SSDI) trust fund projected to deplete its reserves in 2016, there appears to be increasing interest in identifying improvements to the program. The McCrery-Pomeroy SSDI Solutions Initiative has commissioned 12 papers that will propose possible solutions; however, many proposals already exist. This brief summarizes one such proposal. You can read the full paper [here](#).

In 2013, Jeffrey Liebman and Jack Smalligan published a paper through the Brookings Institution’s Hamilton Project calling for an “evidence-based” approach to reforming the Social Security Disability Insurance (SSDI) program. Liebman and Smalligan argue that more research and experimentation is needed to identify the best SSDI reforms, and thus they put forward a two-part plan to help promote the testing and advancements of the most effective changes to the program.

Liebman and Smalligan argue that SSDI does not provide the best form of assistance for all beneficiaries; many actors in the system face misaligned incentives that may lead to higher costs and worse outcomes; and problems remain with the SSDI determination process and system.

To address these concerns in an evidence-based manner, the authors offer two broad policy recommendations: (1) establish demonstration projects to help workers before they apply for disability benefits and (2) give the Social Security Commissioner more tools to improve the determination and review process while changing the way state Disability Determination Services (DDS) are funded.

Recommendation #1: Demonstration Projects

The authors recommend implementing three demonstration projects to encourage early intervention:

1. Offer SSDI applicants with potential for significant work activity a package of vocational training, health support, wage subsidies, and short-term assistance instead of SSDI’s traditional support.
2. Allow states to develop their own early intervention programs using existing federal dollars.
3. Offer a payroll tax credit to employers who help workers with disabilities remain in the workforce as opposed to entering the SSDI program.

Liebman and Smalligan suggest that successful demonstrations be implemented more broadly, arguing that with sustained attention and ongoing experimentation, there exists the potential to improve outcomes for workers with disabilities and reduce program costs.

Recommendation #2: New Tools for the Social Security Commissioner

To improve the disability determination process, Liebman and Smalligan recommend giving the Commissioner several new tools. First, they propose that all funding for state DDS agencies be mandatory rather than discretionary, allowing the Social Security Administration to spend additional money vetting applications if it means long-term savings instead of basing funding on the annual appropriations process. Accompanied with some specific changes, they argue this designation will lead to reduced backlogs, more Continuing Disability Reviews, fewer appeals, and improved accuracy in the initial determination process.

The authors also recommend allowing the SSA Commissioner to spread initial disability determination work across state lines in order to improve uniformity and accountability throughout the agency.

