



Post-Entitlement Earnings Simplification Demonstration Technical Experts Panel Meeting *Final Report*

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List of Acronyms

BOND	Benefit Offset National Demonstration
CDR	Continuing Disability Review
CRD	Comparative Regression Discontinuity Design
EITC	Earned Income Tax Credit
ENs	Employment Networks
EPE	Extended Period of Eligibility
EXR	Expedited Reinstatement
GBO	Generalized Benefit Offset
HHS	United States Department of Health and Human Services
LIFT	Living Independently and Falls-free Together
POD	Promoting Opportunity Demonstration
RDD	Regression Discontinuity Design
RETAIN	Retaining Employment and Talent after Injury/Illness Network
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
TEP	Technical Expert Panel
TWP	Trial Work Period
WIPA	Work Incentives Planning and Assistance
WISP	Work Incentive Simplification Pilot

Executive Summary

Congress has granted the Social Security Administration (SSA) Commissioner authority to “develop and carry out experiments and demonstration projects designed to promote attachment to the labor force.” This authority allows SSA to test the effects of changes to current Social Security Disability Insurance (SSDI) program rules.¹ To make the best use of its demonstration authority and avoid barriers to implementing new demonstrations, SSA is seeking objective review and independent recommendations from panels of technical experts. These Technical Expert Panels (TEPs) assist SSA to develop research questions, intervention specifications, implementation strategies, and evaluation designs to ensure that demonstrations generate the evidence SSA needs to inform policy decisions. The TEPs also provide SSA with objective review of potential demonstrations and independent recommendations regarding what SSA might study. This report summarizes the input from a TEP convened on May 6, 2019 to provide SSA with advice regarding possible demonstrations related to *Post-Entitlement Earnings Simplifications*.

SSA would like to ensure that the SSDI program creates the right incentives and minimizes barriers so that those who are able to work can do so. To advance this objective, SSA asked the TEP to identify possible changes to current SSDI work rules and policies that might increase beneficiaries’ employment and earnings and that could be tested in a demonstration. SSA asked the TEP to focus on post-entitlement earnings rules rather than changes to rules affecting the disability determination process or interventions prior to SSDI application. Also, SSA requested that the TEP consider practical policy options that could be implemented nationally and that would not require broad re-design of the disability system.

SSA contracted with Abt Associates to convene a panel of experts to discuss demonstration options. SSA asked the TEP to review background materials and asked the TEP to provide comments and suggestions on the following topics: 1) key post-entitlement issues facing the SSDI and Supplemental Security Income (SSI) programs; 2) suggestions for policy changes SSA should consider; 3) evaluation design considerations; and 4) practical considerations for new policy tests and how to navigate the constraints of current demonstration authority.

The discussion at the TEP meeting identified several key points for SSA to consider:

General Considerations

- The TEP identified several important barriers to increasing employment among SSDI beneficiaries. The barriers include the medical condition that entitles the individual to benefits, lack of skills or education, employer discrimination against people with disabilities, lack of available work supports, difficulty of accessing work supports that do exist, the SSDI program’s “cash cliff”², and the complexity of program rules. The TEP members noted that program earnings rules are related to only the last two of these barriers.

¹ This authority is granted under Section 234 of the Social Security Act. The current authority to initiate SSDI-related demonstrations ends on December 31, 2021, and the authority to carry out SSDI-related demonstrations ends on December 31, 2022. SSA also has authority, permanently granted under Section 1110 of the Social Security Act, to carry out demonstrations related to the Supplemental Security Income (SSI) program.

² Under current law, beneficiaries who have exhausted their Trial Work Period will lose their entire SSDI cash benefit (either to temporary suspension or termination of entitlement) if they earn more than the monthly substantial gainful activity level. This total loss of SSDI benefits after a period of sustained earnings is commonly referred to as the cash cliff.

- The TEP members agreed that the often lengthy disability application process, predicated on establishing inability to perform substantial gainful activity (SGA), discourages work and diminishes residual work capacity. The TEP considers this an important issue, but not one that could be addressed through interventions that modify post-entitlement earnings rules.

Post-entitlement Simplification Ideas

- The TEP was unanimous in recommending that SSA remove the cash cliff in any post-entitlement policy test that it conducts.
- The discussion did not coalesce on any single policy to replace the cash cliff. The TEP offered several options for changes to program rules governing earnings. The ideas with the most support from TEP members included:
 - An earnings subsidy resembling the Earned Income Tax Credit (EITC) benefit. This EITC-like subsidy would supplement current-law SSDI benefits and apply to the first dollar of earnings.
 - An EITC-like benefit that replaces current law benefits. Beneficiaries would have to voluntarily elect the EITC-like benefit in lieu of current-law benefits. This implies that beneficiaries would have to anticipate sufficient earnings to ensure their overall income exceeds the current law SSDI benefit amount.
 - Partial benefits or temporary benefits, each offered with no limit on earnings.

Demonstration Considerations

- All TEP members agreed that SSA should test the Ultimate Demonstration, which would allow beneficiaries to earn any amount while receiving their full SSDI benefit. The TEP agreed that testing this intervention would provide valuable information about the earnings capacity of SSDI beneficiaries.
- While the TEP supported several demonstration options, the experts agreed that SSA lacks sufficient time under the current Section 234 demonstration authority to implement and evaluate these ideas.
- Some on the TEP articulated the need for SSA to develop one or more compelling demonstration ideas to buttress the case for renewed and expanded demonstration authority. The TEP agreed that while the Ultimate Demonstration would provide valuable evidence about the work capacity of SSDI beneficiaries, this demonstration alone would not strengthen SSA's request to Congress for expanded demonstration authority.
- The TEP suggested several activities that SSA could undertake now to prepare for future demonstrations. None of these activities require an extension of current authority under Section 234. The activities (e.g., a survey) would explore several questions:
 - How do beneficiaries understand current work incentives?
 - How would beneficiaries perceive various offers, such as a 100 percent earnings disregard, partial benefits, temporary benefits, or an EITC-style earnings subsidy?
 - How does messaging affect the offer of a particular policy? Given two ways of presenting a particular policy, which would sound more attractive to beneficiaries?

Introduction

Congress has granted the Social Security Administration (SSA) Commissioner authority to “develop and carry out experiments and demonstration projects designed to promote attachment to the labor force.” This authority allows SSA to test the effects of changes to current Social Security Disability Insurance (SSDI) program rules.³ To make the best use of its demonstration authority and avoid barriers to implementing new demonstrations, SSA is seeking objective review and independent recommendations from panels of technical experts. These Technical Expert Panels (TEPs) assist SSA to develop research questions, intervention specifications, implementation strategies, and evaluation designs to ensure that demonstrations generate the evidence SSA needs to inform policy decisions. The TEPs also provide SSA with objective review of potential demonstrations and independent recommendations of what SSA might study. This report summarizes the input from a TEP convened on May 6, 2019 to provide SSA with advice regarding options SSA might consider for a Post-Entitlement Earnings Simplification Demonstration (Simplification Demonstration).

1.1 *Simplification Demonstration Overview*

The purpose of the Simplification TEP was to identify changes to current SSDI work rules and policies that SSA might test through a demonstration to increase beneficiaries’ employment and earnings and decrease reliance on the SSDI program.

SSA has recently finished the evaluation of the Benefit Offset National Demonstration (BOND) which tested a \$1 for \$2 benefit offset. SSA is in the middle of testing another \$1 for \$2 offset with the Promoting Opportunity Demonstration (POD). In addition to these two Congressionally-mandated demonstrations, scholars and practitioners have proposed several other ideas for SSA to consider. While some of these ideas include early interventions with individuals before they are determined eligible to receive SSDI, SSA asked the Simplification TEP to consider only those options for rules changes post-entitlement, not early interventions prior to SSDI entitlement.

Although many individuals who receive SSDI will not be able to return to work, SSA’s goal is to establish a system with the right incentives and the fewest barriers so that those who are able can return to work. SSA asked the TEP to focus on policies that SSA could test and implement nationally. That is, SSA was not looking to the TEP for ideas about more far-reaching, broad re-design of the disability system.

The remainder of this section provides background on work incentives that could be affected by SSA’s Simplification Demonstration. The section concludes with a discussion of potential interventions that SSA asked the TEP to consider.

1.1.1 Programmatic Context

SSA offers SSDI beneficiaries special rules and employment support provisions called “work incentives.” Work incentives are intended to help beneficiaries enter, re-enter, or continue their engagement in the workforce by protecting their eligibility for cash payments and/or health care coverage until their work

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allows them to be self-sufficient. SSA provides 12 types of work incentives for SSDI beneficiaries or concurrent SSDI/SSI beneficiaries. ⁴ Exhibit 1 summarizes the work incentives.

Exhibit 1. SSDI and SSI Work Incentives

Work Incentive	Description
Subsidies and Special Conditions	<p>When making SGA determinations, SSA considers whether beneficiaries receive subsidies or special conditions. SSA disregards the value of subsidies and special conditions in SGA determinations, considering only the real value of the work performed.</p> <p>Subsidy: Support that employers provide that may result in beneficiaries receiving more pay than the actual value of the services they perform.</p> <p>Special conditions: Support and on the job assistance provided by employers or another entity, such as, a vocational rehabilitation (VR) agency that may result in beneficiaries receiving more pay than the actual value of the services they perform.</p>
Unsuccessful Work Attempt (UWA)	<p>When making SGA determinations, SSA disregards beneficiaries' earnings during an unsuccessful work attempt (UWA). A UWA is an effort to do work in employment or self-employment that a beneficiary stops, or reduces earnings to below SGA after a short time (six months or less) because of their impairment or the removal of special conditions related to the impairment needed to allow them to work.</p>
Impairment-Related Work Expenses (IRWEs)	<p>When making SGA determinations, SSA deducts the cost of certain items and services from beneficiaries' gross earnings. SSA deducts the costs of items when: 1) the item or service enables the beneficiary to work; 2) the beneficiary needs the item of service because of a physical or mental impairment; 3) the beneficiary pays for the item or service and is not reimbursed by another source such as Medicare, Medicaid, or a private insurance carrier; and 4) SSA determines that the cost is reasonable, representing the standard charge for the item or service in the beneficiary's community.</p>
Plan to Achieve Self-Support (PASS)	<p>SSA allows individuals who apply for or receive SSI benefits to set aside income and resources over a reasonable time that will enable him or her to reach a work goal to become financially self-supporting. He or she can use the income and resources to obtain training or education, purchase equipment, establish a business, etc. SSA does not count the income and resources set aside under a PASS when it decides SSI eligibility and payment amount.</p>
Ticket to Work (TTW)	<p>The TTW Program is a program for persons with disabilities who want to work and participate in planning their employment. Many SSDI beneficiaries and SSI recipients age 18-64 are eligible to obtain services from a state VR agency or another approved provider of their choice. Participation in the Ticket to Work program is free and voluntary. Ticket to Work provides beneficiaries and recipients with career counseling, vocational rehabilitation, and job</p>

⁴ For additional detail about these work incentive policies, see SSA's [Red Book](#) (Social Security Administration, 2018).

Work Incentive	Description
	placement and training from authorized Ticket to Work service providers, such as Employment Networks (EN) or State Vocational Rehabilitation (VR) agencies.
Continued Payments Under VR or Similar Program (Section 301)	SSA can continue benefit payments for beneficiaries whom SSA has determined are no longer disabled due to medical improvement, or who are 18 and do not meet the adult requirements for disability. To qualify for continued payments under Section 301: 1) the beneficiary must be participating in an appropriate program of the VR or similar services that began before the disability ended under SSA's rules; and 2) SSA must review the program and determine that the beneficiary's continued participation in the program increases the likelihood of permanent removal from the disability benefit rolls.
Expedited Reinstatement (EXR)	An individual whose SSDI or SSI benefits are terminated for work can apply for expedited reinstatement of benefits if his or her earnings fall below the SGA level within five years of benefit termination. To be eligible, the individual must be unable or become unable to perform SGA in the month he or she applies for EXR, be unable to work at the SGA level due to the medical condition, and the current medical impairment(s) must be the same as, or related to, the original disabling impairment(s). Beneficiaries are also eligible for up to six months of provisional benefits while SSA determines whether the beneficiary is eligible for expedited reinstatement.
Trial Work Period (TWP)	During the TWP, SSA allows beneficiaries to test their ability to work and receive full SSDI benefits regardless of how high earnings might be. The TWP starts when the beneficiary performs "services." In 2018, SSA considers work to be services for the TWP if gross earnings are more than \$850 a month or work is more than 80 hours in self-employment in a month. The TWP continues until the beneficiary accumulates nine TWP service months (not necessarily consecutive) within a rolling 60-month period.
Extended Period of Eligibility (EPE)	The EPE begins the month after the TWP ends, even if the beneficiary is not working in that month. The first 36 months of the EPE is the re-entitlement period. During the 36-month re-entitlement period, beneficiaries continue to receive SSDI benefits for all months when earnings or work activity are below the SGA level as long as the beneficiary continues to have a disabling impairment. The first time that a beneficiary's earnings exceed SGA in the EPE, SSA determines that the beneficiary no longer meets the requirements for disability due to work and that the disability has "ceased". SSA pays benefits for the month the disability ceased and the following two months. SSA refers to this period as the grace period. After the grace period, SSA suspends benefits in any month if earnings exceed the SGA level. After the 36 month re-entitlement period, engagement in SGA results in termination of SSDI entitlement..
Unincurred Business Expenses	When making SGA determinations for self-employed beneficiaries, SSA deducts the value of un-incurred business expenses from the calculation of net earnings from self-employment. Un-incurred business expenses are contributions that the Internal Revenue Service would allow as legitimate business expense made to

Work Incentive	Description
	beneficiaries by others to support beneficiaries' self-employment business efforts.
Continuation of Medicare Coverage	SSA provides continuation of Medicare coverage for at least 93 months starting the month after beneficiaries complete the last month of their TWP. Beneficiaries must already have Medicare and be working at SGA but not be medically improved to receive continued Medicare coverage.
Medicare for Individuals with Disabilities who Work	After a beneficiary's premium free Medicare coverage ends due to work, SSA provides the option to buy continued Medicare coverage. Beneficiaries qualify for to buy continued Medicare coverage if: 1) not yet age 65; 2) continue to have a disabling impairment; and 3) Medicare stopped due to work.

To help beneficiaries understand the complexity of the work requirements, SSA provides assistance to beneficiaries through the TTW program described in Exhibit 1 and through the Work Incentives Planning and Assistance (WIPA) program. WIPA projects are community-based organizations that receive grants from SSA. WIPA projects provide work incentives planning to SSDI and SSI beneficiaries at no cost to the beneficiary. Each WIPA project has Community Work Incentives Coordinators (CWIC) who provide in-depth counseling about federal and state benefits and the effect of work on these benefits.

1.1.2 Overview of Potential Interventions

Exhibits 2a and 2b describe the interventions of several past, current, and proposed SSDI demonstrations. The details of these previous demonstrations provided context for the TEP's discussion of new ideas. SSA has tested alternatives to the cash cliff⁵ with two benefit offset policies, replacing the cliff with a more gradual reduction in benefits when earnings increase. With BOND, SSA tested a \$1 for \$2 benefit offset applied to annual earnings above the BOND Yearly Amount—the annual equivalent of SSDI's monthly substantial gainful activity (SGA) amount. The evaluation found no impact of the benefit offset policy on average earnings either in the nationally-representative Stage 1 sample or in the Stage 2 sample of volunteers. In contrast, the evaluation found that the benefit offset policy increased the average amount of SSDI benefits due to beneficiaries.

SSA is testing another \$1 for \$2 benefit offset with POD, but one that begins at a lower earnings threshold (the TWP threshold). POD also simplifies other work incentives, removing the TWP and the determination of SGA. Findings from the POD evaluation are expected in 2022.

In addition to benefit offset policies to replace the cash cliff, SSA has also considered simplifications to current work incentives. With the Work Incentive Simplification Pilot (WISP), SSA contemplated eliminating the TWP, work CDRs, and the Extended Period of Eligibility (EPE). Once entitled for SSDI, a beneficiary's benefits would be suspended in months when earnings exceed the SGA threshold.

⁵ After completing a nine-month Trial Work Period (TWP) and a three-month grace period, SSDI beneficiaries' SSDI benefits are suspended for any month in which countable monthly earnings exceed the monthly Substantial Gainful Activity (SGA) amount. In 2019, the SGA amount is \$2,040 for beneficiaries who are blind, and \$1,220 per month for other beneficiaries.

Exhibit 2a. Summary of Demonstrations and Proposals

The following table summarizes demonstrations (actual and proposed) that address post-entitlement reforms.

Demonstration/Proposed Intervention Name	Benefit Offset National Demonstration (BOND) (final evaluation results published December 2018)	Promoting Opportunity Demonstration (POD) (final evaluation results expected 2021)	Generalized Benefit Offset (GBO)—proposed	Work Incentives Simplification Pilot (WISP)—proposed	Ultimate Demonstration—proposed
Short Description	After cessation due to SGA, DI benefits are reduced by \$1 for each \$2 in earnings above annual SGA threshold	Upon enrollment, DI benefits are reduced by \$1 for each \$2 in earnings above the greater of the monthly TWP level or monthly impairment-related work expenses	Involves a sliding scale offering differential rates of benefit offset, depending on the beneficiary's earnings. GBO would result in a non-linear budget constraint designed to maximize incentive to work. At some higher earnings levels, marginal tax rate on earnings would be negative, providing a subsidy for work	Eliminates TWP, and work CDRs. Benefits suspended in months with SGA	Test the effects of paying full benefits regardless of work activity. No benefit suspense in months with SGA
TWP	TWP same as current law	No TWP	Unspecified, but likely no TWP	No TWP	No TWP
EPE	EPE is replaced with 60-month BOND Participation Period after TWP	EPE is eliminated. POD Participation Period lasts from enrollment to June 2021	Unspecified, but likely EPE is eliminated	EPE extended throughout the demonstration	EPE is eliminated
Work CDRs	Work CDRs performed to determine cessation date. Benefit offset adjustment begins after cessation month and grace period months	No work CDRs performed	No work CDRs performed	No work CDRs performed	No work CDRs performed
Evaluation of earnings	When earned until beneficiary completes grace period and then earnings evaluated when paid	When paid	Unspecified	When paid	N/A
Termination due to work possible?	No	Treatment 1: No termination. Treatment 2: Termination after 12 consecutive months of full offset	No	No	No
Benefit offset (Yes/No)	Yes. Annual accounting	Yes. Monthly accounting	Yes. Monthly accounting	No	No
Benefit offset "tax" rate	50% marginal tax after completing the TWP	50% marginal tax rate at entry into the demonstration	Multiple rates. At some higher earnings levels, tax becomes a subsidy	Benefit payments are reduced to zero for earnings above SGA	N/A
Maximum earnings disregard	12 x Monthly SGA threshold	Greater of 1) TWP threshold or 2) participant's itemized IRWEs	\$0	earnings below SGA	100% earnings disregard

Exhibit 2b. Fichtner and Seligman Demonstration Proposals

In addition to the post-entitlement reforms listed in Exhibit 2a, changes have also been suggested to the rules regarding who is entitled to SSDI benefits. In their 2019 paper “Developing Social Security Disability (SSDI) Reform Demonstrations to Improve Opportunities and Outcomes Based on Lessons Learned” (accessed at: <http://www.crfb.org/project/ssdi/developing-social-security-disability-ssdi-reform-demonstrations-improve-opportunities>), Jason Fichtner and Jason Seligman present three proposals which combine to form 12 possible demonstrations.

First Proposal: Temporary and Partial Benefits

Temporary Benefits

- (1) Default program benefit would be a temporary benefit, with an initial CDR near the one-year mark. Would be followed by annual CDRs.
- (2) Offer beneficiaries physical and educational therapies to help them reestablish independence. Have social workers participate in CDR to guide beneficiaries to federal and other public programs that support the redevelopment of independence.

Partial Benefits

- (3) An award option at initial determination would be for partial disability, with a lower benefit (perhaps 50 percent) and a higher earnings cap.

Combined

- (4) Increase relative value of CDR by providing a one-time payment if CDR finds persistent or worsening disability and providing (2) and (3) if CDR finds reduced disability.

Second Proposal: Employer-Based Disability Insurance

- (5) Two sets of employers (large employers [a] and small employers [b]) who currently offer disability insurance would limit their offering to two years and integrate their short-term and medium-term coverage with SSA’s longer-term SSDI plan design. Worker would apply for temporary disability benefit through employer-provided disability insurance. Worker would receive a CDR at the end of a year. If no improvement, at Month 18, SSA would review file, perform an initial CDR, and discuss options with disabled person and employer. If still no medical improvement, SSA would enroll disabled person in SSDI at Month 24.
- (6) As part of initial disability review and subsequent CDR, ADA accommodations would be considered by two sets of employers (large employers [a] and small employers [b]) in terms of accommodations’ ability to ameliorate the effects of the disability for a worker’s discomfort and productivity.

Third Proposal: Cooperation among Federal Support Programs

- (7) Geographic variation (particularly in ACA Medicaid expansion versus no Medicaid expansion) in demonstration sites be considered specifically to better appreciate and control for other social support programs and their interaction with demonstration projects (particularly for demonstrations (2) and (5)).

Fichtner and Seligman discuss in their paper twelve potential demonstrations based on the above-listed proposals:

- Five demonstrations: (1); (2); (3); {(1), (3)}; (4) (includes (2) and (3)).
- Six demonstrations: (5a); (5b); (6a); (6b); {(5a), (6a)}; {(5b), (6b)}.
- One demonstration: (7) (includes (2) and (5)).

Policy makers and experts have considered other alternatives to the SSDI earnings rules. A Generalized Benefit Offset (GBO) would involve a sliding scale offering differential rates of benefit offset, depending on the beneficiary’s earnings. A GBO would result in a non-linear budget constraint designed to maximize the incentive to work. At some higher earnings levels, the marginal tax rate on earnings would be negative, providing a subsidy for work. Others have proposed tests of temporary benefits, partial disability benefits, and employer experience rating to shift burden to employers when workers are unable to work because of medical conditions.

With previous interventions as background, the TEP discussed new intervention ideas that SSA might test in a future demonstration. SSA asked the TEP to address the design, evaluation, and methodological issues SSA should consider for the most promising demonstration ideas. SSA also asked the TEP to discuss the potential value of testing the Ultimate Demonstration as an additional treatment arm of any future demonstration. The Ultimate Demonstration would test the work capacity of beneficiaries by paying full benefits regardless of work activity.

1.2 Technical Experts Panel (TEP) for Post-Entitlement Earnings Simplification Demonstration

SSA contracted with Abt Associates to convene and facilitate the Simplification Demonstration TEP. This section describes the composition of the TEP and the steps Abt conducted to secure their participation.

The TEP consisted of nine members, each representing one of the affiliation areas SSA identified for the Simplification Demonstration. Three members represent academic research institutions; two represent federal government agencies outside of SSA; one represents a private non-profit policy advocacy and analysis organization; one represents a non-profit service provider; one represents a private business association; and one is a researcher working as an independent consultant. Exhibit 3 identifies each member’s affiliation and relevant expertise.

Exhibit 3. TEP Members for the Post-Entitlement Earnings Simplification Demonstration

	Title/Affiliation	Relevant Expertise
David Autor	Massachusetts Institute of Technology	Research methods; Labor economics; Disability policy; Evaluation design; SSDI demonstrations; Statistics/Econometrics
Carolyn Heinrich	Vanderbilt University	Research methods; Labor economics; Disability policy; Evaluation design; SSDI demonstrations; Statistics/Econometrics
Bill Marton	Division of Disability and Aging Policy, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services	Research methods; Disability policy; Evaluation design; Rehabilitation & employment services
Robert Moffitt	Johns Hopkins University	Research methods; Labor economics; Disability policy; Evaluation design; Statistics/Econometrics; Research ethics
Kathleen Romig	Senior Policy Analyst, Center on Budget and Policy Priorities	Research methods; Disability policy; Evaluation design; SSDI demonstrations; Rehabilitation & employment services
Jason Seligman	Investment Company Institute	Research methods; Labor economics; Disability policy; Evaluation design; SSDI demonstrations

	Title/Affiliation	Relevant Expertise
Jennifer Sheehy	Office of Disability Employment Policy, U.S. Department of Labor	Disability policy; SSDI demonstrations; Rehabilitation & employment services; Research ethics
David Stapleton	Tree House Economics	Research methods; Disability policy; Evaluation design; SSDI demonstrations; Rehabilitation & employment services
Susan Webb	Ability360	Disability policy; SSDI demonstrations; Rehabilitation & Employment services

Upon agreeing to participate in the TEP, members were asked to review a collection of preparatory materials in advance of the meeting. These materials included a meeting agenda, a discussion guide with detailed questions and background items the TEP members reviewed in advance of the meeting. Appendix A lists the materials provided to the members.

Members were asked to complete and submit written answers to the discussion guide prior to the meeting. TEP members attended a full-day meeting at SSA’s headquarters in Baltimore, Maryland on May 6, 2019, where Abt project team members facilitated a discussion covering each agenda item. Following the meeting, TEP members had the opportunity to revise and resubmit their completed discussion guides. Their final responses are included as Appendix B to this report.

1.3 Structure of the Report

The balance of this report is divided into separate sections covering the major topics discussed at the meeting. **Section 2** discusses the TEP’s input on the most critical issues related to post-entitlement earnings rules and return to work. **Section 3** discusses the TEP’s recommendations for policies SSA should consider testing in a new demonstration. **Section 4** describes the TEP’s input about how SSA should design evaluations of new policies. **Section 5** discusses practical considerations related to the limited time available under SSA’s current Section 234 demonstration authority. **Section 6** summarizes the panel’s recommendations and concluding remarks.

Identifying the Problem

Before discussing policy tests that SSA could consider, the TEP offered their opinions about the most critical issues facing the SSDI program. This section summarizes the TEP’s input on this topic. SSA asked the TEP to focus their discussion of potential demonstrations on tests of post-entitlement earnings rules. However, several members of the TEP said that the most crucial post-entitlement issues for SSDI stem from broader issues regarding disability program rules, eligibility criteria, and the disability determination process. We summarize these broader issues in Section 2.1. In Section 2.2 we summarize the TEP’s input regarding the most critical issues for SSDI related to post-entitlement policies and earnings rules.

1.4 What Are the Most Critical Issues Facing the SSDI Program?

Several members of the TEP suggested that the most critical issues facing SSDI arise from fundamental principles that define the program. For example, one member of the TEP said that challenges originate with the conceptual definition of disability upon which the program is based. The definition—inability to perform SGA because of a physical or mental impairment expected to result in death or last more than 12 months—does not take into account individual characteristics or the environment, including technology,

medicine, nature of work, and accessibility of workplaces. This TEP member thinks that the focus on medical condition, coupled with the difficulty inherent in determining which individuals can perform SGA means that the program is vulnerable to entry by workers with a wide array of medical conditions that do not prevent them from engaging in SGA. The TEP member thinks these circumstances make SSDI a primary gateway to public support for adults with significant medical problems but some earnings capacity.

Other TEP members noted that the definition of disability does not distinguish among different levels of work capacity, deeming people disabled or not, rather than allowing for partial or temporary disability. Others noted that the program does not readily account for the episodic nature of some conditions. As one TEP member put it, “on net I’d offer that SSDI should be recast as more predominantly temporary and that SSDI should accommodate episodic experiences”. Another TEP member said “disability should not be characterized as permanent for the majority of beneficiaries, but as the program operates today, most who go on SSDI stay on SSDI.”

Against this backdrop, several TEP members referred to the costs and financial sustainability of the SSDI program as the most important motivations for SSA to test new policies in future demonstrations. One TEP member said that the incentives the SSDI program intends to create for return to work are not sufficient to diminish concerns about the rise in beneficiaries and the financial sustainability of the program.

The TEP also discussed implications of the recent Social Security Trustees Report⁶ that projects an improved financial forecast for the SSDI program, reduced disability caseloads, and DI Trust fund solvency until 2052. One TEP member posited that the declines in caseload growth that underlie the revised projections might indicate that beneficiaries entering the program now have different needs than in previous decades. This panel member suggested that new awardees may face greater barriers to work than earlier cohorts. Another TEP member suggested that the improved financial forecast for the SSDI program may offer SSA greater latitude for Congressional support for experimentation. This TEP member thought that the improved financial forecast may reassure policymakers that the program is not in crisis and that demonstrations to test new policies are valuable.

1.5 What Are the Chief Post-Entitlement Issues Facing SSDI?

The panel’s discussion of post-entitlement challenges for the program centered on barriers that discourage work for beneficiaries. The TEP was unanimous that SSA’s earning rules, particularly the cash cliff, are an impediment to work. The TEP also cited challenges arising from the complexity of the post-entitlement rules, both for beneficiaries’ work efforts and for SSA’s ability to administer the program. Other TEP members raised issues regarding beneficiaries’ fears of losing benefits and health insurance and the barriers to working resulting from the medical condition itself. Others cited factors external to SSDI program operations such as the role of employers and availability of employment support services.

1.5.1 SSA’s Policies and Program Operations Create Barriers to Employment

One TEP member cited trends since 2010 showing marked increase in employment rates among people in the general population with self-reported disabilities. This panel member said that these trends reflect the

⁶ See Board of Trustees (2019, accessed June 16, 2019)

improving economy during this period and SSA's own screening system for SSDI program entry.⁷ The TEP discussed whether employment rates among SSDI beneficiaries have shown similar increases during this period. One TEP member cited estimates that less than one percent of SSDI beneficiaries exit the program in any year because of employment. Another TEP member pointed out that program exit for employment is higher when one analyzes cohorts of awardees.⁸ Another TEP member suggested that unless the return-to-work rate among SSDI beneficiaries has increased at a rate somewhat similar to the general population with self-reported disabilities, it is reasonable to conclude that incentives in the SSDI program are not encouraging work.

For individuals who are able to perform SGA, the TEP noted that the program rules pose strong disincentives for doing so. The disability determination process is predicated on establishing the applicant's inability to perform SGA. Because of this emphasis, one TEP member said that the effectiveness of post-entitlement policies is contingent on pre-entitlement rules. By the time they are deemed eligible for SSDI, beneficiaries have a radical attitude change about work hastened by messages during the application process. Once entitled for benefits, the TEP members uniformly cited the SSDI cash cliff as a key barrier for return to work for beneficiaries. In addition, the rules about TWP, earnings disregards, and calculation of SGA are complex. As one TEP member said, "with regard to work, there is confusion and fear of benefit loss."

In addition to loss of SSDI cash benefits, the TEP noted that beneficiaries fear losing Medicare coverage if they work. One TEP member said that the length of time Medicare coverage is available to SSDI beneficiaries who exit the program can be confusing to beneficiaries.⁹ Depending on their age, some beneficiaries who exit SSDI will remain eligible for Medicare until they reach full retirement age and transfer to the Old-Age Survivors Insurance program. Beneficiaries who exit SSDI at a younger age will face a gap in Medicare coverage, and this TEP member thinks this gap likely discourages some beneficiaries from performing SGA. Another TEP member stated that SSA could do a better job of educating beneficiaries about working and protecting benefits such as the Medicare extension and the CDR protections.

The TEP also discussed the complexity of the SSDI earnings rules. One TEP member said that the complexity of SSA program rules is daunting for beneficiaries and makes it difficult for SSA to administer the rules. It is difficult and labor intensive for SSA to observe earnings and determine whether beneficiaries perform SGA in order to make decisions about continued benefit receipt. One TEP member urged SSA not to underestimate the importance of simplifying rules. This TEP member says that it seems extraordinarily important for SSA to test a simplification under any new demonstration. With respect to simplifying, another TEP member cited the complexity of the work CDR process as an impediment to work, and suggested that the CDR process needs to allow for episodic disabilities such as psychiatric impairments and allow seamless return to benefits when needed. The expedited reinstatement process available through SSDI is also viewed as complex and confusing for beneficiaries.

⁷ Another TEP member noted that regulations under Section 503 of the Rehabilitation Act that establish a national goal for government contractors for employing qualified persons with disabilities might also influence these national trends. (U.S. Department of Labor, n.d.)

⁸ For an example of cohort analysis, see Stapleton, Liu, and Phelps (2010).

⁹ Under current law, beneficiaries are eligible for continued Medicare for 93 months, or 7 years and 9 months, after the TWP.

Another TEP member identified additional issues related to SSDI operations as important considerations for developing new demonstration ideas. In particular, this TEP member raised concerns about difficulties applicants and beneficiaries have in receiving adequate customer service from the agency. In particular, the TEP member mentioned the long determination and appeals process, limited access to staff who can explain SSA's work rules, and overpayments as examples of these concerns. This TEP member said that SSA's administrative funding hasn't kept up with inflation over the past 10 years, even as the number of beneficiaries increased, leading to declines in staffing, service delays, and cutbacks in hours and service locations. This TEP member says these administrative challenges are an important backdrop to any experiment testing new earnings rules.

1.5.2 Beneficiaries Face Other Barriers to Employment

The TEP discussed other barriers to employment for SSDI beneficiaries, related to the beneficiaries, labor market opportunities, and availability of employment services and supports. One TEP member said that these types of barriers merit careful consideration because they may influence beneficiaries' employment experiences as much as SSA's work incentives and may not be affected by policy tests SSA could conduct to change post-entitlement earnings rules.

This TEP member mentioned barriers posed by medical condition itself, coupled with other beneficiary characteristics such as age, education, and skills, and tenuous connection to the labor force. Another TEP member noted lack of marketable skills as a barrier for many beneficiaries. Many beneficiaries' evolving work capacity and their need for accommodations such as flexible schedule, leave, transportation, and work supports were mentioned by other TEP members as possible barriers to employment. With respect to the labor market, two members of the TEP said that unwillingness on the part of some employers to hire beneficiaries after a gap in work history and employment discrimination pose barriers for some beneficiaries. One member of the TEP recommended that SSA consider involving employers in demonstration ideas, and explore incentives or employer subsidies to provide employment opportunities.

The TEP also mentioned lack of employment supports and difficulty navigating the available supports as a barrier to employment for some beneficiaries. Depending on time out of the labor force, several on the TEP noted that skills and connection to the labor force atrophy and create obstacles including emotional obstacles to employment. One TEP member noted that some beneficiaries who have been receiving benefits for some time may lose perspective on whether work is possible. This TEP member referred to this psychological barrier as a mental hardening or change in perception that occurs when beneficiaries cannot envision alternative work options or scenarios, such as part-time work, flexible schedules or career changes. This TEP member therefore thinks that the information and messages that SSA provides to beneficiaries are very important. This TEP member said that "the SSDI program should accommodate a more episodic disability experience. Accommodation in this regard will, in my opinion remove a psychological barrier to workforce reentry stemming from fear of loss of disability and related health insurance benefits."

The TEP members' opinions about the most critical issues facing the SSDI program influence their recommendations for policy changes SSA should consider testing in a new demonstration. In the next Section we discuss the ideas the TEP has for policy tests SSA should consider. The TEP focused on ways to reduce work disincentives, including alternative benefit offset designs, earned income tax credit (EITC)-type benefits, and removing all earnings tests on benefits using parameters referred to as the Ultimate Demonstration.

What Should SSA Test in a New Demonstration?

The TEP offered several ideas for policies SSA could consider testing in a new demonstration. The TEP considered the policies that SSA has tested, is testing, or that have been considered: 1) work incentive simplifications, 2) benefit offsets, 3) EITC-style work subsidies, 4) partial disability, and 5) the Ultimate Demonstration. The TEP also offered some new ideas in addition to things in these categories.

1.6 Work Incentives Simplifications like WISP

As summarized in Section 1, the proposed WISP would remove the TWP, the EPE, and work CDRs. However, the proposed WISP would leave the cash cliff intact, with benefits suspended when beneficiary earnings exceed the SGA amount. Most of the TEP members recommended against moving forward with WISP on the grounds that it would leave the cash cliff intact. These TEP members recommended that, in any post-entitlement demonstration, SSA should only test interventions that eliminate the cash cliff. One TEP member recommended that SSA simplify work incentives as much as possible when testing a policy that addresses the cash cliff such as the GBO or the Ultimate Demonstration. While the TEP agreed that SSA should eliminate the cash cliff under future demonstrations, the TEP also noted that national policy that removes a cliff or any sort of benefit phaseout as earnings increase is not feasible. One TEP member noted that SSDI will always be a program for those who cannot support themselves through work.

1.7 Benefit Offsets

Benefit offset policies are one way of eliminating the cash cliff—the loss of all SSDI benefits after a sustained period of substantial earnings—that exists under current law. These benefit offset policies gradually reduce the SSDI benefit as earnings increase. SSA has completed tests of benefit offset policies in Benefit Offset Pilot Demonstration and BOND, and is currently testing another benefit offset policy in POD. The TEP discussed whether SSA should test further benefit offset policies in addition to these demonstrations.

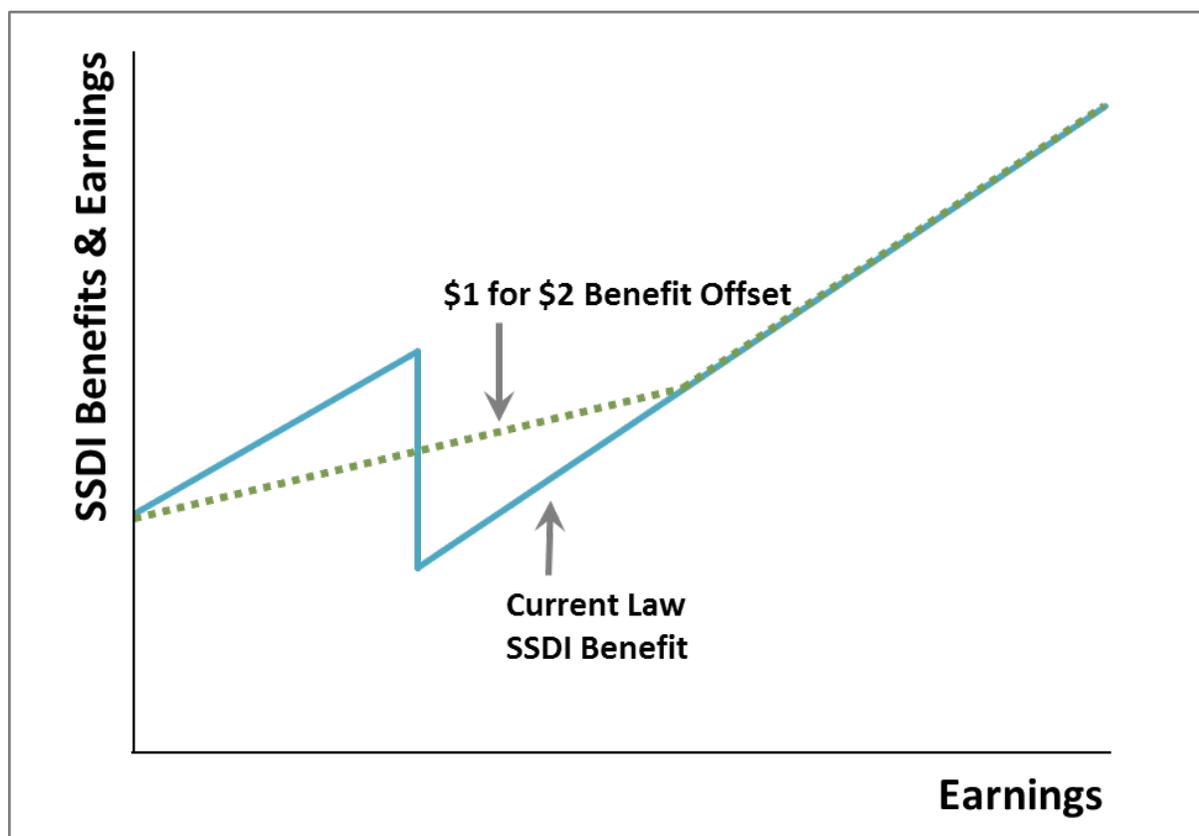
Most TEP members recommended that SSA not pursue further standalone tests of benefit offsets. One TEP member noted that reducing a social program's marginal tax rate on earnings in order to incentivize work rarely has much of an effect on behavior. This TEP member holds the view that recipients of social programs do not like to have their benefits reduced, regardless of the magnitude of the implicit marginal tax rate. Additionally, the TEP member noted that when the reduction in a program's marginal tax rate is sufficiently complicated, people have uncertainty about what will happen if they work more and so they do not respond to the change in policy. This TEP member also pointed out that a benefit offset in the SSDI program creates a disincentive for beneficiaries who are already earning above the SGA amount.

Another TEP member was pessimistic about the effectiveness of benefit offsets to increase work because of the difficulty SSA had in administering the offset in BOND. The TEP member pointed out that initial benefit adjustments took place a median of 22 months after the first month of offset use. This TEP member thought that length of delay would greatly inhibit understanding of the offset policy. A third TEP member thought confusion about the offset policy in BOND was increased by annual reporting. SSA staff acknowledged these issues with BOND and pointed out that the design of POD deals with some of these concerns. In particular, POD uses monthly accounting to address the timeliness of benefit adjustment, and simplifies earnings rules to eliminate the TWP so that work CDRs are not needed to help address beneficiary understanding of the offset rules.

One TEP member recognized that other TEP members were not enthusiastic about further standalone tests of benefit offsets, but noted that any policy that removed the cash cliff would have to have some kind of phaseout of benefits. This is because a policy without benefit phaseout would induce entry into the program by people with some residual earnings capacity.

While no TEP member supported a demonstration centered on a test of a new benefit offset policy, one TEP member thought that SSA had enough evidence to move forward with implementation of a national benefit offset policy for SSDI beneficiaries. This TEP member recommended that a \$1 for \$2 benefit offset with no earnings disregard be implemented as national policy. That is, this offset would apply from the first dollar of earnings. This policy is illustrated in Exhibit 4. As earnings increased, SSDI benefits would be reduced by \$1 for every \$2 dollars in earnings. The TEP member further recommended that SSA use monthly accounting and eliminate the TWP and the EPE. The TEP member thought this policy would have several virtues: (1) it would be simple enough to be well understood, (2) the elimination of benefit termination would allay fears, (3) the cash cliff would be eliminated, and (4) increased earnings would always result in increased income. The TEP member pointed out that this policy was similar to the Supplemental Security Income (SSI) earnings policy and thought it should be even easier for SSA to administer in the SSDI program because of the absence of means-testing. In order to avoid harm to beneficiaries, the TEP member recommended “grandfathering” in current beneficiaries who are earning below the SGA amount (and thus currently receiving full benefits). Another TEP member objected to this offset policy, noting that its implicit marginal tax rate of 50 percent is much higher than most workers will ever face. SSA staff pointed out that with POD, SSA is testing an SSDI policy that is quite similar to the approach the TEP member suggested, except that with POD the offset begins at a lower earnings threshold. The TEP member recommends SSA implement this as national policy without further testing.

Exhibit 4. SSDI \$1 for \$2 Benefit Offset with No Earnings Disregard



1.8 EITC-style Earnings Subsidies

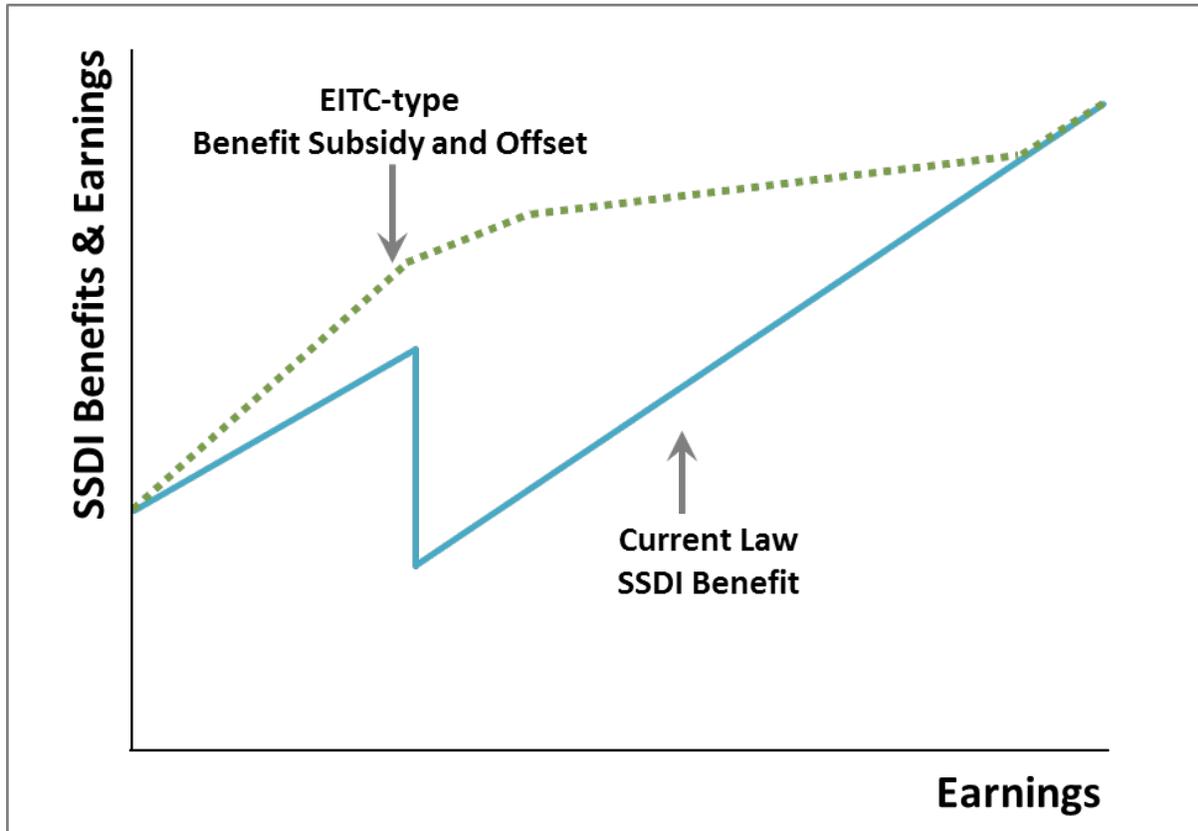
While the TEP was not enthusiastic about further tests of benefit offsets, most TEP members were interested in testing increased subsidies for working beneficiaries. Early in the meeting, one TEP member recognized that Jagadeesh Gokhale’s Generalized Benefit Offset (Gokhale 2013, 2015) proposal is a combination of a benefit offset and a subsidy and picked up on the idea of a subsidy. This TEP member described the EITC as “the only manipulation of financial awards that has had any non-trivial effect on the non-disabled population.” The TEP member continued:

“...I’m speaking particularly of single mothers here, but the fact is people like to get an increased benefit if they work more. And they seem to pay attention to that in a way that that they don’t seem to react to a reduction in the amount of benefits. The philosophy behind the Earned Income Tax Credit in the United States is you give people a really steep subsidy rate over a certain range of earnings from zero up to some amount, and then you phase it out, but you phase it out at a very low rate. All the evidence on the Earned Income Tax Credit is you get a big kick at the bottom, because people notice it and they see that gain, and then they don’t seem to react as much to that low phase out region, or not as much as you might expect.”

Other TEP members supported the idea of testing some type of EITC-style earnings subsidy for SSDI beneficiaries. One TEP member suggested that information on the extent to which current SSDI beneficiaries claim the EITC would be helpful for developing this type of policy. This member suggested testing an earnings subsidy as an addition to the current benefit level. This subsidy would increase SSDI benefits from the first dollar of earnings. Such a policy is illustrated in Exhibit 5. The TEP member

emphasized that for the subsidy to work as an incentive, the beneficiary would not need complete understanding of the formula, but would have to know “that they’re getting more” when they work. Another TEP member agreed that a policy should offer a substantial reward for choosing work and should phase out very gradually.

Exhibit 5. EITC-type Benefit Subsidy and Offset

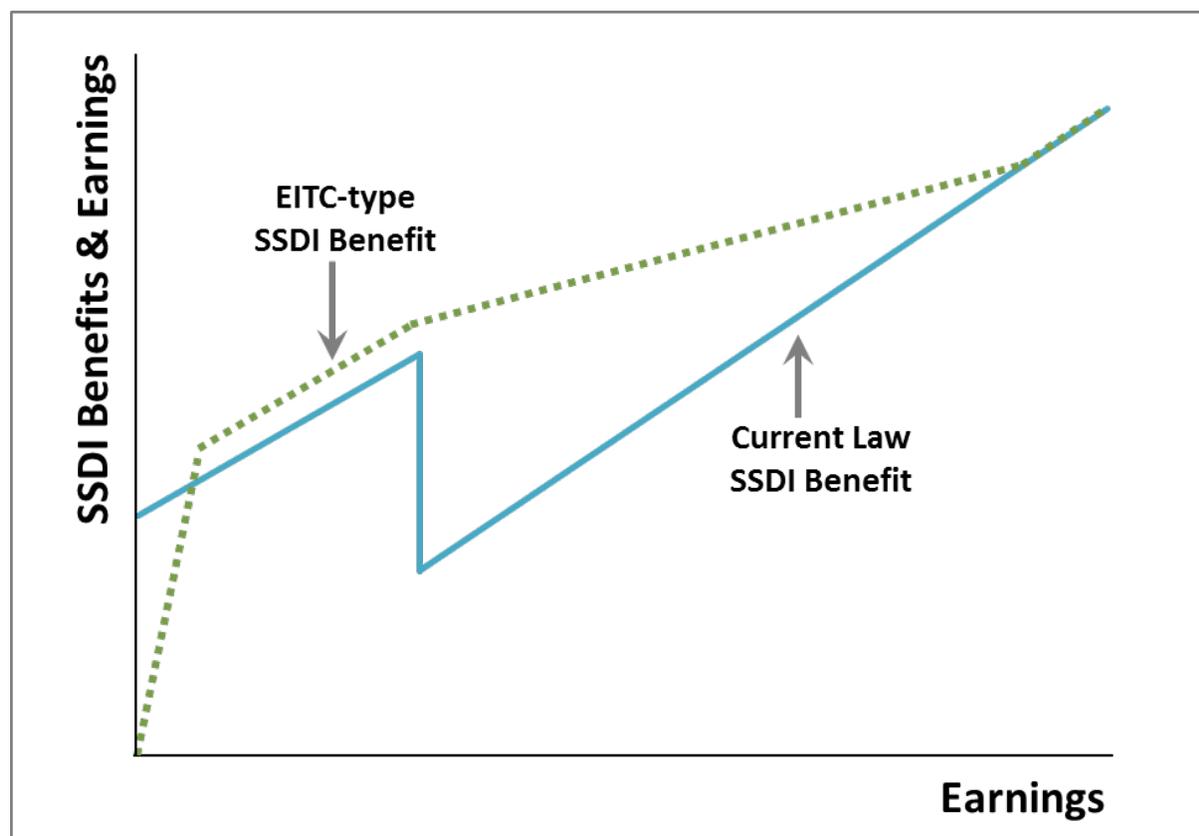


Another TEP member recommended that SSA offer new awardees a choice between current-law benefits and an EITC-style benefit that replaces the current SSDI benefit. This EITC-style benefit would only pay a positive amount if a beneficiary was working and is illustrated in Exhibit 6. In a follow-up email after the meeting, the TEP member wrote:

“My thinking is that this should start conservatively, then expand if findings are strong. So an initial test could focus on older applicants (50+) who are initially allowed on the basis of vocational factors (the vast majority—workers whose medical condition does not meet or equal SSA’s listings, but whose assessed residual functional capacity in combination with age, experience and education makes them eligible. They could choose the EITC-style benefit ... versus SSDI, not both. Another possible wrinkle is to offer them 6-12 months of full SSDI, so they have time to get a job. Given that this has to be tested on volunteers, they can always choose to return to SSDI unless they medically recover.”

“A more expansive variant would offer this to those allowed by the DDS plus some subset of those denied by the DDS. That might discourage some share of denied applicants from pursuing an appeal and might also improve employment outcomes and household among all denied applicants. But perhaps that is the second step.”

Exhibit 6. EITC-type SSDI Benefit as Replacement for Current Law SSDI Benefit



The TEP members noted that the accounting period used for an earnings subsidy is an important choice in the design of the intervention. Several TEP members noted that a shorter accounting period (preferably monthly) would offer a better work incentive than annual accounting and provide more timely income to meet needs of beneficiaries. On the other hand, a few TEP members thought that monthly accounting would be more challenging for SSA to administer accurately.

During the meeting, SSA staff asked the TEP whether these proposed EITC-style policies would eliminate work CDRs and disability cessation due to work. The TEP did not provide a direct response to this question.

1.9 Partial Benefits and Temporary Benefits

Two TEP members were enthusiastic about testing policies that offered either partial benefits or temporary benefits. The policy idea of partial benefits addresses the criticism that SSA's disability programs conceive of disability as a binary status. One TEP member suggested testing a partial disability benefit based on residual work capacity with higher residual capacity leading to a lower disability benefit. The lower benefit would be coupled with latitude to earn without losing any disability benefits. Those with less residual capacity could also earn but would not be expected to earn as much. The TEP member recommended that this policy recognize that people's work capacity could change over time and so periodic evaluations would be necessary. While two TEP members were quite interested in partial benefits, a third member pointed out that determining residual work capacity would make the disability determination more complex. This TEP member noted that the existing appeals process was already

unacceptably lengthy and changing to a system of partial benefits might further lengthen the time required for the disability determination and appeals process.

The policy idea of temporary benefits sets up the expectation that some beneficiaries should be able to return to work, which is in contrast to the current statutory expectation of permanent and complete impairment. One TEP member recommended testing a temporary benefit:

“I think a demonstration where a temporary benefit is the default program benefit is one of the most promising demonstrations suggested. Individuals could be randomly assigned to the treatment arm in which the disability would be viewed as temporary, and the goal of services would be to restore independence and gainful employment. A design issue to consider is whether there should be an assessment of capacities to return to work and if participation in the experiment should be limited to those with some particular threshold of work capacity.”

Another TEP member recommended that SSA consider testing the offer of a temporary, two-year benefit with no earnings restrictions to new awardees as an alternative to the current-law benefit and rules. This test would answer the question about how many new awardees would be interested in a temporary benefit.

1.10 Ultimate Demonstration

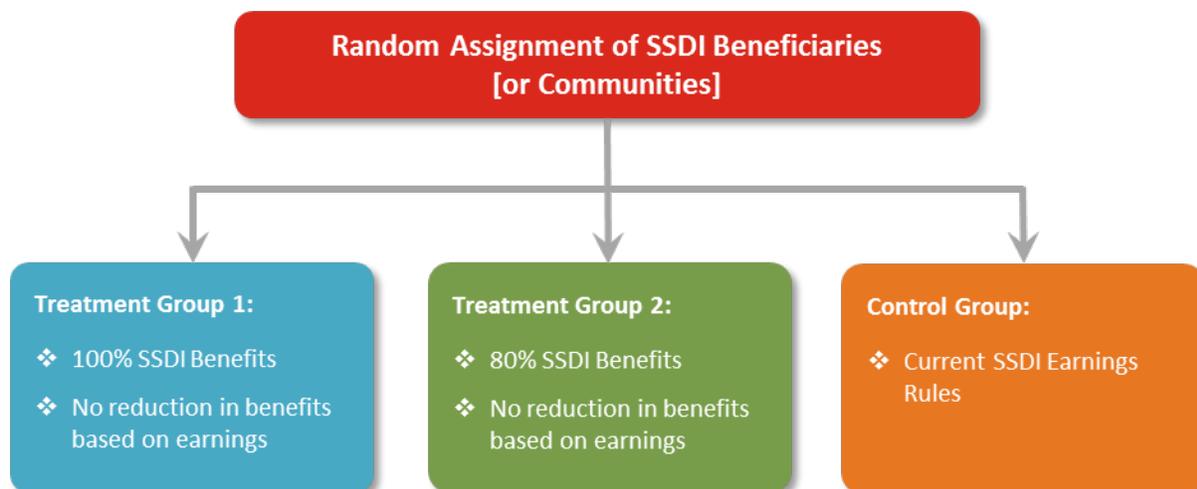
The TEP members discussed whether SSA should conduct the so-called “Ultimate Demonstration”. This demonstration would test a policy that allowed beneficiaries to earn any amount without affecting their benefits or entitlement status. This policy would eliminate work CDRs and disability cessation due to work for those in the treatment group. As described by SSA, the objective of this demonstration would be to learn about the extent to which SSDI beneficiaries work in the absence of any work disincentives, not as a test of a potential national policy.

Most of the TEP members recommended that SSA conduct the Ultimate Demonstration. They thought that the demonstration would provide valuable information about the earnings capacities of beneficiaries. This information could be used to craft alternative policies to current law in the future. While the TEP members supported the idea of Ultimate Demonstration, they agreed that its purpose should only be for research.

One TEP member was enthusiastic that the Ultimate Demonstration could be conducted with volunteers. This TEP member thought almost all beneficiaries would choose to participate in the demonstration because the alternative policy would never reduce benefits and volunteers would have the right to revert to current law if they chose. This TEP member recommended that SSA conduct the Ultimate Demonstration with a second treatment group that would pay 80 percent of full benefits while allowing beneficiaries to earn any amount. This three-arm study design is illustrated in Exhibit 7. The second treatment group would produce a new estimate of the income effect (theoretically more work should be observed when benefits are set at 80 percent compared to when they are set at 100 percent). The addition of this second treatment group would enable SSA to observe beneficiary preference for this type of policy. SSA would be able to see how many beneficiaries are willing to forego 20 percent of benefits for the opportunity to avoid benefit reductions and to see how many beneficiaries choose to revert to current law. The TEP member had two additional suggestions for the demonstration. First, the TEP member recommended that SSA conduct the demonstration with new SSDI awardees only because these awardees would not yet have become accustomed to current law SSDI earnings rules. Second, the TEP member

recommended that SSA consider eliminating the requirement that no substantial work be performed in the 12 months after disability onset date.

Exhibit 7. Three-Way Random Assignment Design for the Ultimate Demonstration Recommended by One TEP Member



Two TEP members pointed out that the Ultimate Demonstration might be less valuable than others expected, at least if attempted under the current 234 authority. Besides the stated objective to learn about the extent to which SSDI beneficiaries work in the absence of any work disincentives, one TEP member considered whether the Ultimate Demonstration would help to learn about residual work capacity. The TEP member thought that reducing the marginal tax rate to 0 percent would not be sufficient to reveal residual work capacity given the difficulty of finding suitable jobs and accommodating employers. Instead, this TEP member thought that an earnings subsidy would be required to observe residual work capacity. Therefore if SSA tested the Ultimate Demonstration, this TEP member thinks that the results would not provide definitive answers about residual work capacity. Another TEP member pointed out that the nine-month TWP and three-month grace period already provide a year of unlimited earnings opportunity. In a two-year demonstration under the current demonstration authority, this TEP member noted that the control condition would not be that different from the treatment condition.

1.11 Ticket-to-Work Ideas

The TEP discussed three demonstration ideas related to the Ticket to Work program. First, one TEP member suggested that the Ticket program allow payment for services delivered to beneficiaries whose goal was part-time, below-SGA, work. Currently the Ticket program only reimburses services for beneficiaries who have a goal of SGA. Another TEP member noted that while this change would be smaller than those usually tested in a demonstration, in this TEP member's opinion it could be greatly valued by beneficiaries and Ticket to Work Employment Networks (ENs).

Second, a TEP member suggested that another broad area SSA should consider for new interventions is engaging employers. This TEP member suggested that employers could work as ENs. Another TEP member noted that several employers have served as ENs, but that in the TEP member's opinion a drawback with employer ENs is that beneficiaries need assistance with managing their benefits and in some cases they do not want to receive this assistance from their employer. Instead, the TEP member said

that beneficiaries often want to keep their disability benefits separate from interactions with their employers.

Third, another TEP member suggested that a potential demonstration could partner with a national company called Allsup which provides assistance to applicants to apply for SSDI benefits. The TEP member noted that Allsup has added a division which serves SSDI beneficiaries as an EN. Allsup uses its familiarity with the medical condition of a successful SSDI applicant to provide return-to-work services after award. The TEP member suggested that SSA could explore a demonstration which would randomly assign some applicants to Allsup to see if the approach improved outcomes.

1.12 Other Demonstration Ideas

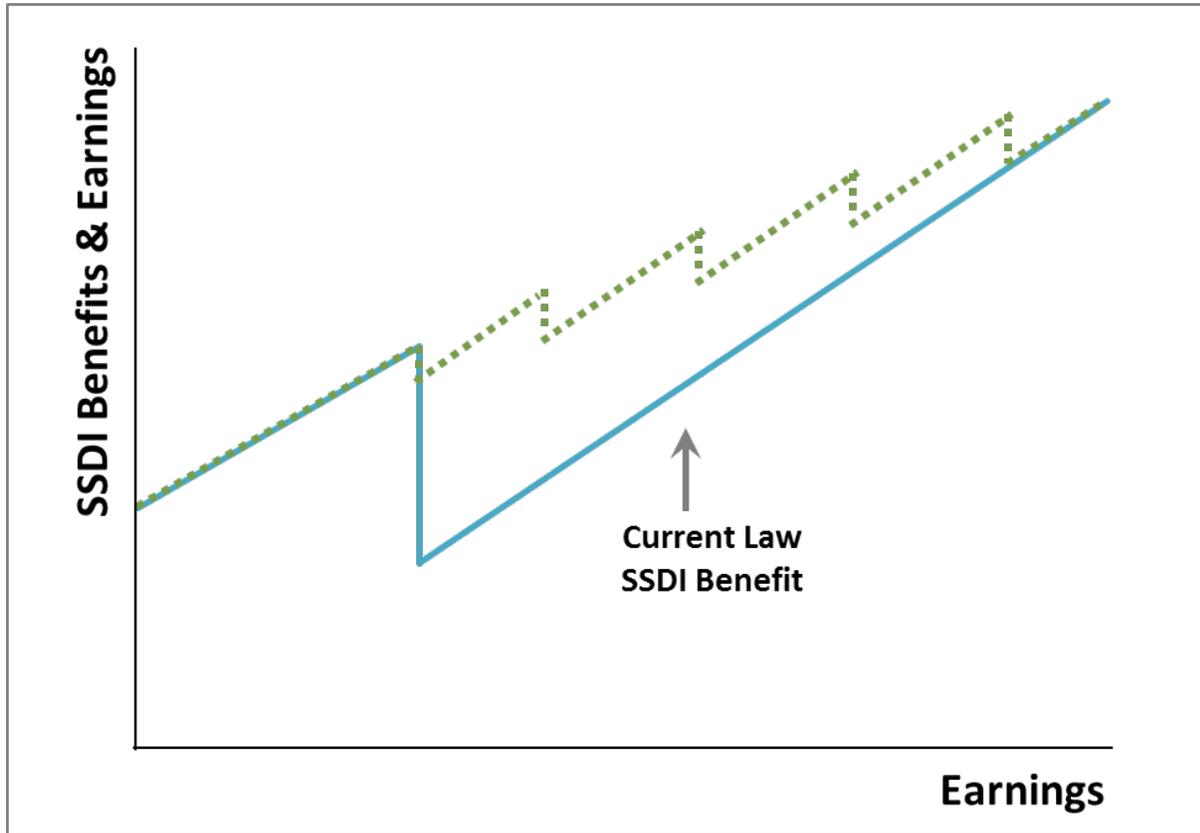
Finally, the TEP members provided several other demonstration ideas for SSA to consider:

- One TEP member suggested replacing the cash cliff with a series of smaller benefit cliffs. For example, at the SGA amount benefits might be reduced by 20 percent and at two times SGA benefits might be reduced another 20 percent. Between reduction points, benefits would not be reduced as earnings increased. This type of policy would mean that increases in earnings to move past a cliff (in other words, to reach a higher total of benefits plus earnings) would not be as great as under current law. Exhibit 8 illustrates this type of policy. Two other TEP members thought that this type of policy would still encourage beneficiaries to work “up to a cliff”. Another TEP member noted that a policy involving a series of cliffs might be more burdensome for SSA to administer than current law. One TEP member said that, relative to one large cliff, a series of smaller cliffs might encourage more beneficiaries to work. This would make the smaller cliffs more appealing than a single large cliff but perhaps still less appealing than other policy options for benefit phaseout, particularly the EITC options the TEP discussed.
- Another TEP member suggested that, when SSA suspended benefits due to work, up to 6 months of benefits be set aside and stored for possible future use. The stored benefits would be accessible during any subsequent period of reapplication, even if reapplication for benefits was denied. The TEP member thought that the availability of these “banked” benefits might reassure beneficiaries who were contemplating reengagement with the labor force. This suggestion would not alter current earnings rules in any way, just provide the opportunity to access stored benefits.
- This TEP member also suggested, in conjunction with the EITC-style earnings subsidy, that SSA work with financial intermediaries and payroll processors to report paystub characteristics. This would facilitate monthly benefit adjustments. The payroll function could easily be established in a world where direct deposit and garnishment (child support, etc.) already exist. And the availability of the EITC-style subsidy would provide an incentive to the worker to permit the employer to report payroll information to SSA.¹⁰ The TEP member did not elaborate on the feasibility of such a system at this time.
- One TEP member suggested that SSA consider subsidizing employers to make workplace accommodations for working beneficiaries.

¹⁰ Section 824 of the BBA allows SSA to enter into an information exchange with a payroll data provider for purposes of efficiently administering monthly benefits and preventing improper payments of such benefits without the need for verification by independent or collateral sources.

- Another TEP member suggested that SSA consider an intervention that would provide medical or adaptive technology to beneficiaries to assist in returning to work.

Exhibit 8. Series of Smaller Benefit Cliffs



How Should SSA Test New Policies? Evaluation Considerations

During the TEP meeting, the experts made several recommendations about how SSA should test new policies. These recommendations concerned several aspects of demonstration design, including target population, evaluation design, location and site selection, intervention implementation, and outcomes.

1.13 Target Population

The TEP members recommended that SSA consider three types of SSDI beneficiaries to target for participation in future demonstrations. First, the TEP discussed the value of targeting new awardees in a demonstration. Two TEP members argued that new awardees are an ideal sample for testing policy changes because they have not yet acclimated to current policy. These TEP members thought that, compared to current beneficiaries, new awardees might be more receptive to policies that encourage work. It should thus be more likely that the behavior of new awardees would be influenced by the tested policy. One of the TEP members added that recruiting new awardees into a demonstration should be easier than current beneficiaries because their contact information is more recent and presumably more reliable. Most of the TEP members agreed that targeting new awardees was a good idea for SSA to consider. One TEP member, however, pointed out that new awardees might not be ready to go back to

work. Instead, they might need a period of rehabilitation and adjustment. Another TEP member responded that, in the case of the Ultimate Demonstration, the treatment would be offering an option to work, but would not require immediate return to work. A third TEP member pointed out that it would be valuable for SSA to include current beneficiaries in a demonstration in order to determine whether their response was in fact less than that of new awardees. Most TEP members agreed with this recommendation that SSA also include current beneficiaries.

Second, the TEP members discussed targeting beneficiaries age 50 or older. This suggestion arose after a recommendation that any policy change be made permanent for treatment group beneficiaries (see Section 4.4 below about implementation). One TEP member pointed out that the 100 percent earnings disregard in the Ultimate Demonstration could become costly for SSA because it would mean paying full benefits to some beneficiaries who otherwise would have had their benefits suspended or terminated due to work. This TEP member suggested that one way to limit the cost would be to limit participation to beneficiaries age 50 or older. Compared to younger beneficiaries, those older than age 50 would receive SSDI benefits for a shorter time before conversion to Social Security retirement benefits.

Third, the TEP members discussed a potential target population consisting of beneficiaries who are working as part of the AbilityOne program. One TEP member described how the Department of Labor's AbilityOne program grants noncompetitive contracts to nonprofit agencies to provide goods and services to the federal government.¹¹ In order to qualify for the contracts, 75 percent of the nonprofit agencies' direct labor hours must be performed by people with disabilities. An organization called SourceAmerica coordinates most of the nonprofit agencies in the program. The TEP member noted that beneficiaries in the AbilityOne program are already working and suggested that these beneficiaries would likely respond rapidly to the Ultimate Demonstration's offer to increase work without reduction in benefits.

1.14 Evaluation Design

The TEP discussed evaluation design issues, including alternatives to random assignment. SSA has used individual-level random assignment to create treatment and control groups in its past demonstrations. One TEP member suggested that SSA consider alternatives to random assignment, in part because of the cost and effort required to recruit and enroll volunteers for individual random assignment. In addition, this TEP member noted two other areas of concern about random assignment of volunteers in Stage 2 of BOND. First, the TEP member pointed out that the recruitment process provided potential volunteers with information about the benefit offset policy. This information was necessary for making an informed choice about whether to volunteer, but might also have contaminated outcomes because both treatment and control beneficiaries heard about both treatment and control conditions during the informed consent process. Second, the TEP member described anecdotes about treatment group beneficiaries being told by knowledgeable community members that the benefit offset was a "sham." In demonstrations like BOND that used individual random assignment, treatment beneficiaries in the community were subject to demonstration rules, while control beneficiaries in the same community were not. This situation made it difficult to develop widespread awareness of the demonstration rules among service providers and community stakeholders.

¹¹ For more information, see U.S. Ability One Commission (n.d.) and Advisory Committee on Increasing Competitive Integrated Employment for Individuals with Disabilities (2015)

The TEP member then described possible ways to address these issues. The TEP member first suggested a cluster random assignment design in which SSA would randomly assign relatively small areas (smaller than a state) to either treatment or control status. The cluster design would make it easier to educate community stakeholders about the demonstration rules and legitimacy of the demonstration since all eligible beneficiaries in a treatment site would be in the treatment group and subject to the demonstration's rules. The TEP member acknowledged that buy-in and guidance from community stakeholders would be more or less important depending on the particular intervention being tested. The TEP member also noted that the drawback of a cluster design is that compared to an individual-level random assignment design, larger sample sizes are required to provide equivalent statistical power. The TEP member did not elaborate on how this design allowed for SSA to obtain the informed, written consent required under the current demonstration authorities.

The TEP member went on to describe a second type of design that would also address these concerns about random assignment. This design is called “comparative regression discontinuity design (CRD)”. A traditional regression discontinuity design (RDD) estimates an impact at the discontinuity point in the distribution of an index variable. The CRD uses additional data to estimate impacts at points far away from the discontinuity point. The TEP member gave the example of beneficiary age as a possible index variable, suggesting that all beneficiaries over the age of 40 could be offered the intervention and all beneficiaries under age 40 would be in the control group. A traditional RDD would estimate the effect of the intervention for beneficiaries who are age 40. With the CRD, researchers might also be able to estimate effects for ages far from the age 40 cutoff. The TEP member suggested that in this case, an advantage of the CRD over random assignment is that treatment group members (those older than age 40) would only need to be told about the treatment (and not the control condition) during informed consent, which would minimize confusion and potential contamination. The TEP member further suggested that control group members (those under age 40) would not need to undergo informed consent—their outcomes could simply be tracked with administrative data. Compared with individual-level random assignment, this design would reduce substantially the costs associated with recruiting volunteers and conducting informed consent.

Another TEP member commented that this design, with age as the index variable, would result in both treatment and control group beneficiaries residing in the same community. This CRD therefore would not alleviate concerns about possible confusion among community stakeholders about the intervention that the cluster random assignment design would address.

A third TEP member suggested using a work capacity or work receptiveness index variable to assign treatment in a CRD, with the intervention being offered to those with high work capacity. A fourth TEP member objected to using a predicted score for work capacity or receptiveness, arguing that successful return to work is based on idiosyncratic individual motivation that cannot be quantified. The TEP did not discuss the specifics about what information could currently be used to predict such a score. A representative from OMB also noted a concern with deriving a work capacity score post-entitlement given that SSA determines work capacity via the disability determination process. The representative from OMB further noted that to assess work capacity in a different manner after entitlement might be problematic for SSA.

1.15 Location and Site Selection

In addition to the discussion about whether to randomize at the community level, TEP members discussed three additional issues related to location of the demonstration. First, one TEP member recommended that

when choosing where to conduct the demonstration SSA consider the availability of services to support beneficiaries' return to work efforts. These services include employment services, support services, and public transportation. Second, another TEP member suggested that the Ultimate Demonstration be conducted in states that operate a Medicaid Buy-In program. These programs allow people with disabilities who are working and who might not otherwise qualify for Medicaid to purchase Medicaid coverage.¹² Unlike Medicare, Medicaid can reimburse for personal assistive equipment such as wheelchairs that are important in facilitating return to work for some beneficiaries. Finally, a TEP member raised the issue of demonstration participation when beneficiaries move. If treatment status is determined by location (as in a cluster random assignment design), the TEP member pointed out that SSA will need to consider how to handle participant moves into and out of treatment areas.

1.16 Implementation

The TEP members made several suggestions for the implementation of demonstrations:

- One TEP member recommended that SSA make treatment conditions permanent in order to observe the maximum response to an alternative policy. Future demonstration authority would have to allow for this, however. The TEP suggested that SSA could make a treatment condition effectively permanent even if demonstration authority was not permanent by only including older beneficiaries (for example, over age 50) in the target population for a demonstration. SSDI beneficiaries will transfer to the Social Security retirement program at age 66 or 67, limiting the time they will be subject to SSDI policies.
- The TEP recommended that SSA carefully plan the recruitment message to potential demonstration participants. One TEP member described how messaging had a large effect on recruitment into a study of a falls prevention program called LIFT (Living Independently and Falls-free Together). The U.S. Department of Health and Human Services (HHS) sponsored the study.¹³ The study sent an initial recruitment letter on HHS letterhead that received a very low response. In the second stage of recruitment, the evaluators rebranded the study and removed the HHS letterhead. The new recruitment letter asked people whether they wanted to join the LIFT program. The letter put the intervention in a positive context and portrayed the offer as an opportunity to enroll in something helpful. A second TEP member echoed the recommendation to consider messaging carefully. This TEP member described a study where a mailing from a university address produced a much greater response than the exact same mailing from a state government address.
- A TEP member recommended that if SSA conducted a demonstration with random assignment of communities it should consider a community-wide messaging strategy to treatment communities, including local television stations, local newspapers, and billboards.
- The TEP discussed whether special counseling should be made available to treatment group beneficiaries in the Ultimate Demonstration. One TEP member recommended that control group beneficiaries should continue to have available the standard counseling and services (such as WIPA and vocational rehabilitation services) that are currently available to them. A second TEP member thought that it would be important to make written messaging to the treatment group as clear as possible to avoid the need for counseling as much as possible. A third TEP member thought that avoiding special counseling completely would not be possible

¹² For more information about Medicaid Buy-In programs, see Center for Workers with Disabilities/American Public Human Services Association (n.d.)

¹³ See Cohen et al. (2015) for more information about the study.

and so alternative counseling informed about the treatment condition would need to be available, as it was in BOND. The TEP member said that this special counseling should be equivalent in intensity to the counseling available to control group beneficiaries.

- Finally, a TEP member noted that under the Ultimate Demonstration intervention, treatment group beneficiaries who earn more than the SGA amount would continue to receive SSDI benefits. Under current rules, continuing to receive benefits would prevent an EN from being paid under the Ticket program. Therefore, this TEP member recommended that SSA waive the current Ticket payment rules for treatment group beneficiaries.

1.17 Outcomes

The TEP suggested several important outcomes to measure in a future SSA demonstration:

- *Employment.* Several TEP members noted the importance of measuring whether demonstration participants were working at all, rather than only measuring engagement in SGA. These TEP members referred to changes in any employment as the “extensive margin”.
- *Earnings*
- *Hours of work.* TEP members recommended that the demonstration should measure how much demonstration participants are working. TEP members referred to changes in how much participants work (which could be measured in hours or in earnings) as the “intensive margin”.
- *Job tenure*
- *Life satisfaction compared to before return to work.* One TEP member recommended collecting survey data that would permit analysis of the tradeoffs beneficiaries make in terms of life satisfaction when they return to work. This TEP member suggested several types of life satisfaction measures, similar to those collected in the Health and Retirement Survey (University of Michigan Institute for Social Research, n.d.)
 - Health insurance status and concern
 - Financial stress
 - Health of other family members
 - Time with community

The TEP members discussed how often employment and earnings measures should be collected. One TEP member noted that it is important to measure the monthly employment experience (earning, hours worked, number of jobs, etc.) that cannot be measured with annual earnings data. This TEP member referenced a table that SSA presented in 2015 testimony to Congress (The Financial Risk of Returning to Work, 2015). This table showed that roughly 80 percent of the SSDI beneficiaries with positive earnings in 2013 had annual earnings below the SGA amount for non-blind beneficiaries. The TEP member pointed out that this table obscured the percentage of beneficiaries performing SGA because beneficiaries may have worked only a few months during the year but may have earned more than the SGA threshold in some months. The TEP member recommended that SSA attempt to capture the episodic nature of beneficiary employment by collecting monthly earnings data. Most TEP members agreed with this recommendation. The TEP discussed sources of monthly earnings data and concluded that the data would need to be reported directly by beneficiaries, since no comprehensive administrative source exists for monthly data.

In the next section, we summarize input from the TEP on recommendations about how SSA should proceed given time constraints imposed by the current demonstration authority.

Practical Considerations: Timeline and Demonstration Authority

SSA's demonstration authority is granted under Section 234 of the Social Security Act. This authority allows SSA to test the effects of changes to current SSDI program rules. The current authority to initiate SSDI-related demonstrations ends on December 31, 2021, and the authority to carry out SSDI-related demonstrations ends on December 31, 2022. The time constraints mean that SSA must implement a demonstration by the end of 2021 and complete it by 2022. That is, any changes of program rules must end by December 31, 2022. After that date, SSA can continue to collect data and examine effects, but cannot alter SSDI program rules. This section describes the TEP's recommendations about how SSA should proceed given the limited time available under current Section 234 demonstration authority.

1.18 Is There Sufficient Time for a New Post-Entitlement Demonstration Under Current Authority?

The TEP discussed how long it would take for SSA to be ready to begin a demonstration. SSA staff described the key steps that would be needed to prepare to launch a demonstration. One key activity is obtaining Paperwork Reduction Act clearance from OMB for the informed consent form and surveys. The OMB representative at the meeting estimated this would take approximately seven months. The SSA staff also noted that SSA would need time to adapt systems to implement new rules and to do so would require coordinating with other components of the agency. In addition, if SSA used a contractor to implement and evaluate the demonstration then several months would be needed to solicit bids and award a contract. Taking into account these activities, SSA acknowledged that the very earliest that enrollment into a demonstration could begin would be May 2020 but that the end of 2020 or early 2021 was more realistic.

SSA staff confirmed that a May 2020 launch would only be possible if the details for the demonstration design were largely in place after the TEP meeting. One TEP member noted that the TEP discussion had raised several issues that might need to be considered before a design was settled upon. These issues included how to serve those beneficiaries who need employment services before returning to work; which components to include in the intervention; and conducting other experimentation (e.g., to determine the most effective messaging) or analysis to inform the design.

The TEP concluded that the time available is insufficient for a credible test of alternative earnings rules like the Ultimate Demonstration or an EITC-style earnings subsidy.

1.19 Risks of Rushing to Implement a Demonstration under Current Authority

Several TEP members commented that rushing to conduct a demonstration in the time available under the current demonstration authority created a number of risks. These risks include poor implementation, insufficient time to observe impacts, and incorrectly concluding that an intervention has no effect. Five TEP members described the risks in these ways:

- “I tend to agree with some of the sentiments that have been expressed [about] 2023 reverting to current law. I would be very skeptical about bothering with that ... I just don't think that's long enough by the time—no matter how fast you move, I just don't think you could have enough time.”

- “...the issue that I have with having it be really short, ending by the end of 2022, is that the response could be really muted because it is so short but what the policymakers will say, ‘Well we gave them the ultimate, and they didn't take it. And, so, therefore they can't work.’ So, I think that would be a bad result.”
- “[Rushing to begin in May 2020] would be really ambitious and maybe, you know, counterproductive ... to your ultimate aims and shut down a pathway forward for that that you think might be one of the most promising options.”
- “...there's been increasingly consensus that in a two year time frame, you could wind up damaging the product and the message, because it's just so limited. And anything can go wrong in the initial, even once you clear all the hurdles that are important to clear, in the initial delivery of the program, there can be hiccups of course.”
- “I do worry there's a risk if you have a rushed job and it's sloppy or you really can't learn very much from it and you just come up with, ‘Oh, we don't really have a lot to say.’ That's because it's too short.”

1.20 SSA Should Request Extended Demonstration Authority

SSA has announced that it is requesting a modification to the Section 234 demonstration authority that would allow it to initiate projects through fiscal year 2022 and carry out existing projects through 2032 (Social Security Administration, 2019). The TEP members supported making this request. Although the TEP agreed that conducting the Ultimate Demonstration would provide SSA valuable information for designing alternative policies, the members concluded that it is not possible to conduct a credible test of this or any of the other intervention ideas discussed in the time available under current demonstration authority. Therefore, the TEP supported SSA’s effort to obtain extended demonstration authority past 2022. The TEP further recommended that SSA use proposals of specific demonstrations to make a persuasive case for the extension of demonstration authority. The TEP supported SSA proposing the Ultimate Demonstration to policymakers. However, the TEP members were unanimous in their concern that the Ultimate Demonstration proposal would not be compelling for policymakers, despite the interest it would have for researchers. Although one TEP member thought that a proposal of an EITC-style work subsidy might engender more Congressional support than the Ultimate Demonstration, the TEP was uncertain about which of the other demonstration ideas would be most compelling to policymakers.

1.21 What Can SSA Do in Time Available with Current Authority

The TEP recommended that SSA engage in planning activities while awaiting an extension in demonstration authority. One TEP member stated:

“I'm kind of wondering if ... SSA strategy [should] be to think about the next extension of authority. And maybe spend the next couple years trying to do some things which would investigate some of these newer ideas, in a bit more detail. Do something out in the field or just thinking about it, so that if you get extension you're kind of ready to go, and kind of do prep work.”

Other TEP members agreed with this recommendation. Another TEP member recommended three types of questions to explore in refining the demonstration ideas:

- a. How do beneficiaries understand current work incentives? Where do they get their information and advice about these work incentives?

- b. How would they perceive various offers, such as 100 percent earnings disregard, partial benefits, temporary benefits, or an EITC-style earnings subsidy? Between any pair of offers, which would they see as preferable and want to give a try?
- c. How does messaging affect the offer of a particular policy? Given two ways to present a particular policy, which would sound more attractive to beneficiaries?

The TEP member pointed out that investigating these questions would not require Section 234 authority but it would require substantial resources from SSA in the form of staff time and funding. The TEP pointed out that fielding surveys that posed hypothetical policy options and presented alternative language to describe policies would be a way to explore these questions. Another TEP member echoed that SSA should be developing demonstration designs in the near term. This TEP member thought that many of the ideas discussed during the meeting were promising, including the Ultimate Demonstration, EITC-style work subsidies, the GBO, partial benefits, and connections to employers and private insurers.

In addition to planning activities, one TEP member was more willing than the other experts to suggest short demonstrations that might be possible to conduct under remaining demonstration authority.¹⁴ All other TEP members were pessimistic that any demonstration could be conducted in the remaining time available.

Summary and Concluding Comments

In the discussion at the TEP meeting and in their responses to discussion guide questions, the TEP members provided several key points for SSA to consider:

General Considerations

- The TEP identified several important barriers to increasing employment among SSDI beneficiaries. The barriers include the medical condition that entitles the individual to benefits, lack of skills or education, employer discrimination against people with disabilities, lack of available work supports, difficulty of accessing work supports that do exist, the SSDI program’s “cash cliff”, and the complexity of program rules. The TEP members noted that program earnings rules are related to only the last two of these barriers.
- The TEP members agreed that the often lengthy disability application process, predicated on establishing inability to perform SGA, discourages work and diminishes residual work capacity. The TEP considers this an important issue, but not one that could be addressed through interventions that modify post-entitlement earnings rules.

Post-entitlement Simplification Ideas

¹⁴ This TEP member suggested (1) the Allsup demonstration idea described in Section 3 and (2) an idea to intervene with RETAIN treatment group members who had an interest in returning to work but were not able to return to work within the period of the RETAIN intervention. The TEP member acknowledged that the RETAIN idea would have to be carefully implemented to avoid contamination of RETAIN impact results.

- The TEP was unanimous in recommending that SSA remove the cash cliff in any post-entitlement policy test that it conducts.
- The discussion did not coalesce on any single policy to replace the cash cliff. The TEP offered several options for changes to program rules governing earnings:
 - An earnings subsidy resembling the Earned Income Tax Credit (EITC) benefit. This EITC-like subsidy would supplement current-law SSDI benefits and apply to the first dollar of earnings.
 - An EITC-like benefit that replaces current law benefits. Beneficiaries would have to voluntarily elect the EITC-like benefit in lieu of current-law benefits. This implies that beneficiaries would have to anticipate sufficient earnings to ensure their overall income exceeds the current law SSDI benefit amount.
 - Partial benefits or temporary benefits, each offered with no limit on earnings.
 - A \$1 for \$2 offset that would begin at the first dollar of earnings, coupled with eliminating the TWP, EPE and EXR. A TEP member noted that this policy is relatively easy to understand and ensures that beneficiaries’ income always increases with earnings.
 - In lieu of a single cliff, benefits could be reduced in stages as earnings increase, or a series of smaller cliffs. This would reduce the shock of losing all SSDI benefits and instead offer beneficiaries a schedule of benefit amounts that decreases with earnings

Demonstration Considerations

- All TEP members agreed that SSA should test the Ultimate Demonstration, which would allow beneficiaries to earn any amount while receiving their full SSDI benefit. The TEP agreed that testing this intervention would provide valuable information about the earnings capacity of SSDI beneficiaries, but should not be adopted as permanent policy. One TEP member suggested that a second treatment group should be added to this demonstration, offering 80 percent of full benefits with no earnings limit.
- The TEP raised several considerations for designing evaluations of any demonstration. For example, while the TEP discussed the merits of individual-level random assignment designs for evaluating the effects of interventions, some suggested that SSA consider alternatives to individual random assignment such as clustered random assignment or regression discontinuity designs. The TEP did not discuss whether these alternatives are completely compatible with SSA’s requirement to obtain informed, written consent.
- While the TEP supported several demonstration options, the experts agreed that SSA lacks sufficient time under the current Section 234 demonstration authority to implement and evaluate these ideas.
- Some on the TEP articulated the need for SSA to develop one or more compelling demonstration ideas to buttress the case for renewed and expanded demonstration authority. The TEP agreed that while the Ultimate Demonstration would provide valuable evidence about the work capacity of SSDI beneficiaries, this demonstration alone would not strengthen SSA’s request to Congress for expanded demonstration authority.

- The TEP suggested several activities that SSA could undertake now to prepare for future demonstrations. None of these activities require an extension of current authority under Section 234. The activities (e.g., a survey) would explore several questions:
 - How do beneficiaries understand current work incentives?
 - How would beneficiaries perceive various offers, such as a 100 percent earnings disregard, partial benefits, temporary benefits, or an EITC-style earnings subsidy?
 - How does messaging affect the offer of a particular policy? Given two ways of presenting a particular policy, which would sound more attractive to beneficiaries?

Furthermore, the TEP members made some concluding comments with additional recommendations they had for SSA. We summarize these concluding comments below:

- One TEP member emphasized the recommendation to target new awardees in a future demonstration. The TEP member thought that giving new awardees an early message that going back to work is possible and then reinforcing that message with policies that encourage work would provide a powerful intervention. This TEP member also noted a preference to focus an intervention even earlier before people begin receiving SSDI benefits, but acknowledged that this was not the objective of the panel meeting.
- Another TEP member suggested three objectives for SSA to consider when identifying post-entitlement policy options. 1) Shorten the time involuntarily out of the labor force. In this individual’s opinion, intervening immediately after allowance and allowing work right away would be best point of leverage—attempts to work right after award offers greatest potential for returning to work and reconnecting to labor force. 2) Devote resources to assistance to work, offer newly-awarded beneficiaries early assistance such as medical and adaptive technology to assist with return to work. 3) Simplify the rules to make them transparent and clear what options beneficiaries have for pursuing work. This individual also noted that complexity in the rules also makes it complicated for SSA to administer the program, in particular to observe when earnings occur and determine when earnings exceed SGA. This TEP member also noted that it was important to remember that the status quo policy was very costly—because few beneficiaries voluntarily leave the program—when judging the relative expense of any new alternative policy.
- One TEP member thought it was important to recognize the value of part-time, below-SGA work. This TEP member recommended that SSA reimburse ENs for assisting beneficiaries who have the goal of pursuing part-time work.
- Another TEP member suggested that SSA consider incorporating federal contractors in a demonstration because these contractors have a 7 percent utilization goal for qualified individuals with disabilities.¹⁵ This TEP member also thought that some applicants might be receptive to a partial, temporary (e.g., two-year) benefit as an alternative to SSDI. Finally, this TEP member suggested further research on outcomes of veterans who receive partial disability benefits from the VA without an earnings limit.

¹⁵ The utilization goal is part of 2013 regulations pertaining to Section 503 of the Rehabilitation Act of 1973. For more information see U.S. Department of Labor (n.d.)

- One TEP member encouraged SSA to incorporate concepts of partial and temporary disability, rather than the binary condition in the current definition of disability (i.e., a person is either disabled or not)
- Four other TEP members all recommended that SSA use the time until demonstration authority is extended to focus on investigating new ideas in more detail and refining demonstration designs. They suggested that pursuing these activities now would allow SSA to act quickly when demonstration authority was extended. One of these TEP members noted that many of the ideas discussed in the meeting are promising, including the Ultimate Demonstration, EITC-style work subsidies, the GBO, partial benefits, and connections to employers and private insurers.

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Appendix A. Background Materials Provided to TEP Members

Item	Contents and Description
SSA's Section 234 Authority	<p>Attachment A contains SSA's current demonstration authority. This is the authority that allows SSA to carry out demonstration activities that promote attachment to the labor force and that determine the relative advantages and disadvantages of various alternative program rules and procedures. The key points in the language relevant to the TEP are highlighted in yellow.</p> <p>Why provided? The ideas the TEP discuss as potential future demonstrations that are initiated by the end of 2021 will need to adhere to the language in the current demonstration authority. It is helpful for all TEP members to be familiar with this language.</p>
Summary of Demonstrations and Proposals	<p>Attachment B contains a table summarizing current SSA demonstrations and demonstration proposals.</p> <p>Why provided? The table serves as a quick reference guide for TEP members.</p>
Benefit Offset National Demonstration (BOND)	<p>Attachment C contains the executive summary from the BOND Final Evaluation Report. The full report is available at: https://www.ssa.gov/disabilityresearch/offsetnational.htm</p> <p>Why provided? Provides information on this current SSA demonstration.</p>
Promoting Opportunity Demonstration (POD)	<p>Attachment D contains an overview of POD.</p> <p>The POD Design Report is available at: https://www.ssa.gov/disabilityresearch/documents/pod/POD%205%2020_Evaluation%20Design%20Report_10-4-2018.pdf</p> <p>The POD TEP Final Report is available at: https://www.ssa.gov/disabilityresearch/documents/pod/Promoting%20Opportunity%20Demonstration%20Technical%20Expert%20Panel%20Report.pdf</p> <p>Why provided? Provides information on this current SSA demonstration.</p>
Generalized Benefit Offset (GBO)	<p>Jagadeesh Gokhale has written on the GBO. Attachment E contains his article "SSDI Reform: Promoting Return to Work without Compromising Economic Security." The article is also available at: https://publicpolicy.wharton.upenn.edu/issue-brief/v3n7.php</p> <p>Gokhale's article "A New Approach to SSDI Reform" is available at: http://www.crfb.org/sites/default/files/gokhale_a_new_approach_to_ssdi_reform.pdf</p> <p>Why provided? The first article (from 2015) details the GBO, a sliding scale benefit offset that provides a greater incentive for earnings than a fixed \$1 for \$2 benefit offset. The second article is a one-page summary of the GBO and contains a link to an earlier (2013) article describing the idea. Both are provided so TEP members can review concepts that may be discussed at the TEP meeting.</p>
Work Incentive Simplification Pilot (WISP)	<p>Attachment F contains the Executive Summary and Chapter 2 (SSDI Program Rules and the WISP Innovation) from the WISP TEP Final Report.</p> <p>The full report is also available at: https://www.ssa.gov/disabilityresearch/documents/WISP-final%20report-5-1-12COMPLETE.pdf</p> <p>Why provided? Provided so TEP members can review this previously considered potential SSA demonstration.</p>

Item	Contents and Description
115th Congress, Senate Bill 656	<p>Attachment G contains the text for S.656 (H.R. 1540) - Social Security Disability Insurance Return to Work Act of 2017. The bill is also available at: https://www.congress.gov/bill/115th-congress/senate-bill/656/text</p> <p>Why provided? There are several Congressional proposals that attempt simplification. S.656 (H.R. 1540) - Social Security Disability Insurance Return to Work Act of 2017 is one example that may be pertinent to the discussion at the TEP meeting.</p>
SSDI Solutions	<p>SSDI Solutions, a volume of proposals for changes to the SSDI program sponsored by the Committee for a Responsible Federal Budget, is available at: http://www.crfb.org/project/ssdi/ssdisolutions-book</p> <p>Why provided? The proposed reforms may be pertinent to the discussion at the TEP meeting.</p>
Proposed SSDI Reform Demonstrations	<p>Attachment H contains the article "Developing Social Security Disability (SSDI) Reform Demonstrations to Improve Opportunities and Outcomes Based on Lessons Learned" by Jason Fichtner and Jason Seligman. The paper is also available at: http://www.crfb.org/project/ssdi/developing-social-security-disability-ssdi-reform-demonstrations-improve-opportunities</p> <p>Fichtner and Seligman's article "Saving Social Security Disability Insurance Designing and Testing Reforms through Demonstration Projects" is available at: https://www.mercatus.org/system/files/fichtner-social-security-disability-mercatus-working-paper-v1.pdf.</p> <p>Why provided? To give background on other potential reforms that have been considered.</p>
Institute for Community Inclusion Data Note	<p>Attachment I contains a brief discussion of take-up of SSA's work incentives for SSI beneficiaries, particularly declining take-up of the Plan to Achieve Self-Support incentive. This is available at: https://scholarworks.umb.edu/cgi/viewcontent.cgi?article=1090&context=thinkwork</p> <p>Why provided? The note offers relevant context for discussion of other work incentives policy options.</p>

Appendix B. Discussion Guide Responses

Social Security Administration

Post-Entitlement Earnings Simplification

Demonstration TEP

Member Discussion Guide

Topic 1: Objectives of the Demonstration

What do you think are the most critical issues facing the SSDI program at this time?

With regard to employment 1) we need a simple 2:1 offset starting at first dollar earned without a TWP, EPE or EXR. This would allow beneficiaries the flexibility to work as much or as little as the beneficiary can and still have more income than not working at all. 2) SSA needs to do a better job of educating beneficiaries about working and protecting benefits such as the Medicare extension and the CDR protections. 3) The program needs to reflect the real barriers to employment such as lack of marketable skills and employers unwilling to hire due to the gap in work history. 4) The CDR process needs to allow for episodic disabilities such as psychiatric and allow seamless easy back on benefits when needed.

Which of these issues might be addressed through changing rules and policy regarding earnings and earnings reporting?

None of them. Earnings and earnings reporting would not be a problem if the issues in the first question were resolved.

Which of these issues might be addressed through other changes to the SSDI program?

The 2:1 offset and the CDR process being friendly to episodic disabilities would require policy changes. The marketing and outreach issue is a matter of allocating the money to do it. The real barriers to employment require a multi-disciplinary approach between agencies and the public, especially employers.

What does current research (both domestic and international) say about barriers and the motivations that beneficiaries with disabilities who successfully return to economic self-sufficiency experience?

Topic 2: Which alternatives should be tested in a new demonstration?

Are there other demonstration options besides those referred to in the background material that you think SSA should consider?

No more demos. We should use what we already know from the SSI 2:1 and the BOND to implement a 2:1 offset. Grandfather those who are working below SGA at the time of implementation to avoid any "harm" to them from an offset compared to current law.

Topic 3: Tested and Proposed Alternatives to Current Law

In the background description of this TEP provided with this discussion guide, SSA listed two ongoing demonstrations (BOND and POD) and several proposed policies and demonstrations. Of these demonstration options, which do you think are most promising (and why)?

All the proposals have merit but the only one that reasonably resolves current major barriers to work is POD Group 1. It does not terminate benefits so allays fears, allows for a beneficiary to earn as much or as little as he or she can, always results in more money in their pocket, allows for an extended period beyond the current 12 months for a person to build a new career.

Are there benefit models from other international or domestic benefit programs that offer simplified structures to encourage work?

VA partial benefits has merit but I worry about it being subjective.

Topic 4: Evaluation Design and Implementation Considerations

Please address the following questions either for one particular demonstration idea or for more than one demonstration idea.

Do you have recommendations or suggestions for demonstration designs including, but not limited to: recruitment, causal identification strategy, sample size, data needs, outcomes for analysis, etc.?

1. Outcomes analysis needs to be expanded. Any demo needs to test and evaluate:
 - a. Presume that all work is valuable. Encourage and facilitate any level of work – not just self-sufficiency, i.e. leaving benefits.
 - b. Focus on earnings, not just benefits reduction.
 - c. Allow flexibility to move into and out of benefits as earnings fluctuate. This is especially valuable for those with mental health conditions. Benefits only terminate by using the normal medical CDR process.
 - d. Suspend CDRs for two years if making timely progress as defined by TTW regs.
 - e. Include 2:1 offset at first dollar earned.
 - i. Notwithstanding the 50% marginal tax rate, 2:1 beneficiaries always have more money in their pocket when they work at any level than if they do not work at all.
 - ii. The Trust Fund will always save money through some level of benefits reduction. The supposition that a 2:1 costs money is because previous policy iterations start the offset at too high a threshold and still include current incentives (TWP+EPE).
 - iii. Grandfather those who are working under SGA at the time of implementation to avoid the “harm” a 2:1 would cause them. SSA has historically done this, e.g. eliminating the spousal benefit loophole.
 - iv. Concern about SSA’s ability to administer it accurately without overpayments is a valid consideration. However, they do it now with SSI, which is even more difficult to track due to the asset test. With monthly earnings reporting, automated reporting, and retroactive monthly accounting (RMA) currently done with SSI, SSA should be able to handle this for SSDI.
 - f. Measure real barriers to work.
 - i. Lack of current marketable skills with limited access to WIOA training funds.
 - ii. Can’t or won’t work full time.

- iii. Gap in work history – employers won’t hire them with a gap in work history even if they do have current skills and training. How can we incentivize employers beyond WOTC?
 - iv. No HS/GED. Have a felony. Don’t speak English.
 - v. Fear. Won’t do anything that could jeopardize benefits – it was too hard to get them in the first place.
 - vi. Lack of knowledge about work incentives.
2. Outcomes analysis needs to be expanded. Any demo needs to test and evaluate:
- a. Presume that all work is valuable. Encourage and facilitate any level of work – not just self-sufficiency, i.e. leaving benefits.
 - b. Focus on earnings, not just benefits reduction.
 - c. Allow flexibility to move into and out of benefits as earnings fluctuate. This is especially valuable for those with mental health conditions. Benefits only terminate by using the normal medical CDR process.
 - d. Suspend CDRs for two years if making timely progress as defined by TTW regs.
 - e. Include 2:1 offset at first dollar earned.
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 - ii. The Trust Fund will always save money through some level of benefits reduction. The supposition that a 2:1 costs money is because previous policy iterations start the offset at too high a threshold and still include current incentives (TWP+EPE).
 - iii. Grandfather those who are working under SGA at the time of implementation to avoid the “harm” a 2:1 would cause them. SSA has historically done this, e.g. eliminating the spousal benefit loophole.
 - iv. Concern about SSA’s ability to administer it accurately without overpayments is a valid consideration. However, they do it now with SSI, which is even more difficult to track due to the asset test. With monthly earnings reporting, automated reporting, and retroactive monthly accounting (RMA) currently done with SSI, SSA should be able to handle this for SSDI.
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 - ii. Can’t or won’t work full time.
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 - iv. No HS/GED. Have a felony. Don’t speak English.
 - v. Fear. Won’t do anything that could jeopardize benefits – it was too hard to get them in the first place.
 - vi. Lack of knowledge about work incentives.

How many treatment arms would be useful to test?

What is the potential value of including a demonstration study arm that eliminates all work incentives and all effects of work on benefits to test of the limits of simplification (this has been referred to as the “ultimate” demonstration)?

Which outcomes are most important to measure?

What are meaningful effect sizes for the key outcomes?

How much time is necessary to produce meaningful results?

Should subgroups be targeted? If so, what are the appropriate subgroups?

How many individuals must be included in the study? What research would be helpful in determining target sample sizes?

Should the demonstration be national or would more limited geographic representation in sites be sufficient? What constitutes a site?

How should treatment and control (or comparison) groups be assigned?

If random assignment is used, should it be individual or site level?

What are the implications for the choice of design on both internal and external validity?

What should SSA want to learn about the implementation of these alternatives?

What implementation challenges might occur and how could SSA address them?

What recruitment challenges do you anticipate SSA may face? What would stop potential participants from volunteering? How might SSA address recruitment challenges?

Topic 5: Concluding Comments

Are there other professionals with whom we should consult?

Employers, service providers including TTW employment networks

Are there any key topics not covered that you think are important to discuss?

Yes, other than the offset, all the issues I raised in the first question are not being discussed here at all. I am concerned that this discussion is at a macro level that does not touch the real beneficiary experience in returning to work.

Do you have any other comments?

Employment services and benefits counseling/management are essential to success. I am troubled by the BOND final report that concluded there is no difference in employment outcomes when employment services are provided in addition to work incentive counseling (EWIC) as opposed to just work incentive counseling (WIC alone). BOND relied on existing capacity of employment services through VR, ENs, and one-stops to achieve employment outcomes. In fact, very few employment services were provided to EWIC participants as community providers were not willing to pick up BOND participants because there was no funding attached to them. It is logical that the outcome did not show more employment for EWIC as opposed to just WIC since the same services were generally provided for both groups.

Social Security Administration

Post-Entitlement Earnings Simplification Demonstration TEP

Member Discussion Guide

Topic 1: Objectives of the Demonstration

What do you think are the most critical issues facing the SSDI program at this time?

The current SSDI program design and the incentives it intends to create for employment and earnings are inadequate and not working to diminish concerns about the rise in beneficiaries and the financial sustainability of the program. The SSDI program is simplistic in the sense that it deems people disabled (or not), rather than distinguishing among different levels of work capacity among recipients or their potential for rehabilitation/improvement. At the same time, it attempts to counteract this weakness with a complex system of incentives intended to encourage people to work while remaining eligible for benefit receipt. Disability should not be characterized as permanent for the majority of beneficiaries, but as the program operates today, most who go on SSDI stay on SSDI.

Which of these issues might be addressed through changing rules and policy regarding earnings and earnings reporting?

Pilot and demonstration program efforts to change work behavior through trial work periods, extended eligibility and other benefit offset designs have not been very effective in encouraging substantial work participation. The program may need a more fundamental redesign in terms of how benefits are initially determined in relation to the potential to preserve or regain work capacities and incentives.

Which of these issues might be addressed through other changes to the SSDI program?

As indicated above, the challenges with encouraging or motivating the return to work and greater independence may lie in how beneficiary status is initially determined and benefits are approved (and the expectations created for a permanent source of income).

What does current research (both domestic and international) say about barriers and the motivations that beneficiaries with disabilities who successfully return to economic self-sufficiency experience?

Fichtner and Seligman point to the fundamental problem that for the most part, the SSDI program identifies people as disabled and treats them as if the disability is permanent in the assignment of benefits. They recommend a model where the default benefit is temporary (or partial, and it is assumed that the goal is to help people regain their independence.

Topic 2: Which alternatives should be tested in a new demonstration?

Are there other demonstration options besides those referred to in the background material that you think SSA should consider?

One approach recommended in the materials is to consider temporary or partial disability benefits. This concept could be taken further with a type of “profiling” model that would estimate individual capacities to return to work or to improve their health and regain independence, so that initial benefit amounts would be scaled according to these capacities. For example, an individual with greater estimated capacity to work would be given a lower benefit, which would make it more likely that income from earnings would dominate SSDI benefit.

Topic 3: Tested and Proposed Alternatives to Current Law

In the background description of this TEP provided with this discussion guide, SSA listed two ongoing demonstrations (BOND and POD) and several proposed policies and demonstrations. Of these demonstration options, which do you think are most promising (and why)?

The information and evidence shared on the ongoing demonstrations was not particularly encouraging. The structure and incentives in these programs were relatively complex for individuals to understand and for staff to administer, and the implementation challenges appeared to constrain their effectiveness in motivating work participation and reducing benefit outlays.

Are there benefit models from other international or domestic benefit programs that offer simplified structures to encourage work?

A more integrated approach to supporting individuals with a disability that would more holistically consider how different types of programs and supports could aid their efforts to return to independence was highlighted in both international and domestic examples (e.g., the COHE program in Washington.)

Topic 4: Evaluation Design and Implementation Considerations

Please address the following questions either for one particular demonstration idea or for more than one demonstration idea.

Do you have recommendations or suggestions for demonstration designs including, but not limited to: recruitment, causal identification strategy, sample size, data needs, outcomes for analysis, etc.?

I think a demonstration where a temporary benefit is the default program benefit is one of the most promising demonstrations suggested. Individuals could be randomly assigned to the treatment arm in which the disability would be viewed as temporary, and the goal of services would be to restore independence and gainful employment. A design issue to consider is whether there should be an assessment of capacities to return to work and if participation in the experiment should be limited to those with some particular threshold of work capacity.

How many treatment arms would be useful to test?

One treatment arm (temporary framing of benefits) and one control group (the standard/current program design)

What is the potential value of including a demonstration study arm that eliminates all work incentives and all effects of work on benefits to test of the limits of simplification (this has been referred to as the “ultimate” demonstration)?

This could be an interesting second treatment arm; it could also be another modification of the treatment arm where benefits are characterized as temporary.

Which outcomes are most important to measure?

Earnings, SSDI benefit receipt, other public assistance benefit receipt, quality of life/daily functioning

What are meaningful effect sizes for the key outcomes?

More information is needed to determine this.

How much time is necessary to produce meaningful results?

This will depend on the population/sub-population of the disabled on which a given demonstration focuses, but likely a minimum of three years.

Should subgroups be targeted? If so, what are the appropriate subgroups?

Those predicted/profiled to have the greatest capacities to return to work or independence.

How many individuals must be included in the study? What research would be helpful in determining target sample sizes?

More information is needed to determine this.

Should the demonstration be national or would more limited geographic representation in sites be sufficient? What constitutes a site?

If the demonstration is not national, multiple sites in different types of settings would be recommended to support generalizability. The definition of a site should take into consideration the program administering/operating entity.

How should treatment and control (or comparison) groups be assigned?

Random assignment is preferred (among volunteers, if voluntary participation is required).

If random assignment is used, should it be individual or site level?

More information is needed to determine this.

What are the implications for the choice of design on both internal and external validity?

This will depend on choices that would be made in the program design and implementation

What should SSA want to learn about the implementation of these alternatives?

Costs of program administration, how program provisions are communicated to participants, take-up among those invited to participate, services received by those in treatment and control groups

What implementation challenges might occur and how could SSA address them?

More information is needed to determine this.

What recruitment challenges do you anticipate SSA may face? What would stop potential participants from volunteering? How might SSA address recruitment challenges?

More information is needed to determine this.

Topic 5: Concluding Comments

Are there other professionals with whom we should consult?

Are there any key topics not covered that you think are important to discuss?

What data are available for simulations and other analyses that would inform the feasibility of potential demonstration options?

Do you have any other comments?

n/a

Social Security Administration

Post-Entitlement Earnings Simplification

Demonstration TEP

Member Discussion Guide

Topic 1: Objectives of the Demonstration

What do you think are the most critical issues facing the SSDI program at this time?

- *Understanding recent declines in disability incidence rates*
- *Developing interventions to prevent initial use of SSDI*

Which of these issues might be addressed through changing rules and policy regarding earnings and earnings reporting?

Which of these issues might be addressed through other changes to the SSDI program?

*The recent declines in disability incidence rates **partly** may be due to the hiring of new administrative law judges and more consistent adjudication of claims.*

What does current research (both domestic and international) say about barriers and the motivations that beneficiaries with disabilities who successfully return to economic self-sufficiency experience?

Topic 2: Which alternatives should be tested in a new demonstration?

Are there other demonstration options besides those referred to in the background material that you think SSA should consider?

Greater emphasis on early interventions to more effectively divert persons with disabilities from SSDI in the first place.

Topic 3: Tested and Proposed Alternatives to Current Law

In the background description of this TEP provided with this discussion guide, SSA listed two ongoing demonstrations (BOND and POD) and several proposed policies and demonstrations. Of these demonstration options, which do you think are most promising (and why)?

It is conceivable that the recent large decline in SSDI incidence rates has led to a beneficiary population that is much more disabled. The typical interventions (e.g., BOND and POD) may not be robust enough to see a meaningful impact on employment/SSDI use. It might be time to consider the Ultimate Demonstration to test the theoretical upper bound of a work incentive.

Are there benefit models from other international or domestic benefit programs that offer simplified structures to encourage work?

Private short-term disability insurance which frequently offers tiered payments tied to duration or level of work limitation

Topic 4: Evaluation Design and Implementation Considerations

Please address the following questions either for one particular demonstration idea or for more than one demonstration idea.

Do you have recommendations or suggestions for demonstration designs including, but not limited to: recruitment, causal identification strategy, sample size, data needs, outcomes for analysis, etc.?

I have not given it much thought, but I would focus on an early intervention demonstration that attempted to integrate employers, workman's comp, and private short-term disability insurers into the design.

How many treatment arms would be useful to test?

What is the potential value of including a demonstration study arm that eliminates all work incentives and all effects of work on benefits to test of the limits of simplification (this has been referred to as the “ultimate” demonstration)?

I would strongly endorse this.

Which outcomes are most important to measure?

Work obviously; health and functioning; satisfaction

What are meaningful effect sizes for the key outcomes?

How much time is necessary to produce meaningful results?

Five year demonstration with preliminary results possible available in 2-3 years.

Should subgroups be targeted? If so, what are the appropriate subgroups?

In addition to usual stratification (e.g., sex, region, etc.), focus on type of disability and level of work limitation.

How many individuals must be included in the study? What research would be helpful in determining target sample sizes?

Should the demonstration be national or would more limited geographic representation in sites be sufficient? What constitutes a site?

How should treatment and control (or comparison) groups be assigned?

If random assignment is used, should it be individual or site level?

What are the implications for the choice of design on both internal and external validity?

What should SSA want to learn about the implementation of these alternatives?

What implementation challenges might occur and how could SSA address them?

What recruitment challenges do you anticipate SSA may face? What would stop potential participants from volunteering? How might SSA address recruitment challenges?

Gaining the participation of third parties such as employers or private insurers would be challenging.

Topic 5: Concluding Comments

Are there other professionals with whom we should consult?

Are there any key topics not covered that you think are important to discuss?

Do you have any other comments?

Social Security Administration

Post-Entitlement Earnings Simplification

Demonstration TEP

Member Discussion Guide

Topic 1: Objectives of the Demonstration

What do you think are the most critical issues facing the SSDI program at this time?

Both cost and employment, although difficult to balance the two; but also coverage

Which of these issues might be addressed through changing rules and policy regarding earnings and earnings reporting?

Costs and employment

Which of these issues might be addressed through other changes to the SSDI program?

Coverage—the issue there is whether to cover partial disability

What does current research (both domestic and international) say about barriers and the motivations that beneficiaries with disabilities who successfully return to economic self-sufficiency experience?

It says that the barriers are high, but I'm not sure we fully understand what the barriers are. Finding employers who are willing to accommodate may be part of the problem but so are fears about losing health insurance and cash supplements.

Topic 2: Which alternatives should be tested in a new demonstration?

Are there other demonstration options besides those referred to in the background material that you think SSA should consider?

More EITC-style reforms; employer subsidies; more Medicare coverage off DI

Topic 3: Tested and Proposed Alternatives to Current Law

In the background description of this TEP provided with this discussion guide, SSA listed two ongoing demonstrations (BOND and POD) and several proposed policies and demonstrations. Of these demonstration options, which do you think are most promising (and why)?

GBO; Ultimate Demonstration; partial disability

Are there benefit models from other international or domestic benefit programs that offer simplified structures to encourage work?

European countries have more partial benefits programs.

Topic 4: Evaluation Design and Implementation Considerations

Please address the following questions either for one particular demonstration idea or for more than one demonstration idea.

Do you have recommendations or suggestions for demonstration designs including, but not limited to: recruitment, causal identification strategy, sample size, data needs, outcomes for analysis, etc.?

RCTs the best; want sample size for sufficient power and generalizability; use admin outcomes

How many treatment arms would be useful to test?

Depends on the specific intervention, but usually try to minimize the number

What is the potential value of including a demonstration study arm that eliminates all work incentives and all effects of work on benefits to test of the limits of simplification (this has been referred to as the “ultimate” demonstration)?

Might be of value, would have to think carefully about design

Which outcomes are most important to measure?

Earnings, employment, medical need, mortality, subjective well-being

What are meaningful effect sizes for the key outcomes?

Very hard to say in advance

How much time is necessary to produce meaningful results?

Good RCTs take a long time from design to implementation to analysis

Should subgroups be targeted? If so, what are the appropriate subgroups?

Some types of disabilities are not as great a barrier as others

How many individuals must be included in the study? What research would be helpful in determining target sample sizes?

Power calculations should determine that

Should the demonstration be national or would more limited geographic representation in sites be sufficient? What constitutes a site?

National is probably too ambitious for implementation; try selected Labor Market areas

How should treatment and control (or comparison) groups be assigned?

Randomly

If random assignment is used, should it be individual or site level?

Site level is tempting but very tough to pull off; go for individual, though people living in different neighborhoods and served by different offices to avoid contamination

What are the implications for the choice of design on both internal and external validity?

Range of sites and groups best for external validity; RCT good for internal

What should SSA want to learn about the implementation of these alternatives?

Need to find ways to increase employment at reasonable cost

What implementation challenges might occur and how could SSA address them?

Implementation difficult in an on-going program like DI

What recruitment challenges do you anticipate SSA may face? What would stop potential participants from volunteering? How might SSA address recruitment challenges?

A promising intervention should help

Topic 5: Concluding Comments

Are there other professionals with whom we should consult?

Nicole Maestas; Manasi Deshpande

Are there any key topics not covered that you think are important to discuss?

No

Do you have any other comments?

No

Social Security Administration

Post-Entitlement Earnings Simplification

Demonstration TEP

Member Discussion Guide

Topic 1: Objectives of the Demonstration

What do you think are the most critical issues facing the SSDI program at this time?

With regard to work, there is confusion and fear of benefit loss. However, it's far from clear how much this is impeding self-sustaining work, given the many barriers to work this population faces.

Another issue is the difficulty of applicants and beneficiaries to get adequate customer service from the agency. With regard to beneficiaries who wish to work, for example: huge and lengthy appeals backlogs that make beneficiaries loathe to risk their benefits, limited access to staff to talk about Social Security's work rules, long delays on updating earnings reports leading to overpayments. SSA's administrative funding hasn't even kept up with inflation over the past 10 years, even as the number of beneficiaries has increased dramatically, leading to declines in staffing, service delays, and cutbacks in hours and service locations. This is an important backdrop to any experiment in SSDI.

Which of these issues might be addressed through changing rules and policy regarding earnings and earnings reporting?

Which of these issues might be addressed through other changes to the SSDI program?

It would be very useful to know how SSDI beneficiaries react if the confusion and fear factors didn't exist—for example, in something like the ultimate demonstration, which is very simple to understand and includes no offsets or risks of benefit loss. However, those factors could only be mitigated in a long-term experiment.

What does current research (both domestic and international) say about barriers and the motivations that beneficiaries with disabilities who successfully return to economic self-sufficiency experience?

Work barriers include: job discrimination, lack of employer accommodations, difficulties accessing appropriate transportation and housing, lack of adequate/affordable health care (including long-term services and supports), lack of sick leave/paid medical leave/flexible schedules.

Barriers to accessing work supports include: lack of knowledge of available services, lack of coordination between services, long waiting lists for many services, fear that work will cause

them to lose needed benefits, variable quality of services provided, and the expense of private services.

SSA-specific barriers include: Confusion over work rules, fear of loss of benefits (not just SSDI, but Medicare/caid), fear of overpayments, complexity of documentation of earnings, processing delays, difficulty in accessing benefits counseling and available work supports.

Motivations: People with disabilities generally want as much inclusion and independence as possible. Self-supporting work provides both of those things, and is highly valued in our culture.

Topic 2: Which alternatives should be tested in a new demonstration?

Are there other demonstration options besides those referred to in the background material that you think SSA should consider?

No

Topic 3: Tested and Proposed Alternatives to Current Law

In the background description of this TEP provided with this discussion guide, SSA listed two ongoing demonstrations (BOND and POD) and several proposed policies and demonstrations. Of these demonstration options, which do you think are most promising (and why)?

- 1. The Ultimate Demonstration—it's the ultimate in simplicity! The very short 234 timeline does not permit a complicated demo. Also, if the hypothesis is that complexity of earnings rules prevents work or reduces earnings, this would be the purest test of whether that's true. If so, later demonstrations could refine the policy. It would also help researchers and policymakers understand the upper bound of work incentive effects. (Though of course beneficiaries would understand that the demo was temporary, so it's not *quite* ultimate.)*
- 2. WISP—like the Ultimate Demonstration, quite simple, and fleshed out—seems like something that SSA could implement fairly promptly.*
- 3. Generalized Benefit Offset—this one is more complicated to understand, and thus to implement, explain, and initiate.*

Are there benefit models from other international or domestic benefit programs that offer simplified structures to encourage work?

No

Topic 4: Evaluation Design and Implementation Considerations

Please address the following questions either for one particular demonstration idea or for more than one demonstration idea.

Do you have recommendations or suggestions for demonstration designs including, but not limited to: recruitment, causal identification strategy, sample size, data needs, outcomes for analysis, etc.?

Outcomes: Not only hours, earnings, and benefit receipt, but also other measures of well-being, such as total income (i.e., do they make up any loss of benefits from other income sources), physical and mental health, participation in productive activities beyond paid work (e.g., training, education, volunteering). For example, see Alexander Gelber's work.

How many treatment arms would be useful to test?

Two is probably ideal—in addition to the control, the ultimate demo, plus something in the middle.

What is the potential value of including a demonstration study arm that eliminates all work incentives and all effects of work on benefits to test of the limits of simplification (this has been referred to as the “ultimate” demonstration)?

I think this is a terrific study idea and makes sense as a treatment arm, testing alongside a more realistic policy option. However, it doesn't really work as a short-term experiment. The trial work period (9 months) and grace period (3 months) essentially function as a time-limited “ultimate demonstration.” I'm not sure how much extending that time limit for another year or two before the demo authority expires will change behavior.

Which outcomes are most important to measure?

Work, earnings, total income, other measures of well-being (physical and mental health, health insurance coverage)

What are meaningful effect sizes for the key outcomes?

How much time is necessary to produce meaningful results?

Much longer than the demo authority allows! It's going to take some time to set up a demonstration; it's hard to imagine the experiment beginning anytime this year, based on past SSDI work incentive demos. The entire experiment must be complete by 12/31/22, leaving the agency only 2-3 years for implementation, max. SSA's rules currently permit unlimited earnings without loss of benefits during the trial work period (9 months) and grace period (3 months), not necessarily continuous. That is essentially the “ultimate demonstration” with a time limit. Would extending that time limit for another year or two meaningfully change behavior? And that's the most extreme/simplest possible demo. Beneficiaries must give informed consent; they will understand that they'll revert to current law work rules in the short term. Any confusion/disincentive/complexity/fear from those rules

will be looming in the near term, no matter what the experiment. I do NOT think SSA has enough time to do this demonstration with valid results.

1. Should subgroups be targeted? If so, what are the appropriate subgroups?

I am not sure time allows for this. General recruitment will be hard enough in the tight time frame, especially since the statute requires volunteers who give informed consent.

How many individuals must be included in the study? What research would be helpful in determining target sample sizes?

Should the demonstration be national or would more limited geographic representation in sites be sufficient? What constitutes a site?

Whatever is doable for SSA in the extremely limited time frame. I assume a more limited geographic area would be possible to test with fidelity.

How should treatment and control (or comparison) groups be assigned?

If random assignment is used, should it be individual or site level?

What are the implications for the choice of design on both internal and external validity?

What should SSA want to learn about the implementation of these alternatives?

Whether they increase work, earnings, and overall well-being.

What implementation challenges might occur and how could SSA address them?

What recruitment challenges do you anticipate SSA may face? What would stop potential participants from volunteering? How might SSA address recruitment challenges?

Given the extremely short time frame for the demo, I think beneficiaries' fear and confusion will continue to be present. Beneficiaries will understand that they'll revert to SSA's current work rules in the very near term, and may not be motivated to learn a whole new set of rules and legitimately fear what participation in the demo means for them after the experiment ends. Because of this, I do not think SSA has sufficient time to conduct a simplification demo.

Topic 5: Concluding Comments

Are there other professionals with whom we should consult?

1. *You should absolutely consult with people with disabilities, especially those who have received SSDI benefits and attempted work—successfully or not. This is vital for any SSDI demo and the people need not be “professionals.” This idea is intended to address beneficiaries’ fear, confusion, and difficulty navigating complex work rules. How do beneficiaries perceive alternatives to those rules? What if the alternative only lasts a couple of years, after which they must return to current rules?*
2. *Talking to people who advise beneficiaries (e.g., claimants’ representatives) about what they might advise their clients to do would also be illuminating. Applicants and beneficiaries rely heavily on non-SSA sources of advice. The demo would require outreach and education for people who work with beneficiaries.*
3. *SSA operations staff are another key source of information (if not, technically, advice). They’d also be asked to implement this experiment in a very short time frame. What do they think about trying out a complicated new formula like GBO—can they master it, explain it, and persuade beneficiaries to try it in short order, while balancing with their other duties, knowing that SSA’s operations are under significant strain due to budget cuts? Experiments don’t work if they’re not done with fidelity, and it makes sense to explore the feasibility of this one (especially given the very short time frame) with the people who’d be tasked with carrying it out.*

Are there any key topics not covered that you think are important to discuss?

Induced entry. A demo wouldn’t be able to test this, but if we’re talking about significantly simpler and more generous work incentives as a permanent feature of the law, more people would apply and qualify for disability, increasing the number of beneficiaries and program costs. The CBPP wrote about this in regards to BOND here:
<https://www.cbpp.org/research/social-security/demonstrations-to-promote-work-among-disability-beneficiaries-likely-to>

Do you have any other comments?

Social Security Administration Post-Entitlement Earnings Simplification Demonstration TEP

Topic 1: Objectives of the Demonstration

What do you think are the most critical issues facing the SSDI program at this time?

Reframing disability as more predominantly temporary, in order to accommodate it in this manner.

- ➔ *Since our meeting I would add that the SSDI program should accommodate a more episodic disability experience. Accommodation in the regard will, in my opinion, remove a psychological barrier to workforce reentry stemming from fear of loss of disability and related health insurance benefits.*
- ➔ *Thus, on net I'd offer that SSDI should be recast as more predominantly temporary and that SSDI should accommodate episodic experiences.*

Which of these issues might be addressed through changing rules and policy regarding earnings and earnings reporting?

Allowing disability income to be stored, up to 6 months, when earnings subtract from DI payments, might help folks reengage the labor force.

- ➔ *Since our meeting I would add that EITC type designs offer promise as well. To learn more about this, as an initial step, it would be good to know how and whether some DI beneficiaries under their own accord, or through programs like Ticket may have already benefitted from the current EITC program. Ideally one could see whether those who may have benefitted from EITC had more positive workforce transitions.*
- ➔ *In a follow up email Abt asked me:*

"The panel discussed the possibility of testing an alternative to current-law SSDI payments that would involve an EITC-style benefit. First, during the discussion, did you envision that this EITC-style benefit would supplement SSDI benefits (i.e., participants receive SSDI + EITC subsidy) or as an alternative to SSDI benefits (i.e., participants receive EITC in lieu of SSDI)? Do you have additional thoughts on how this policy might be structured? Under either scenario, we would appreciate any additional details on how SSA might implement such a policy."

- 1. I saw the EITC design as being integrated. In the Gokhale piece, Jagadish lays out a very particular path for the EITC-type integration. I'm not sure whether that is an ideal benefit profile/path or not, however I'm not sure it is not.*
- 2. Regarding how to implement this policy, again, I'd emphasize it is important to understand how the current EITC program might already overlay and whether there are simple design tweaks that would make any existing overlay more useful. I am not an*

EITC expert, but it seems important to start from the current regs for that program ahead of any reshaping of the DI benefit to earned income path.

3. *One other issue came up in our discussion related to 2. – that had to do with the difficulty in adjusting DI benefit payments in a timely manner. Frankly, I think this may (may) require more integration between the SSA and employer of record. From our conversation it appears that there might be an opportunity to start from the form 5500 filings too, though this is a quarterly filing, it does better than the current EITC programs' mostly annual payment check. A related idea would be to ask working participants to file a quarterly return, as the self-employed sometimes do,*
 - ➔ *A final idea, that I have had since our meeting would be to work with financial intermediaries and payroll processors to report paystub characteristics to accommodate automated monthly smoothing of hybrid work-DI (including any EITC) income. The EITC component would act to incentivize worker reporting. The payroll function could easily be established in a world where direct deposit and garnishment (child support, etc.) already exist.*
 - ➔ *This would be an option which would likely be more attractive to workers than filling out quarterly estimated income returns, and so if the default were quarterly self-reports this would likely be preferred and taken up by the worker.*

Which of these issues might be addressed through other changes to the SSDI program?

The paper included in our packet by Fichtner and Seligman offers many ideas.

What does current research (both domestic and international) say about barriers and the motivations that beneficiaries with disabilities who successfully return to economic self-sufficiency experience?

That a big barrier is perception of oneself as increasing in inability to work through the application process. That the idea of returning to work is frightening for people both socially and financially (They fear loss of benefits coupled with loss of work and a relapse/worsening of their disabling condition). That the SSDI program is not really designed to help folks get back in the labor force successfully

- ➔ *In the period since we met, I have come to think that SSDI benefits must accommodate an episodic disability if they are to accommodate episodic work, which is a first step towards fuller labor force reentry.*

Topic 2: Which alternatives should be tested in a new demonstration?

Are there other demonstration options besides those referred to in the background material that you think SSA should consider?

-1- I'd like to see one where folks can bank their benefits instead of continuing to collect them – The bank would accommodate storage of benefits of at least six months and would be accessible during any subsequent period of reapplication. Importantly, account balances would be available even the reapplication was declined.

-2- I'd also like to see one where the 93 month rule on Medicare was eliminated – ensuring Medicare benefits will not cease ahead of age 65.

Topic 3: Tested and Proposed Alternatives to Current Law

In the background description of this TEP provided with this discussion guide, SSA listed two ongoing demonstrations (BOND and POD) and several proposed policies and demonstrations. Of these demonstration options, which do you think are most promising (and why)?

I think ones that interact with employers are probably the important and promising.

Are there benefit models from other international or domestic benefit programs that offer simplified structures to encourage work?

The Netherlands program that links shorter term employer based DI to longer term federal DI could be powerful in the US and it would encourage US employers to make ADA type accommodation investments in workers rather than use the employer insurance, when doing so makes sense.

Topic 4: Evaluation Design and Implementation Considerations

Please address the following questions either for one particular demonstration idea or for more than one demonstration idea.

Do you have recommendations or suggestions for demonstration designs including, but not limited to: recruitment, causal identification strategy, sample size, data needs, outcomes for analysis, etc.?

I think I'd emphasize: -1- for recruitment using cueing for voluntary programs. -2- for sample sizes, doing power analyses up-front, using clustered samples. -3- data needs – the data need to be tied to administrative data. For outcomes analyses I think its very important to try the same programs in geographies with different demographic and economic characteristics.

→ *We discussed many of these things at our meeting May 6. All of these points stand for me in the wake of our discussions.*

How many treatment arms would be useful to test?

As many as possible, in parallel or sequence as makes the most sense – however the limit will likely be in terms of geographies and cross-treatment contaminations.

→ *One thing that was emphasized in our meetings was that clustered designs allow for more marketing of program opportunities without risking contamination – that is a very important point.*

What is the potential value of including a demonstration study arm that eliminates all work incentives and all effects of work on benefits to test of the limits of simplification (this has been referred to as the “ultimate” demonstration)?

It has merit as an option, in my opinion. However, I'd like to see one where folks can bank their benefits instead of continuing to collect them – The bank would accommodate storage of benefits of at least six months and would be accessible during any subsequent period of reapplication. Importantly, account balances would be available even the reapplication was declined.

→ *In the period since we met, I have come to think that SSDI benefits must accommodate an episodic disability if they are to accommodate episodic work, which is a first step towards fuller labor force reentry. The ‘ultimate’ design does this. As we all came to see it the Ultimate program is mostly useful as a baseline estimate of reengagement with no constraints. **However, an EITC program design might in fact be more attractive to potential workers, depending on specifics.***

Which outcomes are most important to measure?

Peoples comfort with their decision, their income and wealth accumulation and their life satisfaction (compared to the period before beginning the program(s)) also impacts on labor force supply in relevant age and demographic groupings.

What are meaningful effect sizes for the key outcomes?

This depends so much on which outcome is being measured. For wellbeing any average decline in reported wellbeing would be important (and concerning),

How much time is necessary to produce meaningful results?

It depends again so much on the complexity of the project. Trying to break these things down in to practicable modules and can be more quickly evaluated is really important.

Should subgroups be targeted? If so, what are the appropriate subgroups?

Age occupation racial and sex subgroups are all important, but as well grouping by type of disability is incredibly important. For example, many programs that might work for the physically impaired may not work for the mentally impaired (and the opposite is true as well). Trying to estimate treatment effect of any program across both programs is going to mistarget resources and deliver lower effect sizes.

→ *Targeting subgroups is a key design tenant of utmost importance.*

→ *This came up in our discussion as well.*

How many individuals must be included in the study? What research would be helpful in determining target sample sizes?

Power analysis using clustered samples – start with the cites in the Fichtner and Seligman bibliography, from the paper you supplied.

Should the demonstration be national or would more limited geographic representation in sites be sufficient? What constitutes a site?

I think more limited geographies are important. Depending on a program, a site might be as large as a state or as small as a hand picked set of SSA field office jurisdictions.

How should treatment and control (or comparison) groups be assigned?

Cued use of voluntary participants with aggressive marketing to target groups.

If random assignment is used, should it be individual or site level?

I think it depends a lot on the treatment as to which would be most appropriate.

What are the implications for the choice of design on both internal and external validity?

Design is fundamental. It could easily make or break the validity of the test of treatment.

What should SSA want to learn about the implementation of these alternatives?

SSA should want to know what new resources might be required, what new staff training will be needed and what older training and resources can or, perhaps even should, be discontinued.

What implementation challenges might occur and how could SSA address them?

Not all field offices or areas have the same quality of staff, the same access to clients, and not all areas have the same economic opportunities for people who want to try to work. Not all new treatments need to consider these factors but many will. The best way to address these is up front, in the design phase, building in what appear to be redundancies across geographies and subgroup characteristics, so that programs do not fail from a lack of data in any one area.

What recruitment challenges do you anticipate SSA may face? What would stop potential participants from volunteering? How might SSA address recruitment challenges?

I think inertia, clients' self-framing, and fears of bad outcomes will be the biggest challenges. Working with a behavioral group as SSA has in the past may be helpful.

Topic 5: Concluding Comments

Are there other professionals with whom we should consult?

Romina Boccia of the Heritage Foundation, Jeff Hemmeter of Social Security

➔ *Jagdish Gokhale and I chatted this week at the NTA spring symposium meetings. Above all I learned that he remains interested in contributing in this area. He is a natural person to engage, including regarding EITC-type design tenants.*

Are there any key topics not covered that you think are important to discuss?

No – I think the conversation will evolve naturally from your questions.

Do you have any other comments?

Not at this time.

→ I'm open to working with SSA and Abt more on these issues as your thinking and questions naturally evolve. Thank you for the opportunity to contribute to your work.

Social Security Administration Post-Entitlement Earnings Simplification Demonstration TEP *Member Discussion Guide*

Topic 1: Objectives of the Demonstration

What do you think are the most critical issues facing the SSDI program at this time?

(1.) The conceptual definition of work disability in the Social Security Act is flawed. It does not adequately recognize the roles that individual characteristics and the environment (technology, medicine, the nature of work, accessibility of workplaces, etc.) play in determining inability to engage in SGA. For many years—decades—GAO and others have criticized SSA for not giving greater consideration to individual characteristics and the environmental factors (2.) By its nature the disability determination process is not capable of determining which workers can engage in SGA and which cannot in many cases. At best, it is capable of administering complex criteria consistently, but these criteria do not clearly distinguish between those able and not able to engage in SGA. This is partly due to the conceptual flaw in the statutory definition, but also because it is just not feasible to establish accurate evidence based criteria in a complex and ever changing world. As a result, SSDI is vulnerable to entry by workers with a wide array of medical conditions that do not prevent them from engaging in SGA, but nonetheless find it attractive to apply for SSDI. A substantial share of such applicants succeed—as demonstrated amply by the Great Recession. An analogous statement applies to workers displaced from their jobs for other reasons. (3.) Initially designed to provide early retirement benefits to older workers forced to retire early for health reasons, SSDI has become the primary gateway to public support (including Medicare) for adults of all ages with significant medical problems but some earnings capacity. For many adults, it has arguably become a welfare program. This includes workers who have lost jobs for reasons other than medical issues. It also includes young adults who meet SSDI’s disability insured criteria without ever engaging in SGA. For instance, you can obtain disability insured status at age 24 by earning 2 quarters of coverage per year from age 21 through age 23. In 2019, that requires earnings \$2,720 per year, or \$227 per month, which is 19% of the non-blind SGA amount, \$1,220. The lifetime value of Medicare has made the strategy of working enough to become disability insured popular among advocates for young adults with disabilities. (4.) For beneficiaries capable of engaging in SGA, the cash cliff at the SGA amount discourages those capable of engaging in SGA from doing so. This work disincentive is exacerbated by a disability determination process during which they much demonstrate inability to engage in SGA for at least 12 months, and often for a longer time as they pursue appeals—further diminishing their connection to former employers and any residual work capacity rather than encouraging them to return to work.

Which of these issues might be addressed through changing rules and policy regarding earnings and earnings reporting?

Only the work disincentive created by the cash cliff could be addressed by changing the earnings rules and reporting, and then only partially. Allowing beneficiaries to keep all of their benefits indefinitely, regardless of how much they earn would (the Ultimate demonstration propos), creates a level playing field for beneficiaries who have some work capacity, as advocates would say. Of course the income effect of the benefit will reduce the incentive to work relative to no benefit at all, but would arguably level the playing field relative to non-beneficiaries if the benefits just compensate the positive income effect of liability for the extra costs of disability. Of course this policy would also reduce exits for work and induce entries. It would not reduce the deleterious effect of the disability determination process on the ability to work.

If the “earning rules” include the requirement of not engaging in SGA for at least 12 months to be eligible for SSDI (the 5 month waiting period plus another 7 months), you could eliminate the work disincentives associated with program entry by eliminating this rule (including the 5-month waiting period). That essentially would change the definition of disability—abandoning the concept of inability to engage in SGA in favor of the ill-defined concept that the current medical-vocational criteria actually embody. That would open the door to adoption of a new, more coherent conceptual definition of disability. In the absence of a change in how benefit amounts are determined, abandonment of the “no SGA for 12 months” rule would presumably result in a very large increase in program expenditures.

Which of these issues might be addressed through other changes to the SSDI program?

Other issues could be addressed by 1) eligibility criteria that distinguish between a) those truly needing to retire early for medical reasons, b) those with substantial work capacity, and c) those never having achieve substantial work capacity; and 2) program provisions that are design to increase the incomes of those in the latter two groups primarily by increasing their earnings. Potential program provisions for the latter two groups include 1) time-limited cash support along with services to support increased earnings; 2) wage subsidies (e.g., follow the EITC structure); 3) and long-term monthly allowances as compensation for the costs of disability—amounts that would presumably be substantially below the current benefit amount

What does current research (both domestic and international) say about barriers and the motivations that beneficiaries with disabilities who successfully return to economic self-sufficiency experience?

1.) Much of the focus of research in recent years has been on efforts to reduce the probability that a worker who has stopped working for medical reasons enters into long-term disability benefit receipt, with some success. There is some evidence of success for a) incentives for employers to retain workers, b) assuring quality medical care early, c) partial return to work, d) accommodations and e) incentives to return to work. 2.) For those who have been receiving benefits for a lengthy period, there is little evidence of success among strategies designed to increase economic self-sufficiency. Various strategies (e.g., evidence-based supported employment) do increase work, but not by enough to help substantial numbers of beneficiaries work at a level that induces long-term self-sufficiency. The Ticket to Work evaluation found no evidence that the program increased beneficiary exits from SSDI. UK

efforts to re-determine the work capacity of such individuals and get them on the road to self-sufficiency have been highly problematic administratively. 3.) There is qualitative evidence that overpayments under the current SSDI program deter returns to self-sufficiency, although theory makes mixed predictions about the sign of any effects. SSA's current efforts to reduce overpayments may increase return to self-sufficiency, but could also do the opposite. 4) I have yet to see any evidence that efforts to reduce risks of return to self-sufficiency, such as lengthening of the extended period of Medicare eligibility and expedited re-instatement, have increased return to self-sufficiency, although advocates have long argued that such risks deter return to self-sufficiency.

Topic 2: Which alternatives should be tested in a new demonstration?

Are there other demonstration options besides those referred to in the background material that you think SSA should consider?

1) The new SSDI Solutions Initiative papers include a proposal by David Stapleton, Yoni Ben-Shalom and David Mann to conduct an initial test of a major change to the front end of SSDI, called Employment/Eligibility Services. <http://www.crfb.org/project/ssdi/development-employmenteligibility-services-ees-system> The initial test would be the first of three phases to rebuild the front door to SSDI. An EES would triage applicants into those eligible for time-limited SSDI benefits (e.g., for 7 months) and RTW support; those eligible for long-term SSDI; and those ineligible for any support. The time-limited supports would help some applicants return to work successfully; the evidence accumulated from the unsuccessful RTW efforts of others could make them eligible for SSDI—the supports amount to a field test of their earnings capacity. The concept could be expanded to add other benefit outcomes, such as partial permanent benefits. Our proposal for the first phase of testing would target workers who have received support from a public or private workforce retention system (like those being testing under RETAIN) but are unable to return to self-sufficiency before the end of SSDI's 5-month waiting period (e.g., because they need a longer period to medically recover or they need for rehabilitation and training to maximize function).

2) Within the ultimate demonstration, consider an arm in which the benefit is reduced by a fixed amount (e.g., to 80% of the full benefit). Like the ultimate benefit itself, this benefit would be easy to administer. It would be attractive to some working beneficiaries, and be less expensive than the ultimate benefit. Adding such an arm would also produce a new estimate of the income effect, which could be useful in the development of other designs for the earnings rules.

3) Consider waiving the “no SGA for 12 months” rule for some applicants. Those eligible for the waiver could apply for SSDI while still engaged in SGA. This is not likely to be considered a serious policy proposal, but it would show the extent to which this rule is deterring program entry and provide information about the potential for induced entry.

4) Consider offering a benefit that is an EITC-style wage subsidy as an alternative to SSDI at the time of award; new awardees could choose between that and the full SSDI benefit. In the last few decades there have been multiple proposals for disability earned income tax credits. Gokhale's Generalized Benefit Offset can be described as a combination of such a credit with a gradual earnings offset. Fairly recently Jody Schimmel and David Stapleton have proposed such a credit along with a small allowance for older workers with significant

medical problems, but not necessarily of a severity that would qualify them for SSDI.¹⁶ A demonstration could offer this type of credit to awardees age 50 plus or 55+ only, as a replacement for SSDI and lasting until the FRA. The enrollees would also become Medicare eligible after the usual waiting period. Consistent with current demonstration authority and Gokhale's idea of allowing beneficiaries to switch back and forth between work and not-work benefit regimes, beneficiaries could be allowed the option of switching back and forth on an annual basis or following specific events (e.g., an acute medical episode), without restriction. However, that would open up options for the beneficiaries to game the current-law earnings rules (e.g., use up the TWP and grace period before switching to the EITC-style benefit). It seems likely that some beneficiaries will prefer such a benefit over the current law benefit even if their benefit checks would be lower as a result. If this approach proved fruitful, it could be extended to younger awardees and possibly to some initially denied applicants with less severe, but permanent medical conditions. Another potentially high-value target population is beneficiaries with psychiatric disabilities.

Topic 3: Tested and Proposed Alternatives to Current Law

In the background description of this TEP provided with this discussion guide, SSA listed two ongoing demonstrations (BOND and POD) and several proposed policies and demonstrations. Of these demonstration options, which do you think are most promising (and why)?

Current demonstration authority limits the value of demonstrations because they can only use volunteers. The limitations of POD amply illustrate this point. Demonstrations of rules that are likely to be very attractive to beneficiaries will provide more information than others.

1) That consideration makes the Ultimate demonstration stand out. Presumably no well-informed beneficiary would be unwilling to volunteer for the Ultimate demonstration unless the design of the demonstration makes participation onerous in some fashion. The goal would be to determine the earnings capacity of all beneficiaries. One of the lessons from BOND is that SSA cannot determine the potential capacity of beneficiaries to work by testing earnings rules that, although much more favorable to beneficiaries than the current rules, leave other complex work incentives in place and implicitly tax marginal earnings.

2) An EITC-style benefit offered to new awardees as an alternative to SSDI stands out because of its voluntary nature.

3) I would start planning for a first-phase EES demonstration once one or two states have demonstrated that they can establish viable workforce retention systems under RETAIN. An alternative is to start earlier, targeting workers served by workers' compensation or private workforce retention systems that meet specified standards (e.g., the COHE model in Washington's public workers' compensation fund). The voluntary nature of SSA's demonstration authority limits what could be learned from such a demonstration to some degree, but the EES would be designed to be attractive to those with some work capacity and a desire to return to work, and much could be learned from the behavior of those who opt to

¹⁶ Stapleton, David, and Jody Schimmel Hyde. "Employment Support for the Transition to Retirement," *Research on Aging*, vol. 39, no. 1, 2017, pp. 249-271.

apply for SSDI through the usual process or who drop out after assignment to time-limited RTW support.

4) More broadly, demonstrations of time-limited benefits or partial benefits offered to awardees would be quite valuable, but their value is substantially limited by the requirement that they be voluntary. This includes testing of provisions in the SSDI RTW Act of 2017 and some of the ideas proposed by Fichtner and Seligman.

Are there benefit models from other international or domestic benefit programs that offer simplified structures to encourage work?

I am not aware of any.

Topic 4: Evaluation Design and Implementation Considerations

Please address the following questions either for one particular demonstration idea or for more than one demonstration idea.

Do you have recommendations or suggestions for demonstration designs including, but not limited to: recruitment, causal identification strategy, sample size, data needs, outcomes for analysis, etc.?

My answers are for the ultimate demonstration. Some carry over to other demonstrations. Our SSDI Solutions Initiative paper provides our thinking about how an evaluation of the EES could proceed.

How many treatment arms would be useful to test?

Per suggestion above, I would add a second treatment arm; beneficiaries assigned to that arm would receive a reduced benefit, permanently. Adding arms that vary in duration would add information about the effect of duration.

What is the potential value of including a demonstration study arm that eliminates all work incentives and all effects of work on benefits to test of the limits of simplification (this has been referred to as the “ultimate” demonstration)?

See discussion under Topic 2. Adding the second arm produces information about the income effect of benefits. Adding arms that vary in duration would produce information about the effects of limiting duration.

Which outcomes are most important to measure?

Earnings, benefits, death and taxes—all measured with administrative data. Surveys could be used for other measures of economic and personal well-being.

What are meaningful effect sizes for the key outcomes?

Requires discussion. Impacts as small as 5% of counterfactual values over all beneficiaries will be of interest to many stakeholders for most variables, but that's partly because impacts will be zero for most beneficiaries. For volunteers, impacts could be much larger. If only 20% volunteer, say, and we assume zero impacts for all others (why else would they not volunteer?), a 25% impact would correspond to 5% impact for all beneficiaries (.05 = .25 x .20).

How much time is necessary to produce meaningful results?

An evaluation should start to see results in the first year of enrollment, but impacts are not likely to be maximized for five years or more, because some beneficiaries may be unable or unprepared to work when first assigned to treatment (based on BOND).

Should subgroups be targeted? If so, what are the appropriate subgroups?

Relatively new beneficiaries; age groups (under and over 50); beneficiaries with psychiatric disabilities; beneficiaries with potentially manageable chronic conditions (e.g., psychiatric conditions; lower back sprains and strains; Type 2 diabetes, etc.)

Also consider areas of the country—high versus medium versus low SSDI prevalence areas, for instance

How many individuals must be included in the study? What research would be helpful in determining target sample sizes?

This depends on the design (experimental versus non-experimental, each with variants). The BOND data could be mined to support development of target sample sizes.

Should the demonstration be national or would more limited geographic representation in sites be sufficient? What constitutes a site?

Choose sites that span characteristics that may be material to the impacts, but not go to the extreme of choosing nationally representative sites as in BOND. Sites should be more compact than with BOND. Geographically confined communities.

How should treatment and control (or comparison) groups be assigned?

*Should consider comparative regression discontinue design (CRD) based on duration since award. Tang, Yang, Thomas D. Cook, Yasemin Kisbu-Sakarya, Heinrich Hock, and Hanley Chiang. (2017). The comparative regression discontinuity (CRD) design: An overview and demonstration of its performance relative to basic RD and the randomized experiment. *Advances in Econometrics*, 38, 237-279.*

The CRD design is an extension of an RD design. In effect, CRD uses the comparative variable—a variable that is related to the duration variable but not affected by the treatment—to extend the RD impact estimates away from the neighborhood of the discontinuity. It could, for instance, be earnings in the month before enrollment in the demonstration, or earnings of beneficiaries in non-demonstration (comparison) sites.

Only those in demonstration areas on the rolls for less than a specified number of months as of the enrollment month would be eligible. An alternative is to use age as the running variable.

The CRD design would save a great deal of effort, time and data collection relative to an RCT. All those above the cut off would be in the control group. The evaluation would have access to all of their administrative data (no need for informed consent). The evaluation could survey a sample, and of course some would not respond. No control subject would need to go through an expensive and time consuming recruitment/enrollment/RA process—a process that could potentially affect their behavior. Those below the cutoff would need to be recruited and go through an informed consent process, but that process would be simpler than under an RCT and take-up for the ultimate demonstrations will presumably be very high. Further, those who do not volunteer could still be considered in the treatment group for intent to treat estimates. SSA would have their data and it appears that the evaluator could also ask them to participate in a survey within SSA’s current demonstration authority. BOND data offer an opportunity to validate and refine the use of a CRD design.

Recruitment would be simplified if the demonstration included new awardees only. Those above a specified age at the time of award would be offered the ultimate benefit design.

If random assignment is used, should it be individual or site level?

Consider site-level random assignment. All stakeholders in the site need to be on the same page about the treatment, because otherwise treatment subjects will get conflicting messages as they did in BOND. “Community effects” could contribute substantially to the size of impacts. Stakeholders and local media could spread the news. “This is your chance to work without penalty. We can help you do that.” Spreading the news to employers is also important. Community effects can only be realized if the demonstration engages the community effectively. My perception is that SSA has had some success in engaging state VR agencies for POD. It seems worthwhile to do more.

What are the implications for the choice of design on both internal and external validity?

(1) Individual RCT may not be internally valid because the enrollment process may contaminate the knowledge of Ts and Cs—the BOND evidence is suggestive. Mixed messages from inadequately informed stakeholders are likely to add to the problem. Site-level RCT would address both issues. CRD at the site level would presumably avoid contamination during the recruitment process, but might be subject to mixed messages from stakeholders (but perhaps easier to explain to stakeholders which beneficiaries qualify and which do not—especially if age is used as the running variable).

(2) Low volunteer rates could limit external validity, but volunteer rates may be high because there seems little to lose and much to gain. External validity for “similar sites” will presumably be high under the site-level RCT.

What should SSA want to learn about the implementation of these alternatives?

How can SSA effectively engage community stakeholders in supporting recruitment and the RTW efforts of treatment subjects?

What implementation challenges might occur and how could SSA address them?

Engaging community stakeholders may be the biggest challenge. The best approach may be to go to identify key stakeholders in each selected community and enlist them in efforts to reach out to others. Engagement could start through state or national organizations that are likely to be represented in all communities—VR agencies, mental health advocacy organizations, Disability:IN (formerly USBLN) and AARP are examples.

What recruitment challenges do you anticipate SSA may face? What would stop potential participants from volunteering? How might SSA address recruitment challenges?

Outreach—getting information to beneficiaries—may be the biggest challenge. Reaching out to individual beneficiaries is difficult and often unsuccessful, as in BOND and POD. This is another advantage of site-level random assignment—can advertise in local media and via stakeholders. POD has some success in piloting behavioral approaches to increase volunteer rates, but that doesn't seem enough. Low volunteer rates among those successfully contacted would also be problematic, but they may be high. SSA could offer a financial reward at the end of each year to those still in the demonstration (all arms). That would increase volunteer rates and reduce dropout. Presumably the impact on employment and benefits would be small and similar across arms.

Topic 5: Concluding Comments

Are there other professionals with whom we should consult?

Michael Wiseman; Jack Smalligan

Are there any key topics not covered that you think are important to discuss?

The role of field offices. I think field offices that serve demonstration sites need to be well informed and engaged. It should not require large extra effort—effort will be reduced because of the simplicity of the demonstration rules relative to current rules. Engaging them will help build treatment subject confidence.

Do you have any other comments?

I have written too much already! The scope of work for this TEP is much broader than I had anticipated, and interesting.