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# SOCIAL SECURITY DISABILITY

# Multiple Factors Affect Return to Work

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# Social Security Disability: Multiple Factors Affect Return to Work

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me to testify on return-to-work issues facing the Disability Insurance (DI) and Supplemental Security Income (SSI) programs. The Social Security Administration (SSA) pays out about $5.1 billion in cash payments to DI and SSI beneficiaries each month. While providing a measure of income security, these payments, for the most part, do little to enhance work capacities and promote beneficiaries' economic independence. Yet, as embodied in the Americans With Disabilities Act (ADA), attitudes have shifted toward goals of economic self-sufficiency and the right of people with disabilities to full participation in society. Moreover, medical advances and new technologies now provide more opportunities to work than ever before for people with disabilities.

The DI and SSI programs, however, have not kept pace with the trend toward returning people with disabilities to the work place. Fewer than 1 percent of DI beneficiaries, and few SSI beneficiaries, leave the rolls to return to work each year. Yet, even relatively small improvements in return-to-work outcomes offer the potential for significant savings in program outlays. For example, if an additional 1 percent of the working-age SSI and DI beneficiary population was to leave SSA's disability rolls by returning to work, lifetime cash benefits would be reduced by an estimated $3 billion.[1] To help improve return-to-work outcomes, Members of the Congress and advocates for people with disabilities have recently proposed various reforms—such as allowing working beneficiaries to keep more of their earnings, safeguarding medical coverage, and enhancing vocational rehabilitation.

Today, I would like to focus my remarks on (1) structural and operational weaknesses in the current DI and SSI programs that impede return to work, (2) factors that working beneficiaries believe are helpful in becoming and staying employed, and (3) challenges that exist in improving program incentives to work. My testimony is based on a series of GAO reports on Social Security disability program design and implementation as well as a report on factors facilitating work for a group of DI beneficiaries. (A list of related GAO products appears at the end of this statement.)

[1]The estimated reductions are based on data provided by SSA's actuarial staff and represent the discounted present value of the cash benefits that would have been paid over a lifetime if the individual had not left the disability rolls by returning to work. These reductions, however, would be offset, at least in part, by rehabilitation and other costs that might be necessary to return a person with disabilities to work.

In summary, program eligibility requirements and the application process encourage people to focus on their inabilities, not their abilities. Moreover, work incentives offered by the programs do not overcome the risk of returning to work for many beneficiaries, and the complexities of work incentives can make them difficult to understand and challenging to implement. Also, there is little encouragement to use rehabilitation services, which are relatively inaccessible to beneficiaries seeking them. Some DI beneficiaries who work despite these program weaknesses cited improved ability to function in the work place, resulting from successful health care, and encouragement from family, friends, health care providers, and coworkers as the most important factors helping them find and maintain work. Finally, our analysis of some of the proposed changes to work incentives—such as gradually reducing the DI cash benefit level as earnings increase—indicates that there will be difficult trade-offs in any attempt to change work incentives. Moreover, determining the effectiveness of any of these proposed policies in increasing work effort and reducing caseloads would require that major gaps in existing research be filled.

## Background

DI and SSI—the two largest federal programs providing cash to people with disabilities—grew rapidly between 1988 and 1998, with the size of the working-age beneficiary population increasing from about 4.4 million to 7.6 million. Administered by SSA and state disability determination service (DDS) offices, DI and SSI paid cash benefits totaling about $61.3 billion in 1998. According to the law, to be considered disabled by either program, an adult must be unable "to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months."[2] Moreover, the impairment must be of such severity that the person not only is unable to do his or her previous work but, considering his or her age, education, and work experience, is unable to do any other kind of substantial work nationwide.

Established in 1956, DI is an insurance program funded by Social Security payroll taxes. The program is for workers who, having worked long enough and recently enough to become insured under DI, have lost their ability to work—and, hence, their income—because of disability. In addition, Medicare coverage is provided to DI beneficiaries after they have

[2]Currently, individuals with disabilities are considered to be engaging in substantial gainful activities (SGA) if earnings exceed $500 per month. The monthly SGA level for persons who are blind is $1,110 per month.

received cash benefits for 24 months. About 4.7 million working-age people (aged 18 to 64) received about $39.9 billion in DI cash benefits in 1998.[3]

In contrast, SSI is a means-tested income assistance program for disabled, blind, or aged individuals, regardless of their prior participation in the labor force.[4] Established in 1972 for individuals with low income and limited resources, SSI is financed from general revenues. In most states, SSI entitlement ensures an individual's eligibility for Medicaid benefits.[5] In 1998, about 3.6 million working-age people with disabilities received SSI benefits; federal SSI cash benefits paid to these and other disabled beneficiaries amounted to $21.3 billion.[6]

The Social Security Act states that people applying for disability benefits should be promptly referred to state vocational rehabilitation (VR) agencies for services in order to maximize the number of such individuals who can return to productive activity.[7] Furthermore, to reduce the risk a beneficiary faces in trading guaranteed monthly income and subsidized health coverage for the uncertainties of employment, the Congress has established various work incentives intended to safeguard cash and health benefits while a beneficiary tries to return to work.

[3]Included among the 4.7 million DI beneficiaries are about 720,000 beneficiaries who were dually eligible for SSI disability benefits because of the low level of their income and resources.

[4]References to the SSI program throughout the remainder of this testimony address blind or disabled, not aged, recipients.

[5]States can opt to use the financial standards and definitions for disability they had in effect in January 1972 to determine Medicaid eligibility for their aged, blind, and disabled residents, rather than making all SSI recipients automatically eligible for Medicaid. Often, the Medicaid financial standards used by states are more restrictive than SSI's.

[6]This amount represents payments to all adult SSI blind and disabled beneficiaries, including those age 65 and over.

[7]State VR agencies also provide rehabilitation services to people not involved with the DI and SSI programs.

## Structural and Operational Weaknesses in DI and SSI Impede Return to Work

In a series of reports, we have discussed how DI and SSI design and operational weaknesses do not encourage beneficiaries to maximize their work potential.[8] The cumulative impact of these weaknesses, summarized in table 1, is to understate beneficiaries' work capacity and impede efforts to improve return-to-work outcomes.

**Table 1: Summary of Program Design and Implementation Weaknesses**

| Weakness | Description |
|---|---|
| Work capacity of DI and SSI beneficiaries may be understated. | Medical conditions alone are generally a poor predictor of work incapacity. While impairment has some influence over capacity to work, other factors—vocational, psychological, economic, environmental, motivational—are often considered to be more important determinants of work capacity. |
| Disability determination process may encourage work incapacity. | "All-or-nothing" decision gives incentive to promote inabilities and minimize abilities. Lengthy application process to prove one's disability can also erode motivation and ability to return to work. |
| Benefit structure can provide disincentive to low-wage work. | The prospect of losing cash and health benefits can reduce motivation to work and receptivity to VR and work incentives, especially when low-wage jobs are the likely outcome. People with disabilities may have less time available for work than others, further influencing a decision to opt for benefits over work. |
| Work incentives are ineffective in motivating people to work. | Few beneficiaries are aware that work incentives exist. Regardless, work incentives are complex, difficult to understand, and poorly implemented, and they do not overcome the prospect of a drop in income for those who accept low-wage employment. |
| VR plays limited role in disability programs. | Studies have questioned the effectiveness of state VR agency services. Access to VR services through DDS referrals is limited. Restrictive state VR policies limit categories of people referred by DDS offices, the referral process is not monitored (reflecting its low priority and removing the incentive to spend time on referrals), and the success-based VR reimbursement system is ineffective in motivating VR agencies to accept beneficiaries as clients. In addition, applicants and beneficiaries are generally uninformed about and not encouraged to seek VR, affording little opportunity to opt for rehabilitation and employment. |

[8]SSA Disability: Program Redesign Necessary to Encourage Return to Work (GAO/HEHS-96-62, Apr. 24, 1996); SSA Disability: Return-to-Work Strategies From Other Systems May Improve Federal Programs (GAO/HEHS-96-133, July 11, 1996); and Social Security: Disability Programs Lag in Promoting Return to Work (GAO/HEHS-97-46, Mar. 17, 1997).

In recent years, SSA has made efforts to better promote return to work. Also, the Congress and others have proposed various alternatives at program reform.

## Work Capacity of DI and SSI Beneficiaries May Be Understated

The Social Security Act requires that the assessment of an applicant's work incapacity be based on the presence of medically determinable physical and mental impairments. SSA maintains a listing of impairments for medical conditions that are, according to SSA, ordinarily severe enough in themselves to prevent an individual from engaging in any gainful activity. About 50 percent of new awardees are eligible for disability because their impairment is listed or meets the severity of a listed impairment.[9] But findings of studies we reviewed generally agree that medical conditions are a poor predictor of work incapacity.[10] As a result, the work capacity of DI and SSI beneficiaries may be understated.

While disability decisions may be more clear-cut in the case of people whose impairments inherently and permanently prevent them from working, disability determinations may be much more difficult for those who may have a reasonable chance of work if they receive appropriate assistance and support. Nonmedical factors may play a crucial role in determining the extent to which people in this latter group can work.

## Program Weaknesses Impede Efforts to Improve Return-to-Work Outcomes

Because a disability determination results in either a full award of benefits or a denial of benefits, applicants have a strong incentive to overstate their disabilities to establish their inability to work and thus qualify for benefits. Conversely, applicants have a disincentive to demonstrate any capacity to work because doing so may disqualify them for benefits. Furthermore, many believe that the documentation involved in establishing one's disability can create a "disability mind-set," which weakens motivation to work. Compounding this negative process, the length of time required to determine eligibility can erode skills, abilities, and habits necessary to work.

[9]This percent is based on DI and SSI decisions made at the initial level of determination by the DDS offices and subsequent decisions made by administrative law judges on appealed cases from September 1992 through April 1995.

[10]For example, S. O. Okpaku and others, "Disability Determinations for Adults With Mental Disorders: Social Security Administration vs Independent Judgments," American Journal of Public Health, Vol. 84, No. 11 (Nov. 1994), pp. 1791-95; and H. P. Brehm and T. V. Rush, "Disability Analysis of Longitudinal Health Data: Policy Implications for Social Security Disability Insurance," Journal of Aging Studies, Vol. 2, No. 4 (1988), pp. 379-99.

In addition, VR has played a limited role in the DI and SSI programs, in part because of restrictive state VR policies and limits on alternatives to providers in the state VR system. Beneficiaries have generally been uninformed about the availability of VR services and have been given little encouragement to seek them. Moreover, the effectiveness of state VR services in securing long-term financial gains has been mixed, at best.

Work incentive provisions that are complex, difficult to understand, and poorly implemented further impede return-to-work efforts. Because SSA has not promoted them extensively, few beneficiaries have been aware that work incentives exist. Despite providing some financial protection for those who want to work, work incentives do not appear to be sufficient to overcome the prospect of a drop in income for those who accept low-wage employment.

For example, DI work incentives provide for a trial work period in which a beneficiary may earn any amount for 9 months (which need not be consecutive) within a 60-month period and still receive full cash and health benefits. At the end of the trial work period, if a beneficiary's countable earnings are more than $500 a month, cash benefits continue for an additional 3-month grace period and then stop, causing a precipitous drop in monthly income from full benefits to no cash benefits.[11] SSA researchers have noted that such a drop in income is a considerable disincentive to finishing the trial work period as well as to begin working. It may be more financially advantageous for beneficiaries—especially those with low earnings—to continue to receive disability payments by not working or by limiting earnings than to earn more than $500 a month in countable income.

## Numerous Program Reforms Have Been Proposed

Our work has called for SSA to develop a comprehensive, integrated return-to-work strategy that includes intervening earlier, providing return-to-work supports and assistance, and structuring benefits to encourage work. SSA has agreed that there are compelling reasons to try new return-to-work approaches.

Recently, SSA told us that it has (1) contracted with over 400 public and private VR providers, (2) trained state VR agency staff on SSA work incentives and reimbursement procedures, and (3) positioned itself to contract with state agencies to research ways to improve service

[11]For 36 months after the trial work period ends, cash benefits will be reinstated for any month in which the person does not earn more than $500 a month in countable income; this is referred to as the extended period of eligibility.

integration for beneficiaries attempting to return work. In addition, SSA has proposed to demonstrate the effectiveness of vouchers (or "tickets") for beneficiaries to obtain VR services from public or private providers reimbursed on an outcome basis. SSA has also proposed increasing the substantial gainful activities level for beneficiaries, thereby allowing them to have a higher earned income before leaving the disability rolls.

In addition to SSA's proposed reforms, the Congress and advocates for people with disabilities have offered various reforms. Such reforms have proposed allowing working beneficiaries to keep more of their earnings, safeguarding medical coverage, and using tickets to enhance vocational rehabilitation.

## Multiple Factors Assist Beneficiaries' Movement Into the Workforce

To understand how DI beneficiaries overcome the challenges and disincentives to work, we conducted survey interviews with 69 people who were receiving DI benefits and working in one of three metropolitan areas.[12] The working DI beneficiaries we interviewed cited a number of factors as helpful to becoming employed (see table 2). The two most frequently reported factors—health interventions and encouragement to work by family members and others—appear to have been the most critical in helping beneficiaries become employed. First, health interventions—such as medical procedures, medications, physical therapy, and psychotherapy—reportedly helped beneficiaries by stabilizing their conditions and, consequently, improving functioning. Not only were health interventions perceived as important precursors to work, they were also seen as important to maintaining ongoing work attempts. Encouragement to work from family, friends, health professionals, and coworkers was also critical, according to respondents.

Although other factors were reported less frequently, any single factor can be the key determinant in an individual's becoming employed. These factors include a flexible schedule (particularly to have time off to visit a health professional), job-related training and vocational rehabilitation services (especially job search and on-the-job training), the trial work period and extended period of eligibility, and high self-motivation. To a somewhat lesser extent, religious faith, job coaches, assistive devices and equipment, and ADA provisions were useful. In general, similar proportions of respondents with physical impairments and those with psychiatric

[12]Our findings from these interviews are reported in Social Security Disability Insurance: Multiple Factors Affect Beneficiaries' Ability to Return to Work (GAO/HEHS-98-39, Jan. 12, 1998). Because neither the metropolitan areas selected nor the people we interviewed constituted a random sample, our results are not generalizable to the entire population of working DI beneficiaries.

impairments cited these factors as helpful to being employed. However, people with physical impairments found coworkers and the trial work period more helpful than did those with psychiatric impairments.

**Table 2: Factors That Facilitated Working DI Beneficiaries' Employment, by Frequency of Reporting**

| Factor | Description | Significance |
|---|---|---|
| **Primary** | | |
| Health intervention | Health interventions provided medical stabilization and improved functioning. | Early return to work without health intervention may be difficult for some. |
| Encouragement | Family, friends, coworkers, and health professionals provided encouragement and emotional support. | Desire to work can be influenced positively, and possibly negatively, by social forces. |
| **Secondary** | | |
| Flexible work schedule | Number of hours and work schedule were responsive to respondents' needs and capabilities. | Typical 5-day, 40-hour work week may be unrealistic for some beneficiaries. |
| Job-related training and services | Training and services were directly related to finding and performing a job. | This factor has implications for retaining workers in the labor force who otherwise might apply for Social Security disability benefits. |
| Trial work period/ extended period of eligibility | SSA provisions allowed beneficiaries to test their work capacity without jeopardizing benefits and to ease their transition to the workforce. | Trial work period reported as useful, although some felt that 9 months is too short and $200 earnings level is too low. |
| High self-motivation | Respondents strongly wanted or needed to work, especially compared with disabled peers without jobs. | Motivation to work may develop over time, as about 3 in 10 did not expect to work upon program entry. |
| **Tertiary** | | |
| Religious faith | Religious faith reported as providing source of strength and guidance. | Interview did not specifically address religious faith; it may be more important than reported. |
| Job coaches | On-site job coach or similar specialist taught work skills. | This factor has implications for retaining workers in the labor force who otherwise might apply for Social Security disability benefits. |
| Assistive devices and equipment | Among most frequently mentioned items were back and leg braces, canes and crutches, adapted computers and keyboards, and wheelchairs. | Usefulness of assistive devices and equipment is largely limited to people with physical impairments. |
| Provisions provided by ADA | Respondents reported that ADA provided rights, accommodations, and hiring opportunities. | About one-third were aware of ADA, and over one-half of those who were aware said ADA was not helpful. |

Note: Factors are categorized into three groups—primary, secondary, and tertiary—on the basis of how often all respondents reported them. In some instances, we combined related areas of support and services in developing the factors and assigning relative importance.

Beneficiaries' comments illuminate the importance of these factors in helping them return to work. For example, Carol, an administrative support worker in her thirties with a manic depressive disorder, pointed to

encouragement and medical intervention as factors that enabled her to continue working:

> My family members . . . encouraged me to go to work and not rely on disability income. They were helpful to me in assessing the merits and benefits of potential job offers. . . . I am using a combination of Prozac and lithium medications to control my condition and [enable] me to work regularly where I don't use my sick days. Therapy with my counselor for over 4 years has really allowed me to work and function in a work environment.

Similarly, Mark, a maintenance worker in his thirties with epilepsy, said

> Medications for [my] epilepsy help keep [my] condition under control, which minimizes seizures and the risk of getting fired. . . . [My supervisor] checks from time to time to make sure everything is okay [and] even suggests taking days off.

Stephen, a bartender in his thirties with HIV, identified various individuals in the community who support him:

> [My] infectious disease doctor [is] encouraging and is very supportive. He wrote a letter to [my] employer explaining [my] condition and my capabilities. [My] parents are very supportive [and my] medications have made me physically able to work. [Coworkers are] providing emotional support.

Yvonne, a cashier in her forties with an anxiety disorder, found—in addition to medical intervention and community support—ADA helpful:

> Psychotherapy and group therapy [have] been helpful. Also, medication has been helpful. . . . My psychotherapist has gone out of his way to help me. I can call him at any time. The pastor of my church has also counseled me. At the college I attended, a director of the disabled talks to my professors and tells them about my condition so that they can take this into account when assigning work and evaluating my performance. . . . ADA has helped because I believe that [my employer] would not have hired me because of my problems.

## Longer Term Work Decisions Were Also Affected by Health Concerns

Not surprisingly, personal health appears to be an overriding issue as beneficiaries consider their future status in the DI program and at the work site. Among the 44 respondents without employer-based health insurance coverage, 29 plan to stay on the DI rolls into the foreseeable future or are unsure of their future plans. In contrast, 15 of 24 respondents with such coverage plan to exit the rolls. Moreover, when asked if anything would make it harder to work, about one-half of the 46 respondents who

responded affirmatively said that poorer health would inhibit employment. Similarly, some said that improved health would facilitate work. We found little difference in future work and program plans between people with physical and psychiatric impairments.

## Work Incentives and SSA Staff Played Limited Role

DI program incentives for reducing risks associated with attempting work appear to have played a limited role in beneficiaries' efforts to become employed. Although the trial work period was considered helpful by 31 respondents, others indicated it had shortcomings or were unaware that it existed. For instance, several respondents indicated the amount signifying a "successful" month of earnings ($200) was too low, an all-or-nothing cutoff of benefits after 9 months was too abrupt, and having only one trial period did not recognize the cyclical nature of some disabilities.[13] Respondents' mixed views of the design of the trial work period suggest that while they value a transitional period between receiving full cash benefits and losing some benefits because of work, they might be more satisfied with a different design. Finally, over one-fifth were unaware of the trial work period and therefore may have unknowingly been at risk of losing cash benefits.

Moreover, many respondents were unaware of other work incentives as well. Consequently, fewer respondents reported these incentives as helpful than might have had they been better informed. For example, 41 respondents were unaware of the provision that allows beneficiaries to deduct impairment-related work expenses from the amount SSA considers the threshold for determining continued eligibility.[14] Using the deduction could make it easier for a beneficiary to continue working while on the rolls without losing benefits. Moreover, 42 respondents were unaware of the option to purchase Medicare upon leaving the rolls. As a result, some of these beneficiaries may have decided to limit their employment for fear of losing health care coverage, while others who planned to leave the rolls may have thought they were putting themselves at risk of foregoing health care coverage entirely upon program termination.

Generally, respondents told us that SSA staff with whom they interacted provided neither much help in nor were much of a hindrance to

[13]Similarly, some beneficiaries noted that the $500 monthly earnings threshold used in the formula to determine if a person with a disability other than blindness is working at a gainful activity level (and therefore no longer eligible for benefits) is set too low.

[14]Examples of expenses likely to be deductible include attendant care services performed in the work setting, structural modifications to a vehicle used to drive to work, wheelchairs, and regularly prescribed medical treatment or therapy that is necessary to control a disabling condition.

return-to-work efforts. Fifty-nine respondents answered "no" when asked if people from SSA assisted them in becoming employed. However, 52 of the 69 respondents told us that they did not have experiences with SSA that made it difficult to become employed. For the 17 people reporting difficulties, the most common examples cited were the limited assistance offered and poor information provided by SSA.

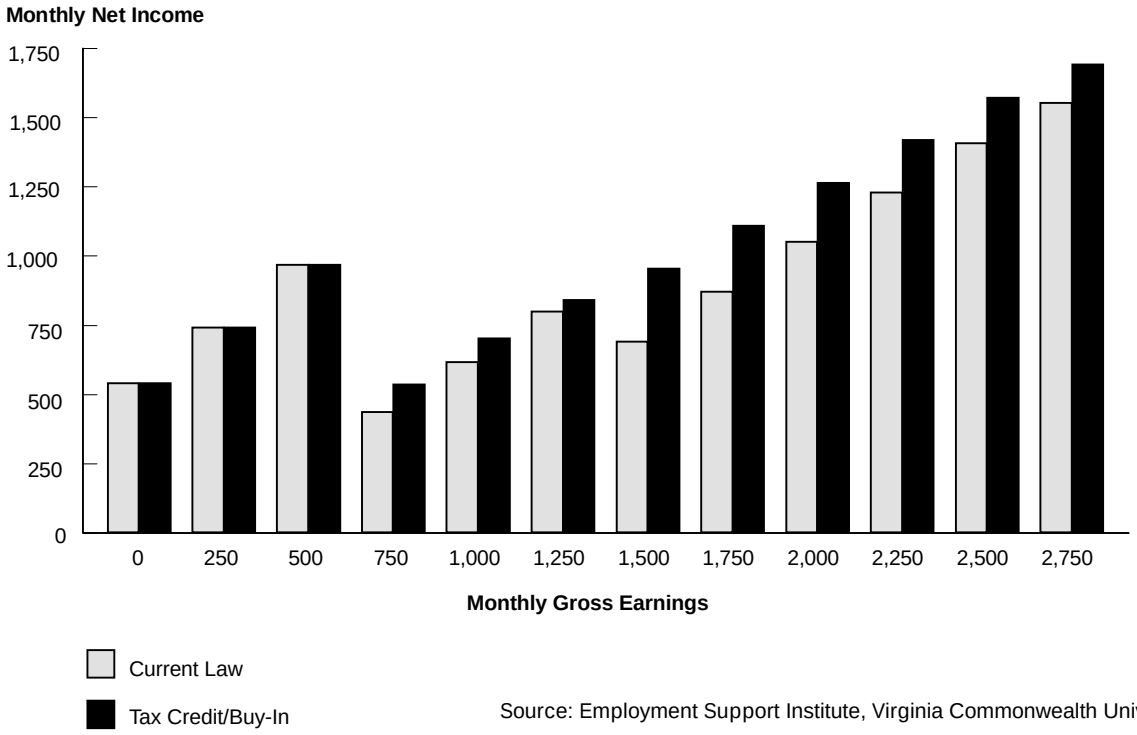
## Difficult Challenges and Trade-Offs Involved in Improving Work Incentives

Because the current work incentives have either impeded or played a limited role in helping beneficiaries return to work, the Congress and others have recognized the need to reform the current work incentives, particularly those in the DI program. However, our work has found that changing the work incentives involves difficult challenges and tradeoffs. Because of the complex interactions between earnings and disability benefits, some types of work incentive changes may help some beneficiaries more than others. Moreover, tradeoffs exist between trying to increase the work effort of beneficiaries without decreasing the work effort of people with disabilities who are not currently receiving disability benefits.

Two illustrations using data from Virginia Commonwealth University's Employment Support Institute underscore the complex interactions between earnings and benefits.[15] For example, figure 1 shows that under current law, a DI beneficiary's net income may drop at two points, even as gross earnings increase. The first "income cliff" occurs when a person loses all of his or her cash benefits because countable earnings are above $500 a month and the trial work and grace periods have ended (which, in figure 1, occurs when the individual earns $750 a month). A second income cliff may occur if Medicare is purchased when premium-free Medicare benefits are exhausted (which, in figure 1, occurs when the individual earns $1,500 a month).

[15]The Employment Support Institute at Virginia Commonwealth University developed WorkWORLD software, which allows individuals to compare what happens to their net income (defined as an individual's gross income plus noncash subsidies minus taxes and medical and work expenses) as earnings levels change under current law and when work incentives are changed.

**Figure 1: Comparison of Net Income for DI Beneficiaries Under Current Law and Under Proposed Tax Credit and Sliding Scale Medicare Buy-In**

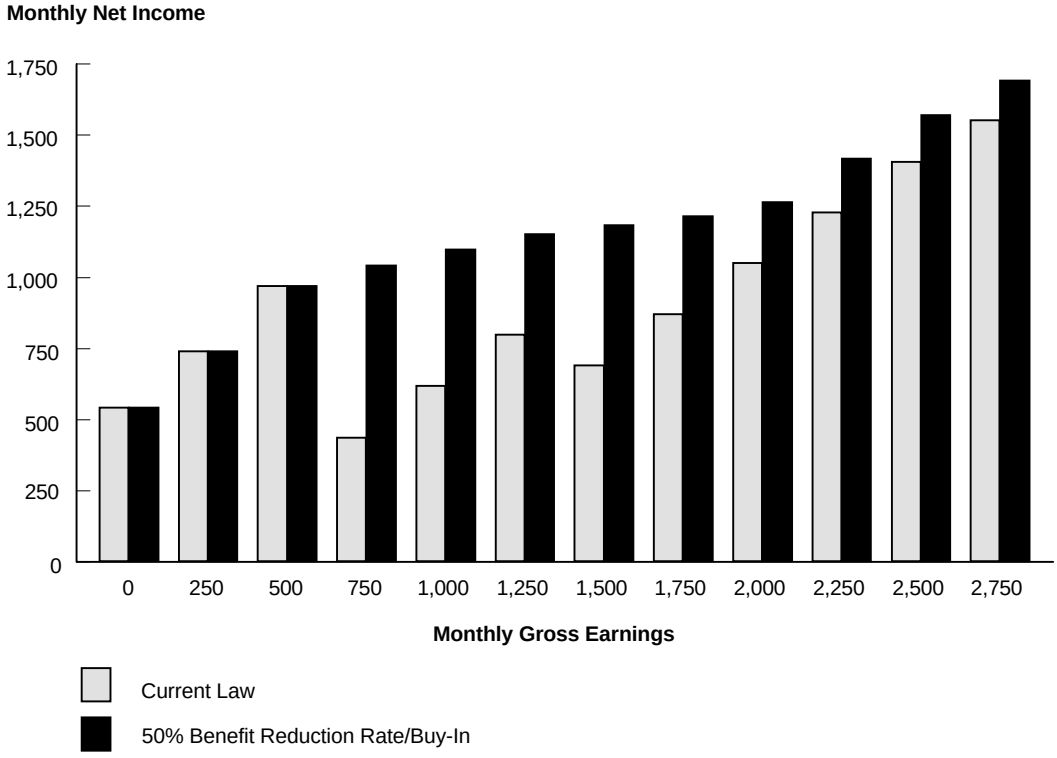



Source: Employment Support Institute, Virginia Commonwealth University.

Figure 1 also illustrates what happens to net income when a tax credit is combined with a Medicare buy-in that adjusts premiums to earnings.[16] In this particular example—although the tax credit may cushion the impact of the drop in net income caused by loss of benefits—it does not eliminate the drop entirely. However, as figure 2 shows, the income cliff is eliminated when benefits are reduced $1 for every $2 of earnings above the substantial gainful activity level.

[16]The tax credit used in this example assumes that the credit is refundable and supplements the existing Earned Income Tax Credit.

**Figure 2: Comparison of Net Income for DI Beneficiaries Under Current Law and Under Proposed 50-Percent Benefit Reduction Rate and Sliding Scale Medicare Buy-In**




Source: Employment Support Institute, Virginia Commonwealth University.

In addition, changing work incentives may or may not increase the work effort of current beneficiaries, depending on their behavior in response to the type of change and their capacity for work and earnings. But even if changes in work incentives increase the work effort of the current beneficiaries, a net increase in work effort may not be achieved. This point is emphasized by economists who have noted that improving work incentives may make the program attractive to those not currently in it.[17]

[17]See Hillary Williamson Hoynes and Robert Moffitt, "The Effectiveness of Financial Work Incentives in Social Security Disability Insurance and Supplemental Security Income: Lessons From Other Transfer Programs," Disability, Work, and Cash Benefits, edited by Jerry L. Mashaw and others (Kalamazoo, Mich.: W. E. Upjohn Institute for Employment Research, 1996), and Hillary Williamson Hoynes and Robert Moffitt, "Tax Rates and Work Incentives in the Social Security Disability Insurance Program: Current Law and Alternative Reforms" (May 1997), unpublished.

Allowing people to keep more of their earnings would make the program more generous and could cause people who are currently not in the program to enter it. Such an effect could reduce overall work effort because those individuals not in the program could reduce their work effort to become eligible for benefits. Moreover, improving work incentives by allowing people to keep more of their earnings could keep some in the program who might otherwise have left. Decreases in the exit rate could reduce overall work effort because people on the disability rolls tend to work less than people off the rolls. The extent to which increased entry occurs and decreased exit occurs will affect how expensive these changes could be in terms of program costs.

The costs of proposed reforms are difficult to estimate with certainty because of the lack of information on entry and exit effects. Although our work sheds additional light on this issue, the lack of empirical analysis with which to accurately predict outcomes of possible interventions reinforces the value of testing and evaluating alternatives to determine what strategies can best tap the work potential of beneficiaries without jeopardizing the availability of benefits for those who cannot work.

Mr. Chairman, this concludes my prepared statement. At this time, I will be happy to answer any questions you or the other Members of the Subcommittee may have.

# Related GAO Products

Social Security Disability Insurance: Factors Affecting Beneficiaries' Return to Work (GAO/T-HEHS-98-230, July 29, 1998).

Social Security Disability Insurance: Multiple Factors Affect Beneficiaries' Ability to Return to Work (GAO/HEHS-98-39, Jan. 12, 1998).

Social Security Disability: Improving Return-to-Work Outcomes Important, but Trade-Offs and Challenges Exist (GAO/T-HEHS-97-186, July 23, 1997.)

Social Security: Disability Programs Lag in Promoting Return to Work (GAO/HEHS-97-46, Mar. 17, 1997).

People With Disabilities: Federal Programs Could Work Together More Efficiently to Promote Employment (GAO/HEHS-96-126, Sept. 3, 1996).

SSA Disability: Return-to-Work Strategies From Other Systems May Improve Federal Programs (GAO/HEHS-96-133, July 11, 1996).

Social Security: Disability Programs Lag in Promoting Return to Work (GAO/T-HEHS-96-147, June 5, 1996).

SSA Disability: Program Redesign Necessary to Encourage Return to Work (GAO/HEHS-96-62, Apr. 24, 1996).

PASS Program: SSA Work Incentive for Disabled Beneficiaries Poorly Managed (GAO/HEHS-96-51, Feb. 28, 1996).

Social Security Disability: Management Action and Program Redesign Needed to Address Long-Standing Problems (GAO/T-HEHS-95-233, Aug. 3, 1995).

Supplemental Security Income: Growth and Changes in Recipient Population Call for Reexamining Program (GAO/HEHS-95-137, July 7, 1995).

Disability Insurance: Broader Management Focus Needed to Better Control Caseload (GAO/T-HEHS-95-164, May 23, 1995).

Social Security: Federal Disability Programs Face Major Issues (GAO/T-HEHS-95-97, Mar. 2, 1995).

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