

II. RETURNING PERSONS WITH DISABILITIES TO THE WORKFORCE

Early-Early Intervention in Rhode Island: Helping Workers Compensation Recipients Return to Work

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“Early-early intervention” is the term given to the strategy of identifying persons shortly after they have experienced workplace injuries and expeditiously providing them rehabilitation and return-to-work services, to help them return to the workforce and avoid ever applying for disability insurance (DI) benefits. This project seeks to determine whether there are characteristics of work injury claimants that predict their future enrollment in the DI program by matching a data set of ten years of workers compensation claims in Rhode Island with the Social Security Administration Master Beneficiary Record and Supplemental Security Record. It is anticipated that this data link and analysis will provide the researchers with the information they need to predict accurately which injured workers will eventually receive DI benefits so that rehabilitation and return to work services can be targeted at these claimants shortly after their injuries occur.

Section 234 of the Social Security Act (42 USC §434) authorizes the Social Security Administration (SSA) to conduct experiments and demonstrations to test the idea that the return-to-work record for applicants to the disability insurance (DI) program could be improved by early intervention

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and provision of rehabilitation services. These experiments represent a new direction for the DI program, because previous policy allowed only SSA to offer rehabilitation services to disabled persons whose applications for DI benefits had been approved. The rationale for early intervention is that successful rehabilitation is more likely if it occurs soon after the onset of disability (Berkowitz 1996; General Accounting Office [GAO] 1997; Sim 1999).

The current policy of providing rehabilitation and return to work services only to those enrolled in the DI program is not meeting the goal of returning persons with disabilities to the workforce and removing them from the public benefit rolls. There are currently more than 5.8 million disabled workers receiving DI benefits, including average monthly cash benefits of \$861.60 (SSA 2004a). The total number of DI beneficiaries, including spouses, widows, and children, continues to rise and is now approaching seven million, nearly double the number receiving benefits in 1980 (SSA 2004a).

One reason for this rise in beneficiaries is that poor performance of the limited return to work efforts that are part of the DI program. In 1980, 143 of every 100,000 disabled workers in the DI program saw their benefits terminated because of medical improvement, death, retirement, or return to work. By 2003 that number had dropped to 76 of every 100,000 disabled workers, and it is estimated that, of all disabled workers in the DI program, only 1 in 500 will return to full time work and leave the public disability rolls (GAO 1997, 2001; SSA 2004a). The GAO and the SSA cite the lack of proper work incentives, the lack of availability and timing of state vocational rehabilitation services, and the delayed onset of benefits after disability as primary reasons for the low return-to-work rate of DI beneficiaries (GAO 1987, 1993, 1997; Hennessey 1997; Sim 1999).

In addition to increasing costs due to DI payments to beneficiaries, the DI program uses a disproportionate share of administrative resources. The fiscal year 2005 budget for the SSA estimates administrative spending on the DI program to be 2.2 percent of income and 2.6 percent of benefit payments, far above the 0.4 percent of income and 0.6 percent of payments required by the Old-Age and Survivors Insurance (OASI) program (SSA 2004b). This unrestrained growth in the DI program is having a negative impact on the DI trust fund. This fund uses a portion of tax payments made under the Federal Insurance Contributions Act and the Self Employed Contributions Act to fund cash payments to current DI beneficiaries. This trust fund, along with the OASI trust fund, is in a precarious financial condition and intermediate and high cost estimates by fund trustees put the DI fund in a state of insolvency some time between 2015 and 2029 (Board of Trustees 2004). The GAO estimates that, if an additional 1 percent of DI and Supplemental Security Income (SSI) recipients were to return to full-time work, the lifetime savings to both programs would total \$3 billion (GAO 1998).

Researchers associated with the Program for Disability Research at Rutgers, The State University of New Jersey, are currently conducting a study of the feasibility of identifying suitable candidates for rehabilitation services and other supports from among the applicants for DI benefits. Typically, there is a lag of six months or more between the date of application and the award of DI benefits, and thus the identification of applicants who are likely to be awarded DI benefits and who appear to be promising candidates for rehabilitation will justify early intervention in these cases.

There are also lags between the onset of disability and the application for DI benefits. In part this is because there is a five-month waiting period after total disability begins and the initial eligibility for DI benefits. In addition, some persons may begin their disability with conditions that are not totally disabling but that progress over time to conditions that qualify for DI benefits. For these reasons, there are potentially great advantages of identifying persons with disabilities even before they apply for DI benefits, because the payoff from rehabilitation may be greatest during these early phases of disability.

The term that is used to identify DI applicants who could benefit from rehabilitation and other services is “early intervention.” The term that is used to identify persons even before they apply for DI benefits to determine whether they would benefit from rehabilitation and other services is “early-early intervention.”

The Use of Workers Compensation Data for Early-Early Intervention

State-mandated workers compensation programs provide cash and medical benefits to workers disabled by work-related injuries and diseases. Benefits are provided for both temporary and permanent disabilities, as well as for partial and total disability. Workers are eligible for medical benefits immediately after an injury or onset of a disease. There is a waiting period for cash benefits that varies among states from three to seven days of disability.

Workers who receive medical benefits but no cash benefits (“medical-only cases”) are the dominant portion of workers compensation cases. These cases, however, are the least likely type of workers compensation beneficiaries to subsequently apply for DI benefits because the limited severity of these injuries means that permanent disability is unlikely. These cases are therefore very unlikely to proceed to the DI program and will not be examined in this study.

The cases that will be studied are those that involve either a temporary or permanent disability that result in the payment of cash benefits in the workers compensation program. These cases, which involve at least several days of lost work time, will be examined to determine whether there are sufficient data to predict which workers compensation recipients are likely to enter the

DI program. If these eventual DI applicants can be identified from the workers compensation records, rehabilitation and return-to-work services can be focused toward these injured workers.

The information available from workers compensation agencies varies among states. All states require a first report of injury to be filed by the carrier or employer for any worker who qualifies for cash benefits. These first reports include information on the personal characteristics of the worker; the worker's preinjury earnings, occupation, and industry; the sources and causes of the injury; and a preliminary assessment of the nature and severity of the injury. The first reports are typically filed within a few weeks of the date of injury and thus have the virtue of early identification of a disabled worker and the vice of containing only preliminary assessments of the nature and severity of the injury and the type of cash benefits that will be paid. In many—but not all—states, the first report will contain the worker's Social Security number, which enables these cases to be matched against the Master Beneficiary Record (MBR) and Supplemental Security Record (SSR) of the SSA.

Most states also systematically collect additional data on workers compensation cases as the cases progress through the system. There typically are periodic reports indicating the weekly amounts and durations of various types of workers compensation cash benefits, the existence and resolution of issues of the severity of the injuries, and the ultimate resolution of the cases. In some states, there are also reports on the medical treatment provided to the injured workers.

Workers compensation data has been used extensively in the past to examine return-to-work rates of claimants (Gardner 1991; Cole, Mondloch, and Hogg-Johnson 2002; Mayer et al. 2002; Blackwell et al. 2003;) as well as to evaluate the ability of workers compensation to adequately replace wages lost due to disability (Berkowitz and Burton 1987; Reville et al. 2001; Reville et al. 2002). In addition, workers compensation administrative data has been used to examine policy changes (Wickizer et al. 2001) and the adequacy of physician impairment ratings (Park and Butler 2000).

Research Design

To examine whether potential DI recipients can be identified at the time of their work injury, this project will collect data on all workers compensation indemnity claims from the state of Rhode Island for the period between January 1, 1992, and December 31, 2002. Indemnity claims are those that involve at least three days of missed work time and exclude cases in which only medical benefits are paid, as these are minor injuries unlikely to result in DI participation. It is anticipated that this data set will exceed 72,000 cases and will allow researchers to make statistically significant conclusions about what variables predict future enrollment in the DI program.

In Rhode Island, as in most states, when a worker is injured on the job, a first report of injury is filed with the Department of Labor and Training that includes basic details about the nature of the injury, descriptive information about the worker and place of employment, and a preliminary assessment of the severity of the condition. In Rhode Island, these data are stored electronically and are updated with information on the duration benefits were paid, the total amount paid, and when the case was closed. These data give researchers a solid source of information on work injuries and injured workers that can be used to draw conclusions about the makeup of the population of injured workers in Rhode Island.

Rhode Island was selected for two important reasons. First, the Rhode Island workers compensation program was among the leaders of states in converting workers compensation files and data to electronic forms. Other states, such as New Jersey, have only recently developed such electronic records, which means that data for several back years are not available. Second, Rhode Island has already agreed, in principle, to make these files available to the research team and has already provided a sample of one month of data for preliminary testing. Thus, once funded, this project will have only minimal bureaucratic hurdles to overcome in accessing the full data set.

Conclusions

It is anticipated that, after the subset of injured workers who receive DI benefits has been analyzed and compared with injured workers who do not enter the DI program, two important conclusions can be made.

The first conclusion will assess whether of workers compensation data can be used to predict which workers compensation beneficiaries will have a future involvement in the DI program. No such study has ever been attempted and it is not yet known whether electronic workers compensation data can be used in such a manner to predict future program participation. By examining ten years of data from one state, the research team will be able to assess the value of first report of injury data and subsequent data from workers compensation agency records to determine the ability to predict which workers compensation beneficiaries will subsequently apply for and, or, receive benefits. The analysis will also help determine what additional information on workers compensation beneficiaries may be necessary for this type of early-early identification of subsequent DI applicants. This information will guide future researchers, as well as states, as they continue to convert their workers compensation systems to an electronic format. It is anticipated that the results of the Rhode Island pilot study will provide information that will facilitate studies in additional states concerning the predictive power of workers compensation data and the value of early-early intervention to keep people off of the DI rolls.

The second anticipated conclusion from this project involves identifying the characteristics of workers compensation recipients who eventually will enter the DI program. This information will help the SSA decide whether the use of workers compensation records to identify subsequent applicants and thus provide rehabilitation and return to work services to workers shortly after workplace injuries occur is a strategy worth pursuing. The research team will be able to analyze the ten years of case file data from Rhode Island, and the matching data set from the MBR to determine what variables predict that an injured worker will one day enter the DI rolls. In addition, once researchers can predict which injured workers are more likely to enter the DI program, policy makers can tailor return to work and rehabilitation services to them so that they can be reached before applying for DI and can return to work without ever entering the DI program. This will not only put people who can and want to work back on the job, but also reduce the number of DI cases and help reduce the burden on the DI trust fund.

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