Opportunities for States to Help Workers with Medical Conditions Keep Their Jobs

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● Problem: every year hundreds of thousands of US workers stop working because of *preventable* disabilities
  – Their medical conditions lead to work disability because they do not get evidence-based services and support
  – Costs to workers, the US economy, and federal and state governments are huge

● The federal government has started to enlist states in an effort to address this problem
  – The RETAIN demonstration is the first major opportunity for states
  – Others are likely to follow in the future
  – PAY ATTENTION!
Today’s support “system” for workers with significant medical problems

Disability Determination Service (DDS)

SSA Field Office

Private Providers

American Job Center

Vocational Rehabilitation

Apply for SSDI

Refer to SSDI

Denied

SSDI

Ticket to Work

Work
Fragmentation, gaps, and misaligned incentives push workers toward SSDI
Fundamentals

- 2.7 million workers apply for SSDI (FY 2016)
- 706,000 awarded
- Little government help for keeping jobs
  - No federal agency tasked with preventing job loss
  - States not traditionally focused on such workers
  - Incentives for employers are limited
  - Physicians focus on treatment, not function
The cost of not preventing needless work disability is high.

- State government: $83,172
- Federal government: $292,018
- Employee: $421,642
Research findings

- Many workers are “falling through the cracks”
- Business case for taking action is:
  - Challenging for private sector
  - Stronger for states
  - Strongest for federal government
- Substantial evidence on what works—but only in specific contexts
Why should state governments care?

- Help workers and families prosper
  - They are the biggest winners
- Benefits employers, state competitiveness
- Improve state government’s fiscal health (?)
- States have the capabilities:
  - State agency tools
  - Ability to engage with the private sector
    - Employers and workers
    - Health care systems and other service providers
Immediate opportunity:

● RETAIN Demonstration
  – Retaining Employment and Talent after Injury/Illness Network
  – Federal investment in addressing the problem
    ▪ Department of Labor (DOL), with the Social Security Administration (SSA)
  – 5-year cooperative agreements with State Workforce Development Agencies and their partners
    ▪ Phase 1: $2.5 million for each of 8 states to develop and pilot
    ▪ Phase 2: $19.75 million for each of 4 states to fully implement and test

● Applications due on July 23

https://www.dol.gov/odep/topics/SAW-RTW/how-to-apply.htm
RETAIN (cont.)

- **Goals:**
  - Increase retention of workers with medical conditions/prevent needless work disability
  - Reduce entry into Social Security Disability Insurance (SSDI)

- **Target population:** workers with medical conditions that put them at high risk for needless progression to work disability
  - Whether or not condition is job-related
Promising approaches that states may adapt to their own environment

- Monitoring and coordination of services
- Training and incentives on best practices
  - E.g., around pain management
- Early return to work support
- Work-place interventions
- Retraining and re-employment
States can leverage:

1. Workforce development system
   a. American Job Centers
   b. Vocational rehabilitation
2. Health agency
3. Workers’ compensation (public or private)
4. Disability insurance and workers’ compensation for state and local employees
5. Temporary disability insurance
6. Large health systems
The future: RETAIN success would set the stage for fixing the SSDI application process.
State-led Employment/eligibility Service (EES) System

- Integrates functional employment support system with SSA’s disability determination process
- Replaces hypothetical assessment of inability to work with a real test of ability to work with support

Intent of EES Employment Supports

√ Better outcomes for workers
  - Avoid economic loss and social isolation

× Deny disabled workers the benefits to which they are entitled
Recent EES developments

- **Office of Management and Budget:**
  - How could EES be tested under current demonstration authority?
  - Must be voluntary

- **At OMB’s instigation, we are developing a preliminary demonstration design**
  - Goal 1: within current demonstration authority
  - Goal 2: bi-partisan support
Conclusion

- U.S. support system for workers with significant medical conditions is weak
- Strong federal interest in improving
- Promising approaches exist
- Success requires that states play a leading role
- RETAIN is the first major opportunity for states
- There will be more in due course!
- PAY ATTENTION!
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Selected References


