

Vermont Legislative Joint Fiscal Office

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ISSUE BRIEF

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The Social Security Disability Insurance Program in Vermont: Mental Health Disorders and Musculoskeletal Conditions Account for More than Two-Thirds of Beneficiaries

Summary

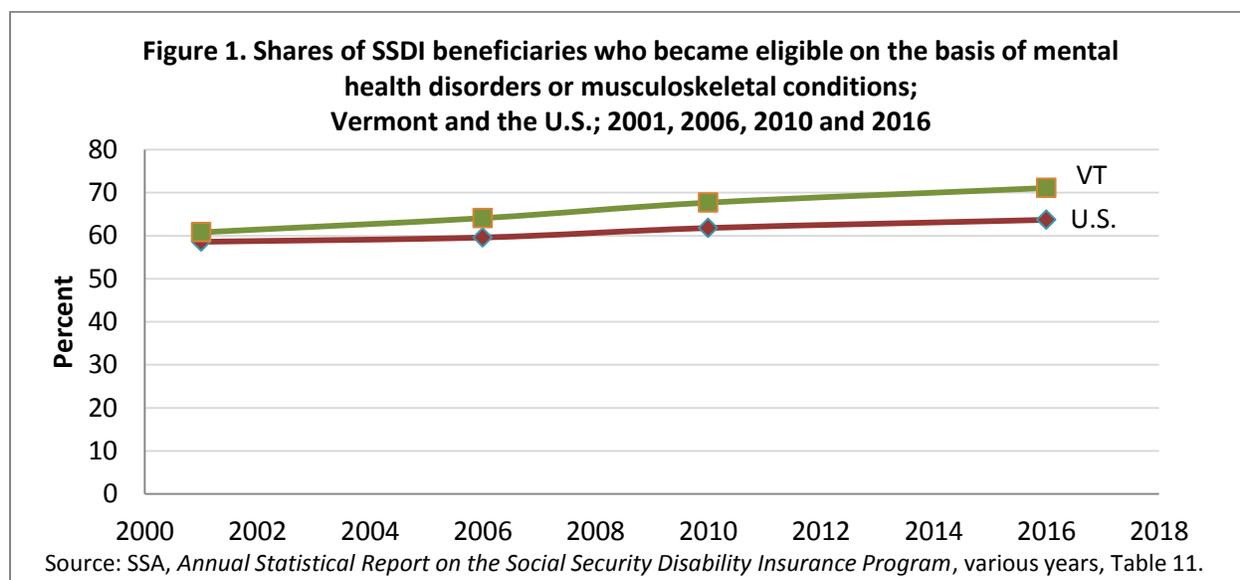
- Nearly 26,000 Vermonters, or 6.2 percent of the population ages 18-64, were on the Social Security Disability Insurance (SSDI) program in December 2016. Across the country, the share was 4.7 percent.
 - At the time of eligibility, the primary diagnosis for 71 percent of Vermont's beneficiaries was either mental health disorders (46 percent) or diseases of the musculoskeletal system and connective tissue (25 percent).
 - Vermont is among the five New England states that have the highest shares of beneficiaries with those two primary diagnoses at the time of eligibility in the United States; only New Hampshire and Massachusetts surpass Vermont in their share of beneficiaries with those two diagnoses.
 - Since 2001, Vermont's share of beneficiaries who qualified based on mental health conditions has increased 6 percentage points; that share for the country as a whole fell 2 percentage points.
- Because most people on SSDI do not work, the size of Vermont's workforce is affected by the number of people on the program; in particular, younger people who qualify based on mental health disorders may be out of the workforce for many years to come.¹
- Based on nationwide data, the share of new SSDI awards based on mental health conditions has increased from 8 percent in 1960 to 15 percent in 2016. Younger workers are more likely to qualify for the SSDI program on the basis of mental health conditions.
 - The share of new awards in the U.S. based on musculoskeletal conditions rose from 8 percent in 1960 to almost 37 percent in 2016. Older workers are more likely to qualify on the basis of musculoskeletal conditions.

Primary Diagnosis Groups for Eligibility among All SSDI Beneficiaries: Vermont and the U.S.
Eligibility for the Social Security Disability Insurance (SSDI) program depends on two factors:

¹ For earlier work on this subject, see Manchester, "Northern New England's Young Adults and the Social Security Disability Insurance Program," Federal Reserve Bank of Boston, *Community Banking*, Fall 2016, available at <http://www.leg.state.vt.us/ifo/reports/Comm%20Bnking%20article%20fall2016.pdf>.

1) sufficient work history; and 2) physical or mental disabilities severe enough to prevent an individual from working for at least 12 months.

Among the 25,738 Vermonters on the SSDI program in December 2016,² more than two-thirds (71 percent) became eligible for the program on the basis of mental health disorders or diseases of the musculoskeletal system and connective tissue (see Figure 1). That share was 61 percent in 2001. The combined shares of five of the New England states in 2016 are similar to Vermont's, and those states hold positions 1 through 5 among the 50 states and the District of Columbia. Vermont is surpassed only by New Hampshire and Massachusetts at about 72 percent. Connecticut comes in at position 9 with 67 percent. For all SSDI beneficiaries in the United States and its outlying areas and territories, the combined share is about 64 percent, up from 59 percent in 2001.³



Among the remaining 29 percent of beneficiaries in Vermont, the primary diagnoses groups at the time of eligibility included diseases of the nervous system and sense organs such as epilepsy or blindness; diseases of the circulatory system; injuries; or endocrine, nutritional and metabolic diseases. A number of individuals also qualified on the basis of neoplasms (cancer) or diseases of the respiratory or digestive systems (see Appendix Figure).

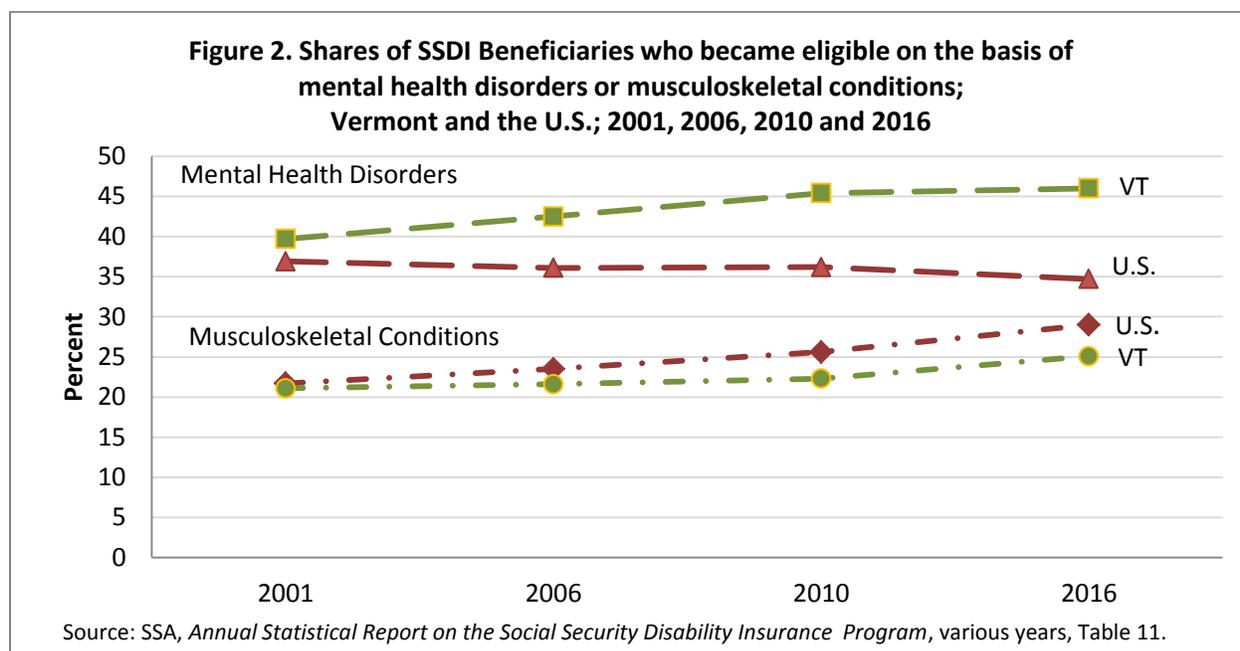
Mental Health Disorders. Vermont has a larger share of SSDI beneficiaries who became eligible on the basis of mental health disorders than the country as a whole, and its share has increased steadily since 2001. In Vermont in December 2016, 11,840 individuals or 46 percent of all SSDI

² In 2016, 6.2 percent of Vermonters ages 18-64 were on the SSDI program whereas the nationwide share was 4.7 percent. Four other New England states had higher-than-average shares as well: Maine at 7.7 percent, New Hampshire at 6.1 percent, Rhode Island at 6.0 percent, and Massachusetts at 5.5 percent. Connecticut was the only New England state with a lower-than-average share at 4.0 percent.

³ For the remainder of this Issue Brief, the term U.S. will refer to the United States and its outlying areas and territories.

beneficiaries had first become eligible on the basis of mental health disorders, up from 40 percent in 2001 (see Figure 2). Among all beneficiaries in the United States and its outlying areas and territories in 2016, that share is about 35 percent and has fallen from 37 percent in 2001.

Diseases of the Musculoskeletal System and Connective Tissue. Vermont has a somewhat smaller share of SSDI beneficiaries who became eligible on the basis of musculoskeletal conditions than the country as a whole. Among all SSDI beneficiaries in Vermont in 2016, 6,456 people or 25 percent had first become eligible on the basis of musculoskeletal conditions (again see Figure 2). That share in 2001 was 21 percent. The share of beneficiaries in the United States and its outlying areas and territories who became eligible on the basis of musculoskeletal conditions was somewhat higher at 29 percent.



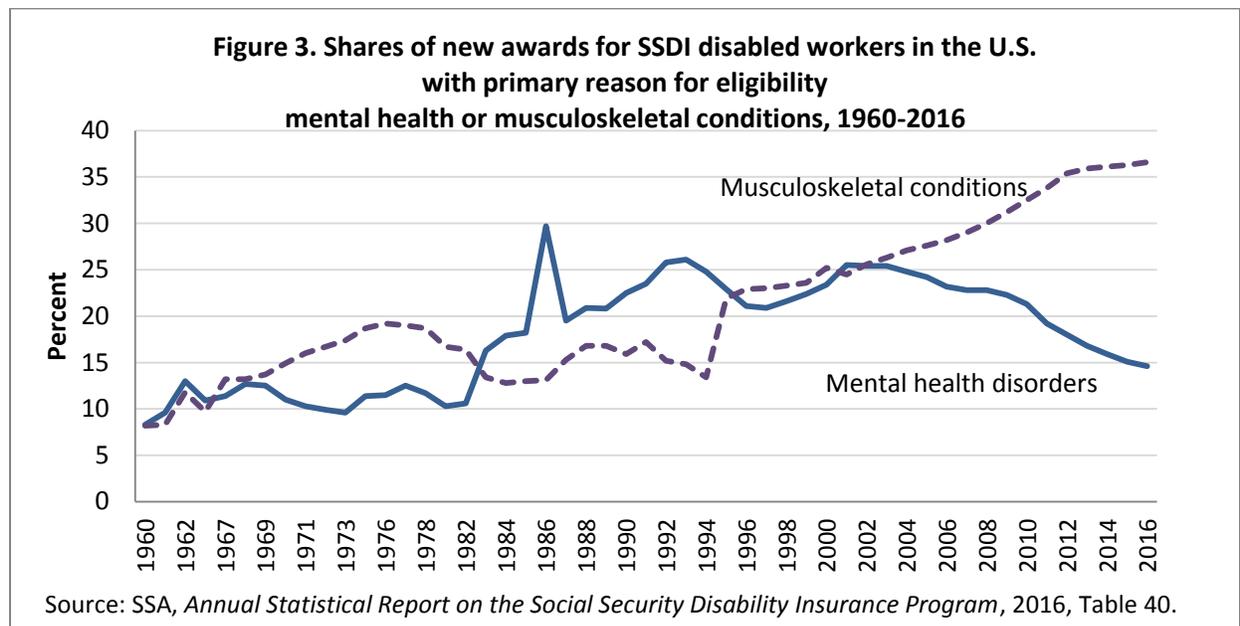
Implications for Vermont’s Workforce

Vermont and the other New England states have relatively large shares of SSDI beneficiaries who qualified on the basis of mental health disorders. The share of people with mental health disorders on SSDI, especially younger people, should be considered in discussions of Vermont’s workforce because most beneficiaries do not work. In 2016 nationwide, about one-half of one percent of disabled workers had some benefits withheld because they earned more than the monthly Substantial Gainful Amount of \$1,820 for blind beneficiaries or \$1,130 for non-blind beneficiaries. Moreover, beneficiaries with mental health diagnoses are likely to stay on the program for many years.

Primary Diagnosis Groups for New SSDI Awards to Disabled Workers: The United States

The shares of SSDI beneficiaries discussed above represent people who came onto the program recently as well as decades ago. To get a picture of the primary diagnoses for people who were newly awarded SSDI benefits in 2016, we use detailed statistics on new awards to disabled workers in the United States and its territories. Disabled workers receive SSDI benefits based on their own work history, not because they have a spouse or parent with sufficient work history. Such detailed data are not available for Vermont alone.

In 1960, about 8 percent of new SSDI awards for disabled workers in the U.S. and its territories were made on the basis of mental health disorders, but that share has risen and then fallen somewhat over time (see Figure 3). Especially in the 1980s and early 1990s, rules about eligibility have changed in various ways such that eligibility on the basis of drug or alcohol addiction alone is no longer allowed, and more subjectivity in the decision-making process can be used as evidence of the inability to work. In 2016, almost 15 percent of new awards in the U.S. were to people with mental health disorders after peaking at about 30 percent in 1986. About 8 percent of new awards in 1960 were also made on the basis of diseases of the musculoskeletal system or connective tissue. That share was also affected by the change in rules regarding eligibility in the 1980s and early 1990s. Since reaching 22 percent in 1995, the share of new awards to people with musculoskeletal conditions has risen steadily to almost 37 percent in the U.S.



Of course, those shares are influenced by the age distribution of the population of working age people who can apply for SSDI benefits. Older people are more likely to be eligible on the basis of musculoskeletal conditions, and younger people are more likely to be eligible on the basis of mental health conditions.

In fact, 48 percent of people under age 35 who became SSDI beneficiaries in 2016 qualified on the basis of mental health conditions but only 11 percent on the basis of musculoskeletal conditions (see Figure 4). Those percentages were reversed for people ages 50 to 65. Just 8 percent of the older workers became eligible on the basis of mental health conditions, but almost 43 percent of those older workers qualified on the basis of musculoskeletal conditions.

