

Recent legislation has affected the populations served by the Social Security Administration's (SSA's) disability programs. The Contract with America Advancement Act of 1996 mandated that persons whose disability determination was based on drug addiction or alcoholism be removed from the Supplemental Security Income and Social Security Disability Insurance rolls. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (later amended by the Balanced Budget Act of 1997) tightened the SSI eligibility criteria for children and converted the Aid to Families with Dependent Children program into a block grant, Temporary Assistance for Needy Families. This article describes the design of three related studies evaluating the direct and indirect effects of these policy changes on SSA's disability populations. It describes the methodological challenges of the studies and the strategies used to overcome them. It also presents early evidence from the three studies and discusses future directions.

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## ***The Effect of Welfare Reform on SSA's Disability Programs: Design of Policy Evaluation and Early Evidence***

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### ***Summary***

During the past several years, the U.S. social safety net has gone through substantial changes involving an emphasis on personal responsibility and incentives, the shift of certain responsibilities to the states, and new limits on entitlements for benefits. Two pieces of recent legislation affected the Social Security Administration's (SSA's) disability programs. Section 105 of Public Law 104-121, enacted on March 29, 1996, mandated the removal of persons from the Supplemental Security Income (SSI) and Social Security Disability Insurance (DI) rolls for whom drug addiction and alcoholism (DA&A) were material to the determination of disability. It eliminated allowances on the basis of DA&A immediately and required the termination of benefits to all persons receiving benefits at the time of enactment.

The other major piece of legislation was the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, which was later amended by the Balanced Budget Act (BBA) of 1997. PRWORA converted the Aid to Families with Dependent Children (AFDC) program from an open-ended entitlement program into a block grant, Temporary Assistance for Needy Families (TANF), incorporating time limits on the receipt of benefits as well as strict work requirements. PRWORA also tightened child eligibility for SSI, narrowed eligibility for noncitizens, and reduced funding for food stamps. The BBA restored SSI eligibility for noncitizens receiving SSI prior to

August 1996 and for legal noncitizens residing in the United States prior to August 1996 who become disabled in the future.

SSA designed three studies to assess the effects of this legislation.<sup>1</sup> Two of the studies focused on direct effects on SSA's disabled beneficiary population, targeting drug addicts and alcoholics and SSI children. The third study focused on the indirect effects of PRWORA, particularly the replacement of AFDC with TANF, on SSA's programs. The three studies were tied together by a concern of the overall effects—direct or indirect—of the legislative changes on SSA's beneficiary populations and a host of interrelated evaluation issues.

The key methodological challenge of these evaluations is the nonexperimental nature of the evidence. The legislative pieces mandating the changes designed to affect SSA's target populations were implemented nationally, without prior demonstration projects. Nonexperimental strategies, such as comparison group designs, must therefore be used to measure the effects of interest.

Other challenges relate to the time frames. Since implementing the changes requires a certain amount of time, and outcomes are realized over a period of time after that, the information that can be made available to interested policymakers in the short run is inherently limited to descriptive data on the populations affected and to impressionistic evidence from case studies and process study analyses. The timing problem is particularly

acute with respect to measuring the indirect effects of replacing AFDC with TANF, because the most important likely effects will occur over a period of several years, and this time frame may substantially vary across states as a result of the decentralized nature of TANF programs.

Finally, the analyses that can be conducted are constrained by the lack of relevant data from existing surveys. Administrative record data alleviate the need for survey information for some purposes, but the lack of survey data still seriously constrains the analyses that can be done in the short term.

Because of these methodological challenges, SSA designed an evaluation strategy that uses several methods and data sources, including quantitative analyses of data from surveys and administrative records (particularly data from the Survey of Income and Program Participation, or SIPP, matched to data from administrative records) and qualitative analyses through case studies. The study designs, discussed in greater detail below, are fundamentally shaped by the distinction between the direct effects of the legislative changes on SSA's target populations (provisions directly affecting drug addicts and alcoholics—both DI and SSI cases—and SSI children) and the indirect effects of replacing AFDC with TANF. The two studies focusing on SSI children and drug addicts and alcoholics include an evaluation of net outcomes based on administrative records. In contrast, realizing that it may take several more years for the shift from AFDC to TANF to have observable effects on SSA's disability programs, the study of the indirect effects of welfare reform on SSA programs was designed to provide baseline analyses only and focused on design options and data needs for a possible future net impact evaluation.

An innovative feature of the studies is the use of SSA administrative data as a source of descriptive and net outcome analyses. These data systems contain detailed information on the program experience of both SSI and DI beneficiaries on a monthly basis in terms of benefit receipt and amounts, as well as a number of other characteristics of disability beneficiaries and applicants. Annual Social Security covered earnings and demographic information (birth and death events) is also available on a population basis. The utility of SSA administrative records data for these purposes has been demonstrated by the Project NetWork Case Management Experiment designed to facilitate employment among individuals with severe disabilities (Rupp and others 1999).

Administrative records are particularly useful for evaluating interventions where the target population is defined in narrow programmatic terms, such as in the evaluations of the DA&A population and SSI children. Survey data sets matched to SSA administrative records can be very useful when the interest is in putting SSA's target populations in a broader context (Rupp and Davies 1999). This is particularly the case with respect to analyzing the indirect effects of welfare reform on SSA's disability populations. Under an agreement with the U.S. Census Bureau, the Social Security Administration has matched numerous panels of the SIPP to SSA administrative records. SSA is using these data in its evaluations when appropriate.

## ***I. Evaluation of Legislative Changes Affecting Drug Addicts and Alcoholics***

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Prior to 1996, to receive Supplemental Security Income or Disability Insurance benefits, drug addicts or alcoholics had to receive payments through a representative payee and participate in a treatment program. On March 29, 1996, Congress enacted Public Law (P.L.) 104-121, which contained more restrictive provisions for DA&A cases. Beginning with the day of enactment, SSA ceased to award SSI and DI benefits to individuals whose drug addiction or alcoholism played a significant role in their disability. As of January 1, 1997, the law also terminated eligibility of DA&A beneficiaries receiving SSI and DI at the time of enactment, unless they specifically appealed the termination. Individuals who appealed on or before July 29, 1996, and who had received no medical determination prior to December 31, 1996, continued to receive benefits while they waited for the initial decision. In the event that the medical determination found no disability, SSA terminated benefits immediately.<sup>2</sup>

The focus of the evaluation was to follow up on DA&A cases that were targeted for termination. The evaluation was largely based on a quantitative analysis of SSA administrative records, supplemented by case studies conducted in four states (California, Kentucky, Michigan, and Pennsylvania) and other data sources when available—most notably a data set compiled by Maximus, Inc., on Referral and Monitoring Agencies.

The quantitative analysis was designed as a followup study of the approximately 209,000 SSI and DI cases that were targeted for mailings in June and July of 1996. These records were matched to monthly information derived from two major SSA administrative record databases—the Supplementary Security Record (SSR) and the Master Beneficiary Record (MBR). The followup period was from March 1996 through December 1997. Monthly information on payment eligibility (whether SSA deemed the person eligible to receive either SSI or DI benefits) was available for that period. This concept of payment eligibility does not necessarily reflect information on actual payments (paid status) because actual payments may also reflect underpayments or overpayments. Fortunately, both payment eligibility status and paid status were available for SSI recipients. This distinction is important because divergences in the two series are likely to be associated with the implementation of the legislation. In addition to the data from the SSR and MBR, data from the Master Earnings File were also available to characterize the Universe file<sup>3</sup> by prior earnings history.

These administrative data facilitated the description of the study universe at the baseline (March 1996) and end-point (December 1997) of the observation period. It also allowed for a detailed description of payment histories during that period. By comparing the beginning and ending months of the data series, one can measure gross change but not the net effect of the legislation. In order to measure net change, one needs to develop a counterfactual scenario reflecting the normal attrition

that would have occurred in the absence of the legislation. In this study, the counterfactual was created by secondary analysis of caseload dynamics studies conducted by Rupp and Scott (1995, 1996) for SSI, and Hennessey and Dykacz (1989, 1993), Dykacz and Hennessey (1989), and Bye and others (1987) for DI.

SSA implemented an evaluation design through a contract with the Lewin Group. The following summary of key findings is based on the final report under that contract (Stapleton and others 1998). Administrative data identify the beneficiaries who were targeted by the legislation.

In June and July 1996, SSA mailed notices to over 209,000 DA&A beneficiaries, informing them of the pending termination of their benefits and their right to appeal. The targeted DA&A beneficiaries accounted for approximately 2.6 percent of all DI and SSI disabled adult beneficiaries at the time. Of the DA&A beneficiaries, 57 percent were SSI eligible only, 22 percent were concurrently eligible for SSI and DI, and 21 percent were DI eligible only.

The characteristics of beneficiaries targeted by the legislation are as follows: most were male (73 percent); a large share (about 40 percent) were black; a large share (almost 39 percent) were aged 40-49; very few SSI cases were noncitizens; 84 percent had been eligible for benefits for 5 or fewer years; and a very large share of SSI cases had a psychiatric impairment. The administrative data also show that the targeted beneficiaries had very limited earnings histories in covered employment. The analysis of supplementary data collected by Maximus, Inc., in 43 states suggests that the majority had low levels of education, few had technical training, many had criminal histories (only 8.8 percent had no criminal history), and only a few had children.

Chart 1 indicates changes in the proportion of the March 1996 DA&A cohort of SSI recipients in terms of both payment eligibility and paid status. From March 1996 through December 1996, both the proportion who were paid and the proportion who were payment eligible remained relatively constant. Between December 1996 and January 1997, the proportion who were payment eligible dropped dramatically from 77.3 percent to 24.9 percent—by 52.4 percentage points. This drop reflects the termination of payment eligibility called for by the law. However, the percentage who were paid dropped substantially less, reflecting the fact that the law allowed recipients who appealed their benefit termination by July 29, 1996, to continue to receive benefits while awaiting the initial decision on their appeal. Between January 1997 and December 1997, the two series

converged, reflecting the progress of the appeals process. This chart suggests, even without a counterfactual, that the legislation had a substantial effect on the targeted cohort of beneficiaries.

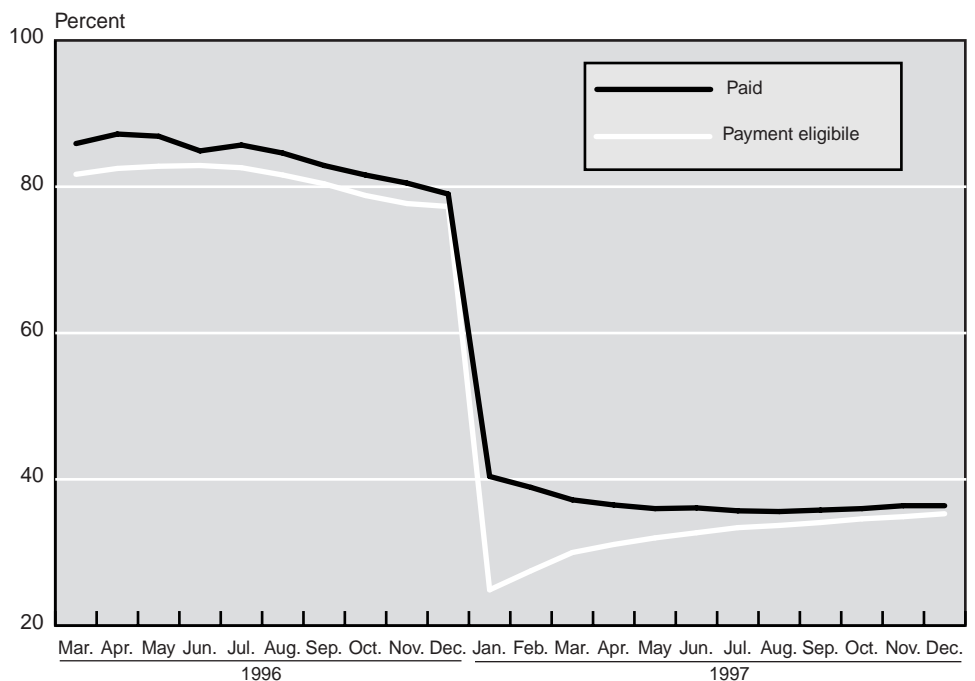
The following tabulation confirms that the legislation had substantial effects on the targeted DA&A recipient population. The tabulation provides an estimate of net terminations that occurred between March 1996 and December 1997 attributable

Net terminations between March 1996 and December 1997 attributable to the DA&A policy change

Description	Total
Targeted cases in March 1996.....	209,374
Payment-ineligible cases:	
Number.....	20,208
Percent of targeted cases.....	9.70
Payment-eligible cases .....	189,166
Counterfactual payment-eligible cases in December 1997:	
Number.....	174,532
Percent of targeted cases.....	83.40
Medically eligible cases in December 1997:	
Number.....	71,293
Percent of targeted cases.....	34.10
Percent of counterfactual payment-eligible cases.....	40.80
Terminations attributable to policy change:	
Number.....	103,239
Percent of targeted cases.....	49.30
Percent of counterfactual payment-eligible cases.....	59.20

Source: Stapleton and others (1998).

Chart 1.—Monthly eligibility status of the cohort of DA&A SSI recipients who were payment eligible in March 1996



Source: Stapleton and others (1998).

to the policy change. As of December 1997, the estimates suggest that almost half (49 percent, or approximately 103,000 individuals) of all targeted beneficiaries who were sent notices in 1996 lost their eligibility (and did not have it reinstated) as a result of the policy change. This figure is derived from the difference between the estimated number who would have been payment eligible in December 1997 under the counterfactual scenario of no policy change (about 175,000 persons, or about 83 percent of targeted cases) and the number who were medically eligible in the same month. (In December 1997, about 71,000 persons, or about 34 percent of all targeted beneficiaries who were sent notices in 1996, were medically eligible.) The magnitude of the net effects comes very close to the drop displayed in chart 1, showing the period from before the policy change to after it. This reflects the fact that, in this population, normal attrition (counterfactual terminations) tends to be small.

The probability of retaining eligibility in December 1997 was related to various characteristics of the March 1996 cohort. Those receiving only SSI were most likely to retain benefits. Women were slightly more likely to retain eligibility than were men. The youngest had the highest risk of losing eligibility. Individuals with no criminal backgrounds were more likely to retain eligibility than individuals who had been charged with one or more offense(s). Most of the SSI DA&A cases who retained medical eligibility in December 1997 (almost 60 percent) did so on the basis of a psychiatric impairment.

In summary, the evaluation results show that, consistent with the legislative intent, the DA&A legislation had a substantial effect on the proportion of targeted recipients who lost eligibility for payments. However, these changes had only a very small effect on the size of SSA's disability programs as a whole, reflecting the fact that the targeted recipients accounted for only 2.6 percent of beneficiaries receiving DI and disabled adults receiving SSI at the time.

## ***II. Effect of Welfare Reform on SSI Benefits for Disabled Children***

On August 22, 1996, the President signed P.L. 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act, which substantially tightened the statutory definition of disability for children under the SSI program. The act eliminated the individualized functional assessment (IFA) as well as any reference to maladaptive behavior in the Listing of Impairments. It also provided a new disability definition unique to children: "a medically determinable physical or mental impairment or combination of impairments that causes marked and severe functional limitations" (Social Security Administration 1998). SSA was required to conduct redeterminations within 12 months of enactment for all SSI children who had qualified through an IFA or on the basis of maladaptive behavior. All childhood applications subsequent to PRWORA were to be evaluated against the new eligibility criteria. The legislation also required that individuals who had been eligible for SSI as

children be reassessed for eligibility against the adult disability criteria upon reaching age 18. The Balanced Budget Act of 1997 extended the time period for completing initial redeterminations and provided grandfathered Medicaid coverage for children who lose SSI benefits as a result of PRWORA.<sup>4</sup>

In November and December 1996, SSA sent notices to approximately 264,000 children to inform them that their SSI eligibility was subject to redetermination. About 60,000 age-18 cases were sent notices regarding their medical redetermination against the adult disability criteria. Original estimates indicated that 135,000 children would lose SSI eligibility. As of July 31, 1999, nearly 104,000 children had been found no longer eligible for SSI (Social Security Administration 1999). However, of those cases, a substantial number of initial cessations are still under appeal. Current estimates suggest that once all appeals are completed, fewer than 100,000 children will lose SSI eligibility because they do not meet the new definition of disability for children as established by PRWORA.

The purpose of the evaluation is to answer a number of questions about the childhood and age-18 cases subject to redetermination and to estimate the net impact of welfare reform (PRWORA and BBA, collectively) on SSI caseloads and costs.<sup>5</sup>

Specifically:

- What are the characteristics of the children who are affected by the legislation?
- What is the impact of the legislation on children with disabilities who were receiving SSI benefits prior to welfare reform?
- What happens to these children in terms of their family income, living arrangements, use of medical services, and other relevant outcomes?
- What is the net impact of welfare reform on the childhood SSI caseload and program costs, taking into account both terminations and new allowances?

The evaluation consists of descriptive analyses and quantitative analyses using administrative data, additional quantitative analyses using publicly available survey data, and qualitative analyses of service providers, affected children, and their families. SSA awarded a contract to RAND in September 1997 to conduct the evaluation, which is ongoing.

To develop answers to the second and third questions listed above, SSA asked the contractor to conduct two different types of analyses. The first uses available survey data to examine the impact of losing SSI benefits on various outcome measures, such as total family income, access to and use of health care services, and parents' labor force participation. The contractor selected for this purpose the Census Bureau's Survey of Income and Program Participation.<sup>6</sup> The 1990-93 and 1996 panels of the SIPP will be combined in order to obtain a large enough sample of SSI children (who lost benefits) to conduct a difference-in-differences analysis. SSI children who lose benefits after welfare reform will be compared with SSI children who do not. A similar comparison will be made for SSI children

prior to welfare reform. The difference in these differences will indicate the net effect of welfare reform, accounting for normal attrition due to medical improvement or improvement in the child's (family's) financial situation.

The second type of analysis examines the impact of welfare reform on SSI children and their families based on qualitative data collected through two rounds of cases studies. The case studies conduct unstructured interviews with the families of affected children, SSA field office personnel, and other local service providers. The family interviews provide information on the impact of losing SSI benefits, but for a sample that is not statistically representative. The interviews with service providers are designed to gather information about the perceived impact of welfare reform on SSI children and their families based on the experiences of the service providers in implementing the provisions of welfare reform.

The case studies were conducted at five sites in four states (Los Angeles and Fresno, California; New Orleans, Louisiana; Hartford, Connecticut; and Detroit, Michigan). These locations were chosen because they differed across important dimensions, such as caseload characteristics and policy environment. SSI children who had lost benefits as of January 31, 1998, were divided into five strata on the basis of age and type of impairment. A small sample in each strata was then randomly selected for interview.<sup>7</sup>

In all, 44 families of SSI children were interviewed and asked about their experiences with the redetermination process and about how losing SSI benefits affected their family income, health care arrangements, living arrangements, and other relevant issues. The findings from the case studies illustrate the types of experiences that families have had with the redeterminations under welfare reform. They will help to inform

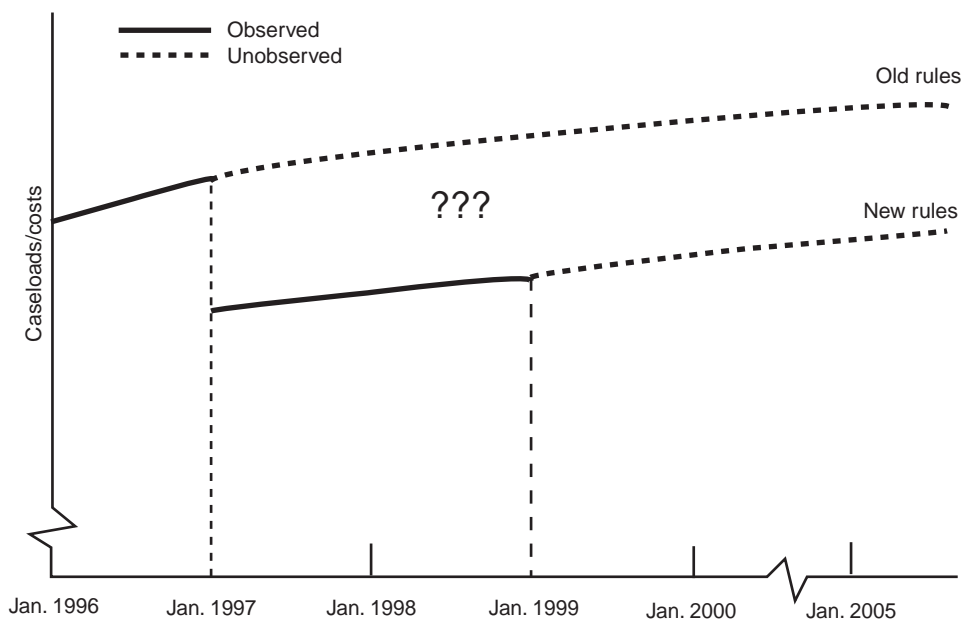
the development of the quantitative net impact analyses (described below) and to aid the interpretation of the quantitative results. The first round of case studies was conducted in August, September, and October 1998. The second round, in which followup interviews were conducted with many of the respondents from the first round, was implemented in September and October 1999.

The findings from the first round of case studies are very informative (complete results can be found in Inkelas and others 1999). Most of the interviewed families stated that they understood the SSI changes brought about by welfare reform, but they found the redetermination process itself to be very complex, particularly their rights to appeal and to continue receiving benefits during appeal in the event of an unfavorable redetermination decision. Although the BBA

grandfathered Medicaid benefits for this group of children, many of the children in interviewed families lost Medicaid at some point during the redetermination or appeals process. Many of the interviewed parents entered the labor force or increased work hours due to the loss of SSI benefits for their child; however, total family income still declined for most. Others suffered greater reductions in total family income after SSI benefits were lost because work hours had to be reduced in order to meet child care demands. Finally, many families turned to other public assistance programs to replace lost SSI income. The second round of case studies should prove to be very useful, given that it will follow up on these same families 1 year after the initial interview.<sup>8</sup>

To evaluate the net impact of the welfare reform legislation on SSI caseloads and program costs, outcomes under the new rules must be compared with what the outcomes would have been under the old rules. Chart 2 illustrates the estimation problem. The counterfactual outcomes under the old rules will be predicted based on models of intake rates, continuation rates, and benefit amounts using observed data through the point of welfare reform. Outcomes under the new rules will be observed in the administrative data; however, since SSA has asked the contractor to project net outcomes for each year from 1997 through 2006, some of the outcomes under the new rules will have to be predicted as well (primarily for cases still under appeal and for new applications under the new rules). This is a very challenging estimation problem that requires the use of nonlinear estimation techniques, simulation modeling, and a tremendous amount of SSA administrative data. Monthly data from the early 1970s to the present will be combined from several of SSA's administrative databases, including the Supplemental Security Record, the 831 extracts

Chart 2.—Illustration of the estimation problem in evaluating the effect of the 1996 welfare reform legislation on SSI childhood caseloads and program costs



Note: Figure derived from Rogowski and others (1998).

from the National Disability Determination Services System, and the Social Security number identification files, to conduct the net impact analyses (see Rupp and Davies 1999 for additional information on these administrative data files). Final plans for the analysis of the net impact of welfare reform on SSI children are still being developed (Rogowski and others 1998).

### III. Effects of Welfare Reform on SSA's Programs: Baseline Analyses and Evaluation Design

As described earlier, the conversion of the AFDC program to the TANF program under PRWORA may have indirect effects on SSA's programs. In addition to delegating administration of TANF to the states and requiring the implementation of strict work requirements, Congress imposed a lifetime limit on TANF assistance to a period of 2-5 years. The TANF program could increase the number of applications by disabled persons for SSI, which is administered by SSA. SSA consequently contracted with the Lewin Group to conduct a baseline analysis of the relationship between TANF and SSI applicants and recipients and to explore alternative ways to evaluate the impact of non-SSA welfare reform and the total effects of welfare reform on SSA programs. Because Congress implemented the legislation nationally, SSA could not carry out a controlled demonstration or experiment. Rather, SSA would have to identify the impact of welfare reform from statistical analysis and other sources.

The contract included a literature review, a review of ongoing evaluations of welfare reform, and site visits to two cities each in five states (California, Connecticut, Florida, Michigan, and Wisconsin). It also required the contractor to conduct baseline (that is, before welfare reform) analyses of the relationship between AFDC and SSI applicants and recipients using data for individuals and states. These analyses were to serve the dual purpose of establishing baseline relationships between program participants and exploring the extent to which national effects of the conversion from AFDC to TANF could be discerned with nonexperimental evaluation techniques. A discussion of the important findings of Lewin's analysis follows (see Stapleton and others 1999 for additional details).

The literature review informed SSA of the context of welfare reform and important influences to consider. Lewin's analysis suggests that the impact of reforms is more detectable

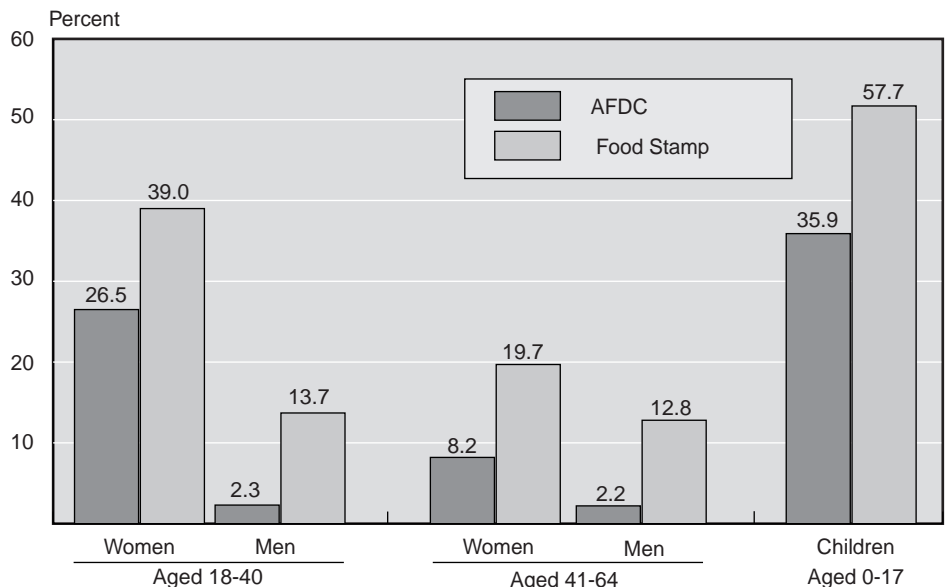
from the effects on applications and allowances than from those on caseloads or payments.

The site visits focused on information gathering from state and local administrators and others familiar with the TANF reforms on a local level. Similar to the key-informants approach in anthropological field studies, these contacts provide informed judgments on the reform's impact. Most informants expected little impact on SSI from the AFDC/TANF reform. This expectation partly reflects the states' practices before welfare reform that strongly encouraged the AFDC caseload to apply for available SSI benefits for the disabled. The limited expected impact also partly reflects the TANF time limit of 2-5 years, which for the most part has not yet been reached. The impact could be greater after the limit expires, as former recipients search for income sources, such as SSI.

The review of ongoing welfare reform evaluations identified efforts to collect data with which to monitor the impact of TANF reforms. Several of these collection efforts include information on SSI or SSI identifiers that can be matched to SSI administrative data. In a few states, evaluations under way involved a randomized experimental design beginning under waivers before Congressional welfare reform. The contractor recommended that SSA's best rigorous approach would be to gather data on the impact of welfare reform on the SSI program from these experiments.

Lewin used annual SSI administrative data to analyze state trends in SSI applications, allowances, caseloads, and benefits between 1988 and 1996. The analysis focused on statistical intercorrelations and trends across time connected with state characteristics, including major policy changes in AFDC. Lewin created descriptive time trends within selected states and highlighted major policy changes. They estimated a "fixed

Chart 3.—Family AFDC and Food Stamp participation by post-SIPP SSI applicants <sup>1</sup>



<sup>1</sup>Percentage of individuals who became SSI applicants within 5 years after their first SIPP interview, in families where one or more family member received AFDC or Food Stamp benefits in January of the year indicated. Data are from the 1990-93 SIPP panels matched to SSA administrative records.

Source: Stapleton and others (1999).



effects” regression model for all states with predictors such as geography, racial and ethnic composition, urban/rural location, education level, political climate, labor force participation rate, and trade employment per capita. In general, the analysis could not statistically detect an impact from major policy changes in specific states. This partly reflected the dynamic character of welfare changes over the past decade, starting well before PRWORA. In addition, Lewin’s judgment was that the trends from 1988 to 1996 would be unlikely to continue without legislation and that the statistical relations would therefore not serve as a baseline for an evaluation of welfare reform. They recommended that this type of analysis was informative and should be conducted, but indicated that such analysis would be unlikely to statistically measure the impact of welfare reform as a whole, or of specific changes in welfare policy, on the SSI caseload.

Lewin also analyzed individual data from the 1990-93 panels of the Census Bureau’s SIPP matched to monthly SSI administrative data in the Supplemental Security Record for 1974-98. The analysis described the SIPP-reported characteristics of SSI recipients in January of each panel. One important conclusion was that SIPP contained a sufficiently large sample to support separate descriptions of children, young adult men, young adult women, and older nonaged adults who were receiving SSI.

A significant relationship emerged between AFDC recipients and SSI applicants. Chart 3 illustrates program participation by age group and gender for individuals who applied for SSI benefits within 5 years after their first interview in the 1990, 1991, 1992, or 1993 SIPP panel. Over 26 percent of young women and nearly 36 percent of children who went on to apply for SSI benefits were in a family that received AFDC benefits during January of the relevant SIPP panel year. The percentages were somewhat higher for receipt of food stamp benefits by young women and children who subsequently applied for SSI. They were substantially lower, however, for receipt of AFDC and food stamps by men in both age groups and by older women. Table 1 shows that approximately 9 percent of AFDC children and of young adult female AFDC recipients observed in the 1990-93 SIPP panels first filed an SSI application between 1990 and 1997. An even greater percentage of young AFDC women and AFDC children have received SSI benefits since 1990. These relationships between AFDC recipients and SSI applicants observed in the SIPP are consistent with the observation by informants at site visits that many states strongly encourage the AFDC caseload to apply for SSI benefits.

Lewin concluded that statistical hazard models of SSI applications and allowances between 1991 and 1996 were unlikely to detect impacts of welfare reform on SSA programs. This is largely due to the instability created by previous changes in welfare policy in the early 1990s, rendering that period invalid as a baseline for analyzing the effects of PRWORA on SSA’s programs.

Table 1.—SSI reciprocity and applications by young AFDC women and AFDC children

[In percent]

Characteristic	AFDC women <sup>1</sup> aged 18-40	AFDC children <sup>2</sup> aged 0-17
Sample size.....	588	1,486
SSI reciprocity in other years: <sup>3</sup>		
Never a recipient.....	91.7	94.6
Pre-1984.....	.9	.1
1984-85.....	1.1	.3
1986-87.....	1.6	.4
1988-89.....	2.3	1.0
1990-91.....	3.6	2.1
1992-93.....	5.2	4.0
1994-95.....	6.6	5.0
1996-97.....	7.5	5.1
Year of first SSI application:		
Never applied.....	85.3	89.4
Pre-1984.....	2.7	.2
1984-85.....	.9	.4
1986-87.....	.9	.5
1988-89.....	1.2	.5
1990-91.....	2.0	1.4
1992-93.....	2.9	3.3
1994-95.....	2.3	2.9
1996-97.....	2.0	1.4

<sup>1</sup> Includes individuals who were interviewed in the first wave of the 1990, 1991, 1992, or 1993 SIPP panels, where at least one family member received an AFDC payment during January of that year.

<sup>2</sup> Includes children whose families were interviewed in the first wave of the 1990, 1991, 1992, or 1993 SIPP panels, where at least one family member received an AFDC payment in January of that year.

<sup>3</sup> Includes individuals who were SSI recipients in at least 1 month during the 2-year period based on SSA administrative records matched to the SIPP files.

Source: Stapleton and others (1999).

## Notes

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<sup>1</sup> Originally, SSA planned to implement a fourth study to evaluate the effects of PRWORA on immigrants. However, because of the grandfathering provisions of BBA regarding immigrants, this study was not implemented.

<sup>2</sup> Additional details on P.L. 104-121 and a brief legislative history are provided in the appendix.

<sup>3</sup> The Universe file tracks the status of all DA&A cases that were potentially affected by the legislation.

<sup>4</sup> Additional details on PRWORA and BBA, and a brief legislative history, are provided in the appendix.

<sup>5</sup>Note that the age-18 cases represent an ongoing caseload, as a new cohort of SSI children reach age 18 each year. This evaluation covers only the first cohort of age-18 cases (that is, those who turned age 18 between August 22, 1996, and September 30, 1997).

<sup>6</sup>Additional analyses using data from the Health Care Financing Administration are planned pending the availability of data from the Medicaid Statistical Information System.

<sup>7</sup>The case studies were designed to use methods and be of a scale that would not require clearance from the Office of Management and Budget under the Paperwork Reduction Act.

<sup>8</sup>The report on second-round case study findings is forthcoming.

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## Appendix

### **Legislative Changes Directly Affecting Drug Addicts and Alcoholics**

The Social Security Act Amendments of 1972 (Public Law (P.L.) 92-603) were the first laws to address specific provisions for drug addicts and alcoholics (DA&A) in either the Disability Insurance (DI) or Supplemental Security Income (SSI) programs. The 1972 amendments required DA&A individuals to receive SSI payments through a representative payee and to participate in treatment (if appropriate treatment was available).

More recently, Congress included several provisions for DA&A beneficiaries in the Social Security Independence and Program Improvements Act of 1994 (P. L. 103-296). Section 201 of that act placed a 3-year time limit on both SSI and DI benefits to individuals whose drug addiction or alcoholism played a significant role in their disability.

Subsequently, on March 29, 1996, Congress enacted P. L. 104-121 (the Contract with America Advancement Act of 1996), which contained new, more restrictive provisions affecting DA&A cases. Beginning on the day of enactment (under Section 105 of P. L. 104-121), the Social Security Administration (SSA) ceased to award SSI and DI benefits to individuals whose drug addiction or alcoholism played a significant role in their disability. As of January 1, 1997, the law also terminated eligibility of DA&A beneficiaries receiving SSI and DI on March 29, 1996, unless they successfully appealed the termination. After DA&A beneficiaries received a notice stating that they were no longer entitled to benefits, SSA granted them 60 days to file an appeal. Beneficiaries scheduled to have their benefits terminated could appeal on the basis that:

- Their SSA record was incorrectly coded DA&A and that their benefits were not based on DA&A;
- They had another disability (other than DA&A) and desired a new medical evaluation;



- They were age 65 or turned 65 before January 2, 1997, and were therefore eligible for SSI benefits based on age; or
- They were age 62 before January 2, 1997, and were therefore eligible for Social Security retirement benefits.

Individuals who appealed their benefit terminations on or before July 29, 1996, and who had received no medical determination prior to December 31, 1996, continued to receive benefits while they waited for the initial decision. If the medical determination found no disability, SSA terminated benefits immediately. If, however, the individual received only SSI benefits or was eligible for both SSI and DI benefits, the beneficiary continued to receive SSI benefits through the reconsideration level. P. L. 104-121 continues to allow individuals addicted to drugs or alcohol to qualify for benefits on the basis of another disabling condition (such as AIDS, heart disease, schizophrenia, and so forth).

### ***Legislative Changes Directly Affecting Children***

Since the inception of the SSI program in 1974, children under the age of 18 with disabilities and low income and assets have been eligible for SSI benefits. A child under the age of 18 was considered disabled if he or she had a condition that was judged to be medically equal to a condition in the Listing of Impairments (Appendix 1 of Subpart P of 20 CFR Part 404) or in a special listing of children's impairments (Part B of the listing). Unlike adults, children who did not have a listed condition were not individually assessed for their "residual functional capacity." Subsequent to the 1990 U.S. Supreme Court ruling in *Sullivan v. Zebley*, SSA published new regulations in February 1991 that defined childhood disability in terms of functional and medical equivalence of a child's impairment to conditions in the listing. These regulations also provided for an individualized functional assessment (IFA) for children whose impairment did not meet the listing to determine if the impairment was of comparable severity to an impairment that would disable an adult. Comparable severity was defined as an impairment that limits the child's "ability to function independently, appropriately, and effectively in an age-appropriate manner" (Social Security Administration 1997a). Since the *Zebley* regulations were implemented, the childhood SSI caseload has grown dramatically. Between 1990 and 1996, the number of children receiving SSI nearly tripled, from 340,230 to 1,017,992 (Social Security Administration 1997b).

In August 1996, the President signed P.L. 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which substantially changed the statutory definition of disability for children under the SSI program. "Comparable severity" was replaced with a definition unique to children: "a medically determinable physical or mental impairment or combination of impairments that causes marked and severe functional limitations" (Social Security Administration

1998). The IFA was eliminated, as was any reference to maladaptive behavior in the Listing of Impairments. Redeterminations were to be conducted within 12 months of enactment for all SSI children who had qualified through an IFA or on the basis of maladaptive behavior. All childhood SSI applications subsequent to enactment of PRWORA were to be evaluated against the new eligibility criteria. The legislation also required that individuals who had been eligible for SSI as children be reassessed for eligibility against the adult disability criteria in the month prior to their 18th birthday. Finally, PRWORA required that continuing disability reviews be conducted at least once every 3 years for all SSI children whose medical impairments were likely to improve.

The Balanced Budget Act (BBA) of 1997 extended the date by which the initial redeterminations were to be completed from August 1997 to February 1998. The BBA also provided for grandfathered Medicaid coverage for children who lose their SSI benefits as a result of a redetermination required by PRWORA, as long as they continue to meet SSI's nondisability requirements.

SSA published interim final regulations to implement the changes under PRWORA in February 1997. Notices were sent to approximately 264,000 children in November and December 1996 to inform them that their SSI eligibility was subject to redetermination. About 60,000 age-18 cases were sent notices regarding their redetermination against the adult disability criteria. According to the law, children who did not meet the new disability criteria would lose their SSI benefits no sooner than July 1997. If found ineligible, a child's family could appeal the decision and request that benefits continue during the appeals process. The childhood redeterminations are a one-time event, whereas the age-18 redeterminations are a recurring activity as a new cohort of children reach age 18 each year.

In fall 1997, Commissioner of Social Security Kenneth Apfel directed that a "top-to-bottom" review of the implementation of the redetermination process be conducted. The Commissioner's report, issued in December 1997, found that the redetermination process in general was being implemented properly. However, the report identified concerns in some areas and directed that a number of actions be taken to ensure that every child receives a fair assessment of his or her eligibility for SSI benefits. Details can be found in Social Security Administration (1997a).

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