

# Recovery of Disabled After Trust Fund Financing of Rehabilitation

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*Since 1966 the Social Security Administration has reimbursed State vocational rehabilitation agencies for services to certain severely disabled beneficiaries. This report presents demographic, disability, and earnings information on disabled-worker beneficiaries who were rehabilitated in fiscal year 1969.*

*About one-third of all rehabilitated beneficiaries left the social security benefit rolls because of regained capacity to engage in gainful employment. A higher proportion of those with reimbursed services and of those who were younger and had higher predisability earnings left the benefit rolls and returned to work. The number of rehabilitated beneficiaries has increased at a greater rate since the start of the reimbursement program than the rate of other rehabilitated clients.*

SOCIAL SECURITY TRUST FUNDS have been used since 1966 to reimburse State vocational rehabilitation agencies for the costs of services to selected disabled beneficiaries.<sup>1</sup> This financing arrangement was intended to facilitate the provision of services to severely disabled workers. In fiscal year 1973, reimbursement is to be about \$45 million. The amount available for reimbursement was initially 1 percent of social security benefits paid to disabled beneficiaries in the preceding year; this proportion was increased, under the 1972 amendments to the Social Security Act, to 1.25 percent in 1973 and 1.5 percent in 1974 and thereafter.

It was intended that the financing arrangement would result in ultimate savings to the trust fund through termination of disability benefit disbursements and renewed earnings tax payments after the disabled workers were restored to capacity to return to work. The average value of future lifetime disability benefits no longer payable to a disabled worker and his dependents after recovery

has been estimated at more than \$15,000.<sup>2</sup> The amount of such savings is expected to exceed the cost of services to workers who are rehabilitated and return to working capacity, as well as the costs of services to others who are not successful in return to productive work.

In the years following the enactment of the trust fund program, the number of beneficiaries rehabilitated each year by the State agencies has increased from less than 7,000 in 1966 to nearly 20,000 in fiscal year 1971 (chart 1). The use of trust funds in reimbursement of service costs may be expected to have played a large part in this increase. Other legislative changes may also have led to the increase in beneficiary rehabilitants. The definition of disability was broadened in 1965 to include those who have been disabled for some time but might be expected to improve after a year; in addition, the insured-status requirements were liberalized in 1967 for workers disabled before age 31. These provisions made entitlement possible for more younger workers and many with less permanent conditions. Furthermore, the vocational rehabilitation program has grown generally, as indicated by increases in expenditures and in the numbers of disabled persons rehabilitated each year. In the period from 1966 to 1971, however, the number of beneficiaries rehabilitated has grown at a greater rate than that of other clients. The number of social security disability applicants with denied claims who are referred to State vocational rehabilitation agencies and rehabilitated has also increased in this period but at a lower rate than those of other clients.<sup>3</sup>

This report describes the disabled-worker beneficiaries who were rehabilitated in fiscal year 1969. They were identified from reports of rehabilita-

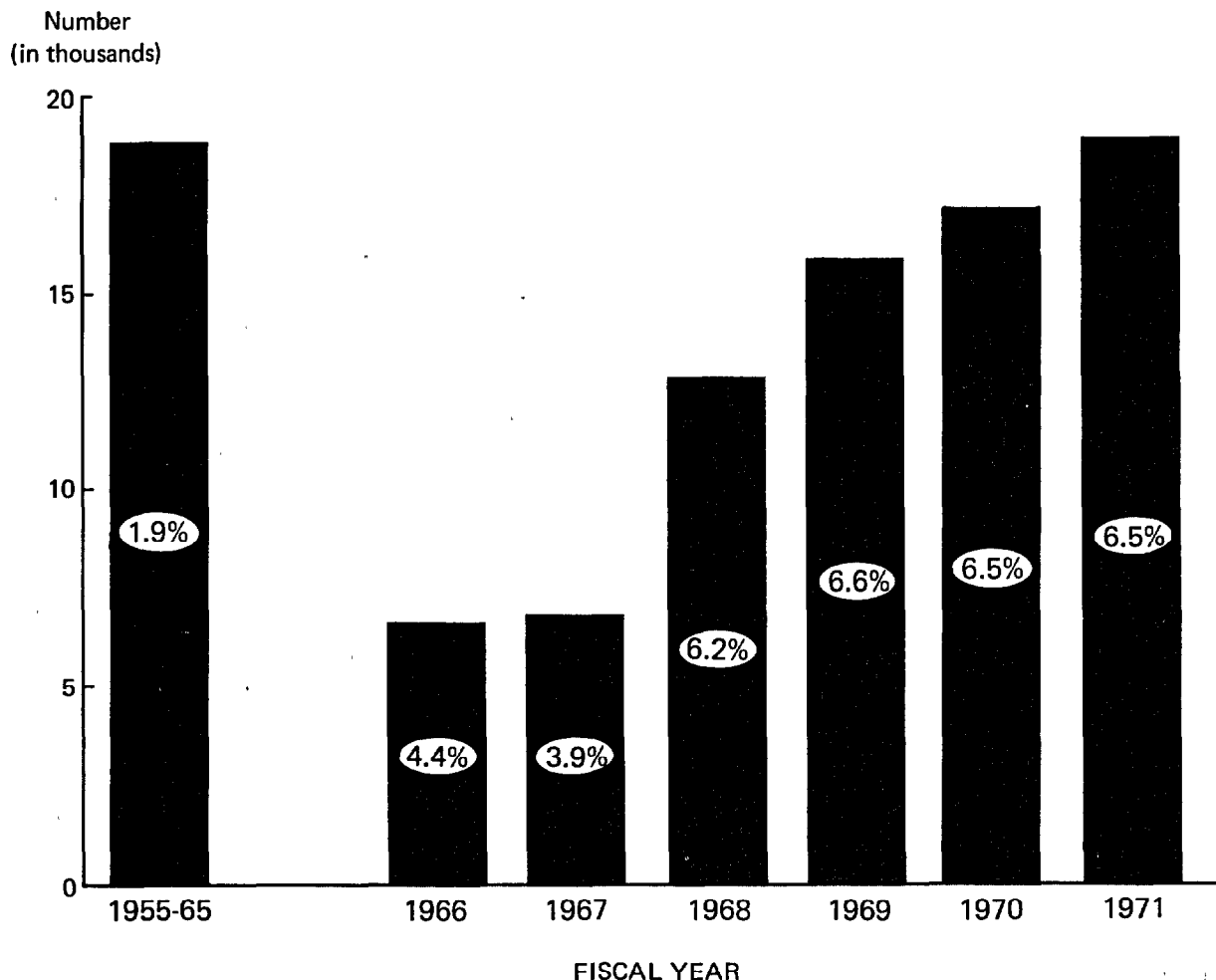
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<sup>1</sup> For a discussion of provisions, initial program implementation, and previous beneficiary rehabilitation experience, see Ralph Treitel, "Financing of Disability Beneficiary Rehabilitation," *Social Security Bulletin*, April 1969.

<sup>2</sup> *Study of Experience in Financing the Vocational Rehabilitation of Disability Beneficiaries from the Social Security Trust Funds*, Report to the Senate Finance Committee, Social Security Administration, January 1972.

<sup>3</sup> Rehabilitation Services Administration, Social and Rehabilitation Services, *Characteristics of Clients Rehabilitated in Fiscal Years 1966-1970*, table 11.

Disability beneficiaries reported as rehabilitated: Number, as percent of all rehabilitated clients of State vocational rehabilitation agencies, fiscal years 1955-71<sup>1</sup>



<sup>1</sup> Data for beneficiary rehabilitants from *Report to Senate Finance Committee 1955-65* data estimated.

tion closure by the State rehabilitation agencies. The demographic characteristics and benefit status at the end of December 1970 were obtained from social security benefit records. Information on employment and earnings after rehabilitation was obtained from the social security earnings record of covered, taxable earnings.

The term *rehabilitation* refers, therefore, to the administrative decision by the vocational rehabilitation agencies to conclude case services because the worker has attained a productive status planned under a program of services. The goal of such services may be the return to gainful employment or to homemaking or to sheltered work; under the trust fund program, the anticipated goal is gainful employment. *Recovery* refers to

the social security administrative decision to terminate benefits because the worker has regained the ability to obtain employment income. This decision is based on evidence of medical improvement or performance of sustained work.<sup>4</sup>

A broad distinction between these operational definitions is that *rehabilitation* generally refers to return to work and closure may therefore occur

<sup>4</sup> For discussion of the concepts of disability and rehabilitation, see Marvin Sussman (ed.), *Sociology and Rehabilitation*, American Sociological Association, 1966. For further information on administrative definitions in the social security and vocational rehabilitation agency programs, see the *Vocational Rehabilitation Counselors Handbook for SSA Disability Applicants*, Rehabilitation Services Administration/Social Security Administration, June 1970 (revised).

a few weeks after reemployment, while *recovery* refers to capacity to carry on competitive work over an extended period of time. Social security benefits may often be continued without interruption for a year after return to work because of the 9-month trial work provisions and a transitional benefit period allowance after recovery. These provisions are intended to encourage beneficiaries with residual limitations to make attempts to return to work without fear of loss of income maintenance. When substantial medical improvement or medical restoration occurs, *rehabilitation* and *recovery* may occur at closer points in time. The extent to which the provision of rehabilitation services is instrumental in recovery cannot be readily measured; some who received services might have recovered or returned to work without services.

In fiscal year 1969, the State vocational rehabilitation agencies reported that of the 707,000 cases closed in that year, about 241,000 disabled persons were rehabilitated (table 1). About 10 percent of all closures and more than 6 percent of the rehabilitants were social security beneficiaries. These rehabilitated beneficiaries—excluding those who were not identified as disabled-worker beneficiaries, such as older persons entitled to retirement benefits or those receiving dependents' benefits—make up the study population.

As the data on rehabilitation agency closures indicate, a smaller proportion of social security beneficiaries than of all other clients were accepted for services and rehabilitated. A somewhat greater proportion of beneficiaries whose services were reimbursed through the trust funds were rehabilitated than the proportion of beneficiaries provided services through regular financing arrangements.

Considerations that may help to explain the lower rehabilitation rate of beneficiaries include (1) the severity, duration, and insured-status requirements for social security eligibility, which may result in a referred beneficiary population that is older and more severely disabled than other clients accepted for services and (2) a formal social security screening procedure<sup>5</sup> in which all disability applicants are considered for referral to

<sup>5</sup> Ralph Treitel, *Identifying Disabled Workers Who May Return to Work*, forthcoming Research and Statistics Note, Office of Research and Statistics, Social Security Administration, 1973.

TABLE 1.—Vocational rehabilitation agency closure status of social security disability beneficiaries in fiscal year 1969<sup>1</sup>

Vocational rehabilitation agency clients	Number	Percentage distribution			
		Total	Rehabilitated	Not rehabilitated after services or extended evaluation	Not accepted after referral
Total.....	707,478	100.0	34.1	12.2	53.6
Disability beneficiaries.....	72,989	100.0	21.2	12.6	66.2
Services with trust funds....	33,280	100.0	21.0	14.8	61.2
Services without trust funds..	39,709	100.0	18.7	10.8	70.5
Other clients.....	634,489	100.0	35.6	12.2	52.2
Percent of total vocational rehabilitation clients who were beneficiaries.....		10.3	6.4	10.6	12.7

<sup>1</sup> Information based on R-200 reports of the Rehabilitation Services Administration, December 15, 1970. Classifications based on vocational rehabilitation agency closure definitions. Cases in active service or referral status and not closed are not included in table. Total closure data derived from *Caseload Statistics, Vocational Rehabilitation Agencies, Fiscal Year 1969*, Rehabilitation Services Administration, table 5.

the rehabilitation agencies. Other referral sources, such as health care agencies, may be more selective in terms of the disabled person's expressed interest in services, severity of the condition, recency of medical evidence, and particular rehabilitation needs. Data in the following tables on demographic characteristics help to explain why a greater proportion of referred beneficiaries with reimbursed services were rehabilitated.

### Selection for Social Security Reimbursement

The costs of services to nearly half of the 13,450 disabled workers rehabilitated in fiscal year 1969 were reimbursed in part or full by social security trust funds (table 2).

The program is intended to provide reimbursement for services only to disabled beneficiaries with substantial vocational potential.<sup>6</sup> According to selection criteria, the vocational rehabilitation agencies may request reimbursement only for services to disabled beneficiaries who could be expected to return to sustained, competitive employment and only to those who require vocational rehabilitation services in order to perform such work. Services should continue to be provided under the regular financing arrangements to those beneficiaries (1) who could not expect

<sup>6</sup> *Vocational Rehabilitation Counselors Handbook for SSA Disability Applicants*, section 700, *op. cit.*

TABLE 2.—Disabled-worker beneficiaries rehabilitated in fiscal year 1969: Selected characteristics, by status under the trust fund program involving reimbursement for services provided by State vocational rehabilitation agencies

Demographic and benefit characteristics	Number	Percentage distribution		
		Total	Reim-bursed	Not reim-bursed
Total.....	13,470	100.0	46.1	53.9
Sex:				
Male.....	10,487	100.0	47.9	52.1
Female.....	2,983	100.0	39.4	60.6
Age in 1969:				
Under age 50.....	6,853	100.0	53.9	46.1
Age 50 and over.....	6,522	100.0	38.0	62.0
Unknown.....	6,575	100.0	30.7	69.3
Dependents: <sup>1</sup>				
None.....	6,395	100.0	41.1	58.9
1 or 2.....	3,880	100.0	49.6	50.4
3 or 4.....	2,145	100.0	51.7	48.3
5 or more.....	1,080	100.0	51.8	48.2
Region: <sup>2</sup>				
New England.....	439	100.0	31.7	68.3
Middle Atlantic.....	2,099	100.0	43.0	57.0
South Atlantic.....	1,279	100.0	44.3	55.7
East South Central.....	2,574	100.0	28.3	61.7
East North Central.....	2,587	100.0	41.8	58.2
West North Central.....	1,078	100.0	56.5	43.5
West South Central.....	1,531	100.0	42.6	57.4
Mountain.....	377	100.0	49.1	50.9
Pacific.....	1,427	100.0	73.7	26.3
Other.....	59	100.0	33.9	66.1
Entitlement date:				
1970.....	545	100.0	38.2	61.8
1969.....	590	100.0	36.8	63.2
1968.....	1,826	100.0	39.9	60.1
1967.....	2,922	100.0	49.2	50.8
1966.....	2,451	100.0	51.5	48.5
1965.....	1,718	100.0	50.6	49.4
Before 1965.....	3,263	100.0	44.0	56.0
Unknown.....	135	100.0	25.2	74.8
Total benefits:				
Under \$100 <sup>3</sup> .....	2,777	100.0	36.9	63.1
100-149.....	4,314	100.0	43.9	56.1
150-199.....	2,459	100.0	48.1	51.9
200-249.....	1,141	100.0	49.7	50.3
250 or more.....	2,759	100.0	55.3	44.7
Primary insurance amount:				
Under \$80.....	995	100.0	30.8	69.2
80-99.....	1,142	100.0	39.5	60.5
100-119.....	2,229	100.0	41.9	58.1
120-139.....	2,020	100.0	43.9	56.1
140-159.....	3,243	100.0	49.6	50.4
170 or more.....	3,117	100.0	58.2	41.8
Unknown <sup>4</sup> .....	704	100.0	27.3	72.7

<sup>1</sup> Entitled to social security benefits as dependent spouses or children of worker.

<sup>2</sup> State of residence grouped by rehabilitation agency region, I-IX, respectively.

<sup>3</sup> Includes some whose family benefit amount was unavailable.

<sup>4</sup> The FIA of many terminated beneficiaries are removed from benefit records at the time of benefit conversions.

to engage in competitive work but who could be helped in improving their ability to take care of themselves or do housework or work under sheltered conditions and (2) who could be expected to return to competitive working capacity without services—those, for example, who are involved in medical recovery but who could benefit from resources of the rehabilitation agencies in facilitating such recovery. Data are not available on the characteristics of referred beneficiaries who were not rehabilitated. A comparison of the characteristics of the rehabilitated beneficiaries, however, indicates what factors affected the selection of beneficiaries for trust fund reimbursement.

Among all beneficiaries who subsequently became rehabilitated, relatively more men than women, more of the younger group, and more of those with dependents were selected for reimbursement.

A far greater proportion of cases in the Pacific region were selected for reimbursement than of those in other regions. The California agencies designated nearly all beneficiaries accepted for services as trust fund cases eligible for reimbursement.

The proportion selected for reimbursement was greater among workers with higher family benefits and higher individual benefits (according to primary insurance amount). As the differences in benefits are based on differences in predisability earnings, this finding suggests that disabled workers with skilled and white-collar employment were considered more likely candidates for return to competitive employment.

### Recovery After Rehabilitation

Among the group of disabled workers rehabilitated in fiscal year 1969 under the trust fund financing program, more than 2 out of 5 had disability benefits terminated for recovery within the following year and a half (table 3).<sup>7</sup> A few died or reached age 65. About half remained in disabled-worker beneficiary status. Of those who recovered, about 1 in 10 became reentitled to disability benefits by the end of 1970.

Data on beneficiary status at a point in time beyond December 1970 might reflect more recoveries among rehabilitants with sustained work attempts and recoveries, as some of them might not have completed trial work attempts within 1 or 2 years of rehabilitation closure. For others who were rehabilitated but whose benefits were not terminated, the rehabilitation may have been to the point that they were able to do limited self-employment work or housework, yet they did not return to the level of competitive employment required for benefit termination. Many may have returned to gainful employment but may not have been able to continue in it over an extended period of time.

<sup>7</sup> Similar findings were seen in the study of beneficiaries rehabilitated in fiscal year 1968 (Report to Finance Committee, *op. cit.*).

TABLE 3.—Disabled-worker beneficiaries rehabilitated in fiscal year 1969: Recovery and other benefit termination experience, by trust fund status and social characteristics, December 1970

Social characteristics	Number	Percentage distribution						
		Total	Recovery <sup>1</sup>			Age 65	Death	Continuing disability
			Total	Continuing in recovery	Return to disability			
Total.....	13,450	100.0	34.0	30.6	3.4	1.8	3.1	61.1
Reimbursed, total.....	6,194	100.0	44.7	40.9	3.8	1.1	2.5	51.6
Sex:								
Men.....	5,027	100.0	46.8	43.0	3.8	1.2	2.7	49.2
Women.....	1,167	100.0	35.4	31.5	3.9	.9	1.5	62.0
Age in 1969:								
Under 30.....	421	100.0	60.1	58.0	2.1	-----	.7	39.2
30-34.....	590	100.0	60.5	57.3	3.2	-----	1.0	38.5
35-39.....	777	100.0	58.6	53.5	5.1	-----	1.2	40.2
40-44.....	929	100.0	54.4	49.9	4.5	-----	1.6	43.9
45-49.....	975	100.0	46.0	41.0	5.0	-----	1.7	52.2
50-54.....	989	100.0	38.4	35.2	3.2	-----	3.0	58.5
55-59.....	847	100.0	31.4	27.9	3.5	-----	5.9	62.7
60 and over.....	643	100.0	15.7	13.4	2.3	10.9	3.4	70.0
Unknown.....	23	100.0	8.7	-----	8.7	-----	13.0	78.3
Race:								
White.....	5,308	100.0	44.9	41.2	3.7	1.2	2.5	51.4
Negro.....	840	100.0	42.0	38.1	4.8	.8	2.4	53.9
Other.....	46	100.0	47.9	45.7	2.2	-----	2.2	50.0
Not reimbursed, total.....	7,256	100.0	24.9	21.8	3.1	2.4	3.6	69.1
Sex:								
Men.....	5,460	100.0	27.2	24.0	3.2	2.5	3.9	66.4
Women.....	1,796	100.0	17.9	15.1	2.8	2.2	2.6	77.2
Age in 1969:								
Under 30.....	353	100.0	41.9	39.4	2.5	-----	2.0	56.1
30-34.....	432	100.0	42.8	39.8	3.0	-----	.7	56.5
35-39.....	556	100.0	44.8	39.4	6.4	-----	.7	54.5
40-44.....	813	100.0	38.2	34.3	3.9	-----	1.4	60.4
45-49.....	1,007	100.0	33.7	29.6	4.1	-----	2.4	64.0
50-54.....	1,088	100.0	23.4	20.2	3.2	-----	4.4	72.2
55-59.....	1,239	100.0	16.1	13.7	2.4	-----	4.8	79.0
60 and over.....	1,706	100.0	6.5	4.9	1.6	10.3	5.7	77.5
Unknown.....	52	100.0	9.6	-----	9.6	-----	13.5	76.9
Race:								
White.....	5,953	100.0	24.5	21.4	3.1	2.5	3.7	69.3
Negro.....	1,223	100.0	25.2	22.6	2.6	2.4	3.4	69.1
Other.....	80	100.0	38.8	37.5	1.3	1.3	2.5	57.5

<sup>1</sup> Recovery refers to OASDI benefit termination for medical improvement or return to sustained employment.

A much smaller proportion recovered among beneficiaries not selected for reimbursement. Only about 1 out of 4 had OASDI benefits terminated for recovery, and nearly 3 out of 4 remained disability beneficiaries a year and a half after vocational rehabilitation.

### Social and Demographic Characteristics

Of those rehabilitated under the trust fund program, about 80 percent were men and about 70 percent were under age 55 (table 3). Of all workers with disability allowances in 1967, 75 percent were men but less than half were under age 55. Those rehabilitated, as might be expected,

were the younger beneficiaries. The worker's prospects of returning to sustained, competitive employment after disability decline with age. Reduced functional capacity due to physical degeneration and progressive disease conditions is associated with older age, and fewer work opportunities are available to older workers. When subsequent benefit experience is examined in terms of social characteristics, a far higher recovery rate among the younger workers is apparent, with more than 50 percent recovered among those under age 40 and less than 40 percent recovered among those aged 50 and over. A somewhat higher beneficiary termination rate because of recovery is seen for men than for women, but little difference is apparent by race. For the rehabilitants not under the trust fund program, the experience by age and sex was the same.

A larger proportion of beneficiaries left the social security rolls after rehabilitation under the trust fund program among workers residing in the Pacific and Southern States than among the workers who reside in other areas (table 4). A larger proportion of those in the Pacific and Mountain States left the rolls among rehabilitants not under the trust fund program. Beneficiaries rehabilitated in California had a higher recovery and termination rate than rehabilitants in other States. Presumably, the method of selection for services and the availability of employment are important factors to consider in determining the reasons for these regional differences.

The difference in recovery rates between trust-fund and non-trust-fund designates is greatest for those rehabilitated in the South. This finding may indicate that potential return to competitive employment is taken into greater consideration in the selection of cases for reimbursement in that area. Little difference in the benefit termination rate is apparent for rehabilitated beneficiaries in the Mountain States according to selection for reimbursement of the cost of services.

### Family and Benefit Characteristics

A greater proportion of benefit terminations because of recovery occurred among those with a spouse or several dependents: 48-53 percent recovered among those with reimbursed services

TABLE 4.—Disabled-worker beneficiaries rehabilitated in fiscal year 1969: Recovery and other benefit termination experience, by trust fund status, region, and State, December 1970

Region and State of residence <sup>1</sup>	Number	Percentage distribution						
		Total	Recovery <sup>2</sup>			Age 65	Death	Continuing disability
			Total	Continuing in recovery	Return to disability			
Total.....	13,450	100 0	34.0	30 6	3 4	1.8	3.1	61.1
Reimbursed, total.....	6,194	100 0	44 7	40 9	3 8	1.1	2.5	51.6
Region:								
New England.....	139	100.0	40 3	36.7	3 6	2.9	2.2	54.7
Middle Atlantic.....	902	100 0	38 1	35.4	2 7	1.2	3 3	57.4
South Atlantic.....	567	100.0	46.0	43.9	2.1	1.1	2.1	50.8
East South Central.....	987	100 0	51.3	47.2	4.1	.4	1.8	46.5
East North Central.....	1,082	100.0	41 1	36.5	4 6	2.0	3 1	53.7
West North Central.....	609	100.0	38 6	34.0	4 6	1.6	2.5	57.3
West South Central.....	652	100 0	39 6	36 8	2 8	1.4	2.5	56.6
Mountain.....	185	100 0	44 9	39 5	5 4	-----	4 9	50.3
Pacific.....	1,051	100.0	54 9	50.1	4 8	.4	1.7	43.0
Other.....	20	100 0	30 0	25.0	5 0	-----	-----	70.0
Not reimbursed, total.....	7,256	100.0	24 9	21.8	3 1	2.4	3.6	69.1
Region:								
New England.....	300	100 0	28 4	25.7	2 7	2.7	3.0	66.0
Middle Atlantic.....	1,197	100 0	23 0	20 2	2 8	4.3	4 2	68.6
South Atlantic.....	712	100.0	21 1	18.0	3 1	2.9	3.4	72.6
East South Central.....	1,587	100 0	25.5	22 7	2 8	1.1	3.0	70.3
East North Central.....	1,505	100 0	20.9	18 3	2 6	1.9	4.7	72.5
West North Central.....	469	100 0	25.6	22.6	3 0	2.1	2.3	69.9
West South Central.....	879	100.0	24 2	20.0	4 2	3 5	3 3	68.9
Mountain.....	192	100.0	41 2	37.0	4 2	2.1	2.6	54.2
Pacific.....	376	100.0	41.5	37.8	3 7	1.3	3.5	53.7
Other.....	39	100 0	15.4	10.3	5 1	-----	5 1	79.5

<sup>1</sup> State of residence grouped by rehabilitation agency region, I-IX, respectively.  
<sup>2</sup> Recovery refers to OASDI benefit termination for medical improvement or return to sustained employment.

who had two or more dependents in contrast to less than 40 percent of those with one or none (table 5). The same relationship between the rates for termination after recovery and family size was indicated for those whose service costs were not reimbursed by the social security trust funds.

A large proportion of these beneficiaries were entitled to social security benefits before the provisions of the trust fund program went into effect. More than one-third were entitled before 1966. Under the initial implementation of the program, beneficiaries already accepted and receiving services from vocational rehabilitation agencies could be selected for reimbursement for further services.

A lower recovery rate is apparent for those with dates of social security entitlement furthest

in the past. The longer the period of disability, the more difficult the return to sustained employment may be. A higher relapse rate is shown for the most recently entitled. The information obtained for this study reflects, however, only the latest date of entitlement; many in the small group with entitlement in 1969 and 1970 may have had previous periods of disability entitlement.

More than 50 percent of the rehabilitants in the trust fund program and 40 percent of those with rehabilitation services through the regular financing procedures had a primary insurance benefit of \$140 or more, compared with about 30 percent of all disabled workers awarded benefits in 1969. Thus, the beneficiaries who received services and became rehabilitated had a higher

TABLE 5.—Disabled-worker beneficiaries rehabilitated in fiscal year 1969: Recovery and other benefit termination experience, by trust fund status and family and benefit characteristics, December 1970

Family and benefit characteristics	Number	Percentage distribution						
		Total	Recovery <sup>1</sup>			Age 65	Death	Continuing disability
			Total	Continuing in recovery	Return to disability			
Total.....	13,450	100.0	34.0	30.6	3.4	1.8	3.1	61.1
Reimbursed, total.....	6,194	100 0	44.7	40.9	3 8	1.1	2.5	51.6
Entitled spouse:								
Spouse.....	2,613	100 0	50.6	46.6	4 0	1.0	2.2	46.1
No spouse.....	3,551	100.0	40.2	36.5	3 7	1.2	2.7	55.9
Dependents: <sup>2</sup>								
None.....	2,628	100 0	38.6	35.0	3 6	2.0	2.3	57.1
1.....	1,011	100 0	44.7	40.2	4 5	.9	2.3	52.2
2.....	913	100 0	48.3	44.8	3 5	.5	3 0	48.2
3.....	685	100 0	52.1	48.9	3 2	.3	2.8	44.8
4.....	423	100 0	51.3	47.5	3 8	.5	1.9	46.3
5 or more.....	534	100 0	53.5	48.3	5 2	-----	3 2	43.3
Total benefits:								
Under \$50.....	313	100 0	31.0	28.1	2 9	2.6	2.2	64.2
80-99.....	606	100 0	41.1	37.3	3 8	1.8	2.0	55.1
100-149.....	1,893	100 0	42.2	38.2	4 0	1.7	2.5	53.5
150-199.....	1,183	100.0	36.2	31.0	5 2	.6	2.0	61.2
200-249.....	567	100 0	55.2	51.7	3 5	.5	2.5	41.8
250-299.....	507	100 0	55.5	52.5	3 0	.4	3.4	40.8
300-349.....	648	100 0	61.2	58.6	2 6	.6	2.0	36.1
350-399.....	300	100.0	35.0	31.3	3 7	.3	2.0	62.7
400 or more.....	72	100 0	22 3	18.1	4 2	-----	16 7	61.1
Unknown.....	105	100 0	77.1	75.2	1 9	1.0	1.9	20.0
Entitlement date:								
1970.....	208	100.0	96.2	96.2	-----	-----	-----	3 8
1969.....	217	100 0	72.4	2 8	69.6	-----	-----	27.2
1968.....	728	100 0	42.5	38.9	3 6	.5	3.2	53.8
1967.....	1,438	100 0	50.8	49 5	1 3	.9	2.2	46 1
1966.....	1,262	100.0	48.4	47.1	1 3	.6	2.1	48 9
1965.....	870	100.0	38.0	37.4	.6	1.3	2.4	58 4
Before 1965.....	1,437	100.0	27.7	26.3	1 4	2.4	3 6	66 2
Unknown.....	34	100.0	100.0	100.0	-----	-----	-----	-----
Primary insurance amount:								
Under \$50.....	306	100 0	20 3	16.7	3 6	1.0	.7	78.1
80-99.....	451	100 0	26 6	22.6	4 0	.9	1.8	70.7
100-119.....	935	100.0	37.2	31 3	5 9	1.2	2 4	59 3
120-139.....	887	100 0	42.3	37.8	4 5	.9	2 1	54 7
140-169.....	1,610	100 0	38.6	34.2	4 4	.9	2 3	58 2
170 or more.....	1,813	100 0	61.8	59.9	1 9	1.6	3 5	33 0
Unknown.....	192	100 0	60.9	56.9	4 0	.5	1.5	37.1

See footnotes at end of table.

TABLE 5.—Disabled-worker beneficiaries rehabilitated in fiscal year 1969: Recovery and other benefit termination experience, by trust fund status and family and benefit characteristics, December 1970—Continued

Family and benefit characteristics	Number	Percentage distribution						
		Total	Recovery <sup>1</sup>			Age 65	Death	Continuing disability
			Total	Continuing in recovery	Return to disability			
Not reimbursed, total..	7,256	100 0	24.9	21.8	3 1	2 4	3 6	69 1
Entitled spouse:								
Spouse.....	2,602	100 0	31 2	27 2	4 0	2 1	3 4	63 3
No spouse.....	4,654	100 0	21.4	18.8	2 6	2 6	3 7	72 4
Dependents: <sup>2</sup>								
None.....	3,767	100 0	19 5	17 0	2 5	3 4	3 4	73 7
1.....	1,075	100 0	24.6	21.6	3 0	2 9	4 2	68 4
2.....	881	100 0	32.9	30 3	2 6	1 0	3 3	62 8
3.....	649	100 0	32.7	28.8	3 9	. 8	3 7	62 9
4.....	388	100 0	33.2	30.4	2 8	. .	4 6	62 1
5 or more.....	496	100 0	34.7	27.2	7 5	. 2	3 8	61 3
Total benefits:								
Under \$80.....	649	100 0	16.6	14 3	2 3	2 8	3 1	77.5
80-99.....	936	100 0	21.2	19 1	2 1	3 4	4 5	70 8
100-149.....	2,421	100 0	22.5	19 4	3 1	3 2	3 6	70 7
150-199.....	1,276	100 0	21.9	18 7	3 2	1 0	2 0	75 1
200-249.....	574	100 0	32 1	27 9	4 2	1 7	3 5	62 7
250-299.....	493	100 0	36.2	32 5	3 7	2 4	3 4	58 0
300-349.....	458	100 0	44.5	42 1	2 4	. 9	3 5	51 1
350-399.....	212	100 0	17.0	13 7	3 3	. .	1 9	81 1
400 or more.....	69	100 0	13.0	11.6	1 4	1 4	24.6	60 9
Unknown.....	168	100 0	36.4	31.0	5 4	4 8	7 7	51 2
Entitlement date:								
1970.....	337	100 0	44.5	44 5	. .	. .	. .	55 5
1969.....	373	100 0	24.9	2 1	22 8	. .	2 1	72 9
1968.....	1,098	100 0	23 1	19 5	3 6	1 6	3 9	71 4
1967.....	1,484	100 0	31.0	29 4	1 6	2 3	3 2	63 5
1966.....	1,189	100 0	31.0	28 7	2 3	2 1	4 7	62 2
1935.....	848	100 0	23.6	22 3	1 3	2 8	2 9	70 6
Before 1965.....	1,826	100 0	12.6	10 6	2 0	4 1	4 4	78 9
Unknown.....	101	100 0	51.5	51 5	. .	. .	. .	48 5
Primary insurance amount:								
Under \$80.....	689	100 0	9 6	7 7	1 9	1 5	3 0	85 9
80-99.....	691	100 0	13.8	10 0	3 8	2 2	2 5	81 6
100-119.....	1,294	100 0	17.4	13 7	3 7	2 1	3 2	77 3
120-139.....	1,133	100 0	22.1	18 2	3 9	2 8	2 8	72 3
140-169.....	1,633	100 0	23.4	19 5	3 9	1 7	3 6	71 2
170 or more.....	1,304	100 0	43.0	41 2	1 8	4 4	6 1	46 5
Unknown.....	512	100 0	43.2	42 4	. 8	1 3	2 1	53 3

<sup>1</sup> Recovery refers to OASDI benefit termination for medical improvement or return to sustained employment.

<sup>2</sup> Entitled to social security benefits as dependent spouses or children of worker.

level of predisability earnings than other workers awarded disability benefits, as the differences in insurance amounts are based on level of earlier earnings.

Not only do rehabilitated beneficiaries appear to have greater predisability earnings than other beneficiaries, but, among the rehabilitated, those with higher predisability earnings appear more likely to be able to engage in sustained work leading to benefit termination.<sup>3</sup> A greater proportion of the higher earners recovered than of the

<sup>3</sup> For a discussion of the effects of rehabilitation programs in relation to a worker's predisability income and education, see Donald M. Bellante, "A Multivariate Analysis of a Vocational Rehabilitation Program," *Journal of Human Resources*, Spring 1972.

lower earners among the rehabilitants in the trust fund program: about 60 percent of those with the highest primary insurance amounts (\$170 or more), compared with less than 40 percent of those with lower amounts.

Similarly, when those rehabilitated without reimbursement are considered, the proportion of rehabilitants with benefits terminated among those with the highest primary insurance amounts was about double that for workers with lower amounts (40 percent, compared with less than 20 percent). Persons with higher earnings in the past may have greater vocational skills and more opportunities to engage in work not physically demanding.

### Earnings After Rehabilitation

More than half the workers who were reported rehabilitated by the vocational rehabilitation agencies in fiscal year 1969 under the trust fund

TABLE 6.—Disabled-worker beneficiaries rehabilitated in fiscal year 1969: Recovery and other benefit termination experience as of December 1970, by 1970 earnings after rehabilitation and trust fund status

Amount of earnings after rehabilitation <sup>1</sup>	Total	Recovery <sup>2</sup>		Age 65	Death	Continuing disability
		Continuing recovery	Return to disability			
Reimbursed, total..	6,194	2,532	238	70	155	3,199
Total percent.....	100 0	100 0	100 0	100 0	100 0	100 0
No earnings.....	44.2	9 3	70 2	68 6	98 7	66 7
\$1-9.....	1 8	. 9	5 0	4 3	. 0	2 3
50-999.....	8 9	6 1	16 8	14 3	. 0	10 9
1,000-1,999.....	7 2	7 5	5 0	7 1	. 0	7 6
2,000-2,999.....	5 4	8 5	2 5	2 9	. 0	3 4
3,000-3,999.....	5 0	10 0	. 0	1 4	. 0	1 8
4,000-4,999.....	6 0	12 4	. 0	1 4	. 6	1 8
5,000-5,999.....	5 0	10 3	. 0	. 0	. 6	1 5
6,000-6,999.....	5 1	10 4	. 0	. 0	. 0	1 6
7,000-7,999.....	3 4	7 3	. 0	. 0	. 0	1 9
7,800 or more.....	7 9	17 4	. 4	. 0	. 0	1 8
Not reimbursed, total.....	7,256	1,583	222	176	261	5,014
Total percent.....	100 0	100 0	100 0	100 0	100 0	100 0
No earnings.....	61.2	12 0	73 0	84 1	99 2	73 4
\$1-9.....	1 8	1 6	3 6	1 7	. 4	1 9
50-999.....	8 9	8 5	14 0	6 8	. 4	9 4
1,000-1,999.....	6 8	8 0	8 1	5 7	. 0	6 8
2,000-2,999.....	3 5	9 3	. 5	1 1	. 0	2 1
3,000-3,999.....	3 7	10 7	. 5	. 6	. 0	2 0
4,000-4,999.....	3 7	12 2	. 0	. 0	. 0	1 5
5,000-5,999.....	3 1	11 1	. 5	. 0	. 0	1 0
6,000-6,999.....	2 1	7 7	. 0	. 0	. 0	. 7
7,000-7,999.....	1 6	6 3	. 0	. 0	. 0	. 4
7,800 or more.....	3 4	12 6	. 0	. 0	. 0	1 0

<sup>1</sup> Earnings based on earnings taxable under social security, which are subject to maximum limits. No covered earnings since 1950 reported for 1 percent of the rehabilitants: some may have had noncovered earnings, others may have been incorrectly identified by account number.

<sup>2</sup> Recovery refers to OASDI benefit termination for medical improvement or return to sustained employment.

TABLE 7.—Disabled-worker beneficiaries rehabilitated in fiscal year 1969: Recovery and other benefit termination experience as of December 1970, by type of earnings, duration of earnings after rehabilitation, and trust fund status, fiscal years 1969 and 1970

Type of earnings and duration of earnings <sup>1</sup>	Total	Recovery <sup>2</sup>		Age 65	Death	Continuing disability
		Continuing recovery	Return to disability			
Reimbursed						
Total number.....	6,194	2,532	238	70	155	3,199
Total percent.....	100 0	100 0	100 0	100 0	100 0	100 0
Wages.....	55.9	85.2	47.9	30 0	9.0	36 1
Self-employment.....	3.5	4.0	2.1	1.4	.0	3.4
Agricultural.....	.4	.3	.0	.0	.0	.5
More than 1 type.....	3.0	5.3	2.5	1.4	.0	1.3
None.....	37.2	5.2	47.5	67.1	91.0	58.6
Quarters with earnings, total percent.....	100.0	100 0	100.0	100.0	100.0	100.0
8.....	24.6	47.9	2.9	5.7	.0	9.3
7.....	8.4	15.2	1.3	4.3	1.3	4.0
6.....	8.0	12.7	2.9	2.9	.0	5.2
5.....	4.0	5.8	4.2	5.7	.0	2.7
4.....	4.2	4.9	5.5	4.3	.0	3.8
3.....	3.4	2.9	8.4	.0	.0	3.6
2.....	5.0	3.3	10.9	5.7	2.6	5.9
1.....	5.2	2.1	16.4	4.3	5.2	6.8
None.....	37.2	5.2	47.5	67.1	91.0	58.6
Not reimbursed						
Total number.....	7,256	1,583	222	176	261	5,014
Total percent.....	100 0	100 0	100 0	100 0	100 0	100 0
Wages.....	38.3	83.2	35.1	16.5	4.2	26.7
Self-employment.....	2.5	3.4	2.7	2.3	.0	2.4
Agricultural.....	1.0	.8	1.4	.6	.4	1.1
More than 1 type.....	1.9	4.4	3.6	.0	.0	1.3
None.....	56.3	8.4	57.2	80.7	95.4	68.4
Quarters with earnings, total percent.....	100.0	100 0	100.0	100.0	100.0	100 0
8.....	14.9	44.9	1.8	5.1	.0	7.1
7.....	5.2	13.4	3.2	1.7	.0	3.1
6.....	5.5	11.6	5.0	2.3	.0	3.9
5.....	3.0	6.2	1.8	1.1	.0	2.3
4.....	3.6	5.8	1.8	1.7	.0	3.2
3.....	3.2	3.8	4.1	1.7	.0	3.2
2.....	4.6	3.5	10.8	2.8	1.9	4.8
1.....	3.8	2.5	14.4	2.8	2.7	3.9
None.....	56.3	8.4	57.2	80.7	95.4	68.4

<sup>1</sup> Earnings based on earnings taxable under social security, which are subject to maximum limits. Self-employment earnings in 1970 not included.

<sup>2</sup> Recovery refers to OASDI benefit termination for medical improvement or return to sustained employment.

program had earnings in 1970 (table 6). Among the group of those rehabilitants who left the beneficiary rolls by termination and who remained in nonbeneficiary status, about 90 percent had earnings in covered employment, including nearly 60 percent with earnings of \$4,000 or more and about 25 percent with earnings of \$7,000 or more.

A much smaller proportion of rehabilitated beneficiaries had earnings among those for whom services were provided without reimbursement from social security trust funds. Only about 40 percent had earnings in 1970. This low propor-

tion is consistent with their reduced rehabilitation potential, as indicated by their older age as a group and their lower benefit termination rate.

Of the trust-fund rehabilitants who were able to return to work in fiscal years 1969 and 1970, almost all were working as employees; relatively few were engaged in self-employment (table 7). Most of those who returned to work for earnings had worked for more than a year. One-fourth of all disabled workers rehabilitated under the trust fund program had earnings in every quarter in the 2-year period between July 1968 and June 1970. Among those who left the OASDI rolls, about four-fifths had earnings for more than a year and nearly half had earnings in every quarter in fiscal years 1969 and 1970.

The proportion of non-trust-fund rehabilitants who were employed as wage earners or were self-employed was about the same as the proportion for those in the trust fund program who left the benefit rolls. The proportions for those who were able to sustain employment were also similar for the trust-fund rehabilitant and the non-trust-fund rehabilitant.

Beneficiaries who are men or who are younger may be expected to have greater success in returning to work. Among those in the trust fund program, far more of the younger rehabilitants under age 50 had earnings in 1970 than of the rehabilitants aged 50 or older (nearly 65 percent, compared with less than 45 percent), as the data that follow indicate. The difference between men and women who had earnings was smaller than the differences between age groups. Only 1 percent of the women had earnings as high as \$7,800, however, and 10 percent of the men had earnings at that level or above.

Sex and age	Disabled workers with reimbursed services, fiscal year 1969				
	Number	Percentage distribution by 1970 earnings			
		Total	None	Up to \$7,800	\$7,800 or more
Total.....	6,194	100 0	44 2	47.9	7.9
Men.....	5,027	100 0	42 1	48.4	9.5
Women.....	1,167	100 0	53 3	45.5	1.2
Under age 50.....	3,692	100 0	35 6	54.1	10.3
Aged 50 and over.....	2,502	100 0	56 9	38.7	4.4



## SUMMARY

About half of all beneficiaries rehabilitated by the State agencies in fiscal year 1969 had services reimbursed through the trust fund. This study is about that group; The disabled beneficiaries who were referred to State vocational rehabilitation agencies, designated by counselors as eligible to receive services whose costs would be reimbursed under the social security trust fund financing program, and classified as rehabilitated in fiscal year 1969.

Close to one-third of all rehabilitated workers were determined by the Social Security Administration to be no longer disabled and remained off the social security benefit rolls for at least a year and a half after rehabilitation closure. A far higher proportion of beneficiaries with reimbursed services had sustained earnings and left the benefit rolls than the proportion for other beneficiaries rehabilitated through regular State-Federal financing arrangements.

Beneficiaries who become rehabilitated are younger and have higher predisability earnings as a group than all other disabled beneficiaries. Among those rehabilitated, the beneficiaries in the reimbursement program are younger and had higher predisability earnings as a group than those without such reimbursement.

A number of those rehabilitated under the reimbursement program in fiscal year 1969 became disabled and entitled to social security benefits several years in the past, before the trust fund program was initiated. The reimbursement program may not have been a factor in their selection for services by the State agencies but may have helped those agencies to continue providing services to them. In the period studied, the California State agencies designated nearly all beneficiaries as eligible for trust fund reimbursement.

That the trust fund rehabilitants were younger,

had higher predisability earnings, and had a greater proportion with benefits terminated after recovery suggests that the criteria of potential for return to gainful employment was taken into account in the selection of cases for reimbursement.

Since the inception of the trust fund program, the number of beneficiaries reported rehabilitated by State vocational rehabilitation agencies has markedly increased. About a third of those beneficiaries who are rehabilitated and more than 40 percent of those selected for reimbursement leave the social security benefit rolls, according to the data on the 1969 rehabilitated beneficiaries. It may be assumed that the enactment of the trust fund reimbursement program has increased the number of beneficiary rehabilitants and the number who leave the social security rolls.

To measure the actual effect of the trust fund program on services apart from other factors influencing their provision, or to measure the effect of the delivery of vocational rehabilitation services on those who recover and leave the OASDI rolls, would require data that go beyond that available for this descriptive study. Such an evaluation would have to take into careful account such things as factors influencing acceptance for services distinct from the reimbursement procedures—such as other funds available for the provision of services—and legislative provisions affecting the characteristics of referred beneficiaries. It would have to examine, as well, the instrumental effect of services in helping the disabled worker to return to work, distinct from other factors that affect reemployment—medical recovery, for example, and employment experience and opportunity. Information would also be needed on the relationship, in cost-benefit terms, of the increases in employment and cessation of income-maintenance benefits to the costs of providing the services.