

“The Impact of the ACA Medicaid Expansion on Disability Program Participation”

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In addition to providing cash payments, the disability benefit programs Supplemental Security Income (SSI) and Social Security Disability Income (SSDI) offer health insurance to recipients (Medicaid in the case of SSI, and Medicare in the case of SSDI), increasing the value of participating in those programs. However, individuals with disabilities typically must leave their jobs to apply for disability benefits, and may therefore be without health insurance during the disability application process. Furthermore, individuals without health insurance might find it difficult to get medical attention to help diagnose and document their disabilities, making it harder for their disability benefit applications to be approved.

The Affordable Care Act of 2010 (ACA) expanded the availability of Medicaid for individuals with family incomes somewhat higher than the means-tested income limits for SSI, changing the relative benefit of participating in disability programs. The opportunity to receive public insurance not conditional on disability program participation could reduce participation in SSI, and to a lesser extent, SSDI. Alternatively, the ability to obtain Medicaid could make exiting the labor market to apply for disability benefits less costly, or could make it easier to receive diagnoses and documentation of disabling conditions. Either of these two mechanisms could increase participation in SSI and SSDI.

In this paper we explore the impact of expanded access to Medicaid through the ACA on participation in disability benefit programs. To identify the impact of expanded access to Medicaid, we use the fact that the Supreme Court decision of June 2012 changed the implementation of the ACA, making the Medicaid expansion optional to the states. In particular, we compare changes in county-level SSI and SSDI caseloads from the Social Security Bulletin’s Annual Statistical Supplement in approximately 370 contiguous county pairs that cross state lines where one state took up the expansion and the other did not. Counties bordering each other are more likely to share similar labor markets, are likely to be affected by the same local trends, and are more likely to share macroeconomic shocks than are bordering states more generally. This state border county approach allows us to focus narrowly on differences arising from the ACA Medicaid expansion choice by comparing changes over time in outcomes from U.S. counties on either side of a state border. In addition, we take advantage of the fact that poor children would have had access to Medicaid prior to the ACA expansion and use changes in child SSI caseloads as an additional control for the possibility of diverging county-level trends in disability participation when examining adult SSI caseloads.