

## Who Is Screened Out? Application Costs and the Targeting of Disability Programs

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### Key Findings and Policy Implications

This paper examines how SSDI application costs affect the number and characteristics of applicants. It focuses specifically on the impact of field office closings, which raise the burden of applying for some potential beneficiaries who live near these offices. The paper uses detailed administrative data from SSA on field office closing dates, wait times, call volumes, applicant characteristics (including zip code), and application processing timelines. Among the findings:

- Field office closings, in addition to reducing take-up substantially, reduce the targeting efficiency of disability programs based on current eligibility standards. The closings reduce the number of disability applications in surrounding areas by 11 percent, and the number of approvals by 13 percent. Thus the closings disproportionately discourage applications from people who would have been approved if they had applied.
- The closings have the largest discouragement effects on those with moderately severe conditions, low education levels, and low pre-application earnings. High socioeconomic-status applicants strategically rush to submit their applications before the field office closes, and switch to the online application after the field office closes. In contrast, low-socioeconomic-status applicants exhibit neither of these behaviors and experience a much larger decline in applications.
- The discouragement effects also occur in areas surrounding neighboring offices since those offices become more congested after the closing. Closings result in an average increase of 32 percent (4.4 minutes) in walk-in wait time and 11 percent (3.0 days) in processing time. We estimate that 72 percent of the reduction in applications is attributable to increased congestion at neighboring offices, 3 percent to increased distance, and 24 percent to the fixed cost of switching field offices.

The primary system for targeting disability programs is the disability determination process, based on a medical evaluation. As this study highlights, however, some potential applicants are screened out indirectly by the burden of the application process itself. The policy importance of this study is in documenting how application costs, at least in this context, disproportionately impact potential applicants who would most benefit from program participation.

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