

**Does Disability Insurance Receipt Discourage Work?
Using Examiner Assignment to Estimate Causal Effects of SSDI Receipt**

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Online Appendix

Table A-1. Effect of "Leave Body System Out" Allowance Rate on SSDI Receipt

Excluded impairment	No. obs.	Coeff. On EXALLOW	t-Stat.
Musculoskeletal System	830,900	0.093	9.37
Mental Disorders	452,595	0.189	14.56
Cardiovascular System	184,520	0.225	13.27
Neurological	180,703	0.250	16.16
Endocrine System	94,062	0.085	3.23
Respiratory System	88,482	0.157	7.07
Special/other	85,406	-0.021	-0.74
Malignant Neoplastic Diseases	76,672	0.286	11.36
Immune System Disorders	59,099	0.293	8.74
Digestive System	53,168	0.251	8.19
Special Senses and Speech	48,327	0.228	6.97
Genitourinary Impairments	31,785	0.259	11.33
Skin Disorders	7,478	0.329	3.45
Hematological Disorders	7,087	0.340	3.74

Notes: Each row represents a regression of ultimate SSDI receipt on examiner allowance rate constructed using pooled 2005-06 cases except those with the same body system code. Control variables include: DDS dummies, diagnosis codes, age group dummies, avg. previous earnings and month-year dummies. Standard errors clustered on examiner.

Table A-2. Effect of "Own Body System" Allowance Rate Instrument on Employment 2 Years after Decision

Impairment	No. Observations	1st stage			2nd stage	
		Coeff. On EXALLOW	t-Stat.	Coeff. On ALLOW	t-Stat.	
Musculoskeletal System	806,443	0.178	21.34	-0.294	-7.19	
Mental Disorders	398,012	0.263	33.87	-0.387	-14.71	
Cardiovascular System	91,851	0.129	7.54	-0.193	-1.77	
Neurological	84,628	0.152	9.42	-0.307	-3.66	
Endocrine System	12,887	0.118	2.35	-0.338	-0.89	
Respiratory System	4,945	-0.041	-0.44	-0.111	-0.07	
Special/other	19,682	0.513	8.66	0.176	1.77	
Malignant Neoplastic Diseases	28,052	0.186	5.27	-0.218	-1.24	
Immune System Disorders	4,586	0.139	1.76	-0.617	-1.46	
Digestive System	158	-10.710	-2.36	-0.684	-1.57	
Special Senses and Speech	66	-25.166	-3.03	-0.140	-5.91	
Genitourinary Impairments	392	-1.307	-2.12	1.156	1.88	
Skin Disorders	0					
Hematological Disorders	0					
All Impairment Types - 2005	722,919	0.317	53.7	-0.369	-21.92	
2006	728,783	0.317	50.31	-0.318	-20.09	

Notes: Each row represents the first and second stages of a 2SLS regression of employment on SSDI receipt instrumented using examiner allowance rate constructed using pooled 2005-06 cases with the same body system code. Control variables include: DDS dummies, 3-digit zipcodes, body system codes, terminal illness indicator, age group dummies, avg. previous earnings and month-year dummies. Standard errors clustered on examiner.

Table A-3. Effects of SSDI Receipt on Employment and Earnings, Ages 18-57 in Decision Year

Outcome	2005 Decisions						2006 Decisions			
	2 Years After Decision		3 Years After Decision		4 Years After Decision		2 Years After Decision		3 Years After Decision	
	OLS	IV	OLS	IV	OLS	IV	OLS	IV	OLS	IV
1) Earn >=\$1,000/year										
Mean dependent variable allowed	0.164		0.141		0.115		0.146		0.112	
Mean dependent variable denied	0.557		0.552		0.507		0.528		0.486	
Coeff. on ALLOW	-0.375***	-0.334***	-0.395***	-0.273***	-0.381***	-0.187***	-0.371***	-0.349***	-0.368***	-0.253***
	(-307.36)	(-8.71)	(-323.65)	(-6.90)	(-309.07)	(-4.70)	(-280.88)	(-11.07)	(-275.92)	(-8.38)
R-squared	0.201		0.200		0.219		0.201		0.206	
2) Earn >= SGA										
Mean dependent variable allowed	0.057		0.049		0.038		0.047		0.034	
Mean dependent variable denied	0.316		0.328		0.294		0.291		0.266	
Coeff. on ALLOW	-0.265***	-0.234***	-0.283***	-0.196***	-0.261***	-0.140***	-0.253***	-0.227***	-0.241***	-0.198***
	(-235.62)	(-7.39)	(-241.82)	(-6.29)	(-234.17)	(-4.48)	(-197.79)	(-8.92)	(-196.04)	(-8.16)
R-squared	0.151		0.149		0.162		0.147		0.144	
3) Earnings										
Mean dependent variable allowed	2,176		1,950		1,667		1,873		1,515	
Mean dependent variable denied	9,580		9,943		9,232		8,728		8,255	
Coeff. on ALLOW	-8098***	-3977**	-8564***	-3435***	-8084***	-2,147	-7662***	-6518***	-7465***	-4777***
	(-143.09)	(-2.54)	(-157.77)	(-2.59)	(-154.02)	(-1.54)	(-103.50)	(-7.00)	(-105.50)	(-5.39)
R-squared	0.141		0.120		0.135		0.156		0.151	
No. observations	882,293		867,917		849,518		892,974		873,300	

Notes: standard errors clustered at examiner level; t-statistics in parentheses; *** p<0.01, ** p<0.05, * p<0.10. ALLOW denotes actual award decision (rather than initial decision). Control variables include: DDS dummies, 3-digit zipcodes, body system codes, terminal illness indicator, age group dummies, avg. previous earnings, and month dummies.

Table A-4. Effects of SSDI Receipt on Employment & Earnings, Balanced Sample

Outcome	2005 Decisions					
	2 Years After Decision		3 Years After Decision		4 Years After Decision	
	OLS	IV	OLS	IV	OLS	IV
1) Earn >=\$1,000/year						
Mean dependent variable allowed	0.151		0.130		0.106	
Mean dependent variable denied	0.527		0.518		0.471	
Coeff. on ALLOW	-0.349***	-0.275***	-0.362***	-0.225***	-0.345***	-0.158***
	(-318.91)	(-8.23)	(-334.01)	(-6.71)	(-321.81)	(-4.83)
R-squared	0.201	0.196	0.219	0.200	0.209	0.171
2) Earn >= SGA						
Mean dependent variable allowed	0.050		0.043		0.033	
Mean dependent variable denied	0.297		0.304		0.270	
Coeff. on ALLOW	-0.244***	-0.187***	-0.256***	-0.162***	-0.233***	-0.113***
	(-252.82)	(-7.11)	(-262.10)	(-6.40)	(-252.71)	(-4.59)
R-squared	0.150	0.145	0.166	0.151	0.156	0.128
3) Earnings						
Mean dependent variable allowed	1,972		1,758		1,494	
Mean dependent variable denied	9,026		9,252		8,496	
Coeff. on ALLOW	-7482***	-4144***	-7748***	-2728***	-7221***	-1,716
	(-125.19)	(-3.75)	(-181.24)	(-2.58)	(-176.24)	(-1.60)
R-squared	0.135	0.121	0.146	0.111	0.125	0.084
No. observations	1,042,666		1,042,666		1,042,666	

Notes: t-statistics in parentheses; *** p<0.01, ** p<0.05, * p<0.10. ALLOW denotes actual award decision (rather than initial

Table A-5. Sensitivity Test of Different Sample Restrictions: Effect of SSDI Receipt on Employment Two Years after Decision, 2005 Sample

Min. and max. number of initial determinations per examiner in 2005 and 2006	No. Examiners (2005)	No. Observations (2005)	1st stage		2nd stage	
			Coeff. On EXALLOW	t-Stat.	Coeff. On ALLOW	t-Stat.
10-900	9,527	1,100,983	0.199	26.20	-0.284	-8.83
30-900	8,686	1,090,345	0.204	26.10	-0.279	-8.64
100-900	7,084	1,028,459	0.204	24.15	-0.307	-8.70
150-900	6,265	974,888	0.209	23.33	-0.335	-9.14
30-no top code	8,710	1,121,859	0.208	25.46	-0.271	-8.62

Note: the last row will include some training cases (see text for details)

Figure A-1. Five-Step Review Process

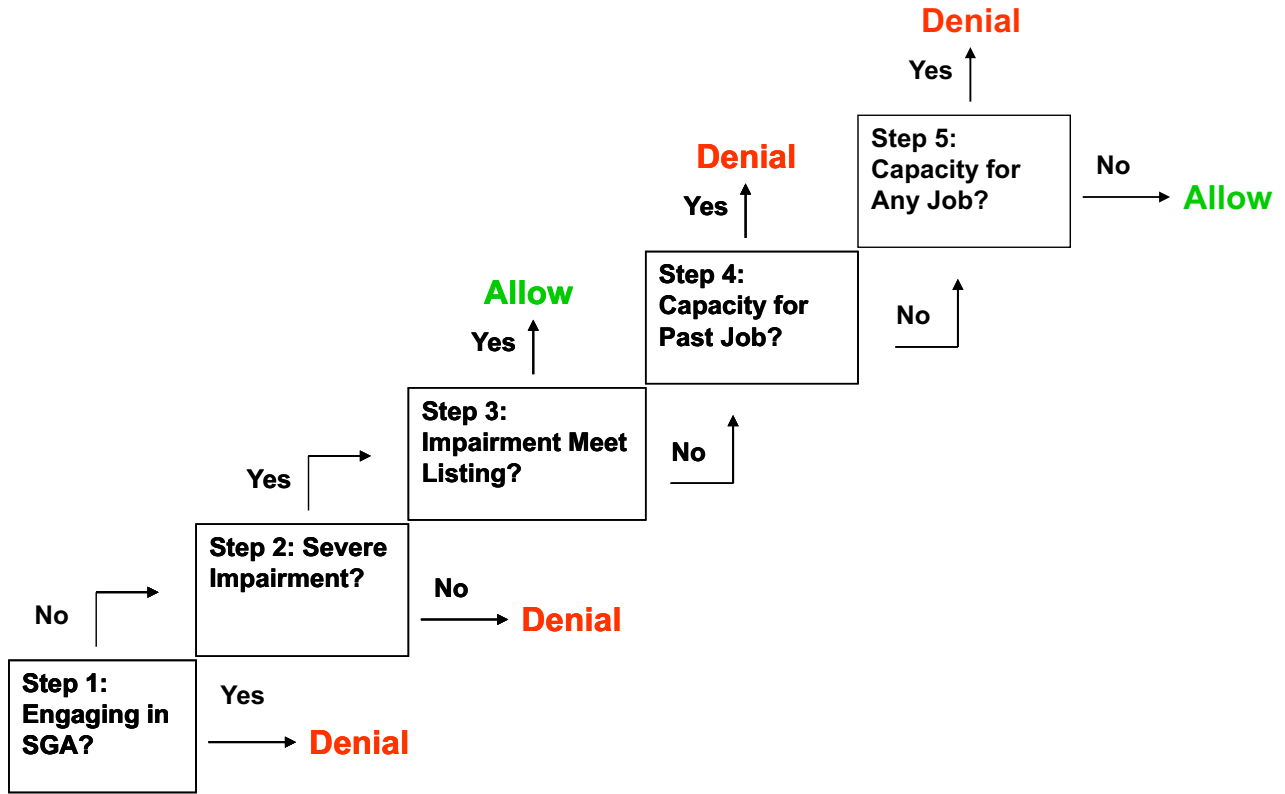
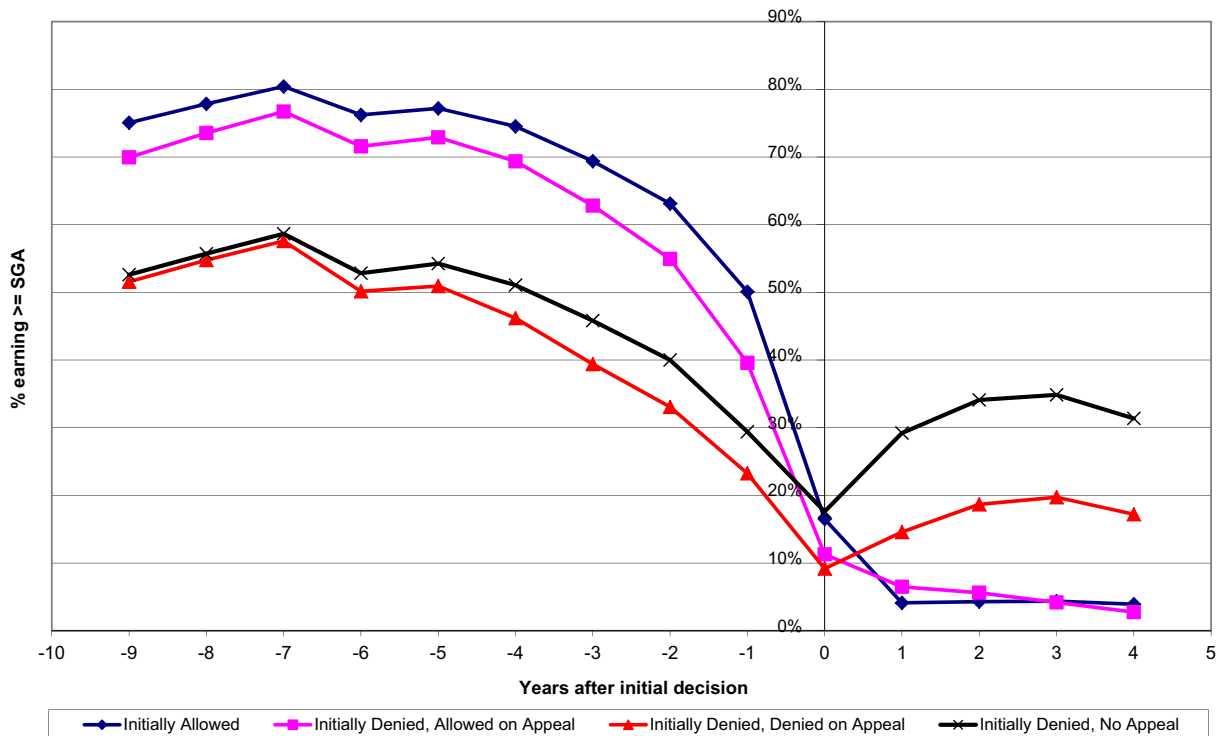


Figure A-2. Employment above SGA Before and After Initial Decision
2005 Decisions



Note: the SGA threshold increased in 1999, accounting for the dip at -6 years.

**Figure A-3. Mean Earnings Before and After Initial Decision
2005 Decisions**

