

## The Disabled Worker Under OASDI\*

Socio-economic characteristics of disabled workers and their families under old-age, survivors, and disability insurance (OASDI) are reviewed in a research report of the Social Security Administration scheduled for publication before the end of the year.<sup>1</sup> The data analyzed in the report were collected in a survey conducted during October and November 1960. Two groups of disabled workers covered under the OASDI program were interviewed—those aged 50–64 receiving disability insurance benefits and those under age 50 who did not receive benefits but who had been allowed a period of disability under the “disability freeze” provisions.<sup>2</sup> Disabled workers aged 65 and over were not included because of their eligibility under the old-age benefit program.

The survey was conducted in eight large metropolitan areas—New York, Los Angeles, Chicago, Philadelphia, Detroit, San Francisco, Boston, and Pittsburgh. Data were collected from a stratified sample of disabled workers—2,280 who were receiving disability benefits and 1,113 under age 50 who were not receiving benefits but who had been allowed a wage freeze. Interviews were conducted with the disabled worker, his spouse, or a qualified proxy during October and November 1960 by OASDI district office representatives. The sample included disabled workers in households, hospitals, and institutions for the chronically ill within the survey areas.

The study also provides some understanding of the economic situation of disabled persons who were not eligible for benefits. In 1960 there were at least 2 million adults aged 18–64 unable to work, of whom 1½ million were not receiving

OASDI benefits. In addition, there were more than 3.5 million persons with limitations in their work ability who presumably could not qualify for benefits and whose old-age benefits were not protected by the wage freeze.

The disability of the worker entitled to disability benefits is of a severe and chronic nature. To qualify for disability benefits a worker must be unable to engage in any substantial gainful activity because of an impairment expected to be of long-continued and indefinite duration or to result in death. He must also meet a work-experience requirement of 5 years of covered employment during the 10 years preceding the onset of disability.

## PRINCIPAL FINDINGS

### Income of the Disabled

The disabled worker had almost no earnings of his own and usually had few other private resources. For disability units in which the disabled worker was a married man aged 50–64, the median income in 1960 was \$3,290, derived primarily from OASDI benefits and wives' earnings. Disabled workers, men and women, who were not married and in this older age group had a median income of \$1,260, derived primarily from OASDI payments and a miscellany of pension plans and other resources. Nearly a third of the nonmarried men and women had incomes of less than \$1,000.

Disability benefits under the OASDI program provided a larger proportion of the aggregate money income of the beneficiary units than any other source reported by the married men and the nonmarried men and women. For the married women, it was second only to the husband's earnings.

### Medical History and Disability

Older workers tended to be disabled by degenerative diseases, such as arteriosclerotic and hypertensive heart disease, arthritis, emphysema, and cerebral embolisms and hemorrhage. The younger workers were more likely to have disorders of an earlier origin, such as schizophrenia,

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<sup>1</sup> Lawrence D. Haber, *et al.* *The Disabled Worker Under OASDI*, Social Security Administration, Division of Research and Statistics, Research Report No. 6, 1964.

<sup>2</sup> The “freeze” then in effect applied to the period of time during which a worker under age 50 had no covered earnings because of long-term disability. This period did not count against the worker in determining his eligibility for retirement benefits and the amount of benefits to which he was entitled. Legislation in 1960 eliminated age 50 as a requirement for receiving disability benefits. The first benefit payments to disabled workers under age 50 were received in December 1960. Therefore, no worker under age 50 in the survey received disability benefits during the survey year.

tuberculosis, multiple sclerosis, or spinal injuries. They were more likely, also, to have been confined to a hospital or long-term institution at the time they applied for a determination of disability.

The age at onset of disability of different types of disorders had an important effect on marital status and family composition. The younger the worker was at the time of the onset, the less likely he was to marry.

The age at onset of disability was not only important in the life-cycle development of the disabled worker but also had an effect on his social and economic characteristics, including living arrangements, income, assets, hospitalization, means of meeting medical care costs, attendant care, and family adjustments to disability.

### Family Status

The relationship of marital status and age at onset of disability to family composition suggests consideration of each age and marital status combination as a life cycle or family-status stage for the disabled worker. These men with a disability may be classified as described below.

*Extended childhood.*—For young nonmarried men (under age 50), disability usually represents a continuation of the dependency status of childhood. About two-thirds of the younger men in the survey group had become disabled before they reached age 35. Almost half of them were hospitalized all year, and most of the others lived with parents; fewer than a third lived alone.

Few of the young disabled had assets or substantial income; about two-fifths had money income of less than \$500 for the year. The major sources of income were veterans' benefits and public assistance.

*The full nest.*—When the disabled worker was a married man under age 50, he and his wife typically had family responsibilities like those of families in which the husband was not disabled. About 70 percent of such couples had minor children in the household, usually two or more. The main source of unit income was earnings, with the wife's contribution accounting for half the aggregate income of the group. The other major source of income was veterans' benefits. About one-fourth of the couples also received public assistance. The median annual income of the young couples was \$3,660.

*The prematurely retired.*—For married men aged 50-64, family responsibilities were usually confined to the couple, although about one-fifth had a minor child in the home. Almost all the survey couples lived in their own home. The median income of the couples was \$3,290, of which one-third was from OASDI benefits and one-third from the wife's earnings. About 1 out of every 3 couples had an income of less than \$1,000 other than OASDI benefits, and about 2 out of 5 had \$500 or more in liquid assets at the end of the year.

*The survivor/isolate.*—The nonmarried men aged 50-64 usually lived alone and often had been previously married but were widowed, divorced, or separated. More than two-fifths of the aggregate income of the group was derived from OASDI benefits. Fewer than half of the older men had an annual income of \$100 or more other than OASDI benefits. The median income was \$1,340. Most older men had no liquid assets, and only about 1 in 5 had assets of \$500 or more.

### Disabled Women

The effects of disability seemed less severe for the women in the survey population, largely because of their family position. Proportionately fewer of the nonmarried women than of the men lived alone, and they were more likely to live with relatives. Women were less likely to have extensive hospitalization than men, even within the same diagnostic category.

Women had less income, on the average, than disabled men. OASDI benefits, for both older and younger women, were smaller than those for men, and few women were eligible for veterans' benefits. Married women usually had liquid assets, but most couples had used their assets or incurred debts to meet living expenses after the onset of the wife's disability. The couples in which the wife was the disabled worker were less seriously affected economically than those with a disabled husband; in most cases the wife's earnings had supplemented those of the husband. Among the couples in which the disabled wife was under age 50, the husband's earnings accounted for more than 90 percent of the aggregate income.

## CONCLUSIONS

The study demonstrates that many of the disabled have insufficient income for an adequate standard of living. Their median income is substantially lower than that of the average family. When the additional expenses required for medical care are considered, it is evident that their incomes are less than adequate to meet their needs. Benefits from OASDI and veterans' programs only partly alleviate the economic problems involved in disability. To fully cope with the problems involved, changes in family responsibilities and relationships were required to replace the lost income of the disabled worker and provide for his care and treatment.

The effect of the disablement on the worker's ability to meet the requirements of his social role depends on his position in the family and the family structure. The data suggest that the discrepancy between expected performance and ability to fulfill the role was an important factor in family relationships and affected the likelihood and duration of hospitalization. The families of married women, for example, suffered less economic deprivation from disability than the families of disabled men, and the disabled women usually retained a useful function in the home. The unmarried disabled man had the least to contribute to the family, either financially or in integrative care and maintenance.

A basic factor to be considered in the adequacy of income is the type and amount of hospital care required by the disabled. The extent and duration of hospitalization and the type of hospitals utilized by the disabled workers in the survey reflected the differences in primary diagnosis between younger and older workers. Those under age 50, with a higher proportion of mental disease, had a higher proportion hospitalized at some time during the survey year and had a greater proportion in long-stay hospitals than those aged 50-64. The older workers, with a higher percentage of degenerative diseases, tended to make more use of general or short-stay hospitals.

Critical factors in the disabled worker's ability

to pay for medical care, including hospitalization, were his eligibility for OASDI benefits, income from other sources, and duration of hospitalization. Disabled workers aged 50-64 were receiving benefits, were usually married, often had earnings income from an employed spouse and some liquid assets, and had disabling conditions that did not require lengthy hospitalization. When all these factors were present, the disabled worker usually paid for his medical care from his own resources.

The young workers, with a high proportion requiring long-term hospitalization, were usually not married and at the time of the survey were not eligible to receive benefits. Most of the disabled workers under age 50 and almost all of those with lengthy hospitalization received medical care without charge from public institutions. Veteran's status was the nonmarried disabled worker's greatest asset. Few of them had any substantial liquid assets, and more than two-thirds had incomes of less than \$1,000.

All applicants for disability benefits under OASDI are screened for rehabilitation potential by State vocational rehabilitation agencies at the time of application. Few disabled workers received vocational services, and fewer recovered or returned to substantial gainful employment. For many disabled persons, care and training directed towards increasing the independence of action within the limits of their functional capacity may be more appropriate.

The impact of disability on the worker and his family is affected by his position in the family and by family composition and structure. The care and treatment of the disabled worker and the economic welfare of the family are affected by the presence or absence of persons to perform functionally relevant tasks. To understand the consequences of disability and to provide effective services, more information about family organization and the factors critical to family functioning is needed. The interplay of family life-cycle and role relationships, income resources, need for care, and extent of incapacity represents the focus for further study of the effect of disability on the disabled adult and on other family members.