Screening Disability Insurance Applications and Targeting  
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Abstract:
We estimate the impact of stricter screening of Disability Insurance (DI) applications on DI application behaviour, as well as on compositional changes in ex-ante health of DI applicants and long-term employment and health outcomes of DI applicants and non-applicants. We use exogeneous variation induced by a field experiment where we directly controlled the screening stringency of the caseworkers. In two out of 26 regions in the Netherlands, caseworkers at the local offices of the National Social Insurance Institute (NSII) were instructed to screen reintegration reports considerably more strictly than elsewhere. Using a difference-in-differences strategy, we examine the extent to which -- and among whom -- screening stringency influences DI application and award rates. Our results show that the decline in DI applications and DI (unconditional) awards primarily comes from able individuals, which suggests that targeting efficiency improves. In particular, we observe strong changes in the composition of DI applicants and recipients in response to changes in screening stringency. We infer from longer run (up to 7 years) mortality and labour-market outcomes of non-applicants whether increased stringency may induce truly disabled individuals not to apply, but find no evidence of such perverse self-screening.