

# Junior Scholar Research Brief



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## The Effects of Opioids on Labor Market Outcomes and Use of Social Security Disability Insurance

Adibah Abdulhadi, University of Wisconsin Madison

Research conducted by Adibah Abdulhadi, as part of the 2019 Junior Scholar Intensive Training (JSIT) research award competition. Please visit the [JSIT training page](#) for details on the training program.

### Summary

Prescription opioids are widely used to treat pain. They can be beneficial by helping a person with a medical condition to manage pain and to be gainfully employed rather than seeking Social Security Disability Insurance (SSDI). On the other hand, opioids are addictive; their use may lead to substance abuse and an exit from the labor market. This study examines the effects of prescription opioids on labor market outcomes and the use of SSDI. Studying the effects of prescription opioids on the labor market and the use of SSDI is difficult because workers who are prescribed an opioid medication may be different from those who are not. For example, the former may have more severe medical conditions that prevent them from working and increase the likelihood of successfully applying for SSDI. This potential selection bias would overstate the effects of opioids. To address this bias, this paper uses marketing payments from opioid manufacturers and distributors to physicians as an instrument that can predict opioid prescribing without being correlated with confounding factors such as health conditions.

### Key Research Findings

- The results suggest that a higher opioid prescription rate in a county increases labor force participation and reduces unemployment; however, the estimated effects are not statistically significant.
- However, the positive effects of prescription opioids on labor market outcomes are confined only to the urban counties.
- Results indicate that greater opioid prescribing also increases the use of SSDI by increasing applications, awards, enrollment, and dollar amount of benefits paid.

### Implications for Policy and Practice

The effects of prescription opioids of increasing both labor market activities and SSDI use seem contradictory because some SSDI rules, such as the substantial gainful activity (SGA) threshold, disincentive work. This can be partially explained by the finding that a higher opioid prescription rate may increase both SSDI use and labor market activities through part-time employment. Moreover, further research is needed to explore how the effects of prescription opioids vary by geographical context such as the level of urbanicity.

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