



Exploring Worker and Firm Characteristics that Drive Use of Accommodation for Workers with Disabilities

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While several policy proposals advocate for more employer responsibility in encouraging workers to return to work after injury and disability, few studies have analyzed existing employer-based return to work programs in the U.S. or considered employer and employee factors that may facilitate or inhibit employers' incentives to accommodate workers after injury. We study three unique accommodation programs to document dispersion in accommodation rates by worker, firm, and injury characteristics. An examination of return to work programs in worker's compensation can offer several important insights to the Social Security Administration for thinking about disability policy and accommodation. This early intervention may prevent a health condition from worsening and allow a worker to maintain strong connections to the labor market despite his or her impairment or work restrictions.

Documenting Dispersion in Accommodation for Workplace Disability

Returning to work after disability is a decision that workers make based on their ability to perform their job as well as economic and institutional factors. A worker's choice may also depend on available accommodations. However, recent evidence suggests that nearly half of workers who would benefit from accommodation do not receive it (Maestas et al. 2019). Employee personality traits may play an important role in determining which individuals seek accommodation (Hill et al. 2016). Less is known about how accommodation provision varies with other characteristics of workers or firms, and the extent to which differences in worker or firm characteristics explain disparities in accommodation rates for workers with disabilities.

This paper provides new evidence to address these open questions. We examine three return to work accommodation programs in Oregon worker's compensation system: one for temporary injuries, one for permanent injuries, and a vocational rehabilitation program. An examination of return to work programs in worker's compensation can offer insights for broader policy related to disability and accommodation. A significant share of workers with workplace disabilities do not return to the labor market after the onset of their impairment. Even workers with temporary or less severe impairments suffer earnings losses for several years after a disabling event (Dworsky et al. 2022). Return to work programs through worker's compensation offer accommodation typically within the first few months or years following disability onset. This early intervention may prevent a health condition from worsening and allow a worker to maintain strong connections to the labor market despite his or her impairment or work restrictions.



To study dispersion in accommodation across worker, firm, injury, and task characteristics, we conduct three main analyses. First, we document patterns of accommodation across characteristics for all three programs. Second, we run a variance decomposition to quantify the extent to which different characteristics can explain the overall variance in accommodation rates. Finally, we use a Oaxaca-Blinder decomposition to understand whether differences between particular groups (specifically gender, age, injury type, and firm insurance type) are due to differences in worker characteristics or differences in how firms accommodate such workers.

There is significant variation in accommodation by industry and occupation

We find that workers in all three programs are slightly older, have higher weekly wages prior to injury, and have higher medical costs and longer claim durations than workers who do not receive accommodation. We also document large dispersion in accommodation rates for temporary injuries by industry and occupation, but less so by injury and task. For example, accommodation rates vary from 4 percent of claims for workers in the information industry to 39 percent of claims for workers in public administration, and from 13 percent in arts and entertainment occupations to 44 percent in health care occupations. For vocational rehabilitation and accommodation for permanent injuries, however, there is less variation by industry and occupation, and instead substantial variation in use of these programs across injury type.

Identity of the firm, rather than worker or injury characteristics, matters most

From our variance decomposition, we find that the identity of the firm explains nearly 25 percent of the variance in accommodation for temporary injuries across our sample, while worker and injury characteristics explain very little of the variation. Put another way, these results suggest that small parts of these decisions are based on the characteristics of the worker, injury and firm, but much of the variation is based on cross-firm differences. Results are more muted for accommodation for permanent injuries and vocational rehabilitation. From the Oaxaca-Blinder decomposition, we find that the largest difference in accommodation rates for temporary injuries is in insurance type (accommodation is 16 percentage points higher in self-insured firms than other firms), and the second is in gender (accommodation is 5 percentage points higher for women than men). Much of the difference for insurance type is explained by the difference in how characteristics affect accommodation rates, while the difference is split fairly evenly between characteristics and coefficients for gender.

Implications

- Our results suggest that policies that engage both workers and employers may have more impact than policies that only target workers, who have been the focus of SSA's previous demonstrations.
- The strong role of the employer in the case of temporary disabilities highlights the role for the firm to intervene early and encourage return to work, which could reduce reliance on other benefits such as SSDI later on. Providing firm incentives for workers with more permanent disabilities may be too late and be a less productive intervention.
- The importance of the firm in determining accommodation raises the potential for inequity if otherwise similar workers may be equally qualified and in need of accommodation, but have different accommodation experiences simply due to the firm at which they work.