

Social Security Disability Benefits and Work Incentives

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Why do I need to know this stuff?

- If you are helping people become employed, you are potentially putting them at risk of benefit loss
- If you are not able to explain how earned income affects SSA disability benefits you will not convince beneficiaries that paid work is a positive outcome

But, understanding SSA benefits is not my job.....

- Yes, it is! This is a core competency for anyone involved in helping people with disabilities access wage employment or self-employment
- WIPA projects simply cannot serve everybody – you need to help
- You can't rely on SSA for assistance in this area

Ok, but what is my role in all of this?

- Understand and be able to explain the basic impact of earned income on benefits
- Understand the use of specific work incentives and identify good candidates
- Assist with reporting wages to SSA
- Work with WIPA provider on complex cases

Two Different Types of SSA Disability Benefits

- SSI or Supplemental Security Income
- Funded by federal tax dollars, not SSA trust fund
- Welfare program based upon financial eligibility
- Social Security Title II Disability Benefits (SSDI, CDB, DWB)
- Funded by SSA trust fund
- Entitlement program based upon insured status

Eligibility for SSI

- Be medically disabled as defined by the SSA
- Not be working or earnings under SGA limit (\$980/\$1,640 GROSS for 2009) at time of application ONLY! Parental income counts for children under 18. Spousal income counts for married persons.
- Have unearned income of less than the current FBR. For 2009 the FBR is \$674 for an individual and \$1,011 for an eligible couple.

Eligibility for SSI Continued

- Resources under \$2,000 or \$3,000 for an eligible couple
- Countable resources do NOT include: home you live in, one car (some restrictions), life insurance policy, burial plot, burial funds or pre-paid funeral expenses up to \$1,500, personal effects and household goods, and property essential to person's self-support.

Amount of SSI Payment Affected by Many Things

- Earned Income – wages, net earnings from self-employment, in-kind items in lieu of pay
- Unearned income
- In-kind support & maintenance (ISM). Full ISM results in a 1/3 reduction of SSA base rate (\$449.33)
- Overpayment recovery

Eligibility for Social Security disability benefits (Title II)

- Be medically disabled as defined by the SSA.
- Not be working or earnings are under SGA limit (\$980/\$1,640 GROSS per month for 2009).
- Have earned sufficient "credits" by paying into the system yourself, have a deceased, retired or disabled parent who paid in on your behalf (CDB), or be eligible for Disabled Widow(er)s Benefits (DWB).

Eligibility for Title II Disability Benefits continued

- Resources and other forms of unearned income are irrelevant and are not considered in SSD eligibility determination.
- **OTHER DETAILS:** There is a 5-month waiting period of initial eligibility before the SSD check begins. There is a 24-month Medicare Qualifying Period. In the meantime, SSI and Medicaid may be received by persons meeting applicable eligibility standards.

Eligibility for SSDI

- Must have insured status on own work record
- At least 20 credits in the 10 years prior to onset of disability
- Those disabled prior to age 31 need fewer credits to qualify
- Possible to earn up to four credits per year -one credit = \$1,090 in 2009
- Benefits may be paid retro-actively back to date of disability onset or 12 months prior to application – whichever is less
- 5-month waiting period before benefits may begin

Childhood Disability Benefits (CDB)

- To be eligible for Social Security as an adult child with a disability, individuals must be:
 1. 18 years of age or older
 2. Disabled by SSA's definition before age 22; and,
 3. Child of an insured worker who is either disabled, retired or deceased.
- If child marries, benefits end unless marriage is to another Title II beneficiary (excluding those on child's benefits)
- No 5-month waiting period required

Concurrent Beneficiaries

- Eligibility for title II disability is established, but the amount of monthly benefit check is below the current FBR (\$674/\$1011 in 2009).
- Eligibility for SSI is established (i.e.: the individual does not exceed the unearned income & resource limits).
- The SSI check is reduced due to the fact that unearned income is involved (the title II check)

Employment and SSI

- SSI counts wages when they are PAID, not when they are EARNED!
- SSI check will go up and down based on how much income was received in a given month
- There is generally a two month lag time between when earnings are reported and when check is adjusted
- SSA will often estimate earnings and “settle-up” at the annual re-determination

Employment and SSI

1. Start with the GROSS monthly earnings and subtract a \$20.00 general exclusion.
2. Next, subtract a \$65.00 earned income exclusion.
3. Take the remaining amount and divide it by two. You are left with what is called countable earned income.
4. Subtract the countable earned income from the base SSI rate for the person. The remaining amount is the adjusted SSI check.

A simple way to explain this

The first \$85.00 that you earn each month does not count against you. For anything above \$85.00, the SSA will take away one dollar from your SSI check for every two dollars that you earn. SSI recipients ALWAYS come out ahead by working!

Break Even Point (BEP)

- The BEP is the point at which income causes the loss of SSI cash payments
- For recipients getting the FBR (\$674 in 2009) the break-even point is:
$$\$674 \times 2 + \$85 = \$1,429$$
- For recipients with full ISM (\$449.33 in 2009) the break-even point is:
$$\$449.33 \times 2 + \$85 = \$983.66$$
- Recipients with unearned income will have different BEPs.

Section 1619(b)

This incentive continues Medicaid coverage for most working SSI recipients even after earnings become too high to allow a cash benefit (after BEP has been reached).

1619(b) Eligibility

- Have been eligible for SSI cash payment in the previous month
- Still meet the disability requirement
- Pass the Medicaid “needs test”
- Have gross annual earned income less than the current “threshold amount” (\$26,190 in KY in 2009)
- Have countable unearned income of less than the current FBR and resources under the current SSI limit

1619(b) Provisions

- Allows recipients to continue Medicaid coverage after the break-even point
- Allows eligible 1619 (b) recipients to get a SSI cash payment at any time earnings fall below the break-even point.
- Enables people to maintain eligibility for SSI cash payments or continued Medicaid coverage after a period of ineligibility without filing a new application.

1619(b) Provisions Cont.

- Enables people who are ineligible for continued Medicaid coverage because earnings exceed the threshold amount to get SSI cash payments again if earnings fall below the BEP within 12 months.
- Allows people who are ineligible for continued Medicaid coverage because earnings exceed the threshold amount to regain Medicaid eligibility if earnings drop below the threshold amount within 12 months.

Student Earned Income Exclusion

- This work incentive allows a person who is under age 22 and regularly attending school to exclude up to \$1,640 of earned income per month up to a maximum ANNUAL exclusion of \$6,600.
- SSA will automatically exclude income of up to \$1,640 per month until the full exclusion of \$6,600 is exhausted or the individual is no longer a student.
- SEIE figures are adjusted annually and only apply for the current calendar year.

Impairment Related Work Expenses (IRWE)

- The purpose of the IRWE work incentive is to enable recipients of SSI benefits to recover some of the costs of expenses incurred as a result of their disability to support their work.
- Deducting the cost of impairment-related items and services from monthly gross wages increases SSI cash payments.
- The cost of IRWE expenses can also be deducted from gross earnings during initial SSI application processes enabling individuals to meet the SGA requirement

IRWE Criteria

- Expenses must be directly related to enabling the individuals to work;
- Individuals, because of a severe physical or mental impairments, must need the items or services to work;
- Costs must be paid by the individuals and not be reimbursable from other sources;
- Expenses must be paid in a month in which the individuals are or were working;
- Expenses must be reasonable.

Blind Work Expenses

Any earned income which a blind person uses to meet expenses needed to earn that income is not counted in determining SSI eligibility nor in determining the subsequent payment amount. Expenses DO NOT need to be related to the person's blindness.

Examples of Blind Work Expenses

- Guide dogs
- Fees
- Transportation to and from work
- Vehicle modifications
- Training to use impairment-related items
- Taxes
- Prosthesis
- Meals consumed during work
- Other work-related equipment/services
- Non-medical equipment/ services
- Drugs and medical services essential to work
- Physical therapy
- Expendable medical supplies
- Mandatory pension contributions
- Attendant care

Expedited Reinstatement

- Effective 1/1/2001
- Applies to both SSI and SSD
- For individuals who have stopped receiving benefits due to work and then at later date have to stop work because of their medical condition or disability.
- Provides up to 6 months provisional benefits
- Provides a 5 year (60 month) "safety net" from month of benefit termination.

How Work Affects Title II Disability Benefits

- Title II disability programs count income when it is EARNED, not when it is PAID!
- SGA test remains in effect indefinitely for title II disability programs
- Title II disability benefits are not gradually reduced by work – it is all or nothing!
- People who work but never engage in SGA will NOT lose cash benefits or Medicare

Understanding the Concept of SGA

- SGA is NOT an objective number - it is a subjective determination
- SGA is all about assessing the VALUE of a beneficiary's work effort
- SGA involves an ongoing pattern of work behavior – not an isolated month or two
- SGA determinations can't be made in real time, but only by looking backwards in time to detect a pattern
- Only SSA can make SGA determinations

SGA Earnings Guidelines

- SGA amounts are annually indexed since January 2001
- 2009 SGA amount for non-blind persons is \$980, and \$1,640 for blind beneficiaries
- Previous SGA amounts apply for the years they were in effect
- SGA test is applied to gross countable earnings for persons in wage employment and countable net earnings for self-employment

Tools SSA used to Make SGA Decisions

- Unsuccessful Work Attempt (UWA)
- Income Averaging
- Subsidy
- Impairment Related Work Expenses (IRWEs)

UWA Definition

An unsuccessful work attempt (UWA) is an effort to do substantial work in employment or self-employment which was discontinued or reduced to the non-SGA level after a short time (no more than 6 months) because of the individual's impairment or the removal of special conditions related to the impairment that are essential to the further performance of work.

UWA Criteria

- There must be a significant break in continuity of work for work attempt to be considered unsuccessful
- The break must be caused by the disability or the removal of “special conditions” related to the disability
- SGA level work lasting more than 6 months cannot be UWA.

Income Averaging

- Used to detect a pattern of SGA level work when earnings fluctuate.
- Countable earnings consistently over or under the current SGA guideline do not need to be averaged
- SSA applies numerous complex rules when averaging earnings for SGA determinations – when unsure get help from WIPA personnel

Subsidy

A subsidy is support a person receives on the job that could result in more pay being received than the actual value of services performed. Social Security considers the value of subsidies when they determine whether or not a person is engaging in substantial gainful activity (SGA).

Subsidies DO NOT reduce countable income for SSI purposes!!

Types of Subsidy

- Employer Subsidy
- Special Conditions
- Subsidy for Self Employed
 - Unpaid Help
 - Unincurred business expenses

Impairment Related Work Expenses

SSA deducts the cost of certain “impairment related work expenses” (IRWEs) from gross earnings when they are deciding if “countable earnings” demonstrate the performance of SGA. This allows some beneficiaries to earn more than the SGA amount and still retain cash payments.

IRWE Criteria

- Expenses must be directly related to enabling the individuals to work;
- Individuals, because of a severe physical or mental impairments, must need the items or services to work;
- Costs must be paid by the individuals and not be reimbursable from other sources;
- Expenses must be paid in a month in which the individuals are or were working;
- Expenses must be reasonable.

Work Incentive Phases

- Phase 1 - Trial Work Period (TWP)
- Phase 2 - Extended Period of Eligibility (EPE)
- Phase 3 - Cessation Month and Grace Period
- Phase 4 - Extended Period of Medicare Coverage

Trial Work Period (TWP)

- Earnings over \$700 in 2009 (or 80 hours of self-employment)
- 9 TWP months within a consecutive 5 year (60 month) period
- TWP Months need not be consecutive
- No other work incentives apply during TWP
- No special TWP amount for blind persons
- ALL gross earnings count – net earnings for self employed

Extended Period of Eligibility (EPE)

- Begins 10th month after 9th month of TWP – if the TWP ends, the EPE begins automatically
- EPE is 36 consecutive months (cannot “bank” months)
- During the EPE, after SGA has been determined, cash benefits may only be received for months when earnings are below SGA (\$980/\$1,640 in 2009)

Cessation Month & Grace Period

- The cessation month is important because it is the first month in which SSA determines a person to be officially engaging in SGA.
- The cessation month may occur during or after the EPE. Title II disability payments are due in the cessation and the next two “grace period months”
- Beneficiaries who never engage in SGA never use this work incentive phase

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Extended Medicare Coverage

- Created by Section 202 of TWWIIA
- Effective October 1, 2000
- Provides extended premium-free Medicare coverage for beneficiaries who lose cash benefits due to work
- Three rules apply depending on when the cessation month occurs
- At least 93 months of coverage is guaranteed after the TWP ends

Section 301 – Continued Payment Under VR Program

Under this provision, SSI and title II disability benefits (and medical insurance) can continue even after a beneficiary medically recovers - if, at the time the disability ceases, the person is participating in an approved program of vocational rehabilitation, employment services, special education services under an IEP, or other support services which are likely to enable the person to stay off the disability rolls.

Plans For Achieving Self Support (PASS)

A Plan for Achieving Self Support (PASS) allows a person with a disability to set aside income (earned or unearned) and/or resources for a specified period of time in order to attain a stated work goal. The purpose of a PASS is to help persons with disabilities establish or maintain SSI eligibility. It can also increase the person's SSI payment amount (up to the FBR). A PASS does NOT affect SGA determinations for title II disability beneficiaries.

PASS Requirements

- Submitted on form SSA-545
- Identifies feasible occupational goal
- Definable timeframe with steps
- Identifies sources and amounts of income to be set aside
- Details all planned expenditures & justifies major purchases
- Initial PASS will be for no more than 18 months
- Leads to SGA level employment, or significantly reduces SSI

For More Information

- www.socialsecurity.gov
- SSA toll free number 1-800-772-1213 operated from 7 am till 7 pm weekdays
- www.vcu-ntc.org National WIPA Training and Technical Assistance Center at VCU
- Contact your local WIPA provider for assistance with specific cases