

## A. Essential Features of Social Security Disability Insurance

1. It is an insurance program. The claimant or his/her spouse or parents must have paid money into it through the Federal Insurance Contributions Act (FICA payroll tax deductions) for enough years to be covered and at least some of these taxes must have been paid in recent years.
2. Payment amounts vary based on the worker's earnings. Higher earnings for more years typically equal a larger monthly benefit. Lower earnings for fewer years typically equal a smaller monthly benefit. A worker who becomes disabled must wait 5 months after disability begins before receiving SSDI benefits. An onset date for the disability is established in order to begin this waiting period. The onset date must be during the period the worker had insured status. Insured status has to do with the number of work credits you have registered with Social Security. One credit is earned for each quarter of work with earnings in excess of \$1090. 20 credits earned in the last 10 years ending with the year in which you became disabled are needed. Benefits are paid from this onset date forward.
3. An SSDI recipient is eligible for Medicare after receiving cash benefits for 24 months. Medicare has four parts: hospital insurance (Part A), medical insurance (Part B), a managed care option (Part C) and prescription drug coverage (Part D). About 99 percent of Medicare beneficiaries do not pay a premium for Part A services, since they have at least 40 quarters for Medicare-covered employment. However, other seniors and certain people under age 65 with disabilities who have fewer than 30 quarters of coverage may obtain Part A coverage by paying a monthly premium set according to a statutory formula. This premium will be \$443 per month for 2009. In addition, seniors with 30 to 39 quarters of coverage, and certain disabled persons with 30 or more quarters of coverage, will pay a premium of \$244 in 2009.

Medicare Part A pays for inpatient hospital, skilled nursing facility and some home health care. The \$1068 deductible is paid by the beneficiary when admitted as a hospital inpatient. The Part A deductible is the beneficiary's only cost for up to 60 days of Medicare-covered inpatient hospital care in a benefit period. Beneficiaries must pay an additional \$267 per day for days 61 through 90 in 2009, and \$534 per day for hospital stays beyond the 90th day in a benefit period. Medicare Part B's premium is \$96.40 per month, typically deducted from a beneficiary's check. There is a \$135 annual deductible. Medicare recipients pay 20% of the Medicare-approved amount for services after meeting the \$135.00 deductible.

Part C (Medicare Advantage) plans allows a beneficiary to choose to receive all health care services through a provider organization. These plans may help lower the costs of receiving medical services, or a beneficiary may get extra benefits for an additional monthly fee. One must have both Parts A and B to enroll in Part C.

Part D (prescription drug coverage) is voluntary and the costs are paid for by the monthly premiums of enrollees and Medicare. Unlike Part B in which one is automatically enrolled and must opt out if it is not wanted, with Part D one must opt in by filling out a

form and enrolling in an approved plan. Individuals with incomes in excess of \$82,000 or couples with incomes in excess of \$164,000 will pay higher premiums beginning in 2008

4. SSDI is part of Old Age, Survivors and Disability Insurance (OASDI) also known as Title II of the Social Security Act.

### **B. Essential Features of Supplemental Security Income**

1. It is a welfare program that makes payments to aged, blind and disabled people (including children under age 18). As a welfare program, a claimant must meet the means test in addition to being medically disabled, aged or blind. The means test examines these three areas: income, resources and living arrangements. Means testing is used in all welfare programs. When a child under age 18 is living with his or her parents, Social Security must count a portion of the parents' income in determining the child's eligibility and payment amount. In this process, called "deeming," the law recognizes that part of the parents' income and resources normally are used to support the children. The resource limit is currently \$2000 for an individual, \$3000 for an eligible couple. Not all resources count toward the SSI resource limit. Items such as the home one lives in; a car, depending on its use or value; burial plots for an individual and immediate family; burial funds up to \$1500, or more if held in an irrevocable burial fund; and life insurance with a face value of not greater than \$1500 are generally not counted as resources. When resources are over the limit, eligibility for SSI ceases.

In cases where a lump sum payment in excess of this amount is received, a recipient is given 6 to 9 months before that money is counted as a resource. In order to spend that money down to acceptable limits, recipients must purchase items that will not accrue value (e.g. clothing, a car, furniture, electronic equipment, irrevocable burial plan, payment of outstanding bills, and prepayment of rent and/or utilities).

2. Payment amounts are set by the state. The Federal government funds SSI from general tax revenues. Individual states choose how much, if any, additional dollars to add to the standard federal benefit level. Some states like CA and NY choose to add a good deal more so their maximum amount is much more than what WA pays. The standard payment amount for an individual with no other income in WA is \$674, which is the federal benefit level. The standard payment amount for an eligible couple with no other income in WA is \$1,011, which is the federal benefit level. SSI benefits are paid retroactive to the date of application.

3. An SSI recipient in WA and most other states is co-entitled to Medicaid retroactive to the date of application. In other states, a separate application is required.

4. SSI is also known as Title XVI of the Social Security Act.

### **C. Social Security Administration's Work Incentives:**

There have been many positive changes in Social Security's rules over the last several years that now permit beneficiaries of SSDI and SSI to test their ability to work without

fear of losing their monthly cash benefits or health insurance. These changes have enabled thousands of people with disabilities to take advantage of employment opportunities, either on their own or through community based employment programs via vocational rehabilitation. The work incentives vary according to what type of benefits someone receives and are as follows:

1. The **SSDI** work incentives are:

**Impairment Related Work Expenses-** This provision allows the costs of certain impairment related items and services that a beneficiary needs for work and that are paid by the beneficiary to be deducted from gross earnings and, hence, not counted in figuring if the earnings are at the **substantial gainful activity** level (\$980 or more, \$1640 if blind). **(examples: out of pocket expenses for medications, therapy, doctor visits, lab work; expenses for a "job coach" if in an SE program; fees or co pays to attend outpatient clinic or other program; mileage expenses for an approved vehicle and limited to travel related to employment etc.)**

**Trial Work Period-** This provision allows a period of nine months in which a beneficiary can work and receive full benefits no matter how much is earned. The nine months need not be consecutive and start with the first month in which more than \$700 in net wages is earned. When the beneficiary has accumulated nine such months within a 60-month rolling period, SSA will review the work. Earnings exceeding the SGA level of \$980 (\$1640, if blind) indicate that the beneficiary is able to work in spite of a disabling impairment. If this is the case, benefits continue for a "grace period" of three more months. If the work and its earnings are below the SGA level, SSDI benefits continue. **NOTE: Earnings above \$700, but below \$980 (\$1640, if blind), means that the TWP has ended, but that benefits will continue.**

**Extended Period of Eligibility-** If disability benefits stop after successful completion of the trial work period because of working at the substantial gainful activity (SGA) level, Social Security can automatically reinstate benefits without a new application for any months in which your earnings drop below the SGA level of \$980 (\$1640, if blind) or more). This reinstatement period lasts for 36 consecutive months following the end of the trial work period. The beneficiary must continue to have a disabling impairment in addition to having earnings below the SGA level for that month.

**Continuation of Medicare Coverage-** Most people with disabilities who work will continue to receive at least 93 consecutive months of hospital and medical insurance under Medicare. The beneficiary pays no premium for hospital insurance. Although cash benefits may cease due to work, the beneficiary has the assurance of continued health insurance. The 93 months start the month after the last month of the trial work period.

**Medicare for Persons with Disabilities Who Work-** After premium-free Medicare coverage ends due to work, some people who have returned to work may buy continued Medicare coverage, as long as they remain medically disabled. One can buy Premium Hospital Insurance (Part A) at the same monthly cost that uninsured eligible retired beneficiaries pay, \$433 if one has less than 30 quarters of coverage, or \$244 if one has 30

or more quarters of coverage for 2009; and one can buy Premium Supplemental Medical Insurance (Part B) at the same monthly cost that uninsured eligible retired beneficiaries pay, \$96.40 for 2009; or one can buy Hospital Insurance separately without Supplemental Medical Insurance. One can buy Supplemental Medical Insurance only if one also buys Hospital Insurance.

Some people with low incomes may be eligible for State assistance with these costs. In WA, this assistance is known as Healthcare for Workers with Disabilities. This program recognizes the employment potential of people with disabilities, and represents Washington State's response to the "Ticket to Work" legislation passed by Congress in 1999. Under *HWD*, people with disabilities can earn more money and purchase healthcare coverage for an amount based on a sliding income scale. *HWD* benefits include a Medicaid benefit package, greater personal and financial independence, and enrollees earn and save more without the risk of losing their healthcare coverage. WA residents who are age 16 through 64, meet federal disability requirements, are employed (including self-employment) full or part time and have monthly net income at or below 220% of the federal poverty level - \$1908 for one person or \$2568 for a married couple - are eligible. The monthly premium is based on a sliding scale. It cannot be more than 7.5% of total income - but it can be less!

2. The **SSI** work incentives are:

**Impairment Related Work Expenses-** As with SSDI, this provision allows the costs of certain impairment related items and services that a beneficiary needs for work to be excluded from earned income in figuring a beneficiary's monthly payment amount.

**Earned Income Exclusion-** This provision allows most of a beneficiary's income, including pay received in a sheltered workshop or work activities center, to be excluded when figuring the SSI payment amount. The first \$20 of earnings is excluded as a general income exclusion. The next \$65 of earnings is excluded plus one half of the remaining earnings.

**Student Earned Income Exclusion-** This provision allows a beneficiary who is under the age of 22 and regularly attending school to exclude up to \$1640 of earned income per month. The maximum annual exclusion is \$6600.

**Blind Work Expenses-** This provision provides that any earned income which a blind beneficiary uses to meet expenses needed to earn that income is not counted in determining SSI eligibility and the payment amount if the beneficiary is under age 65 or age 65 or older and received SSI due to blindness for the month before he or she attained age 65.

**Plan for Achieving Self Support (PASS) -** This provision allows a beneficiary to set aside income and/or resources for a specified period of time for a work goal. For example, a person may set aside money for an education, vocational training or starting a business. Any income or resources set aside is excluded under the SSI income and resources test. An individualized plan is required and must be approved by Social Security.

**Property Essential to Self Support-** This provision allows a beneficiary to exclude certain

resources (e.g. property used in a business or trade), which are essential to the person's means of self-support.

Section 1619 Work Incentives- Section 1619a allows beneficiaries to receive cash payments even when earned income exceeds the substantial gainful activity level. All other eligibility conditions must be met. Section 1619b allows continued Medicaid coverage for most working beneficiaries when their earnings become too high to allow an SSI cash payment. In Washington, SSI beneficiaries may work and earn up to \$27143 per year or \$2261.91 per month before losing their eligibility for Medicaid.

It is important to note that the above information is presented as a **summary** only and is not intended to substitute for written publications, documents and/or contact with representatives from the Social Security Administration. Each of the above work incentives have a variety of additional details on eligibility, duration, exclusions, start dates, end dates, etc. Social Security makes available a variety of publications detailing work incentives and other aspects of its disability programs. These may be requested at your local Social Security district office, via the Internet at [www.ssa.gov](http://www.ssa.gov) or toll free at 1-800-772-1213. You are encouraged to obtain these and use them in working with disability beneficiaries. Especially helpful is the Red Book on Work Incentives (SSA Pub. No. 64-030).

#### **D. Internet Resources**

<http://www.ssa.gov> (Social Security)

<http://www.ssa.gov/redbook/> (Red Book on Work Incentives)

<http://www1.dshs.wa.gov/manuals/eaz/index.shtml> (Washington State DSHS)

<http://fortress.wa.gov/dshs/maa/Eligibility/Index.html> (Medicaid)

<http://fortress.wa.gov/dshs/maa/Eligibility/HWD.htm> (Healthcare for Workers with Disabilities)

<http://www.yourtickettowork.com/> (Ticket to Work)

<http://edocket.access.gpo.gov/2008/pdf/E8-10879.pdf> (Federal Register Rules on Ticket)

#### **About the Presenter:**

Jonathan R. Beard holds a Master of Science in Social Work degree from the University of Texas at Arlington with dual concentrations in mental health and administration and planning. He is a Licensed Independent Clinical Social Worker in Washington State. Mr. Beard also holds the credential of Certified Psychiatric Rehabilitation Practitioner as issued by the United States Psychiatric Rehabilitation Association.

Mr. Beard has worked in public and nonprofit settings that provide services to/for/with adults with serious mental illness and other co-occurring disorders as a direct services provider and as a supervisor, manager and senior executive. He is particularly interested in recovery focused/consumer driven services, ethics, consumer rights, and supervision and management in nonprofit and public human service agencies.

Mr. Beard became interested in entitlements while working as a Human Services Advocate with the Community Mental Health Law Project in his native New Jersey in the

early 1980s. Mr. Beard successfully represented many clients with psychiatric and other disabilities in a variety of claims before the Social Security Administration. Since then, he has trained hundreds of providers, consumers and family members in matters pertaining to Social Security. Mr. Beard does **not** currently represent clients in such matters.

Mr. Beard currently serves as a Project Manager with the Washington Institute for Mental Health Research and Training (Western Branch) where he works on a variety of training and consultation products to assist in the transition of public sector mental health services in the State of Washington to a more consumer driven and recovery focused system. Mr. Beard also teaches graduate students as a Lecturer with the School of Social Work at the University of Washington.

Mr. Beard also operates his own business, **Progressive Strategies**, which is dedicated to “maximizing the capacities of public and private sector human service providers and organizations”. Services provided include project management, program/organizational development, strategic planning, consultation and training, and retreat/meeting facilitation. He maintains a small private practice devoted to clinical social work supervision.

In 2007, Mr. Beard was honored as a “Hero in the Fight” (Professional Category) by the National Alliance on Mental Illness - Washington State Chapter for his efforts on behalf of mental health consumers and their families in Washington.

Mr. Beard is a member of the National Association of Social Workers, National Alliance on Mental Illness, and the United States Psychiatric Rehabilitation Association. He may be reached at:

**Progressive Strategies**  
**Post Office Box 15419**  
**Seattle, WA 98115-0419**  
**Voice/Fax: 206.524.3927**  
**ProgressiveStrategies@comcast.net**  
**www.ProgressiveStrategies.org**