

IT DOESN'T TAKE A ROCKET SCIENTIST

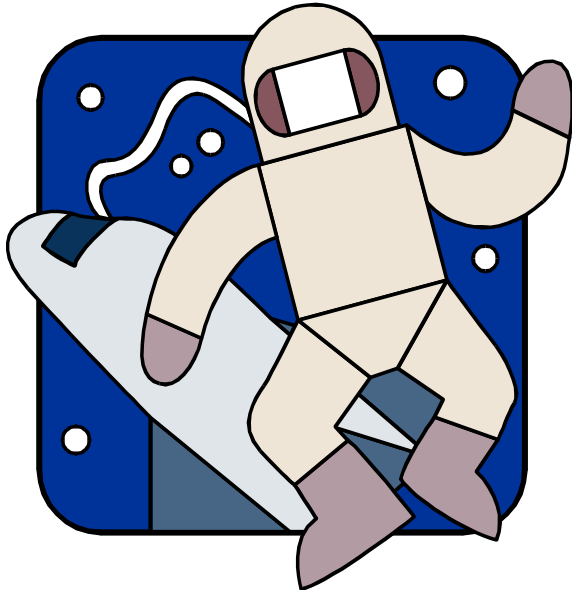
To Understand & Use Social Security Work Incentives

A MANUAL FOR SOCIAL SECURITY
WORK INCENTIVES TRAINING
12th Edition

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Disclaimer:

This training manual provides a simple overview of Work Incentives and their parent programs. It may help you decipher the SSA forms and regulations, but it is not meant to explain all of the intricacies of the Social Security system. You will need to consult Social Security guidelines once you begin the application process for Work Incentives. The Social Security dollar figures used in the examples in this workbook are from 2008 regulations and may not apply in future years.

Check with the Social Security Administration for current regulations.

www.ssa.gov/regulations/index.htm#top

IT DOESN'T TAKE A ROCKET SCIENTIST

Yes. Social Security Administration (SSA) instructions and forms are written in cryptic bureaucratic language.

Yes. The regulations are printed in the smallest type.

But, it doesn't take a rocket scientist to understand and use Social Security Work Incentives. And these Work Incentives can dramatically improve the lives of people with disabilities.



This training manual provides a basic overview of Work Incentives and their parent programs; it may help you decipher the SSA forms and regulations.

The Social Security Administration understands that people with disabilities often view its disability programs as another barrier to employment. Even with programs and provisions such as the Trial Work Period, Employment Subsidy, extended Medicare and Medicaid coverage, Impairment Related Work Expenses/Blind Work Expenses, and Plans for Achieving Self Support, few beneficiaries return to work and leave the benefit rolls.

For years, the Social Security Administration has made an effort to increase employment of current and future SSA disability beneficiaries, thus increasing self-sufficiency and reducing dependency on benefits. With community input, SSA developed policy changes and educational efforts concerning employment of people with disabilities, geared to address the following barriers to employment:

- the security of regular monthly checks vs. the insecurity of lost benefits, lost medical coverage, and a sometimes unstable employment market;
- young people entering the disability rolls with few or no employment skills;
- the complexity of the benefit programs themselves, and the difficulty people who wish to work have understanding them.

While working on the policy changes, SSA assumed that :

- *Most people with disabilities can and want to work.*
- *SSA can help people with disabilities begin or return to work.*
- *Despite barriers, beneficiaries can work, when supports are in place.*

Introduction

In 2004, then SSA Commissioner Joanne Barnhart testified at a Congressional Hearing that...

“Ongoing Employment Supports to assist beneficiaries to obtain and sustain employment will be tested, including a Benefit Offset demonstration to test the effects of allowing DI beneficiaries to work without total loss of benefits by reducing their monthly benefit \$1 for every \$2 of earnings above a specified level, and an Ongoing Medical Benefits demonstration to test the effects of providing ongoing health insurance coverage to beneficiaries who wish to work but have no other affordable access to health insurance.” It is hoped these supports, once the demonstrations have occurred, will blend with current Social Security Work Incentives to further reduce barriers to employment for persons with disabilities.

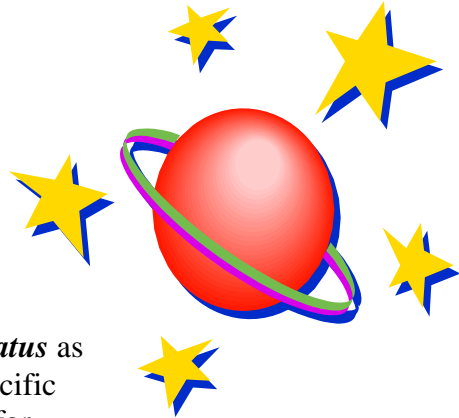
Title II Work Incentive Programs include:

- Substantial Gainful Activity (SGA), which allows you to earn up to the SGA level, \$940 in 2008 or \$1,570 (if blind) per month in 2008, without losing your SSDI;
- Trial Work Period (TWP), which allows people to try work without losing medical and financial benefits (gross earnings of \$670/mo. =1 TWP mo. in 2008);
- Extended Period of Eligibility (EPE), which follows the TWP and protects a person’s disability status for up to 36 months even if the person grosses over Substantial Gainful Activity (SGA);
- extended Medicare coverage and buy-in of Medicare following return to work; (lengthened to 8 1/2 years by the Ticket to Work and Work Incentive Improvement Act);
- Impairment Related Work Expenses (IRWE); and
- Subsidy.

Title XVI Work Incentives include:

- continued eligibility for SSI even when earnings are above SGA [1619(a)];
- on-going Medicaid coverage when a person’s earnings preclude SSI benefit checks [1619(b)];
- IRWE and Blind Work Expenses (BWE), which allow people to partly or fully recover expenses they incur while working;
- Plans for Achieving Self Support (PASS);
- Student-Earned Income Exclusion (SEIE) (\$1550/mo. in 2008 up to a total of \$6240/yr.).

TITLE II - SSDI SOCIAL SECURITY DISABILITY INSURANCE



To be eligible for Title II, individuals must have *insured status* as former workers, or be eligible on the insured status of a specific relative like a parent or spouse. To establish insured status for benefits, individuals need 20 quarters of coverage (payment of Social Security taxes—FICA) in the 10 years before their disability started (those disabled before the age of 31 need less work to qualify).

To be eligible for SSDI benefits an individual must:

- Be determined medically disabled by SSA rules;
- Earn under the Substantial Gainful Activity level (SGA—defined as \$940 in 2008 or, if blind, \$1,570 in 2008) or not be working; and
- Have insured status either as a former worker, or disabled widow/widower of a spouse who is a former worker. Minor children of former workers and their non-disabled parent may also receive benefits on the former worker's record.

Ann worked and paid FICA taxes for 16 years before becoming disabled. She can not work now, but because she has paid FICA, is eligible for SSDI.



SSDAC - Social Security Benefits for a Child who is a Disabled Adult

Adults with disabilities who have not paid FICA (Social Security) taxes long enough to have *insured status*, may receive Title II benefits based upon their *parent's insured status*.

To be eligible for SSDAC benefits an individual must be:

- 18 years of age or older;
- Disabled before turning 22 years old;
- A child of an insured worker who is either disabled, retired, or deceased; and
- Earnings must have never exceeded the SGA level.

Bob, Jr. is 25 and became disabled when he was 5 years old. His father, Bob, Sr., is retiring after working and paying FICA taxes for 40 years. Bob, Jr. is eligible for SSDAC as soon as his father retires and will be eligible for Medicare once he completes the 24 month eligibility waiting period.

Benefit Programs - Title II

SSA Title II beneficiaries are also eligible for Medicare. Medicare coverage begins 24-months (2 years) after eligibility for SSDI/DAC. The Title II program is **not** based upon financial need. The dollar amount of benefits is based on a person's work record and the age benefits begin. Currently, no provision is made for reducing the Title II benefits as the recipient's earnings increase. The person receiving Title II will receive either the whole check or none at all.

People with disabilities must complete a five-month waiting period from the month of disability onset before Title II cash benefits begin.



Substantial Gainful Activity (SGA)

If a person is earning income in excess of \$940/month in 2008 (\$1,570 if blind in 2008), that person is considered to be earning at the Substantial Gainful Activity (SGA) level. However, if the worker's productivity is equal to that of non-disabled workers in comparable positions, he/she may be determined to be earning at the SGA level even if gross earnings are less than \$900/month. After the

Trial Work Period, if SSA determines that a person is earning at the SGA level, he/she will receive full benefit checks for an additional three months, and then his/her cash benefit will stop unless sufficient Social Security Work Incentives apply that can reduce how SSA looks at the earnings. Remember, for the 36 months that follow the TWP, disability status is protected and SSDI checks will be due for any month earnings are below SGA.

After working for many years, Catherine became disabled, but is now back working, earning \$980 a month. SSA has determined that she is working at the SGA level. Her monthly SSDI checks will stop in 3 months. However, there are Social Security Work Incentives that may allow her to keep her SSDI benefits.



Social Security Work Incentives During SGA Determination

A Title II recipient may use Work Incentives to reduce the amount of gross earnings that SSA counts to determine if the person is earning at the SGA level. This may allow Title II recipients to maintain benefit checks and Medicare. This strategy encourages self-sufficiency and provides financial security until sufficient supports (addressing physical well-being and financial adequacy) are established. An IRWE (Impairment Related Work Expense) and Subsidy, both of which must be approved by SSA, are two of the Work Incentives that make a difference when SSA evaluates earnings for SGA. Definitions and discussion of these Work Incentives will follow.

Dave receives SSDI and is working, earning \$990 a month. He has an IRWE to pay for \$400 in personal attendant care. This reduces his Countable Earned Income to \$590/month and keeps him below the SGA level. He is still eligible for SSDI monthly benefits.



Trial Work Period (TWP)

SSDI/DAC recipients are entitled to a nine-month Trial Work Period (TWP), which provides opportunities to test work skills while maintaining full benefit checks **regardless** of earned income. The TWP begins the first month that a person is entitled to Title II benefits or files an application for disability benefits. Only months when wages exceed \$670 in 2008 (or 80 hours of work for self-employed people) count as Trial Work Period months. The TWP ends after a person has performed nine months (**not necessarily consecutive**) of trial work within a rolling period of 60 consecutive months. Sheltered workshop earnings equal to or in excess of \$670 a month in 2008 count as TWP months. A list of TWP amounts since 1976 is on page 36 of this booklet.



Extended Period of Eligibility (EPE)

At the conclusion of the Trial Work Period, a person will enter a 36-month Extended Period of Eligibility (EPE). During this period, a person's Social Security disability status is protected, even if he/she grosses over \$940/month in 2008 and isn't due an SSDI check. However, during the EPE people may work and receive SSDI/DAC benefits for each month that gross earnings are below \$940. The EPE ends in the first month that a person earns SGA following the 36-month EPE period.

📎 Ellen receives SSDI and wants to return to work, but her disability may prevent her from working a regular schedule. Her Trial Work Period allows her to earn over \$670 (2008) a month in those months she is able to, for up to nine months in the 60 months beginning when she started her TWP, and still receive her SSDI monthly benefits. Once she has used her 9 month TWP, she can continue to receive SSDI checks if she doesn't gross \$940 or more per month.. If she grosses over \$940/month, she isn't due her SSDI check, but Social Security still considers her "disabled" during her EPE.



Medicare Coverage

Medicare is the health insurance for Title II beneficiaries. Medicare coverage starts 24 months after SSDI/DAC eligibility is established and cash benefits begin. Medicare has two parts:

Hospital Insurance (Part A)

Part A pays for inpatient hospital care and certain follow-up care. Part A is automatic for the person receiving SSDI/DAC benefits following the 24-month waiting period, and there is no cost

Benefit Programs - Title II

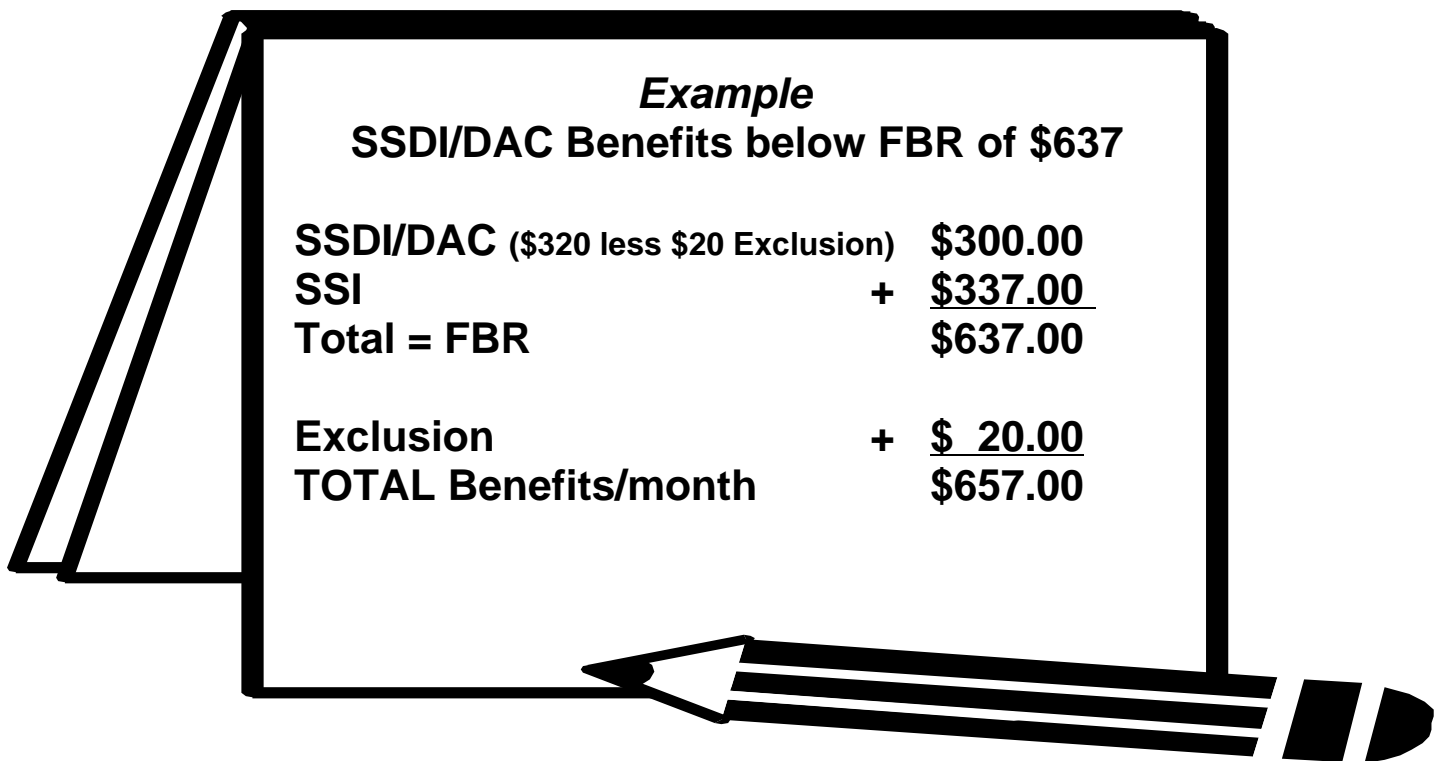
to the person for the insurance, but there are some co-payments, deductibles, and limits on coverage.

Medical Insurance (Part B)

Part B pays for some doctors' services and a variety of other medical services and supplies not covered by Part A. Medicare Part B is voluntary and is financed partly by low monthly premiums paid by recipients. Those who choose Medicare Part B coverage will have the premium deducted from their monthly benefit check. In 2008 the cost is \$96.40/month, more for higher incomes.

Extended Medicare coverage is available for people who exceed SGA during the 9-month trial work period, and who continue to be disabled. The extended period of coverage is for a minimum of 39 months following the conclusion of the TWP and may extend for as long as 8 ½ years pursuant to the Ticket to Work and Work Incentives Improvement Act of 1999. Since April 1, 1990, disabled beneficiaries under the age of 65 have had the option of purchasing this extended Medicare coverage.

For the purposes of SSI eligibility, SSDI/DAC benefits are viewed as unearned income. In many cases, SSDI/DAC benefit amounts are below the Federal Benefit Rate (FBR) of \$637/month (2008). As a result, recipients of SSDI/DAC often receive checks from both Title II and Title XVI. This can be an advantageous situation for establishing a PASS plan.



Example
SSDI/DAC Benefits below FBR of \$637

SSDI/DAC (\$320 less \$20 Exclusion)	\$300.00
SSI	+ \$337.00
Total = FBR	\$637.00
Exclusion	+ \$ 20.00
TOTAL Benefits/month	\$657.00

TITLE XVI - SSI SUPPLEMENTAL SECURITY INCOME




SSI is a **needs-based program** and provides a minimum level of monthly income (\$637 for 2008= Federal Benefit Rate, FBR). In order to be eligible for SSI, individuals must fit into one of the following categories:

- Disabled (according to Social Security rules),
- Blind: 20/200 or less in the better eye with glasses, or field of vision less than 20 degrees; or
- Aged 65 or older

And

- They must meet the income and resource test.

 Fred is 20 years old, disabled since birth, has no financial resources, and receives no other income or benefits. He is eligible for SSI benefits of \$637 a month in 2008.



SSI Resource Test

The SSI program has specific resource limitations that are set by law and include real or personal property and cash. These resources must not exceed the specified amount at the beginning of each month. The current limit is \$2000 for individuals and \$3000 for couples.

Resources not counted include, among others:

- the home lived in and the land it is on;
- household goods and personal property that do not exceed \$2000 in value;
- burial spaces for the person and their immediate family;
- burial funds for the person, and their spouse each valued at not over \$1500; life insurance policies with a combined face value of not more than \$1500 per person;
- retroactive Title XVI or Title II checks—within the first six months of receipt;
- resources for an approved PASS, and Property Essential for Self Support;
- property in trust to which the SSI recipient has no access; payments made to a person (or spouse) to aid crime victims;
- one automobile, regardless of value, if it is necessary for work and/or medical treatment, is modified, or is necessary due to climate, terrain, distance, or similar factors to perform essential daily activities;
- term life insurance policies and policies owned by others.

Benefit Programs - Title XVI



FBR and Other Income

Each year Congress establishes the SSI Federal Benefit Rate (FBR), which is the maximum federal amount that individuals or couples can receive as a monthly cash benefit. The FBR for 2008 is \$637. The amount of monthly SSI actually received, however, is affected by the following factors:

- Living arrangement and any in-kind support;
- Unearned income (Title II benefits, Veterans Administration benefits, deemed income from a non-disabled spouse, parent, etc.);
- Earned income and any use of available Work Incentives such as IRWE, BWE, and PASS; and State supplement, if any.

Gail has been receiving SSI benefits of \$637 a month (the FBR). She is now working and is earning \$635 a month. Her SSI benefits are reduced (based on the formula below) and she will receive \$362/month in SSI.

SSA uses a formula to determine how much an SSI check is reduced when an SSI recipient is earning wages.

<i>SSI Earnings Formula</i>	<i>Example</i>
① Monthly Gross Earnings – \$85 (SSI Exclusions) = Difference	① \$635.00 (earnings) – \$85.00 (SSA Exclusions) = \$550.00
② Difference ÷ 2 = Countable Earned Income	② \$550.00 ÷ 2 = \$275.00
③ FBR – Countable Earned Income = Amount of SSI Check	③ \$637.00 (FBR 2008) – \$275.00 = \$362.00 (SSI benefit due)

Benefit Programs - Title XVI


Due to monthly earnings of \$635, the FBR of \$637 is reduced and the SSI check due is \$362. The \$275 Countable Income deduction is the **amount available to be used in a PASS plan.** More about this on page 21.

***HINT: Title XVI PASS Rule:** The Countable Income that is deducted from a recipient's SSI check can be used to fund goods, services, and education to achieve a work goal with a PASS Plan. Where there is no other source of countable income or resources available to the SSI recipient, he/she must be working in order to have a*



Medicaid Eligibility & Title XVI

In 32 states, eligibility for SSI automatically entitles the person to Medicaid. In the remaining states, the state uses either SSA's or their own stricter definition of eligibility to determine Medicaid eligibility. If a person fails to meet their state's stricter Medicaid criteria, their eligibility for Medicaid under 1619(a/b) depends on their receiving Medicaid in the month before they enter 1619(a/b).

 Harry receives SSI and lives in Montana. He is automatically eligible for Medicaid. When he goes to work and begins earning \$1380 a month, he will not be due an SSI check due to the amount of his earnings, but he will keep his Medicaid because of his 1619(b) status.

Harry's cousin Ida lives in a different state and also receives SSI, but is not automatically eligible for Medicaid. She must meet her state's criteria for Medicaid eligibility.

Some health and medical services are mandatory under Medicaid, while others are optional and may include: physician care, pharmacy services, podiatry care, home health care, certain medical supplies, communication devices, wheelchairs, x-ray services, eye examinations and glasses, psychiatric services, and some dental care.



1619(a) & 1619(b)

Public Law 99-643, enacted on July 1, 1987, created two Work Incentives for SSI recipients under Section 1619 of the Social Security Act. These are known as 1619(a) and 1619(b)

1619(a)

Section 1619(a) allows people who continue to be disabled to receive SSI checks and Medicaid benefits when their earnings are over the \$940 SGA level in 2008. The person continues in 1619(a) status as long as he/she meets all other eligibility requirements for SSI/Medicaid, and his/her earnings are more than the SGA amount per month but less than the SSA "Break-Even Point" (BEP = \$1,359 in the year 2008). Once a person reaches the "Break Even Point," his/her SSI check is reduced to \$0, but the person is still considered eligible for SSI.

Benefit Programs - Title XVI

1619(b)

Section 1619(b) provides continued Medicaid eligibility for people who aren't due SSI checks because their monthly earnings put their countable income above the Break-Even Point.

A second criteria for 1619(b) status requires that a person's gross earnings fall below certain limits called "threshold amounts." Earnings at or above the threshold amounts are considered to be sufficient to replace the cost of Medicaid coverage. Threshold amounts vary from state to state. Individual thresholds are computed when people have higher than average medical costs, such as attendant care or frequent hospitalizations. Individuals are no longer eligible for 1619(b) when their earnings exceed their individual or their state's threshold amount.

The final criteria for 1619(b) continued Medicaid is the **Medicaid Needs Test**. Does the person need Medicaid in order to work? The individual needs to tell SSA how he/she has used Medicaid in the last 12 months, and/or expects to use it in the next 12 months, or the need for Medicaid if he/she should be injured or ill within the next 12 months. Based on past, current, or future need, SSA will decide the person meets the Medicaid Needs Test, and Medicaid continues.

To qualify for 1619(b) Medicaid status, a person must:

- Have a disabling condition/blindness;
- Need Medicaid in order to work;
- Be unable to afford benefits equivalent to those received if not working; and
- Meet all other requirements for SSI.



Importance of 1619(b)

Section 1619(b) not only **protects** Medicaid coverage, but also **maintains** eligibility to receive SSI cash benefits in future months if countable income falls below the "Break Even Point." A person moves into 1619(b) status if she/he is not due an SSI check because of the amount of earned income. If individuals no longer meet SSI eligibility criteria, due to any other non-disability requirement, such as resources above \$2000, eligibility is suspended until all eligibility requirements are met. Suspension can last for up to 12 months, beginning when benefits should have been suspended (regardless of when SSA actually takes suspension action). Individuals will be reinstated without filing new applications for SSI if all eligibility requirements are met again within 12 months following the first month of ineligibility. After 12 months of suspension, a new application must be filed.

Benefit Programs - Title XVI



In-Kind Support

Individuals who live in someone else's home and pay no money for their food and/or shelter expenses are considered to be receiving full "in-kind support." People falling into this category will have their SSI checks reduced by one-third of the FBR amount. According to SSA rules, this is referred to as the "value of the reduction."

Jason has been receiving \$637 in SSI monthly benefits. He recently moved in with his sister Kathy, who gives him free room and board. Jason's SSI check will be reduced by 1/3 to \$424.67/month because Kathy is providing him full in-kind support.

Summary Chart

Title II	Title XVI
Social Security Disability Insurance	Supplemental Security Income
SSDI & SSDAC	SSI
disabled and having insured status as a worker or dependent of worker	little or no work record, limited income and resources, and disabled
benefits based on earnings, age, and number of recipients on record	benefits based on living situation and any earned and/or unearned income
either eligible and receive full benefit check, or ineligible and receive no benefits (all or nothing)	if eligible, will receive FBR of \$637 (2008), which will be reduced based on countable earned/unearned income
Medicare medical coverage (Parts A and B), after 24 months	Medicaid automatic in 32 states

Notes

GENERAL PASS PLAN REQUIREMENTS

A Plan for Achieving Self Support (PASS) allows a person with a disability to set aside countable income and/or resources for a specific period of time to realize a work goal. Any person who receives SSI benefits, or receives SSDI or other unearned income and could qualify for SSI, can have a plan. There is no limit to the number of successful PASS plans a person may have in a lifetime.



Basic Requirements

The plan must:

- Result in a decreased reliance on benefits administered by Social Security
- Be designed specifically for the person
- Be in writing (can be written by anyone)
- Have a specific work goal that the person is capable of performing. SSA's PASS Specialists will usually presume a PASS to be viable if Vocational Rehabilitation or a certified rehabilitation professional or special education teacher says the goal is feasible.
- Have a specific time frame for reaching the goal
- Show what money and other resources received will be used to reach the goal
- Show how the money and resources will be used
- Show how the money set aside will be kept separately from other funds
- Be approved by the Social Security Administration
- Be reviewed periodically to assure compliance



Likely Candidates for a PASS

✓ **Resources in Excess of Allowable Limits**

Individuals who do not have earned or unearned income and who have not qualified for SSI in the past due to resources over the SSI resource limit (generally defined as over \$2000 in non-excluded resources) may use a PASS to set aside some or all of the excess resources to achieve a vocational goal and, as a result, qualify financially for SSI.

✓ **Unearned Income Only**

Individuals with unearned income only (SSDI, Railroad Retirement checks, Veterans Benefits, parental subsidies/gifts, etc.), can write a PASS to exclude the income (using all or part of the income to pay for PASS expenses) and thereby establish SSI/Medicaid financial eligibility.

✓ **Earned Income Only**

Individuals with disabilities who have earned income only can set aside the countable portion of their earnings in a PASS to become financially eligible for SSI/Medicaid.

✓ **Both Earned and Unearned Income**

Individuals who have both earned and unearned income can set aside their countable wages, or unearned income, or both in a PASS and thereby establish SSI/Medicaid financial eligibility.

✓ **Earned Income and Receiving SSI/Medicaid**

Individuals who have earned income and who are receiving SSI checks can set their countable earnings aside in a PASS, which will result in receiving full SSI checks while they work toward their PASS goal.

✓ **Earned Income (in the future) and Receiving SSI/Medicaid**

Individuals who have SSI only, but who will begin working in the near future, can write a PASS to set aside countable new wages starting with the first month of employment. The SSI check will only be reduced by the amount of countable income not set aside in the PASS.

✓ **In School or Training**

Potential PASS candidates having income/resources, including individuals with disabilities in school or training programs, currently receiving services from rehabilitation agencies, or interested in rehabilitation and becoming self-supporting.



Who May Help Set Up a Plan?

Anyone (e.g., vocational counselors, social workers, case managers, Employment Networks, employment specialists, or employers) may help a person with the plan. VR Counselors are especially good candidates since their involvement in the applicant's PASS indicates feasibility, oversight, and the blending of public resources, which SSA encourages. SSA expects that by using a PASS, a person will decrease his/her reliance on benefits or cease to be eligible at all. VR can also pay for a PASS writer to write a PASS for someone. Free help is available from WIPAs.



PASS Approval Requirements

1. Feasible Occupational Goal

SSA requires that an occupational goal be certified as feasible for the person. A VR counselor or a person with CRC credentials can certify feasibility. The goal is the job the person wants, or wants to maintain (supported employment), including self-employment. The goal may also be a vocational evaluation. SSA will look at the goal, the age of the person, any prior work history, education and training, and type of disability. The PASS must indicate any current earnings and estimated earnings after the PASS has been completed. SSA will expect "SSDI-only" recipients to have earnings over the SGA level (\$940/month in 2008) at the end of their PASS.

2. Interval Steps/Milestones

The PASS should include specific milestones that document a person's progress toward achieving his/her stated PASS goal. These should be concrete statements (e.g., *begins school/job coaching, hired for job, finish paying for vehicle*, etc.) that show the steps to goal achievement.

3. Definable Timetable

Specific time frames for meeting the milestones must be established within the PASS. Provide schedules for meeting the milestones and the vocational goal, indicating the month and year each step is expected to begin and end, and the beginning and end of the PASS plan itself.

4. Income/Resources to Be Set Aside

Plans must state the sources and amounts of income or resources to be set aside (earnings, benefits, savings accounts, etc.). The sources and amounts must be adequate to achieve the goals, but cannot be excessive. Separate accounts are required for PASS monies. Checking accounts provide excellent verification of PASS savings/expenditures, and can be paid for by the PASS.

5. Expenditures

The PASS must state how the money set aside will be spent to achieve the occupational goal. A list must be included of planned expenditures, with an explanation of their connection to the

occupational goal. Expenses must be reasonable to be approved. Cost estimates for goods and services should indicate how the cost was calculated.

6. Organization

The PASS must be in writing, but there is no mandatory format as long as all questions are answered that appear on the SSA PASS form. Forms are available at your local SSA office, on the SSA website at <http://www.ssa.gov/online/ssa-545.pdf>, or the Rural Institute website at www.passplan.org.

7. Deferred Expenses

Not all expenses may be allowed at the beginning of the PASS. In some cases, approval of certain goods and services may be contingent on the successful completion of milestones that justify the expense.



Examples of Possible PASS Expenditures

- Equipment, supplies, start-up capital, and inventory required to establish a business
- Any cost associated with an educational or occupational training program, including tutoring, counseling, vocational evaluation and work experience, etc.
- Attendant care/personal assistance, or job coaching
- Child care
- Equipment or tools, either specific to the individual's condition or designed for general use
- Uniforms, specialized clothing (including dress business clothing), safety equipment
- Least costly alternatives for transportation including:
 - Public Transportation and common carriers
 - Hire of private or commercial carriers
 - Purchase of a private vehicle
- Dues and publications for academic or professional purposes
- Modifications to buildings or vehicles to accommodate a person's disability
- Licenses, certifications, and permits necessary for employment or self-employment

The PASS Work Incentive will fund any goods/services that will enable a person to become more self-sufficient. PASS funds are frequently portioned out over the duration of the PASS. Paying for items must be prioritized as to their relative importance in the person's employment plan. For example, a new vehicle may be a high priority at the outset of planning, but due to the expense of other items that are critical to the success of the plan, a less expensive model may be preferable.

In many ways, **PASS plan preparation is another avenue for Vocational Rehabilitation counselors and participants to define employment and career goals in the light of resources.**

VR can pay for a professional PASS writer to help someone write their plan. Work Incentive Planning and Assistance (WIPA) organizations and state Protection and Advocacy (P & A) organizations are good places to get free help with a PASS, as are Ticket to Work Employment Networks (ENs).



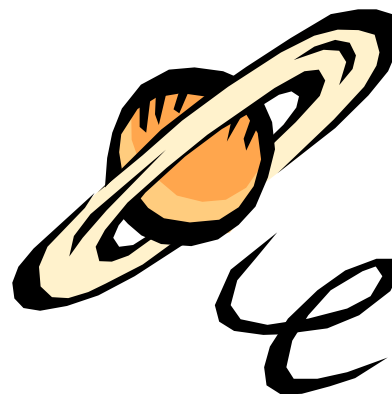
Funding Supported Employment Services Through PASS Plans

Supported Employment (SE) services may be funded using a PASS. Only in a Supported Employment PASS can the goal be to “maintain” a job or self-employment. “Increased self-support” in most PASS plans implies an increase in earnings, but in Supported Employment PASS plans, “increased self-support” may include reduced reliance on job coaching or other services or an increase in the hours someone is able to work or the hourly wage they receive. The plan should specify (estimate) the anticipated declining level of supports required over time (fading schedule of a job coach) or the anticipated schedule of increased hours worked.

PASS PLANS & TITLE II



The Person with Unearned Income Only



This is probably the simplest PASS plan to write because unearned income (e.g., SSDI in an amount over \$657 in 2008) is readily available for PASS expenses, and exclusion of the unearned income establishes SSI and Medicaid eligibility. The average SSDI check is \$1004/month. We will use that figure in the example of calculations below.

	<u>SSDI</u>	<u>SSI</u>
SSDI check amount	\$1004	\$ 0
(General Income Exclusion)	-\$ 20	
SSDI Sheltered for PASS	-\$984	
Countable Income	\$ 0	\$637
Resulting Monthly Income	\$20 + Medicaid + \$637	

At first glance, a person may wonder how this will benefit him/her. After all, it looks as if he/she will take a real loss in his/her ability to pay for living expenses (\$637/month as opposed to \$1004). One trick is to incorporate necessary expenses into the PASS as much as possible. For example: vehicle payments, insurance, and upkeep may be paid by the

PASS; business telephone expenses; work clothing; if there is to be a home office, a portion of the rent. If the person is currently paying for medication or health care out of his/her SSDI check, Medicaid eligibility will drastically lower those expenses. Often the person has more cash after PASS authorization than before. Plus he/she is using the \$984 of their \$1004 per month to pay for services and equipment to increase self-sufficiency. **Over a period of 36 months, that adds up to \$35,424 to put toward an employment objective.**

Larry gets \$700 in SSDI. He wants to start his own truck farm business. His PASS plan allows him to set aside his SSDI benefits for business related expenses (such as his truck) and makes him eligible for \$637 from SSI, plus Medicaid.

Note: This example illustrates what occurs if the entire SSDI check amount is set aside for the PASS items. The amount of SSDI to be put into a PASS is negotiable, however before this person is eligible for SSI/Medicaid, he must put at least \$368 of his \$1004 SSDI check into the PASS. $\$1004 - \$20 - \$348 = \636 . \$636 is below the 2008 FBR rate (\$637), so there is eligibility for SSI/Medicaid.

Another source of funds to be put aside for PASS plans is an SSDAC benefit (SSDI that someone receives as a “child” who is an adult with a disability). In the example on page 6, the scenario of a person with a \$320 SSDAC check, and a \$337 SSI check was mentioned. In this case, the entire $\$320 - \20 (General Income Exclusion) is unearned income available for PASS utilization. $\$300 \times 36$ months is **\$10,800 toward PASS expenses**.

Without a PASS	<u>SSDAC</u> \$320	<u>SSI</u> \$337
(General Income Exclusion)	-\$20	
SSDAC Sheltered for PASS	\$300	
With a PASS (\$300/mo)	<u>SSDAC</u>	<u>SSI</u>
Amount from SSDAC & SSI	\$20	\$637
	Total = \$657/month	

Interestingly, when all but \$20 of the SSDAC benefit is sheltered in a PASS (and is thus zeroed out), the SSI check goes up to the FBR or \$637 per month! The person loses **no money** because of the PASS expense, and still has a total of \$657/month to live on.



Person With Both Earned & Unearned Income

This person has gross monthly earnings of \$285 at his job. He also receives \$825 per month SSDI. Calculation of his maximum PASS amount available is below.

	<u>SSDI</u>	<u>Earnings</u>
	\$825	\$285
(Exclusion)	-\$20	-\$65 Earned Income Disregard
SSDI available for PASS	<u>\$805</u>	<u>\$220</u>
		\$220 Divided by 2 = (Reg. Earnings Calc.)
		<u>\$110</u> countable earnings available for PASS
\$805 + \$110 = <u>\$915/mo.</u> Available for PASS		

At this point, because he is spending all of his countable earned and unearned income in the PASS, he is eligible for SSI and begins receiving an SSI check of \$637 per month, plus Medicaid. **And he has \$32,940 over 36 months to pay for PASS expenses.**

In most instances, PASS plans using unearned income (SSDI, DAC) produce excellent outcomes for people who wish to work or start a business. Title II funding can be quite adequate for the initial start-up costs of a business, or for leveraging other funding sources.

When a person uses Title II benefits to fund a PASS, he/she will also need to show SSA how SSI benefits of \$637/month (2008) will cover bills previously paid by the Title II check (\$740 in the example of Marge, at the right). Living on less monthly income may be possible because; Medicaid benefits that come with SSI result in immediate savings in medical costs; SSI usually results in eligibility for more Food Stamps to help cover food costs; and anyone living in government-subsidized housing will have his/her share of the rent reduced due to lower monthly income. Finally, explore whether any regular monthly expenses can be paid in the PASS.

Marge receives \$740 from SSDI and works part time, earning \$225 a month. She wants to go to school to become an accountant. Her PASS plan lets her set aside \$720 of her SSDI benefits and \$80 of her pay check for school expenses. This reduces her countable income to \$0, and makes her eligible for \$637/month in SSI benefits in 2008 plus Medicaid.

PASS PLANS & TITLE XVI



The Person Receiving Earned Income and SSI

People who have earned income from employment may set aside countable earnings in a PASS. (Once the PASS is written and approved by SSA, the person's SSI check goes up to the FBR of \$637 (2008), if all countable income is excluded in the PASS.)



	<u>Earnings</u>	<u>SSI</u>
	Gross/mo \$750	(SSI Check Amount \$304.50 with \$750 earnings & no PASS)
Total Income Exclusions	- \$ 85	
	\$665	
	$\\$665 \div 2 =$	\$637
Funds Available for PASS (all countable earned income)	\$332.50	(With \$332.50 set aside in a PASS)
Total Income is \$637 + \$332.50 + \$85 = \$1054.50/month		

Note: If the SSI recipient's pay fluctuates significantly, the PASS plan should be adjusted. If the PASS is originally written addressing the person's maximum monthly pay, and his/her earnings fall, then the person will be responsible for paying a portion of the PASS expense out of their personal money, or the PASS must be modified to reflect a lower or average earnings rate.

In the box above is a PASS example for people receiving SSI. As mentioned earlier, people receiving only SSI must also have earnings in order to have a PASS. In this scenario, **over a 36 month period, the person accumulates \$11,970.**

Nick has been getting \$637 in SSI. At his new job he earns \$300 a month, which reduced his SSI benefits to \$529.50. He needs uniforms for work. His PASS allows him to set aside \$107.50 of his pay check for uniforms, and increases his SSI monthly benefits by the same amount to \$637.



A Person with Resources in Excess of Allowable Limits

Individuals receiving SSI benefits, who receive additional income that threatens to put them over the Title XVI resource limit, may use PASS plans. For example, an SSI beneficiary receives a lump sum due to termination from a company that had supplied him/her with a retirement plan. By setting aside the amount of the payment into a PASS, the person remains eligible for SSI and Medicaid.

Olivia's father recently died and left her an inheritance of \$4,000. She now has resources that exceed the allowable limit and may lose her SSI benefits. Her PASS plan sets aside \$2,500 of her inheritance for purchase of a computer to help her with her community college course work, which lets her keep her SSI benefits and Medicaid.

Another example is a person who, although eligible for SSI/Medicaid due to disability, may be above the SSI resource limit because of trust funds, parental donation or support, or some other form of outside funding. Using the money to support a PASS plan, thereby reducing the resources below \$2000 (see *SSI Resource Test* on page 7), will allow the person to become financially eligible for SSI/Medicaid while helping the person achieve a vocational goal.

A third example is a person who loses a job through down-sizing and receives a \$5000 lump sum severance payment. He/she is now \$3000 above the resource limit. By putting \$3000+ into a PASS to establish a business or purchase job-related equipment and/or education, the person remains eligible for Medicaid/SSI, and has invested in his/her own future.



A Person with Earned Income (In the Near Future) and Receiving SSI

Projected earnings from employment may be used to fund goods and services in a PASS. The approved PASS plan will begin setting aside countable wages starting with the first month of employment. This is a pro-active approach to PASS plans. A person who is buying into a business during his tenure as an employee, or buying equipment or tools that will enhance his/her self-sufficiency, may use this.

Peter will start working in two months at a new job where he will earn \$850/month. \$382.50 of his income will be available for a PASS plan. \$382.50 in a PASS plan over 36 months is \$13,770 for PASS expenses. The PASS is established, Peter's SSI check remains at 637 per month, and his Medicaid remains intact.

	<u>If Earnings are:</u>	<u>Then SSI due is:</u>
	\$0	\$637/month
Employment to begin in two months - wages of \$850/month		
gross earnings/month	\$850	
SSI general & earned income exclusions	<u>-\$85</u>	
	\$765	
	<u>\$765 ÷ 2 =</u>	
countable income available for PASS	\$382.50	\$637
Total Income is \$637 + \$382.50 + \$85 = \$1104.50/month		

SELF-EMPLOYMENT THROUGH THE IMPLEMENTATION OF SOCIAL SECURITY WORK INCENTIVES



Self-employment is a particularly viable work outcome in rural communities. Partnerships, ownership of business resources, limited partnerships, and small business sole proprietorships are progressive, beneficial tools for enhancing both the lives of people with disabilities and the economic development of their communities.

Goods and services are scarce in rural communities and residents may have to patronize services and shop in more urban communities many miles away. However, the economic development of any community depends on attracting money from outside sources. New businesses must start and existing businesses must expand in order to ensure a community's stability and growth.

Entrepreneurs with disabilities can make significant financial and social contributions to the health and well-being of their rural communities. Many can access funds through Social Security Work Incentives to start small businesses or invest in established enterprises. In 1996, a Government Accounting Office report showed that of 10,000 PASS plans in operation, over a third had set aside funds for self-employment. Participants had purchased real estate, business equipment, tools, computers, vehicles, clothing, livestock, and other goods and services that would help them work and contribute to their communities. If the PASS funding also allowed leverage of other resources (such as loans from banks, credit unions, or the Small Business Administration), the businesses had a great probability of success.

PASS plans are an excellent, workable funding mix that allows consumers to be involved in making choices that lead to employment success.



Starting a Business with a PASS

If a person is submitting a PASS with the work goal of self-employment in a small business, he/she must include a detailed business plan. Applicants can use assistance from vocational counselors, Small Business Administration personnel, Small Business Development





advisers, local banks, and Chambers of Commerce. There are also many websites on writing business plans. If need be, Vocational Rehabilitation can pay for someone to write a plan.

The following business plan components are critical

- Business name, address, owner
- Business type/form (e.g. sole proprietorship, partnership, etc.)
- Description of the principle activity of the business, including a description of the product and/or service to be provided
- Explanation of specific objectives of the business along with timetables for establishing the business and attaining the stated objectives
- Explanation as to why the business should succeed and its unique features
- A description of the target market and demographics
- A description of the mechanism for the pricing of the product/service
- A financial plan
- Advertising/marketing plan
- A list of personnel and their roles/qualifications

A business plan is necessary if a PASS is written to establish limited partnerships (through the purchase of equipment and/or other assets), or to establish an independent enterprise in conjunction with a pre-existing business where work will be out-sourced.

Other Work Incentives

-  **Impairment Related Work Expenses (IRWE)**
-  **Subsidy**
-  **Blind Work Expenses (BWE)**
-  **Student Earned Income Exclusion (SEIE)**

IMPAIRMENT RELATED WORK EXPENSES (IRWE)



IRWEs enable SSI recipients to recover some of their work expenses incurred as a result of their disability, and they allow SSDI/DAC beneficiaries to reduce earnings counted toward SGA. They are much easier to apply for than PASS plans.

For the SSI recipient, deducting the cost of the IRWE from monthly gross wages reduces the amount of countable earnings used to figure the SSI check due. For Title II beneficiaries, deducting an IRWE may keep gross monthly earnings below SGA, thus allowing them to maintain Title II (SSDI) eligibility.

An IRWE deduction must meet the following criteria

- Expenses must be necessary for the person to work;
- Expenses must be related to the person's disability;
- Expenses must be paid for by the person and not be reimbursable from other sources;
- Expenses must be paid in a month in which the person is working; and
- Expenses must be reasonable.

Deductible IRWEs include things like

- Supported Employment services;
- Work-related attendant care services that help a person get ready for work each day, or are needed in the work place, but are not an ADA employer-required accommodation; services performed by family members who can prove that they suffer economically due to performing the service;

-
- Transportation costs, i.e. vehicle modification to get to work, SSA approved mileage expenses for travel to and from work, cost of drivers or taxi services;
 - Medical devices, wheelchairs, pacemakers, respirators, etc., which allow someone to work;
 - Prosthetics to enable employment;
 - Residential modifications, either interior (if the person works from the home), or exterior (modifications to enable access to public thoroughways or transportation);
 - Routine drugs or medical services to ameliorate disability;
 - Diagnostic procedures related to evaluation, control, or treatment of disabling condition;
 - Prescribed non-medical appliances and devices essential for controlling the disabling condition at home or work (e.g., air filtering equipment);
 - Cost of expendable medical supplies; and
 - Cost of service dogs, dog food, licenses, and veterinary services.

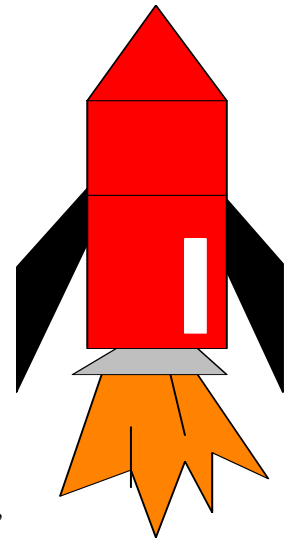
There are no time limits on how long a person may use an IRWE. An IRWE isn't always a monthly, recurring expense. An IRWE may be a large one-time expense that can be pro-rated over several months, or over as much as a year as long as the person remains employed.

How to Apply

To establish an IRWE, document the cost and submit it to the local SSA office in letter format. List each expense and explain how that expense meets the IRWE criteria. The SSA representative will review the letter and make a determination. Don't hesitate to discuss the intended IRWEs with the SSA representative prior to submission.

SUBSIDY

Subsidies apply to SSDI/DAC beneficiaries and in limited circumstance also to SSI recipients. The dollar amount of subsidies is subtracted from gross monthly earnings of the person. If the amount of subsidy is large enough, it will reduce countable earnings below SGA. For SSI, subsidies only apply at application if there are wages being evaluated for SGA. For SSDI/DAC recipients, however, subsidies apply anytime SGA is a consideration.



Subsidies exist in a job when employers pay workers with disabilities more in wages than the reasonable value of the actual services performed, therefore subsidizing them. To qualify, the person must produce less when compared to the typical worker (employer will document this on the SSA Work Activity Questionnaire, provided by the local SSA office), need extra support or supervision, have fewer or easier duties, more rest periods, special equipment or transportation, fewer hours, irregular hours, or frequent absences, etc.

Subsidies can be either specific or non-specific. Specific subsidies include a specific dollar amount of subsidy after calculating the reasonable value of the worker's services. In non-specific subsidies, the employer determines the amount by comparing the person's work to that of a typical employee in terms of time, skills, and job responsibilities at the workplace. This is noted as a percentage against the prevailing wage for the job. The employer then assigns a percentage amount to the disabled employee's work.

The following may be indicators of possible employment subsidies:

- Childhood disability;
- Mental health disability;
- Discrepancy between amount paid and work done (e.g. fewer duties than typical workers);

Note: Job coach services provided to employees are an indication that the work is subsidized. If an employer cannot furnish a satisfactory explanation identifying the specific amount of subsidy, look at:

1. The time, energy, skills, and responsibilities of the worker with a disability compared to the typical worker being paid the same money;
2. An estimation of the proportionate value of work accomplished compared to the amount of pay; and/or
3. The frequency with which the job coach monitors the person and how intensively involved the job coach remains.

- Nature and severity of impairment indicate that the person receives help from others in doing the work;
- Training or employment programs.

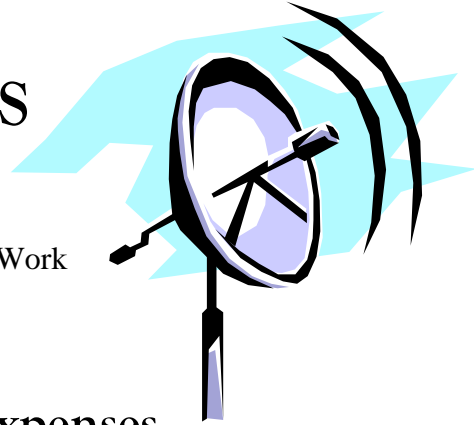
Subsidies apply in self-employment when,:

- The person has un-incurred business expenses (e.g., unpaid help in business management, tax preparation, volunteer labor, etc.);
- The person receives Soil Bank Payments (farmers/ranchers); or
- The person's effort to provide a service or produce a product is not equal to what the standard in the community is for that type of business.

Whenever subsidies exist for working SSDI/DAC beneficiaries, SSA will reduce their gross monthly earnings (or net income for self-employment) by the amount of the subsidies. This often means that Social Security will then view the earnings as below SGA. When earnings are "seen" by SSA as being below SGA (even though the numbers on the paycheck are higher), SSDI checks and Medicare coverage continue.

BLIND WORK EXPENSES (BWE)

Blind Work Expenses differ significantly from other SSA Work Incentives.



Allowable Blind Work Expenses (BWE)

Blind Work Expenses are only available to persons who receive benefits based on being blind. An allowable BWE is any work-related expense incurred by the person, and includes those expenses that would be considered Impairment Related Work Expenses for persons with other disabilities.

2008 Amount for the Blind

Effective January 1, 2008, the monthly Substantial Gainful Activity (SGA) amount for persons receiving Social Security disability benefits based on blindness is \$1,570. This is a \$70 per month increase over the 2007 amount. The non-blind SGA amount for 2008 is \$940 per month.

As of December 1999, both the blind SGA amount and the regular SGA amount are adjusted yearly based on the national consumer price index. Before December 1999, only the blind SGA amount was adjusted each year based on the consumer price index.

Blind Work Expenses

<i>Allowable BWE Expense</i>	<i>Amount Deductible</i>
Service Dogs	Cost of purchasing the dog & all associated expenses (license, food, vet bills, etc.).
Fees	The amount paid for licenses, union dues, association dues.
Transportation	Own vehicle: per mile rate, plus driver's time. Other than own vehicle: cost of buses, carpools, or cab fares.
Vehicle Modification	The actual amount paid.
Training to Use an Impairment-Related Item or an Item Which Is Reasonably Attributed to Work (e.g. screen reader)	Cost of training plus travel to and from the training facility.
Taxes	The amount of Federal, State, and Local taxes withheld and the actual amount of Social Security Taxes paid on wages and self-employment income.
Prosthetics	The cost of the items plus maintenance and repair of such items.
Other Work-Related Equipment/Services	The costs of the items plus maintenance and repair of items whether the person works at home or at the employer's place of business.
Nonmedical Equipment/Services	Same as above.
Drugs & Medical Services	The amount paid.
Physical Therapy	The amount paid.
Expendable Medical Supplies	The amount paid.
Mandatory Pension Contributions	The amount of contributions.
Meals During Work Hours	The amount paid for meals.
Attendant Care Services, including Reader Services	The same amount deductible as an IRWE for assistance rendered in the work setting and to and from work.

STUDENT-EARNED INCOME EXCLUSION (SEIE)



The SEIE is a Title XVI work incentive that allows people under the age of 22, who regularly attend school, to exclude up to \$1,550 of earned income per month (or up to a maximum of \$6,240 per year). This exclusion is applied before any other exclusion.

“Regularly attending school” means that the person takes one or more courses of study and attends classes:

- In a college or university for eight hours per week; or
- In grades 7-12 for 12 hours per week; or
- In a training course to prepare for employment for 12 hours per week (15 hours per week if the course involves shop practice); or
- For less time than indicated above for reasons beyond the student’s control, such as illness.



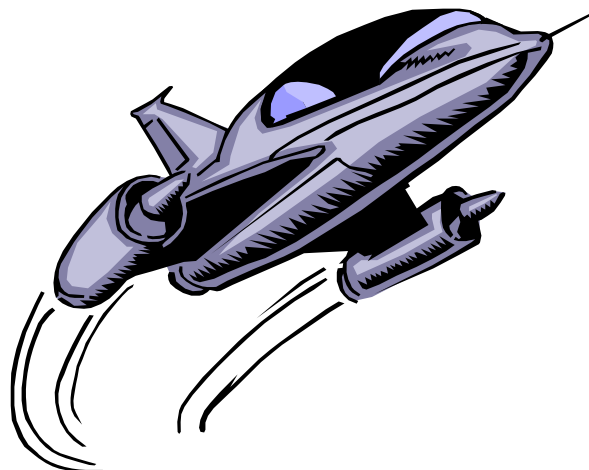
Reporting SEIE to the SSI Claims Representative

The following information must be reported to the SSI claims representative for SEIE:

- Whether the student was regularly attending school in at least one month of the current calendar quarter, or he/she expects to attend school for at least one month in the next calendar quarter; and
- The amount of the student’s earned income.

SECTION 301

Section 301 provides for a continuation of SSI and/or Title II benefits to people who have medically recovered by SSA standards, but are participating in an approved Vocational Rehabilitation (VR) program, if:



- They are participating in an approved VR program (school, job development or coaching, situational assessments, site evaluations, etc.) at the time that their disability ceases; and
- SSA has determined that the person’s continued participation in the VR program will increase the likelihood of permanent removal from the disability benefit rolls.

NOTE:

The Social Security Administration will redetermine SSI eligibility for disabled children when they turn 18. Many may be found “medically recovered” and lose their SSI benefits. If they are in approved vocational rehabilitation programs, Section 301 will allow them to retain their SSI eligibility while they work on their vocational goals even if they are considered by SSA to be “medically recovered.”

Notes

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Trial Work Period Amounts

YEAR	TWP Amount	TWP Self Emp.	SGA Amount	SGA Blind Amount
2008	\$670/month	80 hours/month (net>\$670/mo.)	\$940/month	\$1570/month
2007	\$640/month	80 hours/month (net>\$640/mo.)	\$900/month	\$1500/month
2006	\$620/month	80 hours/month (net>\$620/mo.)	\$860/month	\$1450/month
2005	\$590/month	80 hours/month (net>\$590/mo.)	\$830/month	\$1380/month
2004	\$580/month	80 hours/month (net>\$580/mo.)	\$810/month	\$1350/month
2003	\$570/month	80 hours/month (net>\$570/mo.)	\$800/month	\$1330/month
2002	\$560/month	80 hours/month (net>\$560/mo.)	\$780/month	\$1300/month
2001	\$530/month	80 hours/month (net >\$530/mo.)	\$740/month	\$1240/month
6/1999-12/2000	\$200/month	40 hours/month (net> \$200/mo)	\$700/month	1999-\$1110/mo. 2000-\$1170/mo.
1990-6/1999	\$200/month	40 hours/month or net earnings of more than \$200/month	\$500/month	1990-\$780/mo. 1991-\$810/mo. 1992-\$850/mo. 1993-\$880/mo. 1994-\$930/mo. 1995-\$940/mo. 1996-\$960/mo. 1997-\$1000/mo. 1998-\$1050/mo. 1999-\$1110/mo.
1980-1989	\$75/month	15 hours/month or net earnings of more than \$75/month for all months between 1979 and 1989 for years before 1979, services= net>\$50/mo.	\$300/month	1980-\$417/mo. 1981-\$459/mo. 1982-\$500/mo. 1983-\$550/mo. 1984-\$580/mo. 1985-\$610/mo. 1986-\$650/mo. 1987-\$680/mo. 1988-\$700/mo. 1989-\$740/mo.
1979	\$75/month	15 hours/month	\$280/month	\$375/month
1978	\$50/month	15 hours/month	\$260/month	\$334/month
1977	\$50/month	15 hours/month	\$240/month	NA
1976	\$50/month	15 hours/month	\$230/month	NA
Before 1976	\$50/month	15 hours/month	\$200/month	NA

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ACRONYMS

The following acronyms and abbreviations are used throughout this training manual:

BEP	Break Even Point
BWE	Blind Work Expenses
DAC	Disabled Adult Child
DDS	Disability Determination Service (usually a state agency)
EPE	Extended Period of Eligibility
FBR	Federal Benefit Rate
FIS	Full In-Kind Support
GIE	General Income Exclusion
GMI	Gross Monthly Income
IRWE	Impairment Related Work Expenses
PASS	Plan for Achieving Self Support
PIS	Partial In-Kind Support
SEIE	Student-Earned Income Exclusion
SGA	Substantial Gainful Activity (a dollar amount)
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
Title II	Legislation Outlining Social Security Disability Insurance (SSDI) and Social Security for Disabled Adult Children (SSDAC)
Title XVI	Legislation Outlining Supplemental Security Income (SSI)
TCI	Total Countable Income
TWP	Trial Work Period
TWWIA	Ticket to Work and Work Incentives Improvement Act