



Understanding SSDI, SSI and Work Incentives

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Disability Under Social Security

- The person must have a medically determinable impairment
- The person must be unable to perform SGA because of that impairment
- The condition must meet the duration requirement
- To receive benefits, the person must meet all three of these criteria
- Once Social Security entitles individuals to benefits, beneficiaries must periodically prove that their disability continues to be severe to retain eligibility - “Medical Continuing Disability Reviews” (CDRs)
- Social Security will not initiate medical CDRs for beneficiaries who are actively using their Ticket to Work
- If an individual has been receiving disability benefits for at least 24 months, Social Security will no longer initiate a medical CDR solely because an individual goes to work



Differences between Title II (SSDI) and SSI

- Title II (SSDI)
 - Insurance - Benefit available because someone paid into Social Security
 - Beneficiaries receive Medicare
 - SSA uses work incentives to determine SGA
- SSI
 - Supplemental – intended for basic food and shelter
 - Beneficiaries receive Medicaid
 - Periodic Redeterminations
 - Countable resources must not exceed \$2,000 as of the first moment of a given month



Title II – Social Security Disability Insurance

- **Disability Insurance Benefits (DIB) or (SSDI)**
- **Childhood Disability Benefits (CDB)**
 - Payable to a disabled adult child of an insured worker who has retired or become disabled and is collecting Social Security benefits, or who has died
 - The child must have a disabling condition that began prior to the time the child attained age 22
 - Although the disability had to begin prior to the age of 22, individuals cannot become entitled to CDB until they have turned 18
 - Those under age 18 may be eligible for child's benefits not based on disability
- **Disabled Widow(er)'s Benefits (DWB)**





Title II – Supplemental Security Disability Insurance

Title II – Social Security Disability Insurance

- Social Security benefits replace wages for workers and certain dependent family members and bases payment amounts under the Title II program upon the wages on which the worker paid Social Security taxes
- Number Holder (NH) must be unable to engage in substantial gainful activity (SGA) due to determinable physical or mental impairment which can be expected to result in death, or has lasted or can be expected to last for a continuous period of not less than 12 months
- SGA means “the performance of significant physical and/or mental activities in work for pay or profit, or in work of a type generally performed for pay or profit, regardless of the legality of the work”



Substantial Gainful Activity (SGA)

- Social Security determines SGA determinations at initial application (for Title II disability benefits and SSI) and during work CDRs (Title II disability benefits ONLY)
- SGA guidelines can change annually
- **SGA is a Decision**
 - Not a concrete dollar figure that Social Security establishes each year as the upper limit that a beneficiary can earn before benefits end
- Tools to determining SGA under Title II
 - Subsidy and Special Conditions
 - Impairment Related Work Expenses (IRWEs)
 - Income Averaging
 - Unsuccessful Work Attempt (UWA)



Tools for Determining SGA under Title II

- Subsidy and Special Conditions
 - Adjusts the of the income by deducting the cost assigned to the extra help or special situation that a beneficiary experiences
 - Exists when a worker receives supports or services from someone other than the employer like a job coach
- Impairment Related Work Expenses (IRWEs)
 - An Expense for an item or service which is directly related to enabling a person to work and which a person incurs because of a physical or mental impairment



Tools for Determining SGA under Title II

- Income Averaging
 - SSA must average monthly countable earnings and compare the average monthly amount to the appropriate SGA level when the beneficiary has continuous work, doesn't have significant change in work patterns and has monthly earning fluctuating from above to below the SGA level
- Unsuccessful Work Attempt (UWA)
 - SSA may excuse a work effort of 6 months or less if the beneficiary stopped working or reduced work and earnings below SGA because of the impairment or because of the removal of special conditions



Title II Work Incentives

- Trial Work Period (TWP)
 - Suspends the “able to perform Substantial Gainful Activity” part of the disability definition regardless of how high earnings might be
 - The TWP ends only when a beneficiary performs nine months of work over the TWP guideline within a rolling period of 60 consecutive months
 - The TWP months don’t have to be consecutive for Social Security to count them
 - Beneficiaries are entitled to one TWP per period of disability
 - First month where SGA pattern begins is Cessation month with payment allowed
 - Payment for two succeeding months called the Grace Period
 - The Grace Period may occur during the 36-month re-entitlement protection of the Extended Period of Entitlement (EPE), or not until years after
 - If the beneficiary never performs SGA, it may not occur at all



Title II Work Incentives

- Extended Period of Eligibility (EPE)
 - An individual can be re-entitled to benefits any time during the 36-month EPE re-entitlement period if his or her work activity falls below the SGA
 - If a beneficiary isn't performing SGA at the time the 36-month re-entitlement period ends, benefits may continue indefinitely
 - The main effect of the EPE provision is that it permits benefit reinstatement during the re-entitlement period
 - To be reinstated after a work-related suspension of benefits, the beneficiary simply needs to report to Social Security that work is no longer substantial by making a work activity report and supplying evidence of the drop in earnings



Title II Work Incentives

- Expedited Reinstatement (EXR)
 - Way to return more quickly to Social Security disability benefits
 - Offers 60 months after termination when a beneficiary may qualify for reinstatement
 - Permits individuals to receive provisional payments
- Extended Period of Medicare Coverage (EPMC)
 - Allows for continuation of Medicare benefits after cash benefits have stopped due to work activity
 - At least 93 months after the Trial Work Period ends
 - Premium free hospitalization coverage
 - May continue to purchase Part B coverage



TWP/EPE Examples

- **Example 1**

- Disabled Worker
- Working 12 hours per week
- Earning \$8.00 per hour
- Earning \$384 per month
- Cash benefit - \$492
- O used TWP months
- \$1,180 Current SGA Level
- \$940 TWP threshold

- **Example 2**

- Disabled Worker
- Working 30 hours per week
- Earning \$8.00
- Earning \$960 per month
- Cash benefit - \$492
- O used TWP months
- \$1,180 Current SGA Level
- \$940 TWP Threshold



Benefit Summary

Earnings \$384/month: Based on the information, your monthly earnings will be below the monthly gross earnings TWP threshold of \$940 (2021). Therefore, your TWP will not begin until your earnings exceed this threshold. If your work activity or pay increases, you should report the change to Social Security right away. For instance, you can see from the Snapshot section of this report, that if your monthly earnings increased to \$960/month, your 9 month TWP begins followed by Phase 2 (EPE). It's important to remember that these work incentives exist to provide a safety net to support your return to work and your effort to maximize your earnings potential.

I have attached two TWP/EPE Tracking Charts to this report that show how these work incentives fit together – one based on earnings at \$384/month (12 hours per week) and one based on earnings at \$960/month (30 hours per week) based on your employment goal. Keep in mind that changes noted above are only an estimate. Social Security makes final decisions about your Title II benefits.





SSI – Supplemental Security Income

SSI - Supplemental Security Income

- SSI is a program intended to augment any other income a person may already have to meet minimum needs for food or shelter
 - For disabled individuals, the time of application is the only time SGA affects entitlement
 - After initial eligibility for SSI, SSA continues to assess the countable income and resources of all SSI recipients on a monthly basis
 - **To be eligible for SSI, an individual's countable resources must not exceed \$2,000 as of the first moment of a given month**
- To determine the SSI payment amount, Social Security subtracts countable income from the Federal Benefit Rate (FBR)
 - The more countable income an individual has, the lower the cash payment will be
 - Several FBRs, Which FBR applies depends on the person's living situation and marital status



SSI - Supplemental Security Income

- The SSI program considers income to be anything an individual receives in cash or in-kind that he or she can use to meet the basic needs for food
- Social Security does NOT count items as income for SSI purposes if they are not food or shelter and a person can't use them to obtain food or shelter
- Two types of income
 - Earned Income - any cash or in-kind item that a beneficiary receives in exchange for work performed or as remuneration for work effort
 - Unearned Income - any cash or in-kind item a person receives that isn't earned income



SSI – Earned Income

- Wages
 - SSA counts GROSS earnings
 - SSA counts earned income at the earliest of three points; when the person receives it, or when it's credited to his or her account, or set aside for his or her use
 - Social Security determines earned income for each calendar month
- In-Kind Earned Income
 - Value of food or shelter, or other items an individual receives instead of cash in exchange for work performed
- Net Earnings from Self-Employment (NESE)
 - Gross receipts from a trade or business that an individual operates, less allowable deductions



SSA counts net earnings from self-employment (NESE) on a taxable year basis

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SSI – Unearned Income

- Any cash or in-kind item a person receives that isn't earned income
- Title II Disability Payments are most common form of unearned income
 - SSI beneficiaries who work can establish "insured status" and eventually become entitled to Title II disability benefits
 - SSA must provide the Title II payment first and then will determine if the individual is still eligible for a reduced SSI benefit
- SSA determines an individual's unearned income for each calendar month



SSI – In Kind Support and Maintenance (ISM)

- Value of the One-Third Reduction Rule (VTR)
 - SSA reduces the SSI payment by a full one-third when the eligible individual lives in another person's household for a full calendar month and receives both food and shelter
- Presumed Maximum Value Rule (PMV)
 - If unearned income value of the beneficiary's ISM is high enough, SSA will cap the amount that counts against the SSI beneficiary



SSI – Work Incentives

- Student Earned Income Exclusion (SEIE)
 - Exclusion of income for individuals who are under age 22 and regularly attending school
 - SSA applies SEIE to a student's gross earnings before any other allowable exclusion.
 - SSA establishes both the maximum monthly SEIE exclusion and the maximum annual exclusion amount each year
 - 2020 maximum exclusion per month is \$1,900
 - 2020 maximum annual exclusion is \$7,670
- General Income Exclusion (GIE)
 - \$20 exclusion of any kind of income, earned or unearned, that an SSI beneficiary has. If the SSI beneficiary has no unearned income, or has less than \$20 in unearned income, Social Security may deduct the remainder of the \$20 exclusion from the person's gross earnings



SSI – Work Incentives

- Earned Income Exclusion (EIE)
 - Social Security excludes the first \$65 of earnings after it subtracts the applicable Student Earned Income Exclusion (SEIE) or General Income Exclusion (GIE)
- The 1/2 earnings exclusion or the “one-for-two offset”
 - The “1/2” exclusion permits Social Security to exclude half of the earnings that remain after it makes applicable deductions
 - It’s because of this work incentive that SSI beneficiaries are always better off financially when they choose to work



SSI – Work Incentives

- Impairment Related Work Expenses (IRWEs)
 - Social Security defines IRWEs the same way under the SSI program that it defines them under the Title II program
 - In the SSI program, IRWEs are a means to increase the SSI payment in order to partially reimburse individuals for the out-of-pocket expenses that relate to working
 - Individuals must have receipts to prove they paid all approved expenses
 - Whether or not an item is deductible as IRWE is up to SSA
- Blind Work Expenses (BWE)
 - If the SSI recipient meets the definition of statutory blindness, he or she may deduct any items that meet the IRWE definition and any other work – related items that a person pays out of pocket
 - BWEs do not need to be related to impairment



Deductible BWEs Compared to IRWEs

Items or Service	Is it a IRWE?	Is it a BWE?
Medications	Yes	Yes
Medical supplies	Yes	Yes
Taxes	No	Yes
Service Animal Expenses	Yes	Yes
Mandatory Pension Deductions	No	Yes
Meals at work/Child Care Costs	No	Yes
Uniforms/Tools	No	Yes
Adaptive devices/Physical Therapy	Yes	Yes
Prosthesis/Structural Modifications	Yes	Yes
Union Dues	No	Yes



SSI – Break-Even Point (BEP)

- Point at which an SSI recipient's countable incomes causes SSA to reduce the SSI cash benefit to zero and is not the same for every SSI recipient
 - Affected by specific factors alone or in combination
 - Living arrangement – specifically when an individual resides in a Medicaid funded facility; Amount of in-kind support and maintenance (ISM) received and whether ISM is valued under the VTR or PMV rule; Amount of unearned income received; Amount of earned income received other than wages; Eligible couple status or spouse-to-spouse deeming; and Use of specific work incentives such as IRWE, BWE and/or PASS
 - If unearned income makes the person ineligible for cash payments, then the 12-month suspension begins
 - The 12-month suspension period generally allows an individual 12 consecutive months after the effective date of a suspension to regain eligibility and have Social Security reinstate their benefits without having to file a new application
 - Before Social Security can reinstate benefits, the individual must notify Social Security that resources are below the statutory limits and re-establish eligibility for non-pay month(s)



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- If it's earnings that make payment impossible, then the individual may be able to continue Medicaid coverage under the Section 1619(b) provisions



SSI – Myth Busting

For an SSI recipient whom Social Security has already found eligible for benefits, Social Security treats his or her earnings in the manner described above and gradually reduces the SSI check as countable earnings increase. Even when countable earnings are high enough to cause complete loss of the SSI cash benefit, individuals may retain SSI eligibility and Medicaid coverage under a special work incentive known as “1619(b) Medicaid While Working.”

To qualify for extended Medicaid under the 1619(b) provision, individuals must continue to meet Social Security disability standard, must have earned income below a special annual threshold amount (which varies by state), must demonstrate a need for Medicaid coverage and must continue to meet all other SSI eligibility requirements such as the unearned income limits and the resource limits.



SSI – Myth Busting

- 1619b allows the beneficiary to stay on the SSI rolls and continue to receive Medicaid until earnings exceed the state threshold limit for Medicaid
- SSI file remains open even though the beneficiary's check is in non-pay status
- Non-payment is simply an interruption in payment
 - A recipient is section 1619(b) SSI eligible, and will stay in 1619(b) status as long as they meet five criteria
 - Must meet the Social Security disability requirement; Must have been eligible for a SSI cash payment for at least one month prior to ineligibility; Must continue to meet all other non-disability SSI requirements (i.e., resources and citizenship); Must need Medicaid benefits in order to continue working; and Must not have earnings sufficient to replace SSI cash benefits, Medicaid benefits, and publicly funded personal or attendant care that would be lost due to earnings



Questions?

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Thank you for your time & attention!

