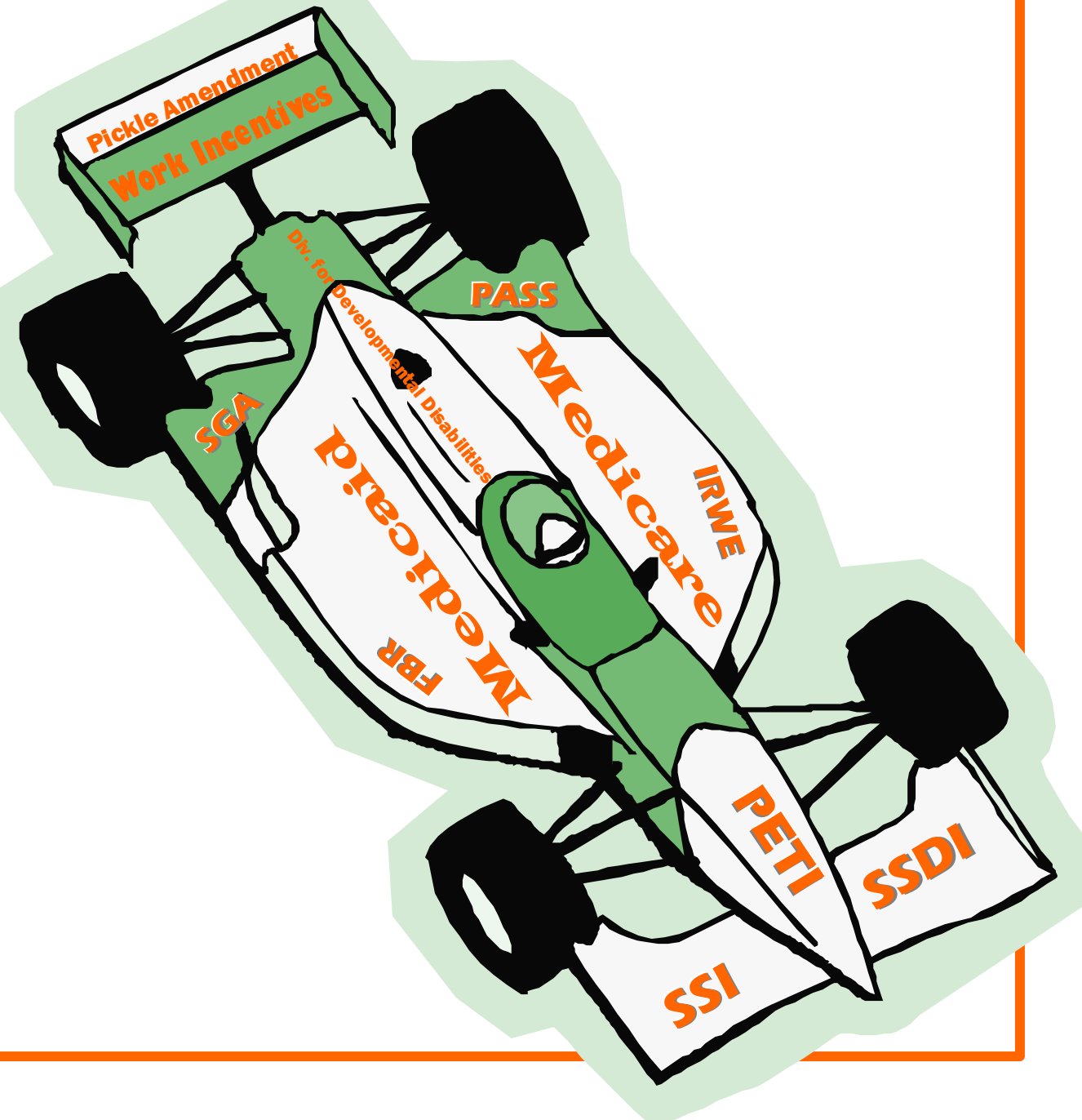


# Quick Guides



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## Quick Guide to Quick Guides

### What Subjects Are Covered In The Quick Guides?

- Social Security Disability Income (SSDI)
- Supplemental Security Income (SSI)
- Medicaid
- Medicare
- Social Security Employment Supports a.k.a. Work Incentives
- Post Eligibility Treatment of Income (PETI)
- The Pickle Amendment
- Resources
- See the Table of Contents

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### Working or Going Back to Work?

- Call Social Security.
- Let Social Security know how much you will be earning each month.
- Estimate your earnings on the HIGH side.
- Keep your pay stubs.
- If you are already working, call Social Security when earnings change.
- When calling Social Security get the name of the person you talked to, ask where the person is located and ask for decisions, advice, etc. in writing.

### Why Quick Guides?

- Combining work with Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI) and Medicaid and/or Medicare often creates anxiety for beneficiaries, family members and professionals.
- This anxiety often leads to shying away from employment.
- Quick Guides provide a convenient starting point for finding answers to Social Security Disability Benefits, Medicare and Medicaid questions.
- Quick Guides don't answer every question but are offered as a starting point.
- If the Quick Guide doesn't contain the answer consult the other resources listed.

### Who Can We Thank For The Quick Guides?

- The Quick Guides were developed by CTAT Training, 9900 E. Iliff Avenue, Denver Colorado, 80231.
- The costs for developing, printing and distributing the Quick Guides were provided by a grant from the Division for Developmental Disabilities.
- CTAT wishes to express its appreciation to the Division for Development Disability for providing funds to make the Quick Guides a reality.

### List of Acronyms

BPAO	Benefit Planning Assistance and Outreach
BWE	Blind Work Expense
CMS	Centers for Medicare & Medicaid Services
EPE	Extended Period of Eligibility
FBR	Federal Benefit Rate
FICA	Federal Insurance Contribution Act
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
SGA	Substantial Gainful Activity
IRWE	Impairment Related Work Expense
PASS	Plan to Achieve Self Support
TSIC	This Stuff Is Confusing
TWP	Trial Work Period
PETI	Post Eligibility Treatment of Income

### Can I Comment on Social Security?

- Contact the Social Security Advisory Board. They can't change Social Security but they do report to the President, Congress and the Commissioner of Social Security.

**Social Security Advisory Board**  
**400 Virginia Avenue, S.W., Suite 625**  
**Washington, DC 20024**  
**www.ssab.gov**

## 1634c

### What is Section 1634c?

- It is part of the Social Security regulations.
- It protects persons who begin receiving SSDI payments (based on parent(s) contribution to the Social Security System) from losing Medicaid Eligibility.

### How Does 1634c Work?

- Some individual receiving SSI payments may be switched to SSDI based on contributions to the Social Security system by parents.
- This switch happens when one and/or both parents retire, become disabled or die.
- In some cases persons receiving SSI payments may begin receiving SSDI payments which exceed the Federal Benefit Rate (FBR).
- Because the SSDI payment is above the FBR this normally would result in the loss of Medicaid eligibility. **NOTE: Persons earning wages above the FBR do not lose Medicaid eligibility. Don't confuse earnings with SSDI payments which exceed the FBR.**
- Section 1634c allows the person to retain Medicaid if they meet the eligibility requirements.

### What Are The Eligibility Requirements?

- Be 18 or over when the Social Security (SSDI) benefit began AND;
- be entitled to SSI, except for the receipt of Social Security (SSDI) payment (the person still has to meet the requirements for the resource test) AND;
- Have first received the Social Security (SSDI) payment (which made them ineligible for SSI) on or after 7/1/87.

### Sample Letter for 1634c

To Whom It May Concern:  
**CONTINUING MEDICAID UNDER SECTION 1634(C) OF SOCIAL SECURITY ACT**

Section 1634c of the Social Security Act provides that if an other wise SSI eligible individual loses their eligibility solely because they become eligible for Social Security benefits on a parent, is entitled to receive continued Medicaid coverage.

To be eligible for this continued Medicaid coverage, the individual must: **be 18 or over when the Social Security benefit began AND; be entitled to SSI, except for the receipt of Social Security payments AND; have first received the Social Security payment (which make them ineligible for SSI) on or after 7/1/87.**

According to our records, \_\_\_\_\_, SSN \_\_\_\_\_ (now entitled on parent's SSN: \_\_\_\_\_) - meets all 3 of these conditions. Please resume Medicaid coverage. If you have questions about this please contact me at.....

Sincerely yours.

### What Should I Do If The Person Loses Medicaid Coverage But Meets The Requirements of 1634c?

- Contact your State Medicaid office using the sample letter at the bottom of the page.
- If you do not get a positive response from the State Medicaid office contact Social Security.

### NOTES

## Medicaid

### The Medicaid Program

- Provides medical benefits to low-income people who have no medical insurance or inadequate medical insurance.
- Medicaid is funded jointly by the Federal government and state government.
- The Federal government establishes general guidelines for the Medicaid program
- Medicaid program requirements are established by each state.
- Whether or not a person is eligible for Medicaid will depend on the state where a person lives.

### Key Eligibility Groups

- States have broad discretion in determining which groups their Medicaid programs will cover.
- States also have discretion over financial criteria for Medicaid eligibility.
- To be eligible for *Federal* funds, States are required to provide Medicaid coverage for certain individuals who receive Federally assisted income-maintenance payments, as well as for related groups not receiving cash payments.
- Mandatory Medicaid eligibility groups for which states receive federal matching funds are known as “categorically needy.”

### “Categorically Needy” Eligibility Groups

- Individuals are generally eligible for Medicaid if they meet the requirements for the Aid to Families with Dependent Children (AFDC) program that were in effect in their State on July 16, 1996.
- Children under age 6 whose family income is at or below 133 percent of the Federal poverty level (FPL).
- Pregnant women whose family income is below 133 percent of the FPL (services to these women are limited to those related to pregnancy, complications of pregnancy, deliver, and postpartum care).
- Supplemental Security Income (SSI) recipients in most states (Colorado is included in this group).
- Recipients of adoption or foster care under Title IV of the Social Security Act.
- Special protected groups (typically individuals who lose their cash benefits due to earnings from work or from increased Social Security benefits, but who may keep Medicaid for a period of time i.e. 1619(a), 1619(b), 1634(c), Pickle Amendment).
- All children born after September 30, 1983 who are under age 19, in families with incomes at or below the FPL.
- Certain Medicare beneficiaries.

### Quick Fact

Medicaid became the law of the land on July 30, 1965.

### Scope of Medicaid Services

States have considerable flexibility in deciding what services to include in Medicaid. However, some Federal requirements are mandatory if Federal matching funds are to be received. A State’s Medicaid program *must* offer medical assistance for certain *basic* services to most categorically needy populations. These services generally include the following:

- Inpatient hospital services.
- Outpatient hospital services.
- Prenatal care.
- Vaccines for children.
- Physician services.
- Nursing facility services for persons aged 21 or older.
- Family planning services and supplies.
- Rural health clinic services.
- Home health care for persons eligible for skilled-nursing services.
- Laboratory and x-ray services.
- Pediatric and family nurse practitioner services.
- Nurse-midwife services.
- Federally qualified health-center (FQHC) services, and ambulatory services of an FQHC that would be available in other settings.
- Early and periodic screening, diagnostic, and treatment (EPSDT) services for children under age 21.

States may also receive Federal matching funds to provide *optional* services. Some of the most common of the thirty-four approved optional Medicaid services include:

- Diagnostic services.
- Clinic services.
- Intermediate care facilities for the mentally retarded (ICFs/MR)
- Prescribed drugs and prosthetic devices.
- Nursing facility services for children under age 21.
- Transportation services.
- Rehabilitation and physical therapy services.
- Home and community-based care to certain persons with chronic impairments.

### Need Help?

Colorado Department of Health Care Policy and Financing

[www.chcpf.state.co.us](http://www.chcpf.state.co.us)

This is the State of Colorado website for Medicaid. Click on **Medicaid Eligibility** for a list of contact persons.

Centers for Medicare & Medicaid Services

<http://www.cms.hhs.gov/medicaid/>

This the Federal Government’s official site for information on Medicaid. Lots of useful information on Medicaid.

## Quick Guide to Quick Guides

### What Is A BPAO?

- Authorized by the Ticket to Work and Work Incentives Improvement Act of 1999.
- BPAO—Benefits Planning, Assistance, and Outreach.
- The goal of the BPAO program is to better enable SSA’s disability beneficiaries to make informed choices about work.
- BPAOs provide work incentives planning and assistance.
- BPAOs provide information on how work influences other programs such as food stamps, Section 8 housing assistance, etc.
- BPAOs conduct outreach efforts to beneficiaries and family members who are potentially eligible to participate in Federal or state work incentives programs.
- BPAOs work in cooperation with Federal, state and private agencies and nonprofit organizations that serve disability beneficiaries.
- The BPAO in Colorado is Cerebral Palsy of Colorado. You can contact them at:

Cerebral Palsy of Colorado  
2200 South Jasmine Street  
Denver, CO 80222  
877-772-2982

### What is Protection & Advocacy (P&A)?

- In every state, there is an agency that protects the rights of individuals with disabilities.
- The Protection and Advocacy System in each state administers the SSA-funded Protection and Advocacy for Beneficiaries of Social Security (PABSS) program.
- P&A can check out any complaint a person may have about an employment network or other service provider.
- P&A can give a person information and advice about vocational rehabilitation and employment services.
- P&A can provide consultation and legal representation to protect a person’s rights in an effort to secure or regain employment.
- The services are free to individuals receiving SSDI and SSI benefits based on disability or blindness.
- In Colorado the P&A system is:

Center for Legal Advocacy  
455 Sherman Street, Suite 130  
Denver, CO 80203  
303-722-0300

### Quick Fact

To date, over 415 million Social Security numbers have been issued.

### On Line Resources

Social Security Online

[www.socialsecurity.gov](http://www.socialsecurity.gov)

The official government Social Security Website. Contains lots of information. You can download Social Security forms and publications from the site.

Work World

[www.workworld.org](http://www.workworld.org)

This site provides free decision support software for Social Security disability beneficiaries. Work World looks at how income influences not only Social Security benefits but other benefits such as Food Stamps, Section 8 Housing, etc.

Centers for Medicare and Medicaid

[www.cms.gov](http://www.cms.gov)

The official government Medicare and Medicaid website. This site contains much information on Medicare and Medicaid.

Noridian Medicare

[www.noridianmedicare.com](http://www.noridianmedicare.com)

Noridian is a contractor that pays Medicare claims. Click on **Beneficiary** then click on **Coverage** for lots of useful information on Medicare.

Colorado Department of Health Care Policy and Financing

[www.chcpf.state.co.us](http://www.chcpf.state.co.us)

This is the State of Colorado website for Medicaid. Click on **Medicaid Eligibility** for a list of contact persons.

National Organization of Social Security Claimants Representatives

[www.nosccr.org](http://www.nosccr.org)

This website belongs to an organization whose members specialize in representing Social Security claimants. They are attorneys that charge a fee for their services. The website does contain some good free information. Click on **Disability Benefits**.

## Supplemental Security Income (SSI)

### What Are The Basic Eligibility Requirements?

- You must have limited income and resources.
- You must be a U.S. citizen or meet the requirements of non-citizens.
- You must be considered medically disabled or blind.
- You must be a resident of the 50 states, District of Columbia or Northern Mariana Islands.
- You must file for any and all other benefits (disability) for which you are eligible.
- You must not be working or working but not performing SGA. (SGA is Substantial Gainful Activity and for 2004 a person must be earning less than \$810.00 per month. If a person is earning over \$810.00 per month they are considered performing SGA and will not be eligible for SSI.)
- If a person is blind and applying for SSI they do not have to meet the SGA requirement. A person who is blind can earn over SGA and still be eligible for SSI.
- IMPORTANT NOTE:** Once a person starts receiving SSI payments SGA is no longer considered for eligibility to SSI cash payments or Medicaid.

### What is the Definition of Disability?

The inability to engage in any Substantial Gainful Activity (SGA) because of a medically determinable physical or mental impairment(s) that can be expected to result in death or that has lasted or that can be expected to last for at least 12 months.

### What is the Resource Test?

To be eligible for SSI a person must have less than \$2,000 (\$3,000 for married couples) in countable assets. Countable assets include

- Cash/bank accounts
- Land
- Personal property
- Life insurance
- Automobile(s)
- Anything else that could be exchanged for food, clothing or shelter.

Some assets are not counted. These assets include:

- The home a person lives in and the land it is on.
- One wedding ring and one engagement ring.
- Burial spaces.
- Burial funds valued at less than \$1,500.00.
- Life insurance policies with a combined face value of \$1,500.00 or less.
- One automobile, regardless of value.
- Retroactive SSI or Social Security benefits for up to 6 months after you receive them.
- Crime victim payments.

### What is the Federal Benefit Rate?

The basic monthly payment for SSI is called the "Federal Benefit Rate." The Federal Benefit Rate (FBR) is the same nationwide. For 2004 the FBR is \$564.00 per month for an eligible individual and \$862.00 per month for an eligible couple. The FBR changes each year based on the Consumer Price Index. The new FBR amounts take effect January 1st of each year.

### What is Continued Medicaid Eligibility - Section 1619b?

Medicaid coverage can continue, even if earnings along with other income become too high for SSI cash payments.

To qualify for Continued Medicaid Eligibility a person must:

- Have been eligible for an SSI cash payment for at least 1 month.
- Still be disabled.
- Still meet all other eligibility rules, including the resource test.
- Need Medicaid in order to work.
- Have gross earned income that is insufficient to replace SSI, Medicaid and any publicly funded attendant care. (This statement means you do not exceed the state's Medicaid threshold amount. For 2004 the State of Colorado's threshold amount was \$28,713. This amount changes annually.)

**The bottom line is that if you work and your income does not exceed the threshold amount you can continue to be Medicaid eligible!**

### SSI Employment Supports (Work Incentives)

- Impairment Related Work Expense (IRWE).
- Subsidy and Special Conditions.
- Unincurred Business Expense (Self-Employment Only).
- Unsuccessful Work Attempt.
- Student Earned Income Exclusion.
- Blind Work Expense.
- Plan to Achieve Self Support.
- Property Essential to Self-Support.
- Special SSI payments for Individual who work-1619a.
- Continued Medicaid Eligibility - Section 1619b.
- Reinstating Eligibility With a New Application.

### Quick Fact

Under the 1935 law, what we now think of as Social Security only paid retirement benefits to the primary worker. A 1939 change in the law added survivors benefits. In 1956 disability benefits were added.

## SSDI & SSI Employment Supports (Work Incentives)

### Unsuccessful Work Attempt *Both SSDI & SSI*

- An attempt at working at the SGA level or above for 6 months or less that a person stopped because of their impairment or the removal of special conditions (See Subsidy and Special Conditions—Page 12) related to the persons impairment and essential to the persons work performance.
- At the time a person applies for SSDI or SSI, Unsuccessful Work Attempts are not counted to determine if a person is eligible for benefits.
- After a person is eligible for SSDI or SSI benefits the rules are different for each Social Security program.
- Unsuccessful Work Attempts are only considered when the person first applies for SSI. Unsuccessful Work Attempts are not considered once a person starts receiving SSI payments.
- Social Security does not count Unsuccessful work attempts when determining SGA even after a person starts receiving SSDI benefits.
- Social Security claim representatives have the discretion of treating work above SGA for 6 months or less as unsuccessful work attempts.
- If a person receiving SSDI works at or above SGA for 6 months or less and ceases work because of disability or removal of special conditions then the situation should be considered an Unsuccessful Work Attempt.

### Property Essential for Self Support *SSI Only*

- Social Security does not count some resources that are essential to a persons self support.
- Social Security does not count property a person uses for a business (i.e. business inventory) or property for use at work as an employee (i.e. tools) regardless of the rate of return. It does not matter if you use the resources for other purposes.
- Social Security does not count up to \$6,000 of equity value of non-business property that is used to produce goods or services essential to daily activities regardless of the rate of return. An example is land that is used to produce vegetables or livestock used solely for household consumption.
- Social Security does not count up to \$6,000 of equity value of non-business income-producing property, if the property yields an annual rate of return of at least 6%. An example is rental property.
- Social Security does not consider stocks, bonds, notes or other liquid assets as Property Essential to Self Support unless they are used as part of a trade or business.

### Blind Work Expense *SSI Only*

- Social Security does not count any earned income that is used to meet a persons expenses need to earn the income.
- To qualify for a Blind Work Expense a person must be:
- Blind Work Expenses do not have to be related to
  - Under age 65; or
  - Age 65 or older and receiving SSI payments due to blindness.

blindness.

- Some examples of Blind Work Expenses include:
- Blind Work Expenses are figured differently than an
  - Service animal expenses.
  - Transportation to and from work.
  - Federal, State, and local income taxes.
  - Social Security taxes.
  - Attendant care services.
  - Visual and sensory aids.
  - Translation of materials into Braille.
  - Professional association fees.
  - Meals consumed at work.
  - Union dues.

IRWE.

- Example:
 

485.00	Earned Income
- 20.00	General Income Exclusion
465.00	
-65.00	Earned Income Exclusion
400.00	
-200.00	Half of Remaining Earnings
200.00	
-100.00	Blind Work Expenses
100.00	Countable Income

564.00	2004 Federal Benefit Rate
-100.00	Countable Income
464.00	SSI Check

### Section 1619 (b) (SSI Only)

- Continues Medicaid coverage after cash benefits cease because of earned income. See Quick Guide Page 3.

### Section 1619(a) (SSI Only)

A person can receive SSI cash payments even if their earned income (gross wages) is at the SGA level. To qualify the person must be disabled and meet all the other eligibility rules of SSI. Social Security figures a persons SSI payment the same as persons earning less than SGA. Eligibility for Medicaid continues for SSI recipients earning above SGA.

## SSDI & SSI Employment Supports (Work Incentives)

### Subsidy and Special Conditions *Both SSDI & SSI*

- “Subsidy” and “Special Condition” are Social Security’s words for support a person receives on the job and results in a person receiving more pay than the actual value of the services performed by the person.
- More supervision than other workers doing the same job at the same rate of pay, fewer or simpler tasks to complete than other workers doing the same job for the same pay, extra breaks but still receiving the same pay as other workers, job coach and mentor are all examples of “Subsidy” and “Special Conditions.”
- “Subsidy” is support provided by the employer.
- “Special Conditions” are usually provided by someone other than the employer such as vocational rehabilitation or a job coach.
- Social Security uses “Subsidy” and “Special Conditions” to make an SGA decision.
- Social Security uses only earnings that represent the real value of the work a person performs to decide if work is at the SGA level.
- For example, if person earns \$900.00 per month but the person has a job coach which performs \$200.00 worth of work then Social Security only counts \$700.00 toward working at SGA.
- Social Security does not take into account “Subsidy” or “Special Condition” when calculating SSI payments.
- There is no financial incentive for employers to support a “Subsidy” or “Special Condition.”
- Tactfully talk to an employer who is subsidizing a person’s wages.
- Document job coaching, mentorship or other conditions of the person employment.
- It is good to have a letter from an employer stating the value of the “Subsidy” and how they came up with the value of the “Subsidy.”
- If a person receives job coaching document the job coaching hours, how much work the job coach performed and explain how the value of the job coaching was calculated
- Write Social Security why you think a person is receiving a “Subsidy” or “Special Condition” and explain the value of the “Subsidy” or “Special Condition.”

### Quick Fact

There is a method to the issuing of Social Security numbers. The first three digits are assigned by the geographical region in which the person was residing at the time he/she obtained a number. Generally, the first 3 numbers were assigned beginning in the northeast and moving westward. So people on the east coast have the lowest first 3 numbers and those on the west coast have the highest first 3 numbers.

### Plan To Achieve Self Support (PASS) *SSI Only*

- Allows a person to set aside income and/or resources for a specified time for a work goal.
- For example: a person could set aside expenses for education, vocational training, or starting a business as long as the expenses are related to the work goal.
- Social Security does not count the income and/or resources set aside in a PASS when calculating SSI payments and when Social Security determines initial and continuing eligibility for SSI.
- Income and/or resources in a PASS do not count against meeting the resource test.
- A PASS can help a person establish or maintain SSI eligibility and can increase the size of the SSI payment but not above the FBR.
- For Example: A person receiving an inheritance can put the money in a PASS and maintain their SSI eligibility.
- A PASS does not affect any SGA determination for a person’s initial eligibility decision.
- A person receiving SSDI can have a PASS if their income after a PASS contribution is less than the Federal Benefit Rate and they can meet the resource test. This would qualify them for SSI and Medicaid.
- Basic PASS requirements:
  1. Be designed especially for the person.
  2. Be in writing (Social Security likes form SSA-545-BK).
  3. Have a specific work goal the person is capable of performing.
  4. Have a specific timeframe for reaching the goal.
  5. Show what money or resources the person is going to use to reach the work goal.
  6. Show how the money will be used to reach the work goal.
  7. Show how the money will be kept separate from other money or resources.
  8. Be approved by Social Security.
  9. Be reviewed periodically by Social Security.
  10. If self employment is the work goal a business plan must be completed and attached to the PASS.
- Anyone can help a person write a PASS.
- You can get form SSA-545-BK from the local Social Security office, any PASS expert or at [www.socialsecurity.gov](http://www.socialsecurity.gov).

### Quick Fact

Social Security Disability Insurance did not start until 1956.

## SSI & Other Income Calculating SSI Payments

### Notes:

1. **Unearned income reduces SSI cash benefits Dollar for Dollar.**
2. **Earned income reduces SSI cash benefits \$1 for every \$2 earned.**
3. **The general income exclusion is \$20.00**
4. **The earned income exclusion is \$65.00**
5. **If there is only earned income the person gets both the general and earned income exclusions.**

FBR: \$ \_\_\_\_\_

FBR: \$ \_\_\_\_\_

### Unearned Income

Unearned Income	\$ _____
Less General Income Exclusion	\$ _____
<b>Total Countable Income</b>	<b>\$ _____</b>
<b>Note: If unearned income is the only income the person is receiving subtract Total Countable Income from the FBR to get the SSI payment. (see below)</b>	
FBR	\$ _____
Less Total Countable Income	\$ _____
<b>SSI Payment</b>	<b>\$ _____</b>

### Earned Income

Earned Income (Gross Income)	\$ _____
Less Earned Income Exclusion	\$ _____
Less General Income Exclusion (If no unearned income)	\$ _____
<b>Total Income</b>	<b>\$ _____</b>
<b>To get countable income divide Total Income by 2</b>	
<b>Total Income \$ _____ / 2 = _____</b>	
<b>Countable Income \$ _____</b>	
<b>Subtract Countable income from FBR to get the SSI payment.</b>	
FBR	\$ _____
Less Countable Income	\$ _____
<b>SSI Payment</b>	<b>\$ _____</b>

**Earned Income:** Money a person gets from working at a job. Wages. When calculating SSI payments use gross income (income before subtracting taxes & deductions)

### Examples of Unearned Income

- SSDI Payments
- Veterans Administration (VA) Benefits
- Railroad Retirement Benefits
- Pension Benefits
- Annuity Payments
- Inheritance Payments
- Any Income Not Paid By Wages From Working

### Both Unearned and Earned Income

**If you have both Unearned Income and Earned income calculate the Total Countable Unearned income and the Total Countable Earned income using the boxes above. Add Total Countable Unearned income and Total Countable Earned income together and subtract from the FBR.**

FBR	\$ _____
Countable Unearned Income	\$ _____
Countable Earned Income	\$ _____
<b>Total Countable Income</b>	<b>\$ _____</b>
<b>Subtract Total Countable Income from FBR</b>	
<b>SSI Payment</b>	<b>\$ _____</b>

## Post Eligibility Treatment of Income (PETI)

### What is PETI?

- It is a mandatory cost-sharing program that is required by Colorado Law.
- PETI allows access to Medicaid benefits for persons whose income level does not allow them to receive SSI.

### To Whom Does PETI Apply?

- Persons whose income source and level makes them ineligible for SSI benefits and therefore ineligible for Medicaid.
- For example some people with disabilities may receive SSDI payments that are above the Federal Benefit Rate (this amount changes yearly) which makes them ineligible for SSI and Medicaid.
- Federal regulations recognize that some individuals who meet the SSI disability definition but are not eligible for SSI due to other income sources may not have enough income available to them to meet their medical and habilitation needs.
- PETI allows such individuals whose incomes are above the FBR but less than 300% of the FBR to access Medicaid services.
- PETI applies to all HCB-DD (Medicaid funded) customers who are not entitled to Medicaid benefits through SSI eligibility but have been granted Medicaid eligibility due to the income being above the FBR but less than 300% of FBR.
- Because the person would normally not be eligible for Medicaid/HCB-DD services they are required to use excess income to pay for their cost of care.
- NOTE: Payment of PETI does not avoid the ongoing 300% income limit for Medicaid eligibility. IF total gross income in any month goes over the 300% limit, then Medicaid eligibility is lost, and all HCB-DD and Medicaid services must be paid for privately.

### Who Doesn't PETI Apply TO?

- Those receiving or otherwise qualified for SSI are exempt from PETI. This includes anyone who was receiving SSI at some time since 07/01/87 and his/her SSI payment stopped solely because of:
  1. Earned Income: this refers to the Section 1619(b) work incentive.
  2. OASDI-DAC benefits—this refers to Section 1634(c) and applies to persons receiving SSDI benefits based on their parents Social Security payments.
  3. OASDI for widow(er)s—Another provision of 1634(c).

### What Does PETI Do?

- PETI essentially trades access to Medicaid for the requirement that the individual pay for a portion of their waiver care costs.

### Is There a Loophole?

- Not a chance!
- PETI assessments are a legal obligation of the care receiver.
- Refusing to pay PETI assessments may result in termination of services.

### How is PETI Assessed?

- PETI is assessed on both **unearned** and **earned** income.
- Each type of income is assessed differently.
- For **unearned** income PETI takes everything except the Standard Maintenance Allowance (Room & Board + \$34) Note that PETI does not provide the general income exclusion of \$20.00.
- **Earned** income is assessed on three levels. Note that PETI assessments are made against **gross (before tax) income**.
  - a. The worker is allowed to keep the first \$85 of earnings.
  - b. The amount from \$86 through \$405 is split 50/50. PETI takes half, the customer keeps half.
  - c. Earned income exceeding \$405 goes entirely to PETI. In other words, PETI takes all of it.
  - d. This translates to a customer keeping a maximum of \$245 in earnings.

### Is Supported Living Services Different?

- All PETI assessment and reporting requirements apply exactly the same to those receiving Supported Living Services (SLS).
- SLS differs only in the amount of living allowance that is used in calculating the PETI assessment.
- SLS customers are given a maintenance allowance that is three times the Standard Maintenance Allowance (Room and Board + \$34). This means an SLS client won't owe any money for PETI unless gross income exceeds the Federal Benefits Rate by 300%.

### Are Medical Expenses Deductible?

- Health expenses and remedial care that are not subject to third party payment are deductible from the persons PETI assessment.

### More Information?

Contact the Division for Developmental Disabilities for more information.

## SSDI & SSI Employment Supports (Work Incentives)

### Continuation of Medicare Coverage SSDI Only

- Most persons receiving SSDI will continue to receive at least 93 consecutive months of Part A and Part B Medicare even though cash benefits cease.
- The 93 months start the month after the last month of a persons Trial Work Period (TWP).
- To qualify the person must work and perform at the Substantial Gainful Activity (SGA) level but not be medically improved.
- Some individuals can buy Medicare Part A and Part B after the 93 consecutive months have expired.
- See the Social Security Red Book for information on buying into the Medicare program.

### Continued Payment Under a Vocational Rehabilitation Program (a.k.a. Section 301) Both SSI & SSDI

- This employment support applies to both SSDI and SSI recipients.
- This employment support is for Social Security recipients that are in the position to lose their benefits due to improving medical conditions.
- This work incentive buys some time before the person loses eligibility for benefits.
- If a person participates in an appropriate program of vocational rehabilitation services, employment services or other support services benefits may continue until participation in the program ends.
- The person must be participating in an appropriate program of vocational rehabilitation services, employment services or other support services before their disability ended under Social Security rules.
- The program must increase the likelihood that a person will be permanently removed from the disability roles.
- Benefits continue until the program is completed, the person discontinues participation in the program or Social Security decides the program will not increase the likelihood that the person will be permanently removed from the disability roles.

### Quick Fact

COLAs (Cost of Living Allowances) were first paid in 1975 as a result of a 1972 law. Prior to this, benefits were increased irregularly by special acts of Congress.

### Unincurred Business Expense (Self Employed Only) Both SSDI & SSI

- “Unincurred Business Expense” is a fancy name for contributions by others to persons who are self employed.
- Examples: vocational rehabilitation gives a person a computer for their business, a friend works at the business for free, an accountant provides free book-keeping services, a landlord discounts a lease.
- Social Security usually follows Internal Revenue Service rules to figure a self-employed persons net earnings. However, the IRS only allows the person to deduct expenses which were actually paid for or if the person incurred debt.
- Social Security also deducts “Unincurred Business Expenses” from net earnings to accurately measure the value of the persons work when determining SGA.
- Social Security does not deduct “Unincurred Business Expenses” from earnings when calculating SSI payments. But Social Security does not count an “Unincurred Business Expense” as income when calculating SSI payments.
- For an item or service to qualify as an “Unincurred.”
  - It must be an item or service the IRS would allow as a legitimate business expense.
  - Someone else must pay for it.

### Student Earned Income Exclusion (SEIE) SSI Only

- For persons under age 22, not married, not head of household and regularly attending school.
- Social Security does not count up to \$1,370.00 of earned income per month when figuring an SSI payment. The maximum annual exclusion is \$5,520.00.
- The monthly and annual dollar amounts are adjusted annually.
- Regularly attending school means:
  1. In a college or university for at least 8 hours a week.
  2. In grades 7-12 for at least 12 hours per week.
  3. In a training course to prepare for employment for at least 12 hours per week (15 hours per week if the course involves shop practice).
  4. For less time than indicated above for reason above and beyond the student's control.
- Home schooling qualifies.
- The SEIE is applied before the general income exclusion, earned income exclusion and employment supports such as a PASS or IRWE.

## SSDI & SSI Employment Supports (Work Incentives)

### Impairment Related Work Expense (IRWE) *Both SSDI & SSI*

- Social Security deducts the cost of certain impairment related items and services that a person needs to work from gross earnings to determine “countable income.”
- An IRWE can impact work performance at the Substantial Gainful Activity (SGA) level and how a person's SSI check is calculated.
- If a person was receiving SSDI payments and earned \$900.00 per month but had an IRWE that was \$200.00 per month Social Security would only “count” \$700.00 toward performing work at the SGA level. In other words the person would be below the 2004 SGA level of \$810.00 and would not be considered working at the SGA even though the gross earnings were above SGA.
- If a person was receiving SSI and earned \$900.00 per month but had an IRWE that was \$200.00 per month Social Security would only “count” \$700.00 toward determining their SSI monthly payment. An IRWE is deducted before the Earned Income Exclusion and the General Income Exclusion.
- It does not matter if you use items that qualify for an IRWE for non-work activities. For example a home modification which is necessary for the person to get to work and qualifies for an IRWE would be used during times when the person was not getting ready for work.
- An IRWE must meet the following criteria:
  1. The item or service enables the person to work.
  2. The person needs the item or service because of their disabling impairment.
  3. The person paid the cost and is not reimbursed from any other source.
  4. The cost is “reasonable”- that is the cost is typical for the community in which the person lives.
  5. The expense was paid for in a month the person was working (SSDI).
  6. The expense was paid for in a month the person received earned income or performed work while you used the IRWE (SSI).
- Possible IRWE expenditures include: attendant care services, transportation costs, medical devices, work-related equipment and assistants, prosthesis, residential modifications, routine drugs, routine medical services, diagnostic procedures, non-medical appliances and devices, other items and services.
- An IRWE must be approved by Social Security.
- For approval write Social Security and in the letter state why the expense qualifies for an IRWE.
- See the Red Book for much more information.

### Trial Work Period (TWP) *SSDI Only*

- Allows a person to test their ability to work for at least 9 months.
- During the TWP a person receive full SSDI benefits regardless of how much a person earns.
- The TWP starts the first month a person is eligible for SSDI benefits.
- The TWP continues until a person accumulates 9 months (the months don't have to be consecutive) of working for “services” within a rolling block of 60 months (this is confusing—see next point).
- Working for “services” is considered any month the person earns over \$580.00 per month (in 2004) or working more than 80 self-employed hours in a month. The dollar amount is usually adjusted each year.
- At the end of the TWP the person begins their Extended Period of Eligibility (EPE).
- This a very confusing Social Security employment support.
- For more information consult the Social Security Red Book.
- It is a good idea if someone starts providing employment services to a person receiving SSDI benefits to check with Social Security and find out the SSDI recipients TWP status.

### Extended Period of Eligibility (EPE) *SSDI Only*

- Starts immediately after completion of TWP.
- The EPE lasts 36 consecutive months.
- If wages are stopped because of working at the SGA level, benefits will be automatically reinstated in months where earnings are below SGA.
- If earnings change significantly from month to month, it is possible that Social Security could restart benefits frequently during the EPE.
- If a person is eligible for a benefit payment during the 37th month after the start of the EPE then benefits will continue.
- If a person has completed their EPE but is still receiving benefits they will lose benefits during the first month they earn at the SGA level and/or medically recover. They will receive a payment during the first month they earned above SGA and/or medically recover and two more checks (the grace period).
- It is important to check with Social Security to find the status of a persons EPE.

### Quick Fact

Social Security Numbers are not reissued. When someone dies their number is removed from the active files.

## Pickle Amendment

### What is the Pickle Amendment?

- Named after House of Representatives lead sponsor, Claude Pickle.
- A 1977 amendment to the Social Security Act
- An esoteric and obscure federal law that allows persons who at one time received Supplemental Security Income (SSI) and thus Medicaid but subsequently lost Medicaid eligibility to regain Medicaid eligibility under certain circumstances.
- Restores Medicaid to former SSI recipients who would still be eligible for SSI if not for Social Security COLA increases.

### Why It Is Important To Keep an Eye Out For Pickle People?

- Restores Medicaid eligibility.
- Medicaid has the following benefits over Medicare.
  - a. Prescription drug costs.
  - b. More extensive mental health benefits.
  - c. Don't have to pay Medicare premiums, co-pays and deductibles.
- No one is looking for Pickle Amendment persons.

### Can You Spot a Potential Pickle Person?

- Current Social Security recipient (SSDI).
- Was entitled to both SSI and SSDI at some point since 1977.
- Would be eligible for SSI if not for Social Security COLA increases.
- Commonly unidentified potential Pickle persons:
  - a. SSDI recipients who received SSI for a few months while awaiting their first SSDI check.
  - b. SSDI recipients who end a Plan to Achieve Self Support.
  - c. Persons who are getting QMB (Qualified Medicare Beneficiary) and SLMB (Special Low Income Medicare Beneficiary) benefits and had SSI in the past.

### Do You Have to Meet Other Qualifications?

- Yes, a person still has to meet all Medicaid eligibility requirements.
- The resource test of not exceeding \$2000 for an individual and \$3000 for a couple must be met.

### Quick Fact

Ida May Fuller of Ludlow, VT was the first recipient of monthly Social Security benefits.

### How About an Example?

- Gabe applied for SSDI and SSI in 1991 while hospitalized. Social Security found him disabled and he started receiving \$407 in SSI and Medicaid. In August, 1991. Then in October he received a 2 month retroactive SSDI check and an October SSDI check for \$523. He lost his SSI and Medicaid because his income was over the FBR.
- Gabe is now 42. His monthly income is \$730 in SSDI. His Medicare won't pay for mental health treatment or Zyprexa.
- What about pickle?
  - a. Is Gabe a current Social Security recipient? Yes
  - b. Was he entitled to both SSDI and receiving SSI sometime after 1977? Yes
  - c. Would Gabe be eligible for SSI if Social Security COLAs from the date dual eligibility ended were disregarded? This has to be determined. See next point.
- Determine SSI Eligibility.
  - a. Disabled? Yes (same as SSDI)
  - b. Countable resources below \$2000? Yes
  - c. Countable income below FBR? Have to determine countable income. See next step.
- Determine Countable Income.
  - a. Actual SSDI benefit when SSI ended, obtained from Social Security—\$523.
  - b. \$523 minus \$20 General Income Exclusion.
  - c. Countable Income is \$503.
- Gabe is a Pickle Amendment person because:
  - a. His countable income is \$503 which is less than the FBR (in 2004) of \$564.
  - b. He does not have resources above \$2000
  - c. He has no other income.

### What if Gabe Had Other Income?

- For **earned** income: Take the earned income and subtract \$65. Divide the answer by two (2). Add the amount after dividing to the \$503 amount.  
 Example—Gabe earns \$105 per month.  
 $(\$105 - \$65) / 2 = \$20$   
 $\$503 + \$20 = \$523$   
 $\$523$  is still below \$564 FBR amount and still is a Pickle
- For **unearned** income: Add the unearned income to \$523. If the sum is less than the FBR then the Pickle Amendment still applies.

## Social Security Disability Insurance (SSDI)

### Eligibility Requirements

- Worked and paid Social Security taxes for enough years to be covered under Social Security insurance; some of the taxes must have been paid in recent years.
- Be the worker, the worker's widow(er), the surviving divorced spouse or the worker's child with disabilities.
- Requirements for children include:
  - Be unmarried
  - Age 18 or over
  - Disabled before age 22
- File an application.
- Be medically disabled according to Social Security's definition.
- Not be working or working but not performing Substantial Gainful Activity (SGA).

### Definition of Disability

The inability to engage in any Substantial Gainful Activity (SGA) because of a medically determinable physical or mental impairment(s) that can be expected to result in death or that has lasted or that can be expected to last for at least 12 months.

### Employment Supports (Work Incentives) for SSDI Recipients

Employment supports are designed to allow a person to test their ability to work over a long period of time. SSDI employment supports include:

- Impairment Related Work Expense (IRWE).
- Subsidy and Special Conditions.
- Unincurred Business Expense (Self-Employed Only).
- Unsuccessful Work Attempt.
- Trial Work Period (TWP).
- Extended Period of Eligibility (EPE).
- Continuation of Medicare Coverage.
- Medicare for Individuals with Disabilities who Work.
- Continued Payment under Vocational Rehabilitation Program; also known as Section 301.

### Misc. SSDI Notes

- SSDI payment is based on how much the person paid in FICA taxes.
- It is possible to receive both SSDI and SSI at the same time.
- SSDI is considered unearned income.
- Worker's compensation payments and/or public payments may reduce the SSDI payment amount.
- No Resource Test.
- A person who is receiving SSI benefits can start receiving SSDI benefits if they become eligible.

### Substantial Gainful Activity (SGA)

- Has nothing to do with the cost of living.
- Generally earnings from work above \$810.00 per month (for 2004) for non blind and \$1,350.00 per month for the blind is considered working at SGA. (The higher amount for the blind is due to the blind having a better lobby in congress).
- If you are self employed the rules are different.
- Self-employed work is at SGA if:
  - You render significant services to the business, AND you receive the SGA level average monthly income; OR
  - Your work is comparable to the work of individuals without disabilities in your community engaged in the same or similar businesses; OR
  - Your average monthly work is worth the SGA level earnings in terms of its effect on the business, or when compared to what you would have to pay an employee to do the work.
- If you are self-employed and blind the rules are different.
  - Social Security determines SGA of self-employed individuals who are blind solely on earnings (\$1,350.00 per month for 2004).
- If a person is blind and age 55 or older the rules are yet again different
  - If earnings are at the SGA level but the work the person is doing requires a lower level of skill and ability than the work performed before age 55, or when the person became blind, which ever is later, then benefits are only suspended, not terminated. Eligibility for SSDI benefits continues indefinitely and Social Security pays benefits for any month when earnings fall below SGA.
- Monthly SGA limits are adjusted each year.

### Social Security Disabled Adult Child

- A person can receive SSDI benefits based on their parents contribution.
- To get benefits the person must:
  - Be 18 years old or older.
  - Disabled before age 22.
  - Parents must have paid into the Social Security system.
  - Parents must be disabled, retired or deceased.

### When Do the Checks STOP?

- When a person is determined no longer disabled or earns above SGA.
- The first month after the end of the Extended Period of Eligibility when earnings are at SGA and the Grace Period has been used.

## Medicare

### What is Medicare?

Medicare is a Health Insurance Program for:

- People 65 years of and older.
- Some people with disabilities under age 65 (Usually people receiving Social Security Disability Insurance benefits).
- People with End-Stage Renal Disease.

Medicare has TWO parts:

- Part A (Hospital Insurance)
  - Most people do not have to pay for Part A.
- Part B (Medical Insurance)
  - Most people pay a monthly premium for Part B.

### What is Medicare Part A?

- Medicare Part A (Hospital Insurance) helps cover the cost of inpatient care in hospitals, critical access hospitals and skilled nursing facilities.
- Part A covers hospice care and some home health care.
- A person must meet certain conditions for hospice care and home health care.
- Most Medicare recipients do not have to pay a monthly payment for Part A.
- Medicare is financed through FICA taxes paid by the worker and the employer.

### What is Medicare Part B

- Helps cover doctor's services and outpatient hospital care.
- Helps cover some physical and occupational therapy costs, and some home health care.
- Costs must be medically necessary.
- Medicare Part B is partially paid by premiums (\$66.60 per month in 2004).
- The premium amount changes each year on January 1st.
- It is best if a person signs up for Part B as soon as they are eligible for Medicare.
- The cost of Part B may go up 10% for each 12-month period that a person could have had Part B but did not sign up. The extra 10% is paid for life.
- If a person does not sign up for Medicare Part B when first eligible they can sign up during the General Enrollment Period which is January 1 - March 31 of each year.
- A person is eligible for Medicare when they turn 65 even if the person is not eligible for Social Security benefits.
- Premiums are usually deducted for the person's Social Security check.

### Medicare Modernization Act of 2003 - 2004

- Medicare Approved Discount Cards will be available in 2004 to help save on prescription drugs.
- The cards are designed to bridge the gap until 2006 when the prescription drug benefit begins.
- Medicare will send information on how to enroll in the drug discount card program.
- Enrollment is from May 2004 through December 31, 2005.
- Enrolling is voluntary.
- For those with incomes not exceeding \$12,569 for a single person or \$16,862 for a married couple there is the possibility of qualifying for a \$600 credit on their Medicare Approved Discount Card.

### 2005

- New preventive health benefits are available in 2005.
- A one-time initial wellness physical exam within 6 months of the day a person enrolls for Part B.
- Screening blood tests for early detection of cardiovascular (heart) diseases.
- Diabetes screening tests for people with Medicare.

### 2006

- Prescription drug benefits are added to Medicare in 2006.
- The person will choose a prescription drug plan and pay a premium of about \$35 per month.
- The person pays the first \$250 of prescription drug costs (called a "deductible").
- Medicare then pays 75% of prescription drug costs between \$250 and \$2,250. The person pays the other 25%.
- The person pays 100% of the cost of prescription drug costs above \$2,250 until the person reaches \$3,600 in out-of-pocket spending.
- Medicare will pay about 95% of costs after the person has spent \$3,600.
- Prescription drug plans may vary.
- Extra help will be available for people with low incomes and limited assets. Most significantly, people with Medicare in the greatest need, who have incomes below a certain limit won't have to pay the premiums or deductible for prescription drugs. The income levels will be set in 2005.

### Medicare Information

- 800-MEDICARE (800-633-4227)
- TTY 877-486-2048
- [www.medicare.gov](http://www.medicare.gov)