

Work Incentives R Us



September 5, 2008

Kathy Consumer
1234 Main Street
Blissful, WI 54555

IRIS Case Number: 000012345

Dear Kathy,

The following is a summary of the effect working will have on your benefits. It is based on the information you provided at our meeting on July 7, 2008, information obtained from the agencies that provide your services, and on the current Social Security regulations. This summary includes various examples of work earnings and focuses mainly on how work incentives are utilized with regular employment. For self-employment, the work incentives are used somewhat differently. We can discuss these differences further if self-employment becomes a possibility.

Background Information

Based on the information you provided at our meeting, you are a 28-year-old female who has Muscular Dystrophy. You are currently single, do not have children, and live with your boyfriend, who is one of your personal care workers.

Employment and Earnings

At the time of our meeting, you were working 25 hours per week at \$12.00 per hour. Your vocational goal is full-time regular employment in the counseling field. You expect to earn at least \$12.00 per hour.

Current Benefits

According to the Appleton Social Security office, as of September 2008 you do not qualify for a federal **Supplemental Security Income (SSI)** payment because your countable earned income exceeds the SSI income limit. In 2008, your total countable income must not equal or exceed \$637.00 per month. This amount is the maximum federal SSI benefit rate, and is adjusted every year.

For SSI purposes, Social Security breaks income down into two different types: earned income and unearned income. Earned income is payment received for work actually performed (tips, wages, salary, bonuses, commissions, etc.). Beginning in September, Social Security has estimated you have earned income (gross wages) of \$2,240.00 per

month. Unearned income is payment received, but work has not been performed in order to obtain it (SSDI payments, Veteran's benefits, inheritance payments, monetary gifts, and winnings from gambling, etc.).

Social Security allows you to exclude a certain amount of your income when determining your monthly SSI payment amount. There are two exclusions: a general exclusion and an earned income exclusion. The **\$20.00 general exclusion** is always applied to unearned income first. If you have no unearned income, Social Security will apply the \$20.00 general exclusion to your earned income in addition to the earned income exclusion. The **earned income exclusion** disregards the first \$65.00 of your earnings in a month plus ½ of the remainder. This means that less than ½ of your earnings are counted when figuring your SSI payment amount. The income remaining after these income exclusions have been applied is your countable income.

Since your federal SSI payment has stopped, your state SSI payment will also stop. Per EDS (the agency that administers state SSI payments), when you were eligible for a federal SSI payment you were eligible for a **state SSI payment** of \$179.77 per month. This amount included the basic state SSI payment of \$83.78, plus the Exceptional Expense Supplement of \$95.99. In order to be eligible for the **Exceptional Expense (or SSI-E) Supplement**, you must need at least 40 hours per month of primary long-term support services. Your SSI-E Supplement stops when your basic state SSI payment stops.

An amount of \$17.97 was being deducted from your monthly state SSI payment to pay back an overpayment. Therefore, you actually received a state SSI payment of \$161.80 per month. The balance remaining on your state SSI overpayment is \$593.36. According to EDS, you will not be billed for the remaining overpayment once your SSI payment stops. However, recovery of the overpayment will start again if you become eligible for SSI payments again. Social Security can take tax refunds to pay back overpayments on your federal SSI record.

If you qualify for SSI, you automatically qualify for **Medicaid**, also known as **Medical Assistance, MA** or **Title 19**. Even though your earnings are causing you to lose your SSI cash payments, you may qualify for Medicaid through SSI due to a work incentive called **Continued Medicaid Eligibility Section 1619(b)**. In order to qualify for Medicaid through the Section 1619(b) work incentive, you must: continue to meet the disability criteria; meet all other nondisability requirements for regular SSI cash benefits, except for earnings (i.e., you would be eligible for SSI cash payments if you had no countable earned income); need Medicaid in order to work; and have annual earnings below a threshold amount, which is \$32,991.00 in Wisconsin (this amount is adjusted annually).

As I mentioned above, one eligibility requirement for Section 1619(b) is that you need Medicaid coverage to continue working. You will meet the Medicaid need requirement if you:

1. Used Medicaid coverage within the past 12 months; **OR**
2. Expect to use Medicaid coverage in the next 12 months; **OR**

3. Would be unable to pay unexpected medical bills in the next 12 months without Medicaid coverage.

If you are in Section 1619(b) status and exceed the income threshold, you may qualify for an “**individual threshold**” if Social Security can document that your medical expenses exceed the average Medicaid cost. In this instance, your SSA Claims Representative would use your actual Medicaid costs to compute your individual threshold amount. Since you met the eligibility criteria for the SSI-Exceptional Expense Supplement, it is likely that you would qualify for a higher individual threshold amount. You can contact Social Security to request an individual threshold amount if you believe your earnings will exceed \$32,991.00 in 2008.

If you qualify for Medicaid through Section 1619(b), you will qualify for continued SSI recipient status, which protects your rights to SSI payment reinstatement. This means that while you are in Section 1619(b) status, your SSI payments can be restarted any time your income drops below the SSI income limit, assuming you continue to meet all of the other eligibility criteria. Remember to report changes in your income to the local Social Security office.

According to Social Security, you were mailed your **Ticket to Work** and it is currently **in use** with DVR. The Ticket is a document that has no cash value but can be used to get vocational rehabilitation (employment) services from an Employment Network. While using the ticket, you will not go through medical continuing disability reviews for Social Security. Effective July 21st, 2008, “using a ticket” means you have assigned a ticket to an Employment Network or a State VR agency, and you are making timely progress toward self-supporting employment. You can call Maximus, the agency that is managing the Ticket to Work, if you have questions. The phone number is 1-866-968-7842.

Carl Consultant from Adult Care Consultants verified that you receive **Community Options Program-Waiver (COP-Waiver)** services through Blissful County. COP-Waiver serves adults with physical disabilities, as well as elderly people. To be eligible for Waiver services, you must meet the criteria for which Medicaid would determine you to need a nursing home level of care. Furthermore, you must be eligible for Medicaid and meet certain income and asset tests.

The Waivers are divided into three categories, Group A, B, and C. Your total income and your eligibility for other programs like SSI, Section 1619(b), Medicaid Purchase Plan, etc. will determine the category in which you are placed. Group A Waiver participants include individuals who receive Medicaid through SSI, SSI-E, Section 1619(b), or the Medicaid Purchase Plan (MAPP). These individuals must be functionally eligible, and meet the other Waiver requirements. A Group A Waiver participant does not have to pay a cost share.

Group B participants are considered categorically needy because their income falls under a special income limit of \$1,911.00 per month (2008 amount). A Group B participant may have to pay a cost share if she has income remaining after a variety of allowances and

expenses are deducted. Cost sharing is the monthly amount a Waivers participant contributes toward the cost of his/her waiver services. Payment of the cost share is a condition of eligibility.

Group C participants must be medically needy, and have income that exceeds the income limit of \$1,911.00. Most Group C members have a monthly spenddown. The spenddown obligation is the amount a Group C Waiver participant must incur monthly in medical/remedial expenses and/or Medicaid card services to lower countable income to the medically needy income limit of \$591.67. The Group C participants must incur, and be held financially responsible for the monthly spenddown amount.

According to Carl Consultant, you are currently a Group A Waiver participant because of your SSI/Section 1619(b) eligibility. You should remain financially eligible for your COP-Waiver services as a Group A participant as long as you are Medicaid eligible through SSI (including through Section 1619(b)) or through a full-benefit Medicaid program (including the Medicaid Purchase Plan). If you have any questions regarding your COP-Waiver services you can contact Carl Consultant at () 222-3344.

You mentioned during our meeting that you receive Rental Assistance in the form of a **Housing Choice Voucher**. Under the Housing Choice Voucher program, a person generally pays approximately 30 percent of his/her adjusted income toward rent. Rhonda Rooming from the Blissful Housing Authority verified your portion of the rent is currently \$295.00 per month. However, heat and utilities are not included in your rent. Your portion of the rent is actually less than 30% of your adjusted income to take into account the additional amount you have to pay for heat and utilities.

Rhonda Rooming estimated your portion of the rent would be approximately \$31.00 per month if you were not working and were receiving the maximum federal SSI payment and the SSI-E Supplement. This rent amount does not include heat and utilities. Please keep in mind this is merely an estimate.

Rhonda Rooming indicated she is in the process of verifying a change (increase) in your income. Once the change has been verified, your portion of the rent may increase. Ms. Rooming indicated the change in your portion of the rent will probably take place on November 1st. You will receive a 30-day notice of the change.

When calculating your portion of the rent, you are given an allowance (or deduction) for annual medical expenses in excess of three percent of your income. This medical allowance lowers your counted income, which therefore lowers your portion of the rent. Rhonda Rooming indicated you reported annual medical expenses of \$1,567.50. These medical expenses currently exceed three percent of your annual income by \$1,001.73. Therefore, Ms. Rooming is using an annual medical allowance of \$1,001.73 when calculating your rent. As your income and medical expenses change, this medical allowance will change.

When estimating your portion of the rent in the following earning examples, I am taking into account your reported annual medical expenses of \$1,567.50. Also, remember that your portion of the rent is actually less than 30% of your adjusted income to take into account the additional amount you have to pay for heat and utilities. All rent estimates are based on the information provided by Rhonda Rooming and are subject to change as regulations and your situation change.

Individuals with disabilities can sometimes qualify for an **Earned Income Disallowance**, which requires the Housing Authority to exclude some of the individual's increased income due to work when calculating the individual's portion of the rent. According to Rhonda Rooming, you do NOT qualify for the Earned Income Disallowance because you were already working when you became eligible for the Housing Choice Voucher program.

Please report changes in income to Rhonda Rooming at () 444-5566. You can also contact her with any questions regarding your Rental Assistance.

Based on the information you provided, I have estimated you would be eligible for the maximum federal SSI payment of \$637.00 per month if you were not working (and not receiving SSDI). The SSI payment amounts I show in this summary are the amounts before any deductions for overpayments.

Monthly Income Not Working
\$637.00 Federal SSI payment
+179.77 State SSI payment
\$816.77 Total Income
- 31.00 Your portion of rent
\$785.77 Total Income (adjusted)

The attached calculation sheet demonstrates how different earning amounts would affect your monthly SSI payments and your total monthly income. If you were working at more than one job, Social Security would look at the **combined** income from both jobs.

These examples assume that you will continue to meet the disability criteria for Social Security. These examples also assume that you would not have resources over the **monthly SSI resource limit**. The monthly resource limit for a single individual is \$2,000. For a couple, the monthly resource limit is \$3,000.

Please keep in mind that the estimates in the following examples are **merely estimates**. Due to the multiple variables involved and the complicated nature of your benefits, your eligibility, benefit amounts, and rental amounts could change. The appropriate agency would determine your actual eligibility (and related information) for each program when your earnings reach these levels.

Work Examples

Example 1

In the first example, you are working 25 hours per week at \$12.00 per hour. Considering your pay per hour and the number of hours you work weekly, your monthly gross earnings would be approximately \$1,290.00.

As you can see from the calculation sheet, you would be eligible for a federal SSI payment of approximately \$34.50 per month. Since you would be eligible for a federal SSI payment, you would also be eligible for your state SSI payment of \$179.77 per month. Your Medicaid would also continue.

You will continue to be financially eligible for your COP-Waiver services as a Group A participant because you are eligible for Medicaid through SSI.

Based on the information Rhonda Rooming provided, I have estimated your portion of the rent would be approximately \$247.00 per month, plus heat and utilities. Your portion of the rent would be higher if you did not have annual medical expenses.

Example 2

In the second example, you are working 40 hours per week at \$14.00 per hour. Considering your pay per hour and the number of hours you work weekly, your monthly gross earnings would be approximately \$2,408.00.

As you can see from the calculation sheet, you will not be eligible for a federal SSI payment because your countable income is more than the maximum federal benefit rate (\$637.00 per month in 2008). Since you will not get a federal SSI payment, you will not be eligible for a state SSI payment.

However, you can qualify for Medicaid through the Section 1619(b) work incentive if you: continue to meet the disability criteria; would be eligible for SSI cash payments if you had no countable earned income; need Medicaid in order to work; and have annual earnings below a threshold amount, which is \$32,991.00 in Wisconsin.

While you are in Section 1619(b) status, your SSI payments can be restarted any time your income drops below the SSI income limit, assuming you continue to meet all of the other eligibility criteria. Remember to report changes in your income to the local Social Security office.

You will continue to be financially eligible for your COP-Waiver services as a Group A participant because you are eligible for Medicaid through SSI.

I have estimated your portion of the rent would be \$475.00 per month in this example, plus heat and utilities. Per Rhonda Rooming, the maximum amount that you would have to pay in rent is \$475.00 per month, unless your landlord changes the contract amount. When you

are paying the maximum rent amount, you are receiving zero Rental Assistance from the Appleton Housing Authority. Rhonda Rooming verified that you can remain on the Housing Choice Voucher Program (while receiving zero Rental Assistance) for six months. After the six-month grace period you would lose eligibility for Rental Assistance through the Housing Choice Voucher. If you wanted to receive Rental Assistance again, you would have to reapply.

Example 3

In the third example, you are working 40 hours per week at \$18.00 per hour. Considering your pay per hour and the number of hours you work weekly, your monthly gross earnings would be approximately \$3,096.00.

As you can see from the calculation sheet, you will not be eligible for a federal SSI payment because your countable income is more than the maximum federal benefit rate. Since you will not get a federal SSI payment, you will not be eligible for a state SSI payment.

Your gross earnings in this example exceed the annual threshold amount for Medicaid through the Section 1619(b) work incentive. You could request an individual threshold, but it is possible your annual earnings would also exceed your individual threshold. In this example, you could lose both your SSI cash payments and your Medicaid through SSI.

If you become eligible again for SSI or Medicaid through Section 1619(b) within 12 consecutive months of when your benefits were suspended, you can have your benefits reinstated without a new application.

If it has been more than 12 months since your benefits were terminated, the work incentive called **Expedited Reinstatement of Benefits** could allow your benefits to be reinstated without a new application, provided you meet certain conditions. These conditions include being unable to work over the Substantial Gainful Activity level (currently \$940.00 per month) because of your disability, and filing the request for reinstatement with Social Security within 60 months from the month your benefits terminate due to work. While Social Security is making a new determination, you could receive up to six months of provisional benefits, including Medicaid coverage. If Social Security were to deny the request for reinstatement, the provisional benefits paid would not be considered an overpayment.

If you lose your Medicaid through SSI, you can apply for Medicaid through the county. One Medicaid program that might interest you is the Medicaid Purchase Plan (MAPP). The **Medicaid Purchase Plan (MAPP)** allows eligible individuals to purchase Medicaid coverage by paying a monthly premium. In order to be eligible for MAPP, you would need to have adjusted family income (your income and a spouse's income) of less than 250% of the Federal Poverty Level, have countable assets less than \$15,000, be working **or** enrolled in a certified Health and Employment Counseling (HEC) program, and meet the disability criteria. Since your SSI benefits have stopped in this example, your county

caseworker may need to request a Medicaid Purchase Plan disability determination to verify that you still meet the disability criteria.

The Medicaid Purchase Plan also has **Independence Accounts**, which allow you to save earnings above the \$15,000 asset limit to buy independence-related items or services. An Independence Account is any new financial account you set up **after** you are found eligible for the Medicaid Purchase Plan. The exception to this would be pension and retirement accounts. Those can be registered without having to set up a new account. However, only the amount put into the account after you are found eligible for the Medicaid Purchase Plan will not count toward the asset limit. You must register Independence Accounts with your economic support worker.

The MAPP premium amount is determined by the amount of your income. If your income is below 150% of the Federal Poverty Level, you automatically do not have to pay a premium. If your income is above 150% of the Federal Poverty Level, your economic support worker would calculate your MAPP premium amount. If you meet the MAPP disability criteria, I have estimated you would be eligible for the Medicaid Purchase Plan with a premium of approximately \$50.00 per month. Please keep in mind that this is merely an estimate. Your county economic support worker would determine your actual eligibility and premium amount when you apply for the Medicaid Purchase Plan.

You can contact the Blissful County Department of Health and Human Services at () 832-5168 if you are interested in applying for the Medicaid Purchase Plan. You can also talk to Case B. Worker about the Medicaid Purchase Plan (MAPP).

If you become eligible for Medicaid through the Medicaid Purchase Plan (MAPP), you would continue to be financially eligible for your COP-Waiver services as a Group A participant.

I have estimated your portion of the rent would be \$475.00 per month in this example, plus heat and utilities. Unless your landlord changes the contract amount, this is the maximum amount that you would have to pay in rent. Kim Esselman verified that you can remain on the Housing Choice Voucher Program while receiving zero Rental Assistance for six months. After the six-month grace period you would lose eligibility for Rental Assistance through the Housing Choice Voucher. If you wanted to receive Rental Assistance again, you would have to reapply.

Other Work Incentives and Benefit Programs

The work incentive called **Impairment-Related Work Expenses (IRWE)** can help lower your countable income for SSI. By lowering your countable income, you can increase the amount of your federal SSI payment. Due to the way the IRWE deduction is applied, your countable income would be reduced by about half of the amount of the IRWE. Expenses you pay for yourself that are related to your disability and necessary in order to work could be used as IRWE. You cannot use an expense as an IRWE if another person or agency (like DVR) reimburses you for the expense.

You mentioned during our meeting that you drive a modified vehicle. Your vehicle is modified for reasons related to your disability and is necessary for you to get to work. The operating costs of a modified vehicle that are directly related to travel to and from work are deductible as IRWE. Social Security allows a standard mileage rate, which is currently 50.5 cents per mile, for the operating costs of a modified vehicle. You indicated you currently do not have to drive very far to work. If that would ever change, please notify Social Security so they can implement your mileage costs as IRWE.

The **Plan for Achieving Self-Support (PASS)** is another important work incentive. The PASS allows individuals to set aside a portion of their countable income or resources every month, to save for items or services necessary to meet their vocational goals. Those vocational goals must include the expectation that the person's prospect for self-support will be increased and her earnings potential will be enhanced. SSI does not count income or resources set aside in a PASS when determining a person's total countable income and the amount of her SSI cash payment.

You indicated at our meeting that you are not interested in a PASS at this time. If you change your mind, please contact me and we can discuss the PASS in more detail.

For your convenience, I have included the phone number for the **Aging and Disability Resource Center (ADRC) for Blissful County**. The ADRC provides a variety of services and information for older adults, persons with disabilities, or their families. The ADRC also has a Disability Benefits Specialist who can help people with disabilities apply for benefits, appeal benefit denials, etc. The phone number for the Blissful Branch of the Aging and Disability Resource Center is () 332-8888.

One program we briefly discussed in our meeting is **FoodShare Wisconsin** (formerly know as the Food Stamp program). FoodShare benefits help people with lower income buy food. There is no resource limit for the FoodShare program. If you would like to apply for FoodShare benefits, you can contact the Blissful County Department of Health and Human Services at () 333-4455. You can also apply online at <https://access.wisconsin.gov/access/>.

Additional Information

Social Security Disability Insurance (SSDI) is a pension program for individuals who have worked enough quarters and paid into the Social Security Trust Fund through FICA taxes. You were not originally eligible for SSDI benefits because you did not have enough earnings (or **credits**) from work on which Social Security taxes (FICA) were paid. In 2008, the amount needed to earn a credit is \$1,050.00 (this amount is adjusted yearly). The most credits a person can earn in a year is four. The amount of work credits a person needs depends on her age.

According to the Appleton Social Security office, you currently have enough work credits to qualify for SSDI benefits. However, if you were to apply for SSDI benefits now Social Security would probably deny your application because you are performing Substantial Gainful Activity. **Substantial Gainful Activity (SGA)** is the measure used by the Social

Security Administration in determining if an individual is entitled to Social Security disability benefits. The Substantial Gainful Activity level for 2008 is \$940 per month. This amount is adjusted annually. If your wages ever drop below the Substantial Gainful Activity level, you could potentially become eligible for SSDI benefits.

If you were to begin receiving SSDI benefits, the payments would count as unearned income for SSI purposes and would reduce or stop your SSI payments. If you lose your SSI payments because of too much unearned income, your Medicaid through SSI would NOT continue. You would need to apply for Medicaid through the county if you still wanted Medicaid.

Marriage is another thing that could affect your SSI benefit and your eligibility for Medicaid. If you were to marry someone ineligible for SSI, Social Security could deem (count) a portion of your spouse's income and resources when determining your SSI eligibility and payment amount. The exact amount your spouse could earn before causing you to lose eligibility for SSI depends on many factors, including the amount of your earned and unearned income and the number of dependent children you have. If it were your spouse's income (not your earned income) that caused you to lose eligibility for SSI, then the work incentive called "continued Medicaid eligibility section 1619(b)" would not apply and your Medicaid coverage through SSI would stop. If you are ever contemplating marriage, I suggest you contact Social Security for more detailed information about how marriage would affect your benefits.

Marriage can also potentially affect your eligibility for the COP-Waiver program. When one spouse applies for a Waiver program, the assets of both the Waiver applicant and his/her spouse are counted in the asset test. The income limit is the same as for Waiver applicants who do not have a spouse. However, if a Waiver applicant is married then the spousal impoverishment policy applies. **Spousal impoverishment** is a Medicaid policy that allows the Waiver applicant to retain income and assets that are above the regular Medicaid financial limits by allocating a portion of assets and/or income to his/her spouse. The income maintenance agency would determine the amount of assets and income that the Waiver applicant could allocate to his/her spouse. You can contact Kevin Myska at () 444-9999 for more information about COP-Waiver.

You will need to **report your work activity** to the Social Security office located at Address. The phone number is () 555-6677 or 1-800-555-4321. Reporting your earnings to Social Security on a timely basis is important for keeping your Social Security file up-to-date and preventing possible overpayments.

For your convenience, I have included forms for calculating your SSI payments and tracking your SSI payments. Just remember that generally SSI payments are figured on a retrospective basis. This means that the amount of a person's SSI payment is based on her actual countable income from two months earlier. For example, a person's SSI payment in June is based off her total countable income from April. However, while payment amounts are calculated on a retrospective basis, eligibility is always determined on the basis of the current month's circumstances. For example, if a person exceeds the SSI

income or resource limits in June, then she would lose eligibility for a SSI payment in June.

Per your request, I have enclosed some information on trusts. One potential resource for information on trusts is Bob Security at MetLife. You can contact Bob Security at 1-800-999-6688. Another potential resource for establishing trusts is Wisconsin Pooled & Community Trusts (WisPACT), a Wisconsin nonprofit corporation. WisPACT trusts provide for the special needs of persons with disabilities without endangering their eligibility for public benefits or placement on waiting lists. WisPACT establishes and manages the trusts and selects its Trustee. For more information about WisPACT, you can call (608) 268-6006. WisPACT's website is <http://www.wispact.org/>.

For your convenience, I have enclosed Gil Grayson business card. Gil is our Independent Living Specialist for the Blissful area. He is familiar with programs in your area and can act as an advocate as needed.

I hope this information is helpful to you. However, please remember that the examples in this report estimate how employment would affect your benefits. These estimates are based on the information you and Social Security provided and are subject to change as your situation changes and as regulations change. If you have any questions, please contact me at () 123-4567 or 1-888-123- 7789 (toll free). It was a pleasure meeting you, and I wish you success in your employment!

Sincerely,

Betty Spec
Benefits Specialist

cc: Ace Rehabber - DVR Counselor

Disclaimer: Please be advised that the information found here, though correct to the best of our ability, may contain errors. If you are receiving benefits of any kind, it is best to check directly with the agency providing those benefits to be sure that you have the most current information possible.