



Statement of Principles: Social Security Disability Program Work Incentives and Related Issues

The Consortium for Citizens with Disabilities is a coalition of national organizations working to advocate for national public policies that ensure the self-determination, independence, empowerment, integration and inclusion of children and adults with disabilities in all aspects of society.

Our members have worked to eliminate work disincentives in the Social Security disability programs (Old-Age, Survivors and Disability Insurance, Title II) and the Supplemental Security Income (Title XVI) program for more than two decades. We remain committed to ensuring legislative, regulatory, and operational changes for all programs affecting Title II and SSI beneficiaries to help improve employment outcomes for persons with disabilities.

Beneficiaries should receive every support and encouragement to work. Instead, in the current system, they often face the loss of benefits for their efforts, long before they have demonstrated ability for long term survival without them. While much has been done to improve policy to encourage work, there remain many areas in Social Security's programs where change is needed to remove barriers to work and to support people with disabilities who work or attempt work.

We believe it is essential that any proposals to promote employment for persons with disabilities do not threaten necessary income supports for individuals with disabilities who rely on the Social Security and SSI cash benefit programs for their basic subsistence. We do not support radical changes in the existing Social Security and SSI disability programs which serve as a critical source of income support and related health care for millions of individuals with severe disabilities. It is estimated that 10.4 million of the 56 million Americans with disabilities receive either Title II or SSI benefits or both. These are programs of last resort with extremely strict eligibility rules, but they allow people with the most significant work impairments to live an independent life with a measure of economic security.

Many beneficiaries make repeated attempts to work and fail - often exacerbating their impairments - before finally turning to these programs. The beneficiary population using these programs is very diverse: individuals have a wide range of disabilities and illnesses and vary greatly in age, education, and vocational background. Some are terminally ill: about 20 percent of the male and 15 percent of the female SSDI beneficiaries die within five years of first receiving benefits. Almost 60 percent of new SSDI beneficiaries are age 50 or older.

While many individuals receiving disability benefits can increase their employment capacity, and should receive every support and encouragement to do so, available data suggest that a very large percentage will not have the capacity to maintain ongoing employment.

Given these realities, we believe that initiatives to promote employment among Title II and SSI disability beneficiaries must first and foremost “do no harm” and ensure access to effective supports. To ensure that this goal is met, we believe that any discussion about ways to change and improve the existing Title II and SSI disability programs must follow four basic principles:

- 1. Retain the current Social Security and SSI statutory definition of disability.** Since the intent of the Social Security disability programs is to provide cash benefits to replace income lost due to work limitations, the existing definition is appropriate. The current definition provides sufficient flexibility to allow, encourage, and expand policies that can promote employment within the existing structure. While we support a number of Social Security and SSI program improvements, they do not depend on revising the definition of disability.
- 2. Allow participation in work or pre-employment activities to be voluntary.** Existing work incentives are a positive factor for many individuals with disabilities who can enter the workforce. We believe that people with disabilities are in the best position to gauge their own ability to prepare to enter the workforce or to accept a job. Consequently, we oppose changes to Title II and SSI disability programs that would include mandatory work requirements, including community service, volunteer work, vocational rehabilitation, training or other pre-employment activities as a condition for beneficiaries to receive benefits or avoid sanctions. However, we support broad dissemination of information to beneficiaries about these types of work and preparation opportunities.
- 3. Eligibility and cash benefits should not be subject to time limits.** Even beneficiaries who eventually attain self-supporting employment may take a long time to do so. We believe that placing artificial time limits on beneficiaries can be counterproductive and may well exacerbate physical or mental health problems. For those who are unable to attain a significant level of employment - or to do so within prescribed time frames - a time-limited program could generate a much larger number of repeat adjudications, increase stress on beneficiaries and raise administrative costs. The current policy to conduct periodic continuing disability reviews (CDRs) avoids these problems while ensuring that individuals who no longer qualify are removed from the program.
- 4. Any new programs to promote employment should not be coupled with cutbacks to existing Title II and SSI disability programs: eligibility criteria for cash and health care benefits should not be narrowed.** We believe that new legislative and regulatory proposals could increase employment opportunities for persons with disabilities who receive public benefits. However, we do not support new initiatives funded by cutting existing Title II and SSI disability programs. A top priority for our organizations is to retain current eligibility criteria for cash and associated health care benefits while also promoting ways to improve employment outcomes for individuals with disabilities who have the capacity for work.

Social Security Program Improvements: CCD Recommendations

Over the years, CCD Task Forces have made numerous recommendations to Congress and the Social Security Administration for improvements to the Social Security and SSI disability programs. As there are changes in the statute, regulations, policy, and practice, our recommendations continue to evolve to reflect additional changes needed to support individuals who have the capacity to work and to protect individuals who must continue to rely on the Title II and SSI disability programs. Below is an overview of current work-related recommendations. If enacted, these recommendations would modernize and transform the programs so that people who want to work could do so without fear of repercussions. At the same time, these proposals would preserve the critical income supports and access to health and long term supports and services needed by so many people with severe disabilities.

WORK INCENTIVES

1. Raise the SSI asset limit and income disregards and index annually for inflation. (SSI)

The unearned income disregard has remained at \$20 since the inception of the SSI program in 1974 and is now worth about \$5. Raising the asset limit and income disregards will provide working beneficiaries the opportunity to save for home ownership, education or retirement and will protect Medicaid. We recommend raising both the asset limit and income disregards to the amounts that they would have been if indexed since their inception.

2. Establish an earnings offset in Title II. (Title II)

We recommend establishing a \$1 for \$2 earnings offset in Title II to parallel the provision in the SSI program. It would eliminate the “cash cliff” for beneficiaries who are able to work and help ensure that individuals are financially better off by earning than by not earning.

3. Establish a single substantial gainful activity (SGA) level for people with disabilities and people who are blind at the level used for people who are blind. (Title II and SSI)

We recommend raising the substantial gainful activity level for people who are disabled to the level used by people who are blind. The SGA level for people who are disabled in 2008 is \$940/month versus \$1,570/month for people who are blind. We believe that there is no justification to distinguish the level of work effort between these two groups.

4. Allow ongoing presumptive re-entitlement for those able to work, but who have continuing disabilities – Continued Attachment. (Title II and SSI)

We recommend that Title II and SSI disability beneficiaries have a “continued attachment” to the programs as long as their impairments last, even if they do not receive cash benefits because of their work earnings. Beneficiaries of the programs who are sometimes able and other times unable to be employed should have continued attachment to the cash and medical

benefits that can be activated with a simple and expedited procedure that is as “seamless” as possible.

Many beneficiaries fear working to their full potential because it might cause a permanent loss of cash and/or medical benefits. This is a particular concern for beneficiaries who (a) have relapsing/remitting conditions such as mental illness or many chronic illnesses or (b) need accommodations that may be available in one employment setting, but difficult to obtain in the future. The Ticket to Work and Work Incentives Improvement Act partially addressed this problem by allowing a limited “expedited reinstatement” to benefits, but this is not a complete solution since it is available for only 60 months from termination of cash benefits.

The existing expedited reinstatement program could be improved by making the following changes: (1) Eliminate the 60-month time limit; (2) Provide provisional cash **and** medical benefits until SSA processes the request for reinstatement (current rules limit provisional benefits to six months); (3) Ensure that both cash and medical benefits are promptly reinstated once SSA has approved the reinstatement; (4) Explicitly recognize that people may use expedited reinstatement repeatedly; and (5) Provide that beneficiaries are eligible for expedited reinstatement if they are unable to engage in SGA when they are no longer working.

5. Revise rules for impairment related work expenses (IRWE). (Title II and SSI)

We recommend revising the impairment-related work expenses provisions. Under current rules, SSI and Title II disability applicants and beneficiaries can deduct from earned income the costs of impairment-related work expenses (IRWEs). The IRWE deduction can be a significant work incentive by allowing individuals with disabilities to obtain services, medical items, and other assistance that allow them to engage in work activity. IRWE deductions are made for SGA determinations in SSI and Title II disability claims and for SSI income determinations.

We recommend that the current SSI blindness rule be applied to Title II and SSI disability claimants and beneficiaries to allow the consideration of all work expenses, not only those that are “impairment-related.” For Title II and SSI disability claimants and beneficiaries, only those work expenses that are “impairment-related” will be considered. However, the SSI income counting rules for individuals who qualify based on statutory blindness are more liberal because **all** work expenses can be deducted, not only those that are “impairment-related.” There is no policy basis for this continued disparate treatment of people with different disabilities.

We also recommend allowing individuals to include their health insurance premiums as IRWEs. This would recognize the higher costs incurred by workers with disabilities who must pay premiums for the Medicaid Buy-In or for continued Medicare after the termination of free Part A benefits.

6. Continue benefits pending appeal for those who lose benefits due to earnings above SGA level. (Title II)

We recommend the continuation of benefits pending appeal if benefits are terminated due to earnings as an important work incentive. This protection would encourage individuals to attempt work, knowing that if they lose benefits based on their earnings, they can request continued payment through a hearing before an ALJ.

Under current law, 42 U.S.C. § 423(g), beneficiaries can elect to receive benefits pending appeal of a termination based on disability cessation. Unfortunately, the protection does not extend to situations where benefits are terminated due to earnings above the substantial gainful activity level. At the time, this made sense as the continuing reviews that were the focus of Congressional concern did not affect people whose earnings might make them ineligible for benefits. But, with the increased emphasis on return to work and the increased risk that disability and work issues become muddled in some cases, benefits pending appeal itself becomes an important work incentive protection. A person with a disability who may want to attempt to work will be assured to know that, should SSA determine that s/he is no longer eligible for benefits, regardless of the reason, continuation of benefits can be requested the ALJ level.

While the Ticket to Work and Work Incentives Improvement Act of 1999 included some new protections from continuing disability reviews (CDRs) for individuals who work, they do not preclude termination of benefits where earnings are above the SGA level, after the trial work period and extended period of eligibility have been met. The 1999 legislation did not include extension of the benefits pending appeal provision in 42 U.S.C. § 423(g) to terminations based on earnings. We urge Congress to add this extension as an important work incentive.

7. Expand work incentives for youth. (Title II and SSI)

We recommend legislative changes to improve Social Security rules to help encourage young people with disabilities to enter the adult workforce, to the best of their ability. We propose a series of recommendations to help youth with disabilities maximize their potential while ensuring that they have the income and health care supports needed to succeed. We believe that these proposals can help existing public systems better coordinate services and provide stronger support for young people who are able to work as adults. Over time, there should be savings for SSA as more young people with disabilities work and receive reduced or no cash assistance.

(a) Protect eligibility for Medicaid (SSI)

We recommend that young adults with disabilities remain eligible for Medicaid, regardless of whether they are working or ever received SSI. This means that individuals who received SSI as a child or young adult would retain Medicaid eligibility even if they lose SSI due to medical improvement or if their earnings rise above SGA. The provision would require Medicaid to serve as the last payer after individuals exhaust their worker-based or other available health insurance.

(b) Codify current rules regarding continuing disability reviews (CDRs) for children and young adults (SSI).

We recommend that SSA not conduct CDRs or redeterminations for children engaged in transition-to-work activities and that the current mandatory SSI redetermination at age 18 be moved to age 22 to parallel the time frames in IDEA and Social Security/DAC programs. Current regulations provide that benefits will continue for students age 18 through 21 if they receive services under an individualized education plan, even if they recover medically or their disability has been determined to have ended. This is consistent with the statutory provision that provides continuation of SSI and Title II disability benefits where disability has ceased if (1) the individual is participating in vocational rehabilitation, employment, or other support services; and (2) completion or continuation in the program will increase the likelihood of permanent removal from the disability rolls. We recommend that this provision be codified since it encourages young people with disabilities to remain in school and complete their educational and vocational training. Evidence shows that there is a positive relationship between staying in school and employment success for students with disabilities.

(c) Disregard all earnings from income and resource calculations for children and young adults who have a transition plan under special education or vocational rehabilitation.

In order to promote work effort for young people who are transitioning, we recommend that SSA disregard any income that children and young adults may earn when calculating either eligibility or the benefit payment for SSI. Under current rules, a blind or disabled child who is a student regularly attending school can only earn up to \$6,240 of earned income per year. We believe that these young people with transition plans should be allowed to save all of their earnings and that SSA should not depress work effort by counting earnings against the SSI income and resource limits.

(d) Use SSA funds for staff to work directly with students, their families and school systems

Beginning at age 12, children should have access to staff that can help them and their families with transition plans. Schools are required to assist with transition planning for children eligible for IDEA. However, using SSA funds to support and train transition coordinators could expand available assistance for children and their families to design and implement an individualized plan. The plans will vary, but may include: secondary and post-secondary education, vocational rehabilitation, on the job training and additional medical care. Staff hired to assist families should help parents understand all available opportunities and the various program rules and eligibility criteria.

8. Modify “deemed” SSI eligibility to protect Medicaid for certain working people who transition to Title II.

The deeming of SSI eligibility is important to avoid creating an unintended disincentive to work, especially for younger individuals who receive DAC benefits. There is existing precedent for deeming SSI eligibility and four groups can continue to receive Medicaid after becoming eligible for either a new Title II benefit or for an increased amount: “Pickle

People” (for concurrent beneficiaries whose SSI is lost due to Title II COLAs); “Kennelly widows” (SSI lost due to improved formula for disabled surviving spouses); “COBRA widows” (SSI lost due to eligibility for early Title II surviving spouse benefits); and DACs (SSI lost due to new eligibility for, or increase in, DAC benefits).

Currently, the statute creates a constraint against attempting to work because it only provides protection when the *sole* reason the person’s income exceeds the SSI level is the Title II benefit increase (i.e., “Pickle People”). Thus, working and having any earnings will automatically make the person ineligible for the deemed SSI status that protects his or her Medicaid. This is especially ironic, because if s/he had been solely an SSI recipient, the person would be able to benefit from the 1619(a) and (b) work incentives. This can be fixed by providing that SSI deemed status will continue so long as the person’s only other reason for ineligibility is earnings from work.

9. Clarify work subsidy issues as they impact determinations of SGA.

Another work disincentive for disabled beneficiaries arises because of the current interpretation of how to value a worker’s work effort, i.e. does it exceed SGA. The approach is different for people in supported employment depending upon whether they are supported directly by an employer or by services from an outside source (e.g., a state-funded supported employment agency). As a result, an individual’s work effort may exceed SGA when there is third party support while that same work effort may be found not to exceed SGA when there is employer support. This is an arbitrary distinction for the individual, but the result could be critical if, for instance, the individual is found not to qualify for DAC benefits because s/he exceeded SGA level in the past.

There may also be additional complications regarding the nature and scope of support provided when determining SGA. For instance, the individual may perform the actual task (bagging groceries, assembling a package, etc.), but may be unable to do so without a job coach who ensures that the individual arrives at work on time properly attired, that he/she interacts appropriately with customers and co-workers, and that he/she remains focused on the assigned job tasks, among other things. SSA appears to distinguish subsidies/non-subsidies depending on whether the job coach does actual “hands-on” work or coaches from the side. We recommend clarifying this issue to help beneficiaries fully utilize Title II work incentives.

10. Eliminate 5-month waiting period for disability benefits.

We recommend eliminating or shortening the five-month waiting period for receipt of Social Security cash benefits. We do not believe that individuals and their families should face such an extended period of ineligibility during which they must exhaust their limited savings or face possible bankruptcy.

11. Improve Ticket to Work and Work Incentives Improvement Act. (Title II and SSI)

The Ticket to Work and Work Incentives Improvement Act (TTWWIIA) was enacted in 1999 to broaden beneficiary access to vocational providers, provide greater protections against loss of benefits due to work effort, and improve access to health care coverage. Unfortunately, critical regulatory improvements were not published until September 2005 and have yet to be finalized. Moreover, the anticipated adoption of Medicaid buy-ins and full use of Medicaid infrastructure grants to promote employment have stalled. Other key disability employment program enhancements are also stalled. Consequently, beneficiaries do not enjoy the range of vocational choices initially envisioned and almost half of them cannot access a state buy-in. To fulfill its intended mission, a number of changes are needed in the law as outlined below.

Health Care Improvements

- Allow working individuals with disabilities to deduct health insurance premiums as an Impairment Related Work Expense.
- Allow individuals working past age 65 to retain eligibility for Medicaid buy-in; coordinate TTWWIIA eligibility limit with "normal retirement age" (NRA) under Social Security to account for increasing NRA limit to 67.
- Improve access to Medicaid buy-in programs either by requiring all states to establish Medicaid buy-in programs or by establishing deemed Medicaid eligibility for Title II beneficiaries up to the current buy-in earnings levels. (Title II and SSI)

Employment Networks

- Allow other Federal rehabilitation or employment programs beyond Department of Labor One Stops and federally-funded state vocational rehabilitation agencies to participate as Employment Networks (ENs).

State participation

- Clarify that a Ticket should never be assigned without beneficiary's express written consent.
- Improve coordination and sequencing of services between the Ticket Program and VR so that beneficiaries are not denied benefits to which they are entitled under Title I of the Rehabilitation Act.

EN Payment Systems

- Allow ENs to select the outcome or the outcome/milestone payment system on a case-by-case basis.
- Increase the amount of payment available under the outcome payment system.
- Allow payments for reduction in, as well of elimination of, payments in the SSI program.
- Reduce and streamline the amount of beneficiary wage reporting that is requested or required.

Elimination of Work Disincentives

- Eliminate the 24-month waiting period for the use of certain work incentives and provisions (including Trial Work Period and Extended Period of Eligibility) after someone has been reinstated to benefits
- Allow all Ticket holders the opportunity to receive more than one ticket.

EARNINGS REPORTS

12. Significantly improve and enforce utilization of the system to track earnings reports to reduce large overpayments; and establish a time limit for notices about overpayments and, absent fraud, hold beneficiaries harmless after that time period.

Under the current system, the chronic problem of large overpayments is a major barrier for beneficiaries to attempt or return to work. The system must both track earnings and allow the agency to adjust benefits, as needed, in a timely manner. When SSA is short on staff and local offices are overwhelmed by incoming applications and inquiries as they now are, they may be less attentive to the “post entitlement” work required to ensure beneficiary information is updated. For many years, beneficiaries of Social Security or SSI disability payments who wish to return to work have found that they can end up owing SSA substantial sums as a result of overpayments for which they were not at fault. This occurs when an individual calls SSA to report work and earnings or brings the information into an SSA field office, but SSA fails to input the information into its computer system and does not make the needed adjustments in the person’s benefits. Months or even years later, after a computer match with earnings records, SSA determines that the person was overpaid and sends a notice to this effect.

Discovery that a person is working may result in a complete loss of cash benefits (Social Security) or a reduction in cash assistance (SSI) in order to recapture overpayments. It also can affect the person’s health care coverage. SSA may decide to withhold all or a portion of any current benefits owed, or SSA may demand repayment from the beneficiary if the person is not currently eligible for benefits. The result of this is that some individuals with disabilities are wary of attempting to return to work, out of fear that this may give rise to the overpayment scenario and result in a loss of economic stability and potentially of health care coverage upon which they rely.

SSA should help promote work effort by reducing the risk of overpayments. SSA should establish a time limit for notices about overpayments and, absent fraud, hold beneficiaries harmless after that time limit. It is unfair to punish beneficiaries for SSA’s inability to establish and maintain an accurate tracking mechanism and, ultimately, counterproductive to a national goal of promoting employment among persons with disabilities.

MEDICARE ELIGIBILITY

13. Eliminate the 24-month waiting period for Medicare.

We recommend eliminating the 24-month waiting period for Medicare for all individuals who qualify for Title II benefits based upon disability. We do not limit this recommendation only to individuals facing a terminal illness because we do not support making distinctions within the disability program based on their diagnosis or condition.

The 24-month waiting period applies to all Title II disabled beneficiaries, including disabled workers and disabled adult children. It imposes true hardships on people who have limited earnings ability, recognized very serious health problems and are likely to need medical coverage. The waiting period creates a situation where individuals must find resources to cover their medical care at a time when their future ability to earn and replenish those resources is most in question. Many go without care that might have stabilized or even reversed their medical condition as a result of not having immediate access to Medicare.

There are strong arguments that the circumstances surrounding access to health insurance since the 1971 inception of the Medicare waiting period have changed so dramatically that the original set of justifications are no longer applicable. Costs will be mitigated by the fact that Medicaid is picking up about half of the cost that Medicare would incur if the waiting period were eliminated. Thus, eliminating the waiting period would also benefit states because their Medicaid costs would decline as Medicare covered some of the costs states now incur. In addition, because many people with disabilities tend to apply for Social Security as a last resort, they most often are unlikely to have any ongoing access to private insurance. Further, while COBRA continuation of benefits can help for some months after a person leaves work, those benefits are contingent on the person being able to pay not only the employee's share of the insurance cost, but also the employer's share. For most people with disabilities, loss of their job means a dramatic decrease of income — a serious obstacle to paying high COBRA costs.

A recent study supports the need to eliminate the Medicare waiting period.¹ The study found that as many as 1.5 million individuals with disabilities who have been found disabled find themselves in the waiting period. Nearly 39 percent are uninsured for at least part of the two-year period and 26 percent have no health insurance during the entire two-year period.

Stabilizing one's health requires health care. Good health is key to a successful return to work. Failure to have access to health coverage undermines the person's ability to stabilize his or her condition and to attempt a return to work, where that is appropriate.

14. Allow permanent premium-free access to Medicare for beneficiaries who work.

We recommend providing lifetime certification of health coverage for beneficiaries who have lifelong conditions. Providing continued attachment to Medicare for working beneficiaries would ensure on-going eligibility for health care. Some beneficiaries, based on their earnings, will have the ability to obtain this coverage through a buy-in program.

¹ R. M. Hayes, D. Beebe, and H. Kreamer, *Too Sick to Work, Too Soon for Medicare: The Human Cost of the Two-Year Medicare Waiting Period for Americans with Disabilities* (The Commonwealth Fund, April 2007). The report was written by the Medicare Rights Center for The Commonwealth Fund and features the stories of 21 individuals with disabilities without adequate health insurance during the 24-month Medicare waiting period. The report is available at http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=473514#areaCitation.

DISABLED ADULT CHILD (DAC) WORK INCENTIVES

15. Ensure that past work above SGA level does not create work disincentives for people who would otherwise qualify as DAC beneficiaries. (Title II)

We recommend amending the statute to protect young people with severe disabilities, whose conditions began prior to age 22, who might attempt SGA but fear losing future eligibility to receive disabled adult child (DAC) benefits when their parents retire, die or become disabled. Individuals who earn above the SGA level at any time before applying for DAC benefits, will not be eligible for them. This is a significant work disincentive for people who are severely disabled during childhood and who may need the benefits earned for them by their parents.

Existing law allows re-entitlement to DAC benefits after a 7-year re-entitlement period if the beneficiary's previous entitlement had terminated because of earnings above the SGA level. This same principle could apply to individuals whose parents have not yet retired, died or become disabled. If an individual would receive a DAC benefit, except that his/her parents have not yet retired, died or become disabled, then the individual should not lose DAC eligibility due to earnings above SGA.

A clear statement in the statute could establish that individuals otherwise eligible for DAC benefits (i.e. when their parent dies, retires or becomes disabled) will qualify for those benefits even if they performed work at SGA level at any time during their life. To implement this recommendation, SSA could allow families to secure "protective filing status" for their eligible children. Families would provide SSA with evidence that their children have disabling conditions prior to age 22 and receive a statement from SSA that, should the person ever need the DAC/CDB benefits because of their inability to work, they will qualify. The use of electronic files now facilitates this process and can ensure the availability of records in future years when needed.

BENEFIT ADJUSTMENTS

16. Exempt DAC beneficiaries from the family maximum if they live outside the family home.

We recommend exempting the disabled adult child's benefit payment from the family maximum calculation when that individual does not live in the family home. When a disabled adult child draws benefits, the retired worker's spouse's benefits are adjusted for the family maximum. If three or more beneficiaries live in the same household, expenses and income can be shared as a family. However, people with disabilities are increasingly receiving support to live more independently and often individuals who qualify for DAC benefits do not live with their parents. Even though they do not share expenses with their adult child, the retiree and spouse receive a reduced monthly income. It is possible to resolve the situation by following the precedent established by treatment of a divorced spouse: even though the divorced spouse draws from the retiree's record, the divorced spouse's benefit does not affect the family maximum or the benefits of other family members.

17. Revise special minimum benefit.

The special minimum benefit is available to workers who have at least 30 years of earnings at a minimum level (\$10,035 in 2005). At its maximum, it equals about 85 percent of the poverty threshold. The minimum benefit is indexed to the CPI (prices) while the regular Social Security benefit formula is indexed to wage growth. Since wages generally grow faster than prices, far fewer workers now qualify for the special minimum benefit, now about 120,000 beneficiaries. Congress could improve the minimum benefit by setting it at a fixed number (e.g. 120 percent of poverty) for retirees who worked for 40 years. The work requirement would phase down for people who work fewer years and would be shorter for people with disabilities. In addition, the benefit should grow with wages to mirror other parts of the Social Security system.

18. Revise benefit levels for disabled widows/widowers.

Under current law, a widow gets a 33 to 50 percent lower benefit than that previously received by the married couple. Although a single person can afford to live on a somewhat lower monthly check than a married couple, these reductions are too large and force many widows into poverty. A sensible reform would ensure that lower-income widows get 75 percent of the couple's benefit.

19. Eliminate marriage penalties.

Numerous penalties may apply when disabled beneficiaries marry, such as when beneficiaries receiving disabled adult child (DAC) benefits marry, when SSI beneficiaries marry, and deeming of income of a non-eligible spouse. These must be addressed to eliminate disincentives to work.

TAX CREDITS

20. Make permanent, streamline, and establish lifelong certification for the Work Opportunity Tax Credit.

We recommend improving the tax code to facilitate employment for individuals with disabilities. The repeated need to renew the work opportunity tax credit creates uncertainty in the minds of many employers who might otherwise hire people with disabilities. Moreover, the process for applying for the tax credit is unnecessarily burdensome for many, particularly small, employers. Furthermore, once determined to be disabled enough to qualify for the credit, we believe that eligible individuals should be allowed to use the credit in the future without submitting new proof.

OTHER

21. Renew SSA's disability demonstration authority. (Title II)

We recommend renewing SSA's Title II demonstration authority which expired in 2005. The agency's disability demonstration projects can provide important information about assisting beneficiaries to attempt or to return to work. Although current demonstrations continue, without this authority, the agency is unable to pilot test other promising approaches for work incentives and related provisions.

22. Repeal seven-year time limit for disabled widow(er)s.

We recommend modifying or eliminating restrictions that only allow a disabled widow(er) to collect benefits if he or she is at least age 50 and the disability began either: (1) within seven years of the spouse worker's death; or (2) from the last time the widow(er) received Social Security mother's/father's benefits on the spouse worker's record while caring for the worker's minor children after the worker's death.

If a person stayed home to care for the couple's children (during the marriage and/or after the worker's death), it is likely that the benefit s/he could receive as a disabled worker would be low due to many "zero" years in the work record. If s/he does have a substantial work record because she also worked outside the home while raising children, then it is much more likely that she would receive Title II disabled worker's benefits on her own record, rather than a benefit on her deceased spouse's record, unless she is unable to meet the recency of work test.

We believe that the cost to improve the rules for qualifying for disabled widow(er)'s benefits would be modest. As a practical matter, more women now have work records of their own and are likely to receive payment on their own accounts. It also would have no effect in most households in which the couple had fairly equal earnings. Meanwhile, for those who do not have a significant work record of their own — most likely as a result of caring for children or inability to work as a result of the disability which is the basis for the application (or both), improving the rules would provide them with much-needed cash assistance and access to Medicare (which they would not otherwise have until they turn 65).

<p style="text-align: center;">Outline of CCD Work-Related Recommendations for Social Security Program Transformation</p>
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Work Incentives

- Raise the SSI asset limit and income disregards and index annually for inflation. (SSI)
- Establish earnings offset so that benefits gradually decline as earned income rises. (Title II)
- Establish a single substantial gainful activity (SGA) level for people with disabilities and people who are blind at the level used for people who are blind. (Title II and SSI)
- Allow ongoing presumptive re-entitlement for those able to work, but who have continuing disabilities – Continued Attachment. (Title II and SSI)
- Revise rules for impairment-related work expenses. (Title II and SSI)
- Continue benefits pending appeal for those who lose benefits due to earnings above SGA level. (Title II)

- Expand work incentives for youth. (SSI)
- Modify “deeming” eligibility (SSI) to protect Medicaid for certain working people who transition to Title II. (SSI and Title II)
- Clarify work subsidy issues as they impact determinations of SGA. (Title II and SSI)
- Eliminate 5-month waiting period for disability benefits. (Title II)
- Improve the Ticket to Work and Work Incentives Improvement Act.

Health Care Improvements

- Allow working individuals with disabilities to deduct health insurance premiums as an impairment-related work expense. (Title II and SSI)
- Allow individuals working past age 65 to retain eligibility for Medicaid buy-in; coordinate TTWWIA eligibility limit with "normal retirement age" (NRA) under Social Security to account for increasing NRA limit to 67. (Title II and SSI)
- Improve access to Medicaid buy-in programs either by requiring all states to establish Medicaid buy-in programs or by establishing deemed Medicaid eligibility for Title II beneficiaries up to the current buy-in earnings levels. (Title II and SSI)

Employment Networks

- Allow other Federal rehabilitation or employment programs beyond Department of Labor One Stops and federally-funded state vocational rehabilitation agencies to participate as Employment Networks (ENs).

State Participation

- Clarify that a Ticket should never be assigned without beneficiary's express written consent.
- Improve coordination and sequencing of services between the Ticket Program and VR so that beneficiaries are not denied benefits to which they are entitled under Title I of the Rehabilitation Act.

EN Payment Systems

- Allow ENs to select the outcome or the outcome/milestone payment system on a case-by-case basis.
- Increase the amount of payment available under the outcome payment system.
- Allow payments for reduction in, as well of elimination of, payments in the SSI program.
- Reduce and streamline the amount of beneficiary wage reporting that is requested or required.

Elimination of Work Disincentives

- Eliminate the 24-month waiting period for the use of certain work incentives and provisions (including Trial Work Period and Extended Period of Eligibility) after someone has been reinstated to benefits.
- Allow all Ticket holders the opportunity to receive more than one Ticket.

Earnings Reports

- Significantly improve and enforce utilization of the system to track earning reports to reduce large overpayments. (Title II and SSI)
- Establish a time limit for notices about overpayments and, absent fraud, hold beneficiaries harmless after that time period. (Title II and SSI)

Medicare and Social Security Eligibility

- Eliminate the 24-month waiting period for Medicare. (Title II)
- Allow permanent premium-free access to Medicare for beneficiaries who work. (Title II)

Disabled Adult Child (DAC) Work Incentives

- Ensure that past work above the SGA level does not create work disincentives for people who would otherwise qualify as DAC beneficiaries. (Title II)

Benefit Adjustments

- Exempt DAC beneficiaries from the family maximum if they live outside the family home. (Title II)
- Revise special minimum benefit. (Title II)
- Revise benefit levels for disabled widow(er)s. (Title II)
- Eliminate marriage penalties. (SSI and Title II)

Tax Credits

- Make permanent, streamline, and establish lifelong certification for the Work Opportunity Tax Credit.

Other

- Renew SSA disability demonstration authority. (Title II)
- Repeal the seven-year time limit for disabled widow(er)s. (Title II)

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