

# **Social Security and SSI Disability Rules Related to Work and Earnings**

*Focus on Work Incentives –  
Related to SSI, Social Security,  
Medicaid, and Medicare*

**August 19, 2021 – North Carolina**

1

## **Today's Presenter**

**James R. Sheldon, Esq.**

Disability Policy Consultant

Buffalo, New York

- Director of Benefits Counseling Programs, Neighborhood Legal Services, 1998-2018.
- Delivered work incentives training throughout country, dozens of related publications – 1989 to 2021.

2

2

## **Purpose of Session**

### **Provide basics related to work and benefits:**

- How SSI, SSDI, Medicaid and Medicare are affected.
- How key work incentives should encourage work among those with significant disabilities.
- Federal law and policy discussed will all apply in North Carolina.
- Some SSI and Medicaid eligibility numbers will be unique to North Carolina.

**Provide links to key resources, at end of slides.**

3

3

## **Will Pause to Take Questions**

### **Post your questions in the Chat Box**

- Will pause 2 or 3 times to take some of your questions.
- Time permitting, will take some additional questions at the end.

4

4



## What Affects Benefit Amount?

### Social Security Disability

- Only Worker's Compensation or other Federal or State disability payments may affect payment.
- If earnings are high enough it can lead to benefits termination.

### SSI Benefits

- Any earned or unearned income can affect payment amount.
- Not all income counts.
- Some income deductions and exclusions are to encourage working.

7

7

## SSI Resource Limit = \$2,000

**SSI allows \$2,000 in "countable resources."**

### Examples of resources that do not count:

- Automobile used as transportation.
- Home/other real property that beneficiary lives in.
- Clothing
- Value of an ABLE account up to \$100,000.
- Money in certain kinds of trusts if beneficiary has no right to any distributions from the trust.

8

8

## **Health Benefits**

### **Social Security Disability**

- Eligible for Medicare after 24 months of SSDI eligibility.

### **SSI Benefits**

- In North Carolina, eligible for Medicaid automatically if getting \$1 or more in SSI.

9

9

## **SSI and Work**

**How the Work Incentives,  
Including 1619(b) Medicaid,  
Encourage Work and Earnings.**

10

10

## **North Carolina's SSI Payment Rates for 2021**

**SSI's Federal Benefit Rate (FBR) for 2021 is \$794.**

**An Optional State Supplement is available to states.**

- North Carolina's SSI state supplement is available to individuals living in certain residential facilities, including group homes, family care homes, and adult care homes.

**\$794 is SSI Base Rate for most Beneficiaries.**

- For them there is no State supplement available and the \$794 FBR is their SSI rate in 2021.
- Will use this rate in examples.

11

11

## **When SSI Beneficiary Works a Simple Formula Applies**

- First \$20 of unearned income (such as Social Security payment) is disregarded.
  - If no unearned income, first \$20 of earned is disregarded.
- Next \$65 earned is disregarded as a work exclusion.
- One half of remaining earned income disregarded.
- Other applicable exclusions and disregards are applied.
- What is left is the "countable income."
- Countable income is subtracted from SSI base rate to get that month's actual SSI payment.

12

12

## SSI Budget Example # 1

- Ted has a disability and lives alone.
- Receives \$395/month in SSDI benefits.
- SSI program will disregard, or not count, the first \$20 each month of Ted's SSDI benefits.

\$ 395 Social Security Disability	\$794 SSI Base Rate
- <u>20</u> Disregarded	- <u>375</u> Countable income
\$375 Countable income	\$419 SSI payment

**As an SSI beneficiary, Ted will qualify for automatic Medicaid.**

13

13

## SSI Budget Example # 2

- Ted has a disability and lives alone.
- Receives \$585/month in wages and no other income.

\$585 Gross wages	\$794 SSI Base Rate
- 20 General exclusion	- <u>250</u> Countable
- <u>65</u> Earned income exclusion	income
\$500	<b>\$544 New SSI</b>
- <u>250</u> Additional 50% exclusion	<b>payment</b>
\$250 Countable income	

**Ted continues to be eligible for automatic Medicaid.**

14

14

## SSI Budget Example # 2

- Income available to Ted is \$335 greater (less payroll deductions) if he is working:

\$ 585	Gross wages
+ <u>544</u>	Monthly SSI payment
\$ 1,129	Total usable income

- For every extra \$2 in monthly earnings, Ted's SSI will go down by \$1.

**Ted will continue getting automatic Medicaid.**

15

15

## SSI Budget Example # 3

- Ted now earns \$1,785 per month as an SSI beneficiary
- Now Ted will not be eligible for an SSI payment.

\$1785	Gross wages	\$794	SSI Base Rate
- 20	General exclusion	- <u>850</u>	Countable
- <u>65</u>	Earned income exclusion		income
\$1700		<b>\$0</b>	<b>New SSI</b>
- <u>850</u>	Additional 50% exclusion		<b>payment</b>
\$850	Countable income		

16

16



## **Ted Keeps Medicaid through 1619(b)**

### **Medicaid could continue if SSI lost through earnings:**

- The person must lose SSI due to budgeting of wages.
- A North Carolina beneficiary in 2021, who gets a \$794 SSI payment, will lose SSI if gross monthly wages are \$1,673 or higher.
- The beneficiary's disability must continue.
- As the beneficiary is still considered an SSI beneficiary all other income and resource rules will still apply.

**So far, Ted meets this criteria.**

17

17

## **Section 1619(b) Financial Criteria**

### **Section 1619(b) - Earned Income Threshold**

- For 2021, North Carolina's threshold is \$37,852.
  - Thresholds are higher or lower in other states.
- If annual wages are below threshold and other criteria (disability, income, resources) met, Medicaid continues.
- Some people can have an "individualized threshold" if income is over the state threshold.

### **Ted should be eligible for 1619(b) Medicaid.**

- Annual earnings, \$21,420 (12 x \$1785) are below \$37,852.
- Countable resources must be below SSI's \$2,000 limit.

18

18

## 1619(b) Medicaid Can Help Those with Lower Earnings

### Carla, Age 26, Lives with a Parent and Two Siblings

- Receives \$620/month in SSDI benefits.
- SSI program will disregard, or not count, the first \$20 each month of Carla's SSDI benefits.

\$ 620 Social Security Disability	\$794 SSI Base Rate
- <u>20</u> Disregarded	- <u>600</u> Countable income
\$600 Countable income	\$194 SSI payment

**As an SSI beneficiary, Carla will qualify for automatic Medicaid.**

19

19

## Carla Qualifies for 1619(b)

### Carla works, earns \$565 per month, and loses SSI.

- She should qualify for Medicaid through 1619(b).

\$565 Gross wages	\$794 SSI Base Rate
- <u>65</u> Earned income exclusion	- <u>850</u> Countable income
\$500	
- <u>250</u> Additional 50% exclusion	<b>\$0 New SSI</b>
\$250 Countable earnings	<b>Payment</b>
+ <u>600</u> Countable unearned income	
\$850 Total countable income	

20

20

**Pause for Questions**

**As Posted in Chat Box**

21

21

**Social Security Disability,  
Medicare, and Work**

**A Focus on Work  
Incentives**

22

22

# The Nitty Gritty of Social Security Disability Work Incentives

## Phase I

23

23

## Trial Work Period (TWP)

- **9-month period**, within 60 months, in which SSDI beneficiary can earn any amount of money without earnings affecting cash benefits or Medicare eligibility.
- Each month beneficiary earns more than \$940 counts as one month of the TWP (in 2021)(was \$910 in 2020).
- TWP months need not take place one after another or reflect earnings from just one job.
- Gross wages during the month determine whether a TWP month has been used – no other work incentives apply during the TWP.

24

24

# **The Nitty Gritty of Social Security Disability Work Incentives**

## **Phase II**

25

25

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

### **Starts with the month immediately after TWP ends**

- Continues for next 36 consecutive months whether work continues or not.
- For any month during EPE that countable earned income is less than the SGA level, beneficiary will receive a full Social Security payment.
- When countable earnings total more than the SGA level, SSA will plan to cease the benefits - but will allow a payment for that month and for 2 more months as a "grace period" before ceasing payments altogether.

26

26

## Substantial Gainful Activity (SGA)

### **“Countable earned income” over a set monthly amount**

- In 2021, the set amount is \$1310/month for all SSDI beneficiaries who are not considered blind.
- In 2021, the set amount is \$2190/month for those that meet the SSA blindness definition.
- In 2020 SGA amounts were \$1260 and \$2110 for blind.

### **Who does SGA Rule apply to?**

- All applicants for SSI or SSDI.
- Does not apply to SSI beneficiaries.
- Applies to SSDI beneficiaries once their 9-month Trial Work Period is exhausted.

27

27

## Anna Uses TWP and EPE

### **Anna gets SSDI payments of \$1,000 monthly.**

- First started getting SSDI in 2016.
- Also qualifies for Medicare.

### **Starts work for first time as SSDI beneficiary in 2020**

- Earns \$1,400 each month (countable wages) in 2020.
- Earns \$1,400 each month, January to June 2021.
- Hours are reduced and makes \$700 in countable wages during July through September 2021.
- Returns to regular work hours and earn \$1,400 in countable wages, October through December 2021

28

28

## Anna Uses TWP and EPE

### Anna's Trial Work Period

- 9 TWP months include January through September 2020 (earned above 2020 TWP level of \$910 per month).
- Anna keeps full SSDI payment for all TWP months.

### Anna's Extended Period of Eligibility

- 36-month EPE starts 9/20 and runs through 8/23.

### Anna's Three-Month Grace Period

- Following 9-month TWP, first works at SGA level in October 2020.
- Will get SSDI payments for 10/20 through 12/20.

29

29

## Anna's EPE – Getting SSDI for Non-SGA Months

### Right to SSDI Payments After 3-Month Grace Period

- During remainder of EPE, we look at countable earnings each month for the remaining 33 months in Anna's case.
- If countable earnings are **more than SGA level** (\$1310 in 2021), Anna is **not eligible** for SSDI payment.
- If countable earnings are **less than SGA level**, Anna is **eligible** for SSDI payment.

### Eligible for SSDI in July, August & September 2021

- Countable earnings, \$700 per month, below SGA.
- Not eligible for SSDI when wages go back up to \$1400 in October through July 2021.

30

30

## The Following are Available to Reduce Gross Monthly Wages

- **Paid time off:** vacation, personal, holiday, and sick pay not counted
- **Impairment Related Work Expenses:** a beneficiary's out-of-pocket costs, to pay expenses related to a disability/medical condition, allowing beneficiary to work.
- **Subsidies/Special Conditions:** includes, for example, employers who tolerate lower levels of productivity and employees who perform at high productivity levels because a third party provides job-related assistance.

**See details in SSDI Toolkits (link in final slides).**

31

31

## Anna's Right to Expedited Reinstatement of SSDI

**SSDI terminated if earns at SGA level after EPE.**

- Anna's EPE ends in August 2023.
- After that, if her countable earnings go above the SGA level her benefits will be terminated.

**Expedited Reinstatement – Right to Getting SSDI Back if again working below SGA level after termination.**

- Cannot go into detail today.
- See SSDI Toolkit for more information on Expedited Reinstatement (links appear on last slides).

32

32



## **Anna's Right to Extended Medicare Eligibility**

**SSDI beneficiary gets Medicare during the 9-month TWP and at least 93 months following end of TWP.**

- During entire period, hospital coverage (Part A) is automatic, cost-free. Outpatient coverage (Part B) is still optional and subject to premium payment of \$148.60 per month (or lower) in 2021.
- This means that beneficiary who goes to work can keep Medicare for at least 102 months (or, nearly 9 years)!
- ***In Anna's case***, this extended Medicare coverage will run ***through at least March 2029***.

33

33

## **Pause for Questions**

## **As Posted in Chat Box**

34

34

## North Carolina's Medicaid Buy-In

### “Health Coverage for Workers with Disabilities”

- North Carolina's name for the Buy-In.
- Provides full Medicaid coverage for those eligible.

### Why important

- Without the Buy-In, individuals who never received SSI could not access 1619(b) Medicaid.
- If they worked for substantial wages, they faced an eventual loss of Medicaid.
- Those who received SSDI and no SSDI faced this dilemma.

35

35

## Health Coverage for Workers with Disabilities (HCWD)

### HCWD eligibility requirements

- Be at least 16 through 64 years of age
- Meet the Social Security Administration definition of disability except for earnings or be eligible under the Medically Improved Group
- Be employed
- Have countable resources equal to or less \$25,728
- Meet the income requirements

**Source: North Carolina Medicaid website,**  
<https://medicaid.ncdhhs.gov/beneficiaries/get-started/eligibility-medicaid-or-health-choice/medicaid-workers-disabilities>

36

36

## HCWD Resource Rules

**Resources may not be more than \$25,728 and include:**

- Cash
- Bank accounts
- Retirement accounts
- Stocks and bonds
- Cash value of life insurance policies
- Other investments

Resource limits are subject to change and are updated accordingly.

37

37

## HCWD – Additional Eligibility Criteria

**Unearned income (such as Social Security Disability) cannot exceed 150 percent of Federal Poverty Level**

- One person limit in 2021 would be \$1595 monthly.

**Payment of enrollment fee and monthly premiums**

- Those with countable incomes above 150% of FPL must pay an annual \$50 enrollment fee.
- Those with countable incomes above 200% of FPL must pay an annual \$50 enrollment fee and an HCWD monthly premium (see premium schedule at <https://policies.ncdhhs.gov/divisional/health-benefits-nc-medicaid/adult-medicaid/policies-manuals/2019-health-coverage-for-workers-with-disabilities.pdf>)

38

38

## Anna's Eligibility for HCWD

### Anna receives \$1000 per month in SSDI

- Also receives \$1400 per month in gross wages
- She has total resources of \$4500 consisting of a bank account.

### Anna will be eligible for the HCWD

- Her unearned income is below \$1595 per month
- Her resources are below \$25,728

39

39

## Will Anna Owe a \$50 Enrollment Fee or a Monthly Premium?

### Anna's countable monthly income

- Federal Medicaid criteria requires that Buy-In programs use SSI rules for counting income.
- Anna's countable SSDI will be \$980 ( $\$1000 - 20$ ).
- Her countable earnings will be \$667.50 ( $\$1400 - 65 = 1335 - 667.50 = \$667.50$ ).
- Total countable monthly income = \$1547.50

### Will not owe an enrollment fee or monthly premium.

- No enrollment fee or premium because countable income is below \$1595 (150 percent of federal poverty level).

40

40

# Additional Resources

41

41

## **The SSI and SSDI Toolkits** (detailed coverage of topics in slides above)

**VR Toolkit for SSI Youth (Tips, checklists, and tools to support successful work outcomes for SSI youth),**  
<https://ssiyouthtoolkit.org/> (10 different toolkits)

**VR Toolkit for SSDI Youth (Tips, checklists, and tools to support successful work outcomes for SSI youth),**  
<https://ssdiyouthtoolkit.org/> (10 different toolkits)

Created by Institute on Educational Leadership as part of federally funded Vocational Rehabilitation (VR) Youth Technical Assistance Center, <https://y-tac.org/> (in collaboration with Cornell's Employment and Disability Institute)

42

42

## Finding a No-Cost Benefits Counselor in North Carolina

**Service Source**, <https://www.servicesource.org/our-offices/north-carolina/>

- Located in Fayetteville, NC
- Call 910-826-4699
- A good starting place for finding a benefits counselor.

**North Carolina Vocational Rehabilitation Services**, <https://www.ncdhhs.gov/divisions/vocational-rehabilitation-services>

- Offers direct benefits counseling in some counties
- Has contracted with benefits counseling services in other parts of state.

43

43

## Thank You

## Answering Additional Questions

## Time Permitting

44

44