



State Vocational Rehabilitation Agencies As Change Agents

Systems Change Information Bulletin #6:

The Role of State VR Agencies in Proposing Reforms to Existing Work Disincentives in the SSI and SSDI Programs

Table of Contents

- **SSDI \$1 for \$2** - State VR Agency participation in SSDI Work Incentive Pilot Projects
- **Multiple Program Work Incentive Reforms** - State VR Agency participation in proposing an alternative policy to existing work disincentives in federal cash assistance programs and other federal programs
- **SSI Reforms** - State VR agency participation in SSI Work Incentive Demonstration Projects
- **Medical – HIV-AIDS** - State VR Agency participation in Ongoing Medical Benefits—HIV/Auto-Immune Deficiency Demonstration.

This is the sixth in a series of INFORMATION BULLETINS on the general topic of State VR agencies serving as systems change agents. In addition to the primary role of providing VR services to persons with disabilities (particularly those with the most significant disabilities), Congress expects that State VR agencies will perform the role of change agent within the state to enhance employment opportunities for persons with disabilities. The INFORMATION BULLETINS are located at the following website:

http://disability.law.uiowa.edu/lhpdc/rrtc/vr_syschange/. The CSAVR website includes a link to this website.

The purpose of SYSTEMS CHANGE INFORMATION BULLETIN #6 is to describe the role selected State VR agencies are playing in proposing and, in some cases, testing reforms to existing work disincentives set out in current SSI and SSDI programs. These State VR agencies are active participants in the debate on how to remove artificial policy barriers that impede employment and earnings for certain SSDI and SSI recipients who are capable of increased work and earnings, at least on an intermittent basis. These efforts are important to State VR agencies because permanent fixes (addressing work disincentives) to the SSI and SSDI and other federal programs will lead to overall improvements in the earnings of VR agency clients who are SSI/SSDI recipients and who may be making rational decisions to limit work effort and earnings.

This policy brief will describe the role State VR agencies are playing in initiatives relating to reducing work disincentives in the SSI and SSDI programs and other federal programs:

- State VR Agency participation in SSDI Work Incentive Pilot Projects
- State VR Agency participation in proposing an alternative policy to existing work disincentives in federal cash assistance programs and other federal programs
- State VR agency participation in SSI Work Incentive Demonstration Projects
- State VR Agency participation in Ongoing Medical Benefits—HIV/Auto-Immune Deficiency Demonstration.

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State VR Agency Participation in SSDI Work Incentives Pilot Demonstration Projects

Federal Law Mandate for SSDI Work Incentive Demonstration Projects. For many years, disability beneficiaries, advocates and rehabilitation counselors have contended that a significant work disincentive for SSDI beneficiaries is the so-called “cash cliff.” That policy, under which a beneficiary who earns more than Substantial Gainful Activity (SGA--currently \$860 per month in 2006 for disabled beneficiaries and \$1380 per month for blind beneficiaries) becomes ineligible for benefits, after a Trial Work Period (TWP) and extended period of eligibility (EPE), if he or she earns more than SGA.

In the Ticket to Work and Work Incentives Improvement Act (TWWIIA) which was signed into law (P.L. 106-170) in 1999, the Commissioner of the Social Security Administration (SSA) was directed to conduct demonstration projects for the purpose of evaluating a program for SSDI beneficiaries under which benefits are reduced by \$1 for each \$2 of the beneficiary's earnings.

SSA has announced its intent to support national demonstration projects under which SSDI benefits will be gradually rather than precipitously reduced. The core policy to be researched and tested is whether providing a \$1 reduction in SSDI benefits for every \$2 of earnings above the SGA level (\$860 in 2006), instead of the “cash cliff”, would significantly increase work effort.

SSA Funds State Proposals to Conduct Pilot Research Projects to Test Significant Revisions in SSDI Work Incentive Policies. Partially based on their experience and expertise in conducting research and systems change projects intended to increase the employment outcomes for SSI and SSDI beneficiaries, four states submitted a proposal to SSA that state-administered Pilot Projects should be made a part of the process of a national effort to test and refine alternative work incentive policies for SSDI beneficiaries – many of whom are state VR customers.

On April 14, 2005, SSA announced in the *Federal Register* [70 FR 19821-19825] a demonstration project referred to as the “Benefit Offset Pilot Demonstration” (SSDI benefit offset pilot demo). **Connecticut, Utah, Vermont, and Wisconsin** are the four states selected to participate in the SSDI benefit offset pilot demo. SSA chose to support Pilot Demonstration Projects in the four states in order to gain additional insight regarding the focus and scope of the national demonstration projects. The research involves random assignment by volunteer participants to intervention and comparison groups.

Personnel in the State VR agencies in **Connecticut** and **Vermont** serve as the principal investigators in the demonstration projects in their respective states. The primary contact in **Connecticut** is Amy Porter [email: Amy.Porter@ct.gov] The primary contact in **Vermont** is James Smith [email: James.Smith@dail.state.vt.us]. In **Utah**, the State VR agency is playing a key role, in partnership with the Utah Department of Health and the University of Utah to carry out many of the administrative responsibilities relating to the Project. The primary contact in **Utah** is Cathy Chambless [email: cathy.chambless@cpga.utah.edu]

In Wisconsin, the state VR is involved in services related to the pilot.¹ In addition, as discussed below, **Wisconsin** has submitted a demonstration project proposal to SSA for another alternative to the SSDI cash cliff and for reducing work disincentives. The primary contact in Wisconsin is Charlene Dwyer (email: Charlene.Dwyer@dwd.state.wi.us)

Common Key Entitlement Intervention Components. All of the State Pilot Projects have common key entitlement intervention components, including:

- Earnings above SGA would reduce SSDI benefits \$1 for \$2 of earnings above SGA instead of the SSDI “cash cliff.”
- Participants in the intervention group will not be subject to loss of benefits because of a finding of a cessation of disability because they will not be subject to a Continuing Disability Review (CDR).
- The Extended Period of Eligibility after using Trial Work Period months would be extended from 36 to 72 months.

State VR Agencies Role in Devising Services Intervention Components. The State VR agencies administering the SSDI Work Incentive Pilot Projects are expected to devise and administer those services that each state deemed necessary to support participants in a work incentive pilot project. Those services, with variations among the states, include:

- Benefits counseling, both for those randomly assigned to the participant group and the comparison group
- Availability of Medicaid eligibility for working SSDI beneficiaries in a state Medicaid Buy-In program
- State devised employment, rehabilitation and support services to enable work activity if the barrier to employment of the SSDI “cash cliff” was removed
- State devised forms of administration and infrastructure for the delivery of services to enable work activity.

State VR Agencies Role in Recruitment and Enrollment of Beneficiaries in Pilot Project. SSA left it to each of the states to develop their own strategies and plans to recruit participants in the SSDI work incentives pilot project research projects. As shown in the state descriptions that follow, there was considerable variation among the states in the primary audience that they recruited from and the methods used. In some states the responsibility was solely with State VR counselors and in others the recruitment was through multiple agencies.

Specifically, **Connecticut’s** Benefit Offset Project has outreached to over 7,000 people, inviting them to call for more information. In their invitation, at the time of their initial call and upon first phone contact with Connecticut’s benefits specialists, they have been told about the possible opportunity to earn more than under the traditional SSDI rules and still keep part of their benefits. The candidate pools are made up primarily of people with a current or recent work history--Medicaid Buy-In group and State Vocational Rehabilitation Agency – both active and rehabilitated consumers.

¹ See 71 Federal Register 19821 (April 14, 2005).

At time of enrollment, candidates are randomly assigned to test or control groups and immediately provided with benefits counseling specific to that assignment. All participants are provided with a benefits management folder, instructions on how to use it and the knowledge that they have the availability of follow up supports through our project. Through the University of Connecticut Research Team, ongoing phone surveys of those assigned to both groups, as well as a random sampling of those who made the initial call and then refused participation, will provide the State VR agency with insight into earnings/employment behaviors in relationship to both the benefit offset and other life events that influence employment. As January 2007, Connecticut has 124 participants in the treatment group and 121 participants in the control group.

The **Utah** SSDI ‘1 for 2’ Pilot recruited 490 participants from among SSDI beneficiaries who received services from Vocational Rehabilitation, the Benefits Planning and Assistance Outreach program, the Disability Medicaid program, and two community mental health programs (one urban and one rural). The cooperating agencies sent letters to their clients explaining the pilot. Training sessions were held with VR staff to explain the potential benefit to their clients. Orientation sessions and one-on-one meetings were held with interested beneficiaries. Participants signed Informed Consent documents and SSDI benefit status was verified with the Social Security Administration. Eligible participants were then randomly assigned to a Pilot Rules Group or a Current Rules Group. Individuals assigned to the Pilot Rules Group will receive a \$1 reduction in their cash benefit for every \$2 earned over the Substantial Gainful Activity level after completion of a Trial Work Period. Additional rule changes—such as suspension of medical continuing disability reviews (CDRs)—are also applicable. Individuals in the Current Rules Group will see no changes in the SSDI work rules that apply to them.

Evaluation of project outcomes will be done with data obtained from three participant surveys and administrative data on VR and other program participation and earnings from Unemployment Insurance records. For more information about the Utah project visit: <http://www.workabilityutah.org/1for2/>

The **Vermont** SSDI \$1 for \$2 Pilot is intended to test the impact of the SSDI \$1 for \$2 within standard public vocational services within the state. These services include standard DVR services and supported employment services provided through the local community mental health and developmental disability programs. The Vermont Pilot also provides comprehensive benefits counseling supports to both the participant and comparison groups. The researchers wanted to ensure both groups are fully informed about the work incentives available to them (\$1 for \$2 versus standard SSDI work rules). Finally, both groups have access to the Vermont Medicaid Buy-In program.

Participant Group 286 Beneficiaries	Comparison Group 293 Beneficiaries
Current or recent enrollment in standard DVR program services which may also include: <ul style="list-style-type: none"> • Supported employment services through community DD/MH (Developmental Disabilities/Mental Health) providers. • State One Stop services. 	Current or recent enrollment in standard DVR program services which may also include: <ul style="list-style-type: none"> • Supported employment services through community DD/MH providers. • State One Stop services.
Enrollment in benefits counseling services through DVR	Enrollment in benefits counseling services through DVR
Access to the state Medicaid Buy In	Access to the state Medicaid Buy In
SSDI Benefit Offset Pilot	Standard SSDI Benefit Provisions

The Vermont research design is intended to demonstrate the impact of the Title II Benefit Offset over and above other typical employment supports generally available in Vermont. Therefore, this approach compares outcomes for individuals in both the participant and comparison groups who are (a) actively engaged in the employment services through DVR and (b) actively participating in benefits counseling services. The intention is to evaluate the impact of the Title II Benefit Offset on outcomes for active and informed beneficiaries.

The DVR benefits counselors conduct the outreach and enrollment in the pilot. The DVR program proved to be an excellent source of referrals for the pilot. Between August 2005 and October 2006 the project enrolled 579 beneficiaries (286 Participant Group, 293 Comparison Group). This equals about 5% for the eligible population in Vermont.

The **Wisconsin** SSDI Pilot Project is designed to offer beneficiaries an array of services and supports that are necessary to increase and sustain employment beyond the SGA threshold. At the core of the project are the beneficiaries interested in working more, and a Benefits counselor dedicated to providing accurate and timely information about the effect of earnings on the full range of the beneficiary's entitlements. The Wisconsin pilot is "de-centralized" in that it includes 22 community-based agencies with experience in providing employment services, including benefits counseling. Participants in the statewide pilot are enrolled via an internet-based system linked to project participant headquarters in Madison. The system includes a real time random assignment to either the control group or treatment (\$1 for \$2 offset) group. The community agencies (independent living centers, private non-profit businesses) are responsible for linking participants to whatever services and supports are necessary, as well as providing on-going benefits advisement as earnings change. The Wisconsin pilot's administration and management are a collaborative effort between the state's Department of Health and Family Services, the University of Wisconsin system, and the Social Security Administration. The State VR agency plays a supportive role. For more information, see <http://dhfs.wisconsin.gov/WIpathways/SSDI.htm>.

The Role of State VR agencies in Proposing Alternatives to Existing Work Disincentives

The **Wisconsin** Division of Vocational Rehabilitation along with other components of the Department of Workforce Development will be resubmitting a proposal in early 2007 to the Social Security Administration entitled "Making Work Pay: Eliminating Financial Disincentives to Employment for People with Disabilities." The mission of the proposal is to maximize earned income and economic self-sufficiency. The purpose of the proposal is to allow people with significant disabilities, who are employed, to continue to receive essential benefits such as housing assistance, SSDI or SSI cash payments, and Medicare or Medical Assistance coverage in exchange for a cost-share in the form of a premium payment. The proposal is modeled after the Medicaid Buy-In program cost share but expands the cost-sharing concept across SSI, SSDI, and HUD benefits as well as the Medicaid Buy-In benefit.

The proposal, created by and promoted to the VR agency by SSI and SSDI beneficiaries, envisions a system change that overlays existing legislation, programs and public assistance funds with a streamlined one-stop portal. The one-stop portal, "**MWP**" (Make Work Pay) creates a self-directed benefits package for persons with disabilities who are able and willing

to work, as well as motivated to earn income above federally designated caps. By eliminating earned income and asset caps and instituting a comprehensive benefit buy-in, **MWP** endeavors to hold these individuals harmless from changes to or ineligibility in their respective public assistance programs should they unexpectedly need to interrupt their employment for disability-related reasons. Therefore, eligibility would be continued, eligibility reviews would be discontinued and public benefit payment or coverage levels would continue uninterrupted. The new **MWP** premium payment of 15% on gross earned income would replace the multiple benefit reduction and other co-pay schedules for each individual program for the duration of the demonstration period.

This proposed option would supplement, not supplant the current array of work incentives options. **MWP** would be an additional tool to allow people the self-directed assurance of being able to buy benefit continuation. For more information about **MWP**, view the “Making Work Pay” powerpoint on the Department of Workforce homepage under “Ongoing Initiatives” at www.dwd.state.wi.us or contact Charlene Dwyer [email: Charlene.Dwyer@dwd.state.wi.us].

State VR Agency Participation in SSI Work Incentive Demonstration Projects.

On January 25, 2001, the Social Security Administration (SSA) announced in the *Federal Register* [66 Federal Register 7826] several demonstration projects relating to the Supplemental Security Income (SSI) program. Under these demonstrations, SSA tested the effectiveness of altering certain SSI program rules as an incentive to encourage SSI recipients with disabilities or blindness to work for the first time, return to work, or increase their work activity and earnings. This project, called the SSI Work Incentives Demonstration Project, was conducted in four states (California, New York, Vermont, and Wisconsin) that were working with SSA under SSA’s State Partnership Initiative to assist people with disabilities to obtain employment and reduce their dependence on SSI benefits and benefits under other government programs.

The SSI Work Incentives Demonstration Project tested several alternative SSI program rules that applied to Project participants including:

- Three-for-four—increase earned income exclusion.
- “Unearned income related to work activity”—treat as earned income.
- “Independence accounts”—create new resource exclusion.
- “Medical continuing disability reviews”—suspend for certain participants.

In **Vermont**, the State VR agency designed the Vermont Work Incentives Initiative to examine the impact of benefits counseling, benefits assessment plans, peer benefits counseling, training of VR staff on mental health issues, and federal program rules waivers and Medicaid Buy-In in its overall project evaluation. A key component of the overall Project was the SSI Work Incentives Waiver. The website for the report on the Vermont Work Incentives Initiative is

<http://www.dad.state.vt.us/dvr/vocrehab/vwii/assets/docs/SPI%20Final%Report.pdf>.

For more information regarding the outcomes of this Initiative, contact James Smith [email: James.Smith@dail.state.vt.us].

In **California**, SSA recently provided a five-year demonstration grant for the California VR agency (DOR) to develop innovative services that assist persons with significant psychiatric disabilities receiving Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI) to go to work and lessen or eliminate reliance on SSA benefits. This project entitled *The Individual Self Sufficiency Planning (ISSP) Project* developed sites in San Mateo and Kern County, and added ongoing employment supports of benefits planning and service coordination in addition to traditional rehabilitation services. Additionally, SSA approved four SSI waivers designed to encourage work; most notably lessening a participant's cash benefits reduction as a result of employment earnings.

- Over a 44-month period 65% of the cases of active ISSP project participants (n=150) who had applied for DOR services were closed as successfully employed. This compares to a rate of 26% for a matched comparison group (tracked from application status), and 36% for the total DOR population.
- 88% of the successful closures reduced or eliminated SSA cash benefits.
- Public mental health costs decreased by 21.6% for those cases closed as successful.

Contact: Jeff Riel jriel@dor.ca.gov

In **New York and Wisconsin**, the State VR agencies played supportive roles.

State VR Agency Participation in Ongoing Medical Benefits—HIV/Auto-Immune Disorder Demonstration

SSA has entered into a five-year demonstration grant with the California Department of Rehabilitation (DOR) to fund the California HIV/Auto-Immune Disorder (CA HIV/AI) Demonstration Project. This comprehensive work opportunity initiative will serve 800 individuals assigned to the treatment group and address the unique return-to-work needs presented by SSI/SSDI beneficiaries with HIV/AI disorders residing in the four demonstration counties of San Francisco, Alameda, Los Angeles, and San Diego. The grant term is October 1, 2006 through September 30, 2011.

The main objectives of this demonstration project align with DOR's mission and goals in developing creative and proactive employment supports, including access to medical specialists, exploration of current treatment options, and establishing county-oriented service coordination to address the multiple impairments that commonly affect this population. More importantly, it is anticipated that by increasing the self-sufficiency of HIV/AI SSI/SSDI beneficiaries, there will be a corresponding decrease to their dependence on public benefits.

DOR will be providing: (1) A Data Management and Site Coordination Contractor to develop and maintain a data collection plan to coordinate the flow of data and case management information as well as establish a secure website for data management, case management, and communication; and (2) Five Community Support Services Providers, to provide benefits planning, vocational supports, and service coordination.

- The five outcome measures include: (1) Employment, (2) Education, (3) Level of Independence, (4) Service Participation, and (5) Quality of Life Indicators.
- The medical services component will be provided by a team of physicians referred to as the Expert Medical Unit (EMU) contracted separately by Mathematica Policy Research Inc. Furthermore, health care advocates (primarily social workers and nurse practitioners) will also be available by telephone to treatment group participants.

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