

August 6, 2004

## **SSA's DISABILITY DEMONSTRATION PROJECTS LIKELY TO PROVIDE IMPORTANT INFORMATION ABOUT DISABILITY WORK INCENTIVES**

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Work underway, or scheduled to begin within the next year, on a number of demonstration projects at the Social Security Administration should help to inform discussions about possible changes and improvements in the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) disability programs.<sup>1</sup> These projects will test what steps can be taken to assist applicants and recipients with disabilities who wish to attempt to return to work.

This analysis describes these projects in order to provide a better understanding of the range of work now underway. In addition, Appendix 1 provides a chart with basic information about each of the demonstration projects. As will be evident in the discussion that follows, more detail is available about some of the projects than about others, as some are further along in development. This information will be updated as additional details become available. Later analyses will review information about outcomes and evaluations associated with these projects.

### **SSA's Demonstration Authority**

SSA has substantial authority to design and implement demonstration projects in both Social Security and SSI. In addition, SSA has specific authority and is legally obligated to conduct demonstration projects related to the treatment of work activity and work incentives under the Social Security disability insurance program.<sup>2</sup> The statute specifically requires that the Commissioner of Social Security "shall develop and carry out experiments and demonstration projects designed to determine the relative advantages and disadvantages" of three categories of projects: (1) alternative methods for treating the work activity of disability insurance beneficiaries, "including such methods as reduction in benefits based on earnings, designed to encourage the return to work of such individuals;" (2) "altering other limitations and conditions applicable to such individuals," such as lengthening the trial work period, altering the 24-month

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<sup>1</sup> While this paper refers to Disability Insurance, this information also applies to individuals who receive benefits based on disability in the Old Age and Survivors Insurance (OASI) parts of the Social Security program as survivors or dependents of workers who are disabled, retired, or deceased. This includes individuals who receive childhood disability benefits (as adults) and disabled widow(er)'s benefits.

<sup>2</sup> Section 234 of the Social Security Act, 42 U.S.C. §434.

waiting period for Medicare that applies to Social Security disability beneficiaries, altering the manner in which SSA programs are administered, providing earlier referral for rehabilitation, and “greater use of employers and others to develop, perform, and otherwise stimulate new forms of rehabilitation;” and (3) “implementing sliding scale benefit offsets.”<sup>3</sup> In addition, the Commissioner is specifically required to conduct a demonstration project in which benefits “are reduced by \$1 for each \$2 of the beneficiary’s earnings that is above a level to be determined by the Commissioner.”<sup>4</sup>

The statute requires that these demonstration projects must be “of sufficient scope and carried out on a wide enough scale to permit a thorough evaluation of alternative methods under consideration while giving assurances that the results derived from the experiments and projects will obtain generally in the operation of the disability insurance program under this title without committing such program to the adoption of any particular system either locally or nationally.”<sup>5</sup>

In 1999, Congress extended SSA’s demonstration authority for the first time to *applicants* for disability benefits. SSA may decide to include “any group of applicants” for Social Security disability benefits who have “impairments that reasonably may be presumed to be disabling for purposes” of the demonstration project.<sup>6</sup>

## **PROJECTS FOCUSED ON CURRENT BENEFICIARIES**

### **Employment Supports: The Benefit Offset Demonstration Project**

The Benefit Offset demonstration will “test the effects of allowing DI beneficiaries to work without total loss of benefits by reducing their monthly benefit \$1 for every \$2 of earnings

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<sup>3</sup> Sections 234(a)(1)(A) and (B) of the Act, 42 U.S.C. §§434(a)(1)(A) and (B). The demonstration on sliding scale benefit offsets may use “variations in — (i) the amount of the offset as a proportion of earned income; (ii) the duration of the offset period; and (iii) the method of determining the amount of income earned by such individuals, to the end that savings will accrue to the Trust Funds, or to otherwise promote the objectives or facilitate the administration of this title.” Section 234(a)(1)(C), 42 U.S.C. §434(a)(1)(C).

<sup>4</sup> Section 302 of Pub. L. 106-170, 42 U.S.C. §434 note.

<sup>5</sup> Section 234(b) of the Act, 42 U.S.C. §434(b). This authority was originally scheduled to expire later in 2004, but recently was extended and re-framed in the Social Security Protection Act, Public Law 108-203. Under Section 401 of P.L. 108-203, SSA is authorized to initiate new demonstration projects through December 17, 2005. Projects initiated on or before that date will continue for the life of the project. The report accompanying the House bill explains that, “The current five-year limitation on waiver authority restricts the options that may be tested to improve work incentives and return to work initiatives, as several potential options the Commissioner may test would extend past the current five-year limit. Developing a well-designed demonstration project can require several years, and the current five-year authority might not allow sufficient time to both design the project and to conduct it long enough to obtain reliable data.” House Report 108-046, page 44. SSA’s authority to conduct demonstration projects in the SSI program appears at Sections 1110 and 1115 of the Social Security Act, 42 U.S.C. §§1310 and 1315.

<sup>6</sup> Section 234(a)(2) of the Act, 42 U.S.C. §434(a)(2).

above a specified level.”<sup>7</sup> This will be a national demonstration. In addition, SSA will conduct small-scale process demonstrations in four sites — Connecticut, Utah, Wisconsin, and Vermont.<sup>8</sup> The target population includes individuals who receive a Title II Social Security benefit based on the person’s disability: disabled workers, disabled adult children, and disabled widow(er)s. The demonstration will not include individuals who are dually eligible for Social Security and SSI disability benefits.<sup>9</sup>

The SSA document on this project states that, “The central research question for this demonstration project is the effect of a benefit offset, separately, and in combination with various employment supports on employment outcomes — including wages, benefits, job retention and hours worked — and continued receipt of cash benefits. SSA also will be interested in information captured by the survey that may not be properly measured as net outcomes, such as hours of work and job satisfaction, as well as a participation analysis of who participates in the project and why.”<sup>10</sup> The evaluation also will address: “What are the costs and benefits from the perspective of the SSA trust funds, the Federal Government, society and individuals who participate? For whom are the interventions effective or not effective, with specific reference to the impacts on different subgroups of beneficiaries? What are the effects on entry into and exit from the Title II disability program?”<sup>11</sup>

SSA is in the early stages of developing this demonstration. It recently issued a notice of intent for the national project to procure the services of a contractor to develop the design of a multi-site demonstration project testing alternative methods of treating work activity in the Title II disability program. “The contractor [for the national project] will work closely with SSA to ensure that the information generated by the pilot project [in the four states] is given due consideration in all phases of this contract.”<sup>12</sup>

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<sup>7</sup> *Testimony of Jo Anne B. Barnhart, Commissioner of Social Security*, House Committee on Ways and Means, Social Security Subcommittee, September 25, 2003, available on the web at <http://waysandmeans.house.gov/hearings.asp?formmode=view&id=761>, page 8. “When people who receive SSI disability go to work, we reduce their checks \$1 for every \$2 they earn over \$65 per month. People who get SSA disability don’t have a similar offset program. As a result, these people may be afraid to return to work for fear of losing their benefits. Under the Ticket to Work Act, we will test a similar \$1 for \$2 offset for people receiving SSA benefits to determine if it removes a barrier to work.” *A New Approach to Disability Determination: Frequently Asked Questions about the New Approach*, Social Security Administration, (hereafter referred to as “SSA FAQs”). <http://www.ssa.gov/disability-new-approach/faq.htm>.

<sup>8</sup> On May 13, 2004, SSA issued a Presolicitation Notice regarding the pilot demonstrations in the four states. These demonstrations “will test a range of State-specific employment support interventions in combination with a \$1 reduction for every \$2 in earnings for title II disability beneficiaries. These demonstrations are designed to inform the nationally representative demonstration project, SSA-RFP-04-1041, that will test various alternate methods of expanding and supporting voluntary work activity in the title II program.” Solicitation 9072-04-1003, available at <http://www1.eps.gov/spg/SSA/DCFIAM/OAG/Reference%2DNumber%2D9072%2D04%2D1003/listing.html>

<sup>9</sup> SSA-RFP-04-1041, section C-3.c, page 9, <http://www1.eps.gov/spg/SSA/DCFIAM/OAG/SSA-RFP-1041/listing.html>

<sup>10</sup> SSA-RFP-04-1041, section C.2.c, <http://www1.eps.gov/spg/SSA/DCFIAM/OAG/SSA-RFP-1041/listing.html>.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

SSA's notice provides important details about project design. First, "[i]t is essential that the benefit offset interventions, and the demonstration as a whole, be designed in such a way that no beneficiary will be disadvantaged by his or her participation in a treatment group."<sup>13</sup>

Second, "the employment supports models to be tested may include any types of services or other supports that are designed to reduce barriers to employment or enhance the employability of participants, including but not limited to employment services (such as structured job search), health care services, transportation assistance, training, enhanced forms of existing supports, or some combination of the above. Employment supports may be provided through independent SSA-funded programs or may be developed, funded, or administered by or in partnership with States or private entities or other Federal programs."<sup>14</sup>

Third, SSA will take steps to ensure that employment networks involved in the Ticket to Work program are not disadvantaged by an individual's participation in the demonstration. Under current law, disability beneficiaries who receive a "ticket to work" can assign the ticket to an employment network (EN) for help in returning to work. ENs are paid when the person no longer receives a Social Security cash benefit as a result of working or earnings. Because the demonstration will allow Disability Insurance beneficiaries who work to remain in a reduced cash status beyond the current period, "SSA will use its waiver authority to develop policies and procedures that ensure that ENs will receive all outcome payments they are otherwise entitled to under the Ticket to Work program."<sup>15</sup>

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<sup>13</sup> Id., Section C-3.a., page 8. In Section C-3.e, SSA explains: "[I]n developing policy parameters for the benefit offset interventions, it is essential to ensure that no beneficiary is harmed by participation in the intervention. Therefore, the earnings disregard for the benefit offset (the point at which the reduction begins to take effect) may not be set below the level at which a beneficiary would lose benefits under current law. SSA has determined that the benefit offset will begin at the point at which the individual has earnings at the SGA level, after the application of any relevant work incentive provisions. Similarly, the trial work period and grace period will be retained so that the project participants will not be disadvantaged." (pages 9-10)

<sup>14</sup> Id., Section C-3.a., page 8.

<sup>15</sup> Id., Section C.5.b Task 2.1, pages 14-15. Statutory authority for this specific waiver appears in Section 402 of the Social Security Protection Act, Pub.L. 108-203. The House and Senate reports accompanying the law explain that under the Ticket to Work legislation, Employment Networks only receive their outcome payments when cash benefits are no longer paid to the individual due to work and earnings. As a result, without use of this waiver authority to permit payments to ENs when the person continues to receive a partial benefit, employment networks are likely to be unwilling to accept tickets from beneficiaries who participate in the \$1 for \$2 demonstration, thereby undermining SSA's ability to evaluate the effectiveness of the project. See H. Rpt. 108-046, page 44, and S. Rpt. 108-176, pp. 26-27. For more information about the Ticket to Work program, see [http://www.socialsecurity.gov/work/Ticket/ticket\\_info.html#TicketTracker](http://www.socialsecurity.gov/work/Ticket/ticket_info.html#TicketTracker).

## **Employment Supports: The Ongoing Medical Benefits Demonstration Project**

The Ongoing Medical Benefits demonstration project will “test the effects of providing ongoing health insurance coverage to beneficiaries who wish to work but have no other affordable access to health insurance.”<sup>16</sup> The project will consider “whether a comprehensive health care package improves a beneficiary’s medical condition to enable work.”<sup>17</sup> “For example, providing comprehensive health care to people receiving benefits due to HIV may help them to return to work.”<sup>18</sup>

## **Mental Health Treatment Demonstration Project**

The Mental Health Treatment demonstration project will focus on disability beneficiaries with a mental health impairment. It will “test the effect of treatment funding on health, health care and job-seeking behaviors,” and “will pay for outpatient treatments (pharmaceutical and psychotherapeutic) and/or VR services not covered by other insurance.”<sup>19</sup> As part of the development stage of the study, SSA has contracted with the Urban Institute to conduct a series of Technical Advisory Panel (TAP) meetings. The TAP, a group of national experts on the subject, will identify mental health interventions and populations that SSA may consider including in such a demonstration.<sup>20</sup>

## **Work Incentives for Participants in the Florida Freedom Initiative**

The Florida Freedom Initiative (FFI) is a demonstration that the Florida Department of Children and Families is conducting with a grant from the Centers for Medicare and Medicaid Services (CMS). It evolved from the state’s “cash and counseling” demonstration and focuses on Medicaid beneficiaries with developmental disabilities who use long-term-care services.<sup>21</sup> Medicaid waivers that are part of the FFI permit participants to receive a monthly cash allowance instead of agency-furnished services. Subject to agreed-upon limits, participants make their own

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<sup>16</sup> SSA Commissioner Barnhart’s testimony, cited in footnote 5, page 8.

<sup>17</sup> *Presentation of SSA Associate Commissioner for Program Development and Research Pam Mazerski*, Disability Research Institute Symposium, “SSA Disability Programs: Facilitating Employment,” March 16, 2004, Washington, DC, slide 28, hereafter referred to as “SSA Presentation.”

<sup>18</sup> SSA FAQs, cited in footnote 5.

<sup>19</sup> SSA Presentation, slide 29, cited in footnote 15.

<sup>20</sup> SSA Contract Award 0440-03-52632

<sup>21</sup> SSA’s notice about the demonstration, “Work Incentives for Participants in the Florida Freedom Initiative,” appears at 69 Federal Register 5643-5646 (February 5, 2004), available on the web through <http://www.gpo.gov>. As explained in the notice, Florida had an earlier version of this program, “Consumer Directed Care Plus.” In 1998, as part of this earlier program, SSA waived SSI rules regarding how long an individual can retain cash received for the purchase of medical or social services before the funds count towards the SSI resource limit. SSA also waived the SSI rule that requires that interest earned on such funds be counted as income in SSI. *Id.* at 5643.

choices regarding which services to purchase and from whom. The FFI also emphasizes the generation of personal income, either through employment or microenterprise.

Work Incentives for Participants is a demonstration that SSA is conducting in conjunction with the FFI. Many of the prospective FFI participants are SSI recipients, so SSA is modifying certain SSI program rules to enable these individuals to participate and to test “whether [the] combination of SSA and CMS waivers helps this population increase self-sufficiency.”<sup>22</sup> Under the demonstration, SSA is waiving five rules.

First, SSI recipients will be allowed to save funds received for the purchase of medical or social services without having the funds count as a resource, so long as the funds are kept in a separate identifiable account. (Currently, SSI rules require that such funds be counted at the beginning of the second month after the month in which they are received.) Any interest earned on such funds also will not be counted as income in SSI.

Second, SSA will allow a more expansive list of individual development accounts (IDAs) to be excluded from countable income and resources. Under current law, only IDAs financed in whole or in part with federal funds provided under the Assets for Independence Act (AFIA) and IDAs that are funded under the Temporary Assistance for Needy Families (TANF) program and meet certain criteria set forth in the TANF statute may be fully excluded in SSI, unless the account is treated as part of a Plan for Achieving Self Support (PASS), in which case, it too can be excluded.<sup>23</sup> Under the demonstration, SSA can extend the protections that now apply to AFIA-funded IDAs and TANF-funded IDAs that meet certain criteria to other IDAs and IDA-like programs for individuals involved in the FFI. In addition to the three savings goals permitted for IDAs that either are supported under the Assets for Independence Act or meet the IDA specifications of the TANF statute — saving for post-secondary education, saving to start a business, or saving to purchase a first home — SSA recognizes that it would be appropriate for some IDAs to allow saving for other purposes, such as to pay for transportation or assistive technology.

Third, SSA is increasing the earned income disregard for SSI recipients who are part of the FFI and are working. Under current law, SSA excludes the first \$65 a month of earned income plus half of remaining earnings when determining what income is countable for SSI purposes. (If the person has no other unearned income, then the amount of earnings disregarded

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<sup>22</sup> SSA Presentation, slide 31.

<sup>23</sup> In TANF, funding for IDAs is available through two routes. First, states have created IDA programs under the federal TANF provision which states that IDAs funded with TANF dollars will not be counted in determining eligibility for federal means-tested programs if the IDA meets certain criteria, including limiting allowable saving to saving for one or more of the three goals — post-secondary education, starting a business, or purchasing a first home. 42 U.S.C. §604(h)(4). Second, some states have used the substantial flexibility that they have in how they use their TANF funds to create IDAs that allow other goals, such as saving for the purchase of a vehicle or home repairs. SSA excludes the first type of TANF-funded IDAs, but not the second type, in the SSI program. Presumably, SSA will consider excluding the second type of TANF IDAs in the FFI. For more information on IDAs and public benefit programs, see *2002 Federal IDA Briefing Book: How IDAs Affect Eligibility for Federal Programs*, Corporation for Enterprise Development and Center on Budget and Policy Priorities, October 2002, <http://www.cbpp.org/10-29-02wel.pdf>.

equals \$85 a month plus half of the remaining earnings.)<sup>24</sup> In this demonstration, SSA will exclude the first \$280 a month of earned income and half of the earnings over that amount. This special exclusion will end with the month in which the person's participation in the demonstration project ends.<sup>25</sup>

Fourth, SSA will allow greater flexibility in what can be considered an acceptable goal for a PASS. Current law requires that the PASS must state an employment goal.<sup>26</sup> For those participating in the demonstration, SSA will approve PASS proposals that specify postsecondary education as the goal, "as long as the PASS includes a step for specifying a work goal at least six months prior to completion of course requirements."<sup>27</sup>

Fifth, SSA will suspend any continuing disability reviews that otherwise would have been required for individuals involved in the demonstration, so long as the person is participating in the demonstration.<sup>28</sup>

At a Congressional hearing on April 29, 2004, SSA Commissioner Barnhart indicated that she expected to have useful information from this demonstration project in two to three years.<sup>29</sup>

## **PROJECTS FOCUSED ON APPLICANTS FOR BENEFITS**

### **Early Intervention Demonstration Project**

The objective of this project is to test interventions that will enable Social Security Disability Insurance (SSDI) applicants to return to work before they undergo a full disability determination and become beneficiaries. The Early Intervention demonstration project "will provide medical and cash benefits and employment supports to SSDI applicants who have impairments reasonably presumed to be disabling and elect to pursue work rather than proceeding through the disability determination process."<sup>30</sup> SSA "will ask people at the time they apply for disability benefits if they would like to try to work. If they do and are selected through the screening process," SSA will provide them with "a cash allowance for one year,

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<sup>24</sup> Section 1612(b)(3) of the Social Security Act, 42 U.S.C. §1382a(b)(3).

<sup>25</sup> 69 Federal Register at 5644.

<sup>26</sup> Section 1633(d) of the Social Security Act, 42 U.S.C. §1383b(d).

<sup>27</sup> 69 Federal Register at 5644.

<sup>28</sup> Id.

<sup>29</sup> Statement of SSA Commissioner Jo Anne B. Barnhart in response to a question from Rep. Pete Stark, Human Resources Subcommittee, Ways and Means Committee, April 29, 2004

<sup>30</sup> SSA Commissioner Barnhart's testimony, cited in footnote 5, at page 8.

three years of Medicare coverage with no waiting period, and various employment services.”<sup>31</sup> The cash stipend will be “equivalent in value to the benefit they would receive if they qualified for SSDI.”<sup>32</sup> “[T]hese inducements are conditional on the applicant cooperating with the return to work program.”<sup>33</sup>

This demonstration will begin in the winter of 2005 in three states: New Mexico, Vermont, and Wisconsin.<sup>34</sup> SSA will test two different models of early intervention. In one model, “the inducements are more generous. In effect, what is provided the applicant is dependent on what the applicant requires in order to return to work. This may include aid with transportation, aid in housing arrangements or whatever else is needed in order for the applicant to take a job.”<sup>35</sup> Because “some of these benefits might be quite expensive...there is a limit on what would be spent in an individual case. That benefit is given by what we have termed the *maximum expenditure formula*. That formula is designed to measure the present value of the cash benefits and Medicare that would be paid to the applicants if they became SSDI beneficiaries...We spend whatever is necessary to return people to work subject to this maximum that is designed to assure that the program will be cost effective.”<sup>36</sup>

The second model is similar to the Ticket to Work Program. This model tests offering outcome payments to employment providers who are responsible for securing employment for study participants. The outcome payments would be equal to a portion of the participant’s cash allowance.<sup>37</sup>

## Temporary Allowance Demonstration Project

Under current law, there is a five-month waiting period before disability insurance benefits can begin and an additional 24-month wait (for a total of 29 months) before Medicare is available to a person whom SSA determines to be disabled and eligible for SSDI benefits.<sup>38</sup> The

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<sup>31</sup> SSA FAQs, cited in footnote 5.

<sup>32</sup> *Using Early Intervention Concepts and Techniques as a Test of Disability*, Statement of Monroe Berkowitz, Rutgers University, at the Social Security Advisory Board Discussion Forum on Definition of Disability, April 14, 2004, page 2, available on the web at [http://www.ssab.gov/DisabilityForum/Berkowitz\\_paper.pdf](http://www.ssab.gov/DisabilityForum/Berkowitz_paper.pdf).

<sup>33</sup> *Id.*

<sup>34</sup> SSA FAQs, cited in footnote 5. SSA recently posted a notice that it will issue a request-for-proposals in mid-August for a program manager for a small-scale early intervention project. Presolicitation Notice, SSA-RFP-04-1066, August 2, 2004, <http://www2.eps.gov/spg/SSA/DCFIAM/OAG/SSA-RFP-04-1066/SynopsisP.html>.

<sup>35</sup> Monroe Berkowitz statement, cited in footnote 29, page 2

<sup>36</sup> *Id.*

<sup>37</sup> SSA FAQs, cited in footnote 5. See also discussion in footnote 14 and accompanying text.

<sup>38</sup> Section 223(c)(2) of the Social Security Act, 42 U.S.C. §423(c)(2) [five month wait for disability insurance benefits]; Section 226(b)(2)(A) of the Social Security Act, 42 U.S.C. §426(b)(2)(A) [additional 24 months wait for Medicare benefits].

Temporary Allowance demonstration project will provide immediate cash and medical benefits for a specified period to individuals who apply for benefits, meet the Social Security definition of disability, and have an impairment that is likely to improve within two to three years. Project participants will be recruited at the point that disability beneficiaries are informed of their benefit allowance.<sup>39</sup> Project participants will receive immediate cash assistance and health care. Return to work is expected at the end of the temporary period. If the project participant is not able to return to work, the individual's case would be sent to the state disability determination service for determination of the DI application.<sup>40</sup>

## **Interim Medical Benefits Demonstration Project**

In the Interim Medical Benefits demonstration project, SSA “will provide health insurance coverage to certain applicants throughout the disability determination process. Eligible applicants will be those without such insurance whose medical condition is likely to improve with medical treatment or where consistent, treating source evidence will be necessary to enable SSA to make a benefit eligibility determination.”<sup>41</sup> SSA “will provide various health care packages to people with disabilities to learn about what works best. For example, certain types of cancers would respond to aggressive medical treatment if obtained immediately.”<sup>42</sup>

## **PROJECTS FOCUSED ON YOUTH WITH DISABILITIES**

### **Youth Transition Demonstration**

The Youth Transition Demonstration consists of seven cooperative agreements that SSA entered into in six states in September 2003. These projects are designed to test service delivery systems to ascertain how communities can most effectively integrate services and resources to support the successful transition of youth with disabilities from high school to work or post-secondary education. “During this critical period of transition to adulthood, the services provided to youth with disabilities can prepare them for postsecondary education, employment, and economic self-sufficiency.”<sup>43</sup> The demonstration focuses on youth with disabilities aged 14

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<sup>39</sup> SSA Commissioner Barnhart's testimony, cited in footnote 5.

<sup>40</sup> SSA Presentation, slide 24. “For example, this project could help people with certain cancers that respond to treatment. At the end of the temporary period, they might be able to work successfully. If not, we would look at their condition to see if they are eligible to receive ongoing Social Security disability benefits, thereby changing their temporary status.” SSA FAQs, cited in footnote 5.

<sup>41</sup> SSA Commissioner Barnhart's testimony, cited in footnote 5.

<sup>42</sup> SSA FAQs, cited in footnote 5.

<sup>43</sup> *Annual Report of the Supplemental Security Income Program*, Social Security Administration, 2004, page 102.

to 25, with the goal of helping them “maximize their economic self-sufficiency as they transition from school to work.”<sup>44</sup>

The six states involved are California, Colorado, Iowa, Maryland, Mississippi, and New York (two projects).<sup>45</sup> The cooperative agreements are for five years, subject to the availability of funds. “The projects are designed to collaborate among federal, state, and local agencies to develop and implement sustainable improvements in the delivery of transition services and supports. The projects will test ways to remove other barriers to employment and economic self-sufficiency.”<sup>46</sup>

Generally, the projects work with youth aged 14 to 25 who receive SSI, Social Security Disability Insurance (DI), or Childhood Disability Benefits (CDB) “and those at risk of receiving such benefits, including those who have a progressive disability, who have a prognosis for decreased functioning, or who have existing disabling conditions prior to age 18 that would render them eligible [for SSI] except for deemed parental income.”<sup>47</sup> Additional information about these projects is set forth in Appendix 3.

In addition to providing the funds to conduct the demonstration projects, SSA has created a set of “alternative SSI programs rules” for participants in the demonstration projects. These rules share themes similar to the rules created for the Florida Freedom Initiative, with some modifications. (See Appendix 2 for a comparison of the rules in these two demonstrations.) There are five key rules changes in the Youth Transition Demonstration.

First, if SSA determines as a result of a continuing disability review or a review of eligibility at age 18 that the youth no longer meets the SSI disability test, SSA will continue to pay SSI benefits for as long as the individual continues to participate in the demonstration project.

Second, SSA will apply the student earned income exclusion to all participants in the demonstrations, not just to those who are under age 22, as provided in current law.<sup>48</sup> Under the student earned income exclusion, SSA disregards up to \$1,370 of earnings in a month, totaling no more than \$5,520 for the year in 2004. (The amounts are adjusted annually for inflation.)

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<sup>44</sup> 68 Federal Register 57950 (October 7, 2003)

<sup>45</sup> Id. at 57951-2.

<sup>46</sup> Id. at 57951.

<sup>47</sup> Id. Two projects address different age ranges. The Mississippi project will work with children with disabilities as young as age 10. The New York project based at the City University of New York is limited to youth ages 16 through 19 who are SSI recipients.

<sup>48</sup> Section 1612(b)(1) of the Social Security Act, 42 U.S.C. §1382a(b)(1), as amended by section 432 of the Social Security Protection Act of 2004 (Pub.L. 108-203). Originally, the demonstration design also waived the requirement that the student not be married or the head of a household in order to qualify for the student earned income exclusion. This requirement was eliminated by section 432 of the new law.

Third, the general earned income exclusion (\$65 a month plus half of the remaining earnings) will be increased so that SSA will exclude \$65 a month plus *three-fourths* of the remaining earnings.

Fourth, SSA will extend its rules that provide preferential treatment to savings in certain federally-supported individual development accounts to IDAs that do not involve those federal funds.<sup>49</sup> For participants in these youth demonstrations, SSA will exclude from countable income the earnings placed in an IDA and also will exclude the full value of the IDA from countable resources.

Fifth, SSA will allow slightly broader goals for PASS accounts established by participants in these demonstrations. SSA will approve a PASS that has either career exploration or postsecondary education as its goal. If the goal is postsecondary education, the PASS will be required to provide for developing a work goal at least one year prior to completion of the participant's degree requirements.<sup>50</sup>

SSA is evaluating proposals to provide technical assistance and training to the Youth Transition Demonstration grantees.<sup>51</sup> Materials accompanying the request-for-proposals for technical assistance and training indicate that a second request will be issued for a contractor to evaluate the demonstration.<sup>52</sup>

## Conclusion

The demonstration projects that SSA has launched or is in the process of initiating reflect the interests of Congress, SSA, and people with disabilities to gain better understanding of what changes in rules — and what services and supports — would improve the ability of people with disabilities in the DI and SSI programs to return to work or to attempt to work for the first time. These demonstration projects are timely. Policy makers should pace their discussions about the DI and SSI disability programs so their thinking can be informed by the outcomes and lessons from the demonstration projects, in the years ahead.

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<sup>49</sup> For a longer discussion about the IDA rules, see the section describing the Work Incentives for Participants in the Florida Freedom Initiative on page 6 and footnote 22, above.

<sup>50</sup> 68 Federal Register at 57952-3.

<sup>51</sup> SSA-RFP-04-1006, <http://www2.eps.gov/spg/SSA/DCFIAM/OAG/SSA-RFP-04-1006/SynopsisP.html>

<sup>52</sup> *Id.*

### Appendix 1. Demonstration Project Characteristics

Demonstration Project	Target Population				Benefit and rule changes; locations				
	Applicants for DI or SSI	Beneficiaries of DI or SSI	At risk of receipt of DI or SSI benefits	Specific Characteristics	Cash Benefits	Health Care Coverage	Work Supports	SSI Rules Modified	Geographic Location
Benefit Offset \$1 for \$2		DI		Current disability insurance beneficiaries who do not also receive SSI	X	X	X		National – [not yet designed] States: CT, UT, VT, WI
Early Intervention	DI			Applicants presumed to be disabled who elect to pursue work and not finish the disability determination process	X	X	X		NM, VT, WI
Interim Medical Benefits	DI SSI			Applicants without health insurance whose medical condition is likely to improve with medical treatment or where consistent treating-source evidence is needed for SSA to decide the case		X			Location not yet determined
Mental Health Treatment		DI		Recipients with a mental health impairment		X	X		Location not yet determined
Ongoing Medical Benefits		DI		Recipients who want to work but have no other access to affordable health insurance		X			Location not yet determined
Temporary Allowance	DI			People who meet the definition of disability and have impairments likely to improve within 2-3 years	X	X			Location not yet determined
Work Incentives in the Florida Freedom Initiative		SSI		SSI recipients with developmental disabilities who use long-term care services				X	FL For details, see Appendix 2
Youth Transition		SSI	X	Youth aged 14 to 25; one project starts at age 10			X	X	CA, CO, IA, MD, MS, NY (two sites); see App. 2 and 3

## Appendix 2. Comparison of Alternative SSI Program Rules in Florida and Youth Transition Demonstrations

	Current law	Work Incentives for Participants in the Florida Freedom Initiative	Youth Transition Demonstration
<b>Target population</b>	n/a	SSI beneficiaries with developmental disabilities who use long-term care services	Projects vary; youth aged 10 to 25 who receive SSI, SSDI, or Childhood Disability Benefits, or are at risk of receiving these benefits (see Appendix 3)
<b>Earned income disregards</b>	SSA disregards \$65 a month in earnings plus half of remaining earnings. Under the student earned income exclusion, for people under age 22, SSA disregards up to \$1,370 of earnings in a month, not to exceed \$5,520 for the year (in 2004, indexed annually).	SSA will disregard the first \$280 a month of earned income plus half of remaining earnings.	SSA will disregard \$65 a month plus <i>three-fourths</i> of remaining earnings.  SSA will apply the student earned income exclusion to all participants in the demonstration, not just those under age 22.
<b>Plans for Achieving Self Support (PASS)</b>	Funds that a recipient places in an approved PASS account are not counted as income or resources for SSI. The PASS must be for a specific occupational goal.	SSA also will approve PASS proposals that specify that postsecondary education is the goal, if the PASS includes a step for specifying a work goal at least <i>six months</i> prior to completion of course requirements.	SSA also will approve PASS proposals that specify career exploration or postsecondary education as the goal. For postsecondary education, the PASS will require that a work goal will be developed at least <i>one year</i> prior to completion of degree requirements.
<b>Individual Development Accounts (IDAs)</b>	AFIA-funded IDAs and certain TANF-funded IDAs are disregarded when determining eligibility for SSI. These IDAs must allow saving only for three goals: post-secondary education, starting a business, or purchasing a first home.	SSA will extend the same protections to other IDAs or IDA-like programs, including programs that are not federally funded. In addition to the three savings goals permitted for TANF- and AFIA-IDAs, SSA will allow IDAs to have other savings goals, such as to pay for transportation or assistive technology.	Same as in the Florida Demonstration.  <i>For more information about the current rules for treatment of various IDAs in public benefit programs, see page 6 in the text and footnote 22.</i>
<b>Funds for purchase of medical or social services</b>	Counted as a resource at the beginning of the second month after the month in which the funds are received. Interest earned on the funds counts as income.	These funds will not be counted as a resource, so long as the funds are kept in separately identifiable accounts. Any interest earned on such funds will not be counted as income.	n/a
<b>Continuing Disability Review (CDR) and age 18 SSI reviews</b>	SSA must conduct a CDR of disability recipients' eligibility regularly, generally every three years. Also, when a child receiving SSI turns age 18, SSA must redetermine eligibility without the benefit of the medical improvement standard.	SSA will suspend any CDRs that otherwise would have been required for individuals involved in the demonstration, so long as the person is participating in the demonstration.	If SSA determines as a result of a CDR or a review of eligibility at age 18 that the youth no longer meets the SSI disability test, SSA will continue SSI benefits for as long as the person continues to participate in the demonstration project.

### Appendix 3. Youth Transition Demonstration\*

State/Project sites/grantee	Title/Purpose
<p><b>California</b></p> <ul style="list-style-type: none"> <li>• Riverside County Office of Education</li> <li>• Whittier Union High School District</li> <li>• Vallejo City Unified School Districts</li> <li>• Capistrano Unified School District/Saddleback Valley Unified School District Consortium</li> <li>• Irvine Unified School District/Newport/Mesa Unified School District Consortium</li> </ul> <p><b>Grantee:</b> State of CA Health and Human Services Agency, Dept. of Vocational Rehabilitation</p>	<p><b>The Bridges to Youth Self Sufficiency Project (Bridges)</b></p> <ul style="list-style-type: none"> <li>• Will provide benefits planning and intensive service coordination</li> <li>• Outreach to special populations</li> <li>• Early intervention</li> <li>• Study will measure employment, education, level of independence, service participation, and quality of life</li> <li>• Youth aged 14 to 25</li> </ul>
<p><b>Colorado</b></p> <ul style="list-style-type: none"> <li>• Larimer County</li> <li>• El Paso/Teller Counties</li> <li>• Pueblo County</li> </ul> <p><b>Grantee:</b> JFK Partners of the University of Colorado Health Sciences Center</p>	<p><b>Colorado Youth Work Incentive Network of Supports (WINS)</b></p> <ul style="list-style-type: none"> <li>• Participants will work with a Transition Team located in each community, housed in the local Workforce Centers</li> <li>• Designed so same team members will work with youth and family during high school and later after a youth enters the workforce.</li> <li>• Youth aged 14 to 25</li> </ul>
<p><b>Iowa</b></p> <ul style="list-style-type: none"> <li>• Mason City</li> <li>• Waterloo Community School Districts</li> </ul> <p><b>Grantee:</b> Center for Disability and Development, Employment Policy Group, of the University of Iowa</p>	<p><b>Smart Start</b></p> <ul style="list-style-type: none"> <li>• Focus on supporting successful transition from school to work and economic self-sufficiency by coordinating and integrating existing resources (services and benefits) including IDEA, Medicaid, Workforce Investment Act, Vocational Rehabilitation, SSI and Ticket to Work.</li> <li>• “By removing customary bureaucratic constraints that impede individual choice and empowerment, Smart Start enables coordination and integration of transition services across multiple agencies by creating a service delivery system that is market driven.”</li> <li>• Youth aged 14 to 25</li> </ul>
<p><b>Maryland</b></p> <ul style="list-style-type: none"> <li>• Maryland Schools for the Blind</li> <li>• Baltimore County</li> <li>• Wicomico County</li> </ul> <p><b>Grantee:</b> Maryland State Department of Education</p>	<p><b>Maryland State Department of Education Youth Demonstration Project</b></p> <ul style="list-style-type: none"> <li>• In each site, there will be a dedicated Dept. of Rehabilitation Services Counselor, a Consumer Navigator, and a Family Support and Benefit Coordinator.</li> <li>• Will address transportation, independent living, health care, benefits planning before leaving school, and development of life skills needed for employment.</li> <li>• Students will experience earlier involvement with the Dept. of Rehabilitation Services and other employment support services.</li> <li>• Specific age limits not mentioned.</li> </ul>

<p><b>Mississippi</b> all years:</p> <ul style="list-style-type: none"> <li>• Gulfport City Schools</li> <li>• Harrison County Schools</li> </ul> <p>add in year 4:</p> <ul style="list-style-type: none"> <li>• Durant Public School</li> </ul> <p><b>Grantee:</b> Mississippi Department of Rehabilitation Services</p>	<p><b>Mississippi Youth Transition Innovations Project (MYTI)</b></p> <ul style="list-style-type: none"> <li>• Will address: the need for development of a model transition process, the elimination of barriers when feasible to affect transition “at the local, state and federal levels through interagency collaboration and elimination of policies, procedures, regulations and statutory requirements that impede progress,” and development of “natural and new/innovative supports at all levels as needed.”</li> <li>• Youth aged 10 to 25</li> </ul>
<p><b>New York -1</b></p> <ul style="list-style-type: none"> <li>• Erie County</li> </ul> <p><b>Grantee:</b> Erie 1 Board of Cooperative Educational Services (BOCES) w/ Office of Vocational and Educational Services for Individuals with Disabilities, NY State Dept. of Education</p>	<p><b>Transition WORKS</b></p> <ul style="list-style-type: none"> <li>• Will provide a comprehensive, collaborative transition planning and services model “comprised of the most effective, research-based transition practices.”</li> <li>• Will provide “student- and family-centered planning for all participants (in and out-of-school), coordination of services, parent and family education and support, benefits advisement in addition to waivers of SSA regulations, and participation in career exploration activities as well as community-based work experiences.”</li> <li>• “Youth with potential for postsecondary education will receive assistance to plan for and to enter and participate successfully in postsecondary education.”</li> <li>• Youth aged 14 to 25</li> </ul>
<p><b>New York-2</b> Bronx County</p> <p><b>Grantee:</b> City University of New York</p>	<p><b>CUNY’s Youth Transition Demonstration Project</b></p> <ul style="list-style-type: none"> <li>• “As a forum to deliver transition services, integrate systems and tap resources, the project will convene an annual, four-week, Summer Institute for participating youth.”</li> <li>• “College students with disabilities will serve as peer mentors.”</li> <li>• “Year round activities will include student self-advocacy groups, parent support groups, and a four-course, twelve-credit Certificate in Transition Services for school personnel, staff at public and private agencies, as well as parents and CUNY students.”</li> <li>• Limited to SSI recipients, ages 16 to 19</li> </ul>

\* Source of information: *Notice of youth demonstration and SSI waivers*, Social Security Administration, 68 Federal Register 57950 – 57953 (October 7, 2003)