CONSORTIUM FOR CITIZENS WITH DISABILITIES

STATEMENT FOR THE RECORD

Hearing before the House Committee on Ways and Means

Promoting Work Opportunities for Social Security Disability Insurance Beneficiaries

July 9, 2015

Statement submitted on behalf of the undersigned members of the Social Security Task Force, Consortium for Citizens with Disabilities:

Easter Seals
Health & Disability Advocates
Justice in Aging
Lutheran Services in America Disability Network
National Alliance on Mental Illness
National Association of Disability Representatives
National Committee to Preserve Social Security and Medicare
National Disability Rights Network
National Organization of Social Security Claimants' Representatives
Paralyzed Veterans of America
The Arc of the United States
The Jewish Federations of North America
United Spinal Association

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Chairman Ryan, Ranking Member Levin, and Members of the Committee, the undersigned members of the Consortium for Citizens with Disabilities (CCD) Social Security Task Force submit this Statement for the Record for the July 9, 2015 hearing on "Promoting Work Opportunities for Social Security Disability Insurance Beneficiaries."

The CCD is a coalition of national organizations working together to advocate for federal public policy that ensures the self-determination, independence, empowerment, integration, and inclusion of the approximately 57 million children and adults with disabilities in all aspects of society. The CCD Social Security Task Force focuses on disability policy issues in the Title II disability programs and the Title XVI Supplemental Security Income (SSI) program.

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Congress Must Ensure the Financial Future of Social Security Benefits

Our nation's Social Security system insures nearly all American workers and their families for retirement and in the event that a worker experiences a qualifying disability, or dies. As part of this system, Social Security Disability Insurance (SSDI) provides modest but vital financial assistance to approximately 11 million Americans. SSDI helps beneficiaries with disabilities and their families to meet their everyday needs -- keeping a roof over their heads, putting food on the table, paying for out-of-pocket medical and disability-related expenses, and paying for other basic living expenses.

The CCD Social Security Task Force strongly supports efforts to help beneficiaries to obtain and maintain employment to expand economic opportunity and promote self-determination, independence, empowerment, integration, and inclusion. Improving the SSDI program work incentives and providing better employment supports and services is an essential part of these efforts. Below, we provide highlights of the many recommendations for strengthening SSDI work incentives that the CCD Social Security Task Force has made over the last several decades.

With the impending depletion of the Disability Insurance (DI) Trust Fund, beneficiaries face a 20 percent across-the-board benefit cut in just over one year. Given the critical role that SSDI plays in the lives of beneficiaries and their families, our longtime position is that limiting coverage or eligibility or cutting benefits will harm beneficiaries and their families, and will not help anyone to work. **What is needed is a guarantee that SSDI will be maintained through reallocation, without cutting coverage, eligibility, or benefits, to ensure continued benefits through 2034.**

Congress has known for nearly two decades that Social Security's DI Trust Fund will need to be replenished by 2016. The need for action now is no surprise, but stems from long-term demographic trends including an aging workforce now in its disability-prone years, and an increase in work by women that has led to an increase in women's eligibility for Social Security including SSDI based on their own work records.

Reallocation will ensure that SSDI is available to both current and future beneficiaries, including the 7 in 10 SSDI beneficiaries who are age 50 and older. SSDI benefits average just under $40 per day for workers with disabilities. Benefits make up the majority of income for 4 out of 5 beneficiaries and provide the sole source of income for 1 in 3 beneficiaries. The impact of any reduction in benefits could be truly devastating.

Congress needs to act expeditiously, as it has done many times in the past, to reallocate existing payroll taxes between Social Security's DI and Old-Age and Survivors' Insurance (OASI) funds. Last year, using data from the 2014 Social Security Trustees Report, Social Security's actuaries found that both trust funds would be able to pay full scheduled benefits through 2033 by temporarily raising the 1.8 percent DI share of the current 12.4 percent Social Security payroll contribution to 2.8 percent in 2015 and 2016, and then gradually reducing it back to 1.8 percent by 2025. Congress has reallocated between Social Security's funds in this manner about equally in both directions to keep the system on an even reserve ratio -- 6 times using a narrow definition of reallocation, and 11 times using a broader definition of reallocation. As outlined last year by the actuaries, reallocation does not require any new taxes and would maintain the long-term solvency of the combined Social Security trust funds for approximately 18 years.

A reallocation that equalizes Social Security's trust funds – without any accompanying cuts to Social Security coverage, eligibility, or benefits – is the common sense, responsible solution that Congress should enact promptly. Such a reallocation is needed to keep Social Security's promise to the more

than 165 million Americans who currently contribute to the system and the nearly 11 million Americans who currently receive SSDI benefits.

CCD Recommendations for Improving Employment Opportunities for SSDI Beneficiaries

Since CCD's founding in 1973, the Consortium and the CCD Social Security Task Force have developed numerous recommendations for strengthening SSDI. We believe that proposed changes to any program, including SSDI, ***must be developed and evaluated by looking beyond budgetary effects to understand the actual impact on people's daily lives now and in the future***. The recommendations below seek to strengthen SSDI to make it work better for people with disabilities and their families.

The CCD Social Security Task Force strongly supports increasing efforts to help people with significant disabilities to work to their fullest potential. The basic structure of the Social Security Title II and SSI disability programs is sound and should be preserved, but much more can be done to increase economic security and employment among current and future beneficiaries. The CCD Social Security Task Force has written extensively and testified before Congress on numerous occasions, regarding the multi-faceted approaches needed to modernize the Social Security disability programs to increase opportunities for beneficiaries to work, to provide support to help people with disabilities remain attached to the labor force, and to deliver the training, services and supports that people with disabilities, including SSDI and SSI beneficiaries, may need to return to work.

The Task Force has developed the following Reform Principles to guide our recommendations.[1]

Principle 1: Preserve the basic structure of Social Security's disability programs, including the definition of disability.

Social Security's disability programs are critical to people with disabilities and their families. Their basic structure is effective and should be preserved. Any efforts to change the Social Security disability programs must protect and expand the effectiveness of these income support programs, as well as protect access to the corresponding health coverage provided through Medicare and Medicaid. Additionally, because the intent of the Social Security disability programs is to provide income support for individuals who do not have the capacity to work, the existing definition of disability is appropriate. The current definition is strict, providing benefits only to individuals with the most significant impairments. The current structure also provides sufficient flexibility to allow for policies that promote employment for beneficiaries who are able to do some work.

Principle 2: Efforts should be made to increase employment opportunities and improve employment outcomes for Social Security disability beneficiaries, but those efforts should not be achieved through any tightening of eligibility criteria for cash benefits and/or narrowing of health care benefits.

CCD supports new legislative and regulatory proposals that could increase employment opportunities for individuals with disabilities who receive Social Security disability benefits. However, **new initiatives <u>should be funded outside of the Social Security disability benefit structure and should not come at the expense of existing Social Security disability benefits</u>. A top priority for CCD is to retain current eligibility criteria for income support and associated health care**

[1] "Disability Program Reform Principles," CCD Social Security Task Force, March 2012. http://www.c-c-d.org/fichiers/CCD_SS-Disability_Program_Reform_Principles3-2012.pdf.

benefits while also promoting ways to improve employment outcomes for individuals with disabilities who have the capacity for work.

Programs designed to allow flexibility for people with disabilities to return to work, including programs authorized under the Ticket to Work and Work Incentives Improvement Act (TWWIIA), should be supported in order to provide Social Security disability beneficiaries with the flexibility they need to return to work. These programs offer people with disabilities the options to try different work opportunities without risk of losing their benefits should a return to work be unsuccessful. Providing individuals with disabilities the opportunities to work up to their capacity without risking the vital income support and health care coverage allows them the chance to increase their independence and self-sufficiency.

Principle 3: Given that Social Security disability program beneficiaries have already been found unable to perform substantial gainful activity, participation in work or activities to prepare for work should remain voluntary.

While it is critical that high-quality employment services be made readily available to all beneficiaries, the person with a disability is in the best position to evaluate his or her own health condition and ability to participate in such activities. Because many people with disabilities face great challenges in returning to work, and because of the significant diversity of disabilities represented within the Social Security disability programs, receipt of Social Security disability benefits should not be conditional on participation in work or work preparation activities. CCD therefore opposes any type of work requirements in the Social Security disability programs, including any requirements that beneficiaries participate in community service, volunteer work, vocational rehabilitation, training, or other pre-employment activities as a condition of receiving benefits or to avoid sanctions.

Principle 4: Eligibility and cash benefits should not be subject to time limits.

In our experience, even those beneficiaries who eventually attain self-supporting employment may take a long time to do so. Placing arbitrary time limits on benefits could be counterproductive and exacerbate physical or mental health problems. It is also impossible to predict who might be able to work at a self-sustaining level as the course a disability or illness may take is unpredictable and definitely not known ahead of time. For those who are not able to attain a significant level of employment, or not able to do so within the prescribed time frames, a time-limited program would greatly increase the need for repeated applications and adjudications, causing great stress for beneficiaries as well as increased administrative costs for the Social Security Administration. The current policy of conducting continuing disability reviews avoids these problems and additional costs, while ensuring that individuals who no longer qualify for the program have their benefits terminated.

Recommendations for Work Incentives

Some of our major recommendations for modernizing the Social Security disability program work incentives are discussed below. We believe that these kinds of reforms should be the first line of exploration when considering options for strengthening the Title II and Title XVI disability programs, and have the best chance of increasing employment while ensuring that people with the most significant disabilities do not risk the loss of vital income support.

As noted above, development of any system to enhance work among SSDI and SSI beneficiaries must start with the needs of beneficiaries and be designed to meet those needs. Although we believe reforms are urgently needed to maximize opportunities for SSDI and SSI beneficiaries to work, we do not expect significant cost savings from these reforms. If cost saving becomes the major driver of Social Security disability program reform, the unintended consequences for current and potential beneficiaries could be severe.

As a general matter, we have serious concerns that people with disabilities could be hurt by implementation of untested proposals. Additionally, certain proposals could have the unintended consequence of actually making it *more* difficult for people with disabilities to obtain employment. We urge thoughtful consideration and testing prior to endorsing or implementing changes to the Social Security disability programs. In addition, we urge caution in considering changes that could cause individuals to lose access to SSDI or SSI benefits.

Further, we believe that modernizing the Social Security disability programs to improve employment outcomes must occur in close coordination with enhancement of a range of other vital supports and services to ensure that workers with disabilities have a fair shot. In our experience working with people with disabilities, a myriad of factors contribute to the high rate of unemployment among beneficiaries with disabilities. These include the systemic lack of access to post-secondary education, employment services, health insurance, long-term supports and services, and paid leave and sick days, as well as the need for easily accessible, reliable transportation and affordable, accessible housing. All of these factors can conspire to trap people with disabilities in a cycle of poverty, and must be considered and addressed in constructing a system to assist beneficiaries with disabilities to achieve greater economic self-sufficiency.

A. Decouple access to supports and services from Social Security disability

As attitudes and expectations regarding people with disabilities have evolved over time, so has our nation's system of programs designed to support people with disabilities to live independently. Though the purpose of the Social Security disability programs is partial wage replacement for people experiencing limited earnings capacity, these programs became the "gateway" for accessing other needed supports and services. Many other important programs use eligibility for Social Security disability benefits to determine eligibility for the other benefits. For example, receiving a disability determination from Social Security and receiving SSI automatically entitles a person to receive Medicaid in most states; similarly, SSDI eligibility confers eligibility for Medicare, after a 24-month wait. While access to healthcare via Medicare and Medicaid should not be jeopardized in any way for SSDI and SSI beneficiaries, we believe there should be pathways to accessing public health insurance for all individuals with disabilities, without needing to apply and be found eligible for income support benefits (whether needed or not) as a prerequisite to accessing the services and supports they need.

B. Strengthen the Social Security work incentives

The CCD Social Security Task Force highlights the following recommendations to provide greater support to allow beneficiaries to work to their fullest capacity. These represent some of our key recommendations over the years, but are by no means comprehensive.

- **Renew SSA's Title II demonstration authority.**

SSDI beneficiaries face a complex set of rules regarding earnings, and, in the case of concurrent beneficiaries who receive SSDI and SSI, regarding assets as well. Demonstrations allow SSA to test

additional ways to help beneficiaries navigate the system and can provide important information about effective strategies for assisting beneficiaries in attempting to work or return to work. Currently, SSA has demonstration authority for its Title XVI programs, but demonstration authority for the Title II programs expired in 2005. Congress should extend SSA's Title II demonstration authority and should include the same protections for beneficiaries included in the Title XVI demonstration authority.

The CCD Social Security Task Force has principles for Title II demonstrations, available at:

http://c-c-d.org/fichiers/CCD_SS-Disability_Demonstration_Principles-Final-1-14.pdf

- **Ensure continuation of the Work Incentive Planning and Assistance (WIPA) and Protection and Advocacy for Beneficiaries of Social Security (PABSS) programs.**

WIPA and PABSS, established in 1999, provide critically important employment services that help beneficiaries of Social Security's SSDI and SSI disability programs attain greater economic self-sufficiency. WIPA grants go to local non-profits and other agencies to support outreach, education, and benefits planning services for SSI and SSDI beneficiaries about work incentives and services for finding, maintaining, and advancing in employment. WIPA grantees inform beneficiaries about the impact that employment will have on their disability income and medical coverage, and address many of the real fears that individuals have about going to work at the risk of losing health coverage. PABSS provides a wide range of services to SSI and SSDI beneficiaries. This includes information and advice about obtaining vocational rehabilitation and employment services, information and referral services on work incentives, and advocacy or other legal services that a beneficiary needs to secure, maintain, or regain gainful employment. The WIPA and PABSS programs should be permanently authorized and fully funded to prevent service interruptions and loss of well-trained and skilled employees.

- **Improve program navigation and remove barriers to work.**

Over the years, the CCD Social Security Task Force has developed a number of proposals to make it easier for beneficiaries to navigate the SSDI system, particularly when attempting work. As we have noted in prior testimony before Congress, the Task Force generally supports efforts to improve the disability claims process, including through the use of technology, so long as the changes do not infringe on claimants' rights. SSA has already implemented a number of significant technological improvements that have helped claimants and their representatives and have made the process more efficient for SSA employees.

As discussed below, we strongly recommend that SSA develop a better wage reporting and recording system and ensure prompt adjustment of benefit payments to minimize overpayments. Some individuals with disabilities are wary of attempting a return to work out of fear that this may give rise to an overpayment if their earnings are not properly recorded and monthly benefits are not properly and promptly adjusted.

- **Establish an earnings offset in the SSDI program.**

One of the most difficult and enduring barriers to work for SSDI beneficiaries is the sudden termination of cash benefits when someone crosses the substantial gainful activity (SGA) threshold after the trial work period. This affects both the individual's benefits as well as those of any dependent(s).

The CCD Social Security Task Force has long been on record supporting the creation of a benefit offset in SSDI to eliminate the work disincentive created by the cash cliff and create a ramp off of benefits to better support return to work for beneficiaries. There is over 25 years of experience regarding the effects of an offset on beneficiaries from the SSI program under the Section 1619 program, which Congress made permanent in 1987 following a demonstration period of 7 years. Combined with the results of the 4 state pilots undertaken in the early 2000s in SSDI, there is ample evidence that Congress should enact a benefit offset in SSDI.

Last year, in response to a request by Majority staff of the House Ways and Means Social Security Subcommittee, the CCD Social Security Task Force developed a unified SSDI benefit offset proposal. We have shared and discussed our proposal with both the Majority and Minority Subcommittee staffs. Our proposal includes the following features:

1. Benefit offset level: $1 benefit offset for every $2 of earnings over the earning disregard threshold.

2. Earning disregard threshold: Initial earning disregard should be set ***no lower than*** the current law Trial Work Level (TWL) period earning threshold of $780 for 2015 (if adopted in 2016 or after should begin with scheduled TWL earning threshold for that year). The earning disregard threshold for SSDI should be indexed in the same manner that TWL is currently indexed annually.

3. The earned income disregard in the Supplemental Security Income (SSI) program should also be increased to the level it would be at if it had been indexed since its inception. The earned income disregard in the SSI program should be indexed after it is increased. For example, the CCD Social Security Task Force is supportive of the approach taken by the Supplemental Security Income Restoration Act ($112 general income disregard, $364 earned income disregard).

4. Eliminate the Trial Work Period and Extended Period of Eligibility. Rather, earnings should never cause a SSDI beneficiary's eligibility to be terminated. Instead, benefit eligibility should be put in suspension in any month that a beneficiary's earnings rise to the level that no benefit is payable. A SSDI beneficiary's eligibility should only be terminated if the individual has medically improved and no longer has a disabling impairment according to the Title II definition of disability.

The proposal includes other administrative and work incentives proposals. Our full proposal is available at:

http://www.c-c-d.org/fichiers/CCD_Final_Benefit_Offset_Proposal.pdf

The structure and features of SSDI benefit offset proposals matter greatly. The CCD Social Security Task Force proposal came out of extensive research and discussion about what elements must be present to promote work while also ensuring the adequacy of SSDI benefits which have been paid for by workers with disabilities. Our proposal is a unified design, not a menu of options. Additionally, proposals that lack key elements – such as continued attachment to SSDI and Medicare – or that set the earnings disregard threshold lower than the TWL could erode the financial security of SSDI beneficiaries and their families, create new work disincentives in the SSDI program, and increase overpayment rates.

- **Provide a "continued attachment" to SSDI and Medicare, for as long as a beneficiary's impairments last.**

Beneficiaries who are sometimes able and other times unable to be employed should have continued attachment to cash and medical benefits that can be activated with a simple and expedited procedure that is as "seamless" as possible.

For example, SSA has proposed the Work Incentives Simplification Pilot (WISP). Under the WISP, work would no longer be a reason for terminating SSDI benefits. SSA would continue to pay cash benefits for any month in which earnings were below the established threshold, but would suspend benefits for any month in which earnings were above the threshold. SSA would evaluate whether this pilot simplification reduces the number of improper payments due to work, and allows the agency to redirect those administrative resources to other areas.

As noted above, "continued attachment" is also an essential feature of the CCD Social Security Task Force benefit offset proposal.

- **Preserve and strengthen programs designed to allow flexibility for people with disabilities to return to work, including programs authorized under the Ticket to Work and Work Incentives Improvement Act (TWWIIA).**

These programs offer people with disabilities the option to try different work opportunities without risk of losing their benefits should a return to work be unsuccessful. Providing individuals with disabilities opportunities to work up to their capacity without risking vital income support and health care coverage promotes their independence and self-sufficiency.

One critical enhancement that the CCD Social Security Task Force has recommended for many years is to increase the Substantial Gainful Activity (SGA) level for all beneficiaries to be the same as the SGA level for beneficiaries who are blind.

In addition, as highlighted in testimony by the CCD Employment and Training Task Force (http://waysandmeans.house.gov/UploadedFiles/TTWWIIATest.pdf), several statutory problems with TTWWIIA have yet to be addressed by Congress. Among these are the law's disconnect between its eligibility standard and Social Security's normal retirement age; the inability of those working past age 65 to participate in a Medicaid buy-in; prohibitions against Ticket holders receiving more than one ticket; and the requirement that a beneficiary wait 24 months after reinstatement to the benefit rolls before he or she can use the work incentives again. Additionally, 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 6 months); (3) ensure that SSA promptly reinstates both cash and medical benefits once the agency 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.

- **Reject proposals to create new work disincentives.**

The CCD Social Security Task Force strongly opposes any proposals that would create new work disincentives in the SSDI or SSI programs, including proposals to eliminate or reduce concurrent SSDI and Unemployment Insurance (UI) benefits, such as the "Social Security Disability Insurance

and Unemployment Benefits Double Dip Elimination Act of 2015" (S. 499; H.R. 918) and the "Reducing Overlapping Payments Act of 2015" (S. 343).

As noted in a letter signed by 75 national organizations, including members of CCD, the Coalition on Human Needs, and the Strengthen Social Security Coalition, SSDI and UI are vital insurance systems, paid for by workers and their employers, and established for different purposes. Receiving UI and SSDI concurrently is legal and appropriate. Proposed cuts to concurrent SSDI and UI benefits run counter to decades of bipartisan federal policy seeking to open up employment opportunities for SSDI beneficiaries. These proposed cuts single out SSDI beneficiaries, treating them differently from other workers insured under the UI program, and penalize SSDI beneficiaries who have attempted to work by cutting or putting at risk their SSDI benefits. Our full letter is available at:

http://c-c-d.org/fichiers/CCD-Letter-DI-UI-03-17-15FINAL.pdf

- **Improve the rules for impairment-related work expenses (IRWE).**

Under current program rules, beneficiaries can deduct from earned income the costs of IRWEs for SGA determinations. 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. CCD proposals for revising IRWE include:

- ✓ ***Apply the current SSI blindness rule to SSDI disability claimants and beneficiaries to allow the consideration of all work expenses, not only those that are "impairment-related."*** Currently, for Title II and SSI disability claimants and beneficiaries, only those work expenses that are "impairment-related" are 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 public policy basis for this continued disparate treatment of people with different significant disabilities.

- ✓ ***Allow beneficiaries 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.

- ✓ ***Increase the SGA level for all beneficiaries to be the same as the SGA level for beneficiaries who are blind***, and maintain annual indexing of the SGA to adjust for inflation and cost of living increases.

- **SSA must receive sufficient administrative funding in order to process earnings reports timely and adjust benefits as appropriate.**

When a disability beneficiary goes to work, she is required to report her earnings to SSA so that benefits can be adjusted and a work CDR performed as appropriate. If the earnings report is processed in a timely manner, benefits are adjusted and no overpayment results. However, if SSA lacks the staff capacity required to process earnings reports in a timely manner, beneficiaries who have earnings from work are likely to receive overpayments despite reporting their earnings timely to SSA. The longer the delay in processing, the larger the overpayment will be. According to Acting Commissioner of Social Security Carolyn Colvin in testimony delivered to the Social Security Subcommittee of the House Committee on Ways and Means in January 2012, SSA has allocated additional resources to work CDRs, targeting cases with the oldest earnings reports—those more than a year old – but that the agency still has a significant backlog of medical CDRs. Acting

Commissioner Colvin further testified at that hearing that it takes more than 270 days on average for SSA to complete a work CDR. Every month that passes from the time that a beneficiary reports earnings before a work CDR is completed increases the likelihood of a large, preventable overpayment.

This delay in processing of earnings reports can have a significant detrimental impact on people with disabilities. When beneficiaries faithfully notify SSA of earnings or other changes that may reduce their benefit payment amounts, as noted above, it may be months or years before SSA sends an overpayment notice to the beneficiary, demanding repayment of sometimes tens of thousands of dollars of accrued overpayments. It can be shocking and anxiety-provoking to receive such a notice, particularly when the beneficiary reasonably assumed that SSA had processed the information they submitted. Moreover, it can be challenging, if not impossible, for someone subsisting on benefits alone to repay an overpayment of even a few thousand dollars, let alone tens of thousands of dollars or more.

Some individuals with disabilities are wary of attempting a return to work out of fear that this may give rise to an overpayment, jeopardizing their economic stability. SSA needs to develop a better reporting and recording system and ensure prompt adjustment of benefit payments to minimize overpayments due to reported earnings. It is important to note that, in and of themselves, overpayments do not indicate fraud or abuse as beneficiaries are encouraged to work if they are able. The problems arise when reported earnings are not properly recorded and monthly overpayments are not properly adjusted. SSA must have adequate resources and staffing to allow the agency to reduce both the backlog and processing time of earnings reports.

Conclusion

Thank you for the opportunity to submit this Statement for the Record of the July 9, 2015, hearing on Promoting Work Opportunities for Social Security Disability Insurance Beneficiaries. The Social Security disability programs are a vital part of our nation's Social Security system, and provide nothing short of a lifeline to people with significant disabilities. We look forward to working with you in the future as you consider ways to strengthen these vital programs for current and future beneficiaries.

Submitted on behalf of the undersigned members of the Social Security Task Force, Consortium for Citizens with Disabilities:

Easter Seals
Health & Disability Advocates
Justice in Aging
Lutheran Services in America Disability Network
National Alliance on Mental Illness
National Association of Disability Representatives
National Committee to Preserve Social Security and Medicare
National Disability Rights Network
National Organization of Social Security Claimants' Representatives
Paralyzed Veterans of America
The Arc of the United States
The Jewish Federations of North America
United Spinal Association

Safe, Responsible SSDI Reform

Written Testimony

for the

U.S. Ways and Means Committee Hearing
"Promoting Opportunity for Disability Insurance Beneficiaries"

July 9, 2015

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July 23, 2015

The Honorable Paul Ryan, Chairman
US House Ways and Means Committee
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Mr. Ryan,

Thank you for the opportunity to submit written testimony in response to a hearing held by the full US House Ways and Means Committee on July 9, 2015, "Promoting Opportunity for Disability Insurance Beneficiaries."

The Employment Network Advocacy Coalition (ENAC) represents Employment Networks (ENs) that have a contract with the Social Security Administration to provide diverse, individualized employment services to Social Security Disability Insurance (SSDI) beneficiaries and recipients of Supplemental Security Income (SSI) to help them achieve and maintain self-supporting employment.

During the hearing Congressman Charles Boustany posed a question to one of the witnesses, John Kregel of Virginia Commonwealth University, "If you could design an employment program from scratch, what would it look like?" Our testimony answers that question.

After 13 years of operating the Ticket to Work Program with limited success, much can be learned from the collective experience of Employment Networks and other providers who have direct one-on-one contact with beneficiaries on a daily basis. Our recommendations affect three key categories of stakeholders: 1) beneficiaries; 2) the Social Security Administration; 3) employment services providers, including Employment Networks (ENs), State Vocational Rehabilitation Agencies (SVRAs), American Job Centers (AJCs, AKA One-Stops), and Work Incentive Planning and Assistance Programs (WIPAs).

Specific Recommendations

For Beneficiaries:

1. Eliminate the Trial Work Period/Grace (TWP), Extended Period of Eligibility (EPE), and Expedited Reinstatement (EXR).

2. Implement a 2:1 earnings offset to reduce benefits $1 for every $2 earned starting from first dollar earned.

3. Include the 2:1 offset for spouse/child benefits after the main beneficiary reaches $0 rather than the current practice of suspending all dependent benefits after the primary beneficiary works above Substantial Gainful Activity (SGA) and uses the TWP/Grace.

4. Implement permanent attachment to SSDI and use timely and regularly scheduled medical Continuing Disability Reviews (CDR) to determine ongoing eligibility.

5. Retain voluntary beneficiary participation in any return-to-work (RTW) program with a choice of service providers.

6. Allow a one-year adjustment period before implementing the 2:1 offset for those whose monthly earned income is below $700 when the law goes into effect. This will alleviate hardship for beneficiaries currently working below SGA whose benefits would immediately be reduced by applying a 2:1 offset.

7. Allow those using the TWP when the law becomes effective to complete it before applying a 2:1 offset.

8. Eliminate recovery of benefits from beneficiaries who return to work before they have been on benefits for 12 and experience an unexpected medical improvement. This is especially important for beneficiaries with episodic disabilities.

Social Security Administration:

1. Require a separate communication about return-to-work from SSA at least annually to each beneficiary. The current practice of including a small paragraph buried within their annual benefits update is insufficient.

2. Require that all messaging from the Commissioner on down regarding working and benefits promote and encourage return-to-work. Instead of the current, “If you earn more than $X, you will lose your benefits,” the message should be, “Here is how you can work to the maximum extent of your ability and still have your benefits available if you cannot work.”

3. Establish an electronic resource to teach and inform beneficiaries about return-to-work, and aggressively promote it.

4. Establish a centralized cadre of field office support staff dedicated to return-to-work including services to beneficiaries and also to service providers.

5. Implement a telephone and digital wage reporting system with monthly reporting.

6. Count earnings of DI beneficiaries when paid, not when earned.

7. Allocate sufficient administrative resources to prioritize return-to-work administration, including timely CDRs, earnings tracking and posting, and other items listed above.

Service Providers:

1. Ensure a diverse choice of providers including VR, ENs, AJCs and workforce intermediaries (including staffing agencies).
2. Ensure educational advisor resources, certified Work Incentives Planning and Assistance Counselors, to help beneficiaries coordinate return-to-work with other benefits. The benefits include, but are not limited to, Medicare/Medicaid, food stamps, subsidized housing, veteran's benefits, impairment-related work expenses, unemployment insurance, credit and student loan management, etc.
3. The payment structure must be outcome/performance-based and allow for services to individuals as agreed between the beneficiary and the provider, without SSA intervention.
4. The payment structure should allow providers to equally serve those who cannot work to self-sufficiency. ENAC is currently designing a revised payment plan which will be submitted for consideration.
5. Providers should have a choice of who to accept for services, notwithstanding requirements of other statutes (Rehabilitation Act, WIOA).

The recommendations offered in this testimony represent several years of discussions among provider groups who know firsthand what an effective return-to-work program looks like.

Sincerely,

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Disability Services of America, Bensenville, IL
Workforce Essentials, Inc., Clarksville, TN
Lynchburg Area Center for Independent Living, IN
Empower Me Corporation, Ft Worth, TX
South Western West Virginia Region 2 Workforce
Center for Independent Living of Broward, Miramar, FL
Step by Step Employment Services, Memphis, TN
Lifeworx, LLC, Topeka, KS
CareLink Community Support Services, Lansdowne, PA
Rehability Oregon, Portland, OR
Northern Transitions, Inc., Sault Ste. Marie, MI
RAMP Employment Services, Belvidere, IL
Employment Resource Network, San Antonio, TX
Evansville Goodwill Industries, Inc., Evansville, IN
RISE, Incorporated, Minneapolis, MN
Northeast Florida Workforce Development Board, Ocala. FL
SouthSTAR Services, Chicago Heights, IL
Job Victories, Inc., Somerville, MA
Sourthwest Florida Workforce Development Board, FL
Real Solutions, Dorris, CA

Active Members, Cont'd:

Alternative Living Solutions, Charlotte, NC
Goodwill Industries of Central Florida, Inc., Orlando, FL
Special Employment Services, Inc., Wichita, KS
Reach, Inc., Eau Claire, WI, Menomonie, WI
Mending Wings, Inc., Orlando, FL
Certified Placement Services, LLC
America Works of New York, Inc
DisABLEd Workers LLC, Waterloo, IA
Workable Solutions, LLC, Ashland, OR
RAMP Employment Services, Rockford, IL
Bridges Enterprise Four County Counseling Center, Logansport IN
City of Glendale, Verdugo Jobs Center, CA
Full Circle Employment Solutions, Silverspring, MD
Maryland New Directions, Baltimore MD
Rational DataSearch, Barlett, TN
Creative Achievements, Fort Worth, TX
Joseph H. Torres, Orange, CA
Tecumseh Area Partnership dba Workforce Region 4 Employment Network, Lafayette, IN
Employment Network Hawaii

Statement To the U.S. House Committee on Ways and Means

Hearing on "Promoting Opportunity for Disability Insurance Beneficiaries"
Held: July 9, 2015
Submission deadline: July 23, 2015

WorkFirst: Early Intervention for Social Security Disability Insurance Beneficiaries

By

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Introduction: WorkFirst for Early Intervention

Allsup is a provider of specialized services and technologies that help meet the financial and healthcare needs of Americans with disabilities. Founded in 1984, Allsup companies work nationwide to deliver a range of advocacy services and integrated products that help reduce the financial impact of disability, including: assessing eligibility and obtaining Social Security Disability Insurance (SSDI) benefits, supporting return-to-work efforts, and ensuring the healthcare needs of individuals as they move across the disability continuum. A subsidiary, Allsup Employment Services Inc. (AESI), is a Social Security Administration (SSA)-approved Employment Network (EN).

In 2014, Allsup began working with four states and their Vocational Rehabilitation agencies—Delaware, Nebraska, Vermont and Wisconsin to develop an early intervention project. Called WorkFirst, the project proposes to use Allsup's well-developed education and eligibility review process to identify and refer potential SSDI applicants to their home state VR agencies for voluntary return-to-work assistance, prior to their application for SSDI benefits.

WorkFirst has gained the support of these state agencies. WorkFirst also was proposed to the SSA through its Request for Information on Early Intervention Strategies for Serving Individuals with Disabilities, Docket No. SSA-2015-0023, May 7, 2015.

Why have Allsup and these states joined efforts? Allsup has helped more than 250,000 individuals with disabilities successfully obtain their SSDI, Medicare and veterans disability benefits. Nearly 100,000 individuals annually in the past three years have asked Allsup to determine their eligibility for benefits. This provides a unique position to introduce the WorkFirst program to tens of thousands of individuals with disabilities, prior to their application for benefits.

As members of the disability community and providers of state services to millions of people with disabilities, Allsup and Delaware, Nebraska, Vermont and Wisconsin agencies are submitting the following information in response to House Ways and Means Committee Chairman Paul Ryan's call for ideas to help strengthen the SSDI program.

Congress and the SSA should provide full budget consideration for true early intervention programs such as this one. WorkFirst proposes an early intervention demonstration for *potential* SSDI applicants.

More information is provided on subsequent pages.

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WorkFirst: Early Intervention for Social Security Disability Insurance (SSDI) Beneficiaries

Executive Summary. *It is well-documented that the Social Security Disability Insurance Program (SSDI) is facing an imminent fiscal shortfall. The primary driver of the increase in costs of the program has been an increase in the number of people on the SSDI rolls due to demographic and economic changes. If nothing changes, the Social Security actuaries project the program will not have sufficient funds to cover benefits payments as soon as 2016.*

One potential strategy to slow the influx of new beneficiaries into the program is to assist prospective SSDI applicants with returning to work before they become beneficiaries. By intervening early, we believe we can divert SSDI applicants back into the workforce, before they become committed to a life on disability benefits. The States of Delaware, Nebraska, Vermont and Wisconsin are proposing a unique public/private partnership with Allsup Incorporated to test such an approach.

Allsup is one of the largest private companies in the country that represents individuals with disabilities applying for SSDI benefits. As part of its business model, Allsup has developed considerable expertise in screening individuals for eligibility. For this project, we propose using Allsup's expertise in identifying eligible SSDI applicants, and to divert individuals to return to work services through the public vocational rehabilitation program in the four states.

Under the proposed model, Allsup would screen potential applicants and if the individuals are determined as likely to be eligible for SSDI, the individual will be offered a "return to work" track through the public vocational rehabilitation program. If they agree to enter the return to work track, they would be provided a time limited cash benefit that would be contingent on their participation in the vocational rehabilitation program.

The participating state vocational rehabilitation programs would provide specialized "fast track" return to work services. Allsup would maintain an ongoing support role similar to that of an Employment Network under the Ticket to Work program. Any payment for services would be contingent on a successful employment outcome. If the individual sustains work for one year at a substantial level (defined as the level that would preclude eligibility) the state vocational rehabilitation program would receive cost reimbursement. If the individual sustains work at a substantial level beyond one year, Allsup would receive Phase II Milestone and Outcome payments under the Ticket to Work program.

In the current system, many of the incentives are skewed. Companies like Allsup are paid for helping individuals apply for benefits. They are typically not paid for helping someone choose a return to work path. Vocational rehabilitation only receives reimbursement if it helps an existing SSDI beneficiary achieve an employment goal. Vocational rehabilitation does not get any reimbursement if it prevents someone going on the rolls in the first place by helping them return to work. What we propose is to turn the incentives around toward keeping potential SSDI beneficiaries in the labor force and off of the SSDI rolls.

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WorkFirst: Early Intervention for Social Security Disability Insurance (SSDI) Beneficiaries

The Context

The Social Security Disability Insurance (SSDI) program rolls have increased significantly over the last few decades. The increase has put substantial financial pressure on the program. The Social Security Administration's actuaries project the program will become insolvent by 2016 and require either increased revenue or cuts in benefits. A large portion of the increase in the SSDI rolls can be explained as the result of demographic trends, mainly that the "baby boomers" are reaching their late 50s, an age when they are far more like to apply and be eligible for SSDI. However, according to researchers, demographics do not explain the entire increase. In particular, researchers have identified a significant increase in individuals enrolled in the SSDI program based on what they describe as low mortality diagnoses, including psychiatric disabilities and musculoskeletal disabilities.

We suggest it is these last two broad groups that could benefit from effective early vocational rehabilitation services. There is considerable evidence that, with appropriate supports, people with psychiatric disabilities can work. In addition, advances in assistive technology, better therapeutic care and vocational rehabilitation services could be very effective helping individuals with severe back injuries and other musculoskeletal disabilities get back into the work force.

There is considerable research to demonstrate that the longer a person is detached from the labor force, the less likely it is that they will return to work. The SSDI application process may in fact encourage people to give up on any return to work efforts, because it requires individuals to have not worked at a substantial level for at least one year. As a result, SSDI applicants may lose additional work capacity as a result of waiting to become eligible for SSDI.

In recent years, it has become more common to retain a representative to assist with the SSDI application. Twenty percent of those applying now have representatives, who screen for eligibility. Allsup is one of the largest companies providing this service nationwide. The business model of attorneys and organizations like Allsup is based on the payment they receive (25% of back benefits up to $6,000). Most of these entities have limited incentive to help return applicants to the workforce. (An Allsup subsidiary, however, is an Employment Network.) Similarly, the State Vocational Rehabilitation programs receive cost reimbursement or Ticket to Work payments for assisting current SSDI beneficiaries to return to work. However, State Vocational Rehabilitation programs do not receive any payment for helping a potential SSDI applicant return to and stay in the workforce.

The Proposed Solution

We propose a solution that seeks to help potential SSDI applicants return to work before they become beneficiaries. To achieve this aim, we propose a unique public/private partnership with Allsup to identify potential beneficiaries early and help them return to work through their local vocational rehabilitation program.

Screening

With more than 30 years of experience, Allsup has demonstrated the ability to pre-screen SSDI applicants with a high degree of accuracy. Allsup's expertise at pre-screening applicants would

allow a demonstration to target the return to work strategy only for applicants who are likely to be awarded SSDI benefits.

The screening process may also assess for individuals who are most likely to benefit from the intervention and for which SSA is most likely to secure a return on investment, such as:

- Applicants between the ages of 25 and 50+;
- Individuals with a relatively stable diagnosis and prognosis;
- Individuals with a low mortality diagnosis.

For example, a 30-year-old applicant with bipolar disorder would be a strong candidate for early intervention. While every case is different, there is significant evidence that individuals with bipolar disorder can and do work at substantial levels given the right supports. Diverting this potential beneficiary from the SSDI rolls could potentially save the SSA 30-plus years of benefits payments and Medicare costs.

If an individual is screened and considered likely eligible, this would trigger an informed consent and random assignment process for the intervention. Likely DI eligible individuals would have the option of continuing their SSDI application or volunteering for the project intervention. Allsup would receive a one-time fee for each individual who enters the program intervention, to offset the loss of the revenue they would receive if they supported the application through SSDI award and as an Employment Network, through the Ticket to Work program.

Accurate screening also would offer a secondary gain of allowing the project to counsel individuals who are unlikely to be found eligible about their options. The project may then refer the individual to public vocational rehabilitation services or Workforce Investment Act (WIA) services to help them re-engage in the workforce. This has the potential to prevent the harm to an individual, who might remain detached from the workforce waiting for a decision, only to get nothing.

<u>A Time Limited Healthcare and Benefits Package</u>

Often applicants are applying for benefits because of immediate financial need and a belief they have no other option. It will be very difficult to persuade individuals to suspend their SSDI application without offering some temporary cash assistance and access to healthcare. It will also be essential for the return to work process that the individual has some level of financial support to enable them to engage fully in employment services. Applicants would have had to exhaust Unemployment Insurance Compensation in order to receive the temporary cash assistance. We propose the temporary cash benefit be at the same monthly level as the individual would receive if they were awarded SSDI benefits.

Also, immediate access to healthcare may be critical for the individual to manage their disability or other health issues that are a barrier to employment. *All of these benefits would be contingent on participation in the vocational rehabilitation return to work plan*. If a participant decides they are unable to pursue a return to work plan, they would simply reactivate the SSDI application. If the SSDI application resumes and is allowed, then any short-term benefit paid during a period that is covered retroactively by SSA would be deducted from the retroactive payment. In this same case (i.e., a completely unsuccessful effort), the Medicare clock would not be affected as it still starts in first month of inability to engage in SGA as determined by SSA.

We also propose, in addition to time limited cash benefits, that participants have the opportunity to receive additional benchmark payments if they achieve employment at or above a substantial level. Strong cash incentives may further support the participant's engagement in the return to work services.

Table 1: Incentive Structure

Temporary Benefit or Return to Work Incentive	Time Frame
A monthly cash benefit at the level the individual would receive if they became an SSDI beneficiary	One Year Duration from Enrollment
Medicare or an equivalent private healthcare package	Three Year Duration from Enrollment
Work Incentive Payment One: $1,000	Employment at/above SGA for three months
Work Incentive Payment Two: $2,000	Employment at/above SGA for nine months
Work Incentive Payment Three: $3,000	Employment at SGA/above for eighteen months

The monthly cash benefit would not be affected by the participant's work activity. Therefore, if the participant was able to secure employment within the year, they would receive both the benefit and their wages. This would act as a further incentive to work.

Fast Track Vocational Rehabilitation Services and Allsup Long-Term Support

Vocational Rehabilitation Services

Given the time limited nature of the temporary cash benefit, participants would be highly motivated to get back to work as soon as possible. To meet this need Vocational Rehabilitation would develop a combination of fast track services designed to get the individual back into the workforce as rapidly as possible. A service package might include the following:

- Direct job placement and support services;
- Specialized medical assistance in support of return to work (for example pain management);
- Short term (six months) skills training in high demand and industry certified programs;
- Short term training placements in real competitive settings to assist participants re-engage in the workforce;
- On the job training agreements, where Vocational Rehabilitation pays employers to train individuals on the job.

Allsup Long-Term Services

Allsup would continue to maintain an ongoing relationship with the participant throughout the process. This would include benefits and financial/budget planning services to help participants

stabilize and improve their overall financial situation. Allsup also would provide ongoing support to the individual after they have returned to work.

The table in the following section summarizes the elements of the proposed design and the treatment and control interventions.

Table 2: Overview of Potential Early Intervention Research Design

Intervention	Control Group	Intervention Group
Allsup Screening and determination of likely eligibility	Yes	Yes
SSDI Application Status	Continues the SSDI Application Process	SSDI Application Suspended
Temporary Benefits	No temporary cash or healthcare benefits	Time Limited Cash and Healthcare Benefits
Employment Services	Standard VR services available if individual decides to apply	Fast Track VR services targeted at rapid return to work at SGA or better
Cash Incentives to Participants who sustain employment	No	Yes
Allsup Benefits and Financial Planning Services	No	Yes
Allsup Long-Term Support Post VR services	No	Yes

Outcome-Based Payments for Employment Outcomes

We propose an outcome based payment system for Vocational Rehabilitation and Allsup similar to the current Ticket to Work Partnership Plus model. The primary difference is that Vocational Rehabilitation and Allsup would be paid for employment outcomes that would divert applicants from the SSDI rolls. Any successful early intervention strategy must show a return on investment to the Social Security Trust Fund. Therefore, we propose a payment structure that is entirely contingent on outcomes.

Table 3: Payment Structure

Organization	Outcome	Payment
Allsup	Applicants screened into the return to work program	One-time payment from SSA for each participant who agrees to enter return to work track
Vocational Rehabilitation	Applicants who work at SGA for 12 months	Cost Reimbursement
Allsup	Applicant maintains work at SGA beyond VR case closure	Phase II and Outcome Payments based on Ticket to Work

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STATEMENT FOR THE RECORD

Hearing before the House Committee on Ways and Means

Promoting Work Opportunities for Social Security Disability Insurance Beneficiaries

July 9, 2015

Statement submitted on behalf of the National Council on Independent Living (NCIL) by the NCIL Employment-Social Security Subcommittee.

Chairman Ryan, Ranking Member Levin, and Members of the Committee,

The National Council on Independent Living (NCIL) submits this Statement for the Record for the July 9, 2015 hearing on "Promoting Work Opportunities for Social Security Disability Insurance Beneficiaries." NCIL works with Americans with disabilities who use Social Security's two main disability benefit programs to live independently and work in their communities, Social Security Disability Insurance, and the Supplemental Security Income program (SSI). Both programs are in need of structural reform and each program can serve widely different populations, which underlie some of the reasons for two sets of recommendations this year.

Social Security Disability Insurance: SSDI Beneficiaries and Employment
NCIL salutes each one of the 1.2 million SSDI beneficiaries in 2013 who had a job, out of 8.4 million SSDI beneficiaries that year.[1] Most of them unfortunately earned very low wages that were below federal poverty guidelines. NCIL believes Congress must address this crisis this year.
NCIL members have spent the first six months of 2015 carefully shaping recommendations which we believe will better support more SSDI disability beneficiaries and their employment activities.

NCIL members recommend and support:

- For SSDI beneficiaries who work, SSDI should disregard 50% of Substantial Gainful Activity earnings ($545 in 2015) per month as a Career Expense Disregard. Earnings above this amount should reduce the SSDI benefit check by $1.00 for every $3.00 in earnings, commonly called a 3/1 benefit offset.

[1] Table 9, Social Security Administration, U.S. House of Representatives Hearing Testimony, June 16, 2015, http://docs.house.gov/meetings/WM/WM01/20150616/103613/HHRG-114-WM01-Wstate-WeaverD-20150616.pdf.

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- For current SSDI beneficiaries, SSDI should eliminate work incentive rules, in particular, the Trial Work Period (TWP) and the Extended Period of Eligibility (EPE). Eliminate earned income as a reason for ceasing entitlement to SSDI benefits.

- Earnings in the SSDI program should be counted in the month in which they are paid.

- The Social Security Administration (SSA) should be required to prioritize telephonic and digital forms of real-time wage reporting procedures, similar to what they currently use for SSI.

- SSDI eligibility should only be terminated due to medical improvement, as determined in the current medical Continuing Disability Review (CDR) process.

Supplemental Security Income program: SSI Recipients and Employment
In a 2015 letter to President Obama, the National Council on Disability asks:

> *"What would a fundamental restructuring of the SSI and SSDI system require to align it with the goals of the Americans with Disabilities Act (ADA), which celebrates its 25th anniversary this year."*
> National Council on Disability
> Securing the Social Contract: Reforming Social Security Disability Report
> January 2015

Updates on an Important NCIL Response: The CareerACCESS Policy Initiative
NCIL's Board of Directors has adopted a strong statement of support for CareerACCESS. NCIL Members passed a 2014 Resolution calling on NCIL to advocate for reform of the current Social Security definition of disability.

Discussions with key Congressional staff and interested state agencies continue this year. NCIL is working with the World Institute on Disability and PolicyWorks to secure wider support and funding for CareerACCESS pilot projects in up to five states. For current details and the CareerACCESS blog, use the QR Code below on your smart phone, visit ourcareeraccess.org, or email Justin Harford at justinh@freed.org.
QR Code: www.ourcareeraccess.org

NCIL Asks Congress: Reform SSI for Career Building Young Adults!

The NCIL Ask: NCIL requests Congress (through the House Ways and Means Committee and the Senate Finance Committee) for funds to start and continue CareerACCESS pilot projects in up to 5 states that will serve young adults who meet SSI medical rules for disability, while eliminating the requirement for applicants to prove an inability to work.

Since 1956, young adults with disabilities must prove their inability to work to be eligible for Social Security disability programs. Current SSI rules relegate millions of individuals with disabilities to lives of poverty to remain eligible for cash benefits and health care.

CareerACCESS confronts the disability determination and benefits eligibility rules, transforming SSI's supplemental security income from a safety net to a springboard of opportunity for youth building careers.

CareerACCESS can revolutionize how young adults eligible for Social Security's SSI program (Supplemental Security Income) find and use employment support services, while maintaining disability cash benefits and building their own assets.

CareerACCESS pilot pilots will build on innovative practices to increase employment rates for young adults with disabilities, and over time, provide an effective alternative to the current SSI benefits program.

Current Pilot Project Features and Directions
Piloted in up to 5 states, CareerACCESS will serve young adults who are eligible for SSI while eliminating the requirement for applicants to prove an inability to work. It will blend and braid services and supports from across federal agencies to provide ACCESS (Adult Coaching, Counseling, and Employment Support Services) for young adults up to age 30.

Features:

Eligibility - Establish new eligibility rules eliminating tests for work incapacity. Applicants with a disability under the age of 28, who meet the current SSI income and resource rules, are auto-enrolled into CareerACCESS, an alternate benefit program to SSI. Eligible applicants must meet or equal the current medical rules in Social Security's Listing of Impairments, excluding the test for work incapacity. Applicants who decide they are not ready for CareerACCESS can choose to apply for the current SSI program in a pilot state.

Supports - Design a mix of new and existing supports by using blended and braided funding from the Department of Education, Health and Human Services, Department of Labor, and Social Security, to serve young adults with disabilities who are in compliance with an Individualized Career Plan (ICP) that meets federal rules and standards.

The individual will review and update the ICP with the key support partners needed to comply with project rules. If a participant becomes non-compliant for any reason, they may exit to the traditional SSI program.

Simplification - Test simplification of SSI work rules allowing CareerACCESS participants to keep their federal SSI stipend ($733 for an individual, $1100 for a

couple). The cash benefit stays the same until the participant's earnings and stipend combined are more than 250% of the 2015 federal poverty level. When the participant reaches that level, the young adult will have $2,452 per month to work with. For income amounts above this level, the cash stipend ($733) will be reduced $1 for every $3 in earnings.

Cash and Counseling – The cash stipend rules allow for a "cash and counseling" approach, similar to successful Medicaid models, to provide life coaching services to enrollees and their families. Services include: counseling and guidance on career planning and coaching, navigating systems, benefits planning, asset development, and health care access.

Financial Planning - Allow participants to benefit from work by eliminating asset building limitations; assets acquired and saved during the project, including ABLE Accounts, are held harmless. Asset development and portability after exit from the project is key to stabilizing financial independence.

Establish enrollee-friendly, online wage reporting, tracking, and information services.

The SSI program - Modify the SSI program rules over time for all SSI youth based on CareerACCESS pilot project findings and outcomes. Sunset the program at or before 12 years, depending on objectives being met as regularly reported to Congress.

Summary by: World Institute on Disability (WID), National Council on Independent Living (NCIL), and PolicyWorks. Current information is at: www.ourcareeraccess.org.

Statement for the Record of the

National Employment Network Association

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United States House of Representatives

Committee on Ways and Means

Hearing on:

Promoting Work Opportunities for

Social Security Disability Insurance (DI) Beneficiaries

July 9, 2015

Paul Luttrell, Board Chair
National Employment Network Association

Lisa Jordan, Board President
National Employment Network Association

Honorable Chairman Paul Ryan, Ranking Member Samuel Levin, and distinguished members of the House Committee on Ways and Means:

The National Employment Network Association (NENA) is honored to present this Statement for the Record for the legislative hearing on July 9, 2015. On behalf of the 150 Employment Networks (EN) represented by NENA, we wholeheartedly support your commitment to a bipartisan solution to the Social Security Disability Insurance (DI) crisis and to solving issues that prevent DI recipients from working to their capacity.

NENA is in full agreement with testimony during the hearing regarding issues and barriers that DI beneficiaries experience in returning to work. Our statement proposes solutions that allow beneficiaries to reduce their dependence on DI benefits, offer a path out of poverty, and produce savings to the Social Security Disability Trust Fund.

Consistent with those of Sam Johnson, Chairman of the Subcommittee on Social Security, NENA's guiding principles for reform are:

- Encourage work
- Simplify the return-to-work process
- Maintain solvency and stability of the system

About NENA

NENA is an incorporated non-profit organization whose purpose is to perform recruiting, outreach, research, training, education, and other services to improve effectiveness of the Ticket to Work and Self-Sufficiency Program, including serving the needs of the Association's members. NENA represents all organization types providing services as employment networks under the Ticket to Work Program.

NENA is recognized as a "Ticket" Subject Matter Expert and is often asked to provide information or review proposed changes to rules, policies, or regulations related to the Ticket to Work Program.

About Employment Networks

An EN is an entity that contracts with the Social Security Administration to either provide or coordinate the delivery of necessary services to Social Security disability beneficiaries under the Ticket to Work and Self Sufficiency Program. The EN can be a single individual, a partnership/alliance (public or private) or a consortium of organizations collaborating to combine resources to serve eligible individuals.

Employment Networks are "boots on the street," assisting DI beneficiaries to set and achieve career goals and helping them navigate through the complex and intimidating process of disengaging from public benefits. Once beneficiaries are employed, ENs support them to remain employed and continue their path toward self-sufficiency to the extent possible for them. Many ENs have Certified Work Incentive Counselors (CWICs)

on staff. The combination of knowledge and human support from these counselors cannot be replicated using online/automated benefit review systems, though they may be useful as an adjunct resource.

The Ticket to Work Program originally was designed to encourage entrepreneurial service models, increasing choice and diversity of providers. ENs are reimbursed for employment outcomes of beneficiaries - payments are based solely on documented employment outcomes.

The Ticket to Work Program operates parallel to the system of State Vocational Rehabilitation (VR) agencies. In some cases, SSDI beneficiaries who would be on a wait list for their state VR agency are able to receive immediate help from an EN. In addition, the Ticket Program allows a simpler service experience, which some beneficiaries prefer.

Identifying Issues and Barriers

All beneficiaries who have capacity and desire to work may fear or have experienced the following:

- A grossly complex system of work incentives
- Inefficient processing of earnings information
- A benefits payment structure that prevents working to true capacity
- Large overpayments that can be financially crippling
- Loss of needed medical benefits
- Inconsistent messages about the impact of working on benefits

For every beneficiary an EN accepts for services, the EN turns away many more. The reasons are not related to the desire of beneficiaries to work, or of the EN to assist them, but the following:

- Complexity of the system confuses and intimidates beneficiaries, causing a major disincentive to return to work at any level.
- Current Ticket to Work provisions cause ENs to reject the majority of ticket-holders because they either have limited work capacity or desire part time work.
- Current SSDI policy financially rewards beneficiaries to “park” below Substantial Gainful Employment (SGA); i.e., intentionally limit their earnings.
- Substantial numbers of beneficiaries want to work but truly cannot work above SGA. Public policy should allow them to work to the extent that they can because all earnings contribute not only to the economy but also the individual’s FICA contributions.

Eliminating the various work incentives will necessarily require changes in the Ticket to Work and Work Incentives Improvement Act (TWWIIA) to allow ENs to serve ticket users at all levels of work and not focus only on those whose goal is to work toward self-sufficiency and eventually leave the rolls.

Recommendations

Drawing on the vast experience of its member organizations and in response to a request, NENA developed a proposal with recommended solutions, enumerated below:

1. Eliminate Substantial Gainful Activity relative to return to work.
2. Eliminate the Trial Work Period (TWP), Extended Period of Eligibility (EPE), Expedited Reinstatement (EXR), and work related Continuing Disability Reviews (CDRs).
3. Implement a 2:1 offset from first dollar earned, with no set-aside.
4. For those beneficiaries receiving children's benefits, apply the 2:1 offset first to the primary beneficiary's earnings and not reduce children's benefits until the primary beneficiary reaches full cessation. Then apply the 2:1 offset to the children's benefits until those reach full cessation or are otherwise no longer payable.
5. Reduce countable income dollar for dollar after offset for Impairment Related Work Expenses (IRWEs), and by the actual determined value of subsidized wages.
6. Continue eligibility for the SSDI program for as long as the beneficiary continues to be medically disabled regardless of work activity.
7. Eliminate the two-year waiting period for eligibility for Medicare.
8. Implement automated reporting systems to achieve real-time earnings reporting instead of relying on beneficiaries to report their earnings.
9. Include wording in various informational sources and design mandatory training for personnel at all levels of SSA and its partners that encourages work to the extent possible and guides beneficiaries to learn and use work incentives.

Summary

Every citizen deserves the opportunity to derive dignity and other benefits that come from gainful employment. The current DI payment structure and the accompanying administrative and support systems are cumbersome, confusing, discourage work and trap people with disabilities in a cycle of poverty. Employment Networks are a vital resource to achieve employment goals for those 40% who want to work while also producing savings to the DI Trust Fund.

NENA will respond to the call by you, Mr. Chairman, SS Subcommittee Chairman Johnson and Senator Hatch for ideas on how to strengthen the Social Security Disability Program, as announced in the July 8, 2015 press release. Our submission will further detail the NENA proposal, elements of which are provided in this statement.

Thank you for the opportunity to submit this Statement for the Record and for all you do to promote work for those who can, and preserve the safety net for those who cannot.