

2013 Social Security Disability Insurance (SSDI)

Work Incentives

Social Security Disability Insurance (SSDI) provides benefits to disabled or blind individuals who are "insured" by workers' contributions to the Social Security trust fund. These contributions are required by the Federal Insurance Contributions Act (FICA) which created Social Security taxes which are paid based on your earnings or those of your spouse or your parents.

Social Security bases your SSDI payment amount on the worker's lifetime average earnings covered by Social Security. The amount is adjusted each year to account for cost-of-living changes. SSA may reduce the amount if you receive Workers' Compensation payments (including Black Lung payments) and/or public disability benefits, for example, certain state and civil service disability benefits. Other income or resources do not affect the payment amount.

Will You Get Health Insurance Coverage?

You will receive Medicare coverage if you are eligible for SSDI benefits. However, you may need to wait for your Medicare coverage to begin. (If you are a former Federal, state or local government employee, you may be eligible for Medicare coverage without being eligible for SSDI.) Medicare consists of hospital insurance (Part A) and supplementary medical insurance (Part B), and starting in 2006, voluntary prescription drug benefits (Part D).

SSDI WORK INCENTIVES

The SSDI employment supports include:

- Trial Work Period;
- Extended Period of Eligibility;
- Impairment-Related Work Expenses;
- Subsidy and Special Conditions;
- Continuation of Medicare Coverage;
- Medicare for Individuals With Disabilities Who Work; and

TRIAL WORK PERIOD (TWP)

The Trial Work Period (TWP) allows you to test your ability to work for at least 9 months. During your TWP, you will receive *full* SSDI benefits regardless of how high your earnings might be so long as your work activity has been reported and you continue to have a disabling impairment. Your TWP starts with the first month you are eligible for SSDI benefits or the month in which you file for benefits, whichever is later. The TWP continues until you accumulate 9 months (not necessarily consecutive) in which you performed what we call "services" within a rolling 60-consecutive-month period. We use this "services" rule only to count TWP months. We currently consider your work to be "services" if you earn more than \$750/month (for the year 2013), **or** work more than 80 self-employed hours in a month. The dollar amount can be adjusted each year based on the national average wage. After you complete your TWP, you begin your extended period of eligibility, unless SSA reviews your disability case and find your impairment has medically improved.

EXTENDED PERIOD OF ELIGIBILITY (EPE)

At the conclusion of the nine-month TWP, as long as individuals continue to have their original disabling condition, a 36-month Extended Period of Eligibility (EPE) will begin in the month following the ninth TWP month. During these 36 consecutive months, individuals will receive benefit checks when their earnings are below Substantial Gainful Activity (SGA). For 2013 the SGA is \$1040/month gross (before taxes and other deductions) or \$1,740/month gross for beneficiaries who are blind. During the EPE, individuals are due payment (disability benefits) for any month they do not work, or when work and earnings fall below the SGA level. During this period, it is not necessary to file a new application for benefits to resume. Social Security cash benefits are paid during the EPE only for the months in which countable earnings are below the SGA level.

Impairment-Related Work Expenses (IRWE)

The cost of certain impairment-related items and services required by individuals in order to work are deducted from gross earnings in calculating SGA, even if these items and services are also needed for non-work activities. The purpose of the IRWE is to allow Title II beneficiaries to reduce income below SGA levels until they can work at a level of self-sufficiency, which decreases reliance on benefits. SSA deducts IRWE for SGA purposes when: 1. The item or service enables you to work; 2. You need the item or service because of your disabling impairment; 3. You paid the cost and are not reimbursed by another source, for example Medicare, Medicaid, or private insurance; 4. The cost is "reasonable"—that is, it represents the standard charge for the item or service in your community; and 5. You paid the expense in a month that you are or were working. Occasionally, an impairment-related work expense may be used before the first or after the last month of work activity.

Subsidy and Special Conditions

"Subsidy" and "special conditions" are our names for support you receive on the job that may result in you receiving more pay than the actual value of the services you perform. "Subsidy" is support provided by your employer. "Special conditions" are generally provided by someone other than your employer, for example a vocational rehabilitation agency. Subsidy or special conditions may exist if: • You receive more supervision than other workers doing the same or a similar job for the same pay; • You have fewer or simpler tasks to complete than other workers doing the same job for the same pay; or • You have a job coach or mentor who helps you perform some of your work. If your employer and/or other involved parties cannot or will not set the real value of your work, SSA will decide the value of your work.

Continuation of Medicare Coverage

Most individuals with disabilities who work will continue to receive at least 93 consecutive months of hospital and supplementary medical insurance under Medicare, after the nine month trial work period. You pay no premium for hospital insurance. Although cash benefits may cease due to work, you have the assurance of continued health insurance. The 93 months start the month after the last month of your TWP. You must work and perform SGA, but not medically improved. After premium-free Medicare coverage ends due to work, some individuals who have returned to work may buy continued Medicare coverage, as long as they remain medically disabled. You can buy Premium Hospital Insurance (Part A) at the same monthly cost that uninsured eligible retired beneficiaries pay. You can buy Premium Supplemental Medical Insurance (Part B) at the same monthly cost that uninsured eligible retired beneficiaries pay.

Reporting your monthly income to SSA: It is **very important** that you **report your monthly earnings each month** to your local Social Security Office. If you are receiving a paycheck, you should mail or bring the pay stubs to the local Social Security Office each month. If you are self-employed, you should consult with a benefits specialist (see below), the Social Security Administration, or other knowledgeable expert on Social Security policy and procedures.

Always contact your SSA Claims Representative when any of the following events happen:

- A. Your disabling condition improves, Your work status changes, You begin employment or self-employment, You stop employment or self-employment, Your work activity and/or earnings increase, Your income from other sources increases, or Your Impairment-related work expenses changes or stops.
- B. You make an application for payments under a workers' compensation program or, where applicable, a disability program or there is an increase or decrease in the amount of payment received under a workers' compensation program or, where applicable, a disability program or a lump-sum settlement is received or the workers' compensation and/or public disability payments stop.
- C. You are convicted of a felony, fled a felony warrant, or are confined within the U.S. for conviction of a felony.
- D. You leave the Country.
- E. The primary beneficiary or a dependent dies.

NOTE: One of the results of failing to report one of the above events is that you may receive an overpayment of your disability benefit, an overpayment that you may have to later repay.

In order to better enable a person with a disability to make informed decisions about working and receiving benefits contact Marilyn Morrison, for Benefit Specialist Services

Contact: Marilyn Morrison (571) 339-1305/ mmorrison@vaaccses.org