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Regulatory Changes and the Recession: How Did They Affect Ticket to Work Participants' Employment Efforts?[1]

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The Ticket to Work (TTW) program began in 2002 and is designed to help Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) beneficiaries return to work and reduce their reliance on cash benefits. After rollout was completed in 2004, the TTW program experienced declining provider and participant interest before a revised set of regulations was enacted in 2008. This brief focuses on the years immediately before and after these new regulations took effect (2005 through 2010). It explores the extent to which the regulatory changes encouraged more employment networks (ENs) to assist TTW participants, as well as changes in participants' work activity during this time. It also highlights the possible effects of the economic recession (2007 to 2009) on participants' efforts to return to work.

The TTW Payment System

Overseen by the Social Security Administration (SSA), the TTW program is designed to provide employment-related services to SSDI and SSI beneficiaries, with the ultimate goal of increasing the number of people who find jobs and become self-sufficient. Beneficiaries receive a Ticket they can assign to a participating provider, known as an EN, to obtain services and support.

ENs receive payments from SSA for months in which the participants they serve earn above a specified income level. ENs must choose from one of two payment systems: outcome-only (OO) or milestone-outcome (MO). The OO system pays ENs for the months when participants do not receive cash benefits and have earnings that are at or above the level of substantial gainful activity (SGA; $1,040 per month for nonblind beneficiaries in 2013). As the name suggests, ENs with Tickets assigned under this system receive outcome payments only. In the MO system, ENs receive smaller outcome payments for the months when beneficiaries have earnings at or above SGA and do not receive cash benefits. In exchange, they also receive milestone payments when beneficiaries achieve intermediate earnings thresholds while still receiving cash benefts.

Most ENs must use their selected payment system for all TTW participants they serve. An exception is made for one type of service provider—state vocational rehabilitation agencies (SVRAs). SVRAs can choose to be paid under either the MO or OO system or under a system that reimburses the agency for costs incurred for serving a beneficiary, provided that provider achieves 9 months of SGA within a 12 month period. This latter system is often called the "traditional" system because it was in place before TTW. Each SVRA must also choose the MO or OO system, but on a case-by-case basis it may opt to use the traditional system instead.

Making TTW More Appealing to ENs

In 2008, SSA revised the TTW program to make it more financially attractive to ENs, after early providers cited low payment levels and administrative burden as significant barriers to their TTW participation (Prenovitz et al. 2012). These revisions changed the MO and OO payment systems to (1) allow providers to receive payments sooner and for lower levels of earnings through the addition of phased milestone payments; (2) bring payments for SSI beneficiaries in line with those for SSDI; (3) accelerate the payment schedule for SSDI beneficiaries; and (4) equalize the total potential amounts paid under MO and OO (Table 1).

Following these changes to the regulations, there was an immediate surge in TTW participation. From 2007 to 2010, the number of ENs accepting at least one Ticket each year jumped from 818 to 1,600, while the total number of new Ticket assignments climbed from 66,000 to nearly 94,000. New assignments under the EN payment systems quadrupled from 2007 to 2010—from 4,168 to nearly 19,913.

How Were the Regulations Expected to Change Beneficiary Employment?

TTW participants want to work; nearly all TTW participants have employment

[1] This brief is based on a longer report by Schimmel et al. (2013), prepared for SSA as part of the evaluation of the Ticket to Work program, under contract no. 0600-03-60130. All opinions expressed are those of the author and do not necessarily reflect the views of SSA or Mathematica Policy Research.

Table 1.

PAYMENTS TO ENs UNDER THE MO AND OO PAYMENT SYSTEMS, BEFORE AND AFTER THE 2008 REGULATION CHANGES

	Before July 2008	After July 2008
MO Payment System		
Milestone payments	Up to 4 payments, starting with one month of work at or above the SGA level ($1,040 per month in 2013 for nonblind beneficiaries).	Phase 1: Up to 4 payments, starting with one month of work at or above the trial work level ($750 in 2013). Phase 2: Payments made when earnings exceed SGA (up to 11 payments for SSDI and 18 for SSI beneficiaries).
Outcome payments[a]	Up to 60 payments for both SSDI and SSI beneficiaries for each month with earnings at or above SGA and $0 cash benefits.	Up to 36 payments for SSDI and 60 payments for SSI beneficiaries for each month with earnings at or above SGA and $0 cash benefits.
Total payment value	**SSDI: $21,900**	**SSDI: $23,341**
	SSI: $12,600	**SSI: $22,468**
OO Payment System		
Outcome payments[a]	Up to 60 payments for both SSDI and SSI for each month with earnings at or above SGA and $0 cash benefits.	Up to 36 payments for SSDI and 60 payments for SSI beneficiaries for each month with earnings at or above SGA and $0 cash benefits.
Total payment value	**SSDI: $25,800**	**SSDI: $25,884**
	SSI: $14,760	**SSI: $24,720**

Source: Compiled from www.yourtickettowork.com, accessed on July 8, 2013.

goals, and many are actively preparing for employment (Livermore 2011). Because TTW was implemented as a policy change that made services available to nearly all beneficiaries with disabilities, we have no way of comparing outcomes to similar beneficiaries who do not have access to TTW. Consequently, we cannot determine whether participants would have found or retained jobs without TTW or whether TTW directly influenced their success. Nonetheless, the revised regulations offered ENs greater incentives to help participants return to work, and in the absence of other factors, would have been expected to increase participants' work activity.

Unfortunately, the significant economic recession from 2007 through 2009 makes assessing the effect of the regulatory changes on provider participation, payments, and beneficiary outcomes impossible. Like many others, SSDI and SSI beneficiaries experienced sharp declines in employment during this period: 12.9 percent of beneficiaries were employed in 2005, compared with only 9.9 percent in 2009 (Livermore 2011; Wright et al. 2012). It seems likely that the recession also worsened the employment outcomes of TTW participants. The coincidental timing implies that the recession's effect is confounded with any impacts from the regulatory changes.

Many TTW Participants Forgo Benefits Because They Are Working

When SSDI and SSI beneficiaries earn more than the SGA level, their cash benefits may be suspended or terminated. In recent years, researchers have used SSA administrative data to identify the months in which these types of suspensions and terminations occur in order to shed light on the effectiveness of TTW. The result of these efforts is a monthly indicator—"nonpayment status due to suspension or termination for work," or NSTW—described in the text box below.

Compared with beneficiaries who do not participate in TTW, participants have high rates of NSTW. Figure 1 compares TTW participants to other non-participant beneficiaries in each year, from 2005 on, in terms of (1) the percentage experiencing at least one NSTW month during the year and (2) the annualized number of NSTW months per 1,000 beneficiaries in the group. This latter measure is equivalent to the number of beneficiaries who do not receive cash benefits because of earnings for an entire year per 1,000 beneficiaries; we refer to it as "zero benefit years" (ZBY). In each year, the likelihood of

NSTW Defined

SSDI cash benefits may be suspended after beneficiaries complete their trial work period (TWP), which occurs when they earn more than a certain amount ($750 per month in 2013) for 9 consecutive or nonconsecutive months in a rolling 60-month period. After completing the TWP, beneficiaries enter the extended period of eligibility (EPE), in which cash benefits are suspended in any month that beneficiaries earn above the SGA level, beyond a 3-month grace period. After 36 consecutive months and the grace period, cash benefits are terminated in the first month when earnings exceed the SGA level; otherwise, benefits continue.

SSI cash benefits decline by $1 for every $2 a beneficiary earns above a small "disregarded" amount. Benefits are suspended if earnings are so high that the cash benefit falls to zero. Beneficiaries may remain suspended for work indefinitely, allowing them to maintain Medicaid eligibility and return to the rolls immediately if their earnings fall. SSI cash benefits are terminated if earnings exceed the upper limit based on Section 1619(b).

having at least one NSTW month is 2 to 2.5 times higher among TTW participants than other beneficiaries, reaching as high as 7 percent of participants in 2007. Likewise, the number of ZBY for TTW participants in each year is nearly double that of other beneficiaries.

Figure 1 also shows the effects of the recession, with marked NSTW and ZBY declines for both groups of beneficiaries starting in 2008. It is interesting to note that, from 2008 on, TTW beneficiaries experienced larger declines in terms of both NSTW and ZBY compared with their non-TTW peers. This reflects the fact that beneficiaries who assign their Ticket are often newly working or seeking work; as the economic downturn began to limit their employment opportunities, they were less likely to have NSTW months and instead receive cash benefits.

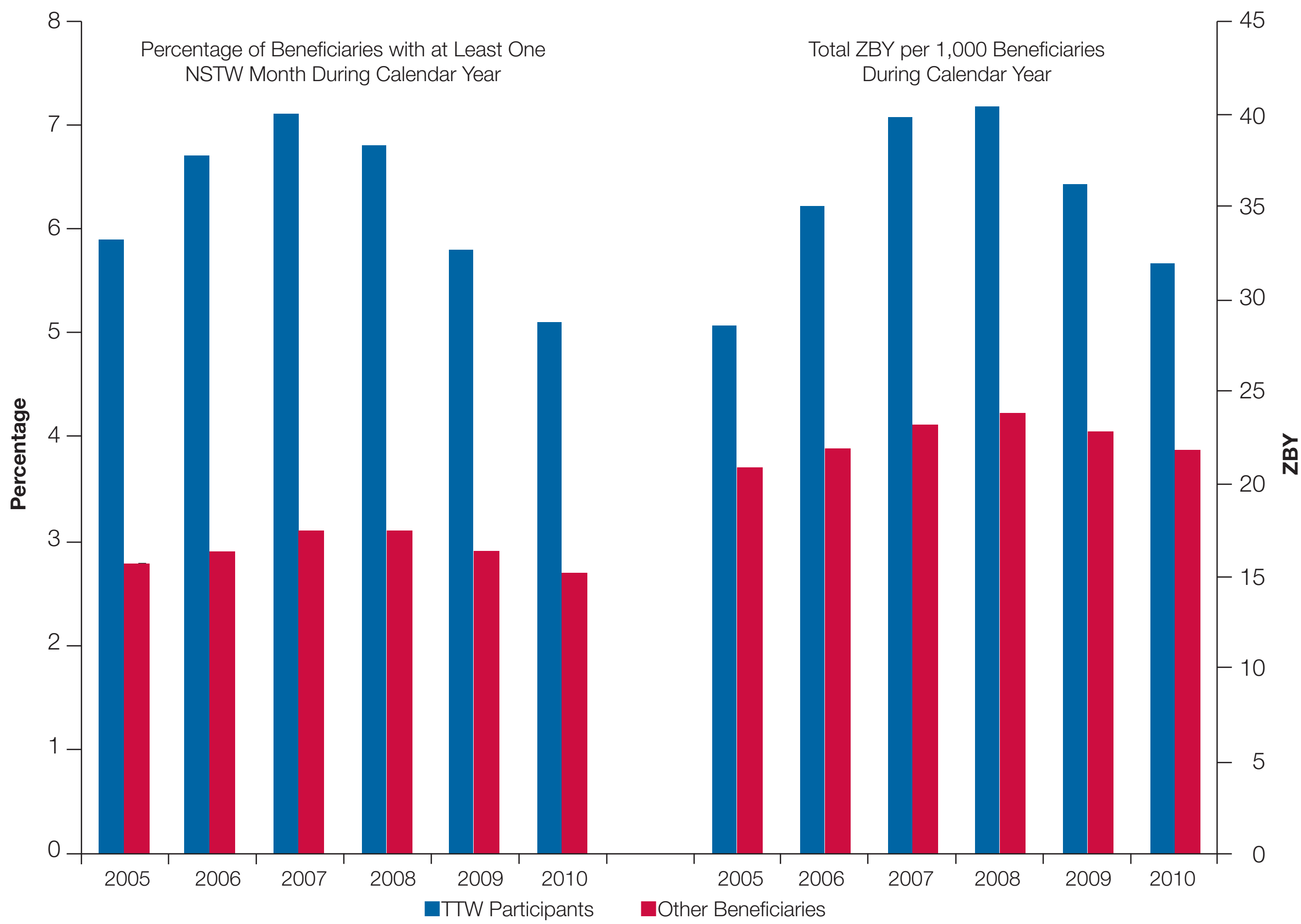
TTW Participants' NSTW After the Regulatory Changes

So far, this brief has presented findings for TTW participants as a whole. We now turn to the extent that the regulatory revisions to the EN payment systems (OO and MO) affected the share of participants assigned under each and participant outcomes. Table 2 shows the changes in NSTW, by payment system, around the time the revised regulations took effect. Specifically, it compares the percentage change in statistics for a group of participants who assigned their Tickets after the regulatory changes (from July 2008 through June 2009) to a group that assigned Tickets before the regulatory changes (from July 2006 through June 2007).[2]

[2] Strictly speaking, the dates for the latter group overlap the date the regulatory changes took effect: July 21, 2008. Thus, participants who assigned their Tickets in the first part of July 2008 did so under the original regulations. Also note that, for the former group, the dates overlap the July 21, 2008, threshold when looking at NSTW in the 18 months after assignment, despite all Tickets in this group being assigned under the original regulations.

Figure 1.

TTW Participants Are More Likely Than Other Beneficiaries to Experience NSTW and Have Higher ZBY per 1,000 Beneficiaries



Source: Analysis of SSA's Ticket Research File (TRF10) linked to the Disability Analysis File (DAF11), as described in Schimmel et al. (2013).
Notes: NSTW is a monthly indicator of the nonpayment of cash benefits due to suspension or termination resulting from work. ZBY, or zero-benefit years, converts the total number of NSTW months within a year into an annualized measure that is equivalent to the number of beneficiaries without cash benefits for an entire year. The subpopulation each year consists of beneficiaries age 18 to 64 who spent at least one month in current pay status, in NSTW, or with benefits suspended for another reason. TTW participants are those who assigned their most recent Tickets in the current year or in any previous year as long as their Ticket remained assigned. Other beneficiaries meet the selection criteria but are not TTW participants, including participants in years their Ticket was not assigned.

One notable pattern is the large percentage increase in new Tickets assigned under the MO system after the regulations changed (316 percent), compared with only a modest increase under the traditional system (19 percent) and a decline in OO assignments (-35 percent). This may reflect the fact that the MO system allows ENs to receive payments sooner than in other systems, even if participants are earning less than the SGA level. It is reasonable to assume, then, that ENs favor this system because it gives them the opportunity to receive some payment, even if their participants did not earn much money or stay employed for long. Indeed, the MO system was more popular than the OO system even before the phase 1 milestones and increase in total payments under the revised regulations improved the financial attractiveness of the MO system.

Table 2.

PERCENTAGE CHANGES IN NSTW AFTER THE REGULATORY REVISIONS, BY PAYMENT SYSTEM

	Traditional	MO	OO
Number of new assignments	19%	316%	-35%
Participants with at least one NSTW month in the 18 months after Ticket assignment			
Percentage change in share of participants	-42%	-37%	10%
Percentage change in number of participants	-32%	161%	-30%
Participants remaining in NSTW in the 18 months after first NSTW month			
Percentage change in share of participants	-11%	-8%	-6%
Percentage change in number of participants	-39%	140%	-34%

Source: Schimmel et al. (2013) analysis of the TRF10 linked to the DAF11.

Note: The table shows the percentage change in NSTW outcomes for the group that assigned Tickets from July 2008–June 2009, as compared with the group that assigned Tickets from July 2006–June 2007. Each cohort was followed for the 18 months after Ticket assignment. The payment system was determined in the month the Ticket was assigned.

The remaining statistics in Table 2 show the influence of the recession and regulatory changes on NSTW in the 18 months after Ticket assignment. For traditional and MO participants, the share of participants with at least one NSTW month fell (-42 and -37 percent, respectively) but increased slightly for OO participants (10 percent). Similarly, the share of participants who remained in NSTW after their first NSTW month also fell by -6 to -11 percent depending on the payment system. These declines are likely due to the recession, which could have offset any positive effects of the regulatory changes, though it is not possible to confirm this conjecture.

The absolute number of participants in NSTW did not decline in the same way as the share, largely due to the surge in TTW enrollment during this time (Table 2). As a result, at least for the MO system, TTW participants in NSTW increased during this time period. Among MO participants, there was a 161 percent increase in the sheer number with at least one NSTW month, even though the share in NSTW declined over this period, highlighting the importance of the 316 percent increase in new assignments. The gap between absolute numbers and shares of participants is not nearly as large among traditional and OO participants because participation did not change as substantially for ENs using these systems.

Implications for the TTW Program

The new TTW regulations revived ENs' interest in the program by allowing for earlier payment of milestone payments for lower levels of work, aligning the value of payments for SSDI and SSI beneficiaries, and increasing total potential payment value in the OO and MO systems. The increased interest suggests that ENs felt they could be economically successful under the new regulations, in contrast to their views about their viability under the initial regulations. Whether this will be true is an unanswered question—payments accrue to ENs over a longer time period than we have been able to observe to date. Evidence in another brief suggests the answer may be a cautious yes (Schimmel 2013).

The findings in this brief highlight the important role that the labor market plays in determining both participant and provider success in return-to-work activities. Even though the revised regulations might have met their intended goal of improved beneficiary outcomes relative to what they would have been under the original regulations, the recession masked any such changes at the participant level. As the economy continues its long and slow recovery and as providers become increasingly comfortable with the revised regulations, it will be interesting to see how the outcomes of participants evolve and whether the more favorable payment terms sustain the interest of providers and result in growth in their numbers.

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