

WORKING WITH DISABILITY

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Which Medicaid Buy-In Participants Use SSA Work Supports?

By Denise Hoffman and Jody Schimmel

The Medicaid Buy-In program is a key component of the federal effort to make it easier for people with disabilities to work without losing their health benefits. Authorized by the Balanced Budget Act of 1997 (BBA) and the Ticket to Work and Work Incentives Improvement Act of 1999 (Ticket Act), the Buy-In program allows states to expand Medicaid coverage to workers with disabilities whose income and assets would ordinarily make them ineligible for Medicaid. To be eligible for the Buy-In, an individual must have a disability (as defined by the Social Security Administration, or SSA) as well as earned income and must meet other financial eligibility requirements established by states. States have some flexibility to customize their Buy-In programs to their unique needs, resources, and objectives; those with Medicaid Infrastructure Grants (MIGs) report on their program activities to the Centers for Medicare & Medicaid Services (CMS). As of December 31, 2010, 39 states with a MIG reported covering slightly more than 175,000 people in the Buy-In program.

This issue brief, the 12th in a series on workers with disabilities, revisits the use of SSA work supports among the nearly three-quarters of Buy-In participants who also receive Social Security Disability Insurance (SSDI). To better understand who might benefit most from program outreach, we explore variation in use rates by age, education, and disabling health condition. We also examine the relationship between work-support use, employment, and earnings.

Employment promotes independence and self-worth and is therefore a common goal among people with disabilities. But people with disabilities who are SSDI beneficiaries often face major barriers to employment, many of which are unrelated to their capabilities. For example, SSDI, the federal program that provides benefits to people with disabilities who have qualifying work histories, requires that beneficiaries have a disability that precludes work beyond an established earnings threshold. This threshold is known as substantial gainful activity (SGA) and was defined as \$1,000 a month in 2010. Beneficiaries who earn more than the SGA limit may lose their benefits—a prospect that may discourage them from seeking employment. This work disincentive may affect the behavior

of Medicaid Buy-In participants, as over 70 percent also receive SSDI (Gimm et al. 2008).

SSA has endeavored to promote work among beneficiaries by clarifying the program rules on earnings limits and by providing information about available work supports. Work supports include provisions in SSDI that allow beneficiaries to work without jeopardizing their eligibility for cash benefits and Medicare, such as the trial work period (TWP) and extended period of eligibility (EPE) (see the box on page 2). However, beneficiaries are often unaware of these supports.¹

¹ In 2006, only 37 percent of all SSDI and SSI beneficiaries eligible to use the supports were aware of the TWP, and just 20 percent were aware of the EPE (Livermore et al. 2009a).

SELECTED SSA WORK SUPPORTS FOR SSDI BENEFICIARIES: A PRIMER

Established by the Ticket Act in 1999, the **Ticket to Work (TTW)** program provides a means for SSA disability beneficiaries to obtain vocational rehabilitation (VR) and other employment supports from state VR agencies and other providers participating in the program.

The **trial work period (TWP)** allows SSDI beneficiaries to work and earn any amount for up to nine (non-consecutive) months in a rolling 60-month period, without losing SSDI benefits. A month counts toward the TWP when a beneficiary earns above the trial work level (\$720 for nonblind beneficiaries in 2010 and indexed each year for inflation).

After the TWP and a 3-month grace period, the **extended period of eligibility (EPE)** begins. The EPE allows SSDI beneficiaries to earn any amount during a consecutive 36-month period and to retain eligibility for benefits when earnings fall below the SGA level during any month in this period. In each EPE month that earnings are above SGA (\$1,000 for nonblind beneficiaries in 2010 and indexed each year for inflation), cash benefits are withheld. If earnings are below SGA, benefits are paid.

Another work support, the Ticket to Work (TTW) program, provides SSDI and Supplemental Security Income (SSI) beneficiaries with access to services intended to assist them as they seek and obtain employment. Under TTW, each beneficiary receives a “ticket” that can be assigned to a state vocational rehabilitation (VR) agency or other participating provider in exchange for employment-related services. This program was rolled out between 2002 and 2004; today, all SSDI and SSI beneficiaries are eligible for services under TTW.

The TWP, EPE, and TTW are the three most commonly used SSA work supports (Livermore et al. 2009a). The first two are important steps toward independence, and TTW may be a gateway to these steps. In this brief, we seek to understand the extent to which these supports are being used by Buy-In participants relative to other SSDI beneficiaries. We also consider differences in use by demographic subgroups and the relationship between use, employment, and earnings.

Our analysis focuses on people who enrolled in the Buy-In program from 2003 through 2007 and were SSDI beneficiaries at the time of Buy-In enrollment.² We followed each participant for five years to examine his or her use of work supports around the time of Buy-In enrollment, starting two years before through two years after the year of enrollment.

² We limit our analysis to Buy-In enrollees who were SSDI beneficiaries at the time of enrollment. However, not all participants were SSDI beneficiaries for a full two years before enrollment; 34 percent of our sample first received SSDI benefits less than two years before Buy-In enrollment.

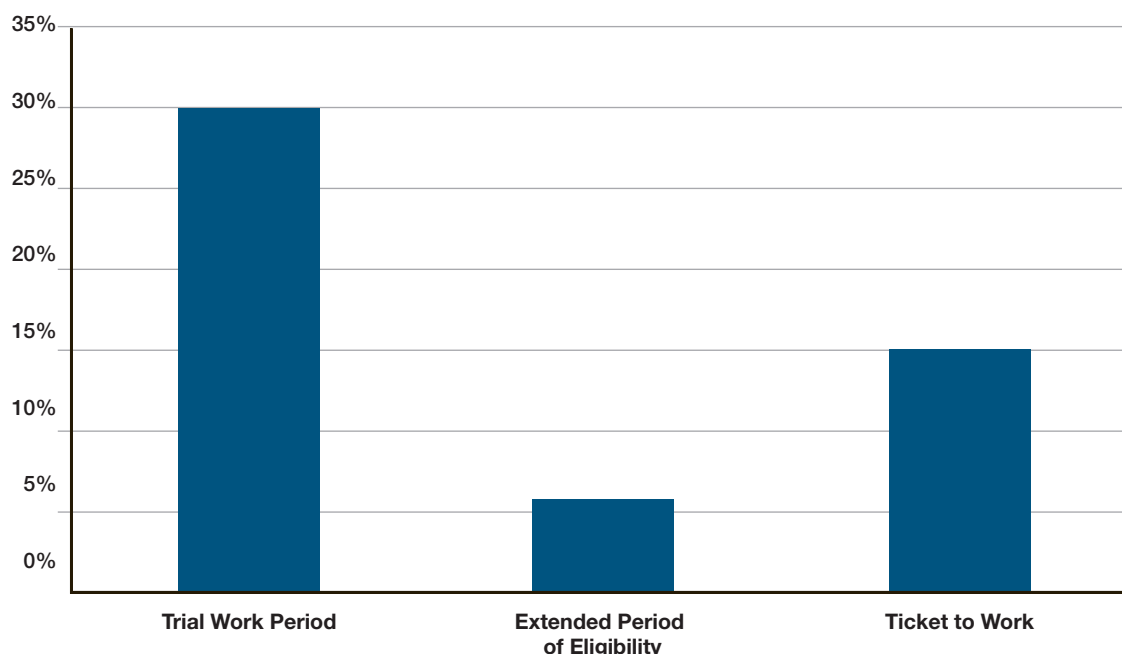
Use of the TWP and EPE

At first glance, rates of TWP and EPE participation appear somewhat low: only about 30 percent of Buy-In participants with SSDI used the TWP during the five-year period around Buy-In enrollment, and less than 6 percent entered the EPE during that time (Figure 1). Because the Buy-In is designed for those who are employed, one might expect rates of TWP and EPE use to be higher. But participants do not need to earn a minimum level of income to qualify for most Buy-In programs, and so they may be employed with earnings at levels below the TWP limit (\$720 a month in 2010) and EPE limit (\$1,000 a month in 2010). Low earnings among participants might reflect a variety of factors, including poor health, lack of education or training, inability to find suitable employment, or a conscious decision to limit earnings to avoid losing SSDI benefits.

Although the rates of TWP and EPE use among SSDI beneficiaries participating in the Buy-In appear modest, they are comparable to or higher than the use rates among other SSDI beneficiaries. Over a similar period (2004 to 2007), just 5 percent of all SSDI beneficiaries used either work support (Livermore et al. 2009b).³ Among SSDI beneficiaries who indicated having work goals and expectations, 10 percent used the TWP, and an equal share used the EPE between 2004 and 2007.

³ Livermore et al. (2009b) analyzed a sample of working-age beneficiaries between 2004 and 2007 using the 2004 National Beneficiary Survey linked to the 2007 Ticket Research File (TRF). Although every attempt was made to ensure the comparability of the time periods and definitions of work supports used for comparison, some differences may remain. Please see Livermore et al. (2009b) for more information on the study design.

Figure 1. Use of Selected SSA Work Supports by Buy-In Participants with SSDI During a Five-Year Window Around Buy-In Enrollment



Source: State-submitted finder files of Medicaid Buy-In participants linked to SSA's Ticket Research File (TRF09).

Notes: Our analysis is limited to Buy-In participants ages 18 to 62 who first enrolled in the program between 2003 and 2007 and were receiving SSDI benefits in the month before Buy-In enrollment. Our TTW analysis is further limited to beneficiaries who enrolled in the Buy-In two or more years after the launch of TTW.

Certain Buy-In participants were especially likely to use the TWP and EPE, including those who were younger or college educated (Figure 2).⁴ For example, Buy-In participants ages 18 to 29 were more than twice as likely as those ages 50 to 62 to use the TWP (50.6 percent versus 22.1 percent). Although the differences by education level were not as marked, those with education beyond high school had higher rates of TWP and EPE use than did those with only a high school education.

Buy-In participants whose eligibility for SSDI was based on a psychiatric disorder were the most likely to use the TWP (37.5 percent) and EPE (7.2 percent) relative to those with other primary disabling conditions. Participants eligible for SSDI due to an intellectual disability were least likely to use the TWP (19.6 percent) and EPE (2.5 percent).

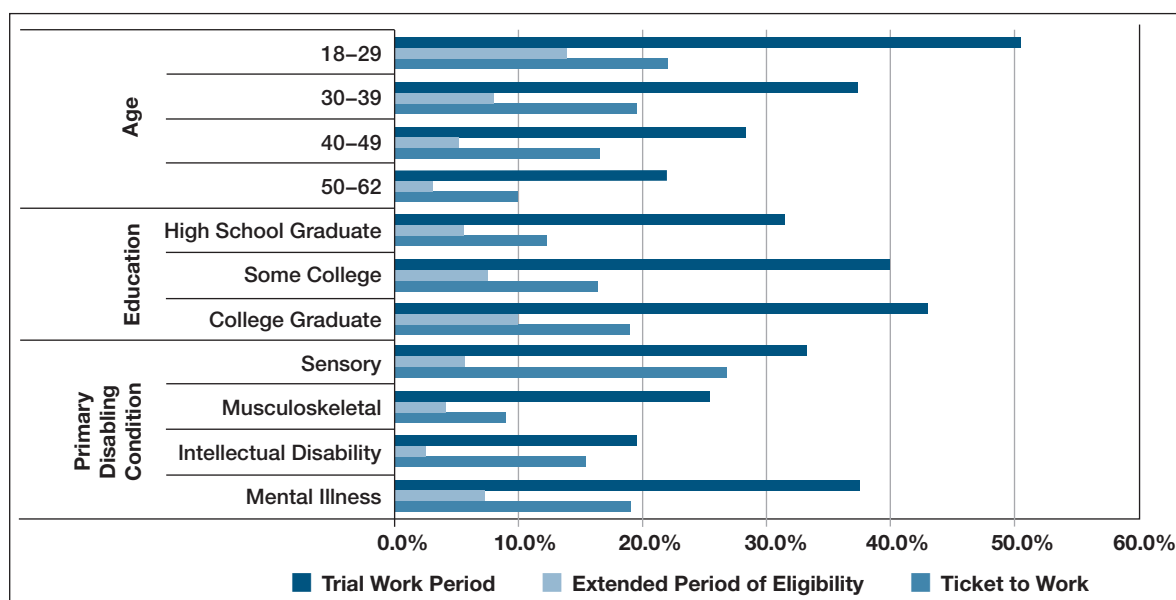
⁴ Note that the education variable is missing for 48 percent of the sample; we cannot confirm that the educational attainment of sample members with data is comparable to that of members without data.

TTW Participation

Among SSDI participants who enrolled in the Buy-In two or more years after TTW became available in their state, 15 percent entered the TTW program (Figure 1). In contrast, only about 2 percent of all SSDI beneficiaries assigned their tickets during a similar time frame, and even among work-oriented beneficiaries, ticket assignment was only about 5 percent (Livermore et al. 2009b). Among all TTW users in our study, the majority (81 percent) assigned their tickets before Buy-In enrollment, suggesting that the services provided through TTW increased the relevance and benefit of participating in the Buy-In. TTW may also have increased participants' knowledge of the Buy-In or may have served as a referral source.

As with the other work supports studied, Buy-In participants who were younger and more educated were more likely to participate in TTW than were participants who were older or less educated (Figure 2). The rate of ticket assignment was highest among 18- to 29-year-olds (22.0 percent) and declined with age. It

Figure 2. Use of Selected SSA Work Supports Among Buy-In Participants with SSDI During a Five-Year Window Around Buy-In Enrollment, by Participant Subgroup



Source: State-submitted finder files of Medicaid Buy-In participants linked to SSA's TRF09.

Notes: Our analysis is limited to Buy-In participants ages 18 to 62 who first enrolled in the program between 2003 and 2007 and were receiving SSDI benefits in the month before Buy-In enrollment. Our TTW analysis is further limited to beneficiaries who enrolled in the Buy-In two or more years after the launch of TTW. Education data are missing for 48 percent of the analytic sample.

was also higher among college graduates (19.0 percent) than among those with less education.⁵

TTW participation varied substantially by type of disabling health condition (Figure 2). For example, only 8.9 percent of Buy-In participants whose SSDI eligibility was based on a musculoskeletal condition assigned their tickets, compared with 26.8 percent of Buy-In participants eligible for SSDI due to a sensory disorder. The differences in ticket assignment by age, education, and disabling health condition among Buy-In participants are similar to the differences in ticket assignment among the general SSDI population (Stapleton et al. 2008).

Work-Support Use, Employment, and Earnings

To assess the relationship between work-support use and long-term outcomes, we examined the rates of employment and annual earnings of Buy-In participants two years after enrollment.⁶ Given that use of the TWP implies work

⁵ Please note that the education variable in the TRF is not available for 48 percent of the sample.

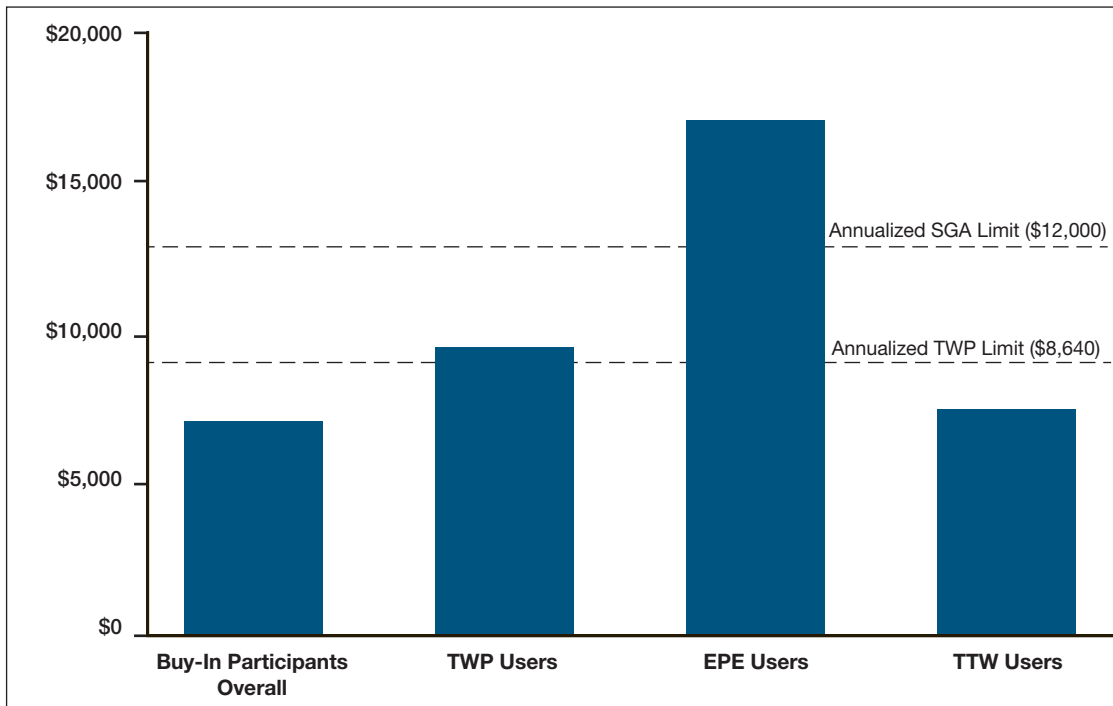
⁶ Due to data limitations, the definition of employment used in this issue brief differs from the measure of employment used to determine program eligibility. See the Data and Methods section for more information.

activity, it is not surprising that TWP users had higher employment rates and earnings compared with Buy-In participants with SSDI who did not use the TWP. Two years after Buy-In enrollment, a time frame during which some participants left the program,⁷ TWP users had an average employment rate of 80.6 percent, compared with 53.1 percent for all Buy-In participants in our sample. Employed TWP users earned an average of \$9,685 per year, well above the earnings of the overall sample (\$7,136) and the annualized TWP limit of \$8,640 (Figure 3).

Buy-In participants who used the EPE also had higher rates of employment and earnings compared with TWP users and Buy-In participants overall. Two years after Buy-In enrollment, 89.3 percent of EPE users were employed. Employed participants who used the EPE earned \$17,017 a year, more than \$5,000 above the annualized SGA threshold of \$12,000 (Figure 3). Extended work activity is required to enter the EPE, but continued employment is not required after entry. These results, then, signal that Buy-In participants

⁷ Approximately 60 percent of our sample members were still enrolled in the Buy-In in the second calendar year after enrollment.

Figure 3. Association Between Use of Work Supports and Average Annual Earnings Two Years After Buy-In Enrollment



Source: State-submitted finder files of Medicaid Buy-In participants linked to SSA's TRF09 and the 2009 Master Earnings Files.

Note: Our analysis is limited to Buy-In participants ages 18 to 62 who first enrolled in the program between 2003 and 2007 and were receiving SSDI benefits in the month before Buy-In enrollment. Our TTW analysis is further limited to beneficiaries who enrolled in the Buy-In two or more years after the launch of TTW. Annual earnings and the annualized SGA and TWP limits are reported in 2010 dollars.

who use the EPE are maintaining relatively high levels of employment.

Two years after enrollment, Buy-In participants with SSDI who used TTW were more likely to be employed (71.1 percent) compared with those who did not enroll in TTW (49.0 percent). Among those with jobs, the average earnings were slightly higher among TTW participants (\$7,340). Please note that both the Buy-In and TTW programs encourage employment as well as attract beneficiaries who are work oriented. We therefore cannot say whether participation in either program led directly to these rates of employment and earnings.

Policy Implications and Next Steps

Compared with other groups of SSDI beneficiaries, we found that the use of common SSA work supports (such as the TWP, EPE, and TTW) was high among Buy-In participants with SSDI. Buy-In participants

who used work supports were more likely to maintain employment and have higher earnings than did other participants. It is important to note that, although use of supports and participation in the Buy-In may contribute to these successful outcomes, our findings are only suggestive and do not imply causation. Indeed, over the time frame of our study, several other initiatives and demonstrations were underway that may have helped beneficiaries achieve their employment-related goals.⁸

Given the positive relationship between earnings and the use of work supports among Buy-In participants, further efforts to educate participants about these supports seem warranted. Because the TTW program

⁸ Examples include SSA's Work Incentives Planning and Assistance program, which began in 2006 but has not been reauthorized beyond 2012; SSA's Benefit Offset Four-State Pilot, which began in 2005 and will continue until 2014; and the Disability Program Navigator Initiative, for which joint funding from the Department of Labor and SSA was available from 2003 through 2010.

may be a valuable opportunity for SSDI beneficiaries to learn about the Buy-In, TTW providers should become familiar with the eligibility criteria and contact information for state Buy-In programs. In general, encouraging work activity among young adults with disabilities may be especially advantageous because these individuals have many working years ahead of them.

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DATA AND METHODS

The data for this analysis come from enrollment records in Medicaid Buy-In finder files submitted by 37 states. These files are linked to SSA's Ticket Research File (TRF09) and the 2009 Master Earnings File (MEF). The TRF is a file developed by SSA that contains data extracts from a variety of SSA administrative files. From the TRF, we obtained information on demographic characteristics, receipt of SSDI benefits, and the use of work supports.

The MEF contains annual earnings data derived from the Internal Revenue Service's tax reports. In this report, earnings are reported in 2010 dollars. We defined employment as having positive annual earnings reported in the MEF, a different criterion than what states use to determine program eligibility (see Kehn et al. 2010 for state income-verification procedures). Average earnings were restricted only to those whom we categorized as being employed.

The study sample consists of 100,596 first-time Buy-In enrollees from 2003 to 2007 who were ages 18 to 62 at Buy-In enrollment and who were SSDI beneficiaries in the month before Buy-In enrollment. This represents 63 percent of Buy-In enrollees during that period. For each annual cohort of enrollees, we used data from two years before to two years after the calendar year of enrollment (a five-year window).

We further limited the study sample for our TTW analyses to reflect the incremental rollout of the TTW program from 2002 through 2004. We restricted our sample to beneficiaries who enrolled in the Buy-In at least two years after TTW was launched in their state, resulting in a sample of 56,456 participants.

Our selected measures of work-support use include (1) the assignment of a ticket, (2) the use of any TWP months, and (3) entry into the EPE at any point during the five-year window.

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