

March 25, 2003

Brad U. Pitt
1414 Green Day Drive
Willow, AK 99546

Dear Brad,

This letter is to explain the information I have received regarding your current benefit situation and the changes that could occur because you are working. Because you receive SSDI, SSI and APA, it is important to remember that the rules and work incentives described below all apply at the same time.

At our initial meeting you explained that you are working part-time as a delivery driver for Fast Eddie Foods. You have an interest in computer work and music. You are interested in using a PASS to develop and improve your occupational goal.

Social Security Disability Insurance (SSDI)

Because you have worked and paid into the Social Security system and are currently disabled, you are eligible for Social Security Disability Insurance (SSDI). According to the Social Security Administration **your cash benefit amount is for 2003 \$545.00 per month**. Your award amount is based on your earnings prior to becoming disabled.

Social Security records indicate you became entitled for Social Security benefits beginning October 1998. Any Trial Work Period months will be counted from this date.

Social Security does not assign a caseworker, however you can find assistance by phone using the contact numbers I have listed on the last page of this report. Any of the workers at Social Security have full access to your financial information through their networked computer systems.

Trial Work Period (TWP)

As an SSDI recipient, when you returned to work, you were entitled to a work incentive known as the Trial Work Period (TWP). The TWP allowed you 9 months to "try out" work before wages affected your benefits. It is important to note that the 9 months did not have to be consecutive.

Prior to the year 2001, any month in which you earned over \$200 was considered a Trial Work Period month. In 2001, any month in which you earned over \$530 was considered a Trial Work Period month. In 2002, any month in which you earned over

\$560 was considered a Trial Work Period month. In 2003, any month in which you earn over \$570 is considered a Trial Work Period month.

Social Security has determined that you have used 9 Trial Work Months. My contact at Social Security stated **your Trial Work Period ended June 2000.**

You continued to receive your SSDI check during your Trial Work Period. When you completed the 9 TWP months, you began a 36 month Extended Period of Eligibility (EPE), described below.

Continuing Disability Review (CDR)

Periodically the Social Security Administration will complete a Continuing Disability Review. They are interested in two things: "Have you medically recovered?" and "are you earning above SGA?"

A CDR is often performed at the end of the Trial Work Period. Sometimes an increase in wages can trigger a CDR. Every recipient of Social Security Disability and SSI is on a schedule or "diary" for this review. **You are currently on the diary for a CDR in February 2005.** It may take Social Security up to 6 months after this date to begin your CDR.

At that time you will need the supports of your Vocational Rehabilitation Counselor and your Doctors to verify the existence and extent of your disabling condition.

Extended Period of Eligibility (EPE)

After your 9-month Trial Work Period ends, since you had not medically recovered from your disability, you began a *consecutive* 36-month Extended Period of Eligibility (EPE).

During the EPE, you will receive a check when your earnings are below SGA, but you *should not* receive a check for the months that your countable earnings exceeded SGA. The first month you are over SGA in your EPE is called your "cessation" month. Don't worry, this does not mean you are bumped from the SSDI program. This triggers your three month **Grace Period**, during which you will receive your SSDI checks no matter what your earnings. You will retain Medicare coverage throughout your EPE.

SGA for 2003 is \$800 per month.

Social Security has determined that you entered your EPE 7/00 and it will end 7/03. As of June 2001, when your case was developed by Social Security, you had not achieved SGA during your EPE. Therefore, you have not reached your cessation month and have not used your grace period.

After the 36-month EPE is completed, if you are not earning SGA, you will continue to receive SSA payments until the first month your earnings exceed SGA. At that time, you will no longer be eligible for an SSDI cash benefit and will be **terminated** from the SSDI program.

Subsidies and Special Conditions

An employer may, because of a benevolent attitude toward a person with a disability, subsidize the employee's earnings by paying more in wages than the reasonable value of the actual services performed. The amount of the person's wages that is considered to be subsidized, or "unearned" is not counted when SGA determinations are made. In other words, subsidies reduce countable income in determining SGA.

In order to prove a subsidy exists, an employer submits a letter or the form SSA-3033 to the Social Security Administration. The SSA then contacts you, your employer, supervisor, work peers, job coach or anyone else who has knowledge of your work situation.

A subsidy might exist when your employer provides extra help or supervision to you, or you are allowed more breaks than other workers, or you are allowed to complete less work than other workers. Special conditions are when an employer allows other people to provide assistance to you, people not employed by the employer. The Social Security Administration will consider only the wages you actually earned. Special conditions include on-the-job coaching and close & continuous supervision.

Impairment Related Work Expenses (IRWE)

Impairment Related Work Expenses are certain out of pocket, disability related expenses that could be deducted to reduce earnings below substantial gainful activity (SGA). You can use IRWE under both SSI and SSDI programs (in the case of SSDI, it cannot be applied during the Trial Work Period).

Examples of some of these expenses for you may be medication expenses (not covered by insurance), therapy and medical treatments that are not covered by other sources but allow you to work. Job Coaching, follow along support and work related equipment can also be considered as IRWEs.

Section 301

Under the Social Security rules, a person's benefits can be terminated if no longer medically disabled or over SGA. However, an individual who is in the middle of a

vocational rehabilitation plan when the EPE ends may continue benefits until the vocational rehabilitation program ends.

To qualify, you must be participating in an approved vocational rehabilitation program before your disability ended under our rules. Your DVR counselor should submit to Social Security a copy of your IPE (Individual Plan for Employment) right after it is written. Social Security will review the situation and decide that your continued participation in the vocational rehabilitation program would increase the likelihood of your permanent removal from the disability benefit rolls. This program is called Section 301.

Reapplying or Reinstating SSA benefits:

Once your benefits have been terminated due to a return to work, you still have a 5-year safety net. If you are still disabled and your earnings fall below SGA, you can either reapply for SSA or have your SSA benefits reinstated.

If you **reapply** for benefits, you will undergo a new disability determination. You will not have a 5-month waiting period before benefits begin if you are determined disabled but you will have a 24-month waiting period before you are eligible for Medicare.

If you have your benefits **reinstated**, you will receive provisional benefits immediately for 6 months while the SSA conducts a disability review. If they find you to be disabled, then your benefits will continue. If they do not find you to be disabled, benefits will stop, but you won't have to repay them. Under reinstatement, your Medicare begins immediately.

Supplemental Security Income (SSI)

Supplemental Security Income is a cash assistance program for individuals with disabilities who have limited resources. The maximum monthly amount an individual can receive in the year 2003 is \$552.00. This is called the Federal Benefit Rate (FBR).

To determine your SSI payment, the Total Countable Income (TCI) is subtracted from the Federal Benefit Rate (FBR). The SSA looks at both unearned and earned income to arrive at the Total Countable Income (TCI). **Currently, you could receive \$27 in SSI if you were not working.** See how it is determined below.

If you had no earned income, the SSA would look only at your unearned income (SSDI) to determine your SSI cash benefit. The SSA first allows a general exclusion of \$20, which is applied first to unearned income. In your case, it works like this: SSA disregards the first \$20 of your \$545 SSDI check, i.e. \$525. The calculation is:

$$\$552 - (\$545 - 20) = \$27 \text{ SSI payment amount}$$

SSI recipients who return to work are allowed a \$65 earned income exclusion. After the first \$65, the Social Security Administration (SSA) withholds \$1 from the SSI payment for every \$2 earned. See the chart below to see how different levels of earnings impact your SSI check.

As you know, **you are eligible for SSI** but currently have an earned income so **your SSI cash benefit is reduced to Zero**. Currently, the main benefit of the SSI program to you is the Medicaid insurance, which also covers your Medicare premium (\$58.70 per month) and deductibles. SSI is also the program that makes you eligible for a PASS.

Overpayments

Social Security may sometimes commit an error in your payments. The SSA system operates on forecasting your income. When you submit wage information it takes a couple months for the effect of those wages to show up on your SSI payments. In your case, SSA has overpaid you on your SSI and is in the process of recovering that overpayment by reducing your SSDI payments. This is called a Cross-Program Recovery.

You can appeal the decisions SSA makes on overpayments and recoveries. The instructions are on the letters you receive informing you of the overpayments.

Plan for Achieving Self-Support (PASS)

A plan for achieving self-support (PASS) is an SSI work incentive that allows you to set aside income and/or resources for a specified time for a work goal. For example, you could set aside money to pay expenses for education, vocational training, or starting a business as long as the expenses are related to achieving your work goal.

You have mentioned that you are interested in pursuing a PASS. Under a PASS, the SSI would disregard the part of your earned income and/or your SSDI that you use for PASS expenses. This might increase your SSI check amount. It depends on the amount of earnings you have and the cost of items approved in your PASS.

Adult Public Assistance (APA)

Adult Public Assistance (APA) is a cash payment that supplements your SSI and SSDI checks because the cost of living in Alaska is so high. The greatest amount you could receive from APA is \$362 per month. **Currently your unearned and earned income have reduced this check to \$237.**

When an APA recipient returns to work, their APA check is calculated in the same manner as SSI. APA disregards the first \$20 of your unearned income (SSDI & SSI) to get the countable unearned income. Once you have earnings, the first \$65 of your wages are disregarded, then one dollar for every two earned is also disregarded to

calculate the countable earned income. APA adds the SSI & SSDI cash benefits to your total countable income and then subtracts that from the \$914 payment standard to arrive at your APA cash benefit.

The following calculations demonstrate the impact of various levels of income on your benefits and the interplay of the three benefit programs and their work incentive rules at work together.

Wages	SSDI	SSI	APA	Gross Income	Medicaid/Medicare	
\$0*	\$545	\$27	\$362	\$934	Yes	Yes
\$119_	\$545	\$0	\$362	\$1026	Yes	Yes
\$500	\$545	\$0	\$171	\$1116	Yes	Yes
\$700	\$545	\$0	\$71	\$1316	Yes	Yes
\$800◆	\$0	\$184	\$362	\$1346	Yes	Yes
\$1000	\$0	\$84	\$362	\$1446	Yes	Yes
\$1169_	\$0	\$0	\$0	\$1169	Buy-In	Yes

*Indicates if unemployed

_Breakeven Point for SSI when getting SSDI check

◆Over SGA, No SSDI check

_Breakeven Point for SSI and APA if no SSDI check

Medicare

SSA beneficiaries are automatically eligible for Medicare; however, there is a 24-month waiting period from the first month of receiving cash benefits. Your Medicare coverage started in 1994. Medicare coverage consists of 2 parts: Part A – hospital insurance, Part B – medical insurance. Part A hospital insurance has a \$792 deductible and Part B medical insurance has a \$58.70 monthly premium. Medicaid pays both the Medicare hospital deductible and the monthly premium for Medicare medical insurance.

Medicare coverage continues concurrently with the Extended Period of Eligibility. A new law passed in 2000 extends your Medicare coverage for free for an additional 4 and _ years after your Extended Period of Eligibility ends.

Medicaid

As an SSI recipient, you are automatically eligible for Medicaid. Adult Public Assistance (APA) administers your Medicaid benefit, and this benefit is relatively secure. You can receive Medicaid even when you no longer receive an SSI cash benefit, as long as you meet the disability and resource criteria through a work incentive called **1619b**. If your total countable income exceeds the breakeven point, you will no longer receive an SSI check.

The breakeven point is the point at which total countable income causes your SSI payment to be reduced to \$0. For 2003, with your \$545 SSA check, the breakeven point for you is \$119/month (see the chart above). However, if your earnings exceed \$800, you will no longer get an SSA check, so your SSI breakeven point will go up to \$1169.

So, even if your total countable income exceeds the breakeven point, you can still receive Medicaid. This special eligibility status should happen automatically, but it is best to notify the Social Security Administration (SSA) and APA when total countable income meets or exceeds the breakeven point to insure it is recorded.

In 1619b, as long as you meet the disability and resource criteria for SSI, you can maintain SSI eligibility and Medicaid until your gross earnings reach the income threshold. The most recent threshold amount for Alaska is \$36,310 for 2003. Should your gross income reach the threshold amount, it is possible to request an individualized threshold if your Medicaid costs are extraordinarily high. This could allow you to keep Medicaid with gross wages above the threshold amount.

Resources

APA, Medicaid and SSI have a \$2000 resource limits for an individual. This means that your combined assets cannot be over \$2000. APA, Medicaid and the SSA will not count basic resources such as the home you live in, modest household goods, property held in trust, food stamps, a car, a small (up to \$1500) life insurance policy, and a burial space. There is no resource limit for SSA.

Unemployment Insurance Benefits

In case you become unemployed, you will need to consider whether you will apply for Unemployment Insurance Benefits. These benefits are designed for individuals who have worked recently and are able to return to work right away. If you apply for Unemployment, you are considered "ready to work".

Unemployment Insurance Benefits are paid by the State of Alaska and are considered "unearned income" by the Social Security Administration (SSA).

The two Social Security programs you are on consider the Unemployment Income differently. SSDI does not count it at all, while SSI counts it in full (minus the \$20 exclusion for Unearned Income if it was not taken on your SSDI.)

If you are “over income” for the SSI program due to Unearned Income (SSDI, Unemployment) for 12 consecutive months, your SSI will be Terminated. This is important information to take into consideration should you consider applying for Unemployment Insurance Benefits.

Reporting

It is essential that you promptly report any wages, other income or changes in your financial situation or living situation to the SSA and APA, so you can find out how your benefits will be impacted. In this way you will avoid overpayments with the SSA and APA and maintain a good working relationship with these agencies. The SSA likes to receive paystubs at the beginning of the month after the paychecks are received.

Social Security Administration
222 West 8th Avenue #66
Anchorage Alaska 99513
(907) 271-4455
(800) 772-1213
www.ssa.gov

Adult Public Assistance
235 East 8th Avenue #300
Anchorage Alaska 99501
(907) 269-4000
Jennifer Jones 269-0111
Fax: 269-6004

I would be glad to answer any questions you might have regarding your benefits and how work impacts them. Please call me at 555-1212.

Sincerely,

Happy Dancer, RPRP
Benefits Specialist

Cc: Harvey Wallbanger, DVR