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Mr. Chairman and Members of the Committee:

Thank you for the opportunity to discuss the Social Security Administration's (SSA) efforts to assist beneficiaries with disabilities in addressing the barriers that make it difficult for them to return to work. Providing opportunities for beneficiaries with disabilities to return to work has been part of the disability program since its inception more than 50 years ago. In 1999, Congress expressed its bipartisan support for building on these efforts by passing the *Ticket to Work and Work Incentives Improvement Act of 1999*. This legislation has become an important tool in our ongoing return to work efforts. SSA's programs to reduce employment-related financial disincentives also support The President's New Freedom Initiative, which integrated all federal agencies in a process of including more Americans with disabilities into the workforce, through training, education, and reduction of programmatic barriers. The President and the Administration have put into place an array of supports, of which this program is one

SSA serves a diverse population of individuals with disabilities through the Social Security Disability Insurance (SSDI) and the Supplemental Security Income (SSI) programs. SSDI and SSI beneficiaries represent various age groups and have different impairments, levels of education, work experience, and capacities for working. Assisting beneficiaries with disabilities to return to work has been among one of the most challenging issues facing SSA, and helping individuals with disabilities take advantage of employment opportunities remains one of SSA's highest priorities.

To this end, SSA is working to ensure that all beneficiaries have the opportunity to engage in productive work. Our efforts can generally be placed in two categories—the Ticket to Work Program for those who need help in preparing for employment and Work Incentives for those who are ready for employment and need help transitioning off the disability rolls.

The Ticket to Work Program

First, I would like to briefly outline the Ticket to Work program (Ticket program). The Ticket program is an important part of SSA's comprehensive set of policies designed to assist people with disabilities overcome obstacles to entering the workforce and to return to work. Prior to the Ticket program, State vocational rehabilitation (VR) agencies were generally the only avenues for beneficiaries to receive services.

The Ticket program, established in December 1999, represented an historic milestone in that it was the first time that Congress explicitly recognized that while many people receiving disability benefits from Social Security want to work, and could become able to work, they face a number of significant barriers that prevent them from reaching their employment goals. Congress established the Ticket program to expand the universe of service providers and to provide Social Security beneficiaries with disabilities choice in obtaining the services and supports they need to find, enter, and maintain employment.

Thanks in large part to the leadership of this Committee, Congress acknowledged with the Ticket legislation that individuals with disabilities face a variety of barriers to returning to work and included provisions specifically designed to address these barriers.

The legislation authorized the Commissioner of Social Security to issue a ticket to SSDI beneficiaries and disabled and blind SSI beneficiaries. In this voluntary program, each beneficiary who receives a Ticket to Work has the option of using his or her ticket to obtain services from a provider known as an employment network (EN) or from a State VR agency.

ENs may choose to whom they provide services. When the beneficiary and a provider agree to work together under the program, the provider will supply, without charge to the beneficiary, various employment support services to assist the beneficiary in obtaining or regaining and ultimately maintaining self-supporting employment. When the beneficiary achieves certain work outcomes, we pay the provider.

Final regulations implementing the Ticket program were published on December 28, 2001. The Ticket program was implemented in phases beginning in February 2002 and, as of September 30, 2004, the Ticket rollout was completed in all 50 States and in the U.S. territories. As of June 1, 2007, approximately 10.2 million beneficiaries have Tickets that are available to be assigned to ENs and State VR agencies.

Although fully available since September 2004, the Ticket program is still evolving. We are seeing success as indicated by modest growth in both the amount and number of financial payments to ENs.

While the Ticket program trends have been modest so far, we are committed to continuing improvement through ongoing program analysis and evaluation so that all beneficiaries who are willing and able to participate in the program can do so. We have learned a number of lessons about the Ticket program over the past few years. For instance, we have heard reports from beneficiaries who have experienced difficulty finding an EN who will help them find a job, and others report that they want to work their way off of SSA benefits incrementally, starting with part-time employment and stepping up to full-time when they have increased their confidence.

We have a number of initiatives underway designed to recruit more ENs and to provide beneficiaries with the information they need to either assign their Ticket or pursue other employment options. Through our marketing contractor, Cherry Engineering Support Services, Inc. (CESSI), we are contacting all ENs that have never had a Ticket assignment or who currently are not actively accepting Tickets to explain the benefits of providing employment-related services to beneficiaries and determine their interest in continuing with the Ticket program. We are also responsible for recruiting new ENs and establishing partnerships, while developing successful business models for ENs and community partners. We have implemented an outreach program for ENs and have developed Ticket program marketing and outreach messages geared to beneficiaries and prospective ENs.

We are also providing information to beneficiaries via Work Incentive Seminar (WISE) events, bringing together beneficiaries, ENs and other partners in their local communities. Ten pilot WISE events will be conducted in FY 2007. The first four have already occurred. After the fifth event tomorrow, we will evaluate the results, make any necessary adjustments, and schedule the second five events. We currently plan to roll out WISE events nationally in the fall. Furthermore, building on earlier mail marketing experience, next month we will mail Ticket marketing materials to 500,000 beneficiaries who are most likely to be interested in assigning their Ticket.

Proposed Changes to the Ticket Program

We recognize that outreach is not enough. Based on our early experience and recommendations received from the Ticket to Work and Work Incentives Advisory Panel and other outside organizations, it became apparent that changes are needed to increase participation by both beneficiaries and ENs and to improve outcomes. Accordingly, on September 30, 2005, SSA published a

notice of proposed rulemaking (NPRM) in the Federal Register. We believe that the kind of proposed changes in the NPRM would significantly enhance beneficiary access to services and choice and improve the likelihood that beneficiaries will return to work.

The changes proposed in the NPRM are intended to improve the program in three areas—EN payment, beneficiary choice, and expanded eligibility. Most notably, the NPRM proposed to increase payment rates to ENs to increase their participation. Next, the NPRM sought to better coordinate services provided by State VR agencies and ENs, allowing State VR agencies to provide initial, intensive rehabilitation services and ENs to follow-up with ongoing support that many individuals need to maintain their work effort. Third, the NPRM proposed to expand eligibility rules to allow more beneficiaries to be eligible for a ticket without first requiring a continuing disability review (CDR) to be conducted. These changes are intended to increase beneficiary access to the employment services and supports they need to return to work and maintain their attachment to the workforce long enough to exit the disability rolls.

Other Work Incentive Improvements Included in the Ticket Legislation

Congress, led by this Committee, included additional work incentive provisions in the 1999 Ticket legislation. Along with our other work incentives, SSA is actively promoting use of these newer work incentives to assist beneficiaries with disabilities return to work:

- Extending Medicare Hospital (Part A) and Supplementary Medical Insurance (Part B) coverage for an additional 4 ½ years for working SSDI beneficiaries (i.e., from 39 months to 93 months);
- Expediting reinstatement so that qualified beneficiaries may request reinstatement of their benefits within 60 months of benefits having stopped, without having to file a new application; and
- Exempting work activity as the basis for a medical CDR for beneficiaries who have received SSDI benefits for at least 24 months.

New Partnerships Established by Ticket Legislation

The Ticket legislation also established an infrastructure that encourages participation and collaboration of various types of public and private organizations in assisting beneficiaries return to work despite barriers.

- ENs are under contract with SSA to deliver rehabilitation and employment support services to beneficiaries. These organizations assist beneficiaries formalize their work goals, develop a plan to achieve them, and over time execute the plan to reach a measure of financial self-sufficiency.

- Work Incentive Planning and Assistance (WIPA) grantees are community-based organizations that assist beneficiaries understand the work incentives and how they can affect their benefits. WIPAs are available as a resource to ENs and other agencies that assist beneficiaries with disabilities to return to work such as One-Stop Career Centers, School-to-Work programs, and State VR Agencies.
- Protection and advocacy (P&A) grantees provide information, advice, advocacy, and other services to beneficiaries.
- Area Work Incentive Coordinators and Work Incentive Liaisons throughout the SSA field office structure provide return to work information to beneficiaries with disabilities.

Other Work Incentives

In addition to the Ticket program, there are a number of other incentives in place to encourage disability beneficiaries to return to work. The focus for these incentives is to help people who are able to venture into the workforce. Generally, these incentives provide for continued benefits and medical coverage while working or pursuing an employment goal. For example, in the SSDI program, they include the trial work period and the extended period of eligibility (EPE). In the SSI program, examples of work incentives are special rules for earnings after disability is established and the Plan to Achieve Self-Support (PASS). In addition, special rules about impairment-related work expenses (IRWE), expedited reinstatement (EXR), and medical insurance apply to both SSDI disability beneficiaries and SSI disability beneficiaries.

Trial Work Period

In the SSDI program, the trial work period allows beneficiaries to test their work for at least 9 months. During the trial work period, beneficiaries receive their full benefits regardless of how high their earnings might be so long as their work activity has been reported and they continue to have a disabling impairment. The trial work period continues until the beneficiary accumulates 9 months (not necessarily consecutive) in which he or she performed what we call “services” within a rolling 60-consecutive-month period. We currently consider work to be “services” if the beneficiary earns more than \$640 a month, or works more than 80 self-employed hours in a month. The dollar amount is adjusted each year to account for inflation.

Extended Period of Eligibility (EPE)

At the end of the trial work period, a 36-consecutive-month EPE begins for SSDI beneficiaries, unless we review the individual’s disability and find that the impairment has medically improved and is no longer disabling. (We do not perform these reviews when individuals are using their Ticket to Work.) During

the EPE, full benefits are paid for each month in which the beneficiary's earnings do not exceed the substantial gainful activity (SGA) level, and no benefits are paid for months in which earnings exceed the SGA level. Currently, SGA levels are \$900 a month if a beneficiary is not blind and \$1,500 if a beneficiary is blind. After the EPE ends, benefits terminate if a beneficiary's earnings exceed the SGA level in any month.

SSI Earned Income Exclusions

The trial work period and EPE provisions do not apply to the SSI program. In the SSI program, a disabled SSI beneficiary's payment is based upon his or her countable earnings. Under SSI rules, SSA excludes the first \$65 of earned income (or \$85 if there is no unearned income). Then we exclude ½ of the remaining earnings, i.e., we exclude \$1 for every \$2 earned after the first \$65. There are a number of other earned income exclusions such as impairment related work expenses, blind work expenses and the student earned income exclusion which can assist a disabled SSI beneficiary.

PASS

In addition, the SSI program allows a disabled beneficiary to establish a Plan to Achieve Self-Support (PASS). Disability beneficiaries can, with the help of SSA, develop a plan which has the goal of reducing or eliminating their dependence on the SSI program. Under the PASS provisions, an individual can set aside monies for specific goals (such as education, establishing a business, etc.) that will not be counted as income and resources for the SSI means test while the PASS is in effect. The PASS contains an occupational goal that is expected to increase the individual's prospect for self-support and specifies beginning and ending dates. It must also specify target dates for reaching milestones that reflect progress towards achievement of the occupational goal.

Impairment Related Work Expenses (IRWEs)

Both SSDI and SSI disability beneficiaries can deduct the cost of impairment-related items and services that they need to work from gross earnings when we determine whether an individual is engaging in SGA. We also exclude IRWEs from earned income when we calculate an individual's monthly SSI payment amount. Examples of deductible IRWEs include, the cost of modifying a vehicle needed to travel to work, assistive devices, and regularly prescribed medical treatment or therapy necessary to control a disabling condition.

Expedited Reinstatement (EXR)

Special rules make it easier for disability beneficiaries who return to work and whose benefits cease due to work activity to receive benefits again if they stop

working. In this situation, the EXR provisions of the law allow beneficiaries to have their benefits started again without having to complete a new application. To be eligible for EXR:

- The individual's SSDI or SSI benefits must have stopped due to earnings from work;
- The individual must not be performing SGA in the month he or she requests reinstatement;
- The individual is unable to work or perform SGA because of his or her medical condition;
- The individual has an impairment that is the same as, or related to, an impairment that allowed him or her to get benefits earlier; and
- The request for reinstatement is made within five years from the month his or her previous entitlement or eligibility was terminated.

Medical Benefits

We have been told repeatedly by experts in the field that continued access to quality healthcare is essential to foster sustained return to work.

In the SSDI program, disability beneficiaries generally become entitled to Medicare in their 25th month of entitlement. Provisions in the law provide immediate coverage to disability beneficiaries entitled to benefits based on end stage renal disease and amyotrophic lateral sclerosis. Although cash benefits may cease due to work after the trial work period, most individuals with disabilities who work will continue to receive at least 93 consecutive months of hospital and supplementary medical insurance (Part A and Part B) under Medicare. In addition, after 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. Individuals with low incomes and limited resources may be eligible for State assistance with this cost.

In the SSI program, disabled beneficiaries' Medicaid coverage can continue even if their earnings are too high to allow a SSI payment. Medicaid coverage will continue until an individual's earnings reach an annual "threshold" level. A threshold level is established for each State every year based on several factors including the average per capita Medicaid expenditures in the State, the SSI federal benefit amount, and the State supplementation rate, if applicable. For 2007, the amount ranges from \$22,174 to \$52,407. In addition if an individual's earnings exceed the State threshold, an individualized threshold can be used based on the individual's actual expenses, thus allowing consideration of case-specific Medicaid costs, living arrangements, and attendant care expenses.

Work Incentive Information and Coordination

The Ticket, SSDI, and SSI work incentive provisions can be complex, and the interaction of the provisions and the ways in which they can affect an individual's benefits can be confusing. Field office personnel are trained in providing information to individuals about work incentives, and SSA publishes information on our website and in pamphlets to help individuals understand the provisions. One such piece of information is *A Summary Guide To Employment Support For Individuals With Disabilities Under The Social Security Disability Insurance (SSDI) And Supplemental Security Income (SSI) Programs*, often called the Red Book. We also have developed other methods for getting the information to individuals who need it in a way that meets their needs.

Networks of specialists exist within and outside of SSA to help individuals understand and take advantage of the various incentives and provisions. These specialists provide individuals with vital information to navigate the various work incentive provisions.

Within SSA, Work Incentive Liaisons (WILs) work in SSA's field offices and have received special training on SSA's work incentives. The WILs are the first stop within SSA for a personal discussion of how various incentives can work for a specific individual. In turn, the WILs are supported by a network of Area Work Incentive Coordinators (AWICs). AWICs serve as ombudsman and are the focal point of contact for local area advocates. They assist WILs as needed, coordinate employment support outreach activities, monitor related data, and help develop any needed training to maintain the work incentive expertise for all direct contact employees.

Outside of SSA, the WIPA program provides support to individuals through 104 cooperative agreements awarded across the country. WIPA awardees are community-based organizations such as Centers for Independent Living, Goodwill, State agencies, United Cerebral Palsy, and a host of non-profit organizations. Under the WIPA program, awardees are required to work with SSA's beneficiaries with disabilities directly to help them understand how Federal, State, and local work incentives can assist them in their return to work goals, and how work may affect their benefits.

Since 2002, SSA has worked with the Department of Labor's Employment and Training Administration on a Disability Program Navigator (DPN) position within the One Stop Career Center system. One of the primary purposes of the DPN initiative is to better inform SSA disability beneficiaries and other people with disabilities about the work support programs and provide effective linkages to the business community to increase employment outcomes. DPNs guide One Stop Career Center staff in helping individuals with disabilities navigate the services and benefits systems which impact their ability to gain and retain employment. The DPN's work closely with the AWICS, WILS, and WIPAs.

Conclusion

As I mentioned at the beginning of my testimony, SSA is committed to assisting beneficiaries with disabilities who want to return to work. Using all of the foregoing enhancements that Congress has provided, we will continue our efforts to grow the Ticket Program and remove barriers within our programs so that every beneficiary with a disability can realize his or her fullest potential. Thank you again for your support and interest in this matter, and I'd be happy to answer any questions you may have.