

Missouri Department of Mental Health

# Sample Scenarios for Benefits Planning:

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Navigating the Systems of  
Employment and Support



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# Sample Scenarios for Benefits Planning: Navigating the Systems of Employment and Support

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Having the opportunity to work is perhaps one of the most gratifying life experiences one can hope to have. Work promotes financial independence, provides purpose, and in many cases, fosters life-long friendships. This document is designed to help individuals who are contemplating employment – and the people who work with them – to understand the intersection between work and benefits. Recognizing the complexity of this issue, the following resources also are available for guidance:

Social Security Red Book: <http://www.ssa.gov/redbook/>

Missouri Department of Social Services, Family Support Division: <http://www.dss.mo.gov/>

Missouri Department of Mental Health, Division of Development Disabilities, Employment Services: <http://dmh.mo.gov/dd/progs/employment.htm>

Missouri Department of Mental Health, Division of Behavioral Health, Employment Services: <http://dmh.mo.gov/mentalillness/adacpsemploymentservices.html>

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# Flow Chart Scenario 1

## Person Has No Income

**Step 1.** The person applies to the state for Medicaid, based on disability

- Usually takes approximately 90 days for determination

Applies for SSI and/or SSDI

- Process may take three months or three years (Disability qualifications are the same for Medicaid and Social Security's SSI/SSDI programs, however since different reviewers are involved, different findings may result.)

**Step 2.** Person is approved by the Missouri Family Support Division (FSD) for Medicaid

- No Income
- No spend down (SPDD)
  - However spend down is a possibility if the person begins receiving income either from earned or unearned sources

**Step 3.** Person gets a job!

### Example 1: No spend down or health care premium

- Earnings from employment do not exceed Substantial Gainful Activity (SGA), currently \$1,180 per month
- Remains "disabled" under state Medicaid rules; and
- Remains non spend down \*countable income (income after deductions are taken out) under \$860 (85% of poverty);

### \*Determining Countable Income for MO Medicaid

Step 1

Gross Earnings

minus \$65.00 Earned Income Exemption (EIE) (This is a standard exclusion and remains the same regardless of a person's gross earned income.)

= Remainder

minus Earned Income Exemption = to one half of Remainder

= Countable Earned Income

Step 2

Total Unearned income

minus SSI cash payment

minus Medicare and other health insurance premiums

= Countable Unearned Income

Step 3

Countable Earned Income

+ Countable Unearned Income

minus \$20.00 Personal Income Exemption (PIE) (This is a standard amount and remains the same regardless of a person's gross income.)

= the total Countable Income

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### Calculation Example:

\$1,180 earned income

- \$65 earned income exemption

= \$1,115 earned income above \$65

- \$557.50 earned income exemption of ½ of earnings above \$65

= \$557.50 countable earned income

- \$20 personal income exemption

= \$555.00 countable income (FSD rounds income down to the nearest whole dollar)

= non spend down Medicaid as countable income does not exceed the limit of \$860 (85% of poverty)


### Example 2: Begins employment earning above Substantial Gainful Activity (above \$1,180 in 2015)

- Moves to Missouri Ticket-to-Work Health Assurance (TWHA) Medicaid until earnings exceed \$3,035 with a monthly premium based on the chart below:

#### Examples of gross income and associated premiums

- \$1,012.00 or less: no premium
- \$1,012.01 - \$1,517.99: \$40 premium
- \$1,518.00 - \$2,023.99: \$61 premium
- \$2,024.00 - \$2,529.99: \$101 premium
- \$2,530.00 - \$3,035.00: \$152 premium

### Step 4. Pending SSI and/or SSDI application

- Historically anecdotal reports suggest people have a fear of going to work if they are still waiting for an SSA disability determination, as this will result in automatic denial of the application. However, this is not the case. The ultimate question Disability Determination Service (DDS) seeks to answer for the SSI/SSDI application is: "Does this individual have the ability to earn substantial gainful activity (SGA)?" This takes more than looking at earnings during a particular period of time. DDS uses a specific sequential process to evaluate the total spectrum of medical and vocational evidence for a disability decision. <https://secure.ssa.gov/poms.nsf/lnx/0424001070>
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## Flow Chart Scenario 2

### Person Has SSI Only

(Persons with disabilities with low income who do not have enough quarters of work for Social Security Disability Insurance receive Supplemental Security Income only)

**Step 1.** The person applies for Medicaid

**Step 2.** The person is approved by the Missouri Family Support Division for Medicaid

- Person receiving SSI only will not have spend down
- Once approved for SSI, Substantial Gainful Activity (SGA) is no longer a factor in determining continued eligibility or cash payment amount

**Step 3.** The person begins employment

- Earning less than \$1,585 (the break-even point for person to continue to receive SSI)
  - will continue to receive an adjusted SSI cash payment based on amount of countable income up to the Break-even Point\* (BEP)
- Medicaid will continue as non-spend down

*\*Break-even point (BEP) is the point when gross monthly earnings reduce a person's SSI cash payment to zero. To calculate the BEP, multiply the current Federal Benefit Rate (FBR, this is the maximum SSI cash payment amount) by two and add the current Earned Income (EIE) plus General Income exclusions (GIE).*

#### \*Determining Countable Income and the SSI cash payment amount

Step 1

Gross Earning

-20.00 General Income Exclusion (GIE) (This is a standard exclusion and remains the same regardless of a person's gross income.)

=Remainder

-\$65.00 Earned Income Exclusion (EIE) (This is a standard exclusion and remains the same regardless of a person's gross income.)

= Remainder

Divide the remainder by 2

=Total Countable Income

Step 2

Federal Benefit Rate (SSI cash maximum payment amount)

-Countable income (from above)

=New SSI cash payment

#### Calculation Example:

Step 1

\$985 earned income

-\$85 (Both the \$20 and \$65 exclusions)

Divided by 2

= \$450 countable income

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Step 2

\$750 (FBR)  
- \$450  
= \$300 new SSI cash payment

Step 3 Financial Outcome

\$985 Gross Earnings  
+ \$300 SSI cash payment  
= \$1,285 compared to \$750.00 prior to working, now a tax payer and earning credits toward retirement, Medicare, and disability coverage. The person retains their non-spend down Medicaid coverage as the countable income for Medicaid is below the limit.

**Medicaid Calculation Example:**

\$985 earned income  
-\$65 earned income exemption  
= \$920 earned income above \$65  
-\$460 earned income exemption of ½ of earnings above \$65  
= \$460 countable earned income (SSI is not counted to determine Medicaid eligibility)  
-\$20 personal income exemption  
= \$440 countable income  
= non-spend down Medicaid as countable income does not exceed the limit of \$860

**Step 4.** Person now earns \$1,551 or more

- The SSI Breakeven point is earned
  - SSI cash payment stops
  - Person continues eligibility for non-spend down Medicaid under \*Section 1619(b) provision

***\*To have Medicaid continue under 1619(b) status, the person needs***

- SSA will send a letter stating the person's SSI has stopped and the person might be eligible to continue receiving Medicaid. Letter is sent because SSA has determined person eligible for 1619(b) status.
- Person needs to report to FSD regarding earnings and 1619(b) (this is a critical step in order to maintain 1619(b) status; FSD worker does not automatically receive notification of 1619(b) status. This is not a common occurrence thus FSD may be unfamiliar with the process)
- The person can earn \$36,828 per year and retain 1619(b) status
- Medicaid will continue as long as available resources (a home and a car are excluded) do not exceed \$2,000. If income exceeds \$36,828 the Social Security Administration (SSA) may continue 1619(b) status based on impairment related work expenses or other factors (blind work expenses, a Plan to Achieve Self-Support, receipt of publicly funded attendant or personal care, and medical expenses above the state per capita amount).
- FSD must have documentation of 1619(b) status-challenges with FSD computer system receiving this information from SSA's system. In this situation someone from FSD, either the local worker or FSD policy staff may need to contact SSA to verify the status if the letter from SSA referencing 1619(b) status is not available.

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**Step 5.** FSD obtains verification of 1619(b) eligibility from SSA

- Medicaid continues:
  - non spend down
- SSA Medical reviews are determined at time of eligibility:
  - MIE (Medical Improvement Expected) - less than 3 years
  - MIP (Medical Improvement Possible)
  - MINE (Medical Improvement Not Expected) 7 + years
- 12 month SSI redetermination review is completed by SSA asking questions about:
  - Living arrangements;
  - Income;
  - Resources and Assets;
  - and
  - Three specific questions related to need for Medicaid.
- To be eligible for 1619(b), an individual must depend on Medicaid coverage to continue working. An individual depends on Medicaid coverage if he/she:
  - Used Medicaid coverage within the past 12 months; or
  - Expects to use Medicaid coverage in the next 12 months; or
  - Would be unable to pay unexpected medical bills in the next 12 months without Medicaid coverage.

Note: a person needs to answer “YES” to at least one of the above need for Medicaid questions.

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## Flow Chart Scenario 3

### Persons with SSDI and Medicaid

#### Person 1

The person has a Social Security Disability Insurance (SSDI) (this includes the entitlements of Childhood Disability Beneficiary (CDB), and Disabled Widow(er) (DWB)) cash benefit of \$880 or less

- Medicaid is non-spend down due to monthly countable income not exceeding \$860 (85% of poverty)

#### Person 2

The person has a Social Security Disability Insurance (SSDI) (this includes the entitlements of Childhood Disability Beneficiary (CDB), and Disabled Widow(er) (DWB)) cash benefit ranging between \$881 - \$930

- The person's Medicaid spend down will range from \$1.00 - \$50.00

If either Person 1 or Person 2 becomes employed with gross monthly income of \$3,035 or less, their Medicaid category should change from Spend Down to Missouri Ticket-to-Work Health Assurance (TWHA), as soon as the Family Support Division eligibility specialist is notified.

- TWHA Medicaid has premiums based on gross income:
  - \$1,012.00 or less: no premium
  - \$1,012.01 - \$1,517.99: \$40 premium
  - \$1,518.00 - \$2,023.99: \$61 premium
  - \$2,024.00 - \$2,529.99: \$101 premium
  - \$2,530.00 - \$3,035.00: \$152 premium

#### Person 3

The person has a Social Security Disability Insurance (SSDI) (this includes the entitlements of Childhood Disability Beneficiary (CDB), and Disabled Widow(er) (DWB)) cash benefit of \$931 or above

- Medicaid is spend down of \$51 or more

If **Person 3** becomes employed with gross monthly income of \$3,035 or less. Their Medicaid category **may** change from Spend Down to Missouri Ticket to Work Health Assurance (TWHA), when the Family Support Division eligibility specialist is notified and verifies the amount of earnings. To qualify for Missouri Ticket-to-Work Health Assurance the earnings must equal at least 2 times the amount the spend down (prior to employment) exceeded \$50.

**Example 1:** A person who has a Social Security Disability cash benefit of \$1,080 would have a \$200 spend down for Medicaid. This person would need to earn \$300 to qualify for the TWHA program.

\$200 current spend down  
-~~\$50.00~~ SSDI exclusion  
\$150.00  
x 2

\$300 is the minimum amount the person would need to earn to access the TWHA Medicaid program

- o If the person purchases dental and optical insurance a standard deduction of \$75 is allowed (full premium is allowed if more than \$75). The earnings must equal two times the amount the spend down (prior to employment) exceeded \$125 to qualify for Missouri Ticket-to-Work Health Assurance.

**Example 2:** A person who has a Social Security Disability cash benefit of \$1,080 would have a \$200 spend down for Medicaid. If dental and optical insurance is purchased, this person would need to earn \$150.00 to qualify for the TWHHA program.

\$200 current spend down  
-\$125.00 (\$50.00 SSDI and \$75.00 vision/dental exclusions)  
 \$75.00  
x 2

\$150 is the minimum amount the person would need to earn to access the TWHHA Medicaid program

**Person who's earnings do not meet the minimum requirement for TWHHA Medicaid program**

If earnings are not high enough to qualify for Missouri Ticket-to-Work Health Assurance Medicaid, the spend down increases by \$1 for every \$2 in earnings above the first \$65.

**For Example:** A person receives a monthly SSDI cash benefit of \$1,080 and currently has a \$200.00 spend down for Medicaid eligibility. The goes to work and earns \$265.00.

\$265 gross earned income  
-\$65 (standard earned income exemption)  
 \$200.00  
÷ 2  
 \$100 (increase in spend down)

**Financial Outcome:**

\$1,080 SSDI  
+ \$265 earnings  
 = \$1,340  
-\$300 spend down

= \$1,045 Total income available for non-medical expenses. Prior to employment the person would have had \$880 available for non-medical expenses.

**SSA Work Incentives**


**-Trial Work Period (TWP)**

A Benefit Planning Query (BPQY) reports TWP months used.

- Monthly earnings above \$850 in 2018 (\$840 in 2017, \$810 in 2016, \$780 in 2015, \$770 in 2014, \$750 in 2013, \$720 in 2012), results in a TWP month being used.
- A person may use a total of nine months Trial Work Periods within a 60-month rolling time period.
  - o During the TWP, regardless of earnings, the person will continue to receive the full SSDI cash benefit.

**Substantial Gainful Activity (SGA)**

After the initial disability determination, SGA is only relevant for people eligible for SSDI (includes the other entitlements of CDB and DWB) If earnings do not exceed \$1,180 (2018 Substantial Gainful Activity amount) at the end of the 9th month of the Trial Work Period, the SSDI cash benefit will continue. Medicaid continues as described above.

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- Earning above SGA ( \$1,180) at end of Trial Work Period
    - Extended Period of Eligibility (EPE) begins
      - Begins the first month following the 9<sup>th</sup> month of TWP
      - Continues for 36 consecutive months
      - Regardless of earnings the person remains eligible for benefits
      - SSDI cash benefit is payable during a three-month grace period (1<sup>st</sup> month earnings exceed SGA and the following two months)
      - Following the grace period, any months earnings exceed SGA, no cash benefit is paid
      - During the EPE cash benefits can be reinstated if earnings drop below SGA
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## Flow Chart Scenario 4

### *Person Has SSI & SSDI (A concurrent beneficiary)*

(People with disabilities with low income who do not have enough quarters of work for Social Security Disability Insurance receive Supplemental Security Income only. Persons who qualify for an amount of SSDI not exceeding the SSI maximum amount by more than \$20 will receive SSI)

**Step 1.** A person applies for Medicaid

**Step 2.** The person is approved by the Missouri Family Support Division for Medicaid

- The person will not have spend down because of their SSI eligibility

**Step 3.** The person begins employment

- Substantial Gainful Activity is not a consideration for continued eligibility for SSI benefits
- Substantial Gainful Activity is a consideration for continued eligibility for SSDI benefits

**Step 4.** The person begins employment

- The person's SSI cash payments will be determined based on countable income
  - If the amount of countable income does not exceed the FBR (maximum SSI payment), the person will receive a reduced SSI cash payment. Medicaid will continue with no spend down.
  - If the amount of countable income exceeds the FBR (maximum SSI payment), the SSI cash payment will stop and the person will be eligible to continue non-spend down Medicaid under Section 1619(b) status.
- The person's SSDI benefits
  - Trial Work Period (for any of the examples above if available to use)
    - Each month a person's earnings are above \$850 (in 2018), a Trial Work Period month is used. A person may use a total of nine Trial Work Period months and continue to receive SSDI while in TWP.
  - If earnings do not exceed the monthly Substantial Gainful Activity amount (\$1,180) at the end of the nine-month Trial Work Period, SSDI cash benefits will continue.
- Earning above SGA ( \$1,180) at end of Trial Work Period
  - Extended Period of Eligibility (EPE) begins
    - Begins the first month following the 9<sup>th</sup> month of TWP
    - Continues for 36 consecutive months
    - Regardless of earnings the person remains eligible for benefits
    - SSDI cash benefit are payable during a three-month grace period (1<sup>st</sup> month earnings exceed SGA and the following two months)
    - Following the grace period, any months earnings exceed SGA, no cash benefit is due
    - During the EPE cash benefits can be reinstated if earnings drop below SGA

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### **SSI Countable income Calculation**

Countable income = the countable unearned + the countable earned

Countable unearned income = SSDI - \$20 (general income exclusion)

Countable earned income = earnings - \$65 divided by 2

Countable income is subtracted from Federal Benefit Rate (SSI maximum payment) to determine the person's SSI payment

**Example:** unearned income is \$370 - \$20 = \$350 countable unearned income

\$965 earned income minus \$65 divided by 2 = \$450 total countable earned

Total countable income \$800

\$750 (FBR) - \$800 = 0 SSI

**Person's total income will now be \$965 + \$370 = \$1,335; rather than income prior to working of \$780**

- Medicaid will continue as non-spend down as the countable income for Medicaid does not exceed \$860 (85% of poverty)

### **Step 5. To have Medicaid continue under 1619(b) status, the person needs:**

- SSA will send a letter stating the person's SSI has stopped and the person might be eligible to continue receiving Medicaid. Letter is sent because SSA has determined person eligible for 1619(b) status.
- Person needs to report to FSD regarding earnings and 1619(b) (this is a critical step in order to maintain 1619(b) status; FSD worker does not automatically receive notification of 1619(b) status. This is not a common occurrence thus FSD may be unfamiliar with the process)
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**Step 6.** FSD obtains verification of 1619(b) eligibility from SSA:

- Medicaid continues:
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- SSA Medical reviews are determined at time of eligibility:
  - MIE (Medical Improvement Expected) - less than 3 years
  - MIP (Medical Improvement Possible)
  - MINE (Medical Improvement Not Expected) 7 + years
  
- 12 month SSI redetermination review is completed by SSA asking questions about:
  - Living arrangements;
  - Income;
  - Resources and Assets;  
and
  - Three specific questions related to need for Medicaid.
  
- To be eligible for 1619(b), an individual must depend on Medicaid coverage to continue working. An individual depends on Medicaid coverage if he/she:
  - Used Medicaid coverage within the past 12 months; or
  - Expects to use Medicaid coverage in the next 12 months; or
  - Would be unable to pay unexpected medical bills in the next 12 months without Medicaid coverage.

Note: a person needs to answer “YES” to at least one of the above need for Medicaid questions.



# Glossary of Terms for Medicaid and Disability Programs under the Social Security Administration

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## MO HealthNet (Medicaid)

MO HealthNet is Missouri's name for the Medicaid program under Title XIX of the Social Security Act. It also includes coverage for uninsured children with income above the Medicaid limit through the Children's Health Insurance Program (CHIP) under Title XXI of the Social Security Act, and state only funded medical assistance for Blind Pension recipients and children in state custody who are ineligible for Medicaid.

## Spend Down

The Spend Down Program is a Missouri Medicaid program that allows aged (65 and over), blind, and disabled individuals who meet the non-income requirements (see Department of Social Services (DSS) program summary <http://www.dss.mo.gov/fsd/massist.htm>) to qualify for Medicaid coverage even though they receive income in excess of eligibility limit. Spend down is like a deductible that the individual must meet before Medicaid will pay. The spend down can be met by either (1) submitting incurred medical expenses to the DSS Family Support Division, or (2) by paying the monthly spend down amount to the DSS MO HealthNet Division, much like an insurance premium payment.

### *How is Spend Down Calculated?*

The Family Support Division determines your countable income (gross income minus certain deductions and income disregards) and compares it to the non-spend down income limit. The income limit for aged (65 and over) or disabled individuals is 85% of the federal poverty level (\$860 for an individual, \$1,166 for a married couple). The limit for blind individuals is 100% of the federal poverty level (\$1,012 for an individual, \$1,372 for a married couple).

The amount of countable income that exceeds the limit is the spend down amount. Upon approval, the individual will receive a monthly invoice with instructions on the options meeting the spend down with incurred medical expenses or paying the spend down amount to the MO HealthNet Division.

## Supplemental Security Income (SSI)

SSI is a federally funded, needs-based disability program for adults and children that provides monthly cash benefits for basic food and shelter expenses. In Missouri, the disability determination from Social Security satisfies the medical determination requirement for the Medicaid application. Note: Missouri has its own financial determination for Medicaid, the asset and income limits are higher than SSI.

## Trial Work Period (TWP)

The first phase in the back-to-work process is called the Trial Work Period, or TWP. The TWP allows you to test your ability to work. It is time to discover your support needs and assess your stamina, for nine months without worrying about how the income will impact your SSDI (CDB or DWB) benefits. During your TWP, you can earn an unlimited amount and still receive your full Social Security disability benefit as long as you still have a disabling impairment. In 2018 SSA considers a TWP month “used” when your gross earnings are more than \$840.00 a month, or if you work more than 80 self-employed hours in a month. Your TWP won’t end until you accumulate nine TWP months within a 60-month rolling time period. You only have one nine-month TWP per period of entitlement.

## Substantial Gainful Activity

When you have used your TWP, SSA will look at your countable earnings to see if they would be considered “substantial gainful activity,” or SGA. If your earnings are below the current SGA amount, you will see no impact to your SSDI (CDB, DWB) cash benefit. To help decide when earnings would be considered substantial gainful activity, SSA uses a specific dollar figure as a guideline. In 2018 the SGA guideline is \$1,180.00 of gross earned income per month (use the blind SGA figure for people who are receiving benefits due to blindness).

SGA is more than just a number or a dollar amount of monthly gross earnings. During an SGA determination, SSA considers many factors, such as the value of your work, how long you were able to earn more than the SGA level, and whether or not special work incentives can be used to lower the amount of earned income counted toward SGA. Basically, if your countable earned income is consistently above the SGA guideline, your work activity will probably be considered SGA. If your countable income is consistently below the SGA guideline, your work is unlikely to be considered SGA.

***Other provisions available after the completion of the TWP are:***

## Grace Period

After the TWP is completed, the first month SSA decides the work you are doing is at a “substantial” level or SGA, it triggers the Grace Period. During the Grace Period, you will continue to receive your full cash benefit for three consecutive months. The first month is known as the Cessation month and the two following months are Grace months. After that, the Grace Period is over and cash payments will no longer be paid if your earnings drop below SGA. You are only given one Grace Period during your period of disability. It will be important to know when or if you have had a cessation month.

## Extended Period of Eligibility

After the TWP ends, you will begin Phase II in the back-to-work process. Another work incentive period, called the Extended Period of Eligibility or EPE, becomes available. The EPE is 36 **consecutive** months starting with the month after the TWP ends. It is during this time SSA is concerned about Substantial Gainful Activity as defined above. Remember, during the EPE you retain eligibility for SSDI (CDB, or DWB), regardless of how much you earn. Cash benefits are suspended for the months your earnings or work activities exceed the SGA amount. During this three-year period, if your countable earnings should fall below SGA for any reason, notify SSA and your check will be re-instated the next month.







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