



**CONSORTIUM FOR CITIZENS  
WITH DISABILITIES**

**Consortium for Citizens with Disabilities (CCD) Social Security Task Force  
Proposal for a Benefit Offset in the Social Security Disability Insurance (SSDI)  
program:**

The CCD Social Security Task Force has long been on record supporting the creation of a benefit offset in the SSDI program to eliminate the work disincentive created by the cash cliff and create a ramp off of benefits to better support return to work for SSDI beneficiaries. In addition, SSDI beneficiaries must navigate a world of confusing rules with vague timelines and different earnings levels that are nearly impossible for the average working beneficiary to understand. There is over 25 years of experience regarding the effects of an offset on beneficiaries from the SSI program under the Section 1619 program, which Congress made permanent in 1987 following a demonstration period of 7 years. Combined with the results of the 4 state pilots undertaken in the early 2000s in the SSDI program, there is ample evidence that a benefit offset should be enacted in the SSDI program.

The CCD Social Security Task believes a benefit offset should have the following design and be accompanied by the following administrative and work incentives changes.

**Offset design:**

1. Benefit offset level: \$1 benefit offset for every \$2 of earnings over the earning disregard threshold
2. Earning disregard threshold: Initial earning disregard should be set no lower than the current law Trial Work Level (TWL) period earning threshold of \$770 for 2014 (if adopted in 2015 or after should begin with scheduled TWL earning threshold for that year). The earning disregard threshold for SSDI should be indexed in the same manner that TWL is currently indexed annually.
3. The earned income disregard in the Supplemental Security Income (SSI) program should also be increased to the level it would be at if it had been indexed since its inception. The earned income disregard in the SSI program should be indexed after it is increased. For example, the CCD SSTF is supportive of the approach taken by the Supplemental Security Income Restoration Act (\$110 general income disregard, \$357 earned income disregard).

### **Additional improvements to and simplification of work incentives:**

1. Eliminate the Trial Work Period. A Trial Work Period would no longer be needed with a benefit offset.
2. Eliminate the Extended Period of Eligibility (EPE): The CCD Social Security Task Force recommends that the EPE be eliminated. Rather, earnings should never cause an SSDI beneficiary's eligibility to be terminated. Instead, benefit eligibility should be put in suspension in any month that a beneficiary's earnings rise to the level that no benefit is payable. An SSDI beneficiary's eligibility should only be terminated if the individual has medically improved and no longer has a disabling impairment according to the Title II definition of disability.

These two changes would reflect the same changes made to the SSI program when the Section 1916 program was made permanent in 1987.

3. Improving the Impairment Related Work Expense (IRWE) incentive:
  - a. Better Administration: We recommend improving the administration of the IRWE by making the reporting of IRWEs easier – allowing online submission of evidence of expenses that might be eligible to be counted as an IRWE and reducing the frequency at which someone must provide evidence of the IRWE – e.g. create a presumption that the expense continues at the same monetary amount unless SSA is notified. If needed, verification of the expense could be asked for annually.
  - b. Expansion of Covered Expenses: We recommend expanding the expenses that non-blind individuals with disabilities can have excluded from their income for the purposes of determining the amount of an SSDI benefit. As outlined in the CCD testimony to Chairman Johnson and Chairman Davis for the September 23 2011 hearing Joint Hearing on Work Incentives, "...(w)e recommend revising the impairment-related work expenses provisions. ...The current SSI blindness rule should be applied to both Title II and SSI disability claimants and beneficiaries to allow the consideration of all work expenses, not only those that are "impairment-related." For Title II and SSI disability claimants and beneficiaries, only those work expenses that are "impairment-related" will be considered. However, the SSI income counting rules for individuals who qualify based on statutory blindness are more liberal because all work expenses can be deducted, not only those that are "impairment-related." There is no policy basis for this continued disparate treatment of people with different disabilities. We also recommend allowing

individuals to include their health insurance premiums as IRWEs. This would recognize the higher costs incurred by workers with disabilities who must pay premiums for the Medicaid Buy-In or for continued Medicare after the termination of free Part A benefits.”

**4. Administrative Issues: Reporting earnings, processing of earnings, and adjustment of benefits:**

CCD believes it is very important that the creation of an offset in the SSDI program is accompanied by changes to the current processes and procedures for reporting and processing earnings reports. Overpayments and the threat of them are serious disincentives to work for beneficiaries. The current length of time (average of 9 months) it takes to process an earnings report is unacceptable and results in overpayments and discourages work among beneficiaries. We cannot overstate the importance of including provisions to address this in any benefit offset design.

- a. Earnings reporting: It should be as easy as possible for beneficiaries to report their earnings. At a minimum, SSA should have an online system that allows SSDI beneficiaries to report earnings and every beneficiary should have an electronic record (via email or other means) of the earnings report. The system for reporting earnings should be connected with the benefit record so that a notation is made in the file that a report of earnings has been made and a work report has to be developed. Performance standards for SSA staff should be created to ensure that the work report is developed in a reasonable timeframe so as to avoid overpayments.
- b. Benefit adjustments: Benefits should be adjusted in a timely manner once an earnings report is made to SSA to avoid excessive overpayments.
- c. Staff and resources: Given current workloads and staffing constraints, it is likely that additional staff will be necessary to allow for efficient and timely administration of the new benefit offset in the SSDI program. Significant overpayments already exist in the SSDI program and the SSI program as well. CCD is very concerned that absent sufficient funding and staffing, a benefit offset in the SSDI program will be hard pressed to help increase employment outcomes and economic security of SSDI beneficiaries.
- d. Beneficiaries who follow the rules should not be penalized. Congress should adopt an “estoppel” provision that gives SSA 4 months to adjust benefits and notify beneficiaries of existing overpayments. For beneficiaries who have followed the law by properly reporting their earnings, if SSA fails to act within the 4 months to adjust benefits and notify the beneficiary, SSA would be prohibited from collecting back overpayments.

- e. SSA field office staff should have the same incentives to process earnings reports as they do to complete other work. These changes would result in a system that is fairer to beneficiaries and would likely save a significant amount of taxpayer dollars.