

# Benefits Summary & Analysis

**Beneficiary Name:** Brian Doe

**Date:** 7/11/11

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## Summary of your Current Benefits Situation

### What I have verified about your current benefits with Social Security and other agencies (as needed):

- You are a concurrent beneficiary since you receive two different SSA disability benefits. You receive a Childhood Disability Benefit (CDB) from SSA on your retired father's work record in the amount of \$652 and an SSI payment in the amount of \$42.
- You receive Medicaid based on being an SSI recipient.
- You also participate in the Medicare program. You receive Part A for free and the Part B premium and all Medicare co-payments and deductibles are being paid for by a special Medicaid program known as "QMB".
- You are enrolled in the Medicare Part D prescription drug program and get help paying the premium for this program through the special low-income subsidy. Because you are a Medicaid recipient you are automatically enrolled in the Part D program and provided 100% low-income subsidy.
- You receive residential support and case management services from Realizations, LLC. State supported living funds are used to pay for the costs of these services.

### What you told me about your current employment situation and/or your future employment plans or goals:

- You told me that you have an interest in self-employment of some sort, but you're not sure what type of business would best suit your interests while accommodating your disability. At this point you are thinking that an internet-based business selling items over Ebay might work for you.
- You are currently working with KY OVR, family members and staff from Realizations to help you refine your self-employment goal.
- You, your family and your Realizations support staff are concerned about what small business ownership and income from self-employment would do to your cash benefits, medical insurance and your HCBS waiver services.

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## Analysis of How Employment May Affect Your Benefits

### How your employment situation and/or plans may affect your Social Security cash benefits:

- In self employment situations, SSA counts NET earnings from self employment (NESE) rather than gross wages. This net figure is determined by taking gross sales

or revenues for the business and subtracting all allowable business expenses. This is essentially the same way that the IRS determines taxable income for a small business owner. SSA will simply look at the tax return you file at the end of the calendar year and count whatever income you report on your profit and loss statement.

- In the title II disability programs (your CDB payment), SSA allows beneficiaries to keep their full cash payment as long as the work they are doing is not considered to be “substantial gainful activity” or SGA. To help decide when net earnings from self-employment would be substantial gainful activity, SSA uses a specific dollar figure as a guideline. In 2011 the SGA guideline for non-blind individuals is \$1000 of countable earned income per month. Basically, if your countable earned income is consistently above the SGA guideline, the work activity is probably going to be considered SGA. If the countable income is consistently below the SGA guideline, the work is unlikely to be considered SGA.
- There are various work incentives we can apply to reduce the countable income from your business when SSA is looking to see if you are engaging in SGA. There are also work incentives such as the Trial Work Period that allow you to test your ability to work without fear of losing your benefits, no matter how much your business earns! These are explained in more detail in the Redbook I reviewed with you. When we have a clearer idea of your business and expected profits, we can discuss this issue further.
- In the SSI program, your check will be reduced gradually based on how much profit your business shows. SSA will look at your tax returns after the first year and will take the profit your business made and average it out over the 12 months to determine how much income to count each month. Basically, the first \$65 in earned income each month is disregarded. For anything over this, SSA will reduce your SSI check by one dollar for every two dollars you earn. It is important to remember that SSI beneficiaries always come out ahead financially by working! Because you have such a small check to begin with, almost any level of profit from your business will cause the loss of the SSI cash payment. However, you will be able to keep your Medicaid coverage under a special work incentive known as 1619(b). This is explained in the next section.

### **How your employment situation and/or plans may affect your health insurance (Medicare and/or Medicaid):**

- Your Medicare coverage will not end as long as you keep your CDB check. Even if the profit from your business was high enough to cause your CDB check to stop, you would still be able to keep your Medicare Part A, B and D for AT LEAST 93 months after the end of your Trial Work Period, and many people keep their Medicare much longer than this.
- The QMB coverage which pays for your Medicare Part B premium is affected by work under its own set of rules. You would need to have total income of more than \$900 a month to lose this help with your premium. We will need to watch your earnings so we can be prepared when it comes time for you to pay the premiums yourself. The cost of losing this coverage is not terribly high – the Part B Medicare

premium is \$110.50 in 2011. There are a couple of ways we can get this premium paid and we can go over that in more detail later.

- The Part D low-income subsidy is also affected by wages or income from self-employment, but as long as you retain eligibility for Medicaid this subsidy will continue without any changes.
- You should be able to keep your Medicaid indefinitely even if the profit from your business were high enough to cause the loss of the SSI cash payment. This special Medicaid provision is known as 1619(b) extended Medicaid coverage. To qualify for 1619(b) you must continue to be disabled, you must meet all of the SSI eligibility criteria related to unearned income and resources, and your income from your business must not exceed a certain figure known as the “threshold amount”. In Kentucky, the 2011 threshold amount is \$27,345.

### **How your employment situation and/or plans may affect other benefits you receive (Food Stamps, HUD rental subsidies, etc.):**

You currently do not receive any other benefits that would be affected by employment. If you apply for or become eligible for any other benefits programs, be sure to let me know!

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### **Benefits Issues Not Related to Employment**

- You are currently at some risk for losing your SSI due to CDB cost of living increases, or because of increased payment if your father passes away, or a recalculation of your father’s benefits. This risk exists whether or not you choose to work or become self-employed.
- If you lose his SSI due to an increase in CDB payment, you will be able to keep your Medicaid under a special set of rules just for people in your circumstance. The problem is, this type of special Medicaid is not very accommodating of paid employment. As a matter of fact, given your unique circumstances, it would take very little paid employment to lose this special Medicaid coverage. We will talk about this more when you are closer to achieving your employment goal.
- You need to be aware that BOTH of the benefits you receive from SSA – your CDB payment and your SSI payment – are affected by marriage. Although you didn’t indicate that marriage plans are in your near future, you simply need to know that marriage could cause the loss of one or both of your benefits. Please contact me for more information if marriage becomes part of your plans for the future.

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### **Employment Services and Supports You May Need**

As a concurrent beneficiary, you are a good candidate for another special work incentive called a Plan for Achieving Self-Support or PASS. As a matter of fact, you are an exemplary

PASS candidate – it just doesn't get any better than your situation! PASS is a work incentive you can use to set aside income into a designated account for use in achieving your goal to start a business. Right now, you have about \$632 each month you could set aside to pay for any approved expense you need to reach your goal of owning and operating your own Internet-based business. This could include paying for transportation, school, start up expenses, attendant care – all sorts of things! You have a significant opportunity with PASS which deserves serious consideration!!

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## **Important Things for You to Remember**

### **Important dates or deadlines:**

You need to call me as soon as your business plans are nearer to being final so we can talk in more detail about how self-employment will affect your benefits specifically. Remember – certain work incentives can HELP you reach your self-employment goal, and I can help you plan for using these work incentives.

### **Things you need to report to SSA or other agencies:**

I have attached a brief handout that describes some reporting tips and gives you information about what you need to report to SSA. Since you get both CDB and SSI, there are many things you are required to tell SSA about. Be sure to read the handout and call me if you have questions!

You need to notify SSA about the following things as they happen. Remember that you should always provide notification of changes in writing!

- 1.) Start or stop working
- 2.) Increase or decrease your hours
- 3.) Get married
- 4.) Move

### **Recordkeeping reminders:**

Keep all letters you get from SSA or DCBS about your HCBS services. Call me if you need help understanding these letters – I am happy to help you with this!

**Remember that it is your responsibility to promptly report all relevant changes to the Social Security Administration and any other federal, state, or local entity administering benefits you receive!**

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## **Using this Report**

You should keep this report and refer back to it when you have questions about how your employment plans may affect your Social Security benefits, associated health insurance, and any other federal, state or local benefits. It is also important for you to share this report with other

people who are helping you achieve your employment goals.

The information contained in this report is intended to help you make informed choices about important life issues that may affect your Social Security and/or other public assistance benefits. The accuracy of the information and advice contained in this report is dependent upon:

1. The accuracy and completeness of the information you provided about your current and past benefits status;
2. The accuracy and completeness of information you provided about relevant factors such as current and past earnings, unearned income, resources, disability status/medical condition, marital status, and living arrangements;
3. Current laws and regulations governing the effect of employment and other factors on Social Security disability benefits and other federal benefits; and
4. Current Social Security Administration (SSA) policies and procedures regarding the use of applicable work incentives.

Changes in the factors described above may seriously affect the accuracy of the information provided in this correspondence. Please contact your CWIC immediately to discuss any changes in your benefits situation or employment plans or to answer any additional questions you have about how employment may affect your benefits!

**CWIC Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**NOTE: By signing this Benefits Summary & Analysis report, the CWIC is verifying that a copy of this report has been provided to and reviewed with the beneficiary.**