

# Understanding Social Security Disability (SSDI) and Supplemental Security Income (SSI)

## Revenue Impact

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Designated Representative



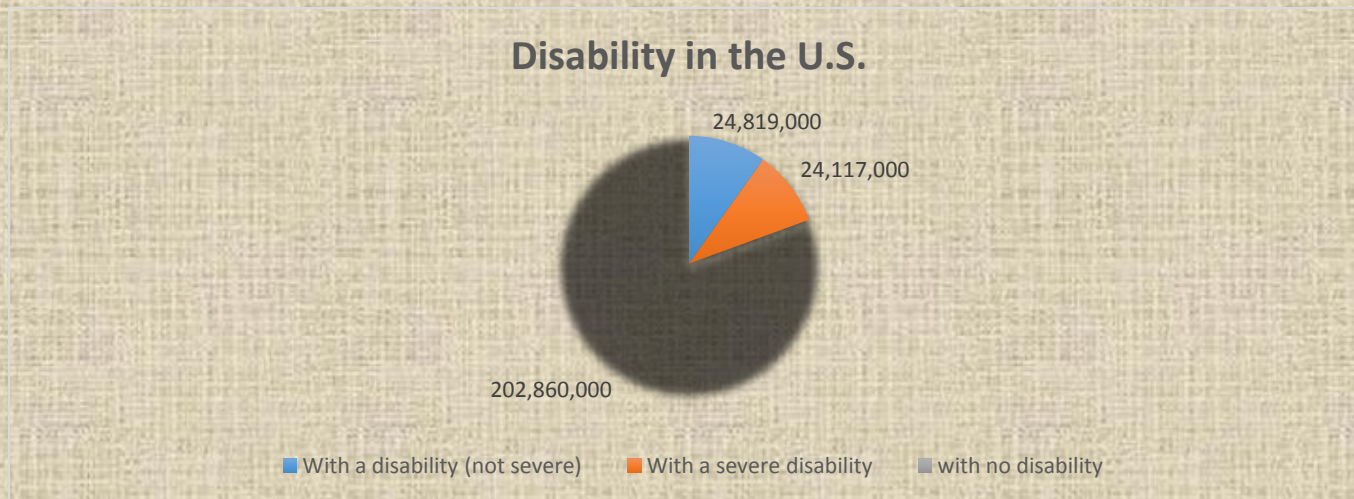
# Disclaimer

Please keep in mind, there are exceptions to many rules

# Disability in the U.S.

## Key Statistics Relating to Disability

- Currently 49+ million people with disabilities
- 3,000+ will become disabled within this hour
- 30% chance of worker becoming disabled before retirement age
- 2.5 years is the average duration of a Long-term disability
- Poverty rates are 2x higher after disability



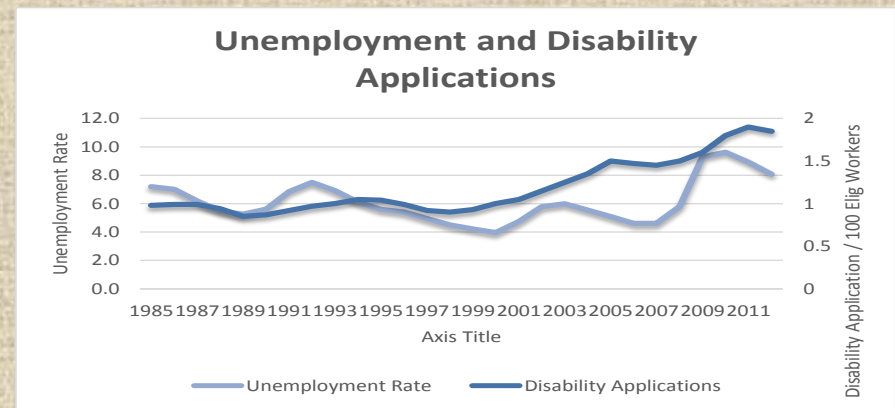
# Did you know?

## Key Statistics About Social Security Disability

- Women accounted for 56 percent of adult Social Security beneficiaries in 2011
- The average age of disabled-worker beneficiaries was 53.0 in 2011
- 1 in 3 individuals who qualify, never even apply.

## Drivers of Disability

- Sustained Unemployment
- Aging population
- **Mental Health Related Claims**
  - Over 1/3 of EVERY approved claim is due to mental health.



Data Sources: Social Security statistics & U.S. Bureau of Labor Statistics and NPR: Planet Money, *Unfit for Work: The Startling Rise of Disability in America*

# Programs: Title II vs. Title XVI

- Title II (SSDI) Program: Electronically filed with SSA
- SS - (Social Security)
- SSDI – (Social Security Disability Insurance)
  
- Title XVI (SSI) Program: Paper application process
- SSI – (Supplemental Security Income)
- SSI-D - (Supplemental Security Income for the Disabled)

# What is SSDI?

- Social Security Disability Insurance
- Administered by the Social Security Administration
- Paid into by the patient's federal taxes
- Paid to the patient if he/she becomes disabled and cannot work

# What is SSI?

- Supplemental Security Income
- The Social Security Administration administers this program
- SSA pays a monthly benefit to people with limited income and resources who are age 65 or older, blind, or disabled

# How does Social Security define “disability?”

- For all individuals applying for Title II and for adults applying for Title XVI, the definition of disability is the same.
- The Code of Federal Regulations (CFR) defines disability as the inability to engage in any substantial gainful activity (SGA) by reason of any medically determinable physical or mental impairment(s) which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.



# What exactly is SGA?

- SGA = WORK (it has a value)
- For non-blind individuals, the monthly SGA amount for 2014 is \$1070.00

# How is SSI (Title XVI) different from Social Security Disability (Title II)?

## SSI

- ❑ SSI benefits are not based on patient's work or a family member's prior work
- ❑ Patient must have limited income and resources
- ❑ SSI beneficiaries can also get Medicaid in most states
- ❑ Patient must be at least 65 years old, blind, or disabled

## SSDI

- ❑ SSDI is based on patient's work history
- ❑ There are no income or resource guidelines\*
- ❑ SSDI beneficiaries get Medicare coverage
- ❑ Patient must be of insured status (quarters of coverage)

\* Income from SGA counts.

# How are SSI and SSDI related?

- Both programs pay monthly benefits
- The medical standards for disability are the same in both programs
- SSA administers both programs

# limits? 2014 –

## Single Individual

- FBR = \$721.00 Payable amount & Monthly income allowed
- - \$20.00 Exclusion
- Max Income = \$741.00 Month
- Resource Limit (\$2,000.00)

## Couple

- FBR = \$1082.00 Payable amount & Monthly income
- - \$20.00 Exclusion
- Max Income=\$1102.00 Month
- Resource Limit (\$3,000.00)

*\* Income Limits for non-SSI eligible see deeming income chart*

# Deeming of Income Chart 2014

SPOUSE TO SPOUSE <u>ALL</u> Income of Ineligible spouse <u>AND</u> eligible individual is				SPOUSE TO SPOUSE TO CHILD <u>ALL</u> income is			
EARNED INCOME		UNEARNED INCOME		EARNED INCOME		UNEARNED INCOME	
reduction begins	eligibility ceases	reduction begins	eligibility ceases	reduction begins	eligibility ceases	reduction begins	eligibility ceases
807	2249	381	1102	2289	3731	1122	1843
1168	2610	742	1463	2650	4092	1483	2204
1529	2971	1103	1824	3011	4453	1844	2565
1890	3332	1464	2185	3372	4814	2205	2926
2251	3693	1825	2546	3733	5175	2566	3287
2612	4054	2186	2907	4094	5536	2927	3648
2973	4415	2547	3268	4455	5897	3288	4009

# First of Month Rule!! What is that?

- ▣ SSI patients
  - Benefits start the beginning of the month (get claims filed)
    - Waiting = revenue loss to provider and patient
  
- ▣ Income and resources in calendar month count ALL month
  
- ▣ Protection of claim by end of month is critical.

# What do income and resources include?

## Income

- ❑ Money patient earns from work
- ❑ Money patient receives from other sources (SSA, VA, friends, or relatives)
- ❑ Free food and shelter

## Resources

- ❑ Cash/bank accounts
- ❑ Land
- ❑ Personal property
- ❑ Life insurance

## Excluded Resources

- ❑ Home patient lives in
- ❑ Primary vehicle
- ❑ Any resource without equity

# Social Security counts income in two ways: Unearned and Earned

## Unearned Income Formula

1. Income of patient
2. Subtract \$20.00 general deduction
3. Subtract total countable income from FBR (\$721.00)
4. Remaining amount is SSI benefit

## Unearned Income - example

543.00 (Patient income)  
-\$20.00 (General deduction)  
\$523.00 (Countable income)

\$721.00 (FBR- SSI max payment)  
-\$523.00 (Countable income)  
\$198.00 (Possible SSI benefit)



# Social Security counts income in two ways – Unearned and Earned, cont.

## Earned Income Formula

- Income of patient only during the month he/she became disabled
- Subtract \$65.00 working deduction
- Subtract \$20.00 general deduction
- Divide income in half
- Patient is eligible if number is below \$721.00 per month

## \* Earned Income - Example

- \$1200.00 (Patient income at onset)
- -\$ 65.00 (Working deduction)  
= \$1135.00
- -\$ 20.00 (General deduction)  
= \$1115.00 (Countable Income)
- Divide \$1115.00 in  $\frac{1}{2}$   
= \$557.50 (Countable Income)
- \$721.00 (SSI FBR)
- -\$557.50 (Countable income)  
= \$163.50 (SSI benefit)

\* Missed the most by inexperienced Vendors – major revenue loss to provider

# Nationwide snapshot of 100 hospitals 150+ beds – Remember Slide 14

## In-patient – Self Pay

- Of 3625 Accounts
- \$76,623.00 Avg. balance
- \$278,000,000 Total Charges

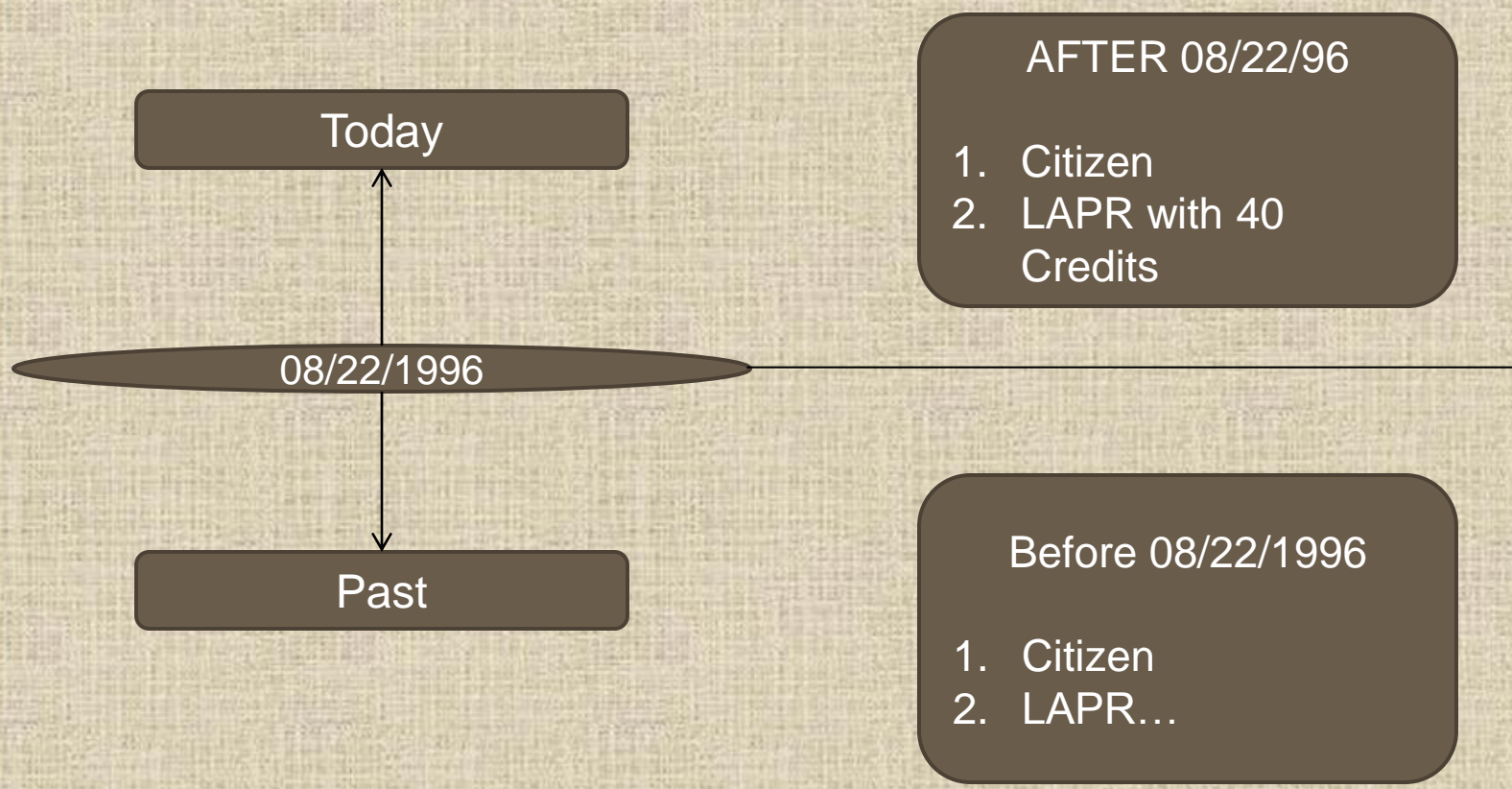
## Out-patient – Self Pay

- Of 10,950 Accounts
- \$3007.00 Avg. balance
- \$32,900,000 Total Charges

# Citizen Vs. Resident

- LAPR = Legally authorized Permanent Resident
- Do you have an eligibility vendor that understands the Welfare Reform act of 1996?
- Not understanding this can lead to loss of revenue

# The Welfare Reform Act of 1996



# Earning Credits

- Year 2012 = \$ 1130.00 = 1 or \$4520.00 = 4
- Year 2013 = \$ 1160.00 = 1 or \$4640.00 = 4
- Year 2014 = \$ 1200.00 = 1 or \$4800.00 = 4
- Total credits needed = 40
- 10 years of consistent work needed

# Quarters of Coverage

Disabled at age	Credits needed	Years of work
31 through 42	20	5
44	22	5½
46	24	6
48	26	6½
50	28	7
52	30	7½
54	32	8
56	34	8½
58	36	9
60	38	9½
62 or older	40	10

# What is the federal disability process our patients go through?

## The Sequential Evaluation Process

1. Substantial Gainful Activity (SGA)
2. Is there a severe impairment that will last 12 consecutive months or result in death?
3. Impairment meets or equals the listing\*
4. Is claimant able to perform past relevant work?
5. Is claimant able to perform other work generally available in the national economy?

\* Listings are medical diagnoses provided by Social Security  
<http://www.ssa.gov/disability/professionals/bluebook/AdultListings.htm>

# What are the medical listings?

## Impairment Listings

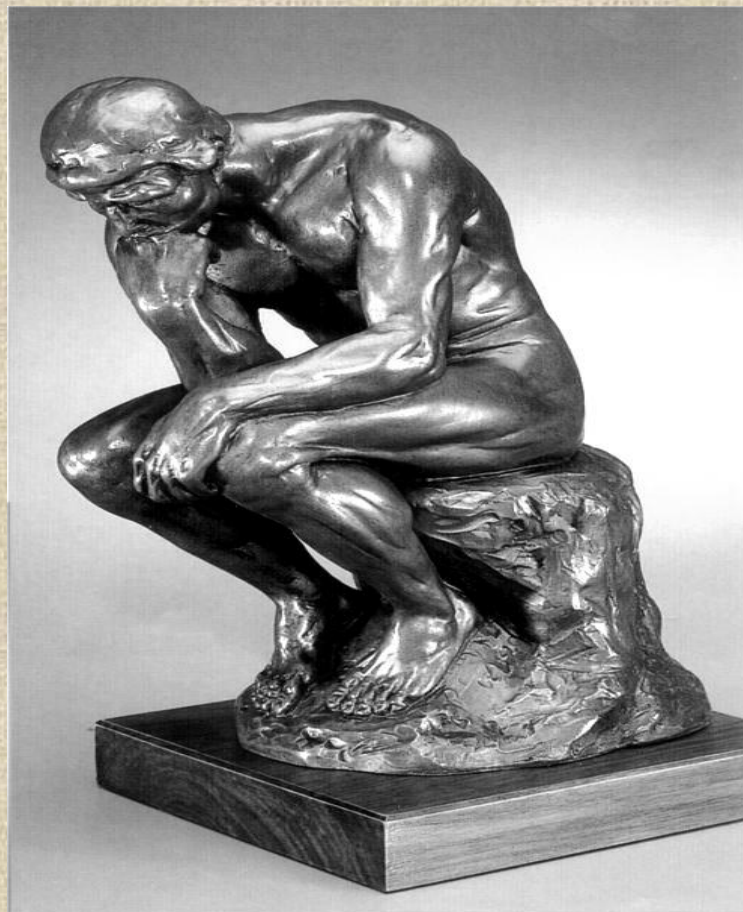
- 1.00- Musculoskeletal system
- 2.00- Special senses and speech
- 3.00- Respiratory System
- 4.00- Cardiovascular System
- 5.00- Digestive System
- 6.00- Genito-urinary System
- 7.00- Hemic & Lymphatic System
- 8.00- Skin
- 9.00- Endocrine system
- 10.00- Multiple Body Systems.
- 11.00- Neurological
- **12.00- Mental Disorders**
- 13.00- Neoplastic Diseases
- 14.00- Immune System



# What is the federal process for disability?

- Initial Application = 70+%
- Request for Reconsideration = 86+%
- Request for Administrative Law Judge Hearing = **40%**
- Request for the Appeals Council Review
- District Court – (most if not all vendors will not conduct)

“It takes forever”



# The Appeals Process: How long does it take after a claim is filed?

- ***Initial claim***
  - 120-150 days
  
- ***Request for Reconsideration***
  - Additional 3 months, total of 150-240 days
  
- ***Administrative Law Judge Hearing***
  - Additional 12-16 months (National average is 440 days)
  
- ***Appeals Council Review***
  - Additional 16-24 months
  
- ***District Court***
  - Additional 24-36 months

# The Perfect Storm – Going to get worse

- Furloughs
- Fewer hours to the pub
- **Baby Boomer**
  - 1946-1964



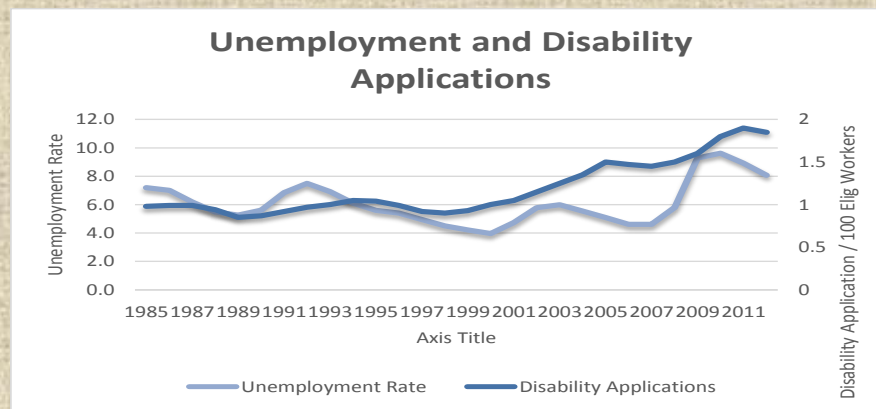
# Did you know? **THIS IS SLIDE #2**

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# It may take longer

- *The Silver Tsunami* – more people and less money
- Beginning in 2011, Social Security will experience a dramatic increase in the number of baby boomers eligible for their Social Security benefits
- In fact, the SSA has labeled the upcoming years as the “**Silver Tsunami**.” When the baby boomers started turning 65 in 2011, 10,000 people turned 65 every day and will continue to do so for the next 20 years
- By 2030, almost one out of every five Americans (72 million people) will be 65 years or older. By 2050, the 65+ population is projected to be between 80 and 90 million



Patients over the age of 50:

Why does it matter?

Typical disabled individual is over 50

# Medical Vocational Guidelines

How do age, education, and work experience affect the claim?

Age	Education	Past Work
Younger	Limited or less	Non-skilled
Approaching advanced age	High school	Semi-skilled
Advanced age	High school/more	Skilled

Types of Exertional Demands (types of work):

- ❑ **Sedentary** - Exerting up to 10 pounds of force occasionally
- ❑ **Light** - Exerting up to 20 pounds of force occasionally
- ❑ **Medium** - Exerting up to 50 pounds of force occasionally
- ❑ **Heavy** - Exerting up to 100 pounds of force occasionally
- ❑ **Very heavy** - Exerting in excess of 100 pounds of force occasionally



# Disability Rules snap shot

## *Social Security disability rules – Federal*

- T16 (SSI) – Payable benefits cannot retro behind the SSI application date
- T16 (SSI) – SSI payment starts the month after the file month
- T2 – Benefits can retro 12 months prior to the application file date
- T2 – The claimant must wait 5 full months before his payment is compounded
- T2 – Medicare starts 25 months after the first eligible month

# Don't let patients guide themselves



# Garbage in, Garbage out

- Sometimes personally helping a patient is not always the best route to take (Are you a disability expert? Do you really want to be?)
- Make sure the representative understands the importance of preparing the claim correctly from the start, and if possible, does **NOT** allow the patient to do it on his/her own
- Make sure a claim gets filed if the patient qualifies for SSI (income/resources) – it's a paper application

# Saving / Protecting provider money

- Do you have a vendor that specializes in SSI/SSDI representation?
- Are they familiar with the laws to protect your larger dollar balances?
- **A month past could be revenue lost**
- Are they looking at the **entire hospital population**?

# Future of Providers

- Patients are going to get help when applying for disability.
- Even the insured need help
- Patients are going to come back
- Looking at the entire provider population is critical

# Questions?

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