



# Section IV: Successfully Navigating Your Chosen Path



As a person with a disability who has a career in the arts, you need to be continually aware of issues that will affect your long-term success. Whether you have chosen a career as a performer, artist, writer, arts administrator, music librarian, or architect, this section provides resources and advice that can help you. It addresses the following questions:

- How will being an episodic earner affect me?
  - How do SSI, SSDI, Medicare, and Medicaid work?
  - What are work incentives, and how can I use them to my advantage?
  - What is a reasonable accommodation, and how do I get one?
  - What is the Americans with Disabilities Act, and how does it help me?
  - Where do I learn about resources that will educate my employer about disability and accommodation issues?
  - What are copyrights and trademarks?
  - How do I get my work copyrighted or trademarked?
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## Chapter 10. Basic Benefit Issues for Artists with Disabilities

### A. The Episodic Earner: A Brief Discussion

Many people who make their career in the arts, as well as those who are self-employed, are “episodic earners,” people who do not have a steady paycheck but earn money in spurts. An actor, for example, will earn money while working but may go several months without a paycheck. A freelance graphic designer may have several design jobs one month and none the next.

Being an episodic earner poses a number of special challenges. Episodic earners must be good at managing their money and saving money for the lean times. Obtaining and maintaining health insurance can be challenging when income is sporadic (see “Health Insurance” below for assistance). Because episodic earners are very often self-employed, they must pay special attention to tax issues. The episodic earner should consult with an accountant about how to best manage tax payments, deductions, and other tax and financial issues.

The episodic earner with a disability may have additional challenges related to eligibility for Social

Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). As you may know, initial eligibility for SSDI and SSI is related to whether a person is working. If a person’s wages go above a certain level, then he or she may not be eligible for benefits. It is vitally important that the episodic earner who is receiving some sort of federal or state assistance understand the implications of earning over the limit. Speaking with a representative at a local Social Security office or Medicaid center is the best way to understand income requirements. In addition, there are many “work incentives” in place to assist people receiving SSDI and SSI, Medicare, and Medicaid with maintaining their benefits while continuing to work and become independent. These work incentives are discussed in more detail in the “Understanding Work Incentives” section.

To protect your income and health benefits, you should know as much as possible about benefits you are receiving and any options to assist you with becoming independent from outside assistance. The following sections provide basic information and will help you understand your options and rights.





## B. Health Insurance

Today, health insurance is an important and difficult issue for everyone, especially people who make their living in the arts. Having a disability can make it even more difficult to get insurance. Many artists are self-employed, work as contract employees, or are episodic earners. This means that health insurance can be hard for them to get and very expensive. The following section provides basic information and guidelines on obtaining health insurance if you are an artist and have a disability.

The Actors' Fund of America is the best resource to help you locate health insurance sources and understand this confusing subject.

### **The Artists' Health Insurance Resource Center**

The Actors' Fund of America  
729 Seventh Avenue, 10th Floor  
New York, NY 10019  
Telephone: 1-800-798-8447 or (212) 221-7300  
Fax: (212) 764-0238  
*E-Mail: [jbrown@actorsfund.org](mailto:jbrown@actorsfund.org)*  
*Web site: [www.actorsfund.org](http://www.actorsfund.org)*

The National Education Association selected the Actors' Fund of America to create this health insurance resource center for the arts community nationwide, to help artists and arts organizations gain access

to information that will allow them to obtain the best and most economical health insurance. The primary means of accessing this information is through the Web site listed above.

The following guidelines are based on information provided on the Artists' Health Insurance Resource Center's Web site. Please see the Web site for more information.

### Tips on Finding Health Insurance for Artists

- Do not rely on one source for all your information.
- Do your homework: know your needs, know your budget.
- Get as much information as possible and evaluate costs, benefits, eligibility, and coverage of all prospective plans.
- Get a list of licensed insurance companies. As a one-person business, you may qualify for a more comprehensive health plan that is less costly than an individual plan. The Health Insurance Resource Center lists health maintenance organizations (HMO), point-of-service, preferred provider organizations (PPO), and indemnity plans in your state.
- Join an association. As an association member, you may be able to purchase a less expensive plan.





The Health Insurance Resource Center provides a detailed list of all associations that offer health insurance, their eligibility requirements, and their membership fees. This section also lists some national associations below.

- Contact your state insurance department. It can provide a detailed list of licensed insurance companies and a guide for small business owners who want to purchase insurance. You will receive information about their monthly premiums, your consumer rights, and how to file a complaint.
- Attend health plan–sponsored informational meetings for small business owners who are considering joining the plan.
- Call your local consumer affairs department and chamber of commerce to obtain brochures on purchasing insurance and to inquire about reports or complaints on plans.
- Contact an insurance agent or broker. Agents and brokers are licensed by the state to solicit and negotiate insurance contracts and serve policyholders. (They may represent one or more companies.) Check out the Health Insurance Association of America’s (HIAA’s) tips on choosing an insurance agent or broker (see HIAA contact information below).

- Talk to friends and colleagues in businesses like yours to see if they can recommend brokers and health plans.
- Additional tips for artists with disabilities:
  - Contact your state insurance department about high-risk pools or other options for people who have been denied coverage by an insurance company. Most states offer a high-risk-pool program to assist individuals who have been denied coverage by insurance companies as a result of their health condition. Contact your state insurance department or see the Artists’ Health Insurance Resource Center Web site for more information and a description of high-risk programs, their eligibility requirements and benefits, and a list of participating insurers.
  - Contact national health organizations and foundations (e.g., the Epilepsy Foundation, the Arthritis Foundation, the Lupus Foundation). They can provide information and local resources for people who have specific diseases or health conditions. See the Artists’ Health Insurance Resource Center Web site for a detailed list of these organizations.





### Preliminary Health Insurance Resources

The following resources may be helpful when purchasing health insurance. You should use them only as a starting point and conduct further independent research.



#### *Health Insurance Association of America (HIAA)*

555 13th Street NW

Washington, DC 20004

Telephone: (202) 824-1600 or 1-888-844-2782

Web site: [www.hiaa.org](http://www.hiaa.org)

HIAA provides information on Medicare Supplemental Insurance and Major Medical for medical insurance consumers. The association publishes the following consumer guides: Guide to Health Insurance, Guide to Disability, and Guide to Long-Term Care. Consumers must call or write to request these guides. 



#### *The National Committee for Quality Assurance (NCQA)*

2000 L Street NW, Suite 500

Washington, DC 20036

Telephone: (202) 955-3500

E-mail: [Webmaster@ncqa.org](mailto:Webmaster@ncqa.org)

Web site: [www.ncqa.org](http://www.ncqa.org)

NCQA is a private nonprofit organization that is dedicated to assessing and reporting on the quality of the nation's managed care plans. It seeks to provide people with information that will not only help them distinguish among health plans but find the plan that best suits their needs. Nearly all HMO "report cards" appearing in the media are based on NCQA-supplied information. NCQA provides a guide for consumers called *Choosing Quality: Finding the Health Plan That's Right for You*.

#### National Associations That Provide Health Insurance

The following organizations provide health insurance options for their members. Some provide benefits locally, and others cover people across the nation. See Appendix B for more detailed information.

#### *Dance*

American Dance Association, (703) 476-3400 



Chicago Dance Coalition, (312) 419-8384  
 Dance Bay Area, (415) 255-2794  
 Philadelphia Dance Alliance, (215) 545-6344

***Film/Television/Theater***

Actors Equity, Pension and Welfare Department,  
 (212) 869-9380  
 American Federation of Television & Radio Artists,  
 (212) 213-2022  
 Association of Independent Video & Filmmakers,  
 (212) 807-1400  
 Association of Media Photographers, (212) 889-9144  
 The Dramatists Guild, (212) 398-9366  
 International Documentary Association,  
 (213) 534-3600  
 International Television Association, (972) 869-1112  
 Media Alliance, (415) 441-2559  
 Screen Actors Guild, (212) 382-5643  
 Society of Broadcast Engineers, (317) 253-1640  
 Society of Motion Picture and Television Engineers,  
 (914) 761-1100  
 Society of Stage Directors and Choreographers,  
 (212) 391-1070  
 Theater Bay Area, (415) 957-1557  
 United Scenic Design (scene, costume, and lighting  
 design), (212) 736-6260

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***Literary Arts***

American Society of Journalists and Authors,  
 (212) 997-0947  
 Authors Guild, New York, (212) 563-5904  
 Editorial Freelancers Association, (212) 929-5400  
 Independent Writers of Southern California,  
 1-877-79-WRITE  
 International Women's Writing Guild, (212) 737-7536  
 Maine Writers and Publishers Alliance,  
 (207) 729-6333  
 Mystery Writers of America, (212) 888-8171  
 National Association of Science Writers,  
 (516) 757-5664  
 National Writers Union, (212) 254-0279  
 PEN America Center, (212) 334-1660  
 Washington Independent Writers, (202) 347-4973

***Music***

American Federation of Musicians, (212) 869-1330  
 American Guild of Musical Artists, (212) 765-3664  
 American Society of Composers, Authors and  
 Publishers, (212) 621-6000  
 Chamber Music America, (212) 242-2022  
 Chorus America, Association of Professional Vocal  
 Ensembles, (215) 563-2430





Early Music America, (216) 229-1685  
Musicians Association of San Diego, Local 325,  
(619) 276-4324  
Music Teachers National Association, (513) 421-1420  
Percussive Arts Society, (580) 353-1455  
Wichita Musicians Association, (316) 265-6445

***Self-Employed/Small Business Group***

ABG Business Associates, (516) 499-6100  
Co-op America, (202) 872-5307 or 1-800-424-9711  
National Association for the Self-Employed,  
1-800-232-6273  
National Association of Socially Responsible  
Organizations, 1-800-638-8113  
National Small Business United, (202) 293-8830  
Small Business Service Bureau, (508) 756-3513  
Support Services Alliances, (518) 295-7966 or  
1-800-322-3920

***Visual Arts***

American Association of Museums, (202) 289-1818  
or 1-800-323-2106  
American Institute of Graphic Arts, (212) 752-0813  
or 1-800-548-1634  
American Society of Interior Designers,  
(202) 546-3480

American Society of Media Photographers,  
(609) 799-8300  
College Art Association, (212) 691-1051  
Country Sampler Group, (888) 272-3837  
Cultural Alliance, (202) 638-2406  
Graphics Artists Guild, (212) 791-3400  
National Art Education Association, (703) 860-8000  
National Artists' Equity Association, (202) 628-9633  
or 1-800-727-NAEA  
National Association of Artists' Organizations,  
(202) 347-6350  
National Sculpture Society, (212) 764-5645  
Professional Photographers of America,  
(404) 522-8600  
Texas Fine Arts Association, (512) 453-5312, ext. 11





### C. Social Security: Understanding SSI and SSDI

Social Security is part of almost all Americans' lives. It protects more than 145 million workers and pays benefits to 44 million people. You and your family are probably protected by Social Security and probably pay taxes that help make the system work. But you may be unsure about what Social Security does, whom it helps, and how much it costs. This section gives you facts about Social Security and identifies resources from which you may obtain additional information.

Social Security is a national insurance-like program governed by the Social Security Administration (SSA). Under the Social Security insurance programs, SSA pays retirement, survivor, and disability insurance benefits. SSA makes disability payments under two programs: Social Security Disability Insurance (SSDI), for workers who become disabled as defined under the Social Security Act and who have Social Security coverage; and Supplemental Security Income (SSI), for people with little or no income or resources who meet the definition of disability under the Social Security Act. More detailed descriptions of SSI and SSDI are provided later in this section.

#### How Does SSA Define Disability?

The definition of disability for adults is the same for both SSI and SSDI. According to the Social Security Act, a disability is defined as “the inability to engage in substantial gainful activity by reason of any medically determinable physical or mental impairment or combination of impairments that has lasted or can be expected to last for a continuous period of not less than 12 months or result in death.”

The definition of disability for children under age 18 is defined as “a medically determinable physical or mental impairment or combination of impairments that causes marked and severe functional limitations lasting more than one year.”

“Blindness” is also defined the same way for both SSI and SSDI. The Social Security Act defines blindness as “central visual acuity of 20/200 or less in the better eye with the use of correcting lens”; “an eye which has a limitation in the field of vision so that the widest diameter of the visual field subtends an angle no greater than 20 degrees is considered to have a central visual acuity of 20/200 or less.”





## How Can I Contact SSA?

You can contact SSA at 1-800-772-1213 (voice) or 1-800-325-0778 (TTY) between 7 a.m. and 7 p.m., Monday through Friday. To contact local SSA offices you can call the numbers above or look in the blue section of your local telephone book. You can also visit the SSA Web site at [www.ssa.gov](http://www.ssa.gov).

When you contact SSA, have your Social Security number handy. If you have a Touch-Tone phone, recorded information and services are available 24 hours a day, including weekends and holidays. Lines are busiest early in the week and early in the month. SSA treats all calls confidentially, whether they are made to the toll-free numbers or to one of the local SSA offices.

## What Is SSDI?

SSDI is a federal government insurance program based on your tax contributions that provides working Americans, their families, and survivors with cash benefits.



## How Is SSDI Funded?

The money that the Social Security Administration pays for SSDI is taken directly from each person's paycheck as a tax more commonly referred to as FICA (Federal Insurance Contributions Act). This tax is currently 15.3 percent. Generally, the worker pays half and the employer pays the other half. Self-employed individuals, including artists, are responsible for paying the entire 15.3 percent themselves.



## How Much Can I Get from SSDI?

Your benefits are directly related to the amount of earnings you have made in your lifetime. Effective January 2000, the SSDI benefits range from a minimum of \$1 to a maximum of \$1,433.

## What Is SSI?

SSI is not an insurance program like SSDI but a program based on economic need. It is intended to supplement any income a person may already possess to ensure a minimum level of income. To be eligible, you must be aged 65 years or older, be blind, or have a disability (see definitions above).



Since SSI is based on need, you must meet income and resource tests to be eligible. Information about the income and resources tests is available from SSA.

#### How Is SSI Funded?

Unlike SSDI, SSI is funded from general tax revenues of the federal treasury. The amount of benefits a person may receive is based on several factors, including:

- the federal benefit rate
- supplements provided by the state in which the person lives
- the person's living arrangement and any in-kind support
- the individual's earned and unearned income
- available work incentives (see the upcoming section "Understanding Work Incentives")

The monthly federal benefit rate, defined each January by Congress, is the maximum amount an individual or couple may receive in SSI cash benefits.

#### How Much Can I Get from SSI?

At present, the basic monthly SSI federal benefit rate is the same in all states: \$512 for one person and \$751 for a couple. However, not everyone gets this

exact amount. You may receive additional money, known as a state supplement, if you live in a state that adds to the SSI check. You may get less if you or your family members have other money coming in each month.

The amount of SSI benefits you receive is also based on the value of your possessions and income. Under SSI, SSA does not consider your home and some of your personal belongings in the calculations. Cash, funds in bank accounts, stocks, and bonds, however, are included. Generally, if your possessions are worth less than \$2,000 for one person or \$3,000 for a couple, you may qualify for SSI. If you do not work, you may qualify for SSI if your monthly income is less than \$532 if you are an individual or \$789 if you are married. If you do work, you may qualify if your monthly income is \$1,109 if you are an individual and \$1,623 if you are married. Your income is also figured into your monthly benefits. (The above figures are accurate as of January 1, 2000, and will be revised for 2001.)

Calculating your monthly benefit can be confusing. Please contact SSA for assistance with your specific situation.





### How Do SSI and SSDI Differ?

While you may be eligible for both, there are two major differences between SSI and SSDI.

SSDI	SSI
It is funded through taxes paid by workers, employers, and self-employed people.	It is financed through general tax revenues.
Benefits are based on earnings.	Benefits are based on need.

### What Are the Average Benefits Provided to Artists with Disabilities by SSA?

While benefits are variable and are considered on a case-by-case basis, individuals with disabilities receive an average of \$754 a month. For those with a spouse and at least one child, the average amount is \$1,255.

Because many of the benefits that SSA offers are case specific, please use the preceding information as a general guide only. To get more specific information about your situation, contact SSA and request the following publications:

- *Social Security: You May Be Able to Get SSI* (January 1999; 05-11069)

- *How We Decide If You Are Still Disabled* (April 1996; 05-10053)
- *Working While Disabled...How We Can Help* (January 1999; 05-10095)
- *Social Security: Understanding the Benefits* (January 1999; 05-10024)
- *Supplemental Security Income* (July 1999; 05-11000)
- *Social Security: If You Are Blind How We Can Help* (February 1999; 05-10052)
- *Social Security: Working While Disabled...A Guide to Plans for Achieving Self-Support (PASS)* (January 1997; 05-11017)

### D. Understanding Work Incentives

SSA views SSI and SSDI as stepping stones to help people with disabilities who want to work maintain a safety net while they gain employment and improve their economic situation. As the system stands now, however, many beneficiaries are afraid to work and earn money for fear of losing needed cash and health benefits. Work incentives are rules that help remove barriers to self-sufficiency by helping people with disabilities successfully enter or reenter the workforce. More specifically, work incentives protect a person's entitlement to cash payments and/or Medicaid or



Medicare health insurance, and increase the chances for a successful transition from federal or state assistance to gainful and independent employment.

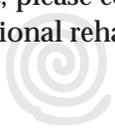
Generally a person receiving SSDI has at least four years to test his or her ability to work and become self-sufficient. During this time, work incentives can be used to assist in the successful transition to full self-support by allowing an individual to continue to receive Medicare and some cash benefits. See TWWIIA of 1999, first bullet, page 231. Some work incentives are available to SSI recipients only, some are available to SSDI beneficiaries only, and some are available to beneficiaries of both.

The rest of this section briefly describes the work incentives currently in place and how they might benefit you as an artist and a person with a disability. This information will give you a basic understanding of work incentives and how you might use them. After reading this section, you will be armed with the information you need to be a better advocate for yourself and your rights as a beneficiary. You will be able to ask more informed questions and push for the services that will benefit you most. Remember, we cannot cover every aspect of work incentives in this book. For more support or individualized assistance, please contact your local Social Security office, vocational reha-

bilitation office, or independent living center. More detailed information can be obtained by visiting the work portion of the SSA Web site at [www.ssa.gov/work](http://www.ssa.gov/work) or by requesting a copy of the “Red Book” on work incentives. To receive a copy of the “Red Book” you can call the SSA’s 800 number listed earlier in this section, or you can go to the SSA Web site at [www.ssa.gov](http://www.ssa.gov) and search for “Red Book”. You will be able to view the book online or download it to your computer.

Throughout this section you will see the term *substantial gainful activity* (SGA). It is important to remember that both SSI and SSDI define disability as “the inability to engage in any substantial gainful activity because of a medically determinable physical or mental impairment(s).”

The determination of whether you are engaging in SGA is made by SSA and is generally based on your ability to work, productivity, and earnings. However, a variety of factors affect SGA. In deciding how much of your earnings count, SSA considers a number of factors. Some of these factors are referred to as work incentives. The following work incentives are taken into consideration when SSA calculates your SGA level and subsequently determines your eligibility for SSI or SSDI and the amount you will receive.



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- impairment-related work expenses (IRWE)
- subsidies and special conditions
- unincurred business expenses (defined later) for self-employed only
- unsuccessful work attempts
- continued payments under an approved vocational rehabilitation program

*The following work incentives are for SSDI recipients only:*

- trial work period (TWP)
- extended period of eligibility (EPE)
- continuation of Medicare coverage
- Medicare for people with disabilities who work

*The following work incentives are for SSI recipients only:*

- earned income exclusion
- student earned income exclusion
- plan for achieving self-support (PASS)
- property essential to self-support (PESS)
- special SSI payments for people who work—Section 1619 (a)
- continued Medicaid eligibility—Section 1619 (b)

- special benefits for people eligible under Section 1619 (a) or (b) who enter a medical treatment facility (contact SSA for more information)
- reinstating eligibility without a new application
- Blind Work Expenses (BWE)

### **E. Work Incentives That Apply to Both SSI and SSDI Recipients**

#### Impairment-Related Work Expenses ( IRWE )

Impairment-related work expenses (IRWEs) are certain impairment-related items and services for which you currently pay and that you need in order to work. It does not matter if you use these items and services for nonwork activities. These expenses can be deducted from your earned income when SSA calculates your monthly SSI payment amount. Items are deductible when all the following conditions are met:

- The item or service enables you to work;
- You need the item or service because of your disabling impairment(s);
- You pay the cost and are not reimbursed by another source (e.g., Medicare, Medicaid, private insurance); and



- The expense is “reasonable,” that is, it represents the standard charge for the item or service in your community.

IRWEs may include attendant care, transportation, medical devices, work-related equipment, prostheses, automobile and/or residential modifications, and routine drugs and medical services.

#### Subsidies and Special Conditions

Subsidies and special conditions are defined as the support you receive on-the-job that may result in your receiving more pay than the actual value of the work you do. *Subsidy* is the extra wages paid to an individual with serious impairment(s) for services over the amount that the employer would generally pay an unimpaired individual for the same services. *Special conditions* are items provided by someone other than the employer (e.g., a vocational rehabilitation agency). The value of a subsidy may be deducted from your gross wages when SSA decides if you are doing SGA and if you are due disability under SSDI or SSI.

Examples of subsidies and special conditions may include the following:



- Your employer pays you \$8.00 an hour for work he would pay an unimpaired person \$6.00 an hour to do.
- You receive more supervision than other workers doing the same or a similar job for the same pay.
- You have fewer or simpler tasks to complete than other workers doing the same job for the same pay.
- You have a job coach or mentor who helps you perform some or all of your work.

#### Unincurred Business Expenses (Self-Employed Only)

Unincurred business expenses are items and other services that someone else gives to you without cost. Unfortunately, these items or services cannot be deducted from your income tax. SSA, however, may deduct certain unincurred business expenses from your net earnings when making an SGA decision. Unincurred business expenses are not used to determine your benefit amount, but to gain a more accurate picture of your productivity and the value of your work. This may affect your eligibility for SSI or entitlement to SSDI benefits. For an item or service to be considered an unincurred business expense, it must meet the following criteria:

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- It must be an item or service that the IRS would allow as a legitimate business expense if you had paid for it.
  - Someone other than you must have paid for it.

If the state vocational rehabilitation agency gives you a computer for your graphic design business, a friend provides you bookkeeping services for your business at no charge, or a family member gives you art studio space rent-free, it is an unincurred business expense.

#### Unsuccessful Work Attempts

SSA defines an unsuccessful work attempt as a period of work at the SGA level that begins after a significant break (at least 30 consecutive days) due to your disabling impairment(s) and that ends because of your inability to maintain the SGA level due to your impairment or removal of special impairment-related conditions on the job that allowed you to work.

SSA does not count earnings during an unsuccessful work attempt when it makes a Standard Gainful Activity decision for initial eligibility for SSDI or SSI or when it decides (for SSDI only) if disability continues or ceases because of work.

#### Continued Payments under an Approved Vocational Rehabilitation Program

If you have some medical recovery and are no longer entitled to SSDI or SSI disability or blindness benefits, your benefit payments usually stop. However, if you are participating in an SSA-approved vocational rehabilitation program, your benefits may continue until the vocational rehabilitation program ends. To qualify, you must meet the following conditions:

- You must have started the vocational rehabilitation program before your disability ceased.
- SSA must review the program and decide if your continued participation in the vocational rehabilitation program will increase the likelihood that you will become self-supporting and independent of SSDI or SSI disability or blindness benefits.

Cash payments and health insurance usually continue until the rehabilitation services end. Rehabilitation services end when you either complete the program or leave it for some reason.





## F. Work Incentives for SSDI Recipients Only

### Trial Work Period

The trial work period (TWP) allows you to test your ability to work for at least nine months. During the TWP, you may earn as much as you can and still get your full monthly cash benefit and Medicare (if you have it) so long as you have a disabling impairment. The TWP continues until you accumulate nine months of “services” in a period of 60 consecutive months.

SSA defines “services” as any activities you perform as part of employment or self-employment for pay or profit or any activities of the kind normally done for pay or profit. If you are self-employed, SSA currently considers your work to be services if you earn more than \$200 a month or work more than 40 hours a month.

### Extended Period of Eligibility

The extended period of eligibility (EPE) begins after a nine-month TWP and continues for 36 consecutive months. After the nine-month TWP, SSA first determines if your work is at the SGA level. If your work is determined to be at the SGA level, SSA then deter-

mines whether your entitlement to benefits should cease. If your entitlement ceases, you are due payment for the first month you are at the SGA level (this is the month your benefits cease after the nine-month TWP) and the two following months. In addition, according to the EPE, your benefit checks may be restarted at any time during the 36-month EPE period without a new application if you either stop working or work but do not perform at the SGA level and you are still disabled.

### Continuation of Medicare Coverage

This provision of the law states that Medicare premium-free hospital insurance and medical insurance coverage continues for at least 39 months after the end of the TWP. This provision allows health insurance to continue when you go to work.

See page 231 for more information on how TWWIIA changes this position.

### Medicare for People with Disabilities Who Work

This provision of the law gives you the option to purchase Medicare after premium-free Medicare coverage ends and you are fully employed at or above the SGA





level. You may buy Medicare coverage as long as you meet the following requirements:

- You are not yet age 65.
- You have a disabling impairment.
- Your Medicare stopped because of work.

In addition, if you become medically disabled again within five years (seven years for widows and widowers) after your disability ends, you do not have to go through another five-month waiting period to get benefits or Medicare.

Note that eligibility, type of Medicare coverage, and enrollment periods vary according to individual circumstances.



### **G. Work Incentives for SSI Recipients Only**

#### **Earned Income Exclusion**

This provision allows some of your earned income, including pay received in a sheltered workshop or work activities center, to be excluded when figuring the amount you receive from SSI. SSA excludes the first \$65 of earnings in a month plus one-half of the balance. This means that less than one-half of your



earnings are counted when figuring your SSI payment amount.

#### **Student Earned Income Exclusion**

If you are under the age of 22, are not married, are not the head of your household, and you regularly attend school, SSA does not count up to \$400 of earned income per month when figuring your SSI payment amount. The maximum yearly exclusion is \$1,620.

You are considered to be regularly attending school when you take one or more courses of study and you are:

- in a college or university for at least eight hours a week
- in grades 7–12 for at least 12 hours a week
- in an employment training course for at least 12 hours a week (15 hours a week if the course involves shop practice)
- attending classes for less time than indicated above for reasons beyond your control, such as illness

If you are home taught because of a disability, you may be considered to be regularly attending school if you do the following:

- study a course or courses given by a school (grades 7–12), college, university, or government agency
- have a home visitor or tutor who directs the study

### Plan for Achieving Self-Support

The plan for achieving self-support (PASS) provision allows a person receiving SSI disability or blindness benefits to set aside income and/or resources for a specified period in order to attain a specific type of job or start a business that will most likely result in this person working and not needing SSI and other public benefits. For example, a person could set aside money to go to school, to do vocational training, or to start a business. The phrase “set aside” means that SSA does not count these monies and/or resources in determining your eligibility for SSI or the amount of your monthly SSI payment. The PASS can help a person establish or maintain SSI eligibility and can also increase the person’s SSI payment amount. A PASS does not affect an SGA determination for initial eligibility decisions. Income and resources that are set aside are excluded only under the SSI income and resources tests. Contact SSA for more information. (See “A Closer Look at PASS” below for more detailed information.)

### Property Essential to Self-Support

Property essential to self-support (PESS) allows you to exclude certain resources that are essential to your means of self-support when SSA decides your initial and continuing eligibility for SSI. This work incentive may be particularly helpful for artists with disabilities because of the overhead costs involved with purchasing supplies such as palettes and instruments. The value of property you use in a trade, in a business, or as an employee is totally excluded. This means that tools or equipment that you need for work may be totally excluded in determining eligibility. If your art is not produced as part of a business, then up to \$6,000 of equity value of your income-producing property is excluded if the property generates a net annual return of at least 6% of its equity value. For example, an artist who is neither self-employed nor an employee has equipment and supplies with a value of \$5,000 after subtracting any loans on them. The equipment and supplies are excluded if the artist generally receives at least \$300 a year in income (6% of \$5,000) from the use of the equipment and supplies.



### Special SSI Payments for People Who Work—Section 1619 (a)

This incentive allows you to continue to receive SSI cash payments even when your earned income (gross wages and/or net earnings from self-employment) exceeds the SGA level. Note that the incentive does not apply to SSI beneficiaries who are blind because the SGA requirement has never applied to the blind.

To qualify for this incentive, you must:

- be eligible for a regular SSI payment for at least one month before you begin working at the SGA level
- still be disabled
- meet all other eligibility rules, including the income and resources test

### Continued Medicaid Eligibility—Section 1619 (b)

This incentive continues Medicaid eligibility for most working SSI beneficiaries under age 65 when their earnings become too high to allow for an SSI cash payment.

Note that as of May 1, 1991, a person age 65 or over who is blind or disabled may qualify for continued Medicaid coverage under section 1619 (b).

To qualify for this incentive, you must:

- have been eligible for an SSI cash payment for at least one month
- still meet the disability requirement
- still meet all other nondisability requirements
- need Medicaid in order to work
- have gross earned income that is insufficient to replace SSI, Medicaid, and any publicly funded attendant care

### Reinstating Eligibility without a New Application

This incentive enables you to regain eligibility for SSI cash or continued Medicaid coverage without filing a new application if you have been ineligible for an SSI benefit for 12 months or less.

### Blind Work Expenses

This incentive states that any earned income used by a blind person to pay job related expenses needed to earn that income is not counted in determining SSI eligibility. To be eligible for this incentive the blind person must be:

- under age 65; or



- Age 65 or older and received SSI payments due to blindness for the month before he or she turned age 65.

It is important to note that the expenses do not need to be related to the person's blindness. In addition, impairment related work expenses (IRWE) do not apply to a blind SSI beneficiary who works, because the blind work expenses work incentive is more advantageous.

A few examples of blind work expenses are:

- Dog guide expenses;
- Transportation to and from work;
- Federal, state and local income taxes;
- Social Security taxes;
- Attendant care services;
- Visual and sensory aids;
- Translation of materials into braille;
- Professional association fees

## Chapter 10

### H. A Closer Look at PASS

A PASS can help you retain some Social Security benefits while earning money for a specific work goal. This section goes over the basics of how a PASS can help you. If you have questions after reading this

section, please call 1-800-772-1213 for general information, or ask for the phone number of the local PASS expert.

#### Understanding PASS

A PASS is a plan for your future. Many people with disabilities want to work, and you are probably one of them. In order to work successfully, you may need additional training, education, or assistive technology. Maybe you want to start your own business but do not have the money. Whatever your work goal may be, a PASS can help you reach it.

A PASS lets you set aside money and/or other things you will need to help you reach your specific goal. For example, you could set aside money to start a business or to go to school or to get training for a job.

If you are already getting SSI, having a PASS may allow you to get a larger monthly SSI check. If you do not get SSI because your income or resources are too high, setting up a PASS may help you qualify. That can be very important because people who get SSI usually get Medicaid, too.



### How Will a PASS Affect My SSI Checks?

Under regular SSI rules, the dollar amount of your SSI check is reduced by a certain amount if you have other income. At some point you earn too much money and are no longer eligible for SSI benefits. With a PASS, you can set money aside for a specific job goal without having the savings reduce your SSI check. This means you can get a higher SSI benefit when you have a PASS. Remember that you still cannot get more than the maximum SSI benefit allowed, which is the federal benefit rate plus any supplement paid by your state.

Money you save or things you own such as property or equipment that you set aside for a PASS will not count against the resource limit of \$2,000 (or \$3,000 for a couple). Under regular SSI rules, you would not be eligible for SSI if your resources were above \$2,000. But with a PASS, you may set aside some resources so you are eligible.

### Who Can Have a PASS?

You are eligible to have a PASS if you meet the following criteria:

- You get SSI (or can qualify for SSI) because of blindness or a disability.

- You have or expect to receive income (other than SSI) and/or resources including SSDI benefits that can be set aside and used to reach a work goal.

Remember that having a PASS may help you qualify for SSI.

### What Kinds of Expenses Can a PASS Help Pay For?

A PASS plan may be used to pay for just about any expenses that will help you reach your work goal.

For example, your plan may help you save for:

- transportation to and from work
- supplies to start a business
- tuition, fees, books, and supplies needed for school or training
- supported-employment services, including payments for a job coach
- attendant care or child care expenses
- work-related equipment and tools
- uniforms, special clothing, and safety equipment

These are only examples. Your expenses will depend on your goal.



### How Do You Set Up a PASS?

Your plan must be in writing and approved by SSA. Take the following steps to set up your plan:

- Choose a work goal. The goal must be a specific type of job or business that interests you and that you think you will be able to do at the end of your plan.
- Find out how long it will take to reach your goal.
- Decide what things (such as training or tools) you will need to reach the goal. Note: This is especially important for artists with disabilities because you may need adaptive equipment and a host of supplies to get started.
- If you plan to start a business, you will also need a detailed business plan.
- Find out the cost of the things that you need to reach your goal.
- Find out how much money you will need to set aside each month to pay for the things that you need to reach your goal. Plan a way to keep receipts for the things you need. Note: If you are setting aside income, your SSI benefit will usually increase to help pay your living expenses. The people at Social Security can estimate what your new SSI amount will be if you set up your plan.

- Make plans to keep any money you save for the goal separate from any other money you have. The easiest way to do this is to open a separate bank account for the money you save under your plan. But you do not have to open a separate account. Just be sure you can tell SSA how you are keeping it separate.
- Write the plan, sign it, and date it.
- Bring or mail the plan to your local Social Security office.

### Who May Help Me Set Up a Plan?

You may set up a plan yourself or get help from:

- a vocational rehabilitation counselor
- an organization that helps people with disabilities
- an employer
- a friend or relative
- the people at your Social Security office
- an SSA PASS expert

### How Do I Write a Plan?

There is no required form for a plan. You may simply write a letter that gives all the information about your plan. SSA does encourage individuals to use or



**Helping People Find Job Opportunities**



### Welcome to ... The Work Site

Our Mission is to promote the employment of Social Security beneficiaries with disabilities by...

- **Designing policies that make work pay.**
- **Promoting research and program innovation.**
- **Educating the public about programs and services that facilitate entry into the workforce.**
- **Partnering with other public and private groups to remove employment barriers for people with disabilities.**

Information about the Ticket to Work and Work Incentives Improvement Act of 1999.

Not sure about how to get around this site?  
[Try the Site Guide!](#)



follow the SSA form, SSA-545-BK application for PASS. Contact SSA for a copy of this form, or visit the SSA Web site at [www.ssa.gov/work](http://www.ssa.gov/work).

#### What Does Social Security Do after I Submit My Plan?

After you submit your plan, Social Security will do the following:

- send your PASS to SSA PASS experts who are specially trained to review the plan to make sure it is complete
- decide if there is a good chance that you can reach your goal
- decide if any changes are needed and discuss those changes with you
- send you a letter to tell you if the plan is approved or denied

If your plan is approved, SSA will contact you from time to time to make sure that you are doing what your plan says you will do to reach your goal.

#### What Happens If My Plan Is Not Approved?

If your plan is not approved, you have a right to appeal the decision. The denial letter will explain your appeal rights and tell you what you need to

do to appeal. You may also submit a new plan to Social Security. Call your local PASS expert for help.

#### Can I Change My Plan after It Is Approved?

Yes. You must tell the Social Security office in writing what changes you want to make, such as a change in how much money you set aside each month or additional expenses you will have. The Social Security office will tell you whether the changes are approved. The changes must be approved in advance. It is very important that you tell Social Security as soon as possible about any changes that might affect your plan.

#### What Happens If I Cannot Complete My Plan?

If you cannot complete your plan, you may set up a new plan with a new work goal. If you do not set up a new plan, any money or things set aside under the original plan may begin to count toward the \$2,000 resource limit and you may become ineligible for SSI.

Also, Social Security will begin to count the income you were setting aside under the plan. However, as long as you tell Social Security as soon as possible that you cannot complete your plan, you may not have to pay back any extra SSI you got while you were following your plan.



### How Will a Plan Affect Other Benefits I Get?

You should check with the agency that is responsible for your other benefits to find out if the plan (and the extra SSI) might affect those benefits.

### Are There Any Other Rules That May Help?

Yes. Other SSI rules may help you while you work. These rules were discussed previously in the section on work incentives.

### PASS Experts

For general information about PASS, please call 1-800-772-1213 from anywhere in the United States. The SSA representative can provide you with the number of the PASS expert.

## **I. The Ticket to Work and Work Incentives Improvement Act of 1999 and You (TWWIAA)**

The Ticket to Work and Work Incentives Improvement Act of 1999 calls for many changes and additions to SSA's work incentives and other employment support provisions. It also improves the way SSA delivers information and services to SSA disability beneficiaries. These changes and additions are likely to provide

many benefits to people on SSI, SSDI, Medicare, and Medicaid who want to work and become more independent. For artists with disabilities, these changes will help remove the fear of losing benefits while attempting to make the transition to self-support and a successful career. The passage of this recent legislation furthers the basic principle manifested in the Americans with Disabilities Act, that all Americans should have the same opportunities to be productive citizens.

The act calls for the following changes:

- ensure that health insurance continues to be available and affordable when a person with a disability returns to work by expanding each state's ability to provide Medicaid to these individuals
- lengthen from 4 years to 8.5 years the period during which SSDI beneficiaries who return to work can continue to receive free Medicare coverage
- give SSDI and SSI disabilities beneficiaries greater access to the services they need to become successfully employed by giving them an increased choice of providers of vocational rehabilitation and employment services
- authorize SSA to test a program or phase out rather than abruptly cut off SSDI benefits as income rises
- provide funding for work incentive specialists within SSA and for hiring and placing work incen-





tive planners in the communities where they are needed to help workers with disabilities learn how to obtain the employment services and support

- authorize SSA to test new and innovative ways to enable individuals with disabilities to gain employment and economic independence
- allow individuals with disabilities to request and receive (up to six months) restored disability benefits immediately if: 1) the individuals had received disability benefits and their benefits ceased because the individual performed SGA and 2) the request is made within 60 months from the date the benefits ceased. SSA will review your medical condition.

These are some of the changes that this new legislation calls for. It is not clear yet exactly how all these changes will be put in place or what their impact on SSI and SSDI beneficiaries will be. As measures are taken to implement these changes, beneficiaries can expect additional support in their quest to work and become self-supporting.

## Chapter 10

### J. Understanding Medicare

How Is Medicare Different from Medicaid?

Many people think that Medicaid and Medicare are two different names for the same program. Actually, they are two different programs. Medicaid (also referred to as “medical assistance”) is a state-run program designed primarily to help those with low incomes and limited resources. The federal government helps pay for Medicaid, but each state has its own rules about who is eligible and what is covered under Medicaid. Some people qualify for both Medicare and Medicaid. Medicare, on the other hand, is a federally run program designed for people 65 or older and certain people with disabilities. When a person has both Medicare and Medicaid, then Medicare always pays first and Medicaid will help pick up unreimbursed costs.

What Is Medicare?

Medicare is our country’s health insurance program for people age 65 or older, certain people with disabilities who are under 65, and people of any age who have permanent kidney failure. It provides basic protection against the cost of health care, but it does not cover all medical expenses, prescription drugs or the cost of





most long-term care. You can choose one of two ways to get benefits under Medicare: the traditional fee-for-service system or the managed care program. (See the following section “What Are My Medicare Insurance Options?” for more information.)

The Health Care Financing Administration is the agency in charge of the Medicare program, but Social Security offices help you enroll in the program and give you general Medicare information.

There are two parts of Medicare:

- Part A, hospital insurance that is financed by a portion of your payroll tax
- Part B, medical insurance that is financed in part by the monthly premiums paid by people who choose to enroll and in part by federal income taxes



When you become eligible for Part A, you are automatically enrolled in Part B. You must pay a monthly premium to continue Part B coverage. You can, however, turn down the coverage and choose not to enroll in Part B, in which case you would not have to pay any premiums.

Parts A and B cover different kinds of medical costs and have different rules about enrolling. These rules can be very confusing. To get additional assistance in understanding these rules and to find out

more about what is covered, see the resource information provided at the end of this section.

### Who Is Eligible for Medicare (Part A) Hospitalization Insurance?

Most people 65 or older are eligible for Medicare hospital insurance (Part A) based on their own—or their spouse’s—employment. You are eligible at 65 if you meet one of the following conditions:

- You receive Social Security or railroad retirement benefits.
- You are not receiving Social Security or railroad retirement benefits, but you have worked long enough to be eligible for them.
- You would be entitled to Social Security benefits based on your spouse’s (or divorced spouse’s) work record, and that spouse is at least 62. (Your spouse does not have to apply for benefits in order for you to be eligible based on your spouse’s work.)
- You worked long enough in a federal, state, or local government job to be insured for Medicare.



If you are under age 65, you are eligible for Medicare (Part A) hospital insurance if you meet one of the following conditions:

- You have been a Social Security Disability Insurance beneficiary for more than 24 months.
- You have worked long enough in a federal, state, or local government job, and you meet the requirements of the Social Security Disability Insurance program.

If you have kidney failure, there are special rules that apply to you. Under these rules, you are eligible for hospital insurance at any age if you receive maintenance dialysis or you have had a kidney transplant and you meet one of the following conditions:

- You are insured or are getting monthly benefits under Social Security or the railroad retirement system.
- You have worked long enough in government to be insured for Medicare.

In addition, your spouse or child may be eligible, based on your work record, if she or he receives continuing dialysis for permanent kidney failure or had a kidney transplant, even if no one else in the family is getting Medicare.

## Chapter 10



Who Is Eligible for Medicare (Part B) Medical Insurance?

Almost anyone who is 65 or older or who is under 65 but eligible for hospital insurance can enroll for Medicare medical insurance (Part B) by paying a monthly premium. You do not need any Social Security or government work credits for this part of Medicare.

What If My Income Is Very Limited?

If your income and assets are very limited, and you are a Medicare beneficiary, you should know about programs that can help save you money. The Qualified Medicare Beneficiary (QMB) program covers your monthly Medicare premiums, as well as your deductibles and coinsurance. With the Specified Low-Income Medicare Beneficiary (SLMB) program, your state pays your monthly medical insurance (Part B) premium only. Both programs are run by the Health Care Financing Administration and each state that provides medical assistance under the Medicaid program. The rules about eligibility vary from state to state. In general, you may qualify for help from the QMB or SLMB program if your income is limited and your resources do not exceed certain limitations. To find out if you qualify, contact your



State or local medical assistance (Medicaid) agency, social services office, or welfare office.

### How Do I Sign Up for Medicare?

If you are already receiving Social Security retirement, survivors insurance benefits, disability insurance benefits, or railroad retirement checks, you will be contacted by the Social Security Administration before you become eligible and given the information you need to sign up or to waive your right to Medicare Part B.

If you are not receiving these benefits, you should contact Social Security about applying for Medicare if you meet one of the following conditions:

- You are a widow or widower with a disability and are between ages 50 and 65 but have not applied for disability benefits because you are already getting another kind of Social Security benefit.
- You are a government employee and became disabled before age 65.
- You, your spouse, or your dependent child has permanent kidney failure.
- You had Medicare medical insurance (Part B) in the past but dropped the coverage.

- You turned down Medicare medical insurance (Part B) when you became entitled to hospital insurance (Part A).

Once you sign up for Medicare Part A, it is important to make a decision about Part B quickly. Be aware that if you wait longer than 7 months, it is possible that your monthly premium for Part B may rise by 10 percent.

### What Does Medicare Cover?

This section gives a brief overview of what Medicare covers, but because of Medicare's complexity some details are left out. To obtain specific information about Medicare coverage costs, deductibles, and coinsurance rates or to learn what managed care plans are available in your area, contact Social Security at 1-800-MEDICARE or visit their Web site at [www.medicare.gov](http://www.medicare.gov). Some kinds of health care are not covered by Medicare at all.

Medicare hospital insurance (Part A) can help pay for the following medical care:

- inpatient care in a hospital or skilled nursing facility following a hospital stay
- certain home health care costs
- hospice care (with special limits)



It is important to understand what is meant by a “benefit period.” Instead of paying out benefits over the course of a calendar year, Medicare pays out benefits over a “benefit period.” This period starts the day you enter a hospital and ends when you have been out of the hospital or other facility for 60 days in a row. If you remain in a non-hospital facility, a benefit period ends when you have not received any skilled nursing or medical care for 60 days in a row. There is no limit to the number of benefit periods for hospital and skilled nursing facility care, but special limits do apply to hospice care.

#### Examples of Hospital (Part A) Insurance Coverage

If you need inpatient care, Medicare hospital insurance pays for up to 90 days in any Medicare-participating hospital. If you need more than 90 days of inpatient care during any benefit period, you can use some or all of your “reserve days.” Reserve days are an extra 60 hospital days you can use if your illness keeps you in the hospital for more than 90 days. You are granted only 60 reserve days in your lifetime; it is up to you to decide when to use them. For each reserve day you use, hospital insurance pays for all covered services except the daily copayment.

If you are confined to your home and meet certain other conditions, Medicare may pay the full approved cost of home health visits from a Medicare-participating home health agency with no limit to the number of covered visits you may have. If you need one or more of the covered services, then hospital insurance also covers part-time or intermittent services of home health aides, occupational therapy, physical therapy, medical social services, and medical supplies and equipment. A 20 percent copayment applies to covered durable medical equipment (e.g., wheelchairs, hospital beds).

#### Examples of Medicare (Part B) Insurance Coverage

Medicare medical insurance (Part B) helps pay for physician services, medical services, and supplies not covered by hospital insurance, such as

- ambulance services
- outpatient hospital care
- x-rays

Before Medicare medical insurance begins paying for covered services, you must meet the annual medical insurance (Part B) deductible which is currently \$100 per year. After the deductible is met, Medicare



will generally pay 80 percent of the approved charges for covered services during the rest of the year.

### What Doesn't Medicare Cover?

Medicare provides basic health care coverage, but it does not pay all medical expenses. Here are examples of expenses not covered by Medicare:

- custodial care (care that could be given safely and reasonably by a person who is not medically skilled and that is given mainly to help the patient with daily living)
- most nursing home care
- dental care and dentures
- routine checkups and the tests directly related to these checkups (certain screenings, Pap smears, and mammograms are sometimes covered)
- most immunization shots (although Part B helps pay for flu and pneumonia shots)
- most prescription drugs
- routine foot care
- services outside the United States
- tests for, and the cost of, eyeglasses or hearing aids
- personal comfort items, such as a telephone or television in a hospital room



### What Are My Medicare Insurance Options?

Medicare beneficiaries may now choose how they will receive hospital, physician, and other health care services covered by the program. Your choice may affect the amount of money you pay for these services. Consider the following points:

- Traditional “fee-for-service” delivery system: You may visit the hospital or physician of your choice and pay a fee each time you use a service. Medicare pays a set percentage of a beneficiary’s approved hospital, physician, and other health care charges. The beneficiary is responsible for certain deductibles and coinsurance payments.
- HMOs: You receive comprehensive coverage from a network of health care providers. HMOs contract with the Medicare program to provide all hospital and medical benefits covered by Medicare. You usually need to obtain services from your HMO’s network of health care providers (e.g., physicians, hospitals, skilled nursing facilities). Neither the HMO nor Medicare will pay for services not authorized by your HMO (except emergency services or services urgently required while you are out of the HMO’s service area).





- Traditional “fee-for-service” Medicare coverage provides basic health care coverage, but it cannot pay all medical expenses, and it does not pay for most long-term care. For this reason, many private insurance companies sell insurance to fill in the gaps in Medicare coverage. This kind of insurance is often called “Medigap” for short. However, Medigap insurance is not available if you use an HMO.
- The Health Care Financing Administration publishes a booklet with information on supplementing Medicare coverage, the *Guide to Health Insurance for People with Medicare* (Publication No. HCFA 02110). It is available from any Social Security office or by writing Medicare Publications, Health Care Financing Administration, 7500 Security Boulevard, Baltimore, MD 21244-1850.

#### What You Should Know If You Have Other Health Insurance

As explained above, Medicare hospital insurance is generally free, but you pay a monthly premium for the medical insurance (Part B). If you have other health insurance when you become eligible for Medicare, it might be worth it to sign up for Medicare medical insurance also. It depends on

your situation and your other health insurance. To determine if you should get Medicare medical insurance, consider the following steps:

- Contact the Social Security office.
- Talk with your insurance agent to see how your private plan fits—or “integrates”—with Medicare medical insurance, especially if you have family members who are covered under the same policy. (Neither Medicare nor most private plans cover all health services.)
- Speak with your human resources department if you are currently employed.
- Keep in mind that Medicare does not cover most nursing home care.
- Do not cancel any health insurance until your Medicare coverage begins.

If you have other questions about Medicare, please contact the U.S. Social Security Administration. You can speak to a service representative between the hours of 7 a.m. and 7 p.m. on business days by calling Social Security’s toll-free number (1-800-772-1213, TTY: 1-800-325-0778) or 1-800-MEDICARE. These phone lines are busiest early in the week and early in the month, so it is best to call at other times. Whenever you call, have your Social Security





number handy. The Social Security Administration treats all calls confidentially, whether they are made to toll-free numbers or to a local office.

## K. Understanding Medicaid

This section offers basic information about Medicaid, also called “medical assistance.” Because many Medicaid rules are set by states, they change from time to time, and there are many circumstances that affect eligibility. If you have a question or want more information about anything you read, contact your state social services office, department of mental health and hygiene or Medicaid eligibility office.

One way to contact the Medicaid office in your state is to visit the Health Care Finance Administration’s Medicaid Web site at [www.hcfa.gov/medicaid/obs5.htm](http://www.hcfa.gov/medicaid/obs5.htm). This site provides a listing of toll-free phone numbers for all state Medicaid offices.

### What Is the Medicaid Program?

Medicaid is the largest program providing medical and health-related services to America’s poorest people. Medicaid is the primary source of health care for the following groups:

- low-income families with children

- low-income elderly
- low-income people with disabilities

The federal government has set broad national guidelines for Medicaid which each state must follow.

Each state, however, is responsible for the following:

- deciding eligibility standards
- determining the type, amount, duration, and scope of services
- setting the rate of payment for services
- administering its own program

Thus, the Medicaid program varies considerably from state to state, as well as within each State over time.

### How Is Medicaid Administered and Financed?

Medicaid is financed jointly by the federal government and the states. The states administer the program, but federal guidelines require states to cover specific categories of people and types of benefits. If a state meets these guidelines, it receives federal matching payments based on its per capita income. In the richest states, the federal government finances 50 percent of qualified Medicaid expenditures for the state; in the poorest states, the federal government finances 80 percent of the qualified Medicaid costs.



## Who Is Eligible for Medicaid?

Historically, Medicaid eligibility was tied to eligibility for cash assistance, primarily through the Aid to Families with Dependent Children (AFDC) and SSI programs. In recent years Congress and many states have expanded Medicaid to cover poor children and pregnant women who do not qualify for cash assistance. Some states have even expanded the coverage to adults without disabilities or children who are poor and have high medical expenses. Nearly everyone who is on SSI can qualify for Medicaid. Here are the basic eligibility requirements set by the federal government for Medicaid (states may have additional requirements):

- You must be a U.S. citizen or resident alien and a resident of the state in which you apply for Medicaid.
- You must be 65 years of age or older, unless you are blind or have a disability.
- If you are blind or determined to have a disability, your diagnosis must be stated on a form completed by your physician.
- Generally, to qualify for Medicaid, an applicant's resources cannot exceed \$2,000, but there are some exclusions to this \$2,000 limit. These include the following:

- the home may be excluded, if it is occupied by an unmarried child under 21 or a child who is blind or has a disability
- personal effects and household goods
- wedding and engagement rings
- automobiles: completely excluded in some states; in other states, excluded if needed for employment or medical transportation, otherwise only to \$4,500
- burial fund: not to exceed \$1,500 for services (offset by any life insurance). The casket, vault, plot, stone, and opening and closing of the grave are exempt. Any amount can be spent on these items. If life insurance is available, then the proceeds must be used for the burial.
- inaccessible resources (e.g., term life insurance, whole life insurance with a maximum face value of \$1,500, assets held in an irrevocable trust created more than 36 months before you file your application for Medicaid, and assets held in an estate subject to administration)

Other exclusions may also exist. Check with your state Medicaid office for further details.



### Why Does Medicaid Coverage Vary So Widely from State to State?

States have considerable flexibility in setting their own financial eligibility criteria, benefit packages, and payment policies. Large variations in coverage are reflective of this flexibility. The differences in statewide per capita income also affects the amount of Medicaid coverage each state offers.

### What Services Does Medicaid Cover?

Federal guidelines require coverage of a broad range of services, including the following:

- inpatient and outpatient hospital physician services
- laboratory and x-ray services
- nursing home and home health care services
- early and periodic screening, diagnosis, and treatment for children under 21
- family planning services
- services at rural health clinics and federally qualified health centers

### How Do I Apply for Medicaid?

For most states, Medicaid is automatic if you are eligible for SSI. For others, you will need to contact your state's social services or Medicaid eligibility office. A Web site listing toll-free numbers for all state offices is provided at the beginning of the Medicare section. If you are too sick to come to the office to apply, you may send someone to the interview who knows about your circumstances. When you arrive at the social services office you or your representative will be asked to complete and sign an application form and will be interviewed by an eligibility worker, who will ask for information about your income and assets and private health insurance coverage. You will then be asked to prove what you say is true.