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SUPPLEMENTAL SECURITY INCOME: PROGRAMMATIC DIFFERENCES FOR INDIVIDUALS WHO ARE BLIND

Introduction 1
Establishing Blindness 2
Income 3
Blind Work Expenses Example 6
Supplementals to SSI 7
Eligibility 7
Conclusion 8
Frequently Asked Questions 9
References 10

Introduction

When the Supplemental Security Income program was created in 1974, it was the product of consolidating state poverty programs for people who were over age 65, blind or disabled into a federal program.

Supplemental Security Income

Supplemental Security Income is a benefit based on financial need. The benefit is designed to help people have at least the minimum necessary to meet the need for food and shelter.

SSI has a resource test that permits individuals to be eligible if they have less than \$2,000.00 in countable resources. Eligible couples, two SSI beneficiaries who live together and are married or "holding out" to the community as if married, may have up to \$3,000.00 in countable resources.

Statutory Blindness

"Statutory blindness is defined in the law 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." 20CFR 404.1581



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Individuals who meet the definition of blindness may walk without a cane or dog, may be able to read print, and in rare circumstances that depend on special equipment and state law, may even be able to drive. If you work with individuals who do not see well, even if they do not label themselves as blind, consider the possibility that special work incentives apply.

Establishing Blindness

The programmatic differences for blind individuals under the SSI program do not apply unless SSA has medical evidence of blindness in the claims folder. If an individual does not have blindness as the disability benefit diagnosis, the SSI beneficiary may request that the SSA perform a medical Continuing Disability Review to establish blindness as the primary disability. Once this is complete the SSA may apply the appropriate work incentives retroactively. Depending on the situation, work incentives may be applied as far back as the date statutory or legal blindness was established in the medical records.

The chart below illustrates the types of programmatic differences that exist for people who are blind in the Supplemental Security Income Program.

Provision	Does it differ?	How?
Entitlement	Yes	SGA is not a factor
Student Earned Income Exclusion	No	SGA is not a factor
General Income Exclusion	No	
Earned Income Exclusion	No	
IRWE	Yes	Expenses should be deducted as Blind Work Expenses, never as RWE
Divide by 2	No	
Blind Work Expense	Yes	Deductions must be related to work and paid out of pocket-- need not be related to disability
PASS	Not functionally, but...	Since more earnings may be excluded under Blind Work Expenses, and thus there is less countable income for working SSI beneficiaries, PASS may not be as powerful for individuals who are blind

Provision	Does it differ?	How?
EXR	Not functionally, but...	Because insured status for blind people is different, Entitlement to SSDI may occur sooner, SSDI benefit might affect SSI EXR
1619 A	Yes	Not applicable. since SGA is not a factor for blind SSI recipients
Continued Medicaid for People Who Work (1619 B)	Yes	Blind Work Expenses might allow a higher individualized earnings threshold

Supplemental Security Income is a program intended to augment any income a person may already have to meet minimum needs for food or shelter. The Social Security Administration counts an individual or couple’s income on a monthly basis. Income not excluded through work incentives or other provisions is subtracted from the SSI Federal Benefit Rate to determine the SSI payment amount. The Federal Benefit Rate is a monthly amount that increases annually, and is the highest benefit an individual or eligible couple (Two SSI beneficiaries married, or holding out to the community as if married) may receive in a given living situation. The more income an individual or SSI eligible couple has, the less the benefit will be. If an individual or SSI eligible couple has too much income, they will not be eligible for a benefit.

The Social Security Administration categorizes income by the source. Some types of income, such as Food Stamps, housing subsidies, Energy Assistance, Work-study grants or the proceeds of a loan are not income that affects payments for SSI purposes. The SSA divides income that does affect SSI into two major categories, unearned and earned income.

Income

Unearned Income

Unearned income is all income not directly resulting from current work. Unearned income is counted as income when the individual receives it, or when the beneficiary could first use it for food or shelter needs. There are many types of unearned income. Some of the most common categories of unearned income are described below.

- ◆ Benefit payments or pensions—Social Security benefits, Veteran’s benefits, Railroad Retirement benefits, Civil Service or other public retirement or disability benefits, worker’s compensation, unemployment compensation, private disability annuities etc.

- ◆ Deemed income—Income of a spouse or parent that is determined by the SSA to be available to meet the need for food, shelter and clothing for the SSI recipient. It is “deemed” to be available to the SSI recipient because of the relationship between the SSI recipient and the parent or spouse. (Note: Resources may also be “deemed”. For more information see www.vcu-barc.org for briefing papers on the deeming provisions.)
- ◆ Support payments—For SSI purposes, support payments are cash or in-kind contributions to meet a person’s needs for food and shelter. These periodic payments usually result from a court order. Alimony or spousal maintenance is the income of the adult named in a court order. Child support is usually income from an absent parent to a minor child named in a court order. For SSI purposes, child support is considered to be income to the child, not the parent. Keep in mind that 1/3 of the amount of child support paid to an eligible minor child by an absent parent is excluded from income for SSI purposes.
- ◆ In-kind support and maintenance—If an SSI beneficiary receives food or shelter instead of cash from some source, the SSA may count the value of that food or shelter as unearned income to the individual. How the in-kind support and maintenance (ISM) is valued depends on the situation. ISM will either be considered unearned income at its actual value, or the impact on the beneficiary’s SSI benefits will be capped by the Presumed Maximum Value or Value of the Third Reduction provisions.

Earned Income

Like unearned income, earned income is counted in the month that it is received by, or made available to an SSI beneficiary, regardless of when it is earned. Earned Income may be received as cash. It may also be in-kind goods or services as payment for work, or income from a trade or business.

Income Deductions

Fortunately, not all of a person’s earned or unearned income counts against the possible SSI benefit. The following is a brief list of the most common deductions that the SSA can make when calculating an SSI payment. Most of these deductions are not treated differently for people who are blind.

Deductions from Unearned Income

General Income Exclusion (GIE)—the first \$20.00 can be deducted from any un-earned income that is not excluded under other provisions. What is left from this deduction is considered to be the “countable” unearned income, and could reduce the beneficiary’s SSI payment dollar for dollar. If there is no unearned income, or if the unearned income is less than \$20.00, any remainder of this deduction may be subtracted from earned income. There is only one \$20.00 General Income Exclusion (GIE) granted per month for a beneficiary or eligible SSI couple

Deductions from Earnings

Student Earned Income Exclusion (SEIE)—If an SSI recipient under the age of 22 is regularly attending school, the SSA permits the exclusion of all of the person's earned income up to a monthly limit. Deductions throughout the year are added together, and are capped by an annual limit as follows:

Year--2005

Monthly Cap--\$1,410.00

Annual Cap--\$5,670.00

Note that amounts change annually. Also note that the law changed effective with 4/1/2005. Prior to that date an individual also had to be unmarried, and not the head of household. These requirements were lifted by the Social Security Protection Act.

General Income Exclusion (GIE)—If the SSI beneficiary had no unearned income, or had less than \$20.00 in unearned income, the remainder of the \$20.00 exclusion may be deducted from the person's gross earnings.

Earned Income Exclusion (EIE)—The SSA excludes the first \$65.00 of earnings after any applicable Student Earned Income Exclusion (SEIE) or General Income Exclusion (GIE) deductions are subtracted.

Impairment Related Work Expenses permit the deduction of the value of goods or services that meet the following criteria:

- ◆ Related to the disability or to an impairment for which the person is receiving treatment from a health care provider,
- ◆ Necessary for work,
- ◆ Paid out of the beneficiary's pocket and not reimbursed,
- ◆ Reasonable, and
- ◆ Paid in the month earnings were received, though the cost of durable items may be pro-rated over a 12-month period.

Individuals must have receipts to prove the expense was paid. The determination of whether or not an item may be deducted as IRWE is up to the SSA. Blind Work Expenses, rather than IRWE, apply to individuals who are blind. Do not deduct IRWE when estimating payments for blind people.

The ½ Deduction—After all of the deductions described above, the earnings are then divided by 2 to exclude ½ of the remaining earnings.

Blind Work Expenses (BWE)—If the SSI beneficiary meets the definition of statutory blindness, deduct any items that meet the IRWE definition listed above as Blind Work Expenses, instead of under the Impairment Related Work Expense provisions. This is to

the beneficiary's advantage, since Blind Work Expense deductions permit more of the earnings to be excluded. In effect, Blind Work Expenses provide a dollar for dollar reduction in the earnings that affect SSI payments. This provision is one of the most powerful differences for SSI beneficiaries who meet the definition of statutory blindness.

In addition to goods or services that would normally be deducted under the IRWE provisions outlined above, Blind Work Expense provisions also allow exclusion of any other work related items that are paid out of pocket and not reimbursed. Examples include, but are not limited to:

- ◆ State and federal taxes
- ◆ Union dues
- ◆ Mandatory Pension
- ◆ Uniforms
- ◆ Reader Services
- ◆ Driver services
- ◆ Cost of service animal's care
- ◆ Childcare
- ◆ Transportation
- ◆ Meals consumed at work
- ◆ Adaptive equipment purchased by the beneficiary

Assume that any individual, who is blind and has more than \$65.00 in earnings, has deductible Blind Work Expenses. Encourage beneficiaries to keep receipts for any potentially applicable deductions.

Countable Earned income

After these deductions, the result is considered the "Countable" earned income, meaning the part of the individual's earned income that could affect the person's SSI payment.

Plan for Achieving Self-Support (PASS) deduction

PASS permits individuals to deduct countable income, or exclude resources that would otherwise reduce or eliminate the SSI payment. PASS is an agreement between the SSA and the beneficiary. The beneficiary agrees to take outlined incremental steps to achieve a specified vocational goal. The plan allows the beneficiary to use "countable income" or resources to pay for goods or services needed in order to reach the goal. In turn, the SSA replaces the PASS expenditures by increasing the individual's SSI benefit payment. For more information on PASS, see the BARC briefing paper on Plans for Achieving Self-Support.

Total Countable Income

The final steps of the calculation of an SSI payment are the addition of the countable unearned income to the countable earned income, and then the

subtraction of any PASS amount to determine total countable income. Total countable income is the amount at the end of the calculation that will be deducted from the applicable Federal Benefit Rate to determine the payment amount.

Blind Work Expenses Example

Kathleen receives SSI and is working. She is working 40 hours a week for \$10.00 per hour. This results in a monthly gross earned income of approximately \$1720.00. [\$400 per week multiplied by 4.3.] Kathleen is neither a student, nor is she under 22, so she is not eligible for the Student Earned Income Exclusion. She lives in a state that does not supplement SSI payments. Kathleen pays all of her own living expenses. Kathleen takes transportation that costs \$120.00 per month. Kathleen meets the definition of statutory blindness.

What can be subtracted as Blind work expenses?

*Kathleen has \$120.00 in transportation a month for work.

*She pays state and federal taxes, FICA and local taxes of approximately 20% of her earnings, or \$344.00.

*Kathleen eats at work, and She reports spending approximately \$30.00 per week on her lunches, or approximately \$129.00 per month.

After asking Kathleen additional questions about work expenses, it is determined that these are all of the applicable deductions. The estimated total Blind Work Expenses are \$593.00.

How to calculate Kathleen's benefit:

Kathleen has no unearned income.

Kathleen has \$1720.00 in Earnings.

Kathleen is not a student

Since the \$20.00 General Income Exclusion has not yet been used, subtract \$20.00 from the estimated earnings, leaving \$1700.00.

Subtract the \$65.00 earned income exclusion, leaving \$1635.00.
Because Kathleen is blind, there is no IRWE deduction.

Divide the remainder in half: \$1635.00 divided by 2 is \$817.50.

Subtract BWE of \$593.00, leaving \$224.50 in countable earned income.

Because there is no unearned income, the total countable income equals 224.50.

This is the amount that would be subtracted from the current Federal Benefit Rate to calculate Kathleen's benefit. If Kathleen wanted to, she could write a Plan to Achieve Self-Support, and further reduce her countable income by the amount set aside to pay for the PASS expenses.

Notice that most of the deduction of Blind Work Expenses would not have been deducted as IRWE. With SSI, work always adds to total income available to pay monthly living expenses. With BWE, work is even more beneficial.



Supplements to SSI

Optional State Supplements

Some states pay an additional amount to SSI beneficiaries, called a state supplement. Currently, some states pay the supplement themselves, and some pay the SSA to administer the supplements. Remember to take any applicable state supplement into consideration when counseling beneficiaries on the impact of work. Also keep in mind that for some states, blindness is a criteria that permits payment of the state supplement, so blind beneficiaries might receive a higher amount of SSI, or a different supplement than other beneficiaries. Benefits Specialists should seek information on their own state supplement programs, and the criteria under which they are paid.

Blind Supplements and Pensions

In addition to the state supplements paid under the SSI program, some states have programs that provide income to blind individuals. Some of these are excluded from consideration as income for SSI purposes. Benefits Specialists working with blind consumers should seek information about additional programs available in the state, what affects the income from these programs, and whether the benefit is excluded as income for SSI purposes.



Eligibility

Although the performance of SGA precludes SSI eligibility for applicants who are not blind, SGA is never a factor of entitlement to SSI for blind individuals.

Entitlement to SSDI

Applicants receive Social Security Disability Insurance because they work and pay into the Social Security system. Workers receive "credits, up to four in a calendar year, for paying Social Security taxes on a set amount of money. Applicants who are not blind must meet both a "fully insured" standard, and a

standard that requires recent work to become entitled to Social Security Disability Insurance (SSDI). Blind individuals, however, need only be “fully insured” to become entitled to SSDI benefits. That means that the blind person needs to have only one credit per year between age 22 and the year the disability began. There is always a minimum of six credits required for entitlement to SSDI. This is described more fully in the companion article to this briefing paper: Social Security disability; Programmatic differences for people who are blind.

Blind SSI recipients may be entitled rather quickly to Social Security Disability Insurance (SSDI) benefits because of the easier standard to meet “insured status”. Also, since SSI is the payer of last resort, receiving SSI may be considered to be an open application for SSDI benefits. It is possible that SSI beneficiaries who are blind may be retroactively entitled to SSDI benefits back to the first moment they met all of the entitlement criteria for SSDI. Since blindness allows higher earnings on SSI than other disabilities, the person may also have retroactively used the Trial Work Period, Extended Period of Eligibility, and other protections, and could be overpaid on both the SSDI and SSI records.

Also because of the easier standard for insured status, there are potential differences in accessing 1619(b) continued Medicaid for people who work, and Expedited Reinstatement (EXR). Though neither of these programs is applied differently to people who are blind, the fact that blind people become entitled to SSDI more easily may mean that SSDI payments will terminate eligibility for 1619(b) continued Medicaid earlier for blind people than would occur for beneficiaries who are not blind. People who leave SSI due to work and who later reapply or request EXR may be precluded from receiving SSI and Medicaid because they are now entitled to SSDI benefits.

Conclusion

It is extremely valuable for Benefits Specialists to recognize that there are substantial differences in how SSI work incentives are applied for individuals who meet the standard for legal or statutory blindness. Beneficiaries may have entered the SSI program with other impairments and later develop blindness, or simply may not know or understand the programmatic differences that apply to people who are blind. Keep in mind that blindness is a term that carries different connotations to different people. Some individuals who meet the legal standard for blindness may perceive themselves as having a little trouble seeing, but not as blind. Understanding the difference in the programs and encouraging individuals who may meet the standard of blindness to establish their status with the SSA may allow them to access additional work incentives, and may make work more profitable.



Frequently Asked Questions

Is there a difference in 1619(b) for blind beneficiaries?

Once an individual is entitled to cash benefits, both blind individuals and beneficiaries who are not blind are protected by the 1619(b) rules for Medicaid entitlement. Because of the Blind Work Expense provisions, blind beneficiaries will have to earn more before they reach a break-even point for 1619(b). Also, if a blind beneficiary exceeds the charted state threshold for 1619(b), Blind Work Expenses will permit a higher individualized threshold than for beneficiaries in the same situation who are not blind.

Is there any difference between the way PASS operates for blind people from the way it operates for beneficiaries who are not blind?

There is no difference in the application of PASS rules for individuals who are blind. PASS may be less attractive to blind people who are working, however, because Blind Work Expenses exclude a considerable amount of earned income from affecting SSI. Since PASS is designed to allow the person to set aside countable income to achieve vocational goals, where there is less countable income, there is less motivation for PASS.

How do Blind Work Expenses differ from IRWE?

IRWE must be necessary for work, paid out of pocket, and related to the disability, or related to an impairment that is being treated by a health care provider. Blind Work Expenses, however, need only be paid out of pocket and related to work.

Can Blind Work Expenses be used under the Social Security Disability programs as well as under SSI?

No, Blind Work Expenses only apply to the SSI program. For costs to be deducted from gross wages under the SSDI or CDB disability programs, the costs must not only meet the requirements that the item be paid out of pocket and related to work, but also must meet the “related to an impairment” criteria that is needed for IRWE before the item can be deducted. Remember that SGA levels are higher for statutory blind individuals, so blind beneficiaries may still be under SGA, even with higher earnings.

Is there a difference between statutory blindness and legal blindness?

The SSA will refer to statutory blindness, or “stat blind” when determining if an individual meets the criteria for BWE, and the higher SGA amount under the SSDI program. Legal blindness is the same as statutory blindness, but is used more often by the general public. Both refer to a strict standard of visual acuity that is described earlier in this briefing paper.

How are BWE deducted if the person who is blind is a member of an eligible couple?

If both members of an eligible couple are blind, all work-related expenses should be deducted on the BWE line of the SSI payment calculation. If only one member of the couple is blind, then only the work-related expenses of the blind person may appear on the BWE line of the calculation. If the non-blind member of the couple is working, the non-blind person’s expenses that meet the definition of IRWE will be deducted from the couple’s earned income on the IRWE line, and the blind person’s expenses will be deducted as BWE.

References

Code of Federal Regulations Title 20

- DI 10105.130 -- Relationship between Freeze and DIB Insured Status - 01/23/90
- DI 10105.170 -- Insured Status for Statutory Blindness --
- DI 10520.030 -- Determining When IRWE Are Deductible and How They Are Distributed RS 00301.105 -- Fully Insured Status
- SI 00820.002 -- Earned Income
- SI 00820.500 -- Earned Income Exclusions -- General
- SI 00830.010 -- When to Count Unearned Income
- SI 00830.099 -- Guide to Unearned Income Exclusions
- SI 00835.200 -- The One-Third Reduction Provision
- SI 00835.300 -- Presumed Maximum Value Rule
- SI 00820.200 -- Net Earnings from Self-Employment
- SI 00820.210 -- How to Determine Net Earnings from Self-Employment
- SI 00830.420 -- Child Support Payments
- SI 01210.620 -- Special Blind Income Disregards - Recipient With Ineligible Spouse
- SI 00820.550 -- Work Expense Development and Documentation - 09/04/98
- SI 00820.545 -- Work Expenses - Interaction with Other Policies - 03/07/95
- SI 02302.015 -- Section 1619 Related Policies - 12/24/2002
- : SI 02302.050 -- Individualized Threshold Calculation - 02/10/97
- : SI 00820.555 -- List of Type and Amount of Deductible Work Expenses - 02/19/2002
- GN 00204.027 -- Title II Application Open Because of Title XVI Filing - 12/13/2004
- : GN 00204.025 -- Open Applications - 02/26/2004

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