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Trends and Emerging Issues Regarding SSA/VR Reimbursements for SSI/SSDI Recipients

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Introduction

The SSA/VR reimbursement program is the process by which public vocational rehabilitation (VR) agencies submit claims to the Social Security Administration (SSA). In effect since 1983, the procedure enables the VR system to receive reimbursement for the costs expended assisting SSI recipients and SSDI beneficiaries to enter and sustain employment above the substantial gainful activity (SGA) level.

This brief discusses the declining amount of reimbursement paid to public VR agencies from federal fiscal year (FFY) 2002 to FFY 2005 by considering the impact that fewer claims submitted and a rising SGA level may have on the amount of reimbursement paid.

Findings

VR Reimbursement Reached a Nine-Year Low in 2005

The amount of reimbursement paid to state VR agencies decreased significantly from 2002, the peak year, to 2005. In 2002, SSA reimbursed public VR agencies $131,014,755 for SSI and SSDI expenditures. In 2005, this amount dropped to only $75,635,940, the lowest amount paid in the nine-year period from 1996 to 2005. The difference represents a 42% decrease ($55,378,815).

Fewer Claims Were Submitted to SSA by VR Agencies in 2005 Versus 2002

In an effort to understand the factors that impact the number of claims submitted to SSA, the researchers compared the earnings of closed rehabilitated cases in FFY 2001 and FFY 2004 for each of the three recipient groups (SSI, SSDI, and dual SSI/DI) to the SGA level for each year. These years were selected based upon the premise that claims submitted to SSA generally reflect VR cases closed during the preceding year. Additionally, the SSI and dual SSI/DI cases were combined into one category because dual recipients demonstrated very similar VR results to the SSI population.

Monthly incomes (computed as weekly earnings multiplied by 4) were compared to three SGA levels to check if a case was likely to be claimed for reimbursement. The three levels were: below SGA; SGA to SGA + $200; and above SGA + $200. The additional $200 factors in SSA's tolerance level for checking reimbursement. If a person earns less than $200 above SGA in a month, SSA will look at the potential impact Impairment-Related Work Expenses and other work supports could have on the individual's countable earnings; i.e., SGA + $200 is the point above which SSA usually accepts the earnings as sufficient for reimbursement.

Note: In order to qualify for reimbursement a person must have worked above SGA for at least nine months. The RSA data does not show long-term earnings, but earnings are measured after at least three months of working. The following tables demonstrate that fewer cases achieved sufficient earnings for reimbursement in 2004 versus 2001.

Table 1: 2001 Rehabilitations by SGA Level and Recipient Group

SGA level	SSI and dual SSI/DI		SSDI		Total	
	N	%	N	%	N	%
Below SGA (below $740)	27,404	65%	14,221	59%	41,625	63%
At SGA ($740 to $940)	3,881	9%	1,870	8%	5,751	9%
Above SGA ($941+)	10,607	25%	8,020	33%	18,627	28%
Total (N)	41,892		24,111		66,003	

Table 2: 2004 Rehabilitations by SGA Level and Recipient Group

SGA level	SSI and dual SSI/DI		SSDI		Total	
	N	%	N	%	N	%
Below SGA (below $810)	18,573	73%	14,258	67%	32,831	70%
At SGA ($810 to $1,010)	2,288	9%	1,803	9%	4,091	9%
Above SGA ($1,011+)	4,457	18%	5,258	25%	9,715	21%
Total (N)	25,318		21,319		46,637	

Note for Tables 1 and 2: The total new reimbursement claims in FFY 2002 were 11,786, and the SGA and above rehabilitations in FFY 2001 totalled 24,378. The total new reimbursement claims for FFY 2005 were 7,815, and the SGA and above rehabilitations in FFY 2004 totalled 13,806. This shows that there is generally one claim for every two rehabilitations in the preceding year.

Employment Outcomes Declined Between 2001 and 2004

In addition to fewer cases achieving sufficient income levels for reimbursement, a comparison of Tables 1 and 2 depicts an overall decline in the number of SSI, SSDI, and dual SSI/DI recipient cases closed rehabilitated from 2001 to 2004. The total number of closed rehabilitated cases went from 66,003 to 46,637—a 29% decrease. Table 3 summarizes the difference in closures for both benefit categories.

Table 3: Difference in 2001 and 2004 Closures by Recipient Group

Year	SSI and dual SSI/DI	SSDI	Total
2001	41,892	24,111	66,003
2004	25,318	21,319	46,637
Difference	16,574 (-40%)	2,792 (-12%)	19,366 (-29%)

SGA Levels Rose Disproportionately to Earnings from 2001 to 2004

The decreasing number of claims being submitted to SSA may be attributed to the rising SGA level. In order to examine the influence of the rising SGA level, the distribution of closed rehabilitated cases for 2004 was computed using the SGA categories from 2001.

Table 4: 2004 Rehabilitations Using 2001 SGA Levels

SGA level	SSI and dual SSI/DI		SSDI		Total	
Below SGA (below $740)	17,537	69%	12,990	61%	30,527	66%
At SGA ($740 to $940)	2,507	10%	2,359	11%	4,866	10%
Above SGA ($941+)	5,274	21%	5,970	28%	11,244	24%
Total	25,318		21,319		46,637	

As expected, when the 2001 SGA level is applied to the number of closed rehabilitated cases for 2004, the percentage distribution for below SGA, at SGA, and above SGA resembles the 2001 distribution. Table 5 compares the percentage distribution by SGA level for three groups: 2001; 2004 using the 2001 SGA level; and 2004 using the actual 2004 SGA level. Analysis indicates that the rising SGA level does in fact impact the number of cases submitted to SSA. When the actual 2004 SGA level is used to determine the percentage of cases that fall within each category, the percentage of cases in the above SGA category declines and a corresponding percentage of cases that fall below SGA increases.

Table 5: Percentage Distribution by Recipient Group by Year by SGA Level

	SSI and dual SSI/DI			SSDI			Total		
Year	2001	2004	2004	2001	2004	2004	2001	2004	2004
SGA level	$740	$740	$810	$740	$740	$810	$740	$740	$810
Below SGA	65%	69%	73%	59%	61%	67%	63%	66%	70%
At SGA	9%	10%	9%	8%	11%	9%	9%	10%	9%
Above SGA	25%	21%	18%	33%	28%	25%	28%	24%	21%

Figure 1: Percentage Distribution for 2001 and 2004 Using Actual SGA Levels

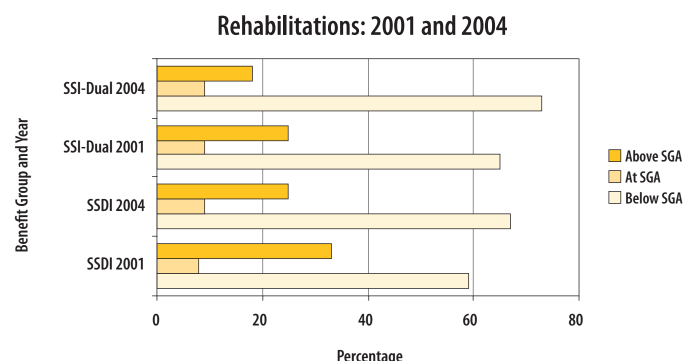

Figure 1 and Table 6 further depict the relationship in case closures between 2001 and 2004 as the SGA level rose. Table 6 illustrates the percentage-point differences in closed rehabilitated cases from 2001 to 2004, using the actual SGA level for each year:

Table 6: Percentage Point Changes with Rising SGA Level

	SSI and dual SSI/DI	SSDI
Below SGA	+8%	+8%
At SGA	---	+1%
Above SGA	-7%	-8%

Based on the percentage-point changes displayed above, the changing SGA level appears to affect recipients similarly regardless of what benefits they receive. Recipients earning below or above SGA, however, seem to be impacted more by the rising SGA level than those in the at SGA category. This is an interesting anomaly to examine.

The Rehabilitation Rate for Individuals on SSI and SSDI Declined Between 2001 and 2004, as Did the Total Number of Closures for Individuals on SSI or Dual SSI/DI

While the rising SGA issue impacts the percentage of cases achieving SGA or above, it should not affect the overall number of SSI or SSDI rehabilitated closures. In order to further explain the differences in the overall number of cases closed from 2001 to 2004, researchers also examined the number of cases closed after an individual plan for employment (IPE) was initiated by recipient group. This represents cases who received services and were closed either successfully (status 26) or unsuccessfully (status 28). Rehabilitation rate is calculated as the ratio of successful closures to all closures receiving services.

Table 7: Total Closures and Rehabilitation Rates for 2001 and 2004

	2001		2004		Difference 2001 vs. 2004
	28 & 26	Rehab. rate	28 & 26	Rehab. rate	
Not on SSI/DI	261,376	64%	280,518	59%	+19,142 (+7%)
SSI and dual SSI/DI	80,587	52%	61,408	41%	-19,179 (-24%)
SSDI	43,076	56%	43,147	49%	+71 (< 0%)
Total	385,039	61%	385,073	55%	+34 (< 0%)

Note: Status 28 represents individuals closed after an IPE was initiated; status 26 represents rehabilitated cases.

Table 7 shows a decline in rehabilitation rates for all groups from 2001 to 2004. Additionally, the SSI and dual SSI/DI category experienced an overall decline in the number of individuals served. However, the SSDI group remained stable while the not on SSI/DI group grew in terms of the number of customers served.

Implications

The differential shifts in terms of customers served within VR and the drop in rehabilitation rates warrant further analysis in order to fully explain the decreasing amount of reimbursement paid to VR agencies by SSA between 2002 and 2005. One reason for fewer reimbursements could be that from 2001 to 2004 SGA increased $70. During the same time period, the average income only increased $13 per week, at best $52 per month, which is less than the $70 increase in SGA.

One possible influence on the shift in customers assisted and the rehabilitation rates, particularly for the SSI population, is the employment outcome policy change VR made in FFY 2002 (effective 10/1/2001). This policy change eliminated sheltered work as a successful closure, and would likely impact the SSI population because the populations seeking sheltered work often receive SSI benefits. In FY2001, the last year sheltered work was considered a successful closure, 62% of people closed into sheltered work received SSI benefits. Eliminating sheltered work as a successful closure may have affected both the number of individuals applying to VR and the number attaining successful closures.

Another possible influence might be that other public systems that formerly relied heavily on VR funding to provide employment services to their clientele (e.g., mental health, mental retardation) might be providing more direct vocational interventions without the benefit of VR funding.

The impact of the Order of Selection and waiting lists for services needs to be explored to determine whether the expectations of VR consumers, referring agencies, and VR staff regarding employment outcomes change when states are in an Order of Selection.

It is also possible that the decrease in SSA reimbursements is tied to VR agency administrative behavior. For instance, was less attention paid to securing all reimbursements which the agency might have been eligible to receive? This could not be determined from the data.

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Sources

1. The Recap of VR Reimbursement for FY 2005, Social Security Administration/OESP.
2. RSA-911 data for federal fiscal years 2001 and 2004.

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