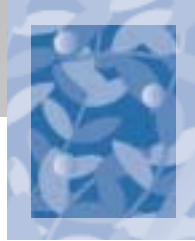


Government Financial and Health Care Benefits



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ANY PEOPLE WITH DEVELOPMENTAL DISABILITIES ARE ELIGIBLE FOR PUBLIC FINANCIAL ASSISTANCE AND HEALTH CARE BENEFITS TO MEET BASIC LIVING NEEDS. THESE BENEFITS ARE OFTEN ESSENTIAL IN MEETING A PERSON'S DAILY COST OF LIVING. HAVING A CLEAR UNDERSTANDING OF THESE BENEFITS IS VITAL TO ASSURING THAT YOUR CHILD RECEIVES THEM, IF ELIGIBLE, AND RETAINS THEM AS NEEDED.

"Do what you can, with what you have, where you are."

— Theodore Roosevelt

Government Financial and Health Care Benefits

Federal government programs that provide benefits to people with disabilities can usually be grouped into two main categories: “means-tested” programs and “insurance” programs. Means-tested benefits are based on need and, therefore, are available only to individuals with disabilities who have very little, or no, money or other assets. Supplemental Security Income and Medicaid are examples of means-tested government benefits. Government insurance programs, such as Social Security Disability Insurance and Medicare, are based on the individual’s work record or his parents’ work record, and are available to all eligible people, regardless of their assets.

Supplemental Security Income (SSI)

What is SSI?

Supplemental Security Income (SSI) is a major source of monthly income to people with disabilities. It is a federal entitlement program administered by the Social Security Administration. Entitlement means that everyone who is eligible receives the benefit, and there is no waiting list.

SSI is a cash benefit intended to cover food, clothing and shelter. It is available to people who have disabilities, are elderly, or are blind, and have very little income and assets. Children with disabilities, as well as adults, can receive SSI. Social Security defines disability as a mental or physical condition that keeps the individual from working (for adults) or results in severe functional limitations (for children) and is expected to last at least a year. If a person is under 18, his or her parents’ income and assets are usually considered in determining eligibility.

To receive SSI, an individual may not have more than \$2,000 in assets and a couple may not have more than \$3,000. Assets that are considered include cash, bank accounts, stocks and bonds, personal belongings, real estate and any other item of value that a person owns.

Social Security, however, does not count everything a person owns in determining eligibility. Things that are not counted include: the home the person lives in, his car up to a certain value, burial plots, and personal and household goods and insurance policies depending on their value.

Property is only counted if you own it and have the right to sell it. For example, if someone buys furniture and lets you use it, but you do not own it, it is not considered an asset. There may be other excluded resources depending on the situation so each person’s situation must be evaluated individually.

Amount of Benefits

The amount of SSI a person receives is affected by how much other income he or she has from other sources, including earnings. The maximum monthly SSI benefit in 2006 was \$603 for an individual and \$904 for a couple.

If an eligible person has no income at all, he or she will receive the maximum amount. A person receives less if he or she has income or receives other types of support for food, clothing or shelter. For example, if your adult daughter qualifies for SSI and she lives in your home, you are providing shelter to her at no cost. You would also be providing shelter for her if you paid her rent in an apartment. The value of this shelter is considered when calculating SSI eligibility.

In some cases, it makes sense to allow SSI to be reduced because the overall result, including the food, clothing and/or shelter being provided at reduced or no cost (called “in-kind support”), is better for the SSI recipient. This is because SSI rules generally do not reduce benefits by the full value of the in-kind support. The amount of the reduction depends on whether the SSI recipient is considered to be living in his own household or the household of another.

When an individual is living with a parent or someone else who owns or rents the home, but he doesn't pay his fair share of shelter and food costs, he or she is considered **living in the household of another**. In this situation, SSI will reduce his benefits by 1/3 of the maximum SSI payment (\$184 in 2003), *regardless of the actual value of the support he receives*. This occurs even if the actual value is less than \$184, so it may only be worth providing in-kind support if it is worth more than the 1/3 reduction.

When an individual is **living in his or her own household**, SSI counts the value of in-kind support up to a “presumed maximum value” (PMV), *regardless of its actual value*. The PMV is 1/3 of the maximum SSI payment plus \$20 (\$204 for an individual in 2003). However, if there is no other income than SSI, the reduction is only \$184. If you can prove that the actual value of an in-kind support is less than the PMV, only the actual value will be considered.

(Please note: These are general descriptions and a variety of criteria and exemptions apply so be sure to consult a knowledgeable advocate or attorney when planning regarding public benefits.)

Examples

- Your son lives in his own apartment with a rent of \$450/month. You (or a trust) directly pay the landlord \$300, while your son pays \$150. You also give your son about \$50 worth of groceries a month. The \$350 you provide is in-kind support, but SSI only counts \$204, which is the presumed maximum value. Your son's SSI check will be reduced by \$204. However, if you give your son money rather than paying the landlord and grocery store, SSI will consider the full \$350 as income.
- You, or a trust, make a \$15,000 down payment on a condominium for your daughter. You make your payment directly to the lender. This is considered income to your daughter in the month she settles on her home, but only up to the PMV amount. Her SSI is reduced \$186.66 that month. If you opted to pay mortgage payments each month to the lender rather than a lump-sum down payment, your daughter's SSI check will be reduced \$204 each month.
- Your daughter rents an affordable apartment using a rental assistance program. She covers all of her expenses except for her heating bill, which you pay. The amount is \$100. SSI considers this in-kind support and will reduce your daughter's SSI check by \$204. If you show that the actual benefit to your daughter is only \$100, SSI will reduce her check by that amount.

If the amount of in-kind support counted against a person causes them to lose all of their SSI, it may not be worth it, even if the value of the support is significant, because they will also lose Medicaid. Many people with disabilities rely heavily on Medicaid as their health insurance, and may need it more than the SSI cash payments.

Example

- Your son has a part-time job that does not pay for health insurance. Because of his income, his SSI payment is only \$125/month. You pay his landlord \$300/month toward rent. Your son's SSI is reduced by the presumed maximum value of \$184. Since he only had \$125 in SSI, he loses it altogether. He will likely also lose his Medicaid.

The reduction for living in the household of another and the presumed maximum value reduction only apply once per month. Once the reduction is taken, additional in-kind support received that month has no additional affect on SSI.

If you are helping to pay food, shelter or clothing costs that are considered in-kind support, it is generally better to pay a greater amount in a single month whenever possible, rather than smaller amounts in numerous months. It is also best to pay as many bills in the same month as possible. This is because the presumed maximum value reduction to SSI applies each month in which the SSI recipient receives in-kind support. For example, if you or a trust pays your child's water bill in October and his heating bill in November, his SSI will be reduced in both months. If you pay them both in November and no bills in October, a reduction will only be taken for one month.

A lump-sum payment you or a trust makes for an ongoing cost generally will be averaged over the months it applies to, if it is for future expenses (e.g., future rent). It will affect the SSI recipient's benefits in each of those months. A lump-sum payment for a past expense that has accumulated over months will generally only count in the month the bill is paid. In comparison, an SSI recipient can prepay expenses with their own funds without a reduction in benefits.

What Support Affects SSI Benefits?

The Social Security Administration considers the following things shelter costs, and therefore, subject to the above rules if provided as in-kind support: rent, mortgage payments, property taxes, property insurance if required by the lender, heating, gas and electric, water, sewerage, and garbage collection.

Things you, or a trust, can provide or pay for without affecting your child's SSI and Medicaid include:

- medical and supportive services, supplies, and equipment
- vocational and other training
- phone and cable and insurance bills
- other services like haircuts, housekeeper, lawyer, home maintenance (e.g., plumber, electrician, appliance repair, painter)
- loans not retained into the following month
- airline and other transportation tickets (domestic travel)
- things that SSI excludes from asset consideration like a car, furniture and other household goods up to a certain value
- in-kind food, shelter and clothing once the amount for living in the household of another or the presumed maximum value has been deducted from the SSI payment

Consult with your local Social Security office or a knowledgeable advocate or attorney for more information about assets that are not counted in determining eligibility and to assess how potential assistance given to your child for food, clothing or shelter will affect his or her benefits.

Income from a Roommate

Some people who receive SSI own a home and rent to a roommate to share costs. The money they receive for rent is not counted as income if it covers the renter's share of the mortgage interest (not principal), taxes, utilities, and maintenance. If the rent exceeds the cost of the renter's fair share of these costs, the excess is considered income and SSI will be reduced.

Medicaid (also known as Medical Assistance)

Medicaid covers the medical expenses of people with disabilities who have very low income and assets. Medicaid is a very complex program, with very strict rules determining who is eligible and what services are covered.

In Maryland, SSI recipients are automatically covered by Medicaid. This link is possible because SSI has the same income and asset tests as Medicaid. If a person does not receive SSI, there are other ways to become eligible for Medicaid.

Some individuals who have disabilities have high medical bills, and sometimes those bills are as much or more than their income. If a person has low or moderate income (though not low enough to qualify for SSI) and high medical bills, Medicaid will keep track of what the person has paid for those bills and when he or she reaches a certain level, Medicaid will cover the remaining bills.

Other people with disabilities in Maryland who are not eligible for SSI may receive Medicaid if they qualify for Developmental Disabilities Administration services through DDA's "Home and Community-Based Waiver." We will not discuss the details of the waiver here, but DDA can provide you with more information. In addition to becoming eligible for Medicaid through DDA's "Home and Community Based Waiver," it is also possible for eligible individuals to access Medicaid through other Medicaid waivers (e.g., Autism Waiver, Attendant Care Waiver). Consult a knowledgeable advocate for details.

Like SSI, the Medicaid program exempts assets such as the home, car, limited life insurance policies and burial plots in determining eligibility.

Social Security Disability Insurance

The Social Security Administration also oversees Social Security Disability Insurance (SSDI), which is a cash benefit paid to individuals with disabilities and their parents who have worked enough to be covered by the system.

Adults with developmental disabilities who have not paid enough into the Social Security system may receive *dependents'* benefits under a parent's work record if the parent worked enough to be covered and has a disability or is retired. Or, a person can qualify under a parent's work record if the parent has died, under the *survivors'* benefits program. In order to receive dependents' or survivors' benefits, the person's disability must have begun before he or she was 22 years old and be expected to last for at least a year.

The amount a person receives in SSDI depends on how much he, or his parent, earned while working. If a person receives SSDI on his own work record, SSDI determines the amount he receives based on that work record. If a person receives dependents' or survivors' benefits, the amount is usually a percentage of the covered parent's disability or retirement amount.

The amount of assets a person has does not affect his SSDI benefit. However, income may affect SSDI benefits, depending on whether the income is earned or unearned. *Unearned* income, such as

a pension or annuity, is not considered in determining SSDI eligibility. *Earned* income is treated differently because if a person can work and earn a significant amount of income — more than \$800 per month in 2003 — he or she will not meet the disability test and will not be eligible for SSDI benefits. Work incentives exist that can, in certain circumstances, help people retain eligibility for SSDI if they make more than \$800 (see the Benefits INfoSource in *Appendix B*). Earned income that is less than \$800 per month does not affect SSDI benefits.

If a person receiving SSI begins receiving SSDI, they could lose their SSI. This would happen if the SSDI benefit is \$20 or more than the SSI amount (if there is no other income). Financially, this should not be an issue since the income from benefits would not decrease — just the source. Of concern would be the loss of Medicaid. However, people who receive SSDI based on their parent’s work record rather than their own, retain their Medicaid, even if the SSI payments stop.

Medicare

Medicare is the federal health insurance program for individuals receiving Social Security Disability Insurance or Social Security Retirement benefits. A person automatically receives Medicare after getting SSDI for two years, whether qualifying on his own or through a parent’s work record. In addition, everyone 65 and older who receives Social Security Retirement benefits is eligible for Medicare.

Medicare Part A covers hospitalizations and related services while Medicare Part B covers outpatient treatment and physician services. Part B requires eligible people to pay a premium but Part A does not. In addition to the premiums that must be paid on a monthly basis, recipients typically have a co-pay for a portion of their care because Medicare may only pay 80 percent or may start paying only after a recipient has paid a deductible. In some cases, Medicare pays 100 percent or has different deductibles.

Because Medicare does not cover the entire cost of recipients’ care, people may purchase private insurance to pay the co-payments and deductibles. This type of insurance is referred to as “supplemental,” “secondary” or “Medi-gap” insurance and only covers the portion Medicare does not cover.

As you can see, government financial and health care programs can be very beneficial to people with disabilities, but the conditions and rules can be somewhat complicated. A person may be eligible for any one, or all, of these benefits at the same time.

See “Public Benefits” in *Appendix B* and *Appendix D* for additional information on these benefit programs and to find out where to apply. Consult with an informed advocate or professional, or with the Social Security Administration (through a local office or its national toll-free number) if you have questions.