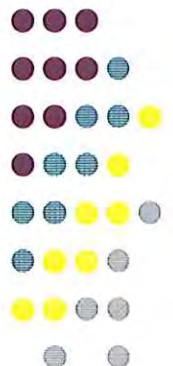


Supplemental Security Income

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Supplemental Security Income

The supplemental security income (SSI) program provides cash payments to approximately 100,000 low-income Wisconsin residents who are elderly, blind, or disabled, and who meet certain financial criteria. The program raises the monthly income of eligible individuals to an income "floor." An individual's monthly SSI benefit equals the difference between the floor and the individual's countable income. As a beneficiary's income increases, the monthly federal SSI payment decreases so that the combined income and SSI benefit remains constant.

The 1972 amendments to the Social Security Act established the program as a replacement to the old-age assistance, aid to the permanently and totally disabled, and aid to the blind programs. The Social Security Administration (SSA) administers SSI at the federal level, establishing eligibility standards, federal benefit levels and program policies. Wisconsin provides supplemental state-funded SSI payments in addition to the federal benefit, with the Department of Health Services (DHS) administering the program at the state level.

This paper describes Wisconsin's SSI program, including eligibility requirements, federal and state benefit levels, program administration, and trends in program participation and costs.

Eligibility Criteria

Federal law defines SSI financial and non-financial eligibility requirements under Title 42 of the U.S. Code.

Nonfinancial Criteria. SSI beneficiaries must be at least 65 years of age, blind or disabled. To qualify for SSI based on blindness, a person must

have vision no better than 20/200, or have a restricted visual field of 20 degrees or less with the best corrective eyeglasses.

An adult qualifies for SSI due to a disability if he or she has been diagnosed with certain disabling conditions, or if he or she cannot engage in "substantial gainful activity" (SGA) because of a physical or mental condition expected to last for over a year or result in death. SSA establishes the level of work activity and earnings considered SGA. In 2010, the SGA for non-blind individuals equaled \$1,000 per month. A child is considered disabled if he or she has a medically determinable physical or mental condition that results in severe functional limitations, and that is expected to last for over a year or result in death.

In Wisconsin, the DHS Disability Determination Bureau conducts disability assessments. SSA regularly produces a list of medical criteria for determining disabilities. Individuals diagnosed with a listed condition automatically meet the program's disability requirements. If the list does not include an adult applicant's condition, DHS determines whether the condition prevents SGA and is comparable in severity to listed conditions. All applicants under 18 years of age require assessments for comparison against appropriate age norms.

Table 1 provides the number of SSI recipients in Wisconsin by elderly, blind and disabled eligibility categories, and the number of participants under 18 years old from 2000 through 2009. Individuals receiving SSI benefits on the basis of a disability comprise the largest group of beneficiaries. These eligibility categories may not be mutually exclusive, as an elderly person with a disability may be counted as disabled when eligibility is initially determined. This table does not include the population of "grandfathered" recipients who receive state SSI payments but not federal payments, as described below.

Table 1: Wisconsin Recipients of a Federal SSI Benefit, by Eligibility Determination*

Year	Disabled	Elderly	Blind	Total	% Increase	Under 18 Years Old (Subset of Total)	% Increase
2000	74,147	9,771	969	84,887		14,312	
2001	75,066	9,310	957	85,333	0.53%	14,563	1.75%
2002	77,074	9,089	965	87,128	2.10	15,001	3.01
2003	78,953	8,818	965	88,736	1.85	15,429	2.85
2004	80,523	8,564	939	90,026	1.45	15,844	2.69
2005	82,914	8,375	936	92,225	2.44	16,534	4.35
2006	84,534	8,110	905	93,549	1.44	17,111	3.49
2007	87,279	7,879	879	96,037	2.66	17,957	4.94
2008	90,523	7,643	848	99,014	3.10	18,474	2.88
2009	95,242	7,431	830	103,503	4.53	19,681	6.53

*Source: Social Security Administration (SSA) Annual Statistical Reports and Annual Statistical Supplements. Numbers are as of December of specified year.

Financial Criteria. To qualify for SSI, individuals may not have countable resources of over \$2,000, or \$3,000 for married couples. Countable resources include cash, bank accounts, stocks, U.S. savings bonds, land, life insurance, personal property, and vehicles. Appendix I provides a partial list of asset and income exclusions for SSI eligibility and benefit determinations.

For most SSI recipients, household income may not exceed the maximum federal benefit level. The income and resources of the parents of a blind or disabled child are considered when determining the child's eligibility.

Eligibility for Other Programs. Eligibility for SSI categorically qualifies an individual for health care coverage under the state's medical assistance (MA) program. This provision of federal law allows SSI beneficiaries to use cash income for expenses such as housing and food, rather than health-related expenses.

SSI beneficiaries are not eligible to participate in Wisconsin Works (W-2), Wisconsin's replacement to the aid to families with dependent children (AFDC) program. However, the spouse of an SSI beneficiary may participate in W-2.

Benefit Types and Determination

Benefit Types. SSI recipients in Wisconsin may receive several types of payments: the federal SSI benefit, the basic state supplement, the exceptional expense supplement, or the caretaker supplement.

Federal Benefit. SSA provides a federal payment to SSI recipients. This payment amount depends on individual income—as individual income increases, the payment amount decreases. Individuals with no countable income receive the maximum payment amount, which equals \$674 per month for an individual living independently in 2011.

The maximum benefit amount varies by living arrangement and marital status. A beneficiary's benefit level depends on whether he or she lives independently in his or her own household, or lives in the household of another person. If a beneficiary's spouse also receives SSI benefits, the couple receives a combined benefit.

The maximum federal SSI benefit is subject to automatic annual cost-of-living adjustments (COLAs) that also apply to social security benefits. The COLA reflects increases in the consumer price index for urban wage earners and clerical workers (CPI-W), as determined by the Bureau of Labor

Statistics. No COLA is provided for a year in which the CPI-W increases by less than 0.05 percent, or decreases by any amount, as compared to the third quarter of the year the last COLA was provided. There was no COLA in 2010 or 2011, and the maximum federal SSI benefit level did not increase.

For individuals who live in an institution where the MA program pays for over half of the cost, the federal SSI benefit is reduced to \$30 per month beginning in the first full month that an individual resides in the institution. This payment is considered a personal needs allowance for minor expenses. However, if a physician certifies that a person's stay in an institution should not exceed 90 days and the person needs to maintain a home outside of the institution, the beneficiary continues to receive the full SSI benefit for up to three months.

Some children with disabilities receive medical treatment at home under MA state home care plans. If the child previously received the \$30 personal needs allowance while in a medical institution, he or she may still receive the allowance, regardless of their parents' income or resources.

Basic State Supplement. All Wisconsin residents who qualify for a federal SSI benefit also qualify for a basic state supplement, funded with general purpose revenue (GPR). Unlike the federal benefit, the basic state supplement is a flat payment amount that does not change based on income. If an individual qualifies for a federal SSI payment of any amount, he or she qualifies for the entire state payment of \$83.78 per month for an individual, and \$132.05 for a married couple. This amount does not depend on whether the recipient is living independently or in another person's household.

Prior to 1996, individuals could still receive the state supplement even if they received no federal payment, if their income was less than the combined amount of the federal and state benefits. Beginning in 1996, new applicants cannot receive the state supplement unless they also qualify for the federal SSI benefit. However, individuals who received only the state supplement as of December

31, 1995, continue to receive the state supplement as long as they meet all other SSI eligibility requirements. As of June, 2010, 5,519 of these "grandfathered" individuals received only the basic state supplement and no federal payment. These individuals may not receive the full state supplement amount, as their benefit equals difference between their countable income and the combined state and federal benefit (subject to the \$83.78 limit).

Although state statutes do not set the state SSI benefit amount, DHS can request changes to the state supplement. Under this procedure, DHS submits a request to the Department of Administration (DOA). Upon approval, DOA sends the request to the Joint Committee on Finance. The Committee then has 14 days to schedule a public hearing or executive session to review the proposal, otherwise the proposal would be deemed approved. Any changes made by the Committee would be subject to approval by the Governor. If the Governor took no action within 10 days of the Committee's action, the decision of the Committee would take effect. The state supplement payment level has not changed since 1994, when it was reduced from \$84.70 to \$83.78 per month for individuals.

Exceptional Expense Supplement (SSI-E). Certain SSI beneficiaries qualify for an additional state supplemental payment of \$95.99 per month for exceptional expenses (referred to as "SSI-E") in addition to the basic state supplement of \$83.78. Like the basic state supplement, this is a GPR-funded payment that does not fluctuate with individual income.

An individual who resides in a home or apartment may qualify for SSI-E if he or she requires at least 40 hours per month of supportive home care, respite care, daily living skills training, or community support program services. For children residing with a parent, only services needed when the parent is away from home for employment count toward the 40-hour requirement. For beneficiaries living with a spouse, only services needed when the spouse is away for employment, or services

needed because the spouse is physically or mentally unable to provide care, count toward the 40-hour requirement.

SSI beneficiaries who live in a foster or group home for children, or in an adult family or foster home, qualify for SSI-E benefits if their expenses exceed the combined federal benefit, state basic supplement and SSI-E benefit (\$853.77 in 2011). SSI beneficiaries who live in a community-based residential facility of 20 beds or fewer, adult family home, or a certified residential care apartment complex automatically qualify for SSI-E.

Caretaker Supplement. Certain SSI participants with non-SSI eligible dependent children qualify for caretaker supplement payments. These beneficiaries receive a supplement of \$250 per month for one dependent child and \$150 per month for each additional dependent child. Federal temporary assistance for needy families (TANF) funding supports these supplemental payments.

The supplement replaces benefits that the children of SSI beneficiaries received under the former AFDC program. Under AFDC, dependent children could qualify for child-only benefits, with the income and assets of any SSI beneficiary in the household not considered when determining eligibility.

In June, 2010, 6,859 SSI beneficiaries received a caretaker supplement, on behalf of 13,030 dependent children. An SSI beneficiary may receive the caretaker supplement if all of the following apply: (a) if the dependent child has two custodial parents, each custodial parent receives state SSI benefits; (b) the custodial parent assigns to the state any right to support payments received from any other person; (c) the dependent child would qualify for AFDC if that program still existed; and (d) the dependent child does not receive federal SSI benefits.

Table 2 shows the maximum federal and state payment amounts for 2011. Appendix II provides the maximum federal and state benefit levels for

individuals who live independently, for calendar years 1987 to 2011. State supplemental payments have remained constant since 1994, although total expenditures have risen as caseload has increased.

Table 2: Maximum Monthly Payment Levels, 2011

Living Arrangement	Federal	State Supplement	Total Payment
<i>Living Independently</i>			
Individual	\$674.00	\$83.78	\$757.78
Couple	1,011.00	132.05	1,143.05
<i>Living in the Household of Another Person</i>			
Individual	449.34	83.78	533.12
Couple	674.00	132.05	806.05
<i>SSI-E Exceptional Expense Supplement</i>			
Individual	674.00	179.77	853.77
Couple	1,011.00	477.41	1,488.41
<i>Caretaker Supplement</i>			
One Child:		250.00	
Each Additional Child:		150.00	

Federal "Pass-along" Requirement. When the automatic COLA for federal SSI payments was implemented in 1974, some states reduced the state payment level by an amount equal to the increase in the federal level. Consequently, the federal benefit increase was not passed along to some beneficiaries, who received the same or only slightly higher combined federal and state SSI benefit payments. To prevent this, Congress enacted the "pass-along" requirement in 1977, requiring that any state making supplemental payments maintain either the total annual expenditure level or the benefit amount for each category of recipients. States may change their method of compliance at any time.

Wisconsin currently meets the pass-along requirement by maintaining total annual expenditures, also known as a maintenance-of-effort requirement (MOE). Total supplemental payments for all beneficiaries in a calendar year must equal at least the total expenditure in the preceding calendar year. If increased caseload raises state supplement expenditures, the state would still comply

Table 3: Benefit Expenditures, FY 1990-91 through 2009-10

State General Purpose Revenue (GPR) and Federal Temporary Assistance to Needy Families (TANF) Funds

Fiscal Year	Expenditures			% Change of Total Funding
	GPR	TANF	Total	
1990-91	\$105.0	-	\$105.0	-
1991-92	114.4	-	114.4	9.0%
1992-93	131.0	-	131.0	14.5
1993-94	128.2	-	128.2	-2.2
1994-95	122.6	-	122.6	-4.4
1995-96	131.9	-	131.9	7.6
1996-97	133.1	-	133.1	0.9
1997-98	128.3	\$1.7	130.0	-2.3
1998-99	128.3	9.3	137.6	5.9
1999-00	128.3	15.6	143.9	4.5
2000-01	128.3	20.4	148.7	3.3
2001-02	128.3	22.0	150.3	1.1
2002-03	128.3	22.7	151.0	0.5
2003-04	128.3	26.6	154.9	2.6
2004-05	128.3	29.8	158.0	2.0
2005-06	129.6	29.5	159.2	0.7
2006-07	131.8	29.0	160.8	1.0
2007-08	134.1	28.4	162.4	1.0
2008-09	138.0	28.1	166.1	2.3
2009-10	140.0	29.3	169.3	1.9

with pass-along requirements if increased costs were offset with reductions in individual payments levels. If a state supplement decrease happens at the same time as a federal COLA, recipients may not see a change in the total payment.

Wisconsin's MOE amount for calendar year 2010 was approximately \$137.8 million. Table 3 shows expenditures for the SSI state supplements for state fiscal years 1990-91 through 2009-10, by funding source.

Calculation of Benefits. The federal SSI payment an individual receives equals the difference between the maximum benefit level and the individual's countable income. An individual's countable income equals the sum of earned and un-

earned income, minus certain exclusions. Earned income includes wages and net earnings from self-employment. Unearned income includes social security, veterans compensation, worker's compensation, pensions, annuities, gifts, maintenance-in-kind such as food and shelter, and interest. The income and resources of an ineligible spouse who lives with a recipient, or those of a parent living with a child recipient are considered when determining eligibility and payment amount.

Federal law requires SSI applicants to file for all other benefits for which they may be eligible. Generally, cash benefits such as social security, veteran and worker's compensation, and pensions are considered countable income. Need-based assistance funded with state revenue, however, is generally not considered countable income.

When determining countable income, \$20 of unearned income and \$65 of earned income is automatically excluded. Also, half of earned income is excluded as countable after all other exclusions are taken. Appendix I lists income exclusions when determining countable earned and unearned income.

In Wisconsin, the state supplement is a flat payment that does not fluctuate based on income. The individual receives the full amount of the state supplement if he or she receives any federal SSI payment. If an individual's income exceeds the maximum federal benefit level, the individual does not receive the state SSI supplement, except for grandfathered state-only recipients.

Table 4 provides four simplified examples of income and benefit determination for individuals living independently in 2011. The examples show the benefit calculations for an individual with no income, an individual with unearned income only, an individual with earned income only, and an individual with both earned and unearned income.

TABLE 4

Examples of Countable Income and Benefit Determination

Individual A — No unearned or earned income
 Individual B — No unearned income, \$400 in wages
 Individual C — \$400 in Social Security benefits, no earned income
 Individual D — \$400 in Social Security benefits, \$400 in wages

	Individual A	Individual B	Individual C	Individual D
<u>Countable Income Calculation</u>				
Unearned Income				
Social Security Benefits Received	\$0.00	\$0.00	\$400.00	\$400.00
\$20 Unearned Income Exclusion	<u>-</u>	<u>-</u>	<u>-20.00</u>	<u>-20.00</u>
<i>Total Countable Unearned Income</i>	<i>0.00</i>	<i>0.00</i>	<i>380.00</i>	<i>380.00</i>
Earned Income				
Wages (Including all other Exclusions)	0.00	400.00	0.00	400.00
\$65 Earned Income Exclusion	<u>-</u>	<u>-65.00</u>	<u>-</u>	<u>-65.00</u>
Subtotal	0.00	335.00	0.00	335.00
<i>Total Countable Earned Income</i> <i>(Half of earned income subtotal)</i>	<i>0.00</i>	<i>167.50</i>	<i>0.00</i>	<i>167.50</i>
Total Countable Unearned Income	0.00	0.00	380.00	380.00
Total Countable Earned Income	<u>0.00</u>	<u>167.50</u>	<u>0.00</u>	<u>167.50</u>
Total Countable Income	\$0.00	\$167.50	\$380.00	\$547.50
<u>Monthly SSI Payment</u>				
Maximum Federal SSI Payment	\$674.00	\$674.00	\$674.00	\$674.00
Total Countable Income	<u>0.00</u>	<u>167.50</u>	<u>380.00</u>	<u>547.50</u>
Monthly SSI Federal Payment <i>(Difference between maximum federal payment and countable income)</i>	674.00	506.50	294.00	126.50
Monthly State Basic Supplement	83.78	83.78	83.78	83.78
Total Monthly SSI Payment <i>(Sum of monthly federal payment and state payment)</i>	\$757.78	\$590.28	\$377.78	\$210.28

Work Incentive Provisions

Federal law includes a number of work incentive provisions for SSI participants. The Social Security Act allows a disabled SSI beneficiary to work at the SGA level and continue to receive SSI payments and MA benefits. Prior to the enactment of this provision, a disabled SSI beneficiary who worked at the SGA level would lose disability status even if his or her condition continued and the recipient was within the SSI income limits. This loss in SSI eligibility also resulted in the loss of MA benefits.

Section 1619(a) of the Social Security Act allows for the continuation of benefits for disabled and blind SSI recipients working at the SGA level as long as the disabling condition does not medically improve. However, the cash benefit gradually falls as earnings increase. In December, 2009, 207 Wisconsin recipients benefited from the 1619(a) option.

Section 1619(b) maintains an individual's eligibility for MA even if the individual no longer receives an SSI payment because of earned income. This provision applies to individuals who continue to be blind or have a disabling condition, continue to meet all other eligibility requirements (except for earnings), need MA-funded services in order to work, and have insufficient earnings to purchase comparable health care benefits. 2,123 Wisconsin recipients benefited from the 1619(b) option in December, 2009.

Additionally, the plan for achieving self-support (PASS) allows disabled and blind beneficiaries to set aside income and resources under a written plan to achieve a vocational goal. The funds set aside do not count against the SSI financial limits for up to 48 months. A PASS may also help establish initial financial eligibility by reducing an individual's countable income or resources to a level below the SSI limits. In December, 2009, - 50 Wisconsin SSI participants had an active PASS.

Finally, federal law allows blind and disabled persons to disregard certain work expenses when determining SSI eligibility and monthly payment. Blind persons who work may disregard certain work expenses for items that do not relate to the person's condition. In December, 2009, 136 Wisconsin SSI recipients disregarded work expenses due to a disability, and 50 recipients disregarded work expenses due to blindness.

Administration

Local offices of the SSA process applications for SSI. The SSA contracts with the DHS Disability Determination Bureau to assess the disability status of SSI applicants. States may administer their own supplemental benefit payments, or contract with the SSA to administer the state supplement. In either case, the state determines the level of the state supplemental payment.

HP Enterprise Services (HP, formerly known as Electronic Data Systems), the state's MA fiscal agent contracted by DHS, administers the state supplement. HP distributes payments and responds to beneficiary questions. Under an addendum to the state's MA contract with HP, the state paid a fee of approximately \$1,094,900 in fiscal year 2009-10. This covers administrative information technology costs, production of benefit payments, historical file maintenance, communication with recipients, payment error recoupment, and the operation of a helpline. Postage costs are paid directly by DHS.

Eligibility determinations for the caretaker supplement are made through the client assistance for re-employment and economic support (CARES) system, administered by DHS. Individuals receive one check that includes both the monthly SSI check and the caretaker supplement. In fiscal year 2010-11, DHS expects to expend \$1,574,300 in administrative costs related to the caretaker supplement, supported by federal TANF funds.

Additional Resources

Additional state and federal information on SSI is available through the following resources:

Department of Health Services: www.dhs.wisconsin.gov/ssi

SSI Administration Handbook: www.emhandbooks.wi.gov/ssi-admin

SSI-E Handbook: www.emhandbooks.wi.gov/ssi-e

Social Security Administration: www.ssa.gov/pgm/links_ssi.htm

APPENDIX I

Partial List of Income and Resource Exclusions for SSI Eligibility and Benefit Determinations*

Earned Income Exclusions

- \$65 of earned income in a month
- Any refund of federal income taxes received under the earned income tax credit
- Any refundable child tax credit
- The first \$30 of earned income in a quarter, if it is infrequent or irregular
- Up to \$1,640 per month, but not more than \$6,600 in a calendar year, received by a blind or disabled recipient who is a working student under age 22 and regularly attending school
- Any portion of the monthly \$20 exclusion for unearned income that has not been used
- One-half of remaining earned income in a month, after all exclusions are taken

Unearned Income Exclusions

- The first \$20 of unearned income in a month other than in-kind support and maintenance received in the household of another and income based on need
- Any public agency's refund of taxes on real property or food
- Most need-based assistance which is wholly funded by a state or municipality
- Any portion of a grant, scholarship, fellowship, or gift to an individual used for paying tuition, fees or other necessary educational expenses
- Assistance received under the Disaster Relief and Emergency Assistance Act
- Assistance received under a program for flood mitigation activities
- The first \$60 of unearned income in a quarter, if it is infrequent or irregular
- Certain support and maintenance assistance provided in the form of home energy assistance; and
- Generally, all interest and dividend income earned on countable resources

Resource Exclusions**

- The home in which an individual has ownership interest and which serves as the individual's principal place of residence
- Household goods and personal effects
- One automobile, if used for transportation for the beneficiary or a member of the beneficiary's household
- Up to \$6,000 of non-business property that is essential to self-support
- Life insurance owned by an individual and spouse, provided that the face value of all life insurance on any person does not exceed \$1,500
- Burial spaces and certain funds up to \$1,500 for burial expenses
- Grants, scholarships, fellowships or gifts to be used for tuition or educational fees

* For a full list, refer to Appendix B of the 2010 SSI Report, available on the SSA website.

** Some resource exclusions may not be claimed after a certain period of time has passed after receipt of the resource.

APPENDIX II

Monthly Maximum Federal SSI Benefit and State Supplement Amount*

Calendar Year	Federal Benefit	Percent Change	State Benefit	Percent Change	Total Benefit	Percent Change
1987	\$340.00		\$101.70		\$441.70	
1988	354.00	4.1%	102.72	1.0%	456.72	3.4%
1989	368.00	4.0	102.72	0.0	470.72	3.1
1990	386.00	4.9	102.72	0.0	488.72	3.8
1991	407.00	5.4	102.72	0.0	509.72	4.3
1992	422.00	3.7	92.72	-9.7	514.72	1.0
1993	434.00	2.8	92.72	0.0	526.72	2.3
1994	446.00	2.8	84.70	-8.6	530.70	0.8
1995	458.00	2.7	83.68	-1.2	541.68	2.1
1996	470.00	2.6	83.78	0.1	553.78	2.2
1997	484.00	3.0	83.78	0.0	567.78	2.5
1998	494.00	2.1	83.78	0.0	577.78	1.8
1999	500.00	1.2	83.78	0.0	583.78	1.0
2000	513.00	2.6	83.78	0.0	596.78	2.2
2001	531.00	3.5	83.78	0.0	614.78	3.0
2002	545.00	2.6	83.78	0.0	628.78	2.3
2003	552.00	1.3	83.78	0.0	635.78	1.1
2004	564.00	2.2	83.78	0.0	647.78	1.9
2005	579.00	2.7	83.78	0.0	662.78	2.3
2006	603.00	4.1	83.78	0.0	686.78	3.6
2007	623.00	3.3	83.78	0.0	706.78	2.9
2008	637.00	2.2	83.78	0.0	720.78	2.0
2009	674.00	5.8	83.78	0.0	757.78	5.1
2010	674.00	0.0	83.78	0.0	757.78	0.0
2011	674.00	0.0	83.78	0.0	757.78	0.0

*For an individual living independently.