

What You Need to Know About SSDI and Medicare

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Welcome

Today we'll cover:

- History of SSDI
- SSDI process
 - Evaluating spinal/musculoskeletal claims
 - Awards for individuals and dependents
 - When you should apply
- Getting help with your SSDI claim
- How Medicare works
- **Who's eligible for Medicare**
- What you need to do
- Where to go with questions

Social Security Disability Insurance

- Established in August 1956.
- Payroll tax-funded (FICA taxes), federal insurance program. Provides income to people unable to work because of a disability.
- **To qualify for SSDI benefits, you must be both “currently insured” and “fully insured”—that is you have earned 20 “work credits” in the last 10 years.**
- You earn a credit for every \$1,130 in earnings, and you need \$4,520 to get the maximum four credits for the year. Usually, if you have worked five out of the last 10 years you are currently insured.
- If you are under age 31 when you become disabled, it is possible to be currently insured with less than 20 quarters of coverage.
- **SSDI is not “means-based.”**

Benefits of SSDI

- **Monthly Income:** A regular monthly payment based on your lifetime earnings, adjusted annually for cost-of-living. A portion may be tax-free.
- **Medical Benefits:** 24 months after date of your cash SSDI entitlement, you qualify for Medicare. This includes Medicare Advantage, usually a better option for those with disabilities.
- **Drug Coverage:** Medicare coverage includes Part D.
- **COBRA Extension:** If you receive SSDI, you could extend your COBRA benefit coverage an additional 11 months.

Benefits of SSDI

- **Protected Retirement Benefits:** SSDI “freezes” your Social Security earnings record during the disability period. These years aren’t counted when computing future benefits, so your retirement benefit could be higher.
- **Return-to-Work Incentives:** Social Security will provide opportunities to return to work while still paying your disability benefits.
- **Protecting other income benefits:** Most long-term disability (LTD) policies require claimants to apply for SSDI. If you do not, your LTD benefits are often suspended, resulting in a reduction in income.
- **Dependent SSDI Coverage:** If you receive SSDI and have a dependent under age 18, he or she also may receive benefits.

Supplemental Security Income

- Supplemental Security Income (SSI) is a **means-based** program.
- Provides monthly income to people who are 65 or older, disabled, or blind (including children under 18) and have little/no work history.
- Funded through general tax revenues.
- **Must meet SSA's disability criteria AND** have limited income and resources (needs-based).

SSDI Eligibility

The SSA defines a person as disabled if:

- A physical or mental impairment prevents you from engaging in any substantial gainful work.
- Your condition is expected to last 12 months or longer or result in death.

To qualify:

- You meet the criteria above.
- You have worked (and paid FICA taxes) 5 out of the last 10 years.
- You have not reached retirement age (65-67).
 - Over 21 years of age and less than retirement age.
- You have medical proof of disability.

Determining Disability for SSDI

SSA follows a Sequential Evaluation

- First, are you working and earning less than \$1,010/month?
- Second, are you unable to do activities related to work?
- Third, does your disability meet a medical listing?
- Fourth, can you perform your previous job?
- Finally, does age, education, training and work experience allow you to do another job?

What is the SSDI Process?

Consists of five (5) levels within application process.



Level 1 – Initial Application

- Application completed by claimant with SSA district office (or with representative).
- **Mandatory wait period for benefits is 5 months after date of onset.**
- District office prepares evidence for state-level Disability Determination Services (DDS).
- DDS compiles medical evidence, sends questionnaire, orders consultative exam.
- DDS determines if claimant should be awarded or denied.
- SSA reports time at this level = 109 days in 2011.
- Approximately 66% of claims are denied at this level.

Level 2 – Reconsideration

- If claimant is not awarded at first level, seeks appeal with the SSA District Office.
- Claimant has 60 days to file and submit an appeal.
- District Office submits evidence to DDS.
- DDS compiles medical evidence, sends questionnaire, orders consultative exam.
- DDS determines if claimant should be awarded or denied.
- Reconsideration level typically takes 3-5 months.
- Approximately 88% of claims are denied at this level.

“Skip”/Redesign States

- New SSA policy adopted in 1999 that enables claimant to skip the “reconsideration” and move straight to the hearing.
- Two offices in California (LA N 00057 and LA W 00056).
- “Skip states” include AL, AK, CO, LA, MI, MO, NH, NY, PA.

Level 3 – Hearing with ALJ

- Claimant files appeal with SSA District Office.
- District Office forwards request to Office of Disability, Adjudication and Review (ODAR).
- Administrative law judge (ALJ) determines if claim can be awarded on the record or if it requires hearing.
- If hearing required, (ALJ) conducts hearing with claimant.
- Typically takes 14 months to get to hearing, decision typically reached @ 360 days in 2011 according to SSA.
- Estimated to be 326 days in 2012.
- Approximately 42% of claims are denied at this level.

Level 4 – Appeals Council

- Claimant files appeal with Appeals Council.
- District Office forwards file to Appeals Council for review.
- Typically lasts about one year; SSA reports 358 days at this level in 2011.
- Estimated to be about 340 days in 2012.
- **Appeals Council awards, remands or affirms ALJ's denial.**
 - Remands = case should be reviewed again by ALJ.
 - Awarded moves forward in process.
 - **Approximately 98% are denied.**

Level 5 – Federal District Court

- Requires formal representation by attorney who will file civil suit in Federal District Court.
- Typically lasts 12 months.
- **98% of claims are denied at this level.**



SSDI Award

If your claim is awarded, *on average*:

- You could receive a retroactive payment, dated back to your onset date + 5 month waiting period. Example, date of onset of 1/15/11 would result in retro benefits paid back to 7/1/11.
- Monthly awards usually begin within two to four weeks after notification for claims awarded at Application or Reconsideration levels.
- Awards typically begin one to three months after notification for claims awarded at Hearing or Appeals Council levels.
- Large retroactive payments may be paid out in increments over several months.

SSDI Award

How much will you get?

- Your award is determined by a complicated formula using your past earnings that have been subjected to FICA taxes.
- The average monthly benefit for an individual was \$1,072 in 2011. A disabled worker with dependents averaged \$1,826 per month.

Medicare entitlement

- After a 24-month waiting period from when cash SSDI benefits begin.

Continuing Disability Reviews

- Conducted every 1, 3, 5 or 7 years, incumbent upon the condition and possibility of improvement.

SSDI and Dependents

Dependent SSDI Coverage

- Someone who receives SSDI and has dependents under age 18 may be able to receive dependent benefits.
- SSA sets a total household award amount.
 - Dependents can receive up to one-**half of the parent's total** award.
 - Example: parent receives \$1,000 a month.
 - Total household amount: \$1,500
 - One child: \$500; two children: \$250 each
 - If more than one parent is disabled, SSA calculates dependent award using the parent with the higher monthly award.

When Should You Apply?

- As soon as you know you have a severe, long-term disability that will keep you from working 12 months or longer, or is terminal.
- You may know you have a long-term disability before 12 months have passed. Apply right away—**you don't need to wait to apply.**
- There are a number of ways to confirm that a disability is **long term, including a doctor's diagnosis and medical evidence of a chronic condition or disease.**
- Talk to others who have been through the process.

Why people need help

- More individuals applying for SSDI.
- Process is complicated and intimidating.
- Nearly 30% denied for technical reasons.
- About 80% of individuals have representation at the hearing level.
- Fewer resources at SSA to handle incoming requests.
- Most individuals do not have enough savings/ income to sustain them through the months- to years-long process.

Getting Help With SSDI

“If claimants....had representatives earlier in the disability process, some of them may have received an allowance decision at the DDS level, saving them time and SSA money.

First, the claimants may not have had to go to the hearing level if they had representatives to assist them with **completing SSA’s forms and providing the necessary evidence at the DDS level.**

This could have saved some claimants about 500 days in receiving an allowance **decision.”**



Disability Impairments on Cases Most Frequently Denied by Disability Determination Services and Subsequently Allowed by Administrative Law Judges, August 2010.
<http://www.ssa.gov/oig/ADOBEPDF/A-07-09-19083.pdf>

Spinal disorder denials/awards

Table 1 Four Impairments Most Frequently Denied by DDSs and Subsequently Allowed at the Hearing Level				
Impairment	Number of DDS Denials	DDS Denial Rate	Number of Hearing Level Allowances	Hearing Level Allowance Rate
Disorders of Back	744,602	78%	238,903	70%
Osteoarthritis and Allied Disorders	204,652	58%	61,118	70%
Diabetes Mellitus	165,411	81%	38,174	67%
Disorders of Muscle, Ligament, and Fascia	138,905	80%	34,693	65%

Disability Impairments on Cases Most Frequently Denied by Disability Determination Services and Subsequently Allowed by Administrative Law Judges, August 2010. <http://www.ssa.gov/oig/ADOBEPDF/A-07-09-19083.pdf>

How much does it cost?



- Fees regulated by the federal government and are contingency based (if Allsup is unsuccessful, individual pays nothing).
- **Flat fee** if awarded at level 1 (Allsup's high success rate at this level means many clients pay the flat rate) **OR**
- **25%** of retro payment if claim goes through appeal process---capped at \$6,000.
- Allsup does not charge for out-of-pocket expenses---copying medical records, phone calls, travel, etc.

The screenshot shows the Allsup.com website interface. At the top left is the Allsup logo. The main navigation bar includes links for Home, About SSDI, Allsup Representation, Personal Finance, Medicare Advisor, Resource Center, About Us, Allsup Place, and Español. A search bar is located at the top right. Below the navigation bar, there are three prominent buttons: a green button for 'Free SSDI Evaluation', a blue button for '800.279.4357' (for call), and a purple button for 'Visit Allsup Place' with sub-links for 'Register' and 'Login'.

The main content area is titled 'Disability and Your Personal Finances' under the sub-header 'Personal Finance > Personal Finance Overview'. It features a 'SHARE' button and a 'TEXT SIZE' control. The article text discusses the challenges of disability, the importance of financial planning, and the benefits of Allsup's services. A sidebar on the left lists various financial topics like 'Financial Planning', 'Managing Your Credit and Debt', and 'Mortgages and Foreclosures'. A BBB Accredited Business logo is visible in the bottom left sidebar. On the right side of the page, there are two promotional banners: one for a 'FREE Disability Evaluation' and another for 'Check Your Claim, Locate Resources & More'. At the bottom right, there is a call to action to 'Join Allsup's Online Community Today' with the Allsup logo.

- SSDI information, personal stories, eligibility checklist
- Resource Center
- Allsup Place®
- *Allsup Medicare Advisor®*
- *Disability Life Planning Service®*
- Financial planning calculators

What Is Medicare?

- A health insurance program for people:
 - 65 years of age and older
 - Under age 65 with certain disabilities
 - With End-Stage Renal Disease (ESRD)
- Administered by the Centers for Medicare & Medicaid Services (CMS).
- Enrollment
 - Social Security (SSA)
 - Railroad Retirement Board (RRB)

Applying for Medicare

- Apply 3 months before age 65.
 - **Don't have to be retired.**
 - If your spouse has worked but you have not, you can still be eligible for Medicare when your spouse turns 65 and joins.
 - Contact the Social Security Administration.
- Enrollment automatic if receiving:
 - Social Security
 - Railroad Retirement benefits



Medicare Coverage Basics

- Part A (Hospital Insurance)
- Part B (Medical Insurance)
- Part C (Medicare Advantage Plan)
- Part D (Medicare Prescription Drug Coverage)

Medicare Choices

Two paths:

1. Keep Original Medicare and add Medicare Part D with or without a Medigap plan.
2. Get Medicare Advantage.

Original or Traditional Medicare – Medicare Parts A and B

Part A helps pay for:

- Hospital inpatient care
- Skilled nursing facility (SNF) care
- Home healthcare
- Hospice care
- Blood

Part B helps pay for:

- **Doctors' services**
- Outpatient medical/surgical svcs & supplies
- Diagnostic tests
- Outpatient therapy
- Outpatient mental health services
- Some preventive healthcare services
- Other medical services

Cost of Original Medicare

- Most people receive Part A premium free.
- People who pay for Medicare Part B typically pay \$99.90 per month in 2012, but may pay more if they have higher income:

File Individual Tax Return	File Joint Tax Return	You Pay the following for Part B
\$85,000 or below	\$170,000 or below	\$99.90
\$85,001 - \$107,000	\$170,001 - \$214,000	\$139.90
\$107,001 - \$160,001	\$214,001 - \$320,000	\$199.80
\$160,001 - \$214,000	\$320,001 - \$428,000	\$259.70
Above \$214,000	Above \$428,000	\$319.70

Other Costs Associated with Original Medicare

- Deductibles (the amount you must pay before Medicare begins paying for your medical services).
 - Part A: \$1,156 per benefit period
 - Part B: \$140 per year
- Copayments/coinsurance (a flat fee or percentage you pay at the time you receive services).
 - Varies by service

Enrolling in Medicare Part B

- Automatic Enrollment
 - Must opt out if not wanted (can do so without penalty if you have coverage already).
- Initial Enrollment Period (IEP)
 - 7 months starting 3 months before month of eligibility.
- General Enrollment Period (GEP)
 - January 1 through March 31 each year
 - Coverage effective July 1
 - Premium penalty
 - 10% for each 12-month period eligible but not enrolled.
 - Paid for as long as the person has Part B.
 - Limited exceptions.

How Original Medicare Works

- With Original Medicare, you can:
 - See any provider who takes Medicare, instead of sticking to a **plan's network**.
 - Use your coverage anywhere in the United States.
- But remember:
 - If you decide to keep Original Medicare, you should seriously consider getting a drug plan since Original Medicare does not typically cover drugs; you may also want to get a Medigap plan if you visit the doctor frequently or would prefer to pay **very little at the doctor but don't mind paying more in premiums**.
 - The deductibles and copayments with Original Medicare can be high.
 - **You'll have more than one card when you go to the pharmacy---**your Medicare card and your drug plan card.

The Medicare Card

MEDICARE		HEALTH INSURANCE	
			
1-800-MEDICARE (1-800-633-4227)			
NAME OF BENEFICIARY			
JANE DOE			
MEDICARE CLAIM NUMBER		SEX	
000-00-0000			
IS ENTITLED TO		EFFECTIVE DATE	
HOSPITAL		(PART A) 07-01-1986	
MEDICAL		(PART B) 07-01-1986	
Start HERE →	<i>Jane Doe</i>		

Medigap

- Health insurance policy
 - Sold by private insurance companies.
 - Costs vary by plan, company and location.
 - **Must say “Medicare Supplement Insurance.”**
 - **Covers “gaps” in Original Medicare.**
 - Deductibles, coinsurance, copayments.
 - Does not work with Medicare Advantage Plans.
 - Up to 10 standardized plans A – D, F, G, K, L, M, N – Except in Massachusetts, Minnesota and Wisconsin.

How Medigap Works

- People can buy a Medigap policy
 - Within 6 months of enrolling in Part B.
 - If they lose certain kinds of health coverage through no fault of their own.
 - If they leave Medicare Advantage Plan under certain circumstances.
 - Whenever the company will sell them one.

Medigap has to meet certain federal requirements, but is generally ruled by the state. Not all states require that Medigap plans be available to people under 65.

What Medigap Covers

Medigap Benefits	Medigap Plans									
	A	B	C	D	F*	G	K	L	M	N
Medicare Part A Coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medicare Part B Coinsurance or Copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓***
Blood (First 3 Pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A Hospice Care Coinsurance or Copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled Nursing Facility Care Coinsurance			✓	✓	✓	✓	50%	75%	✓	✓
Medicare Part A Deductible		✓	✓	✓	✓	✓	50%	75%	50%	✓
Medicare Part B Deductible			✓		✓					
Medicare Part B Excess Charges					✓	✓				
Foreign Travel Emergency (Up to Plan Limits)			✓	✓	✓	✓			✓	✓

Out-of-Pocket Limit**

\$4,660

\$2,330

*Plan F also offers a high-deductible plan. If you choose this option, this means you must pay for Medicare-covered costs up to the deductible amount of \$2,070 in 2012 before your Medigap plan pays anything.

**After you meet your out-of-pocket yearly limit and your yearly Part B deductible (\$140 in 2012), the Medigap plan pays 100% of covered services for the rest of the calendar year.

***Plan N pays 100% of the Part B coinsurance, except for a copayment of up to \$20 for some office visits and up to a \$50 copayment for emergency room visits that don't result in an inpatient admission.



Medicare Advantage (MA) Plans

- Health Maintenance Organization (HMO) Plans
- Preferred Provider Organization (PPO) Plans
- Private Fee-for-Service (PFFS) Plans
- Special Needs Plans

What's Covered by Medicare Advantage Plans 39

- All Part A and B services through plan
 - **May have to use providers in plan's network.**
 - Benefits and cost sharing may differ from Original Medicare.
 - Generally must still pay Part B premium.
 - Prescription drug coverage.
- May get extra benefits
 - Vision, hearing, dental services.
- Still in Medicare program
 - Get all Part A and Part B services.
 - Have Medicare rights and protections.

Medicare Part D - Prescription Drug Coverage

- Completely unlike most other insurance.
 - Has a donut hole
 - Many, many plan choices
- Available to all people with Medicare.
- Provided through private insurance plans for an additional premium.

How Prescription Drug Plans Work

In 2012, you'll pay:

- Deductible of \$320, if applicable.
- 25% until your costs reach \$2,930.
- 50% on brand-name drugs; 86% on generics until your costs, your **plan's costs and the amount of your discounts** reach \$4,700.
- 5% until the end of the year, no matter how much your drugs cost.



Medicare Part D Premiums

People with higher incomes will pay more for Medicare Part D:

If your annual income is...		Add the following amount to your Part D premium:
File Individual Tax Return	File Joint Tax Return	
\$85,000 or below	\$170,000 or below	\$0
\$85,000 - \$107,000	\$170,001 - \$214,000	\$11.60
\$107,001 - \$160,000	\$214,001 - \$320,000	\$29.90
\$160,001 - \$214,000	\$320,001 - \$428,000	\$48.10
Above \$214,000	Above \$428,000	\$66.40

Extra Help With Drug Costs

- Available for many people with limited income and resources.
 - Income limit
 - \$16,755/year (one person)
 - \$22,695/year (married couple)
 - Resource limit
 - \$13,070 (one person)
 - \$22,695 (married couple)

Recent Changes to Medicare

- Medicare Part B now covers preventive services with no deductible, no copay – includes wellness exams and important screenings such as medical history, heart health screening, mammograms and more.
- The donut hole is starting to close.
- Greater emphasis on better plan quality – **if you're in a plan** with a quality rating of less than 4.5 stars and have a plan in your area with 5 stars, you can consider switching even if **it's not annual enrollment. Keep in mind, though, that you shouldn't switch without taking a close look at the coverage available first.**

Things to Remember

1. Understanding Medicare is important to ensure you have the medical and prescription drug coverage that works best for your needs.
2. Medicare now offers preventive screenings at no cost. Try to take advantage of these services. Regular checkups now can keep you from getting sick later.
3. Keeping yourself as healthy as possible with the right Medicare plan can also help you protect your finances.

Things to Consider

- When will you be 65?
- Will you keep working?
- Have you signed up for Medicare?
 - To do so, call Social Security at (800) 772-1213 or visit www.socialsecurity.gov
- Do you have other insurance?
- Is your insurance part of a retiree or employer benefit?
- Are any dependents (including a spouse or child) covered under your insurance?
- Will it continue?

Confused?

If you have questions about Medicare, contact **Allsup Medicare Advisor®** at (888) 271-1173 or www.ama.allsup.com

Be sure to mention the United Spinal Association
for expedited service

Questions?

Go to **Use.Allsup.Com** for a free SSDI evaluation

or

Call **Allsup's Disability Evaluation Center** at
(888) 841-2126

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for expedited service.

Please log on to <https://www.surveymonkey.com/s/unitedspinalwebinar>
to evaluate this presentation