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.**
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.
“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.”
Spinal disorder denials/awards

### Table 1

Four Impairments Most Frequently Denied by DDSs and Subsequently Allowed at the Hearing Level

<table>
<thead>
<tr>
<th>Impairment</th>
<th>Number of DDS Denials</th>
<th>DDS Denial Rate</th>
<th>Number of Hearing Level Allowances</th>
<th>Hearing Level Allowance Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disorders of Back</td>
<td>744,602</td>
<td>78%</td>
<td>238,903</td>
<td>70%</td>
</tr>
<tr>
<td>Osteoarthritis and Allied Disorders</td>
<td>204,652</td>
<td>58%</td>
<td>61,118</td>
<td>70%</td>
</tr>
<tr>
<td>Diabetes Mellitus</td>
<td>165,411</td>
<td>81%</td>
<td>38,174</td>
<td>67%</td>
</tr>
<tr>
<td>Disorders of Muscle, Ligament, and Fascia</td>
<td>138,905</td>
<td>80%</td>
<td>34,693</td>
<td>65%</td>
</tr>
</tbody>
</table>

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.
Disability and Your Personal Finances

The Decision: You Can’t Work

Adults with a mental or physical disability face many hardships. Most immediate is the emotional struggle they often feel when—whether at last or suddenly—they have to accept that they can no longer work because of a disability. Much about your life may change as you adapt.

In addition to dealing with your health issues, you worry that you and your family will suffer financially because of lost income and increased health costs. In fact, many people in such cases eventually face bankruptcy or home foreclosure because they can’t get a grip on all their financial problems.

By turning to Allsup, you have already taken the first step towards reclaiming control over your life and re-establishing an income source through your Social Security Disability Insurance (SSDI). With 25 years of experience, we realize that obtaining your SSDI award only solves part of your financial troubles. Losing the ability to earn an income because of a disability, using up your assets during the long wait time for your SSDI award and having high medical expenses can be a long-term recipe for financial disaster.

It’s Not Hopeless

However, the situation is not hopeless. Getting through these tough financial times won’t be easy. But you can improve your financial circumstances greatly with careful planning and by knowing about and using all of the potential resources available to you. Allsup is one of those resources.

Allsup is committed to creating opportunities for those with disabilities to lead lives that are as financially secure and as healthy as possible. We call this approach Disability Life Planning. This takes a thorough look at the big picture to understand the financial impact of a disability, your options and resources available to you and, most importantly, doing it as soon as possible.

Get Started Now

To help you get control over your finances and get your life back on track, this Allsup Personal Finance Guide offers some helpful information, tools and other resources specifically designed for those with disabilities—from a company you know you can trust.
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 services & 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:

<table>
<thead>
<tr>
<th>File Individual Tax Return</th>
<th>File Joint Tax Return</th>
<th>You Pay the following for Part B</th>
</tr>
</thead>
<tbody>
<tr>
<td>$85,000 or below</td>
<td>$170,000 or below</td>
<td>$99.90</td>
</tr>
<tr>
<td>$85,001 - $107,000</td>
<td>$170,001 - $214,000</td>
<td>$139.90</td>
</tr>
<tr>
<td>$107,001 - $160,001</td>
<td>$214,001 - $320,000</td>
<td>$199.80</td>
</tr>
<tr>
<td>$160,001 - $214,000</td>
<td>$320,001 - $428,000</td>
<td>$259.70</td>
</tr>
<tr>
<td>Above $214,000</td>
<td>Above $428,000</td>
<td>$319.70</td>
</tr>
</tbody>
</table>
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

Jane Doe
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.
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

<table>
<thead>
<tr>
<th>Medigap Benefits</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>F*</th>
<th>G</th>
<th>K</th>
<th>L</th>
<th>M</th>
<th>N</th>
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</thead>
<tbody>
<tr>
<td>Medicare Part A Coinsurance and hospital costs up to an additional 365 days...</td>
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<td>✓</td>
<td>✓</td>
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<td>✓</td>
<td>✓</td>
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<td>✓</td>
<td>✓</td>
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<tr>
<td>Medicare Part B Coinsurance or Copayment</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
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<tr>
<td>Blood (First 3 Pints)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Part A Hospice Care Coinsurance or Copayment</td>
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<td>✓</td>
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<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
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<tr>
<td>Skilled Nursing Facility Care Coinsurance</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>✓</td>
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<tr>
<td>Medicare Part A Deductible</td>
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<td>50%</td>
<td>75%</td>
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<tr>
<td>Medicare Part B Deductible</td>
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<td>Medicare Part B Excess Charges</td>
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<tr>
<td>Foreign Travel Emergency (Up to Plan Limits)</td>
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<td>✓</td>
<td>✓</td>
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<td>✓</td>
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</table>

<table>
<thead>
<tr>
<th>Out-of-Pocket Limit**</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,660</td>
</tr>
</tbody>
</table>

*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

• 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:

<table>
<thead>
<tr>
<th>If your annual income is...</th>
<th>Add the following amount to your Part D premium:</th>
</tr>
</thead>
<tbody>
<tr>
<td>File Individual Tax Return</td>
<td>File Join Tax Return</td>
</tr>
<tr>
<td>$85,000 or below</td>
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<tr>
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</tr>
<tr>
<td>$160,001 - $214,000</td>
<td>$320,001 - $428,000</td>
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<td>$48.10</td>
</tr>
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<td>$66.40</td>
</tr>
</tbody>
</table>
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**

Be sure to mention the United Spinal Association  
for expedited service.

Please log on to [https://www.surveymonkey.com/s/unitedspinalwebinar](https://www.surveymonkey.com/s/unitedspinalwebinar)  
to evaluate this presentation