



Retaining SSI and Medicaid While Working

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December 2021 - Vol. 15, Issue 10

Employment is about more than making a living. Working and earning a wage promotes dignity, self-worth, and independence and provides a sense of community. Fortunately, a person with disabilities can participate in the workforce, earn some income, and keep vital public benefits.

The Supplemental Security Income (SSI) benefit (up to \$841 per month in 2022) is available to an individual who has limited income, limited resources, and a disability severe enough that he cannot earn an average of \$1,350 a month (increased to \$2,260 for statutorily blind individuals). For SSI there is no requirement of any previous work history, which distinguishes SSI from Social Security Disability Insurance (SSDI). As SSI and SSDI are very different programs this article addresses only the impact of earned income on SSI and its associated and crucial benefit, Medicaid.

The Red Book

The challenge is finding the balance between employment and benefits; that starts with understanding the work incentives developed by the Social Security Administration (SSA). The dispositive resource for determining how work and earned income intersect with disability benefits (both SSI and SSDI) is the SSA's Red Book (<https://www.ssa.gov/redbook/>). This guide outlines work incentive programs like these for individuals who want to start working or return to work:

- Plan to Achieve Self-Support and Individual Development Accounts to set aside income or resources to meet expenses for achieving a work goal, like tuition and books;
- Ticket to Work, including free employment services to develop a plan to reach earnings-related milestones and outcomes;
- Continuation of Medicaid if earnings are too high for SSI but less than the state-specific threshold amount;

- Expedited Reinstatement of benefits if SSI ended due to earnings but then the individual is later unable to perform substantial gainful activity; and
- Work Incentive Liaison in the local Social Security offices to provide advice and information about the SSA incentives and outside organizations that serve individuals with disabilities.

The Balance

Possibly the most helpful—and potentially confusing—incentives relate to unearned income exclusions and earned income exclusions. In particular, the individual who receives SSI needs to know that the SSA (1) disregards the first \$65 earned in a month, and then (2) disregards one-half of the remaining earnings. Additionally, SSA excludes “Impairment-Related Work Expenses” See the Red Book for the definition and examples.

Meet Anne. She receives SSI of \$841 per month in 2022, and her Medicaid benefit covers her case management, her wheelchair, and her personal and attendant care services, all of which are essential for her to live in the community. Anne has been offered a job, but she is concerned that any earned income would jeopardize her benefits, especially her Medicaid benefit. There is no risk to Anne’s Medicaid benefit if she receives at least \$1 of SSI income. (In addition to the “\$1 of SSI rule,” most states have adopted some version of the optional Medicaid Buy-In program, allowing individuals with disabilities who would otherwise be ineligible for Medicaid because of earnings to retain their Medicaid or buy it at low cost.)

Anne accepts the job and starts earning \$1,065 per month which she reports to the SSA. The SSA will disregard the first \$65 earned by Anne, leaving \$1,000. To calculate Anne’s countable earned income, the SSA will divide \$1,000 in half, leaving \$500. The SSA will reduce Anne’s SSI by \$500 and send her an SSI benefit of \$341 each month. Anne’s Medicaid benefit is not at risk because she has at least \$1 in SSI; she keeps her earned income of \$1,065 plus \$341 in SSI; and she enjoys the emotional and social benefits of having a job.

Earning Work Credits

If Anne’s entry into the workforce is successful and she is paying FICA taxes into the Social Security system through her paychecks, she will start building a work history that eventually qualifies her for Social Security benefits and the associated Medicare benefit. In general, an individual must earn 20 work credits, although there is some variation based on age. In 2022, a worker must earn \$1,510 to earn one work credit and can earn a maximum of four work credits each year.

Anne will prove her work history to the SSA with each paycheck from which a small portion will be withdrawn for the FICA taxes. Anne will be able to check her record of earnings by setting up her own account at ssa.gov/myaccount.

Reporting to the SSA

Anne will need to keep in touch with the SSA about her work activity, including if:

- She starts or stops working;
- Her duties, hours, or wages change; or
- She needs to pay expenses which allow her to keep working.

Anne should keep her paystubs in case the SSA requires that she independently verify her earnings. She should also keep receipts for any impairment-related work expenses. And whenever Anne provides a report regarding her work, the SSA should give Anne a receipt that confirms she fulfilled her reporting obligation. It is important that Anne keep those records as well.

How an ABLÉ Account Might Help

To remain eligible for SSI, Anne must also have countable resources of no more than \$2,000. The types of resources that count against that limit include money in the bank, investments of any kind, real estate other than a primary residence, and any other money or property in which the individual has an interest, even if not the sole owner

What if Anne spends so little each month that she cannot keep her countable resources below \$2,000? She can spend her income for things the SSA disregards, like a primary residence, clothing, furniture, personal belongings, and a motor vehicle. The SSA also disregards the amounts held in a self-settled special needs trust (discussed in other Voice® articles).

Another option is to create an ABLÉ (Achieving a Better Life Experience) account. Up to \$100,000 in a tax-advantaged ABLÉ account will be disregarded. Anne qualifies for an ABLÉ account if she had a disability that began before age 26 and is receiving SSI or SSDI or certifies that the limitation has lasted or is expected to last for at least a year. Anne can use the ABLÉ funds to pay for education, housing, basic living expenses, transportation, employment training, and assistive technology, health and preventive wellness, legal fees, funeral and burial, and more.

For most ABLÉ account owners, the annual ABLÉ contribution limit (from all sources) is \$16,000 (as of 2022). But if Anne is not participating in her employer-sponsored retirement plan she is able to contribute the lesser of her earned compensation or \$12,880 (in 2022) to her ABLÉ account (The ABLÉ to Work Act is set to expire in 2025.) This allows her to save at

least some of the extra funds she is earning without putting her SSI and Medicaid benefits at risk.

Franklin D. Roosevelt said, “Happiness lies in the joy of achievement and the thrill of creative effort.” Fortunately, the law allows opportunities for an individual to experience the gratification of work without sacrificing the safety nets of SSI and Medicaid.

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