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March 20, 2013

Representative Sam Johnson
U.S. Congressman
Third District of Texas
1255 West 15th Street, Suite 170
Plano, TX 75075

Dear Representative Johnson:

My name is Michael Kelley. I am a Disability Consultant for a Social Security disability representative firm in Portland, Oregon. On March 14, 2013, you received testimony regarding the Social Security Disability Insurance (SSDI) program from Ms. Joyce Manchester, Chief of the Long-Term Analysis Unit. I have reviewed her written statement and wish to offer comments for the Sub-Committee's consideration before final decisions are made.

I would first like to address the facts stated by Ms. Manchester. Some of what she labels as "Basic Facts" about SSDI benefits are inaccurate. On page one of her report, Ms. Manchester states that a beneficiary can earn wages with no limit for a period of twelve months. This period is called a "Trial Work Period." The website that she cites will show this to be incorrect. Rather, a Trial Work Period consists of any nine months, not necessarily consecutive, within a rolling 60-month period. There is no three-month grace period, as Ms. Manchester claims.

She goes on to state that benefits are eliminated if a beneficiary earns more than \$12,480 annually. This dollar amount represents the annual sum of the current minimum for Substantial Gainful Activity (SGA). The monthly SGA amount in 2013 is \$1,040 for non-blind individuals and \$1,740 for blind individuals. To be eligible

for SSDI benefits, a claimant must demonstrate an inability to engage in SGA. While the actual dollar amount that Ms. Manchester states is technically accurate, SSA does not consider the annual earnings of a beneficiary when conducting a Continuing Disability Review (CDR), a review that occurs when a beneficiary returns to work. Instead, SSA considers earned wages on a monthly basis. Information on SGA can be found on the SSA website at <http://www.ssa.gov/oact/cola/sga.html>.

When a beneficiary completes nine trial work months during a 60-month period, he or she then enters what is called an Extended Period of Eligibility (EPE). During the EPE, a beneficiary is entitled to receive his or her cash benefit for any month that his or her earnings drop below the SGA level. The EPE lasts for 36 consecutive months following the end of the trial work period. A summary of the EPE and Trial Work Period (TWP) can be found on the SSA website at <http://www.ssa.gov/disabilityresearch/wi/detailedinfo.htm>.

Should a beneficiary complete the EPE and demonstrate an ability to retain work at SGA, he or she then enters an Expedited Reinstatement Period, a five-year period in which SSA can reinstate benefits when a claimant's earnings drop below SGA and he or she has not had a medical improvement. In addition to these periods, a claimant's benefits can be further protected by incorporating Impairment-Related Work Expenses (IRWEs) and Subsidies. These are deductions that can be used to reduce a beneficiary's countable earned income to below SGA. IRWEs can include, but are not limited to, non-reimbursable costs for medication, doctor visits, and assistance devices like a cane or crutches. A subsidy can be applied if a beneficiary receives support that reduces the actual value of the work that is performed. While these incentives can potentially allow a beneficiary to remain on benefits beyond the TWP, they are, at the very least, paying back into the SSDI trust fund immediately upon returning to work.

Overall, a beneficiary can protect his or her benefits for a period of at least 45 months before cessation. Ms. Manchester's claim that benefits are "eliminated" immediately following the TWP is false and suggests that beneficiaries are discouraged from returning to work when, in fact, the combination of the TWP and EPE, as well as potential IRWEs and subsidies, encourage employment without fear of losing benefits.

Finally, I would like to address the various options that Ms. Manchester suggests as to changing the SSDI program in order to avoid exhausting the trust fund.

While I do agree with the urgency in the need to adopt a change in the near future, I object to Ms. Manchester's suggestions that would appear to hurt those who are in such desperate need for these benefits. In my professional experience, I have found that few claimants are aware of the above-mentioned incentives to return to work. These claimants begin the process with the understanding that they cannot return to work or else risk losing their benefits. With the incentives already in place, Congress need only educate claimants and, more so, the vocational rehabilitation and resource staff who help the same claimants find work that is within their limited capabilities. Beneficiaries can then return to the workforce after assurance that they can perform the work and not lose benefits in the process. When a beneficiary is established in his or her new position, then benefits can be ceased after the 36-month EPE.

I hope that you find this information useful and take it into consideration during your ongoing deliberations on the future of the SSDI program. The necessity for change is a very pressing matter, particularly when considering the projected exhaustion date of the trust fund. However, rather than adopt changes that would reduce or delay benefits to those with no little to no income, Congress has an opportunity to promote employment to provide beneficiaries with the knowledge that they can return to work in a capacity that is within their limits. By encouraging employment, those very beneficiaries will then pay back into the SSDI trust fund and, once fully established in their new work, would no longer have need for their benefits.

Thank you for your time and consideration. Please do not hesitate to contact me with any questions or comments.

Sincerely,

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