

Navigating Government Benefits & Employment

A GUIDEBOOK FOR VETERANS WITH DISABILITIES

PREPARED BY

Institute for Veterans and Military Families, Syracuse University
Griffin-Hammis Associates, LLC

ABOUT THE INSTITUTE FOR VETERANS AND MILITARY FAMILIES AT SYRACUSE UNIVERSITY (IVMF)

Launched in 2011 by founding partners Syracuse University and JPMorgan Chase & Co., the Institute for Veterans and Military Families is the first national center in higher education focused on the social, economic, education and policy issues impacting veterans and their families post-service. Through the pillars of educational programming, employment and actionable research, the institute provides in-depth analysis of the challenges facing the veteran community, captures best practices and serves as a forum to facilitate new partnerships and strong relationships between the individuals and organizations committed to making a difference for veterans and military families.

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Griffin-Hammis Associates, LLC is a full service consultancy specializing in developing communities of economic cooperation and self-employment opportunities for people with disabilities. Griffin-Hammis serves people with disabilities by providing consultation in community rehabilitation improvement, job creation and job site training, employer development, self-employment feasibility and refinement, Social Security benefits analysis and work incentives, management-leadership mentoring, and civic entrepreneurship. Our customers are wide ranging and include businesses, community rehabilitation programs, state and local governments, universities, individuals, and others from the public and private sectors.

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About This Guidebook

This guidebook is a joint collaboration between Griffin-Hammis Associates, LLC, and the Institute for Veterans and Military Families at Syracuse University. It is intended to be a resource for veterans and family members as they navigate the complex interaction between government benefits and employment or self-employment. While there are numerous benefit programs available, this guidebook focuses on the ones veterans access most frequently, including programs administered by the Department of Veterans Affairs (VA), Social Security Administration (SSA), Department of Defense (DoD), and State Vocational Rehabilitation (VR) programs.

While this guidebook provides an overview of several programs, the primary focus is the impact that work income can have on factors such as initial eligibility, ongoing eligibility, and cash benefit amounts. Additionally, the employment-related opportunities available through some of these programs such as career exploration, funding for education or training, and funding for small business start-ups are detailed as well. The guidebook is divided into four key sections: Cash Benefits, Healthcare, and Employment Services and Supports, and Resources. Each section details the key government programs along with their eligibility requirements, financial supports, and services. All sections conclude with examples, tips, and strategies to support an individualized approach to benefits planning and coordination. Approaching benefits planning from this perspective allows veterans to achieve maximum income while ensuring ongoing access to critical benefits. Additional information about programs covered in this guidebook is provided via links to other resources throughout this manual.

Navigating the various government benefit programs often leaves veterans feeling they are in a no-win situation. The initial eligibility process can be arduous and lengthy. In some cases, income from work may reduce or eliminate benefits. Fear of losing key benefits may prevent some from returning to work altogether. However, the risk of lost or reduced benefits is only a small component of the overall personal income analysis. Often, when economic planning focuses on retaining eligibility for certain benefits, the result is to establish an artificial “ceiling” for earnings and create limits on income and self-sufficiency. If the goal instead is to maximize income while maintaining access to necessary benefits, greater opportunities typically

This guidebook provides tools to help veterans and their families make choices that ensure the greatest financial success while remaining eligible for needed supports and services.

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Policy Citations

The basis for the rules and regulations of the government benefit programs detailed in this guidebook come from federal and/or state policy as detailed in four primary policy sources: the United States Code (USC); the Code of Federal Regulations (CFR); the Web Automated Reference Material System (WARMS), and the Program Operations Manual System (POMS). WARMS is the VA policy manual; POMS is the online policy manual for the Social Security Administration. Relevant policy citations are provided throughout the guidebook, and veterans are encouraged to seek and request policy as necessary when dealing with the various government programs. Ultimately, the policy itself is the highest authority for program decisions, rules, and regulations. In cases where veterans are given conflicting information about a particular benefit program, the “true” answers are found in the policy itself. As a result, access to policy can be one of the most powerful resources for effectively navigating each of these systems.

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Cash Benefits



SECTION 1

Cash Benefits

Department of Defense (DoD)

Military Retirement or Separation Based on Disability

Service members experiencing physical or mental conditions that may render them “unfit” for duty are referred to a Medical Evaluation Board (MEB) to assess the medical condition and to determine whether they meet their service’s medical retention standards. (Wounded, Ill and Injured Compensation & Benefits Handbook, 2011) Cases where the MEB determines that the service member does not meet the medical retention standards are then forwarded to a Physical Evaluation Board (PEB) for further evaluation. PEBs evaluate the case to determine whether the service member should be returned to duty, placed on the Temporary Disability Retirement List (TDRL), separated from duty, or medically retired/placed on the Permanent Disability Retirement List (PDRL). If the PEB determines that the service member is unfit for duty, they also rate the individual’s disability in accordance with the VA Schedule for Rating Disabilities (VASRD). However, since the PEB can only evaluate (rate) disabilities that render service members “unfit” for duties, ratings derived from the DoD/PEB may vary from the VA ratings where all service-connected disabilities are rated, even those that do not directly impact “fitness” for duty.

Separation from Duty

There are two categories of separation from duty that the PEB can recommend: 1) separation without benefits, and 2) separation with severance pay.

SEPARATION WITHOUT BENEFITS

Separation without benefits is recommended in situations where the disability or injury either resulted from “willful misconduct” on the part of the service member, did not occur in the line of duty, or was the result of a condition or disability that predated entry into the service and was not aggravated in the line of service. (Wounded, Ill and Injured Compensation and Benefits Handbook, 2011) However, service members who had disabilities that predated entry into the service and were



not aggravated by their service may be eligible for benefits if they have served for more than six months.

Separation without Benefits Earned Income Analysis: Because there is no financial compensation or other benefits as a result of separation without benefits, there is no potential impact of future earned income on continued eligibility.

SEPARATION WITH BENEFITS

Service members found to be unfit for duty who have a combined disability rating of less than 30%, and who have served less than 20 years are separated with benefits. The severance pay amount is calculated based on their base pay and the number of years they have served, with some special considerations for those who have served less than three years or those who incurred their disability while in a combat zone or combat-related operations. (Wounded, Ill and Injured Compensation & Benefits Handbook, 2011) Service members who are separated with benefits may also be eligible for VA benefits, but no VA compensation will be paid until the amount of severance received has been “recouped”. There is one critical exception to this policy, however. Service members who incurred their disability while in a combat zone or during combat-related operations are not subject to recoupment, so their VA compensation will not be impacted as a result of the severance pay received.

Separation with Benefits Earned Income Analysis: Future earned income has no impact on the service member’s eligibility for the amount of separation severance pay. Service members who have separated with benefits may take jobs or start businesses without concern about reductions in their severance pay. Service members also found eligible for VA benefits, however, should become familiar with the VA policies as well. An overview of these policies is provided in the next section.

Temporary Disability Retired List (TDRL)

Service members with disabilities rated 30% or more but whose condition(s) are not believed to have stabilized, e.g., they are expected to either worsen or improve, are placed on the TDRL. They can remain on the TDRL for up to 5 years, with periodic reexaminations throughout. As a result of the reexaminations, they can remain on the TDRL (up to the 5 year maximum), be returned to duty, or permanently retired if the disability is found to have stabilized at a rating of 30% or higher.

While on the TDRL, service members receive compensation based on their retired base pay. There are two possible formulas for calculating the actual compensation, one involving the disability percentage and the other involving the total years of service. Service members are compensated based on the formula that yields the highest amount. However, all individuals placed on the TDRL are guaranteed compensation of at least 50% of their retired base pay. Service members on the TDRL may also be eligible for VA compensation benefits, but in order to receive VA benefits, they must first waive their right to military retirement pay. (WARMS M21-1MR, III-v-5-A)

Permanent Disability Retired List (PDRL)

Service members who are found unfit, have a disability rating of 30% or higher, and whose condition is considered to be stable are placed on the PDRL. Additionally, service members who have served at least 20 years are placed on the PDRL, even if their disability rating is less than 30%. The compensation amount for individuals on the PDRL is essentially determined by the same formulas as for those on the TDRL, with a few noteworthy exceptions: 1) there is no 50% minimum for disability retirement pay on the PDRL, and 2) disability retirement pay cannot exceed 75% of the retired base pay if the member served less than 30 years. (Wounded, Ill and Injured Compensation and Benefits Handbook, 2011)

Integrated Disability Evaluation System (IDES)

Historically, the evaluation for military retirement or separation based on disability and the evaluation for a VA disability rating has been conducted as two separate processes. Service members were evaluated and rated through the MEB and PEB to determine if they were fit (or unfit) for duty, whether they would be separated or retired from service and to calculate their disability retirement benefit amounts. After discharge, the veterans could then be rated by the VA to determine eligibility for VA compensation.

In 2007, the IDES pilot program was launched as a collaboration between DoD and the VA. Service members participating in the IDES pilot projects go through only one physical exam in order to determine 1) their fitness for duty, 2) their disability ratings for DoD, and 3) their disability ratings for the VA. Additionally, the VA application is completed prior to the evaluation, so that they can begin receiving VA benefits as soon as they are separated. The VA conducts all physical exams. As of 2011, 139 military installations were participating in the IDES project. (Compensation and Benefits Handbook, 2008) Beginning in 2012, the IDES was expanded to all Military Treatment Facilities.

Physical Disability Board of Review (PDBR)

In 2008, DoD established the PDBR to “reassess the accuracy and fairness” of the disability ratings for veterans who were determined to be unfit for service with a disability rating of 20% or less. (DoD Instruction 6040.44, p. 8) Veterans, or the surviving spouses or next of kin of veterans, who separated from service between 9/11/2001–12/31/2009 and were found ineligible for retirement because their combined disability rating was 30% or less can request to have their cases reviewed by the PDBR. If the PDBR review results in an increased disability rating, the PDBR has the authority to modify the combined disability rating, issue a new combined disability rating, or re-characterize the separation to retirement due to disability. (DoD Instruction 6040.44) The PDBR does not have the authority to reduce the existing disability rating. As a result of the PDBR, veterans who were previously found ineligible for military retirement may be found eligible instead. Additionally, modified or new ratings issued by the PDBR are reported to the VA.



PDRL Earned Income Analysis

Veterans placed on the PDRL are free to leave the service and earn income with no impact on their disability retirement eligibility or retirement pay amount. However, veterans on the PDRL may also be eligible for VA benefits and should become familiar with the VA benefit program rules and policies discussed in Section 2. Additionally, there are some important considerations for individuals receiving both disability retirement pay and VA compensation benefits.

CONCURRENT RETIREMENT AND DISABILITY PAY (CRDP)

Typically, when a veteran receives both disability retirement pay and VA disability compensation, the DoD retirement pay is reduced to offset the VA benefit. However, veterans with VA disability ratings of 50% or more and who have at least 20 years of service will be entitled to draw the full amount of both benefits as of 2014. Until the CRDP phase-in is complete in 2014, there will be a gradual decrease in the offset between the two benefits each year for veterans whose disability ratings are less than 100%. Veterans with disability ratings of 100%, including those rated at 100% due to individual unemployability, are not subject to the benefit offset and are entitled to draw the full benefit amounts from both programs even before the phase-in is complete. (Wounded, Ill and Injured Compensation and Benefits Handbook, 2011)

COMBAT-RELATED SPECIAL COMPENSATION

Service members or veterans who have a disability that is directly combat related and are medically retired may qualify for CRSC. The formula for determining the CRSC amount involves calculating or projecting the difference between what eligible veterans are receiving in disability retirement pay and what they would have received as full retirement pay based on years of service. This amount is deducted from the amount of VA benefits and any differential is paid to the veteran. (Wounded, Ill and Injured Compensation and Benefits Handbook, 2011)

Veterans cannot receive benefits for both CRDP and CRSC but may elect to receive whichever of the benefits pays the higher amount.

Department of Veterans Affairs (VA) Programs

There are numerous supports and services available to veterans and their family members through the VA. The following section details two of the VA's most widely-used financial support and assistance programs: VA Pension and VA Disability-Compensation. Other VA programs, such as VA Health Care and Vocational Rehabilitation and Employment, are discussed in Sections 2 and 3, respectively.

VA Pension

There are currently three primary VA pension programs available that offer financial assistance to eligible veterans or their survivors: Old Law Pension, Section 306 Pension, and Improved Pension. Both the Old Law Pension and Section 306 Pension programs have been phased out. Veterans/survivors who were receiving benefits under either of these programs prior to their phase-out dates had the option to either continue receiving benefits through these programs or to switch and receive benefits from the Improved Pension program. However, as of December 31, 1978 any veteran or surviving spouse/child applying for VA pension has been required to apply for the Improved Pension program.

Rules, policies, and income considerations for the Improved Pension program are detailed below. Information about the Old Law or Section 306 pension programs can be found in Part V of the online VA policy manual, WARMS, see www.benefits.va.gov/WARMS/M21_1MR5.asp

Improved Pension

The VA Improved Pension program provides financial benefits to eligible veterans with non-service connected disabilities or to veterans who are age 65 or older. Additionally, the Improved Pension death benefit pays monthly benefits to surviving spouses or children of veterans who were receiving or entitled to the Improved Pension. Improved Pension is a needs-based program, which means that veterans, or their surviving spouses or children in the case of death benefits, must show financial need in addition to meeting the other eligibility criteria.

To meet the basic entitlement criteria for Improved Pension, veterans must:

- **Have been discharged under conditions other than dishonorable**
- **Meet both the Wartime Service and Active Duty (if applicable) requirements**



Wartime Service Requirement: must have served at least 90 consecutive days in a wartime period; or a total of 90 days in one or more wartime periods; or been discharged from service during a wartime period as a result of a service-connected disability.

Active-Duty Requirement: must complete a minimum of 24 months of continuous service or complete the full period of service for which they were called to duty, even if this is less than 24 months. (WARMS M21-1MR III-ii-6) This active duty requirement applies only to veterans entering any regular branch of the armed forces after 9/7/80 or entering active duty after 10/16/81 who have not previously completed an active duty period of at least 24 months.

- **Be permanently and totally disabled**

Veterans are considered to meet the permanent and total disability requirement if they have a single disability rated at 60% or greater, or a combination of disabilities rated at 70% or greater, with at least one of these disabilities rated at 40% or more. Veterans who do not meet these rating requirements may still be able to meet the disability requirement if the VA determines that the impact of their disabilities is significant enough to make them unemployable. Veterans who are age 65 or older and have been found eligible for either Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI), and/or are patients in long-term care nursing facilities as a result of their disabilities do not have to meet these rating requirements. (38 CFR 3.3; M21-1MR V-ii-1-A)

- **Have annual income and net worth below the program's limits**

Income: the veteran's annual "Income for VA Purposes" (IVAP) must be below the Improved Pension program's income limits or the Maximum Annual Pension Rate (MAPR). The veteran's IVAP is calculated by totaling all sources of household income, including spousal income, less deductions such as unreimbursed medical expenses. If the remaining "countable" annual income is less than the MAPR, the veteran meets the income criteria, see www.vba.va.gov/bln/21/Rates/pen01.htm.

Net Worth: the veteran's resources must be determined insufficient to meet their needs without VA support. Net worth is calculated by totaling the market value of all real and personal property owned by the veteran, less any outstanding mortgages or encumbrances. The value of the veteran's personal home (single-family dwelling) and "reasonable" personal effects are not included in the net worth calculation. (M21-1MR V-i-3-A) Guidelines for evaluating whether the veteran's net worth is sufficient to meet their needs are somewhat flexible; however, if the corpus of the estate is valued at \$80,000 or more, the claim must be submitted for administrative decision. In the case of

Improved Pension death benefits, surviving spouses or children must also meet the income and net worth requirements to receive the monthly benefits.

Benefit Amount

Improved Pension monthly benefit amounts are determined based upon the veteran's IVAP and the MAPR established each year. The veteran's IVAP is calculated by totaling all annual household income less allowable deductions. The IVAP is then subtracted from the MAPR, and the difference is the total annual pension amount payable to the veteran. This total pension amount is divided by 12 to calculate the veteran's monthly pension benefit payment.

SCENARIO

Sara, a single veteran with no dependents, has an IVAP equal to \$10,000, so her 2012 MAPR would be \$12,256 (based on the current established MAPR tables). Sara's monthly pension benefit would be calculated as follows:

\$12,256	- 10,000	= \$2,256	÷ 12	= \$188
2012 MAPR, with no spouse or dependents	Annual IVAP	2012 Annual Pension Amount		2012 Monthly Pension Payment

The MAPRs are established each year and amounts are based upon the veteran's current status: without spouse or dependents, or with one dependent. The MAPR is higher for a veteran with a dependent than without; however, it is important to note that in cases where the veteran has dependents, the dependent's income will be counted as a part of the IVAP as well. Additionally, higher MAPRs are paid to veterans who meet the criteria for Aid & Attendance (A&A) or who are housebound. A&A may be paid if the veteran is eligible for Improved Pension and either: requires the support of another person to "perform the personal functions required in everyday living" such as dressing or bathing, is blind, or is a patient in a nursing home. (M21-1MR V-iii-2-A; 38 CFR 3.352). Housebound benefits may be paid to pension recipients who have a single permanent disability rated at 100% and 1) are confined to their homes due to their disability, or 2) who also have a second disability rated at 60% or greater.

VA Improved Pension Earned Income Analysis:

Earned income from employment or self-employment can have direct impact on eligibility for Improved Pension as well as on the pension benefit amount. Since this is a needs-based program, employment may factor into the initial eligibility process in several ways. First, earned income from a job or small business counts in the calculation of the veteran's IVAP. Annual earnings that exceed the MAPR preclude eligibility from the pension



program. Additionally, basic entitlement to the pension program requires that veterans be permanently and totally disabled. Those establishing permanent and total disability through a determination of “unemployability” are essentially making the case that the nature of their disability (or disabilities) limits or eliminates their ability to secure or maintain employment. Employment can also impact ongoing eligibility since increases in earned income may cause veterans to exceed the MAPR or call their “unemployability” into question.

However, this does not mean that veterans receiving Improved Pension cannot or should not work. Evaluating the importance of continued access to the pension cash benefit as a part of the overall personal or household income may help veterans make a more informed choice when considering whether to secure a job, start a business, or otherwise increase their earned income. Sara’s case, described above, highlights the possibilities for greater overall income through employment, even though she would lose eligibility for her Improved Pension cash benefit.

SCENARIO

Sara’s IVAP was \$10,000, and since she had no dependents, her MAPR was \$12,256. This meant that she was eligible for a monthly pension payment of \$188. Let’s assume that her total personal income was approximately \$12,000, since the IVAP is typically less than the actual personal income due to the allowable income exclusions and deductions. In this case, her average monthly income would be \$1,188 (other income of \$1,000/month plus the VA pension benefit of \$188).

If Sara were to take a job making \$1,000/month, she would lose eligibility for the pension benefit, since her annual IVAP would exceed the MAPR amount. However, her personal monthly income would increase from \$1,188 to \$2,000 since she would now have \$1,000 in earned income in addition to the \$1,000 in income she already had.

While this is a simple example, it illustrates the key point that the importance of a particular cash benefit is best assessed through a broader analysis of total personal income. Solely focusing on maintaining eligibility for a particular benefit may overshadow other possibilities and limit overall income as a result. Additionally, for many, the benefits of work go far beyond a simple financial analysis. Getting out of the house, making a contribution, and feeling valued are also critical pieces of the overall work picture. In cases where work income simply offsets income from a pension (e.g., a veteran earns \$500/month which reduces the VA pension payment by the same \$500/month), veterans might still choose to work for these reasons even though their net personal income remains the same. The goal here is not to advocate for any one approach; rather, it is to provide veterans with necessary programmatic information so that they can freely choose whatever path yields them the greatest possible results, financially and otherwise.

Veterans determined by the VA to meet the criteria for “unemployability” might also be concerned about the impact taking a job or starting a business will have on their unemployability status. While employment is a factor in these determinations, it is not the case that simply taking a job automatically negates an unemployability rating. Policy specifically states that VA personnel should “[e]xercise restraint in discontinuing eligibility to pension benefits for veterans already on the rolls merely because they have recently regained employment.” (M21-1MR V-ii-1-B-5) Additionally, unemployability determinations are made in cases where a veteran’s disability prevents him or her from securing or retaining a “substantially gainful occupation.” Per policy, a substantially gainful employment means the veteran’s earnings equal or exceed the Federal Poverty Level for a single person, or \$11,170 in 2012. Additionally, policy also states that “marginal employment”, which includes cases where veterans work less than 50% of the typical hours or earn less than 50% of the prevailing community wages, should not be considered a substantially gainful occupation. (M21-1MR V-ii-1-B-7) As a result, in some circumstances it is possible for veterans to work while still maintaining their unemployability status. Because most of these determinations are developed through the VA, veterans receiving an Improved Pension who are considering returning to work or increasing their earnings should schedule a meeting with their individual VA counselors to talk about how this might impact their benefits.

VA Disability Compensation (DComp)

The VA DComp program provides a monthly cash benefit to eligible veterans with service-connected disabilities. To be entitled to a DComp benefit, veterans must: 1) experience a disability or disabilities that were incurred or aggravated during active military service, and 2) have been discharged under conditions other than dishonorable. Additionally, DComp benefits are only payable in cases where the disability/disabilities are determined to be either chronic or permanent. Veterans with conditions or disabilities that are treatable with no residual effects, such as pneumonia, would not be entitled to DComp benefits for those conditions.

Because VA DComp is an entitlement program, none of the income or asset considerations detailed in the VA Pension section apply to the DComp program. Veterans who meet the entitlement criteria are eligible for the DComp benefit, regardless of the amount of other household income, real estate holdings, or other personal/family assets.

Service-Connection

DComp benefits are only payable for service-connected disabilities. There are several circumstances in which a disability meets the criteria for service-connection. First, any disabilities either incurred or aggravated during active military service are considered service-connected. Additionally, certain disabilities that manifest for the first time after active duty has ended are presumed to be service-connected provided that certain criteria are met.



INCURRED (DIRECT) DISABILITIES

Incurred disabilities are those that first began during active service. These include not only disabilities that were the direct result of military service, such as a combat injury, but also those resulting from other service incidents, such as exposure to a tropical disease. Additionally, disabilities not directly related to service, such as arthritis, can be considered service-connected if they first manifested during active duty.

AGGRAVATED DISABILITIES

In some cases, veterans may have entered the military with a pre-existing condition that was subsequently aggravated or worsened during military service. The assumption in these situations is that pre-existing disabilities that were permanently worsened as a result of active duty are in fact service-connected, unless medical evidence specifically demonstrates that the increased severity was solely the result of the natural progression of the condition. (NACVSO 2010 Training Manual, 4:2)

Because establishing service-connection is such a critical part of the eligibility process, active service members are encouraged to make sure they (and/or their families) keep copies of all medical records throughout their military service.

PRESUMPTIVE DISABILITIES

Presumptive disabilities are those that do not manifest during active military service but are later “presumed” to have occurred as a result of active duty. Pre-existing conditions may also be “presumed” to have been aggravated by active duty as well. Federal policy identifies the specific disabilities or conditions for which presumptive service-connection may be established. Presumptive service-connection applies only to the specific disabilities or conditions identified in federal policy; if the disability in question is not on the federal list, presumptive service-connection cannot be established.

Additionally, federal policy provides timelines for when certain disabilities must manifest in order to meet the criteria for presumptive service-connection. Irritable bowel syndrome (IBS),

for example, is on the list of presumptive Gulf War illnesses. In order to establish service-connection, however, the veteran must experience IBS within one year from the date of separation from service. Finally, in order to presume service-connection, the disability must be rated at 10% or greater within the specified timeline. In some cases, this may be established retroactively. If a veteran is not evaluated for IBS until 18 months after separation, for example, the severity of the disease at that point might indicate that it was present and would have met the criteria for a 10% rating during the 12 months after separation.

A complete list of the presumptive conditions and related criteria are available in the Code of Federal Regulations: 38 CFR 3.309 *Diseases subject to presumptive service connection*, and 38 CFR 3.317 *Compensation for certain disabilities due to undiagnosed illnesses*.

Because establishing service-connection is such a critical part of the eligibility process, active service members are encouraged to make sure they (and/or their families) keep copies of all medical records throughout their military service.

Disability Ratings

In order to determine the compensation amount, the VA rates all service-connected disabilities according to the Schedule for Rating Disabilities (VASRD). This is the same rating schedule used by the DoD at separation. However, the DoD only rates disabilities rendering a service member “unfit” for duty, while the VA rates all service-connected disabilities. This means that veterans might have additional disabilities rated by the VA, resulting in a higher overall rating than the one they received from the DoD. Remember, service members can still get different ratings for DoD and the VA, even if they go through IDES and receive ratings from both DoD and the VA at the same time.

The VA ratings are established based on how the particular disability would impact the earning capacity of the average person, not the actual impact the disability has on a particular person’s earning capacity.

The general goal of the VA rating system is to assess the impact of a particular disability on the veteran’s ability to earn income. Per 38 CFR 4.1, “[t]he percentage ratings represent as far as can practicably be determined the average impairment in earning capacity resulting from such diseases and injuries and their residual conditions in civil occupations.” Ratings reflect not just the percentage of disability but also the assessment of the veteran’s “efficiency”, or earning capacity, as well. A veteran with a 10% disability rating, for example, is also indirectly determined to be 90% efficient (because $100\% - 10\% = 90\%$). In terms of the VA, this means that this veteran’s earning capacity is predicted to be 90% of what it would have been if s/he did not experience the disability. A veteran rated 100% is projected to have no earning capacity. Compensation amounts are linked to the rating percentages. Following the logic detailed above, the higher the disability percentage rating, the higher the DComp benefit amount.

Because the policy says that the percentage ratings are used to determine the “average impairment in earning capacity”, the veteran’s actual earnings are not directly factored into the disability ratings evaluation. A veteran with an 80% rating, for example, who started a business and began to earn substantial income would not have the 80% rating reduced solely as a result of earned income. The VA ratings are established based on how the particular disability would impact the earning capacity of the average person, not the actual impact the disability has on a particular person’s earning capacity.

Whether or not this rating system is able to accurately or reliably predict the impact of a particular disability on a veteran’s earning capacity may be unclear. Regardless, it is important to understand the basis for the ratings process when navigating the DComp system, as it impacts other program policies such as the combined ratings system and Individual Unemployability Evaluations (detailed below).



COMBINED RATINGS

Typically, each service-connected disability a veteran experiences is evaluated individually and receives an independent rating based on the guidelines established in the VASRD. Veterans experiencing more than one disability receive separate ratings for each disability; these ratings are then used to determine the overall disability rating. Because the intent of the ratings system is to evaluate the veteran's efficiency as detailed above, a formula is applied to calculate any further reduction in efficiency that a veteran experiences as a result of additional disabilities. Typically, this is referred to as "VA math" and is detailed in the example below.

COMBINED RATINGS SCENARIO #1

Samuel, a veteran, has a primary disability rated 60% and a second disability rated 40%. Instead of simply adding 60% and 40%, the VA applies a formula to calculate the impact on his overall efficiency and ultimately his earning capacity. Since his primary disability is 60%, this means his efficiency rating based on the primary disability is 40%, ($100\% - 60\% = 40\%$). If Samuel only had this one disability, it would be expected that he has the potential to earn approximately 40% as much as he would without the disability. However, his efficiency is further reduced as a result of his second disability. Samuel's first disability left him only 40% efficient but his second disability reduced this by an additional 60% to make him only 24% efficient overall. A 24% efficiency rating equals a 76% disability rating, so Samuel's combined rating is now 76%, and he is compensated at the 80% rate.

Not surprisingly, both the math and the logic of these combined ratings can be challenging to follow. Fortunately, the 38 CFR 4.25 provides a chart detailing all possible combined ratings. Additionally, a simple calculator for determining combined ratings is available in the guidebook CD as well.

There are a few exceptions to the general policy for combining ratings as outlined above. First, if a veteran experiences service-connected disabilities involving either both arms, both legs, or paired skeletal muscles, the combined rating for these disabilities is calculated first. Then, 10% is added to the combined rating. This is called the bilateral factor, and it is important to note that the additional 10% is added, not combined, to calculate it. Any additional disability ratings are then combined to this total. Secondly, if a veteran has multiple disabilities that are rated at 0%, but the combined effects of these disabilities negatively impact his ability to work (or limit his earning capacity), the VA may give him a 10% rating. Finally, veterans experiencing more than one disability with a total rating of less than 100% may not be able to work as a result of the combined effect of these disabilities. In these cases, it is possible that the VA may determine they are unemployable and categorize them as "Individual Unemployability" (IU). Veterans with an IU rating are compensated at the 100% rate, even though their actual rating is less than 100%. More information about IU ratings and the possible implications for earned income are provided later in this section.

Compensation Amounts

Compensation amounts are established annually and linked to the rating percentages. Following the logic detailed above, the higher the disability percentage rating, the higher the DComp benefit amount. Veteran's with ratings of 30% or greater may receive additional compensation for their dependents as well. Additional payments may also be available if the veteran's spouse experiences a disability and requires A&A, i.e. requires support with personal care.

Compensation rates are established annually and published on the VA website, www.vba.va.gov/bln/21/rates/comp01.htm. Rates are detailed based on: 1) the percentage of disability, and 2) the number of dependents and/or the A&A allowance (when applicable).

SPECIAL MONTHLY COMPENSATION (SMC)

In some instances, veterans experiencing specific disabilities or conditions may be entitled to SMC, which is additional compensation beyond the basic rates discussed above. Conditions or disabilities that might entitle veterans are detailed in the U.S.C., Title 38, Section 1114, and include disabilities such as the anatomical loss or loss of use of one or both hands, one or both feet, or one or both eyes, for example. Additionally, veterans requiring assistance with personal care needs such as bathing, dressing, feeding, and/or maintaining safety in the home might be eligible for SMC A&A. A higher rate of A&A is paid to veterans requiring substantial personal care assistance and who might otherwise require hospitalization or institutionalization in the absence of this support. Veterans who are essentially homebound as a result of their disability might be eligible for a smaller amount of SMC than the A&A amount.

CONCURRENT RETIREMENT AND DISABILITY PAY (CRDP)

Typically, when a veteran receives both disability retirement pay and VA disability compensation, the DoD retirement pay is reduced to offset the VA benefit. However, veterans with VA disability ratings of 50% or more and who have at least 20 years of service will be entitled to draw the full amount of both benefits as of 2014. Until the CRDP phase-in is complete in 2014, there will be a gradual decrease in the offset between the two benefits each year for veterans whose disability ratings are less than 100%. Veterans with disability ratings of 100%, including those rated at 100% due to IU, are not subject to the benefit offset and are entitled to draw the full benefit amounts from both programs even before the phase-in is complete. (Wounded, Ill and Injured Compensation and Benefits Handbook, 2011)



COMBAT RELATED SPECIAL COMPENSATION (CRSC)

Eligible veterans with combat-related injuries may be entitled to CRSC. CRSC eliminates the offset between military retirement pay and VA disability compensation. Veterans eligible for CRSC who would otherwise be subject to a reduction in military pay as a result of their VA disability benefit, are instead entitled to draw the full amount of both benefits. To be eligible for CRSC, the veteran must:

- 1. Be receiving military retired pay (medically retired, 20-year retiree, Temporary Disabled Retired List (TDRL) retiree, or Temporary Early Retirement Act (TERA) retiree)**
- 2. Have a service-connected disability that is rated 10% or greater by the VA**
- 3. Have military pay reduced as a result of the VA Dcomp benefit**
- 4. Document that the disability was the result of one of the following:**
 - Training that simulates war
 - Hazardous duty
 - Armed conflict
 - An instrument of war (e.g., combat vehicles, Agent Orange)

In some cases, veterans may be eligible for both CRDP and CRSC. In these cases, they may elect to receive benefits from whichever program offers them the greatest benefits.

Total Disability

Veterans with a 100% schedular rating, based on one or more disabilities, meet the criteria for total disability. If the disability/disabilities are reasonably expected to continue without significant improvement throughout the veteran's life, the disability is rated permanent and total. Total disability ratings cannot be reduced unless there is "...material improvement in physical or mental condition." (38 CFR 3.343) Further, federal policy states that it must be shown that any improvement in the disability occurred while the veteran was engaged in ordinary conditions of life (e.g., working). If the condition improved only after a period of prolonged rest, or when the veteran is limiting basic life activities, then the improvement may not be sufficient to warrant a reduction in rating.

Individual Unemployability (IU)

If the rating board determines that the functional impact of a veteran's disability or disabilities prevents him or her from securing or maintaining "substantially gainful occupation", the veteran receives a total disability rating based on the finding of IU. In order to receive an IU rating, certain conditions must be met. For veterans with only one service-connected disability, that disability must be rated at least 60%. For veterans with more than one service-connected disability, one of them must be rated at least 40%, and the combined rating must be no less than 70%.

Veterans with an IU rating are paid at the 100% DComp payment rate, even though their actual disabilities ratings are less than 100%. Employment and earned income can have a direct impact on the IU rating. IU ratings are

assigned based on the presumption that the impact of disability renders the veteran unable to earn significant income, so if a veteran with an IU rating takes a job and begins to earn income this can impact his/her IU determination. However, federal policy does provide some critical guidelines for evaluating continuation of the IU rating.

First, in order to have their IU rating reduced, veterans must be engaged in a “substantially gainful occupation.” Per federal policy, “marginal employment” does not constitute a substantially gainful occupation. Marginal employment is said to exist when either:

- The veteran’s earnings do not exceed the Federal Poverty Level (FPL) for one person (only the veteran’s earnings are assessed, not other family income or benefits).
- The veteran is employed in a protected environment, such as a family business or sheltered workshop, even if his/her earnings exceed the FPL for one person.

In the case of point #2, work in a protected environment does not guarantee that the IU rating will be maintained regardless of the level of income, as these cases are evaluated individually on a facts-found basis. However, it does mean that there can be flexibility in the earning amounts in some cases. Beyond this, veterans who are engaged in substantially gainful occupations, e.g., earning over the FPL for one person, must maintain these earnings for at least 12 months before the IU rating can be reduced. If the IU rating is reduced, veterans will then be compensated based on their actual disability rating. If a veteran with a schedular rating of 80% has her IU rating reduced due to substantial income, for example, she will once again be compensated at the 80% payment rate. (38 CFR 3.343)

Reexaminations

The VA may request reexaminations in cases where the initial examination indicates that the rated disability/disabilities might improve or recover. Generally, reexaminations are scheduled within 2–5 years after the initial rating is assigned. No reexaminations are scheduled in the following cases (unless fraud is suspected):

- If the disability is determined to have stabilized
- If the disability has continued without material improvement for 5 or more years
- If the disability has been rated permanent
- If the veteran is over age 55 (unless there are unusual circumstances)
- If the disability has been rated at the minimum schedular rating
- If the combined disability rating would not be impacted by a change (reduction) in the ratings of one or more of the disabilities.



Veterans meeting any of the above criteria are for the most part free to work and earn any amount of income without concern that it will cause a reduction in their ratings and by extension their DComp payment amount. However, veterans initiating claims to increase a current disability or to rate a new disability should be aware that their ability to work could be considered as a part of the board's evaluation.

DComp and Earned Income

Because the VA DComp program is an entitlement program, there is no offset between earned income and the DComp payment. Veterans are entitled to draw their full VA DComp payment, regardless of the amount of income they earn. Generally speaking, veterans do not have to be concerned that work and/or earned income will lead to a reduction in their VA rating, which gives tremendous flexibility for securing employment and/or launching businesses.

Veterans whose disabilities have not stabilized, who are currently engaged in the ratings process, or who have a total disability rating based on IU, however, may have additional considerations. Per the VASRD, disabilities by and large are evaluated based upon medical evidence. In some cases though, factors such as ability to work may be considered when evaluating the severity of the disability. The severity of Post-traumatic Stress Disorder (PTSD), for example, is evaluated based upon how significantly the disability impairs both social and occupational life. A veteran experiencing "total social and occupational impairment" is rated 100% whereas a veteran whose PTSD results only in occasional decreases in work efficiency is rated 30%. Veterans going through the initial ratings process or reexaminations are encouraged to research the VASRD criteria for evaluating disabilities so that they fully understand the process as well as how their particular disability/disabilities will be rated.

Additionally, it may be helpful to consider the cost-benefit analysis of achieving a particular rating versus securing or maintaining employment or starting a business, as detailed in the following scenario.

DCOMP AND EARNED INCOME SCENARIO

Joe, a single veteran with no dependents rated 70% for PTSD receives a DComp benefit of \$1,272 (2012 figure). If Joe is scheduled for reexamination, his default thinking might be to avoid work in order to protect his 70% rating. However, if he were offered a job making \$2,000/month, his total income would increase, even if his rating decreased to the 30% level on reexamination. At the 30% rating, his DComp payment would be \$389. This payment plus his earned income of \$2,000 would give him \$2,389 in total monthly income, almost twice as much income as when he received only the 70% DComp benefit.

JOE'S INCOME ANALYSIS

	Working, with 30% Rating	No Work, with 70% rating
Work Income	\$2,000	\$0
DComp	+ 389	+ 1,272
TOTAL INCOME	\$2,389	\$1,272

Of course, there are other factors to be considered here as well. Access to healthcare is an important consideration (and will be discussed in Section 2), as is potential stability in employment. Veterans who are concerned about their ability to maintain employment may need to ensure eligibility for the DComp benefits. For others though, focusing on maintaining or increasing a particular rating may be less important than ensuring that their overall financial needs are met. It is also worth noting that in most cases, and even in the specific example above, there is no guarantee that work will in fact cause a reduction in how a disability is initially rated or whether it is reduced upon reexamination. Veterans should know, however, that it is possible that work and earned income might be considered in these cases.

The same basic guidelines apply to veterans who are receiving DComp at the 100% rate based on IU. While securing and maintaining employment could cause a reduction in rating, in some cases doing so may result in greater overall income potential.



IU AND EARNED INCOME ANALYSIS SCENARIO

Delilah, a single veteran with no dependents, has an IU rating and is compensated at the 100% level of \$2,769/month (2012 figure). If Delilah started a business making \$2,500 in average monthly net profits, she would be earning over the FPL for one person and ultimately could have her IU rating reduced. (In order for it to be reduced, however, she would have to maintain this level of income for at least one year.) If her IU rating was ultimately reduced, and she was paid based on her actual disability rating of 70%, her DComp payment would decrease to \$1,478 (2012 figures). However, her total income of \$3,978 (\$2,500 earned + \$1,478 DComp) would be significantly higher than it was when she received only the IU payment.

DELILAH'S INCOME ANALYSIS

	Working, with 70% Rating	No Work, with 100% IU
Business Income	\$2,500	\$0
DComp	\$1,478	\$2,769
TOTAL INCOME	\$3,978	\$2,769

As mentioned above, there often are other considerations in addition to the financial ones, such as access to healthcare, and all should be factored in to the overall benefits and income analysis. Healthcare will be discussed in more detail in Section 2.

Navigating the benefits systems can be a complex process and the importance of maintaining access to critical benefits cannot be overstated. These examples are not provided to minimize the importance of cash benefits but rather to highlight the possibilities that can emerge when they are considered as a part of the overall income picture.

Social Security Administration (SSA) Disability Benefits

Overview

Veterans should be aware that receiving VA DComp does not preclude them from receiving Social Security benefits. Veterans are entitled to both benefits, as long as they meet the eligibility criteria for both.

The SSA administers two benefits programs based on disability: 1) Social Security Disability Insurance (SSDI), and 2) Supplemental Security Income (SSI). These are two very different programs, with different purposes, eligibility criteria, and payment structures. Earned income affects these benefits very differently so it is important to understand the differences, as often overpayments result from confusion between the two programs.

SSDI is an insurance program, paid through FICA taxes. SSI, on the other hand, is a needs-based program for people who are elderly, disabled or blind, who have limited income and resources. Eligibility for both programs requires being determined “disabled” by the SSA.

Disability Determinations

Both SSDI and SSI require that beneficiaries meet the SSA’s two-part definition of disability. First, one must have a physical or mental disability that is considered severe, as defined by the “Listing of Impairments.” Disabilities that would qualify either have lasted, or are expected to last, for a continuous period of at least 12 months, or result in death. Disabilities that qualify are listed, or are similar to the conditions listed, in a publication called, “Disability Evaluation Under Social Security” (also known as the “Blue Book”, SSA Pub No 64-039). For information on qualifying disabilities, see www.socialsecurity.gov/disability/professionals/bluebook.

The second part of the definition of disability is that the impairment must prevent an individual from performing “Substantial Gainful Activity”, or “SGA”. While the VA uses a similar term (“Substantially Gainful Occupation”) the definitions vary. Each year, SSA specifies a dollar amount that is used as a yardstick in SGA determinations. For example, the 2012 SGA level is \$1,010 if disabled, and \$1,690 if blind (blind individuals have a substantially higher SGA limit). During initial eligibility, SSA will look to see if the applicant’s “countable earned income” exceeds the SGA limit to determine if the individual meets the second part of the definition of disability.

An exception to the requirement of earning less than SGA at the time of application, is when the value of an individual’s work is less than the actual pay they might receive. For example, a veteran who applies for SSDI benefits while still in active military service, though perhaps on limited duty due to a severe impairment, may still be receiving full pay. In these cases, SSA will consider the value of the limited duty work as compared to similar work



performed in the civilian work force to determine its worth. It is understood that pay alone will not accurately reflect the value of the work performed, see secure.ssa.gov/apps10/poms.nsf/lnx/0410505023.

State Disability Determination offices, located in each state, are responsible for obtaining medical evidence and making determinations. In addition to the criteria above, they will also look at whether the applicant is capable of performing the work they did in the past, or if they are able to adjust to other work, given their age, education, and past work experience.

Social Security's Wounded Warrior Program

Military service members can receive expedited processing of claims through Social Security's Wounded Warrior Program. Expedited processing is available to veterans disabled while on active duty on or after October 1, 2001, regardless of where the disability occurred. For more information on the SSA's Wounded Warrior Program, a publication titled *Disability Benefits for Wounded Warriors 2012* is available at, see www.ssa.gov/pubs/10030.pdf.

Social Security Disability Insurance (SSDI)

Eligibility & Entitlement

SSDI is an insurance program authorized under Title II of the Social Security Act that provides cash benefits for workers and certain family members who have contributed through their FICA deductions, and met "insured status." Assuming the applicant meets the two-part definition of disability (described in Disability Determinations) and has earned enough "Quarters of Coverage" to reach insured status, s/he is entitled to a monthly payment. Quarters of Coverage (QC) are earned by meeting the minimum wage amounts for the year. For example, in 2012, a worker would need to earn \$1,130 of Social Security covered employment to earn one QC. Since 1978, QCs are based on the amount of earnings credited to the calendar year, with a maximum of 4 credits that can be earned in a year. Therefore, earned income of \$4,520 in 2012 would earn all four QCS.

The number of credits needed to reach insured status is based on the age of the applicant. For example, an applicant who is 26 years old only needs six quarters of coverage to qualify, while an applicant 40 year of age or older needs 40 QCS to reach insured status.

Payment amounts vary greatly because cash benefits are based on the amount that was contributed during the working years. Social Security sends all contributors a statement each year that indicates the approximate benefit amount that one would receive if they become disabled and no could longer work. Estimations of retirement and survivor benefits are also included in the annual Social Security Statement.

Certain family members may also be eligible to receive cash payments based on the insured worker's claim. These family members include:

- A spouse age 62 or older
- A spouse of any age if caring for the insured worker's child under age 16
- An unmarried child up to age 18 (age 19 if enrolled in school)
- An unmarried child any age if that child has a disability that began prior to age 22 (called a Childhood Disability Benefit)
- A divorced spouse that the insured was married to at least 10 years.

To be eligible to receive SSDI benefits, an applicant must serve a waiting period consisting of five full calendar months, beginning the first full month that the individual meets all requirements for entitlement. The "Date of Onset" is the date when Social Security determines that the medical evidence qualifies the individual for benefits. Following the date of onset, a full 5 calendar months must pass before an individual is entitled to benefits.

Joseph applies for SSDI and in January of 2011, the same month of Disability Onset. Because he became disabled mid-month, the first full month of the waiting period is February 2011. The five months that serve as the wait period are February, March, April, May, and June of 2011. Joseph's first month of entitlement to SSDI benefits is July of 2011, and since payments are made the following month, his first benefit check would arrive in August of 2011.

Anyone who qualifies for SSDI is also eligible for Medicare after another 24 months from the date of entitlement, or an additional 24 months following the 5-month wait period. Medicare is discussed in Section 2: Healthcare.

Offsets

SSDI is not offset by VA DComp, including Agent Orange payments, and are specifically excluded from offset by law. Military Retirement, through the DoD, also does not impact SSDI benefits. However, in some cases Military Retirement *based on disability*, as well as other Federal Public Disability Benefit payments, may require an offset of payments. This only applies to military retirement based on disability in limited circumstances, and **does not apply** to anyone who:

- Served in the military before 1957 and is over 65 years of age, or
- Served in the military only after 1956.

There are other Public Disability Benefits that *can* offset SSDI, such as Workers Compensation or private long-term disability insurance through private agencies.



Unearned Income and Continued Eligibility

Because SSDI is an insurance program, it is not means tested, and therefore *unearned* income and resources do not impact benefit amounts. For the most part, SSDI beneficiaries may also receive other unearned income concurrently, without offsetting SSDI benefits.

Earned Income & Continued Eligibility

Beneficiaries are able to continue to receive benefits as long as they meet the two-part definition of disability. Once earned income exceeds SGA for a sustained period of time, however, it could cause a termination of benefits. Several work incentives exist to allow a beneficiary to try out work before termination occurs. These work incentives exist that provide a safety net while exploring work, and include: the Trial Work Period (TWP); the Extended Period of Eligibility (EPE); Unsuccessful Work Attempts (UWA); Expedited Reinstatement of Benefits (EXR); and Continued Medicare Coverage, each discussed below:

TRIAL WORK PERIOD (TWP)

The Trial Work Period allows beneficiaries to work for a period of time without risk of losing benefits. SSA allows beneficiaries nine months of trial work before assessing their ability to perform SGA. Any month in which a beneficiary earns over \$720 month (2012 rate) is considered a TWP. If earnings are less than \$720, it is not considered a trial work period. The nine TWP months do not have to be consecutive, but do need to fall within a 60-month rolling window. For self-employed individuals, work in excess of 80 hours per week can also result in the use of TWP. Either way, during the TWP the beneficiary continues to receive cash benefits.

EXTENDED PERIOD OF ELIGIBILITY (EPE)

Following the ninth Trial Work Period month is a 36-month (consecutive) Extended Period of Eligibility in which benefits are only paid in months that a beneficiary's countable earned income is less than SGA. (Note: *countable earned income* is discussed at length below. Know that there may be additional reductions subtracted from gross wages when determining SGA.) The EPE provides an additional safety net for beneficiaries to test their ability to work and earn significant wages, while knowing that they remain on the SSDI rolls and that benefits can resume immediately if they cannot continue to perform SGA. The first month of SGA level earnings following the end of the TWP, is considered the "month of cessation." Benefits are paid this month, and for the following two consecutive months (the grace period), but then "suspend" during future months of the EPE, as long as the beneficiary continues to have countable earnings above the SGA level. During EPE, benefits may resume in any month that countable earned income is less than SGA. After the end of the 36-month EPE, continued SGA level work will result in a termination of benefits.

UNSUCCESSFUL WORK ATTEMPT (UWA)

Unsuccessful Work Attempt allows SSA to not count SGA level earnings, if those earnings can not be sustained for period of more than six months due to an individual's impairment or removal of special conditions that allowed them to perform SGA for a short period of time.

EXPEDITED REINSTATEMENT OF BENEFITS (EXR)

A very important work incentive implemented in 1999 is Expedited Reinstatement of Benefits (EXR). This work incentive allows individuals who have been terminated from benefits to get back on benefits without a new application if they are not able to continue to perform SGA within 60 months of termination from the program. Reinstatement of benefits through EXR requires that SSA pay 6 monthly provisional payments while they determine if the beneficiary still qualifies (i.e., still meets the medical part of the definition of disability). EXR allow beneficiaries to resume benefits without filing a new application, and thus eliminates the need for a second 5-month wait period.

CONTINUED MEDICARE COVERAGE

SSA recognizes that people may need continued health care coverage in order to work. Therefore this work incentive allows people to maintain Medicare Part A coverage, premium-free, and continue to purchase Parts B and D coverage, for at least 93 months past the end of their TWP. Beneficiaries also have the option of purchasing Medicare coverage once the Continued Medicare Coverage has ended, under a work incentive called Medicare for Persons with Disabilities Who Work.

“Countable” Earned Income

Once an individual is past their TWP, Social Security bases SGA determinations on gross wages, or, for those who are self-employed, on Net Earnings from Self-Employment (NESE). Net Earnings from Self-Employment are the businesses net profit multiplied by .9235. Example: \$24,000 annual net profit divided by .9235 = \$22,164/year or \$1,847/month.

Work incentives exist that reduce the amount of countable earned income that SSA considers when making SGA determinations. These work incentives include: 1) Subsidy/Special Conditions; 2) Impairment Related Work Expenses (IRWE); 3) Unpaid Help; and 4) Unincurred Business Expenses. Unpaid Help and Unincurred Business Expenses only apply to self-employment income.

SUBSIDY/SPECIAL CONDITIONS

SGA determinations are based on the value of an insured individual’s work. If an employer, or other entity is providing support or assistance that would impact the value of that person’s work, than some of their earnings might not be counted when making SGA determinations. For instance, an employer might be subsidizing an employee’s work by providing special accommodations, such as more frequent breaks, additional training, a more flexible schedule, etc. Without that support, the beneficiary may not be able to earn as much as they are currently making. Therefore, SSA excludes part of their income based on the subsidy provided. Example: Harvey earns \$1,200/month, but based on reports from his employer, his productivity is lower than other workers, and he receives additional supervision and support on the job. If SSA valued that subsidy at 33%, it would bring his “countable earned income” below SGA (\$1,200 - \$400 = \$800/month countable earned income), and he will continue to receive benefits.

Also, supports provided by an outside agency, such as a supported employment program that provides services to help an individual maintain their job, might be counted as a “special condition” that impacts the value of the person’s work.



IMPAIRMENT RELATED WORK EXPENSES (IRWE)

IRWE are items or services that are: 1) paid for out-of-pocket; 2) related to the beneficiary's disability; and 3) are necessary for work. SSA recognizes that these items and services, if not paid for out-of-pocket, would affect one's ability to work and perform SGA. Example: A self-employed beneficiary works and earns an average of \$1,300/month in NESE, but pays \$400/month in physical therapy, chiropractic adjustments, and co-pays for medications not covered by his or her insurance. That \$400 can be deducted from income to arrive at the "countable portion" ($\$1,300 \text{ NESE} - \$400 \text{ IRWE} = \$900 \text{ countable earned income}$), again putting the individual under SGA and maintaining their benefit check.

UNPAID HELP

Unpaid Help applies to beneficiaries who are self-employed, and who receive help from unpaid workers (such as a spouse or other family member) to perform certain aspects of the business. Often business owners (with or without disabilities) count on others for assistance with tasks such as bookkeeping, payroll, taxes, website development or maintenance, and marketing of products and services. As this assistance affects the net profit of the business (in a positive way) it also distorts the true "value" of the business owner's work and ability to perform SGA. Unpaid Help is calculated based on the going hourly rate for the services provided. For example, if the going rate for bookkeeping services is \$20/hour, and a spouse provides this service at no cost, the value to that help is deducted from the beneficiary's countable income. For example, if the spouse provides 10 hours per month of bookkeeping services, valued at \$20/hour, a \$200 deduction would be made from the monthly NESE which would lower countable earned income by \$200.

UNINCURRED BUSINESS EXPENSES

Similar to Unpaid Help, Unincurred Business Expenses are items or services paid for by someone other than the business owner, and can be deducted from net earnings to lower countable earned income. For example, if state VA Vocational Rehabilitation & Employment (VR&E) or a state Vocational Rehabilitation (VR) agency pays rent for the first three months of business operation, it artificially raises net income by lowering expenses paid by the business owner.

Scenario Examples for Earned Income & SSDI

SSDI & EARNED INCOME ANALYSIS

Kevin has service-connected brain and back injuries, which has made him eligible for both VA DComp (rated at 90%) and SSDI. Each month he receives \$1,661 in VA DComp and an additional \$1,000/month in SSDI.

\$1,661 VA DComp
 + 1,000 SSDI
\$2,661 TOTAL MONTHLY INCOME

Kevin accepts a job earning \$1,400/month. Because his disability has stabilized, working will not impact his VA DComp benefits. His wages will not impact his SSDI benefit for the first nine months because he is in his TWP. But after the TWP ends, SSA will need to determine if he is performing SGA.

Kevin reports to SSA that he receives extra help and support from his employer, who has assigned a coworker to help provide memory supports. SSA values this “subsidy” at \$100/month. The employer also reports paying Kevin the prevailing wage for the job, even when his productivity is approximately 80% of what his coworker produces (\$1,400 x .80 = \$1,120 countable income). In addition, Kevin reports utilizing a smart-phone to assist with some of his duties (timer, task list, etc.), and pays an additional \$40/month for internet access + monthly payments of \$60/month, taking him down to \$920/month of countable earned income.

\$1,400 Gross Wages
 x .80
\$1,120 Subsidy (*reduced productivity*)
 - 100 Subsidy (*help from coworker*)
 - 100 Impairment Related Work Expense (IRWE)
\$920.00 COUNTABLE EARNED INCOME

In Kevin’s case, reporting the subsidies and IRWE will allow him to continue to receive SSDI, keeping his total income at \$4,061.

\$1,400 Gross Wages
 + 1,661 VA DComp
 + 1,000 SSDI
\$4,061 TOTAL MONTHLY INCOME



Supplement Security Income (SSI)

Eligibility

SSI is a needs based program that provides monthly cash benefits to individuals who are elderly (over 65 years), disabled or blind, to supplement any other income by providing a base amount to cover food and shelter. For individuals under age 65, applicants must meet SSA's disability criteria (physical or mental disability that impairs ability to work and earn SGA), and also have limited income and resources. In most states, SSI eligibility also makes an individual eligible for Medicaid.

At initial eligibility, SSI recipients must be not working, or working and earning under SGA (\$1,010 in 2012, or \$1,690 if blind). Initial eligibility is the only time that SGA applies to the SSI program. As you will see later, once eligible, an SSI beneficiary can work well above SGA and still remain eligible, though with a reduced benefit amount.

Income & Resources

The SSI resource limit for an eligible individual is \$2,000, or \$3,000 for an eligible married couple. Resources are any assets or cash held in accounts, or property that can easily be converted into cash. Some items are excluded from the resource test including: one automobile, a home that one lives in, and burial plans and plots.

Individuals who are self-employed can accumulate resources in excess of \$2,000 through a work incentive called Property Essential for Self-Support (PESS), which allows business equipment, property or cash held in an active business account to be excluded as a resource. It is the one way an SSI beneficiary can accumulate wealth without threatening eligibility for benefits.

Each year, the SSA establishes a Federal Benefit Rate (\$698 in 2012), which is the maximum amount of SSI payable, though a few states provide an additional state supplement. Because any other income a beneficiary receives impacts eligibility and the amount of SSI payable, beneficiaries are required to report all other income. Earned and unearned income are calculated differently, as noted below.

SSI and Unearned Income

There are many sources of unearned income that an individual could possibly receive, such as SSDI, Unemployment Insurance, money from a trust, VA DComp, SAIF claims, railroad retirements, etc. Any income that is not earned (wages or self-employment income) are considered unearned income. When calculating monthly payments, SSI considers all but the first \$20 of unearned income, and then subtracts the remainder dollar for dollar against the monthly SSI benefit amount. Example:

George currently receives for \$800/month in Unemployment Insurance, which is considered unearned income. If he were to apply for SSI they would count all but the \$20 General Income Exclusion. Therefore \$780 is considered countable unearned income ($\$800 - \$20 = \$780$). Countable unearned income is subtracted from the amount of SSI that he would be eligible for, in this case the full federal benefit rate of \$698.

\$698	SSI Federal Benefit Rate
- 780	Countable Unearned Income
\$0	INELIGIBLE FOR SSI DUE TO EXCESS INCOME

In the example above, George's countable unearned income put him over the income limits for SSI. Even though he meets the disability criteria, and has resources under \$2,000, he is still ineligible.

Nancy receives \$650/month in SSDI, so assuming her resources are under \$2,000, and she has no other income, she would qualify for a small check:

\$650	SSDI
- 20	General Income Exclusion
\$630	COUNTABLE UNEARNED INCOME
\$698	SSI Federal Benefit Rate
- 630	
\$68	MONTHLY SSI PAYMENT
\$650	SSDI
+ \$68	SSI
\$718	TOTAL INCOME

Individuals with lesser amounts of unearned income may qualify for SSI and receive an adjusted payment.

Beneficiaries who receive both SSDI and SSI are considered "Concurrent Beneficiaries." Without working, they will always receive \$20 more than the Federal Benefit Rate due to the General Income Exclusion of \$20. For example, Nancy (above) will receive monthly checks of \$650 (SSDI) and \$68 (SSI) for a total of \$718/month (\$20 more than the Federal Benefit Rate of \$698).



SSI & Earned Income

Earned income affects SSI very differently. In order to create an incentive for SSI recipients to work, earned income only reduces SSI by \$1 for every \$2 earned, after both the General Income Exclusion and an Earned Income Exclusion of \$65/month are applied. Example:

FORMULA		EXAMPLE	
\$ _____	Gross wages or NESE	\$685	Gross Wages or NESE
- 20	General Income Exclusion	- 20	General Income Exclusion
- 65	Earned Income Exclusion	- 65	Earned Income Exclusion
\$ _____		\$600	
÷ 2		÷ 2	
\$ _____	Countable Earned Income	\$300	Countable Earned Income
\$698	SSI Federal Benefit Rate	\$698	SSI Federal Benefit Rate
-	Countable Earned Income	- 300	Countable Earned Income
\$ _____	Adjusted SSI payment	\$398	Adjusted SSI Payment
\$ _____	Adjusted SSI	\$398	Adjusted SSI
+ _____	Gross Wages or NESE	+ 685	Wages
\$ _____	TOTAL INCOME	\$1,083	TOTAL INCOME

Note: All calculations are based on gross wages (not net wages). If a beneficiary is self-employed, calculations are based on NESE which is the annual net profit of the business multiplied by .9235, and averaged across twelve months. The amount of profit taken as an owner's draw has no impact on NESE.

Earnings of over \$1,481/month (in 2012) would reduce the SSI payment to zero (\$0), and this figure is considered the “break-even point.” However, a beneficiary who receives SSI, and zeros out the cash payment due to earned income, remains eligible. If earnings go down in a future month, cash payments can resume. And most importantly, once a beneficiary’s earnings exceed the break-even point, they can continue to be eligible for Medicaid through a work incentive called 1619(b).

Work Incentives

The SSI program also provides work incentives that reduce countable earned income. Reducing countable earned income can result in receiving a higher benefit amount.

STUDENT EARNED INCOME EXCLUSION (SEIE)

For an SSI beneficiary who is under age 22 and regularly attending school, SSA can exclude \$1,700 of earned income a month, up to \$6,840/year. The Student Earned Income Exclusion is deducted before any other deductions, and can help students keep more of their SSI while working.

IMPAIRMENT RELATED WORK EXPENSE (IRWE)

Similar to the SSDI program, SSI allows a working individual to deduct IRWE from their countable earned income, but they are calculated differently. Remember that IRWEs are items and services that are: 1) paid-for-out of pocket; 2) related to the beneficiary's disability; and 3) are necessary for work. (See Appendix A: SSI-Example of Income With and Without Work Incentives). When calculating SSI payments, IRWEs are often referred to as an "above-the-line" deduction, meaning they are deducted prior to dividing by two. Often someone who receives SSI will be able to recoup half the out-of-pocket expense through the difference in their SSI check.

BLIND WORK EXPENSES (BWE)

As the name implies, only individuals who meet SSA's definition of blindness are eligible for this work incentive. Statutory blindness, according to SSA is visual acuity of 20/200 or less in the better eye with correction, or field loss limited to less than 20 degrees. Blind work expenses include items that are disability related (e.g., guide dog expense, reader services, canes, etc.) as well as many expenses that are not related to blindness (e.g., federal, state, and local taxes, union dues, meals consumed at work). Not only do many more deductions apply, but Blind Work Expenses are also a "below-the-line deduction" which often results in the ability to recoup the entire expense in adjusted SSI (see Appendix A).

PLAN TO ACHIEVE SELF-SUPPORT (PASS)

PASS is a very underutilized work incentive that allows beneficiaries to set aside income or resources for a limited period of time to purchase items or services that will help them pursue a work goal that will eventually reduce or eliminate SSI or SSDI benefits. PASS is often used to obtain further education or training, start a small business, purchase a vehicle or other needed equipment, or potentially pay for a variety of other items and services. The application requires a stated vocational goal, and specifies steps and resources needed to obtain that goal.

A PASS can help establish SSI eligibility, or increase payment amounts because the income and/or resources "set aside" in the PASS are no longer counted when making determinations about SSI eligibility, or for calculating the payment amounts. Potentially, any money other than SSI can be set aside in a PASS, such as wages, NESE, any type of unearned income (e.g., SSDI, VA DComp, Unemployment Insurance), and/or personal resources.



Scenario Examples for Earned Income & SSI

SSI AND WAGE INCOME ANALYSIS SCENARIO

Tom is a disabled veteran who is also an SSI beneficiary (and does not qualify for VA DComp or Pension). He receives the full Federal Benefit Rate of \$698/month. When Tom begins a part-time job, his benefits decrease, but his overall income increases. Tom's monthly gross wages are \$685/month.

TOM'S INCOME ANALYSIS

SSI Only

\$698.00 SSI (Total Income)

SSI + Wages

\$685	Gross Wages
- 20	General Income Exclusion
- 65	Earned Income Exclusion
\$600	

÷2

\$300 **Countable Earned Income**

\$698	SSI FBR
- 300	Countable Earned Income
\$398	Adjusted SSI

\$398	Adjusted SSI
+ 685	Wages
\$1,083	TOTAL INCOME

PASS ANALYSIS SCENARIO

Jack is a disabled veteran, whose disability was not service-connected. He has minimal income and resources, and qualifies for a pension through the VA. The maximum monthly pension payment he could receive is \$1,021/month. At a later date, Jack applies for benefits through the SSA. SSA finds that he is eligible for \$600/month in SSDI payments.

His VA pension payment is now reduced, or “offset,” but he continues to receive the same amount.

\$1,021 Pension Payment
 - 600 SSDI
\$421 Adjusted Pension payment

\$421 Adjusted Pension payment
 + 600 SSDI
\$1,021 TOTAL INCOME

Jack is thinking of starting a pressure washing business and will need some funding for start up. He cannot access VA Vocational Rehabilitation & Employment (VR&E), because his disability is not service-connected. He can however, access his State’s Vocational Rehabilitation agency that provides services to eliminate barriers to employment due to disability. (Both the VR&E and State VR programs are discussed in more detail in Section 3.) His VR Counselor supports him in business planning and recommends that he explore a PASS to provide additional start-up funds.

Jack learns that he can set aside his SSDI and his Pension (his unearned income), minus \$20 (General Income Exclusion) into a PASS account (\$1,021 - \$20 = \$1,001/mo). By doing so, he is now eligible to receive the full Federal Benefit Rate in SSI (\$698). While this means living on considerably less money while he gets the business going (\$698 versus \$1001), his current living situation makes this doable, AND he has the advantage of having \$1,001/month to contribute to his business start up.

JACK’S PASS ANALYSIS

Without a PASS		With a PASS	
\$600	SSDI	\$600	SSDI
+ 421	Pension	+ 421	Pension
\$1,021	Income to live on	\$1,021	
		- 20	General Income Exclusion (GIE)
		\$1,001	PASS Contribution
		\$698	SSI Federal Benefit Rate
		+ 20	SSDI (General Income Exclusion)
		\$718	

Note: A PASS for self-employment, if approved, will minimally be approved for 18 months (and possible longer). So while Jack will need to live on less money while the PASS is in effect, he will also be able to contribute at least \$18,018 toward items and services needed to start his business.



Ticket to Work

Ticket to Work is a work incentive that applies to both SSDI and SSI beneficiaries. In 1997, the Ticket to Work and Work Incentive Improvements Act authorized agencies who are approved Employment Networks (ENs) to receive outcome-based payments for supporting beneficiaries with disabilities to return to work and earn enough to reach certain milestones. Initial milestones are based on the Trial Work Level (\$720 in 2012) and later milestones are based on earnings over SGA (\$1,010 in 2012 if disabled; \$1,690 if blind). ENs providing support services are only paid if beneficiaries meet these earning amounts, as the purpose of the Ticket to Work Program is to assist beneficiaries in leaving the Social Security roles.

The advantages of using the Ticket to Work program for the Social Security beneficiary, also known as the “Ticket Holder,” are two-fold. First, it provides them with options to work with an EN of their choice (either their State Vocational Rehabilitation agency or any other EN). Ticket Holders may also choose to work with their State Vocational Rehabilitation agency for initial services, and later transfer the Ticket for on-going support on the job once their VR case is closed successfully. This partnership between VR and another Employment Network is referred to as “Partnership Plus.”

A second advantage of assigning a ticket is that Continuing Disability Reviews are suspended while the ticket is assigned and the ticket holder is making “timely progress” toward their vocational goals. Timely progress is measured by the amount of earnings, or other progress made, such as completing coursework that will lead toward their stated vocational goal. Suspension of Continuing Disability Reviews is particularly useful to ticket holders whose disability may improve over time, as it allows them to maintain benefits while taking steps to become more self-supporting.

ENs offer a variety of services, and it is wise to explore which EN can best meet your needs. Three core services include: career counseling and guidance, job placement assistance, and long-term support. ENs may offer a variety of other services as well, including assessment, jobsite accommodations, small business development assistance, and benefits and work incentive planning assistance. Some ENs share ticket payments with the ticket holder, which could be useful in expanding business operations or to purchase items needed to maintain employment, such as a new vehicle. For more information about Ticket to Work, and to locate Employment Networks serving your area, see www.yourtickettowork.com.

Coordination of Cash Benefits, Advocacy Tips & Where To Go For Help

Navigating through the many cash benefit programs and understanding the intricate rules around how working impacts various benefits is not for the fainthearted! Fortunately, there is assistance out there.

Work Incentives Planning Assistance (WIPA)

For those individuals who qualify for Social Security benefits, the Work Incentives Planning Assistance (WIPA) Program exists to help SSA beneficiaries return to work by providing information and support to guide them in the transition from benefits to self-sufficiency. WIPA programs are located in each state, and you can find more information and a Program Directory for WIPA Projects, see www.ssa.gov/work/wipafactsheet.html.

Protection and Advocacy for Beneficiaries of Social Security (PABSS)

The Social Security Administration also funds PABSS which assists beneficiaries with disabilities in obtaining information and advice about receiving vocational rehabilitation and employment services. PABSS provides advocacy and other related services that beneficiaries with disabilities need to secure, regain, or maintain gainful employment. For more information about PABSS, or a program directory, see www.ssa.gov/work/pafactsheet.html.

County Veterans Services Office

County Veterans Services offices can be a source of information and assistance in navigating both local services, as well as state and federal programs. To obtain a directory of local County Veterans Services Offices at the National Association of County Veteran Services Officers, see www.nacvso.org.

Many resources are available on the internet to help guide veterans through the many benefits programs. Many provide electronic newsletters, publications and links to other resources. While there are many, a few are:

National Veterans Legal Services Program

www.nvlsp.org

National Organization of Veterans' Advocates

www.vetadvocates.org

The American Legion

www.legion.org



While many people might assist you in obtaining and understanding cash benefit programs, it is also necessary to educate yourself and be organized in the process of applications and reviews. A few tips:

- **Keep all information on file and in one place**, whether that is a binder or on a laptop or tablet.
- **Keep a log** of all communications with various agencies for which you are applying for benefits. Record dates, the person you talked with, and a summary of the conversation.
- **Once receiving benefits, track your payments as well as your wages or self-employment income.** This is especially important with benefits that will vary month to month based on income, such as Supplemental Security Income or VA Pension.
- **Educate yourself** about benefits and work incentives by attending workshops, reading newsletters and other publications.



CASE STUDY 1

Benefits Focus

COMPREHENSIVE

Background information:

Derek was a private in the U.S. Army. In October 2003 while on tour in Afghanistan, an IED exploded near him. He lost his left leg, incurred injuries on his right leg, and incurred a traumatic brain injury. As a result of his injuries, he was awarded VA Disability Compensation (100% rating) and made eligible for VA medical services. Additionally, he was found eligible for \$987/month in Social Security Disability Insurance (SSDI). He completed his medical rehabilitation in April of 2005 and then returned to his hometown, Houston, Texas.

Once home, he re-enrolled in college and began exploring career options. By the fall of 2006 it became clear he had a passion for web development. He wanted to work and gain some experience while in school, so he began networking around campus for potential jobs. In January 2007 he picked up a job as a student worker (15 hours/week) in the college's administrative office, working with their head web developer maintaining and making changes to the college's website. In the spring of 2008, as he was getting ready to graduate, he was offered a permanent position with the option to work part time or full time. He knew it was a good opportunity. But to increase to even 20 hours/week he'd need a flexible work schedule that allowed him to work from home in order to attend counseling and doctor appointments. He talked with his supervisor about the job requirements, his needs and negotiated a part-time job. While his ultimate goal was to start his own web development business, he decided that it would be a good idea to work for the college for a few years to gain more experience, establish more connections in the web development community, and receive free tuition while completing his master's degree. As he was exploring these options and making these decisions, he didn't stop to consider what implications this work might have on his benefits.

Description of the presenting problem:

On January 23, 2011, Derek received a letter from the Social Security Administration. He dreaded reading those letters; they never made any sense. When he didn't receive his SSDI check on February 3, he knew something was wrong. He decided to read the letter they sent. He was shocked to find a notice telling him that not only had his SSDI stopped because of the work he'd been doing, but he also owed Social Security \$23,688. Overwhelmed with fear and anxiety, he didn't want to call SSA. But he knew he needed to talk to someone. He called a couple of friends who also received SSDI. One of his buddies had met with an SSA and VA benefits expert, Jose, about a year ago. Derek got Jose's number and gave him a call.



Intervention:

Jose explained that he was a Work Incentive Coordinator and his job was to assist SSDI beneficiaries in navigating public benefit work rules. They scheduled a time to meet. Jose asked Derek to bring a breakdown of his monthly earnings since he started working as well as the letter from SSA. Jose told Derek he'd mail him some releases to sign and return, so Jose could get a report from SSA about his benefits.

AT THEIR MEETING, JOSE EXPLAINED SSDI'S THREE PHASES OF WORK RULES:

Phase 1 (Trial Work Period) gives you 9 months to earn any amount and keep your SSDI benefits.

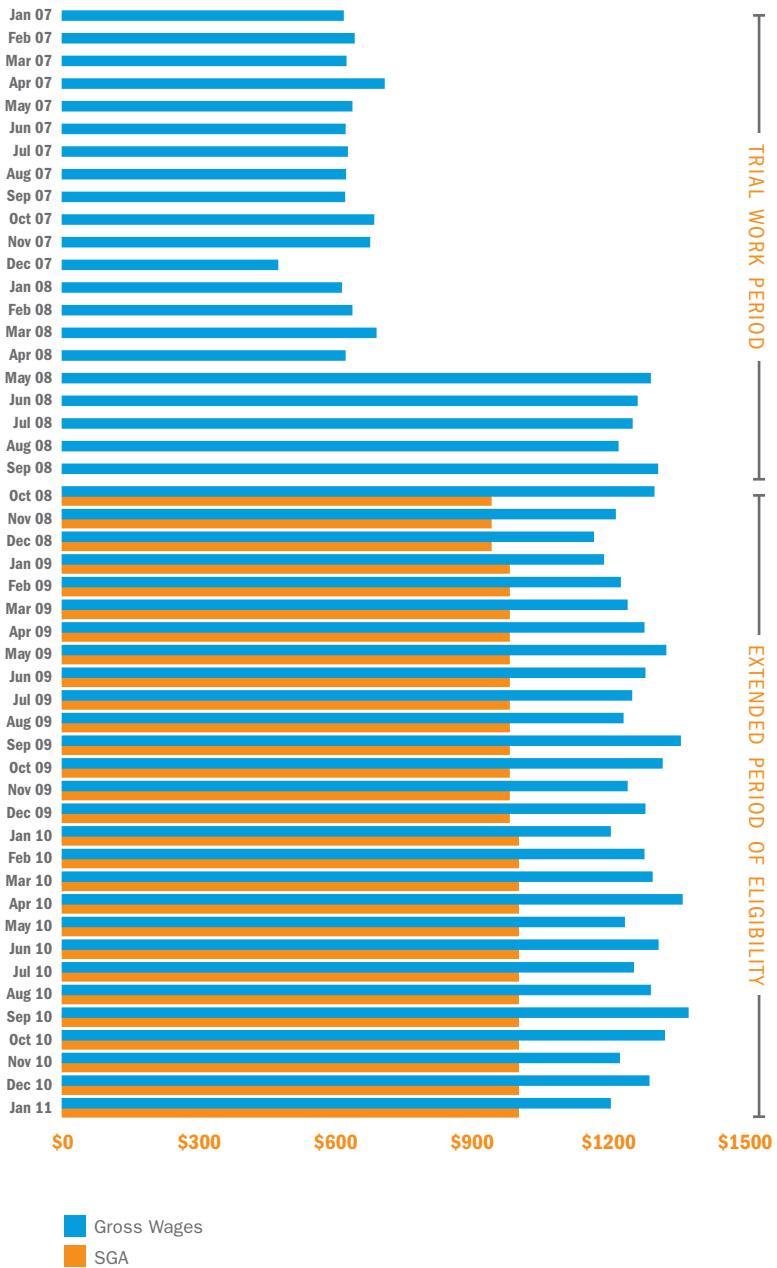
Phase 2 (Extended Period of Eligibility) is a 36-month period in which you receive SSDI for those months where countable earnings are below Substantial Gainful Activity (SGA), but you don't receive SSDI (but keep eligibility status) in months where countable earnings are above SGA.

Phase 3 (Post-Extended Period of Eligibility) is the period of time during which countable earnings above SGA cause termination, but expedited reapplication for SSDI is possible if SGA-level work can't be maintained.

Jose then created a chart of Derek's earnings to show him when SSA started looking at SGA and what his monthly earnings were in comparison.



GROSS WAGES CHART





Jose pointed out that Derek's gross wages had been above the SGA level for the past 24 months, which is why SSA stopped his SSDI and issued him an overpayment. Jose then explained SSA allows for some deductions when comparing countable earnings to SGA. He showed Derek the countable earnings calculation:

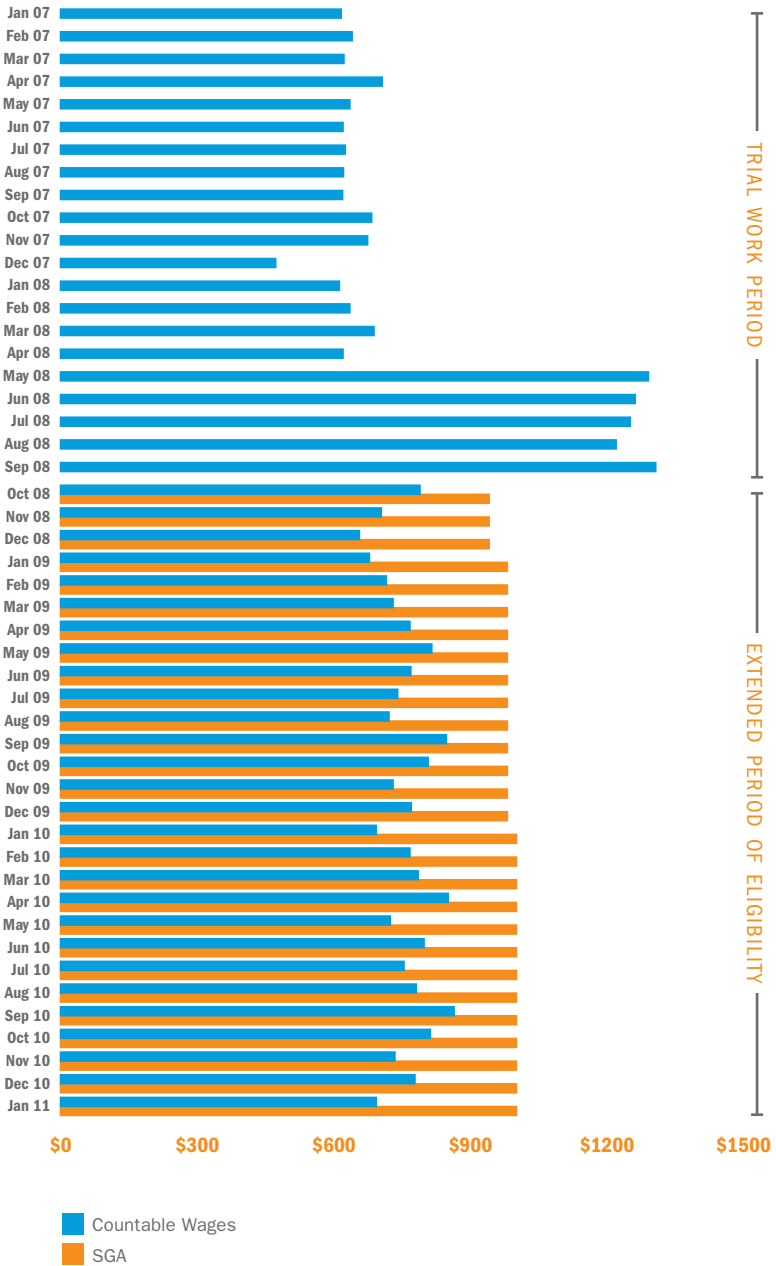
Gross Wages

- Sick, Vacation, and Holiday Pay
- Impairment Related Work Expenses (IRWE)
- Subsidy
- = **Countable Earned Income**
(can average over several months if minor fluctuations)

Derek explained he had a modified vehicle (with hand controls), which he drove to medical appointments. He also drove 25 miles to and from work each day, creating an IRWE of \$360 (15 miles x 2 times a day x 5 days a week x 4.33 weeks/month = 650 miles x \$0.555/mile = \$360/month). He also had a counselor that he found outside the VA medical system that he really liked. Medicare covered some of this service, but he paid \$150/month out of pocket. Jose asked Derek to gather receipts for all the counseling co-pays, back to October 2008. He also asked Derek to create a mileage log to document the miles he had driven, then multiply it by that year's IRS allowable mileage rate. After collecting all the receipts and the mileage log from Derek, Jose created a second chart showing Derek's countable earnings (i.e., gross wages less deductions).



COUNTABLE WAGES CHART





Jose showed Derek that after deducting the IRWEs during the EPE, his monthly countable earnings were now below SGA. Jose helped Derek fill out the SSA form to request an appeal. Derek submitted the appeal form, the counseling co-pay receipts, and the mileage log to SSA. The claims representative from SSA called Derek and asked for a note from his doctor explaining why he needed counseling. Derek got a letter from his doctor and submitted that to SSA. Within 2 weeks he received notice that the overpayment had been overturned and the SSDI had been reinstated.

Shifting to a Proactive Approach:

With the overpayment issue resolved, Jose and Derek then spent some time talking about Derek's long-term financial goals.

- 1. Jose asked Derek to share his employment goals.** Derek explained that he planned to obtain a master's degree and then work 30–40 hours a week. He also expected to make around \$40,000 or \$50,000 a year initially, in either a self-employment or wage employment capacity. Derek's goal was for this to happen in the next 2 years.
- 2. Jose asked Derek to detail his monthly financial obligations** (i.e., his monthly bills). Derek explained he already had a budget and knew his current expenses, \$4,500/month, were exactly the same as his current monthly income of \$4,500.
- 3. Jose helped Derek identify how his benefits would change and then created a plan.** Jose pointed out that given that the SSDI check is all or nothing when it comes to working, Derek will need to have a plan to earn enough to replace it, so he will continue to have enough income each month for his living expenses. They calculated that his VA Disability Compensation plus net wages once he's earning \$40,000/year would yield him \$5,076/month. This demonstrated to Derek that once he's earning \$40,000/year he will be financially secure in letting the SSDI benefits stop. Jose noted that if he ends up earning so much that the SSDI stops, he can always request it in the future if his circumstances change and he is unable to maintain SGA level work. Jose suggested he and Derek keep in touch. When Derek's wages increase to a sufficient level, Jose can continue to support him by helping Derek report those changes to SSA as well as educate Derek regarding any letters or forms they should need to send out.



Summary:

Derek learned a number of important lessons through this experience:

- **You have to reach out for help to understand how benefits are affected by working.**
- **It's best to get information about benefits and working before you begin your job, rather than after you have started working.**
- **It's important to keep receipts, records and pay stubs.**
- **If a benefit agency (like SSA) says you owe them money, keep in mind they may be wrong. Be prepared to appeal.**
- **You can avoid overpayments and get ahead financially when employed by speaking to a benefits expert.**





Healthcare



SECTION 2

Healthcare

This section of the guidebook provides an overview of the healthcare programs offered through the DoD, the VA, and the SSA. Additionally, information on Medicaid programs and private healthcare options is provided as well. Each program has separate and distinct eligibility rules, and it is possible that veterans could be eligible for healthcare benefits through several different programs, or through none at all. Most veterans leaving the service are familiar with the DoD and VA healthcare programs, but they may not be aware of the services provided through Medicare or Medicaid. Veterans are encouraged to become familiar with every available option so they may access necessary healthcare from all programs for which they are eligible.

DoD

TRICARE

Active service members, military retirees, members of the National Guard and Reserve, and their family members are entitled for comprehensive healthcare benefits through the DoD's TRICARE program. Additionally, supplementary benefits such as dental or prescription coverage is available to eligible TRICARE members. Four of the TRICARE programs (TRICARE Prime, TRICARE Extra, TRICARE Standard, and TRICARE for Life (TFL)), are discussed below. More information on all TRICARE programs and services is available at www.tricare.mil.

TRICARE Eligibility

Members of the following groups are eligible for TRICARE benefits:

- Active-duty service members and their families
- Retired service members and their families
- National Guard and Reserve members and their families
- Surviving family members (when the “sponsor” dies)

Service members or retirees eligible for TRICARE benefits are referred to as “sponsors.” A sponsor’s family members are also eligible for TRICARE benefits. For the purposes of the TRICARE program, eligible family members include spouses, children under the age of 21, or children ages 21-22 who are enrolled full time in a secondary school or institution of higher learning. Special coverage may be available for family members with serious illnesses as well as for adult children with disabilities. Additionally, adult children of eligible sponsors who are between the ages of 21 and 26 have the option to enroll in TRICARE Young Adult for a monthly premium.

Because this guidebook was developed for veterans who have already left or are transitioning out of active service, this section will primarily focus on TRICARE for eligible military retirees. Healthcare considerations for separated service members not eligible for military retirement or TRICARE are detailed as well.

TRICARE for Retired Service Members and Families

Service members (and their family members) who receive at least a 30% disability rating from their service and are placed on either the TDRL or the PDRL are eligible for TRICARE. Retired service members may also be eligible for VA Health Care (discussed in the next section). However, family members who are eligible for both TRICARE and the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) receive healthcare services through the TRICARE program, since TRICARE eligibility eliminates CHAMPVA eligibility in these cases.

To receive benefits, sponsors and family members must first be registered in the Defense Enrollment Eligibility Reporting System (DEERS) and then enroll in TRICARE Prime. Once registered, they are entitled to participate in the following programs:

- TRICARE Extra
- TRICARE Standard
- US Family Health Plan
- TRICARE for Life
- TRICARE Standard Overseas
- TRICARE Retiree Dental Program

TRICARE Prime, TRICARE Extra, TRICARE Standard, and TRICARE for Life are discussed below. Additional information about all of the TRICARE programs available to retired service members can be found at: www.tricare.mil.

TRICARE PRIME

TRICARE Prime offers the most extensive service and is a Health-Maintenance Organization (HMO) managed care program where beneficiaries are assigned a primary care manager and receive healthcare services at either a medical treatment facility (MTF) or through a TRICARE network provider. Costs for services are substantially less for Prime enrollees than for those enrolled in the other TRICARE programs. Military retirees must pay an annual enrollment fee to participate in TRICARE Prime. For sponsors enrolling after October 1, 2011, enrollment fees are

\$260 for individuals or \$520 for families. For those who enrolled prior to 10/1/11, enrollment fees are slightly less (\$230 for individuals or \$460 for families). Annual enrollment fees can be paid either in full at one time, or with quarterly or monthly installments. Additionally, TRICARE Prime members pay small network co-payments for services, e.g., \$12/visit for outpatient care.

TRICARE EXTRA

TRICARE Extra is a preferred provider organization (PPO). Participants access health-care services through TRICARE network providers at reduced cost. Participants may also access services through an MTF, though Prime enrollees have priority for services when a MTF has limited space.

TRICARE STANDARD

TRICARE Standard offers the greatest freedom in choosing civilian service providers, but it does not offer reduced out-of-pocket costs. Standard participants may also receive services at an MTF, on a space-available basis.

Both TRICARE Extra and TRICARE Standard are fee-for-service plans. Participants are not required to pay an annual enrollment fee or premium, but they must meet an annual deductible. The amount of the annual deductible depends upon the sponsor's military rank and ranges from \$50–\$150 for individuals, or \$100–\$300 for families. Once the annual deductible has been paid, participants pay a share of cost for inpatient and outpatient services. Share of costs are higher from providers who are not a part of the TRICARE network.

TFL

Sponsors who are also eligible for Medicare, either because they are entitled to SSDI benefits or because they have reached retirement age, cannot participate in the TRICARE Prime program. Instead, they receive services through TFL. In these cases, Medicare becomes the primary insurance and TFL offers secondary coverage and can pay for the expenses not covered by Medicare. Out-of-pocket expenses are minimized or in some cases eliminated altogether as a result. Medicare Part B, for example, covers 80% of the charges for office visits and most outpatient hospital stays. TFL can cover the additional 20% of charges for eligible enrollees. The interaction between TFL and Medicare benefits varies depending on the nature of services provided.

Medical services covered by both Medicare and TFL: If the medical service provided is covered by both Medicare and TRICARE, the sponsor/family member has no out-of-pocket costs. Medicare becomes the primary payer in these cases, and then TFL covers any remaining costs associated with the service. Dual coverage is beneficial in this circumstance as it eliminates deductible and/or co-payment charges the sponsor/family would otherwise be required to pay. In cases where individuals have exhausted their Medicare benefits and Medicare does not make payments as a result, TFL becomes the primary payer for services, and sponsors/family members are responsible for TFL deductibles and co-payments.

Medical services covered by TFL but not Medicare: If the medical service is covered by TFL but is not a Medicare covered service, TFL pays the allowable portion of the claim and the sponsor/family member pays the applicable deductibles

and/or co-payment. Dual coverage is beneficial in this circumstance because it allows the sponsor/family member to access medical services that would otherwise not be covered by Medicare.

Medical Services covered by Medicare but not TFL: In the case of services that are covered under Medicare only, and are not included in TFL covered services, Medicare pays the allowable portion of the claim and the sponsor/family member pays any additional deductibles and/or co-payments. TFL makes no payment for these services. Dual coverage is beneficial in this circumstance because it allows the sponsor/family member to access services that would otherwise not be covered by TFL.

There is one critical caveat here, however. Most individuals eligible for Medicare receive premium-free Part A coverage. Medicare Part B is optional, however, and requires a monthly premium. **In order to be eligible for TFL, individuals must be enrolled in Medicare Part B.**

TRICARE for Retired Service Members and Other Healthcare Programs

Sponsors or family members eligible for TRICARE may also be eligible for a variety of other government and/or private health insurance programs. Generally speaking, participating in these other programs enhances overall access to health care as well as minimizes out-of-pocket expenses. The interaction between TRICARE and the most common programs are highlighted below. Sponsors/family members receiving coverage from other programs must always report this to TRICARE, and complete any necessary paperwork documenting the additional coverage to ensure continued access and accurate processing of claims.

TRICARE and other government healthcare programs interact in these ways:

TFL AND MEDICARE

Retired service members can be eligible for both TFL and Medicare if they purchase Medicare Part B. Individuals eligible for Medicare who have purchased Medicare Part B receive supplementary coverage through TFL. Medicare beneficiaries cannot participate in TRICARE Prime.

Retired service members can be eligible for both TRICARE and Medicaid. Medicaid is considered the “payer of last resort,” so in these instances TRICARE becomes the primary insurance. Medicaid pays for costs not covered by TRICARE, such as service co-payments. Services not covered by TRICARE may be covered by Medicaid, so dual coverage typically increases access to services and decreases out-of-pocket expenses. However, Medicaid programs typically have relatively stringent income and resource limits. In some cases, the opportunities afforded through increasing work income may be greater than the benefits received by remaining eligible for Medicaid. Veterans with the opportunity to earn more money or increase financial resources should carefully consider: 1) their overall health and financial needs and goals, and 2) the specific supports or services Medicaid eligibility provides to assess the importance of continued Medicaid eligibility.

TRICARE AND VA HEALTH CARE

Retired service members can be eligible for both TRICARE and VA Health Care. Individuals eligible for both VA Health Care and TRICARE may use either of the benefits at any point in time. Dual-eligibility allows individuals to receive medical care from either the VA medical centers, MTFs, or through TRICARE network providers. In some cases, medical services not covered by VA Health Care may be covered through TRICARE, so eligibility for both systems increases the range of covered services and providers. Family members who are also eligible for both TRICARE and CHAMPVA, however, receive services from TRICARE only. TRICARE eligibility eliminates eligibility for CHAMPVA.

TRICARE AND PRIVATE OR EMPLOYER-SPONSORED HEALTH INSURANCE

Retired service members can be eligible for both TRICARE and private or employer-sponsored health insurance. Specific rules and payment rates vary depending on the specific insurance program. In general, though, the private health insurance company becomes the primary insurance for covered services, and TRICARE is secondary. Claims are initially submitted to the private insurance company; veterans can then submit claims to TRICARE for reimbursement of costs not covered by their other insurance plan. TRICARE will pay up to the allowable charge for these services. Dual coverage is beneficial in this circumstance because it minimizes or eliminates out-of-pocket charges. Additionally, individuals participating in both TRICARE and other health insurance plans typically have access to a wider variety of provider and covered services.

TRICARE, Employment, and Earned Income

Eligibility for TRICARE is based upon military retirement. As such, access to TRICARE benefits is not directly impacted by employment or earned income, and veterans do not have to be concerned that work and/or earned income will change their access to TRICARE benefits. As a result, veterans have tremendous flexibility for securing employment and/or launching businesses. Additionally, private healthcare coverage such as available from an employer plan supplements, not eliminates, TRICARE coverage. As a result, veterans who are employed may be able to access additional healthcare beyond the services offered through the TRICARE networks.



Healthcare for Separated Service Members

Service members found “unfit” for duty by a Medical Evaluation Board (MEB) are referred to a Physical Evaluation Board (PEB) for further assessment. PEBs evaluate the case to determine whether the service member should be returned to duty, placed on the TDRL, separated from duty, or medically retired/placed on the PDRL. Service members with disability ratings of 0% to 20% are separated from service, either with or without severance benefits depending on the conditions of their discharge. (See Section 1 for a more detailed explanation.)

Since service members in this category are *separated* from service, not retired, they do not meet the eligibility criteria for TRICARE. However, they may be eligible for transitional services through either the Transitional Assistance Management Program (TAMP) or the Continued Health Care Benefit Program (CHCBP).

Transitional Assistance Management Program (TAMP)

TAMP offers 180 days of transitional TRICARE health coverage to eligible service members and their family members to support the transition to civilian life. TAMP eligibility begins on the day of separation. Eligible service members include those who are involuntarily separating from active duty under honorable conditions, receiving a sole survivorship discharge, separating from active duty with an agreement to become a member of the Selected Reserve, and those separating from service in support of contingency operations (specific criteria apply). Once eligible for TAMP, service members and family members can enroll in TRICARE Prime, TRICARE Standard and Extra, TRICARE Prime Overseas, and/or TRICARE Standard Overseas. There are no enrollment fees for TAMP. More specific information on TAMP and the eligibility requirements can be found at: www.tricare.mil/mybenefit/home/overview/SpecialPrograms/TAMP.

Continued Health Care Benefit Program (CHCBP)

CHCBP also offers temporary transitional healthcare benefits to eligible service members and their families. Individuals participating in CHCBP pay quarterly premiums for healthcare services comparable to those available through the TRICARE Standard program. Eligible service members may access CHCBP benefits for up to 18 months; eligible spouses and children may access benefits for up to 36 months. Service members may enroll in CHCBP within 60 days of losing TRICARE or TAMP benefits.

Physical Disability Board of Review (PDBR)

Since TRICARE eligibility is based upon placement on either the TDRL or PDRL, which require a disability rating of at least 30%, it is critical for veterans to ensure that the ratings they receive are accurate. In 2008, the DoD established the PDBR to “reassess the accuracy and fairness” of disability ratings for veterans who were determined to be unfit for service with a disability rating of 20% or less. (DoD Instruction 6040.44, p.8) Veterans, or

the surviving spouse or next of kin, who separated from service between 9/11/2001–12/31/2009 and were found ineligible for retirement because their combined disability rating was 30% or less, can request to have their cases reviewed by the PDBR. If the PDBR review results in an increased disability rating, the PDBR has the authority to modify the combined disability rating, issue a new combined disability rating, or re-characterize the separation to retirement due to disability. (DoD Instruction 6040.44) The PDBR does not have the authority to reduce the existing disability rating. As a result of the PDBR, veterans who were previously found ineligible for military retirement and TRICARE may be found eligible instead. Additionally, modified or new ratings issued by the PDBR are reported to the VA.

Other Healthcare Possibilities for Veterans Separated from Duty

VA HEALTH CARE

The VA can provide healthcare services to any veteran discharged under conditions other than dishonorable, and healthcare services for any service-connected disabilities may be provided to veterans who were discharged under conditions other than honorable as well. (VHA Handbook 1061A.2) As a result, veterans not entitled to TRICARE can still receive healthcare services through the VA and should go through the VA ratings process to establish ratings for all service-connected conditions. See VA Health Care on the next page for more specific information on priorities for VA Health Care and services offered.

MEDICARE

As discussed in the Medicare section that follows, some veterans with disabilities meet the eligibility criteria for SSDI. Veterans may be told that they cannot be eligible for both VA or DoD benefits and for SSDI benefits concurrently, but fortunately this is not the case. Veterans may draw benefits from any and all systems for which they meet the eligibility requirements. Veterans eligible for SSDI benefits are also eligible for Medicare. However, there is a 24-month waiting period from the month of entitlement for SSDI to the start of Medicare benefits. (See the Medicare section for more details.) Veterans eligible for SSDI may be able to use TAMP or CHCBP benefits to provide healthcare coverage for at least a portion of the time they are waiting for Medicare coverage to begin. Ideally, veterans would apply for SSDI benefits while going through discharge/transition in order to coordinate these benefits more effectively. However, SSDI and Medicare allow eligible veterans the option to access critical healthcare benefits regardless of when the veteran applies. Veterans who meet the eligibility criteria for both Medicare and VA Health Care may receive benefits from both. Medicare eligibility allows access to private providers outside of the VA system.

MEDICAID

Some veterans may also be eligible for Medicaid. In most states, individuals who meet the eligibility criteria for SSI are automatically eligible for Medicaid as well. Additionally, most states have numerous other Medicaid programs for which veterans with disabilities may be eligible, but these programs are “needs-based” and income and resource limits will apply. See the Medicaid section for more detailed information on state Medicaid programs.

Department of Veterans Affairs Health Care

VA Health Care

The VA can provide healthcare services to any veteran discharged under conditions other than dishonorable. Additionally, healthcare services for any service-connected disabilities may be provided to veterans who were discharged under conditions other than honorable as well. (VHA Handbook 1061A.2) To receive VA Health Care, most veterans also must meet the minimum active-duty requirements, which is the shorter of either 24 months of continuous active duty or the completion of the full term the veteran was called to serve. Veterans who are discharged as a result of service-connected disabilities, released for reasons of hardship, or those meeting the early discharge (“early-out”) criteria are exempt from the minimum active-duty requirements. Spouses and children of veterans who have been adjudicated as having a permanent and total disability are also eligible for VA Health Care through CHAMPVA. (CHAMPVA is discussed in more detail in the next section.)

Eligibility

All VA Health Care services are administered through the Veterans Health Administration (VHA). Healthcare services are provided through both centralized VA medical centers and a network of outpatient clinics, counseling centers, and nursing homes. In order to receive VA Health Care services, veterans must first submit an application to enroll in the program. Veterans meeting the following criteria are not required to enroll, although the VA strongly encourages those in these groups to complete the application process in order to permit better planning of health resources:

- Veterans with a service-connected disability of 50% or more
- Veterans requiring care for a service-connected disability within 12 months of discharge that is not yet rated by the VA
- Veterans requesting medical care for a service-connected disability only
- Veterans seeking registry examinations.

Priority Groups

Once enrolled, veterans are assigned to a priority group. The VA uses these priority groupings to allocate resources, with highest priority groups served first. Additionally, combat veterans who were discharged or released from active service on, or after, January 28, 2003, are eligible to enroll for cost-free VA Health Care for a period of 5 years from the date of discharge or release. These combat veterans are placed in priority group 6, unless they meet the criteria for a higher priority group. A sample of the eligibility criteria for each of the 8 priority groups (2012) is listed in the table below. A complete

listing of all categories for each priority group can be found in the Code of Federal Regulations (38 CFR 17.36).

PRIORITY GROUP	PRIORITY GROUP INCLUDES:
1	<ul style="list-style-type: none"> • Veterans with service-connected disability ratings of 50% or more • Veterans with unemployability ratings
2	<ul style="list-style-type: none"> • Veterans with service-connected disability ratings of 30%–40%
3	<ul style="list-style-type: none"> • Former prisoners of war • Veterans awarded the Purple Heart • Veterans with service-connected disability ratings of 10%–20% • Veterans who were released or discharged as a result of a service-connected disability • Veterans receiving compensation at the 10% ratings level based on multiple non-compensable service-connected disabilities
4	<ul style="list-style-type: none"> • Veterans receiving A&A or housebound benefits • Veterans determined to be catastrophically disabled
5	<ul style="list-style-type: none"> • Veterans who are receiving VA pension or Medicaid, • Veterans who have a non-service connected disability and whose gross annual household income and net worth are below the VA thresholds • Veterans who have a 0% service-connected disability rating and whose gross annual household income and net worth are below the VA thresholds
6	<ul style="list-style-type: none"> • Mexican border period or World War I veterans • Veterans seeking care solely for conditions claimed to be associated with exposure to ionizing radiation or toxic substances during service (including service in the Persian Gulf area), or for any illness associated with service in combat in a war after the Gulf War or during a period of hostility after November 11, 1998 • Veterans entitled to compensation for 0% rated service-connected disabilities (including Special Monthly Compensation) • Combat veterans who were discharged or released from active service on, or after, January 28, 2003 (unless they are eligible for Groups 1–5) • Veterans meeting this criteria are eligible for cost-free VA Health Care for 5 years from the date of discharge or release
7	<ul style="list-style-type: none"> • Veterans with gross household incomes beneath the GMT for their resident location who agree to pay applicable co-payments for medical care
8	<ul style="list-style-type: none"> • Veterans who do not meet the criteria for groups 4 or 7 who agree to pay applicable co-payments (<i>see 38 CFR 17.36 for a complete list of criteria and subgroupings associated with Group 8</i>)

VA Medical Benefits Package

The VA offers a comprehensive basic medical benefits package including, but not limited to, the following: inpatient and outpatient medical, surgical, and mental health care, including care for substance abuse; prescription drugs; emergency care; hospice and palliative care; durable medical equipment; and home health services. Most services are provided at a VA facility. However, in cases where the VA facility is more than 30 miles from the veteran's home or where the services needed are not available at the closest VA facility, the VA may contract with another provider or medical facility to provide the treatment. Additionally, the VA may provide (pay for) the veteran's transport to the nearest VA facility that provides the necessary treatment. Treatment at a non-VA facility can be authorized for any medical condition if the veteran has a service-connected rating of 50% or more. Treatment at non-VA facilities can only be authorized for the specific service-connected disabilities if the veteran's rating is less than 50%.

In addition to the basic medical services, the VA also offers special services including, but not limited to: adult day care; registry and treatment examinations for veterans exposed to Agent Orange or Ionizing Radiation; health-care and benefits for children of certain Vietnam veterans with spina bifida or other birth defects; beneficiary travel; bereavement counseling; services for blind veterans including training in the use of prosthetic devices or service dogs; adjustment counseling; and mental health residential rehabilitation treatment services.

VA Dental Services

The VA offers dental care to veterans when specific criteria are met. Per 38 CFR 17.161, veterans eligible for dental services or treatments are divided into the following six classes:

Class I includes veterans with service-connected compensable dental disabilities or conditions. Class 1 veterans can receive dental services for "...any condition reasonably necessary to maintain oral health." (38 CFR 17.161) Additionally, there are no timelines or restrictions on when Class I veterans can receive dental care, nor are there any limits to the number of dental treatments Class I veterans can receive.

Class II includes veterans with service-connected non-compensable dental disabilities, provided the dental condition existed at the time of discharge from active duty. Class II veterans may be authorized to receive a one-time correction of the service-connected disability, provided they:

- Served on active duty during the Persian Gulf War for a minimum of 90 days and were released under conditions other than dishonorable, or
- Served any other period of active duty for a minimum of 180 days and were released under conditions other than dishonorable, AND
- Apply for dental services within 180 days of discharge or release.

Class II also has two subgroups. Veterans in Class II(a) have service-connected, non-compensable dental disabilities resulting from combat wounds or service trauma and are eligible for multiple treatments. Class II(c) includes veterans who were prisoners of war and are eligible for all needed dental care. (Class II(b) benefits have been discontinued.)

Class III includes veterans with dental conditions shown to be aggravating other service-connected medical conditions. Class III veterans may receive care necessary to resolve the dental condition.

Class IV includes veterans with service-connected disabilities rated at 100%, or with a 100% rating by reason of individual IU. Class IV veterans are eligible for any necessary dental care.

Class V includes veterans participating in a vocational rehabilitation program who are medically determined to need dental care. Class V veterans can be authorized for any dental services necessary in order for them to complete the rehabilitation program, reach their rehabilitation goals, secure employment, or achieve maximum independence in daily living.

Class VI includes veterans scheduled for or receiving outpatient care who have dental conditions that are complicating other medical treatments. Dental care may be authorized to remediate the aggravating dental condition.



VA Health Care Co-Payments

Some veterans are required to make co-payments for VA medical services. There are four categories of VA services that may require co-pays: Inpatient care, outpatient care, outpatient medication, and extended care services. The VA publishes a chart summarizing the co-payment requirements by priority group and type of service each year. *(See the following page for the 2012 Co-payments.)*

Although these are the standard co-payment requirements, exceptions are made for veterans in financial need. Veterans who believe they might qualify for free healthcare or exemption from co-payments must complete an annual financial assessment. For any year where the annual financial assessment shows that the gross household income is less than the VA income threshold, the veteran is exempt from co-payments. The VA income thresholds are calculated based on federal GMTs and are adjusted depending on: 1) the veteran's priority group, and 2) the veteran's resident location. The VA provides income threshold tables online at: www.va.gov/healthbenefits/resources/gmt/index.asp.

2012 CO-PAY REQUIREMENTS AT A GLANCE

	Inpatient	Outpatient Care	Outpatient Medication	Extended Care Services
Priority Group 1 (SC 50% or more)	No	No	No	No
* Priority Groups 2, 3 (SC 10%–40%) No medication co-pay for SC condition or ex-POW or Catastrophically Disabled	No	No	Yes	No
** Priority Group 4	No	No	No**	Yes
Priority Group 5 No medication or extended care services co-pay if in receipt of VA pension or income below applicable pension threshold	No	No		Yes
Priority Group 6 (Combat Veteran, SHAD, SC 0% compensable, Ionization radiation, Agent Orange exposure, Southwest Asia service) **Co-pay rules apply if care or service provided is unrelated to VA's exposure treatment authorities.	No	No	No	No
Priority Group 7 Inpatient co-pay is reduced 80% of full rate	Yes	Yes	Yes	Yes
Priority Group 8 Unless income is below applicable pension threshold for medication and extended care services co-pays	Yes	Yes	Yes	Yes



BASIC BUSINESS RULE

No extended care co-pay if income below pension single rate threshold.

*Co-pay Free Care and Medication for treatment of Service-Connected (SC) disabilities, SC 50% or more, ex POWs, Catastrophically Disabled Veterans, VA pensioners, and those under Special Authorities (e.g. PG 6, military sexual trauma, nasopharyngeal radium irradiation).

**Veterans determined by VA to be Catastrophically Disabled (CD) are exempted from inpatient, outpatient and prescription copays. Veterans with CD are also exempt from co-payments applicable to the receipt of non-institutional respite care, non-institutional geriatric evaluation, non-institutional adult day health care, Homemaker/Home Health Aide, Purchased Skilled Home Care, Home based Primary Care, and any other non-institutional alternative extended care services. Co-payment for other extended care services (ex. Nursing Home Care) not mentioned still apply.

AA & HB: For Veterans who are not in receipt of a VA Pension, but requires the Aid and Attendance of another person or is permanently housebound, the income limits for determining eligibility for medication co-payment exemption and first party co-payment will be based on the maximum annual rate of pension as outlined in VHA Directive entitled **Income Thresholds and Clinical Criteria used in Identifying Veterans Exempt from Extended care Service and Outpatient Medication Co-payment and in Determining Eligibility for Beneficiary Travel.

**Exposure Treatment Authorities: Care authorized under 38 U.S.C. 1710(e) for Vietnam-era herbicide exposed veterans, radiation-exposed veterans, Gulf War veterans or post-Gulf War combat exposed veterans.

OIF/OEF/OND COMBAT VETERANS ENHANCED ELIGIBILITY FOR HEALTH CARE BENEFITS

Combat veterans discharged from active duty on or after January 28, 2003, are eligible for enrollment in Priority Group (PG) 6 for 5 years following discharge unless eligible for a higher enrollment priority (PG 1-5). After the special eligibility period ends, these veterans will be reassigned to appropriate PG and subject to co-pays, if applicable.

Co-pays only applicable for PG 6 Combat veteran enrollees for care related to a condition that is congenital or developmental e.g., scoliosis, existed before military service (unless aggravated by combat service) or has a specific ailment that began after military service, such as a common cold, etc.

VA Health Care, Employment, and Earned Income

Eligibility for VA Health Care is based upon veteran status and the veteran's priority group. As such, access to healthcare benefits is not directly impacted by employment or earned income. Generally speaking, veterans do not have to be concerned that work and/or earned income will change their access to healthcare benefits, which gives tremendous flexibility for securing employment and/or launching businesses. Additionally, private healthcare coverage such as available from an employer, does not eliminate eligibility for VA Health Care. As a result, veterans who are employed may be able to access additional healthcare beyond the services offered through the VA.

Priority groups, however, are linked to the VA ratings for service-connected disabilities in some cases. Veterans whose disabilities have not stabilized, who are currently engaged in the ratings process, or who have a total disability rating based on IU, could experience a change in their priority group if their disability rating changes. However, because VA Health Care is available to any veteran discharged under conditions other than dishonorable, overall access to VA Health Care should remain intact.

VA Health Care and other Health Insurance Programs

Veterans can be eligible for a variety of other health insurance programs while maintaining eligibility for VA Health Care. Participating in other programs, such as Medicare or private insurance, can allow veterans to access a wider variety of providers and/or services than those offered through the VA. Veterans enrolled in other programs have access to that program's network of providers in addition to those available at VA medical centers. The form of insurance considered primary or secondary varies upon the particular insurance, the medical services rendered, and the location/provider of services. Veterans enrolled in other insurance programs are required to provide information on all additional healthcare coverage to the VA.

VA HEALTH CARE AND MEDICARE

Veterans can be eligible for both VA Health Care and Medicare. VA Health Care and Medicare are independent programs; veterans enrolled in Medicare receive services from Medicare providers, and veterans enrolled in VA Health Care receive services through VA medical centers (unless the VA has authorized use of an outside provider for the service). The VA generally cannot bill Medicare but can bill Medicare supplemental health insurance for covered services provided within the VA system. The VA does not cover any out-of-pocket expenses associated with Medicare, so veterans are responsible for paying all Medicare-related premiums, deductibles, and/or co-payments.

Veterans enrolled in Medicare Part D, which provides prescription coverage (see Medicare section for more details), may have their VA prescriptions filled at Medicare network pharmacies or through the VA. Prescriptions from non-VA providers, including those in Medicare networks, cannot be filled at the VA. Veterans are responsible for prescription co-payments regardless of whether they are using VA pharmacies or pharmacies within the Medicare network. However, the co-payment amount may vary depending on the specific prescription, so dual coverage is beneficial because it reduces out-of-pocket costs in some cases. Veterans enrolled in VA

Health Care who do not initially enroll in Medicare Part D but choose to do so at a later date are exempt from paying the late enrollment penalty (see Medicare Part D below for more details).

VA Health Care and Medicare function as independent programs, and veterans enrolled in both are still responsible for the deductibles, co-payments, and/or premiums associated with each program. However, Medicare eligibility allows veterans access to a wider range of providers beyond the VA medical centers. Additionally, services not covered by VA Health Care may be covered by Medicare, and vice versa. Dual coverage is beneficial in this circumstance because it allows the veteran more flexibility and greater access to healthcare than s/he can get through a single program.

VA HEALTH CARE AND MEDICAID

Veterans can be eligible for both VA Health Care and Medicaid. Medicaid is considered the “payer of last resort,” so in these instances VA Health Care is the primary insurance. Medicaid may pay for some costs not covered by the VA, such as service co-payments. Additionally, Medicaid may provide coverage of services not covered by the VA, e.g., dental care in some circumstances. Veterans enrolled in both programs may either receive services at VA medical centers or through Medicaid providers. The VA does not bill Medicaid for services rendered.

Dual coverage is beneficial in this circumstance because individuals enrolled in both have access to a wider variety of services and providers, as well as reduced out-of-pocket expenses. However, Medicaid programs typically have relatively stringent income and resource limits. In some cases, the opportunities afforded through increasing work income may be greater than the benefits received by remaining eligible for Medicaid. Veterans with the opportunity to earn more money or increase financial resources should carefully consider: 1) their overall health and financial needs and goals, and 2) the specific supports or services Medicaid eligibility provides to assess the importance of continued Medicaid eligibility.

VA HEALTH CARE AND TRICARE

Veterans can be eligible for both VA Health Care and TRICARE. Dual eligibility allows individuals to receive medical care from either VA medical centers, MTFs, or through TRICARE network providers. In some cases, medical services not covered by VA Health Care may be covered through TRICARE, so eligibility for both systems increases the range of covered services and providers.

VA HEALTH CARE AND PRIVATE INSURANCE

Veterans can be eligible for both private (employer sponsored or individual/family) health insurance and VA Health Care. When services are rendered for a non-service connected condition at a VA Health Care facility, the VA will bill the private insurance company. The VA requires that veterans provide information on all additional healthcare coverage. Once the VA bills other insurance companies, the veteran is not responsible for paying any remaining balance. In addition, payments for the private health insurance carrier may allow the VA to offset part of the veteran’s co-payment, and many carriers will apply VA Health Care charges to satisfy annual deductibles. Dual coverage is beneficial in this circumstance because it allows veterans to access a wider variety of services and providers while reducing out-of-pocket expenses.

Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA)

The VA offers shared cost healthcare services to eligible spouses and children of veterans through the CHAMPVA program. Though both the CHAMPVA and TRICARE programs can provide services to family members, it is important to note that they are separate and distinct programs, with different eligibility criteria and policies. TRICARE is administered through the DoD, while CHAMPVA is administered by the VA, and the services offered through each program vary. It is possible that some family members will meet the eligibility criteria for both programs. In these cases, however, healthcare services will always be provided by TRICARE, as TRICARE eligibility eliminates CHAMPVA eligibility.

CHAMPVA Eligibility

CHAMPVA is available to surviving spouses or children of veterans meeting specific criteria. In order for these family members to be eligible for CHAMPVA, the veteran must meet one of the following:

- Have a permanent and total disability rating for a service-connected disability
- Died as the result of a service-connected disability
- Been rated permanent and total (P&T) at the time of death
- Died in the line of duty during active military service.

Veterans meeting these criteria are referred to as “sponsors” in the CHAMPVA program. In order to be entitled to CHAMPVA benefits, spouses must be married to the veteran or have been married to the veteran at the time of the veteran’s death. Spouses eligible for CHAMPVA who later divorce the sponsor, or who have their marriage annulled, lose eligibility for CHAMPVA benefits. As of 2/4/2003, the impact of remarriage on a surviving spouse’s eligibility differs depending on their age at the time of remarriage. Surviving spouses who remarry when they are under the age of 55 lose their eligibility for CHAMPVA. However, if the remarriage is later terminated as the result of death or divorce, the surviving spouse regains eligibility for CHAMPVA. Surviving spouses who remarry after the age of 55, however, maintain CHAMPVA eligibility regardless of the status of their remarriage.

Generally speaking, unmarried children of eligible sponsors are entitled to CHAMPVA until midnight on their 18th birthday. However, unmarried children who are enrolled in school full-time can retain CHAMPVA benefits until their 23rd birthday. Additionally, unmarried children who incur disabilities that leave them “permanently incapable of self-support” before the age of 18 remain entitled to CHAMPVA benefits regardless of age. Finally, children between the ages of 18 and 23 who were enrolled in school full time but had to discontinue schooling as a result of a disability or illness can maintain

CHAMPVA benefits until: 1) 6 months after the date the disability ceases, 2) 2 years from the date of disability onset, or 3) his/her 23rd birthday, whichever comes first. Married children are not eligible for CHAMPVA.

PERMANENT AND TOTAL (P&T) DISABILITY

Veterans with 100% schedular ratings generally meet the P&T criteria for CHAMPVA, though the disabling condition must be determined to be permanent in order to qualify. Veterans with ratings of IU may or may not meet the CHAMPVA criteria for P&T, however. Veterans with IU ratings have a schedular rating of less than 100%, but are compensated at the 100% payment level because the VA has determined that the combined impact of their disability or disabilities renders the veteran incapable of maintaining a “substantially gainful occupation.” In these cases, the VA must establish that the IU rating is permanent before family members can be eligible for CHAMPVA. The VA Regional Office (VARO) is responsible for making the P&T disability determinations for the CHAMPVA program. If the VARO determines that a veteran’s IU rating meets the criteria for P&T, the veteran’s spouse and children are entitled to CHAMPVA.

CHAMPVA Benefits

CHAMPVA offers shared costs of medical care for a comprehensive range of medically or psychologically necessary healthcare services and supplies. Covered services include preventive care, such as basic screenings and immunizations; most necessary inpatient and outpatient services and procedures; durable medical equipment; prescriptions and medications; family planning and maternity care; and mental health services and treatment. A comprehensive list of covered services and exclusions are provided in “A Handbook for CHAMPVA Services,” available online at: www.va.gov/hac/forbeneficiaries/champva/handbook.asp. The entire listing of covered and excluded services can be found in the Code of Federal Regulations: 38 CFR 17.272. Dental care is available in limited cases, predominantly when the dental condition is the result of another medical condition or must be addressed in the treatment of another medical condition.

SERVICE PROVIDERS

CHAMPVA beneficiaries may receive services either from the VA when available or from other medical providers. There is no official network of CHAMPVA providers; however, most TRICARE providers also will accept CHAMPVA, so CHAMPVA beneficiaries are frequently referred to the TRICARE website to search for potential providers. CHAMPVA establishes a rate of payment for all covered services. Providers who accept CHAMPVA agree to this rate of payment, and cannot bill either CHAMPVA or the beneficiary more than this amount (independently or in combination). Beneficiaries can obtain services from providers who do not accept CHAMPVA, but these providers may charge more than the allowable amounts. CHAMPVA will only reimburse costs up to the allowable amounts, and beneficiaries may have more out-of-pocket costs as a result. Additionally, beneficiaries have to file reimbursement claims for any providers who do not accept CHAMPVA.

Some VA medical centers participate in the CHAMPVA Inhouse Treatment Initiative (CITI). Medical centers participating in CITI offer a wide variety of inpatient and

outpatient services to CHAMPVA beneficiaries. Beneficiaries are not charged co-payments for any services received from the VA or the CITI programs, making it one of the most cost-effective health plans available. A complete listing of the CITI programs is available online at: www.va.gov/hac/forbeneficiaries/champva/citi.asp.

SHARE OF COSTS

CHAMPVA requires cost participation for most covered services. Shared costs are broken down into two primary categories: annual deductibles and co-payments. Neither the annual deductible nor co-payments apply if services are provided at a VA Medical center. Annual deductible amounts are \$50/beneficiary, with a family maximum deductible of \$100. The annual deductible must be paid first before CHAMPVA will cover any outpatient medical services. Co-payments are calculated depending on the cost of the specific service and the CHAMPVA allowable amount. Generally speaking, CHAMPVA covers 75% of most services, and the beneficiary is responsible for the remaining 25% of costs. Again, this varies depending on the specific service, so it is best to verify the covered costs as well as the co-payment amount prior to receiving the service. Additionally, CHAMPVA has established a “catastrophic cap,” which is the maximum amount of out-of-pocket expenses a family can incur in a calendar year. Currently the catastrophic cap is \$3,000 (2012 figure), but this amount could change at a future date, so beneficiaries should verify this as well. Chapter 5 of “A CHAMPVA Handbook” provides an excellent overview of covered services and co-payment requirements.

PRESCRIPTIONS

CHAMPVA also offers prescription coverage through either the Meds by Mail program or through network pharmacies. Beneficiaries who do not have another health insurance plan with prescription coverage can participate in either program. Meds by Mail allows beneficiaries to receive medications at no cost (deductible or co-payments) and without filing claims. Prescriptions must be submitted to one of the two Meds by Mail processing centers and are mailed to the beneficiaries. Meds by Mail is particularly effective for maintenance medications, or prescriptions that are refilled on a regular basis. Network pharmacies can fill prescriptions as well, but beneficiaries are charged co-payments for these prescriptions.

Beneficiaries with other health insurance, including Medicare, cannot use Meds by Mail or network pharmacies. Instead, they can have their prescriptions filled at the pharmacy of their choice and then submit claims along with documentation of the amount covered by their other health insurance provider to CHAMPVA. CHAMPVA reimburses the beneficiary the difference between the CHAMPVA allowable expense and the amount paid by the other health insurance provider.

CHAMPVA and other Health Insurance Programs

CHAMPVA beneficiaries can be eligible for a variety of other health insurance programs while maintaining eligibility for CHAMPVA. Participating in other programs, such as Medicare or private insurance in conjunction can allow beneficiaries to access a wider variety of providers and/or services than those offered solely through CHAMPVA. The form of insurance considered primary or secondary varies upon the particular insurance, the medical services rendered, and the location/provider of services. Typically when a beneficiary has other health insurance, the provider or the beneficiary first submits a claim

to the other health insurance program. Then, a claim is filed with CHAMPVA indicating the service provided, the amount billed, and the amount covered by the other insurance provider. CHAMPVA reimburses the beneficiary the difference between the CHAMPVA allowable expense and the amount paid by the other health insurance provider. In many cases, this means the beneficiary will have no out-of-pocket expenses related to the claim.

Beneficiaries enrolled in other insurance programs are required to provide information on all additional healthcare coverage to CHAMPVA.

CHAMPVA AND MEDICARE

Beneficiaries can be eligible for both CHAMPVA and Medicare. In the majority of cases, beneficiaries must purchase Medicare Part B in order to maintain eligibility for CHAMPVA. However, beneficiaries who are over age 65 and were never eligible for premium-free Medicare Part A are not required to purchase Medicare Part B to maintain CHAMPVA eligibility. Additionally, beneficiaries who were over the age of 65, had only Medicare Part A, and were eligible for CHAMPVA in 2001 may retain CHAMPVA eligibility without purchasing Medicare Part B. Beneficiaries who lose CHAMPVA eligibility because they do not purchase Medicare Part B can regain eligibility if/when they purchase Part B.

Dual coverage is beneficial in this circumstance because it both increases access to services and providers, and in most cases reduces or eliminates out-of-pocket expenses. CHAMPVA beneficiaries who are also enrolled in Medicare receive services from Medicare providers. For medical services covered by both Medicare and CHAMPVA, the beneficiary first submits a claim to Medicare, then files a claim with CHAMPVA. CHAMPVA reimburses the beneficiary the difference between the CHAMPVA allowable expense and the amount paid by the other health insurance provider. In many cases, this means the beneficiary will have no out-of-pocket expenses related to the claim. For services covered by CHAMPVA but not covered by Medicare, the CHAMPVA co-payment of 25% applies. In the reverse situation, where the service is covered by Medicare but not CHAMPVA, the beneficiary is responsible for the Medicare co-payments.

CHAMPVA AND MEDICAID

Beneficiaries can be eligible for both CHAMPVA and Medicaid. Medicaid is considered the “payer of last resort,” so in these instances CHAMPVA becomes the primary insurance. CHAMPVA does not bill Medicaid for services rendered. In most cases, Medicaid pays costs not covered by the CHAMPVA, such as service co-payments, deductibles, and cost shares. Dual coverage is beneficial in this circumstance because individuals enrolled in both have access to a wider variety of services and providers, as well as reduced out-of-pocket expenses. However, Medicaid programs typically have relatively stringent income and resource limits. In some cases, the opportunities afforded through increasing work income may be greater than the benefits received by remaining eligible for Medicaid.

CHAMPVA AND PRIVATE INSURANCE

Beneficiaries can be eligible for both private (employer sponsored or individual/family) health insurance and CHAMPVA. As stated above, typically CHAMPVA reimburses the beneficiary the difference between the CHAMPVA allowable expense and the amount paid by the other health insurance provider for all covered medical

services. Dual coverage is beneficial in this circumstance because it allows greater access to services and providers while reducing (or eliminating) out-of-pocket expenses. Additionally, coverage through private insurance is not linked to CHAMPVA eligibility. Primary caregivers receiving CHAMPVA benefits, for example, lose CHAMPVA eligibility if caregiver services are no longer needed. Coverage through private insurance ensures continued healthcare coverage even if eligibility for the caregiver programs terminates.

CHAMPVA AND TRICARE

Beneficiaries cannot be eligible for both CHAMPVA and TRICARE. Anyone meeting the eligibility criteria for TRICARE receives healthcare from TRICARE, not CHAMPVA. TRICARE eligibility eliminates eligibility for CHAMPVA.

Caregivers

There is one additional and relatively new option for CHAMPVA eligibility as well. The “Caregivers and Veterans Omnibus Health Services Act of 2010” offers additional VA services to the family caregivers of seriously injured post-9/11 veterans. Veterans who experienced a serious injury incurred or aggravated in the line of duty on, or after, September 1, 2001, and who are in need of personal care assistance either to perform “activities of daily living” such as eating, bathing, or dressing; who need supervision or protection as result of the injury or disability; or who have a 100% VA rating could be eligible for caregiver services.

Family members over the age of 17, or non-family members who live with the veteran full-time, can apply to become caregivers. A veteran may have one primary caregiver and up to two additional secondary caregivers. Caregivers receive a stipend for their services, calculated based upon the veteran’s level of dependency, the number of hours of services provided, and the established rate of pay for the geographic region. Primary caregivers are also eligible for CHAMPVA benefits for as long as the veteran remains eligible for the Caregiver program.

Medicare and Medicaid, Employer-Sponsored, and Private Health Insurance

Veterans who are entitled for TRICARE must purchase Medicare Part B in order to maintain TRICARE eligibility.

In addition to the health and medical programs available through DoD and the VA, some veterans may also be eligible for Medicare and/or Medicaid. Both of these programs are administered by the Center for Medicare and Medicaid Services (CMS), but they are separate and distinct programs with different eligibility criteria and services. Medicare is a national health insurance program for people who have paid into the

Medicare trust fund through their Federal Insurance Contribution Act (FICA) deductions. Medicaid, on the other hand, is a needs based medical insurance program which provides medical coverage as well as long-term care.

Medicare

Medicare is a federally funded health insurance program for people 65 or older, under 65 with certain disabilities, and any age with End Stage Renal Disease (ESRD). Medicare has four parts:

Medicare Part A – Hospital Insurance. Part A helps pay for care in a hospital, skilled nursing facility, home healthcare, and hospice care. There is an annual deductible as well as co-insurance for Part A. Medicare Part A is premium-free for all but 2 groups of people: 1) individuals over age 65 who have not made sufficient FICA contributions to reach insured status (nor have their spouses), and 2) individuals whose SSDI has stopped due to work, and who have used up the Continuation of Medicare work incentive. Those individuals may choose to pay the premium to purchase Part A.

Medicare Part B – Supplemental Medical Insurance. Part B pays for doctors, outpatient hospital care and other medical services. Part B is optional, and requires paying a monthly premium. Part B covers 80% of approved outpatient medical expenses after an annual deductible. Veterans who are entitled for TRICARE must purchase Medicare Part B in order to maintain TRICARE eligibility. Additionally, most participants eligible for CHAMPVA must also purchase Medicare Part B in order to remain eligible for CHAMPVA, though a few exceptions do apply. (See CHAMPVA section for specific details.)

Medicare Part C – Medicare Advantage Plans. Basically these plans are a low-cost alternative to traditional Medicare and combine Part A and Part B coverage. Those who purchase Medicare Advantage plans are generally required to seek services from within the plan's

network of clinics, hospitals and providers. Medicare Advantage Plans assist with coordinating and managing overall care, and may include additional services such as prescription drug coverage.

Medicare Part D—Prescription Drug Coverage. Part D is optional and requires recipients to choose a plan that best matches their needs. Part D requires monthly premiums, deductibles and co-pays on medication. Typically, individuals who do not enroll in Medicare Part D when they first become entitled to Medicare are required to pay a late enrollment penalty if they choose to enroll at a later date. However, veterans who are enrolled in TRICARE, VA Health Care, or CHAMPVA have prescription coverage through these programs, which Medicare considers to be “creditable coverage.” As a result, veterans enrolled in TRICARE, VA Health Care, or CHAMPVA are not required to pay the penalty if they enroll in Medicare Part D at a later date.

Eligibility

Generally speaking, anyone who is eligible for a Title II Social Security benefit is also eligible for Medicare following a 24-month waiting period. Title II beneficiaries who qualify for Medicare based on disability are those receiving:

SSDI—Eligibility is established based on disability and reaching insured status. Premium-free Part A coverage is guaranteed for a minimum of 93 months following the ninth TWP month, even for individuals who are no longer receiving cash benefits or have terminated from the SSDI program, provided they continue to experience the disabling condition.

Childhood Disability Benefits—A benefit paid to a disabled adult child of an insured parent who has died, retired, or who is receiving disability benefits.

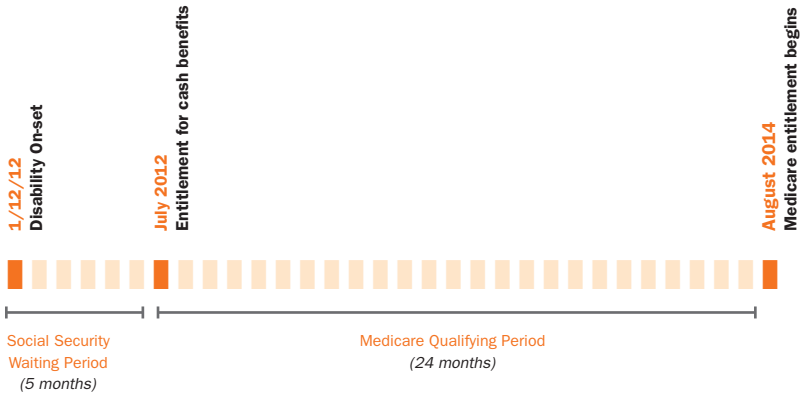
Disabled Widow(er) Benefit—Age 50 or older and the widow(er) of a deceased insured.

Those 65 and older who are drawing retirement benefits are also eligible for Medicare.

Waiting Period

As noted above, Medicare does not begin immediately when someone becomes entitled to Title II benefits. A 24-month waiting period, called the “Medicare Qualifying Period,” begins the first month that a beneficiary is entitled to receive a payment. Medicare begins on the 25th month of Title II entitlement. The Medicare Qualifying Period is different from the SSDI waiting period, which is a 5-month waiting period which begins the first full month the person is disabled and meets requirements for entitlement, such as having worked and earned enough QCs. (Note: those receiving Childhood Disability Benefits under Title II do not have the 5-month wait period.)

For example, Charles becomes disabled on January 12, 2012. Since he is not disabled a full month in January, his five-month wait for Social Security Benefits begins in February. The five wait-period months are February, March, April, May and June, making him entitled to payment in July of 2012. His first check will actually arrive in August, as SSA pays Title II payments for the prior month. His Medicare Qualifying Period begins July of 2012, which is the first month he was eligible for a payment, but he will not receive Medicare coverage until August of 2014.



There are two exceptions to the 24-month Medicare Qualifying Period:

Individuals with ALS (Lou Gehrig’s Disease) qualify for Medicare once their disability insurance begins and are not subject to the 24-month waiting period

For beneficiaries with ESRD, Medicare benefits are not tied to cash benefits at all, and therefore the Medicare Qualifying Period does not apply. More information on ESRD and Medicare can be found at: www.medicare.gov/Publications/Pubs?pdf/esrdcoverage.pdf.

Enrollment Periods

There are three enrollment periods associated with Medicare: The Initial Enrollment Period, the General Enrollment Period, and the Special Enrollment Period.

INITIAL ENROLLMENT PERIOD

This period begins as soon as a person has the opportunity to enroll in Medicare. The CMS automatically enrolls each beneficiary and sends a Medicare Card. Part A (hospitalization) is not optional and does not require a premium. Part B (medical), does require a premium and is therefore optional. Those electing not to enroll can send back the card to notify CMS of their refusal of this benefit. Note: if Part B is not elected during this initial enrollment period, premiums will go up 10% for each 12-month period that an individual did not enroll.

GENERAL ENROLLMENT PERIOD

Each year, a general enrollment period allows beneficiaries to enroll during a 3-month period from January 1–March 31. If more than 12 months have elapsed since the time that the individual was eligible for Medicare, a premium surcharge may be applied, unless the individual is eligible for the Special Enrollment Period (see below). Medicare coverage will begin on July 1 of the year that an individual enrolls during the General Enrollment Period.

SPECIAL ENROLLMENT PERIOD

This period is for individuals (or their spouses) when they leave employment that provided health insurance coverage. To qualify for the Special Enrollment Period, the beneficiary must: 1) have been covered under a group health plan based on the beneficiary's own current employment, or the employment of his or her spouse, 2) refused or terminated Medicare Part B, and 3) wishes to enroll in Part B during the 8 months following the month that employment or group health plan coverage ends, whichever is first. Refusing Medicare Part B because of having current, employment-based health insurance does not result in a premium surcharge. COBRA does not count as an employment based group health care plan.

Continued Eligibility

When an SSDI beneficiary goes to work, and has earnings at a level that would suspend or terminate cash benefits, they continue to be eligible for Medicare for at least 93 months (7 years and 9 months) past the end of their TWP under a work incentive called “Continuation of Medicare Coverage.” Medicare Part A (hospitalization) continues without a premium, and Part B (medical) and Part D (prescription drug) may continue, if elected, with premiums. Note: Parts B & D always require a premium, even when receiving cash benefits.

Once benefits end under “Continuation of Medicare Coverage,” the beneficiary has the option to purchase Medicare insurance under another work incentive called “Medicare for Persons with Disabilities Who Work.” So after premium-free Medicare ends, beneficiaries can buy into Medicare as long as they continue to be medically disabled, are under age 65, and Medicare coverage would stop due to work.



Premiums for Medicare for Persons with Disabilities Who Work will vary based on the number of credits (QCs) obtained, income and resources, and selected coverage (Part A only, or optional Parts B and D). States are required to pay Part A premiums for some working persons with disabilities who meet certain income and resource standards.

Medicare Savings Programs

Medicare Savings Programs, mandated in each state, provide limited Medicaid coverage to assist low-income, Medicare eligible beneficiaries with Medicare premiums, deductibles and co-insurance. To qualify, individuals must have limited income and resources. Income limits will vary, given the specific program (see below). Note that “countable income” is calculated through a formula that deducts a minimum of 50% of the earned income, and additional deductions may be taken as well. Therefore, if someone has earned income only, less than half of their earnings are considered as “countable income.”

The resource limit in most states is \$4,000 for a single person, or \$6,000 for a couple (twice the SSI resource limit), though some states have more liberal income and resource tests than the federal standard.

QUALIFIED MEDICARE BENEFICIARIES (QMB)

Those qualified receive Medicare and have countable income equal to or less than 100% of the current FPL.

SPECIFIED LOW-INCOME MEDICARE BENEFICIARIES (SLMB)

Someone who has Medicare Part A and has countable income of more than 100%, but less than 120% of the FPL.

QUALIFYING INDIVIDUALS (QI)

Someone who has Medicare Part A and has countable income between 120% and 135% of the FPL. QI is a federal block grant program, so funding is based on availability of funds.

QUALIFIED AND WORKING DISABLED INDIVIDUALS (QWDI)

Individuals with disabilities who work at a substantial level, and whose premium-free Medicare benefits have ended, are eligible to buy-in to the Medicare program. To be eligible for QDWI, one must have countable income of up to 200% of the FPL.

2012 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

PERSONS IN FAMILY/HOUSEHOLD	POVERTY GUIDELINE
1	\$11,170
2	15,130
3	19,090
4	23,050
5	27,010
6	30,970
7	34,930
8	38,890
For families/households with more than 8 persons, add \$3,960 for each additional person.	

Note: Alaska and Hawaii have higher guidelines.

Certain Medicare beneficiaries who have limited income and resources may also qualify for a program called “Extra Help” which provides financial assistance with paying Part D (prescription drug) premiums, deductibles, and co-payments.

Medicare and Other Types of Healthcare Insurance

When an individual has Medicare, and one or more additional forms of insurance, Medicare is either the primary or secondary payer, depending on a number of factors.

MEDICARE AND EMPLOYER-SPONSORED HEALTH INSURANCE

Generally speaking, if the individual is working and also has an employer group health plan, that plan will be primary if the person is under age 65 and disabled, if the employer has *more than 100 employees*. If the individual is over age 65 and still working (regardless of disability), the employer group health plan is primary if the employer has *more than 20 employees*.

If an individual opts to purchase Part A Medicare Insurance through Medicare for Persons with Disabilities Who Work once premium-free Medicare discontinues due to work activity, and also maintains coverage under an employer group health plan, Medicare will be your primary payer if you are working and the group health plan would become secondary.

MEDICARE AND MEDICAID

Some Social Security beneficiaries are eligible for both Medicare and Medicaid (known as dual eligible). In this instance, Medicare is always the primary payer, as Medicaid is needs based and the payer of last resort.

MEDICARE AND VA HEALTH CARE

VA Health Care is not an insurance plan, but rather a provider of service for those eligible. While the VA does bill private insurance policies for the treatment of non-service connected conditions, the VA does not bill Medicare (or Medicaid) for services rendered.

MEDICARE AND TRICARE

Service members/veterans eligible for both Medicare and TRICARE must enroll in Medicare Part B (medical) in order to maintain TRICARE eligibility. Once Medicare coverage begins, Medicare becomes the primary payer, covering 80% of allowable charges, with TRICARE covering the other 20%. This is true for both those over 65, and those under 65 who qualify for Medicare based on receiving SSDI.

MEDICARE AND CHAMPVA

In most cases, beneficiaries eligible for both Medicare and CHAMPVA must enroll in Medicare Part B (or Part C, which includes both Parts A&B) to be eligible for, or continue to receive, CHAMPVA benefits. This is true in all cases if the individual is under age 65 and receiving Medicare in association with an SSDI benefit, and in most cases if over 65. (See CHAMPVA section for specific exceptions.) CHAMPVA recipients are not required to enroll Part D (prescription drugs), and if they do, may lose access to the Meds by Mail no-cost prescription coverage.

Medicaid

Medicaid is a state-administered health insurance program provided to certain low income individuals and families who fit into an eligibility group that is recognized by federal and state law. Medicaid is authorized under Title 19 of the Social Security Act and is assigned to one agency within a state to administer. Although generally known as “Medicaid,” some states have other names for their state Medicaid program (such as “Medical” in California).

Medicaid covers a wide variety of medical items and services, including many services that are not covered by Medicare, such as dental services, mental health services, and long-term care, which includes services provided in an intermediate or long-term care facility, in-home support for personal care and hospice care.

There is a federal requirement that states provide certain medical items and/or services under their Medicaid State Plan, but states have some flexibility to offer additional services. States also can apply for what are known as “Home and Community Based Waivers” which allow the state to waive certain requirements to provide special services for target populations. For example, a state might opt to include supported employment services for beneficiaries with mental illness or traumatic brain injury in their State Medicaid Plan, even though these services are not available to other state Medicaid recipients.

SSI Eligibility

As noted above, Medicaid is a needs-based program, available to various categories of low-income individuals known as “Medicaid eligibility groups.” There are many eligibility groups, or ways to access Medicaid, but a primary way for people with disabilities to access Medicaid is through the SSI eligibility group. States choose to handle Medicaid eligibility of SSI recipients in one of three ways:

1634 STATES

In thirty-two states and the District of Columbia, SSI eligibility automatically establishes eligibility for Medicaid. The SSI recipient does not need to file a separate application.

SSI ELIGIBILITY STATES

SSI recipients are eligible for Medicaid, but must file a separate application. Alaska, Idaho, Kansas, Nebraska, Nevada, Oregon, Utah are SSI Eligibility States, as is the Commonwealth of the Northern Mariana Islands.

209(B) STATES

Eleven states have Medicaid eligibility criteria that are either more restrictive or more liberal than the SSI requirements, and require recipients to file a separate application. These states include: Connecticut, Illinois, Minnesota, New Hampshire, Ohio, Virginia, Hawaii, Indiana, Missouri, North Dakota, and Oklahoma.

Individuals who are not eligible for SSI may be able to access Medicaid through different eligibility groups, such as Temporary Assistance to Needy Families, or through the Medicaid Buy-In program (discussed later in this section). There are many additional eligibility groups, so it is recommended to contact your local human service agency for more information on eligibility.

Continued Eligibility

For individuals who access Medicaid through the SSI eligibility group, there is often a fear of losing Medicaid if earnings exceed the SSI limits for cash benefits. Fortunately, there is a very important work incentive known as 1619(b) that allows SSI recipients, who earn enough to zero out their cash payment, to remain eligible for SSI and Medicaid. The purpose of 1619(b) is to assist working beneficiaries whose earnings exceed the break-even point (the point at which they zero out cash benefits), but who do not earn enough to offset the loss of Medicaid.

Enrollment in 1619(b) is not automatic, and an SSI beneficiary who begins earning over the break-even point will want to contact their local office and request continued Medicaid coverage under 1619(b).

Those eligible for 1619(b) continue to receive Medicaid, premium-free, as long as they:

1. **Continue to have a medical disability**
2. **Continue to need and use Medicaid;** meaning that they either have used Medicaid in the past 12 months or anticipate needing it in the next 12 month period, and would be unable to pay medical bills without it.
3. **Continue to meet the SSI resource requirements** (\$2,000 for an individual, \$3,000 couple)
4. **Earn less than the state threshold amount.** State thresholds are based on the average Medicaid expenditures in each state, and they vary greatly. For example, in the Northern Mariana Islands the state threshold is \$17,772 (2012 figure) and in Alaska it is \$54,352 (2012 figure). Most states have thresholds in the \$25,000–\$35,000 range. Individual threshold limits can be requested and approved for people with above-average Medicaid costs. More information on state thresholds can be found at the Social Security’s website at: www.ssa.gov.

The availability of 1619(b) makes it possible for many SSI recipients to work without fear of losing medical coverage.

Medicaid Buy-In Programs

Individuals who meet Social Security’s definition of disability are also, in many states, able to purchase Medicaid insurance through what are generically called “Medicaid Buy-In Programs.” Again, these programs may have different names in different states (e.g., Working Healthy in Kansas, The Employed Persons with Disabilities Program in Oregon, etc.). Each state’s

Medicaid Buy-In program has different eligibility criteria and premium structures, but it is a way for working individuals with disabilities to purchase Medicaid inexpensively.

For an SSI beneficiary who earns in excess of the state threshold for 1619(b), Medicaid Buy-In is another option for covering healthcare needs. Some state Medicaid Buy-In programs also have higher resource limits, making it possible for working individuals to accumulate more savings and assets while maintaining eligibility.

Medicaid Buy-In programs are also available to those who do not receive Social Security benefits. Individuals who qualify medically for SSA benefits, but whose earnings disqualify them from receiving benefits, can still opt to purchase Medicaid through the Medicaid Buy-In program. However, they do still need to meet SSA's criteria for a physical or mental disability. In such cases, a state disability determination team makes the disability decision to determine eligibility.

Medicaid and Other Types of Healthcare

There is always the possibility that an individual receiving Medicaid will also have other health insurance. A frequent example of this is concurrent SSI/SSDI beneficiaries who are eligible for both Medicaid and Medicare. Because Medicaid is a needs-based program, it is always the payer of last resort. Medicaid does, however, cover the Medicare Part B premiums for those who are dual eligible. The VA does not bill Medicaid for services rendered.

Group Employer-Sponsored Health Insurance

The Health Insurance Portability and Accountability Act (HIPAA) of 1996 provided important protections for people who may have pre-existing conditions who are seeking health insurance. HIPAA prohibits employer-sponsored health insurance plans from denying coverage based on pre-existing conditions, or for charging more based on one's health status. It can, however, include a pre-existing exclusionary period where the insurance company is not responsible to pay for treatment of the pre-existing condition for a specified period of time, generally not longer than 12 months.

Many veterans may also have access to group employer-sponsored health insurance through their own employment, or employment of a spouse. These plans vary considerably, and often require both an active work requirement and a service wait. An active work requirement is generally based on a minimum number of hours worked per week (e.g., 20–40 hours per week), while a service wait refers to the length of time employed before health benefits are available to the employee and/or family member, and may range from one to six months (e.g., a 3-month service wait).

Employer-sponsored plans will also have initial and open enrollment periods, which need to be considered when planning for healthcare needs. The initial enrollment period is when a new employee is first offered healthcare coverage, after meeting the active work requirement and service wait.



If the employee decides not to obtain healthcare coverage at that time, there will be additional opportunities to enroll during “open enrollment” periods, which are offered on a regularly scheduled basis. One should carefully consider the impact of not enrolling during the initial enrollment period, as enrolling during a later open enrollment period may require a medical review, and could result in denial of coverage due to a pre-existing condition. An individual is considered to have a pre-existing condition if medical treatment was received in the six-month period prior to enrollment in the employer-sponsored healthcare plan. Treatment may include consultations with physicians and/or being prescribed medications for a particular condition. Coverage under employer-sponsored plans will vary in terms of premiums, deductibles and co-pays. They may also take different forms (PPO, HMO, or self-insured plans).

Employer-Sponsored Health Insurance and Other Healthcare

Employer-sponsored health plans can be used in conjunction with Medicare, Medicaid and VA Health Care. The order of payers will vary depending on the additional coverage:

GROUP EMPLOYER-SPONSORED HEALTH INSURANCE AND MEDICAID

Medicaid is always payer of last resort, so private or employer-sponsored healthcare plans would always be considered the primary insurance.

GROUP EMPLOYER-SPONSORED HEALTH INSURANCE AND MEDICARE

Employer-sponsored coverage is primary if the individual is under age 65 and the employing company has more than 100 employees. Medicare pays the difference between what the employer plan covers and the Medicare coverage limits. If the employing company has fewer than 100 employees, Medicare becomes the primary payer and the employer-sponsor plan becomes the secondary insurance. If the individual is over age 65, Medicare is the primary payer if the company has fewer than 20 employees. Medicare is also the primary payer if the individual uses COBRA or retiree coverage.

GROUP EMPLOYER-SPONSORED HEALTH INSURANCE AND VA HEALTH CARE

When services are rendered for a non-service connected condition at a VA Health Care facility, the VA will bill the private insurance company, including employer-sponsored plans. The VA requires that veterans provide information on all additional healthcare coverage. Once the VA bills other insurance companies, the veteran is not responsible for paying any remaining balance. In addition, payments for the private health insurance carrier may allow the VA to offset part of the veterans co-pay, and many carriers will apply VA Health Care charges to satisfy annual deductibles.

GROUP EMPLOYER-SPONSORED HEALTH INSURANCE AND TRICARE

Specific rules and payment rates vary depending on the specific insurance program. In general, though, the private health insurance company becomes the primary insurance for covered services, and TRICARE is secondary. Claims are initially submitted to the private insurance company; veterans can then submit claims to TRICARE for reimbursement of costs not covered by the other insurance plan.

GROUP EMPLOYER-SPONSORED HEALTH INSURANCE AND CHAMPVA

When an individual has employer-sponsored health insurance and CHAMPVA, the employer-sponsored health insurance is the primary payer, with CHAMPVA being secondary.

Individual/Family Health Insurance

Additional health insurance can be purchased through individual or family healthcare plans that will provide additional coverage. Private health insurance may also be important for covering family members who may not be eligible for CHAMPVA or other healthcare coverage.

HIPAA guarantees the right to purchase private insurance if the individual meets certain criteria. An individual might meet these criteria if:

- They have had at least 18 months of continuous coverage
- Their most recent insurance was under a group plan
- They are not eligible for insurance under another group plan
- They are not eligible for Medicare or Medicaid
- They purchased and exhausted COBRA, Temporary Continuation of Coverage, or State Continuation Coverage, if they were offered.

Private/Family Health Insurance and Other Healthcare

How private policies interact with other health insurance coverage will vary. Below are some considerations:

PRIVATE/FAMILY HEALTH INSURANCE AND VA HEALTH CARE

The VA will bill the private insurance company for services not related to a service-connected condition. Payments received by the VA from the insurance company may offset the veterans co-pay. In addition, many insurance companies will apply VA healthcare charges to satisfy annual deductibles.

PRIVATE/FAMILY HEALTH INSURANCE AND MEDICARE

When individuals have multiple forms of insurance, Medicare can be primary or secondary, depending on the circumstances. Individuals should inform their healthcare providers of all forms of insurance to insure that the medical bills get paid correctly. For additional information, call Medicare's Coordination of Benefits Contractor at 1-800-999-1118.

PRIVATE/FAMILY HEALTH INSURANCE AND TRICARE

When veterans have private health insurance and are also eligible for TRICARE, the private health insurance company becomes the primary insurance for covered services, and TRICARE is secondary. Claims are initially submitted to the private insurance company; veterans can then submit claims to TRICARE for reimbursement of costs not covered by the other insurance plan.



PRIVATE/FAMILY HEALTH INSURANCE AND CHAMPVA

Whenever an individual has other forms of health insurance, CHAMPVA is the secondary payer. In situations when the insured has multiple forms of insurance (e.g., private health insurance and Medicare and CHAMPVA), CHAMPVA will pay last. The only circumstance in which CHAMPVA would be primary is when the person receives health benefits under one of the following programs: 1) Medicaid; 2) State Victims of Crime Compensation program; 3) Indian Health Services, or 4) CHAMPVA supplemental plans.

Healthcare Advocacy Tips

Veterans may be eligible for a range of health insurance or healthcare programs, some as a result of veteran status, some as a result of disability, or others as a result of employment or private purchase. Veterans eligible for government health benefit programs such as TRICARE, VA Health Care, CHAMPVA, Medicare, or Medicaid typically experience both an increase in available services and providers, as well as a decrease in out-of-pocket costs when they have coverage through multiple programs or health insurance plans. As a result, veterans and family members are encouraged to learn about the range of available health coverage options and secure coverage from all the programs for which they are eligible and which meet their needs.

A FEW TIPS AND REMINDERS

- If you are eligible for TRICARE and Medicare, you must enroll in Medicare Part B to maintain TRICARE coverage.
- If you are eligible for CHAMPVA and Medicare, you must enroll in Medicare Part B to maintain CHAMPVA eligibility unless you are over age 65 and were never eligible for premium-free Part A, OR if in 2001 you were: 1) over age 65, 2) eligible for CHAMPVA, and 3) not enrolled in Medicare Part B.
- If you are enrolled in additional insurance programs, always report these to the VA, CHAMPVA, and TRICARE.
- Separated service members with DoD disability ratings of less than 30% can request to have their cases reviewed by the PDBR. If the PDBR increases their ratings to 30% or more, they are eligible for military retirement and TRICARE.
- TRICARE eligibility trumps CHAMPVA eligibility. Spouses or dependents who meet the eligibility criteria for both programs receive services from TRICARE, not CHAMPVA.
- The new Caregivers program includes CHAMPVA benefits for the primary caregiver.



CASE STUDY 2

Health Insurance Focus

COMPREHENSIVE

Background information:

Derek was a private in the U.S. Army. In October 2003 while on tour in Afghanistan, an IED exploded near him. He lost his left leg, incurred injuries on his right leg, and incurred a traumatic brain injury. As a result of his injuries, he was awarded VA Disability Compensation (100% rating) and made eligible for VA medical services. Additionally, he was found eligible for \$987/month in Social Security Disability Insurance (SSDI). He completed his medical rehabilitation in April of 2005 and then returned to his hometown, Houston, Texas. Once home, he re-enrolled in college and began exploring career options.

Description of the presenting problem:

In August 2005 he began receiving letters telling him he would be eligible for Medicare in October 2005. The letters explained Medicare's 3 main parts: Part A was coverage for hospital services, Part B covered outpatient services, and Part D covered prescription drugs. The letters also explained that Derek would have to pay a monthly premium for Part B and potentially for Part D, in addition to co-insurance. Derek had been using the VA for all his medical needs and didn't see the need for this additional health insurance. He wasn't sure why he suddenly became eligible for Medicare and couldn't see any reason to pay for it. He called a couple of friends to see if anyone had run into a similar situation; he found one buddy that knew about it. Since everyone's situation is so unique, his friend suggested he call the State Health Insurance Assistance Program (SHIP—www.shiptalk.org) to talk through his options. He recalled reading something about SHIP in some of the paperwork he received during the discharge process. He looked back through his folders and found a brochure explaining their services. Since he planned to eventually return to work, he decided that in addition to asking about Medicare, he'd ask the people at SHIP about the interaction of employer-sponsored health insurance with his VA medical and Medicare. Then he'd be prepared for the future as well.

Intervention:

Derek called the local SHIP office and spoke with a SHIP counselor, Suzanne. He explained his immediate need: to understand his options in regard to Medicare. He clarified that he would also like to understand what his options would be once he becomes eligible for employer-sponsored health insurance in a couple of years.



Suzanne asked Derek a few questions to clarify his current benefits and financial situation. She also asked him a few questions about his current medical care, including: whether he was getting all his medical care at the local VA medical center or elsewhere, if he had any unmet medical needs, and what his VA rating was. She provided him some basic information:

- **He is eligible for Medicare because he has been entitled to SSDI for 24 months.**
- **There are 3 main parts to Medicare: Part A—hospital insurance, Part B—outpatient insurance, and Part D—prescription drug insurance.**
- **There is no monthly premium for Part A, there is a \$99.90/month premium for Part B, and there may be a premium for Part D depending on which prescription drug plan he chooses.**
- **All three parts of Medicare have annual deductibles and co-insurance.**
- **He automatically gets Part A, but he has to decide whether to take Part B and Part D.**
- **The VA medical services and Medicare operate independently of each other; he would use the Medicare to access medical services outside the VA and use his VA to access doctors within the VA.**
- **The VA does not require he accept Medicare Parts B or D.**

Then she laid out his options:

- **He must accept Part A, but it is his choice whether to use it or not.**
If he chose not to use it, he could simply continue using the VA facilities. If he were to do that, he'd incur no Medicare costs because Part A has no premium.
If he wanted to use a medical facility outside the VA, he could use Part A to help cover those medical expenses (assuming the medical provider accepts Medicare).
- **He can choose to take Part B if he'd like, or he could opt out of it.**
If he chooses not to take Part B, he will have a higher monthly premium if he needs Part B in the future (10% increase in current monthly premium for each 12-month period he opted out of Part B, unless he had creditable coverage). He will also be limited to VA medical facilities for medical services.
If he chooses to take Part B, he will have to pay a monthly premium, \$99.90, but he will have access to a larger network of medical professionals and services. If he chooses to access that broader network with Part B coverage he will need to pay the Part B annual deductible and co-insurance.



- **He can choose to take Part D if he'd like, or he could opt out of it.**

If he chooses not to take Part D, he will not have to pay a higher monthly premium if he needs Part D in the future because VA medical is considered credible coverage for Part D. He would access all his prescriptions through the VA.

If he chooses to take Part D, he may have a monthly premium depending on the prescription drug plan he chooses. For any medication prescribed by a VA doctor, he can get it filled either by the VA or by Medicare Part D. He'd have the choice to do whatever is most cost effective or convenient. For any medications prescribed by a Medicare doctor, he would only be able to get them filled under the Part D plan.

Suzanne explained that the decision about what to do with Medicare varies from person to person, since everyone's medical needs are different. She asked Derek about his potential need or desire to have access to medical professionals and services outside the VA. Derek explained he had received sufficient services for now through the VA, but liked the idea of having the option to use doctors outside the VA. He wasn't thrilled about the Part B monthly premium, but felt that it provided him some security in knowing he'd have options. He decided to enroll in Part B and D and choose a Part D plan that had no monthly premium. He thanked her for clarifying the options and asked if she could help him think about his future healthcare options.

Shifting to a Proactive Approach:

With the Medicare questions resolved, Derek and Suzanne then shifted the discussion to employer-sponsored health insurance. Derek explained he didn't expect to have a job with health insurance for another 2–3 years, but wanted to build his understanding of how VA medical and Medicare interact with employer-sponsored health insurance. He also wanted to know who would pay for prosthetics and any other accommodations he would need specific to the work he would perform.

Suzanne first clarified the interaction between VA medical and private health insurance. She explained that the private insurance would be much like Medicare; it would give him access to a network of medical professionals and services outside the VA. Since most employer-sponsored health insurance programs require the employee to pay a monthly premium, she explained that he should be prepared for that possibility. She also clarified that if he were to get employer-sponsored health insurance, the VA would bill the private health insurance carrier for services they provide in regard to non-service connected conditions, as required by law.

In regard to Medicare, Suzanne explained that it can be helpful in some situations to have employer-sponsored health insurance. She explained that if he has an employer sponsored health insurance with sufficient coverage (creditable coverage) then he could opt out of Part B (thereby not having to pay the monthly premium) and be exempt from the premium penalty if he ends up needing Part B in the future. If Derek was to have Medicare and employer-sponsored health insurance at the same time, the employer-sponsored health insurance would be



the primary health insurance (for medical services in non-VA facilities) if Derek remained under age 65, disabled and the employer had 100 or more employees.

Derek began to see that when the time comes for him to make a decision about employer-sponsored health insurance, he'll need to think carefully about what he would potentially use the coverage for and compare that to how much it will cost him. He let Suzanne know he would keep her number and call her once he is closer to working.

Summary:

Derek learned a number of important lessons through this experience:

- **You have to reach out for help to understand how multiple public health insurance programs work together.**
- **You should bring the paperwork and informational brochures you received at separation and a list of questions that you would like to be answered.**
- **You have to think about what your health insurance needs are to make decisions about what insurance to accept; it's an individual decision.**
- **It's best to get information about your health insurance options before you begin working, so you are prepared to make decisions about what coverage you want and need.**
- **When thinking about prosthetics or other worksite accommodations and who will pay, come to the meeting as prepared as you can with some ideas of the places you may wish to work and the types of assistive technology that may help you accommodate your injuries when you are on the job.**



Skills
Job



**Employment Services
and Supports**



SECTION 3

Employment Services and Supports

In addition to the cash benefits and healthcare options discussed in Sections 1 and 2, there are also numerous government programs that offer employment-related services and supports to individuals with disabilities. Employment-related services and supports vary from program to program, but could include: funding for education, training, or small business start-up; individualized career assessment and planning; and/or direct support with job placement and maintenance. Some of these programs are designed specifically for veterans who experience disabilities, while others offer services to individuals with disabilities regardless of veteran status. Each program has distinct eligibility rules, programs, and services. Some such as the VA's VR&E program are governed almost exclusively by Federal rules, with little variation in program components between states. Other programs, such as state VR programs, operate primarily through standards established by the state as long as certain broad Federal guidelines are met. Significant variations may occur from state to state as a result. Veterans could receive services from any or all of the programs discussed in this section depending on the eligibility rules of the particular program and are therefore encouraged to learn about the range of services available so that they may access support from all programs for which they are eligible.

VR&E

The mission of the VA's VR&E program is to assist veterans with service-connected disabilities to prepare for, find, and maintain suitable employment, and/or to maximize their independence in daily living. The VR&E program offers a broad scope of services, including assisting veterans to identify marketable skills, establish career paths, conduct job search activities or self-employment feasibility, and obtain necessary education or vocational



training. As such, VR&E can be a significant resource for veterans with service-connected disabilities who need support in meeting their work goals. Eligible veterans work directly with VR&E counselors to develop an individualized plan for reaching their work goals. Generally, VR&E services may last up to 48 months; however, there are some exceptions to this discussed below.

To receive VR&E services and supports, veterans must meet both the basic eligibility criteria and the entitlement criteria that are described in the next sections.

VR&E Eligibility

CRITERIA FOR VETERANS TO BE ELIGIBLE FOR VR&E SERVICES:

- 1. A service-connected disability rated at least 10%.**
Soldiers on active duty must have a 20% memorandum rating.
- 2. Discharged under a condition other than dishonorable.**
See Note for exception.
- 3. Be within 12 years of either a) VA notification of rating, or b) separation from active military service.** See Note for exceptions.
- 4. Complete a VR&E Application**

Note: A veteran whose dishonorable discharge is later changed to a condition other than dishonorable is eligible for VR&E services for 12 years from the date the character of discharge was changed.

Note: Although policy states that veterans must be within 12 years of either VA notification of rating or separation from active military service, exceptions to this policy may apply. Per 38 CFR 21.41, eligibility for VR&E services may be extended beyond the 12-year timeline for veterans who: have medical conditions that prevent or interfere with VR&E services; have a serious employment handicap (see VR&E Entitlement section below for more information); require independent living services and assistance; or have been recalled to active duty. (38 CFR 21.41)

VR&E Entitlement

Veterans who meet the basic eligibility criteria are evaluated by a Vocational Rehabilitation Counselor (VRC) to determine whether or not they are entitled to VR&E services. During the entitlement evaluation, the VRC must determine if the veteran has an employment handicap (or a serious employment handicap) as well as a feasible work goal. In most cases, veterans must have both an employment handicap or a serious employment handicap, and a feasible work goal to be entitled to VR&E services. However, eligible veterans determined to have a serious employment handicap (SEH) who are unable to pursue employment altogether as a result of their disabilities can still receive VR&E supports and services to pursue independent living goals instead.

Employment Handicap (EH)

Veterans must demonstrate not only that they do have a service-connected disability (SCD), but that they also experience an employment handicap (EH) or a serious employment handicap (SEH) as a result of the SCD. Veterans must have either an EH or an SEH in order to be entitled to VR&E services. VA policy defines an employment handicap as “An impairment, resulting in substantial part from a service-connected disability (SCD), of an individual’s ability to prepare for, obtain, or retain employment consistent with his or her pattern of measured and/or demonstrated abilities, aptitudes, and interests.” (WARMS, M28 IV-iii-2)

To determine whether veterans have an employment handicap, VRCs first determine if the veteran experiences a vocational impairment.

VETERANS ARE FOUND TO HAVE A VOCATIONAL IMPAIRMENT IF THE FOLLOWING CONDITIONS ARE PRESENT AT THE TIME OF THE EVALUATION, OR ARE REASONABLY PROJECTED TO OCCUR IN THE FUTURE:

- Their disabilities impede or prevent them from maintaining employment in occupations for which they would otherwise be qualified, and
- Their training and/or education is insufficient to qualify them for suitable employment, or
- The VR&E evaluation has identified other restrictions on employment that prevent stable, continuous, and suitable employment.

As stated above, “suitable employment” is defined as employment that is: 1) consistent with the veteran’s skills, interests, and abilities, and 2) within the veteran’s physical, mental, and emotional capabilities. The challenges with securing suitable employment do not have to be exclusively the result of the SCD - other factors may play a role as well - but the SCD must significantly contribute to the challenges. “Stable, continuous employment” is defined as employment in one position or similar positions for a period of 3–5 years with minimal breaks or interruptions. Veterans who are currently working may be told that they are not entitled to VR&E services, but this is not strictly true. Veterans whose current employment is not a match for their skills, interests, or abilities and who are unable to pursue employment that is a better match for them as a result of their SCDs, could, in fact, be entitled to VR&E services if these facts are adequately documented and supported. Additionally, VA policy specifically states that “employment alone is not evidence of stable, continuous employment.” (WARMS, M28 IV-iii-2)

Veterans who have an employment handicap and a VA SCD rating of 20% or higher are entitled to VR&E services.



Serious Employment Handicap (SEH)

Veterans with an SCD rating of 10%, or who are past the 12-year period of eligibility for VR&E, must have an SEH to be entitled to VR&E services. VA policy defines an SEH as “a significant impairment resulting in substantial part from a SCD of an individual’s ability to prepare for, obtain, or retain employment consistent with his or her abilities aptitudes, and interests.” (WARMS M28 IV-iii-2) When evaluating for an SEH, VRCs must determine whether the SCD and other related factors result in a significant vocational impairment. Factors such as the number and severity of the disabling conditions, employment instability and/or periods of unemployment, reliance on government benefits, psychiatric conditions, and educational factors all are considered when determining if the vocational impairment is significant. Veterans with an employment handicap who also have a significant vocational impairment are determined to have an SEH.

Although the distinction between an EH and an SEH is somewhat subjective, it is an important distinction nonetheless. Veterans with an SEH may be eligible for additional VR&E benefits, including: extension of the 12-year period of eligibility for VR&E services, an extension of the duration of VR&E services beyond 48 months (in cases where more time is required to complete the program), extended evaluation services (described below), and/or independent living services.

Feasible Vocational Goal

The next step in the entitlement evaluation is to determine if the veteran has a feasible vocational goal.

PER POLICY, VOCATIONAL GOALS ARE CONSIDERED FEASIBLE IF THE FOLLOWING CONDITIONS ARE MET:

- One or more vocational goals are specifically identified
- The veteran can begin necessary training within a reasonable period of time
- The veteran has the necessary education to achieve the goals or will receive the necessary education as a part of the VR&E services plan.

There is one additional consideration in the feasibility evaluations. In some cases, the impact of the disabilities may prevent veterans from pursuing their work goals at the same rate they otherwise could. It might take them longer to complete training programs, for example, if they are only able to devote 20 hours/week to training versus the standard 40 hours/week. In these cases, a VA physician evaluates veterans to determine their work tolerance. The degree of work tolerance is then factored in to the feasibility analysis. In the example above, the veteran attending the training program 20 hours/week may still be considered to be a full-time participant when his/her work tolerance is considered, even though full-time for that program is

typically 40 hours/week. If the veteran can successfully complete the rehabilitation program through the use of reduced work tolerance, the vocational goal is feasible, even if the overall timeline for completion may be longer.

Veterans with SCDs rated 20% or greater, who have an EH or an SEH, and a feasible vocational goal are entitled to VR&E services. Veterans with an SCD rating of 10% must have a SEH and a feasible vocational goal to be entitled to services. In cases where it is unclear whether the vocational goal is feasible, VRCs may either: 1) refer the veteran for an extended evaluation, or 2) find that the veteran is not entitled to services. Veterans must have an SEH in order to be referred for an extended evaluation.

Veterans with an SEH who do not have a feasible work goal may still be entitled to receive supports from VR&E. However, in these cases, VR&E services are designed to increase independent daily living rather than achieving a vocational goal.

The table on the following page summarizes the entitlement determinations for eligible veterans.



VR&E ENTITLEMENT DETERMINATIONS FOR ELIGIBLE VETERANS

SCD RATING	EMPLOYMENT HANDICAP	FEASIBLE VOCATIONAL GOAL	ENTITLED TO VR&E SERVICES	COMMENTS
10%–100%	No	Yes	No	Not entitled—no EH
10%–100%	EH	No	No	Not entitled—Voc. Goal not feasible
10%	EH	Yes	No	Not entitled—must have SEH if SCD is 10%
10%	SEH	Yes	Yes	
10%	SEH	No	Evaluated for Independent Living Services	Not entitled to VR&E for vocational goal
10%	SEH	Unclear	Referred for Extended Evaluation	
20%–100%	EH	Yes	Yes	
20%–100%	SEH	No	Evaluated for Independent Living Services	
20%–100%	SEH	Unclear	Referred for Extended Evaluation	

VR&E and Individual Unemployability (IU)

Veterans awarded 100% compensation on the basis of IU even though their schedular ratings are less than 100% may still apply for VR&E services. If they are eligible for, and entitled to, services and later secure employment, they will continue to be paid at the 100% compensation rate until they maintain a “substantially gainful occupation” for at least 12 months. (WARMS, M21-1-MR IX-i-1-A) To be considered employed in a substantially gainful occupation, the veteran must earn over the FPL for one. In some cases, veterans employed in sheltered workshops or family businesses may not meet the criteria for a substantially gainful occupation even if their earnings exceed the FPL. (See Section 1 for more information.)

Five Employment Tracks

Once entitlement is established, the veteran works with the VRC to identify a work goal and the specific employment or training services that will be needed to reach that goal. Given the work goal, the VRC will help the veteran pick one of five employment tracks:

Re-Employment

For veterans for who are returning to work for the companies that employed them prior to their active duty assignments. VR&E services and supports could include, but are not limited to: assistive technology, worksite accommodations, medical or psychological services, additional short-term training or certifications.

Rapid Access to Employment

Veterans who want to return to work quickly, and/or have most of the necessary training and experience to obtain a job consistent with their interests and abilities, may be placed on the rapid access track. VR&E services and supports could include, but not be limited to: career counseling, supported job search, use of specialized resources or career centers, short-term training or certification, or medical or psychological services.

Employment Through Long-Term Services

Veterans who typically require additional training and/or education to reach their vocational goals can access VR&E services and supports for a long-term track. These could include, but are not limited to: vocational assessment, career guidance, training and education, and medical/psychological services.

Veterans on the long-term employment track who are also eligible for other education benefits, such as the post-9/11 GI Bill, must elect to receive educational support from either VR&E or through the post-9/11 GI Bill. VR&E services are not intended to be a supplement or a replacement for other education benefits; however, veterans may receive the same core benefits through either program. Both programs provide funding for educational expenses (e.g., tuition) as well as provide a monthly subsistence



allowance to veterans. Subsistence allowance amounts vary depending on the program (VR&E or GI Bill), the veteran's number of dependents, and the amount of time in school (full-time, half-time, etc.). Additional supports may be available to veterans receiving services through the VR&E program. Veterans who require assistive technology or tutoring, for example, to successfully complete their education may receive these supports only through the VR&E program. Veterans should meet with a counselor to discuss the benefits available through both programs when determining which educational benefit to elect.

Self-Employment

Veterans interested in starting their own businesses are placed on the self-employment track. VR&E services and supports for the self-employment track could include, but are not limited to: feasibility evaluations, referrals to business services, funding and support for start-up and/or business operating expenses, and medical/psychological services or supports. The VR&E Self-Employment policy can be found in WARMS, Part 4, Chapter 7: www.benefits.va.gov/warms/M28_1.asp. (WARMS M28-1 IV-7)

Historically, the self-employment track was designed for veterans with the most serious employment handicaps who faced significant barriers to community employment. However, this policy changed as of February 19, 2010. The rule change states that “self-employment as a mode of employment is authorized for all program participants for whom it is deemed appropriate for achieving rehabilitation.” (75 Federal Register 12, 20 January 2010, pp. 3168) Additionally, based on the January 20, 2010 rule change, all veterans on the self-employment track may receive the same level of business support and funding, regardless of the severity of their employment handicap. Since this is a relatively recent policy change, VRCs may not be aware of it. Veterans are encouraged to print and provide the Federal Register documentation to counselors if necessary.

Independent Living Services

Veterans who need rehabilitation to increase or maximize their independence in daily living, and who do not have a feasible vocational goal, are placed on the independent living track. VR&E services and supports on this track could include, but are not limited to: housing assistance, home health aides, transportation, assistive technology, independent living skills training, and medical/psychological services. Veterans initially placed on the independent living track who are rehabilitated to the point of establishing feasible vocational goals can ultimately receive services and supports with the vocational goal as well.

Once the veteran and the VRC identify the appropriate track, they will write up a rehabilitation plan, which will outline the work goal, the services needed to achieve that goal, and the specific services VR&E will cover. Veterans then work with the VRC to implement the plan.

Recommendations for Veterans Seeking VR&E Services

The VR&E program offers a broad scope of services and can be a significant resource for veterans with SCDs who need support in meeting their work goals. In addition to the basic employment services, veterans enrolled in the VR&E program may receive any medical, dental, or psychological services necessary to reach their employment goals. Participating in VR&E can therefore provide health coverage for a period of time to veterans who may not otherwise be eligible, making this program an even more critical piece of the overall resource plan in some cases. However, since the entitlement determinations can be somewhat subjective, preparation is key.

HERE ARE A FEW GENERAL RECOMMENDATIONS TO HELP NAVIGATE THE VR&E PROCESS:

- **Read and review VR&E entitlement policy and procedures prior to meeting with the VRC.**
- **Clearly explain and document the impact that your disability has on your ability to find or maintain employment that is consistent with your abilities and goals.** Veterans who are currently employed should be prepared to discuss why their current position is not “suitable” employment, and why they are unable to pursue suitable employment as a result of their disabilities.
- **Research the five employment tracks prior to meeting with the VRC to develop the employment plan.** Be prepared to make a strong case for the employment goal or track that is the best fit for you. Veterans interested in starting a business, for example, should be placed on the self-employment track, not on the long-term services track (if self-employment, rather than education, is truly their goal).
- **Compare the benefits and supports available through the post-9/11 GI Bill and VR&E, if education is your goal.** Stipend amounts may vary between the two programs, but additional supports and services are available through VR&E that are not offered through the GI Bill.
- **Ask for policy and written documentation to verify information being given.** Veterans told that VR&E cannot pay for a graduate degree, for example, should request a copy of the policy that specifically states this (especially since support for a graduate degree is, in fact, one possibility). If there are continued questions, request a meeting with the supervisor and/or request an administrative review or file a formal appeal.



Veterans Opportunity to Work (VOW) to Hire Heroes Act of 2011

The VOW to Hire Heroes Act, signed by President Obama in November 2011, contains numerous programs and policies designed to increase employment and training opportunities and supports for veterans. This section provides an overview of three of the key VOW programs, including the Veterans Retraining and Assistance Program (VRAP), Vocational Rehabilitation Benefits for Unemployed Veterans, and the Special Employer Incentive (SEI) Program for Veterans.

Additionally, VOW expanded the Work Opportunity Tax Credit (WOTC) available to employers who hire veterans meeting specific criteria. WOTC is discussed in more detail later in this section. More information on the VOW legislation and its related programs can be found at: benefits.va.gov/vow/index.htm

Veterans Retraining Assistance Program (VRAP)

Some veterans not eligible for VR&E or any other VA education benefits may be able to access training through VRAP. VRAP is a part of the Veterans Opportunity to Work (VOW) to Hire Heroes Act of 2011, and offers up to 12 months of training to eligible veterans.

TO BE ELIGIBLE FOR TRAINING THROUGH VRAP, VETERANS MUST:

- **Be 35–60 years old**
- **Be unemployed on the date of application.**
(Veterans who are “jobless, looking for jobs, and available for work” meet the unemployment criteria.)
- **Have been discharged under conditions other than dishonorable**
- **Not be eligible for any other VA education benefit program**
(including the post–9/11 GI Bill, the Montgomery GI Bill, or VR&E).
Veterans who have already exhausted their education benefits could be eligible for VRAP.
- **Not be receiving increased compensation due to IU**
- **Not be enrolled in a federal or state job training program.**

VRAP is a joint collaboration between the VA and the Department of Labor (DOL) and is slated to begin on July 1, 2012. The VA is currently accepting applications, and interested veterans can apply online through the VA.

ELIGIBLE APPLICANTS ACCEPTED INTO THE PROGRAM MAY RECEIVE THE FOLLOWING BENEFITS:

- Up to 12 months of training through a VA approved program at a community college or technical school
- Up to 12 months of subsistence pay equal to the monthly full-time payment rate under the Montgomery GI Bill Active Duty program while enrolled in the approved training program
- Employment assistance through DOL upon completion of the program.

All approved programs of study must meet two criteria: 1) result in an associate's degree, non-college degree, or a certificate; and 2) train the veteran for a high-demand occupation. High-demand occupations are identified by the DOL. A complete listing of the current high demand occupations can be found on the VRAP webpage: benefits.va.gov/vow/education.htm.

The program will accept 45,000 participants from July 1, 2012 through September 30, 2012 and another 54,000 from October 1, 2012, through March 31, 2014. More information is available on the VRAP webpage: benefits.va.gov/vow/education.htm.

Vocational Rehabilitation Benefits for Unemployed Veterans

The VOW legislation expands Vocational Rehabilitation & Employment (VR&E) benefits beyond the standard 48 months for certain qualified veterans.

TO BE ELIGIBLE FOR THESE EXPANDED VR BENEFITS, VETERANS MUST:

- Meet the basic VR&E eligibility criteria (e.g., have a service connected disability)
- Have previously completed a VA VR&E program and been determined "rehabilitated"
- Be unemployed
- Apply for VA VR&E benefits within 6 months of exhausting their initial claim for unemployment benefits
- Apply for VA VR&E benefits by March 31, 2014

Eligible veterans may receive up to an additional 12 months of VR&E services beginning June 1, 2012. Applications for extended VR&E services are currently being accepted through the VA website (www.va.gov). Alternatively, interested veterans can complete a manual application (VA Form 28-1900) and submit it to their Regional VA Office. More information about the VR Benefits for Unemployed Veterans is available at: benefits.va.gov/vow/JobTraining.htm.



Special Employer Incentive Program for Veterans (SEI)

The Special Employer Initiative (SEI) provides additional support and employment opportunities for veterans who: 1) have completed training through VA VR&E and, 2) are determined by the VR Counselor (VRC) to face “extraordinary” challenges with securing employment. Through the SEI program, eligible veterans are matched with participating employers in jobs that are a good fit for their skills and interests. The SEI program provides veterans with any necessary tools, equipment, uniforms, or other supplies. Additionally, the VRCs are available to assist veterans with any work-related or training needs. Veterans hired through the SEI program are paid an apprenticeship wage during their time in the program. The employer is reimbursed for up to 50% of the veteran’s salary during this time as well. The average time-frame for the SEI program is approximately 9 months; once the program ends, the employment continues and the employer assumes responsibility for paying the veteran’s full salary. The SEI program benefits both veterans and employers, and has served to open the door to employment opportunities for veterans with more significant employment barriers. Veterans who launch businesses and wish to hire other veterans may be able to benefit as an employer partnering with the SEI program. More information about the SEI program is available on the VA website at: benefits.va.gov/vow/JobsTraining.htm and www.vetsuccess.gov/news_article/_15/22/http://www.index.va.gov/search/va_adv_search.jsp. Interested employers can find information at benefits.va.gov/vow/foremployers.htm

Therapeutic and Supported Employment Services (TSES)

Veterans who are enrolled in VA Health Care and diagnosed with either a mental health disability or physical impairments concurrently with mental health disabilities may receive employment supports through the TSES programs. All VA Medical Centers (VAMC) must offer TSES to eligible veterans, regardless of their specific diagnosis, symptoms, work history, or impairments. Per the VHA Handbook, the goal of TSES is to “provide a continuum of therapeutic and skill development services for Veterans who have difficulty obtaining or maintaining stable employment patterns due to mental illnesses or physical impairments co-occurring with mental illnesses.” (VHA Handbook 1163.02, p.3) TSES programs are designed to provide support to veterans seeking competitive employment as well as to provide therapeutic pre-employment services for those not yet on the path to competitive employment. There are two main programs under the TSES umbrella: CWT and Incentive Therapy (IT). Veterans may participate in any of the TSES programs that are deemed appropriate for their individualized work goals.

Compensated Work Therapy (CWT)

The VA’s CWT program is designed to offer a range of vocational opportunities to veterans that are consistent with their individual recovery plan and long-term employment goals. A partnership exists between the VA CMT and VR&E, so veterans eligible for both programs can receive supports and services from both. CWT programs include:

Supported Employment (SE)

Veterans participating in the CWT SE program are assigned to an Employment Specialist (ES) who assists them in finding community employment that is consistent with the veteran’s interests and skills, as well as to provide on-going employment support. Services provided by the ES might include: providing onsite training while the veteran is learning the job, building workplace supports, and facilitating communication with the employer. The SE program provides critical services to veterans interested in securing community employment but who may need more support finding or maintaining a job as a result of their disability.

Transitional Work (TW)

The TW program is a pre-employment vocational assessment program. Veterans participating in the TW program work with VA vocational rehabilitation staff to select temporary work assignments, either at the VA or in the community. The CWT program, not the business, pays veterans who have TW assignments an hourly rate based on the usual wage for that particular occupation. At a minimum, payment rates must equal to either federal minimum wage or state minimum wage standards – whichever is higher. The goal of the



TW program is to assist the veteran to develop skills and identify necessary supports that will allow a successful transition to community employment.

Veterans Construction Team (VCT)

Veterans interested in the construction or building industry may have the opportunity to participate on a VCT. VCT is a specialized form of TW, where CWT staff develops agreements to provide renovation or construction projects for other Federal agencies. VCT participants work in teams supervised by CWT staff to complete the projects. The goals of the VCT are the same as those for the other TW programs: to assist veterans in developing the necessary skills to successfully transition to community employment, primarily focusing on the construction industry.

Sheltered Workshops (SW)

Sheltered workshops are offered in approximately 20% of the total number of CWT locations. Sheltered workshops are usually located on hospital grounds. CWT staff secures contracts for work that typically involves assembly, production, or fabrication. Participants in the SW programs complete the work for the contracts under the supervision of CWT staff and are paid on a piece-rate basis. The goals of the SW are to develop necessary skills for successful transition to community employment. The average length of stay in a SW program is 4-6 months. More information can be found at: www.cwt.va.gov/veterans.asp.

Policy mandates that all VAMCs offer TW and SE services to veterans; SWs and VCTs teams may be offered at some VAMCs but are not required.

Incentive Therapy (IT)

Veterans participating in the IT program participate in a variety of work experiences available at the VAMCs. IT participants are assigned onsite jobs at VAMCs, and hours and job duties are developed in conjunction with their individual treatment or service plans. Veterans in the IT program are paid with VAMC appropriated dollars. Payment rates are capped at one-half of minimum wage but could be less than this in some cases. Typically, veterans participating in the IT program experience more significant disabilities or employment barriers. The goal of the IT program is to support veterans in building functional work skills while being paid by VA. Generally, veterans should participate in the IT program for no more than one year, although exceptions can be granted when clinically necessary.

Individualized Employment Plan

Veterans participating in any of the TSES programs work directly with TSES staff to develop individualized employment plans. Plans are reviewed and updated quarterly and must reflect the veteran's: vocational goal(s); interests, skills, and support needs; and objectives, strategies, and timelines for achieving the vocational goals. Because TSES programs represent a range of services, veterans may move between the various programs as necessary. A veteran initially assigned to the TW program might subsequently move to the SE program to meet his or her vocational goal of securing long-term community employment.

TSES Financial Considerations

Although participants in all TSES programs are paid in some manner, there is some variation in whether or not those earnings are considered income by the different government programs.

Payments to participants in IT and CWT TW are not considered income for VA compensation, pension, or Internal Revenue Service (IRS) purposes. Earnings from CWT SE are considered taxable income by the IRS as well as earned income for the SSI and SSDI programs, but are not considered income for VA compensation or pension purposes. (VHA Handbook 1163.02)

TSES Considerations

TSES programs offer a variety of options for veterans to secure paid employment or to earn income while building skills and identifying necessary supports to achieve future vocational goals. The core philosophy of the TSES program is that all veterans have the capacity to work and should have access to the services and supports necessary to maximize their vocational outcomes. As a result of the partnership between the TSES and VR&E programs, veterans eligible for both do not have to choose between them, but can receive services and supports from both. Veterans not ready to define a feasible vocational goal for VR&E may still be able to earn income and build connections and skills while working through a TSES program. Veterans with mental health disabilities enrolled in VA Health Care are encouraged to meet with TSES staff to discuss opportunities and benefits associated with participating in one of these programs.



State VR Programs

Individuals who are eligible for either SSDI or SSI benefits are presumed eligible for state VR programs and are not required to go through the eligibility determination process.

The Rehabilitation Act mandates that all states must offer VR services to residents with disabilities who experience barriers to employment. State VR services are similar to those provided by VR&E, and are designed to help individuals with disabilities obtain employment and live more independently through the provision of such supports as counseling, medical and psychological services, job training and other individualized services. While the general eligibility criteria and menu of services is the same from state to state, there are some minor differences that are important to identify. Additionally, some states have established separate agencies to provide services to residents who are blind, while other states have only one VR agency to serve all eligible individuals, regardless of disability. Federal policy

requires that state agencies provide services to individuals with the most significant disabilities first when budget issues preclude the agency from providing services to all eligible individuals. More specific information on state VR programs as well as on state specific agency information can be found at the Rehabilitation Services Agency (RSA) website: www.rsa.ed.gov.

Eligibility

TO BE ELIGIBLE FOR STATE VR SERVICES, INDIVIDUALS MUST MEET THESE CONDITIONS:

- Have a mental or physical impairment (disability)
- Experience a substantial impediment to employment as a result of the impairment
- Be able to benefit from VR services
- Require VR services to prepare for, secure, retain, or regain employment.

The state VR eligibility process is separate and distinct from the VA disability ratings process. There is no direct correlation between the two; however, documentation of disability submitted during the VA ratings process can also be submitted to document or establish a disability for state VR purposes. Disabilities rated by the VA may or may not qualify a veteran for state VR services. A veteran who has a 10% VA DComp rating for asthma, for example, would not be eligible for VR services unless it is determined that his or her asthma creates a substantial impediment to employment.

Individuals who are eligible for either SSDI or SSI benefits are presumed eligible for state VR programs and are not required to go through the eligibility determination process.

Order of Selection

Each year, state VR agencies evaluate their budgets and determine whether they are financially able to provide services to all eligible individuals. If they are unable to serve all eligible individuals, they invoke an “order of selection” where they must first serve individuals with the most significant disabilities. The order of selection essentially establishes a waitlist for services, although it is never referred to as a waiting list. Individuals eligible for SSDI or SSI benefits are presumed to experience the most significant disabilities, and as a result receive priority services from states that have invoked the order of selection. Whether a state has invoked the order of selection can vary from year to year, so veterans should contact their state agency to find out if it is in effect.

Financial Participation

Depending on their income and assets, some eligible individuals may be required to pay for a portion of the services they receive from their state VR agency. Per federal policy, individuals who are eligible for SSI or SSDI are exempt from this financial participation. All state VR agencies have a specific formula for determining if individuals are required to share the costs of services, and if so, what percentage of the services they must pay. The VRC should clearly communicate this information to individuals before services are initiated, but veterans who are unsure whether financial participation is required are encouraged to ask their counselors to clarify.

Interestingly, although federal policy prevents SSI or SSDI beneficiaries from financial participation, many state VR agencies do require some funds matching for individuals pursuing self-employment goals. This is true even if the person is eligible for SSI or SSDI. Veterans interested in starting businesses should work closely with their VRC to learn the specific rules and requirements for securing small business funding.

Scope of Services

State VR agencies are mandated to provide an array of services to eligible individuals. Mandated services include, but are not limited to: vocational assessment; vocational guidance and counseling; education and training; job related services, including job search and placement assistance, job retention services, and follow-up supports; self-employment; post-employment services; and assistive technology. (See 34 CFR 361.48 for a complete list of mandated state VR services.) All state VR agencies must provide the services required by federal policy, although there can be some differences between states in what these services encompass and how they are provided.



Individuals eligible for VR services are assigned to a VRC, who works with them to develop an Individualized Plan for Employment (IPE). The IPE delineates the vocational goal, services, and supports the VR agency will provide to assist the individual in achieving their goal(s).

State VR Agencies and VR&E

Veterans, who meet the eligibility criteria for the state VR agency as well as the eligibility and entitlement criteria for VA VR&E, may receive services from both. In these cases, the agencies must work together to assure they are not paying for the same thing, but instead are coordinating their services to cover what is necessary in the best way. Veterans eligible for both should consider how they can use the various supports and services most effectively in reaching their goals.

For example, a veteran might seek the support of VR&E to assist with funding a small business and the state VR agency to support additional training or certifications that would help him/her to run the business more effectively. In other cases, the veteran might request financial support from both VR&E and the state VR agency when launching his/her business. This could be particularly effective in places where the state VR agency requires matching funds for self-employment. The dollars that VR&E provides to the business could be used as a match to draw down the state VR dollars.

Although it is possible for veterans to access state VR and VA VR&E concurrently, it is not uncommon for them to be told that they can only be served by one or the other. Veterans seeking services from both may need to request policy and/or meet with program supervisors to ensure they receive all services for which they are eligible.



Recommendations for veterans seeking state VR services:

- **When applying for state VR services, clearly communicate and document how your disability impacts your life and limits your employment options.** State VR services are designed to support residents with disabilities who experience barriers to employment, so you must establish that you fit these criteria during the application process.
- **Remember that anyone receiving SSI or SSDI is presumed eligible for state VR services and is not required to go through the disability determination process.** Additionally, anyone receiving SSI or SSDI is exempt from any financial contribution for services.
- **If you are already working or operating a business, be prepared to explain why you require state VR services.** This could include explanations of how your current job aggravates your impairment, how your current job is just a survival job and does not meet your needs, or why you need more training or support to reach your true vocational goal.
- **If you are eligible for employment services from additional agencies, such as VR&E, compare the benefits and supports available from each program to determine which will best meet your specific needs.** Clearly document what you are asking each program to provide and clarify that there will be no duplication of services.
- **Working with multiple programs, such as state VR and VA VR&E, maximizes the support available while reducing the overall costs for both programs.** Be prepared to highlight this in your meetings, and to emphasize that receiving services from both creates a win-win situation for all.
- **Ask for policy and written documentation to verify information being given.** Veterans told that they cannot receive services from both state VR and VA VR&E, for example, should request a copy of the policy that specifically states this. If there are continued questions, request a meeting with the supervisor and/or request a formal review.
- **Veterans who disagree with determinations regarding eligibility or services can contact the Client Assistance Program (CAP) to assist with their appeal.** All states have CAP programs; contact information is available at each state's VR website.



One-Stop Career Centers

As a result of the Workforce Investment Act (WIA) of 1998, every state has a system of One-Stop Career Centers. One-Stop Career Centers house various employment services under one roof, including: résumé writing and interview classes, job search services and supports, and some vocational counseling. One-Stop Career Centers are designed to be universally accessible so that all community members, with or without disabilities, are able to access necessary services.

Although there are variations in services provided between the different centers, each should offer three basic levels of service:

Core Services

Core Services are available to all community members at no cost, and include services such as: work skills exploration, job search and training, networking skills training, interview techniques workshops, access to job banks and lists of available jobs, and determination of eligibility for additional services.

Intensive Services

Intensive Services are available to individuals who received at least one core service, were unable to obtain employment, and are subsequently determined by the One-Stop operator to require the intensive services. Intensive services may include items such as: individualized career planning and assessment, intensive career counseling, computer workshop, one-to-one assistance with resume development, and case management.

Training Services

Training Services may be available to individuals who have received at least one intensive service, were unable to obtain or retain employment, and are subsequently determined by the One-Stop operator to require additional training to successfully reach their employment goals. Additionally, the One-Stop operator must determine that the individuals referred to training services do not have access to other funding sources (Welfare to Work, etc.) to pay the training costs. The One-Stop center establishes an Individual Training Account (ITA) on behalf of individuals eligible for training services, and the ITA funds are used to pay for training and associated expenses. The amount of funding available through training services, as well as how these funds can be used, varies from center to center.

One-Stop Career Center services are not specifically for veterans or people with disabilities, yet it is not uncommon for individuals with disabilities to qualify for intensive and/or training services. Additionally, to better meet the needs of veterans and community members with disabilities, some One-Stops have incorporated specialized programs to be available in addition to the generic services. Two programs are specifically for veterans:

Disabled Veteran Outreach Program (DVOP)

DVOP specialists develop job and training opportunities for veterans. Emphasis is given to developing opportunities for veterans with SCDs. DVOP specialists provide direct services to veterans, including: developing and supporting apprenticeships and on-the-job training; linking veterans to available jobs; and ensuring that follow-up services necessary to job retention are in place. DVOPs serve as case managers for veterans receiving services through VR&E and assist with service coordination; however, DVOPs are state employees funded through the DOL.

Local Veterans Employment Representative (LVER)

LVERs also assist veterans and supervise all services provided to veterans, including counseling, testing, and identifying training and employment opportunities. Additionally, LVERs work to ensure that eligible veterans get priority referrals and preference hiring in federal contracting jobs.

More information on the DVOP and LVER programs as well as contact information for each state can be found on the DOL website:

dvoplverlocator.nvti.ucdenver.edu

In addition to the DVOP and LVER positions, some One-Stops may also be participating in an DOL Disability Employment Initiative (DEI). Participating One-Stops typically have staff dedicated to assisting people with disabilities in accessing One-Stop services. Interested veterans should inquire at their local One-Stop to see if specialized support is available.



Additional Information and Resources

Additional information and resources can be found on the following DOL webpages:

- The Veterans Reemployment Portal at www.careeronestop.org/militarytransition provides links and information to assist veterans with employment, training, career planning, and provides financial and emotional help after military service. The site includes links to local resources and supports military-to-civilian job searches.
- My Next Move for Veterans (www.mynextmove.org/vets) supports veterans transitioning from military to civilian careers, and includes an extensive directory of job listings. Veterans can search for jobs through keywords or industry. Additionally, the site features a search engine that allows veterans to search for jobs based on similarities to their military jobs (e.g., “Air Force, 11K3A, airfield operations”).
- Information and resources related to the employment and training options for veterans available in each state can be found on the DOL VETS Employment Assistance Map (www.dol.gov/vets/aboutvets/contacts/map.htm). Listings include both local and national resources.

Other Funding and Asset Development Options

Individual Development Account (IDA)

IDAs are matched savings accounts designed to enable low-income individuals to save for specific goals, which typically involve home-ownership, small business start-up, or post-secondary education. IDA participants contribute earned income to the savings account, and the funds are matched at the rate established by the particular IDA. Match rates vary significantly across IDA programs, and can range from 1:1 (where \$1 in matched funds are provided for every \$1 of income saved), to 8:1 (where the IDA program contributes \$8 in matched funds for every \$1 saved). IDA programs also establish a maximum funding level. An IDA program with a 3:1 match and a maximum funding level of \$12,000, for example, would allow the participant to save \$3,000 in the account. The IDA would provide \$9,000 (or 3x the amount contributed by the participant) in matched funding to reach the maximum funding level of \$12,000. The IDA participant could then use the funds in the savings account to reach his/her specific goals.

Eligibility standards vary depending on the specific IDA, but are typically based on an evaluation of the applicant's income and net worth. IDA programs may also require enrollees to complete financial literacy training to qualify. Additionally, most IDAs require that participants contribute earned income to the account, so in many cases IDAs are only an option for individuals who are employed. IDAs can be matched by either federal, state or even private foundation dollars; this is significant because the source of the matching funds, whether federal or state or other, can impact other government benefits.

IDAs and SSI

SSI is a needs-based financial assistance program that considers both income and resources when determining eligibility and cash benefit amounts. If the IDA is a **federally-funded** program, up to half the matching funds contributed by the IDA are **not** considered income. Additionally, the funds in the IDA account do not count against the individual's resource limit. However, if the IDA is a **state-funded or privately-funded** program, the funds the individual contributes to the IDA savings account **do** count as income and can potentially be considered a countable resource. There is no negative impact for a SSI recipient to participate in a federally-funded IDA, but participation in a state-funded or privately-funded IDA could impact SSI or Medicaid eligibility. As a result, it's best to ask the IDA provider for help exploring the exceptions to the SSI rules in regard to state funded IDAs.



IDAs and SSDI

Since entitlement to SSDI is not based on income or resources, participation in an IDA has no impact on SSDI cash benefit or Medicare eligibility, regardless of whether the IDA is funded through federal or state or private dollars.

IDAs and Military Retirement or VA DComp Payments

Since entitlement to military retirement or DComp payments is not based on income or resources, there is no impact on retirement or Dcomp payments, regardless of whether the IDA is funded through federal or state or private dollars.

IDA availability and specific program parameters vary greatly between and within states. Individuals interested in learning about IDA opportunities within their communities are encouraged to contact local economic development agencies. Additionally, the Corporation for Enterprise Development (CFED) provides a listing of IDAs available throughout the states: cfed.org/programs/idas.

Work Opportunities Tax Credit (WOTC)

The WOTC is a Federal tax credit incentive available to businesses that hire individuals from certain target groups. The goal of the WOTC program is to incentivize employers to support workforce diversity while supporting workers who have historically faced barriers to employment to secure quality jobs. The VOW to Hire Heroes Act of 2011 expanded the groups of veterans covered under the WOTC. Currently, the WOTC applies to qualified veterans who begin to work between November 22, 2011 and January 1, 2013.

QUALIFIED VETERANS INCLUDE THOSE WHO:

- Received (or are currently receiving) Supplemental Nutrition Assistance Program (SNAP) benefits for at least 3 consecutive months during the 12-month period ending on the date of hire; or
- Are entitled to compensation for an SCD hired within 1 year of discharge or release from active duty; or
- Are entitled to compensation for an SCD and were unemployed for at least 6 months during the 1-year period ending on the date of hire; or
- Were unemployed for at least 4 weeks (but less than 6 months) during the 1-year period ending on the hiring date; or
- Were unemployed for at least 6 months during the 1-year period ending on the hiring date.

Employers who hire veterans qualified through any of the groups listed above are eligible for a tax credit based on the number of hours the veteran works and the veteran's base wages, up to a maximum credit amount. The maximum tax credit amount varies across the groups and ranges from

\$2,400 for veterans receiving SNAP benefits or who have been unemployed for four weeks, to \$9,600 for disabled veterans who have been unemployed for six months.

WOTC may provide two interesting opportunities for veterans. First, in keeping with the intent of the tax credit and VOW legislation, it provides employers with an incentive to prioritize hiring for veterans. Additionally, it provides an opportunity for veterans running businesses to access the tax credit when they hire another veteran from one of these target groups. Since many veterans are committed to hiring other veterans in their own businesses, this tax credit has the dual benefit of supporting the hiring of veterans while strengthening the financial basis of veteran-owned business. More information on WOTC is available on the DOL website: www.doleta.gov/business/incentives/opptax.



Earned Income Tax Credit (EITC)

The EITC is a refundable federal income tax credit for low to moderate income earning individuals and families. While not designed specifically for veterans, veterans whose earned income (or adjusted gross limits) less than the annual limit and who have less than \$3,200 in investment income may benefit from EITC. If the EITC amount exceeds the amount of income tax owed, individuals who claim and qualify for the credit get a tax refund. Additionally, claiming the EITC can result in a tax credit (refund) even in cases where no income taxes are owed. Individuals with minimal income frequently qualify for a tax refund as a result of EITC. The prerequisite is that the individual must complete a tax return and claim EITC in order to get the refund, even if no taxes are owed and they are not otherwise required to file. The amount of earned income and the maximum EITC tax credit changes annually. Current information is summarized in the table below. Annual EITC tax information and figures are also available through the IRS website: www.irs.gov/individuals/article/0,,id=233839,00.html.

EITC TAX YEAR 2012

EARNED INCOME AND ADJUSTED GROSS INCOME (AGI)	NUMBER OF QUALIFYING CHILDREN	MAXIMUM TAX CREDIT	ANNUAL INVESTMENT INCOME
< \$45,060, or < \$50,270 (married, filing jointly)	3	\$5,891	< \$3,200
< \$41,952, or < \$47,612 (married, filing jointly)	2	\$5,236	< \$3,200
< \$36,920, or < \$42,130 (married, filing jointly)	1	\$3,169	< \$3,200
< \$13,980, or < \$19,190 (married, filing jointly)	0	\$475	< \$3,200

Disabled Veterans Assistance Foundation (DVAf), USA

The DVAf provides individual businesses low or no-interest loans and grants to disabled American veterans. Loan amounts range from \$5,000 to \$10,000. The goal of the program is to support disabled veteran-owned small businesses that are unable to obtain financial assistance from traditional lenders. To apply, veterans must complete an online application and submit a completed business plan. More information is available on the DVAf website: dvafusa.org.



CASE STUDY 3

Employment Services Focus

COMPREHENSIVE

Background information:

Derek was a private in the U.S. Army. In October 2003 while on tour in Afghanistan, an IED exploded near him. He lost his left leg, incurred injuries on his right leg, and incurred a traumatic brain injury. As a result of his injuries, he was awarded VA Disability Compensation (100% rating) and made eligible for VA medical services. Additionally, he was found eligible for \$987/month in Social Security Disability Insurance (SSDI). He completed his medical rehabilitation in April of 2005 and then returned to his hometown, Houston, Texas.

Description of the presenting problem:

Once home, he spent some time getting re-oriented to his home life and finding ways to accommodate his injuries. After a short period of time he began pondering what career he could or should get into now that he was no longer in the military. He knew he had tons of computer expertise, which he developed during his years in the army, but he wasn't sure what would be realistic for him to do given his injuries. He had other skills as well, but struggled to figure out how they could be used in a job. He knew work was critical for him, he just wasn't sure how to make it happen.

Intervention:

During his transition out of rehabilitation he was given a number of resources to contact for help with various things. He dug through his paperwork and found the contact name for the local Disabled Veteran Outreach Program (DVOP), Jeremy, at the One-Stop Center. He called Jeremy and explained his situation. Jeremy explained he was not only a veteran, but had also incurred an injury during service and could relate with Derek in many ways. They scheduled a time to meet up at the One-Stop. At their meeting, Jeremy suggested Derek take some assessments at the One-Stop to explore careers that might be a good fit. After doing the assessments, it looked as if web design, graphic design, or computer aided drafting (CAD) might be a great fit. Jeremy helped Derek research what it would take for him to reach these career goals; it was clear a college degree would be essential. They discussed the importance of taking a mix of classes during the first year or two of school to help Derek decide which specific goal would be the best direction. Jeremy also suggested Derek consider gaining some work experience, if he felt it wasn't too much, once he got situated in school. Since education was the next step, Jeremy helped Derek explore which would be a better resource for getting his degree, the post-9/11 GI Bill or VR&E. They identified that Derek would likely need some tools and support to complete his degree, including extra tutoring, a



computer, note-taking tools, and voice recognition software. Derek decided it would be best for him to get help from VR&E to achieve his goal, given he would need these extra supports in addition to the degree. Jeremy helped Derek complete the VR&E application, called the local VR&E office to facilitate the referral, and passed along the great research he and Derek had done so far.

Once connected with VR&E, Derek completed a few more assessments so the counselor could identify any additional accommodations that might be needed. Then they wrote up a plan and by the fall of 2005 Derek was enrolled in college.

By the fall of 2006 it became clear Derek had a passion for web development. He wanted to work and gain some experience while in school, so he began networking around campus for potential jobs. In January 2007 he picked up a job as a student worker (15 hours/week) in the college's administrative office, working with their head web developer maintaining and making changes to the college's website. He worked with his VR&E counselor and supervisor in order to put in place a few workplace accommodations. His VR&E counselor purchased a desk and chair that provided Derek therapeutic support. His supervisor purchased voice recognition software and had an electronic door opening system installed on the front of the building. Additionally, Derek, his VR&E counselor and his supervisor identified a list of structured supports for Derek, so he would know who to go to if questions arose on the job. Derek and his VR&E counselor met monthly for the first 6 months of the job to assure all the right supports were in place, and Derek's supervisor agreed to call if he felt any topics that required VR&E help to address.

In the spring of 2008, as Derek was getting ready to graduate, he was offered a permanent position with the option to work part time or full time. He knew it was a good opportunity. But to increase to even 20 hours/week he'd need a flexible work schedule that allowed him to work from home in order to attend counseling and doctor appointments. He talked with his supervisor about the job requirements, his needs, and negotiated a part-time job. While his ultimate goal was to start his own web development business, he decided that it would be a good idea to work for the college for a couple years to gain more experience, establish more connections in the web development community, and receive tuition benefits while completing his master's degree.



Shifting to a Proactive Approach:

Knowing that he would need support for more than the basic 48-month VR&E service period, and would need some help establishing a business in 2 years, Derek began brainstorming with his VR&E counselor the critical next steps to assure he has the right support lined up:

- 1. Derek and his VR&E counselor discussed the need for Derek to receive an extension in order to have 60 months of services.** This allows his VR&E counselor to support him while finishing his degree.
- 2. Derek's VR&E counselor suggested he consider applying for support from the state Vocational Rehabilitation program in the next year or two,** since they could potentially help Derek in writing a business plan and covering some start-up expenses for his business.
- 3. Derek's VR&E counselor helped him identify local resources** (i.e., Small Business Development Center and the local microenterprise center) that provided basic training on how to start and run a business.
- 4. Derek's VR&E counselor also referred Derek to the local agency that administered Individual Development Accounts** (matched saving program), so Derek could access financial education as well as funding to help start his business in 2 years.

Summary:

Derek learned a number of important lessons through this experience:

- **Employment services can help you figure out the best career goal.**
- **There are a number of employment services available. Once you learn what service each of them provides you can decide which are best when to utilize them.**
- **You can use more than one employment service at the same time; they just need to be coordinated (to avoid duplication).**







SECTION 4

Resources

Acronym Guide

A&A	Aid & Attendance	DoD	Department of Defense
AGI	Adjusted Gross Income	DOL	Department of Labor
BWE	Blind Work Expense	DVAF	Disabled Veterans Assistance Foundation
CAP	Client Assistance Program	DVOP	Disabled Veteran Outreach Program
CD	Catastrophically Disabled	EH	Employment Handicap
CFED	Corporation for Enterprise Development	EITC	Earned Income Tax Credit
CHAMPVA	Civilian Health and Medical Program of the Department of Veterans Affairs	EN(s)	Employment Networks
CHCBP	Continued Health Care Benefit Program	EPE	Extended Period of Eligibility
CITI	CHAMPVA Inhouse Treatment Initiative	ESRD	End Stage Renal Disease
CMS	Center for Medicare and Medicaid Services	EXR	Expedited Reinstatement of Benefits
CRDP	Concurrent Retirement and Disability Pay	FICA	Federal Insurance Contribution Act
CRSC	Combat-Related Special Compensation	FPL	Federal Poverty Level
CWT	Compensated Work Therapy	GIE	General Income Exclusion
DComp	VA Disability Compensation	HIPAA	Health Insurance Portability and Accountability Act
DEERS	Defense Enrollment Eligibility Reporting System	HMO	Health-Maintenance Organization
DEI	DOL Disability Employment Initiative	IBS	Irritable bowel syndrome
		IDA	Individual Development Accounts

IDES	Integrated Disability Evaluation System	QWDI	Qualified & Working Disabled Individuals
IPE	Individualized Plan for Employment	RSA	Rehabilitation Services Agency
IRWE	Impairment Related Work Expense	SC	Service-Connected
IT	Incentive Therapy	SCD	Service-Connected Disability
ITA	Individual Training Account	SE	Supported Employment
IU	Individual Unemployability	SEH	Serious Employment Handicap
IVAP	Income for VA Purposes	SEI	Special Employer Incentive Program for Veterans
LVER	Local Veterans Employment Representative	SEIE	Student Earned Income Exclusion
MAPR	Maximum Annual Pension Rate	SGA	Substantial Gainful Activity
MEB	Medical Evaluation Board	SHIP	State Health Insurance Assistance Program
MTF	Medical Treatment Facility	SLMB	Specified Low-Income Medicare Beneficiaries
NESE	Net Earnings from Self-Employment	SMC	Special Monthly Compensation
P&T	Permanent and Total	SNAP	Supplemental Nutrition Assistance Program
PABSS	Protection and Advocacy for Beneficiaries of Social Security	SSA	Social Security Administration
PASS	Plan to Achieve Self-Support	SSDI	Social Security Disability Insurance
PDBR	Physical Disability Board of Review	SSI	Supplemental Security Income
PDRL	Permanent Disability Retired List	SW	Sheltered Workshops
PEB	Physical Evaluation Board	TAMP	Transitional Assistance Management Program
PESS	Property Essential for Self-Support	TDRL	Temporary Disability Retired List
PPO	Preferred Provider Organization	TERA	Temporary Early Retirement Act
PTSD	Post-Traumatic Stress Disorder	TFL	TRICARE for Life
QC(s)	Quarters of Coverage	TSES	Therapeutic and Supported Employment Services
QI	Qualifying Individuals	TW	Transitional Work
QMB	Qualified Medicare Beneficiaries	TWP	Trial Work Period

UWA	Unsuccessful Work Attempt
VA	Department of Veterans Affairs
VAMC	VA Medical Centers
VARO	VA Regional Office
VASRD	VA Schedule for Rating Disabilities
VCT	Veterans Construction Team
VOW	Veterans Opportunity to Work (to Hire Heroes Act of 2011)
VR	State Vocational Rehabilitation
VR&E	VA Vocational Rehabilitation and Employment
VRAP	Veterans Retraining Assistance Program
VRC	Vocational Rehabilitation Counselor
WIA	Workforce Investment Act
WIPA	Work Incentives Planning Assistance
WOTC	Work Opportunity Tax Credit



Appendix A

SSI: EXAMPLE OF INCOME WITH AND WITHOUT WORK INCENTIVES (SSI ONLY)

Joe goes to work and is earning approximately \$685 per month. Before Joe started work, he was receiving SSI at the full Federal Benefit Rate (FBR) (\$698 in 2012). His SSI check will be reduced as a result of his earnings. The chart below shows how the SSA will calculate Joe's SSI payments, with and without using Social Security Work Incentives.

Without Work Incentives

Wages	\$685
General Exc.	- 20
Earned Inc Exc.	- 65
Countable Income	\$300

Joe's SSI check will be reduced by this much

FBR (2012)	\$698
	-300
Adjusted SSI payment	\$398
Wages	\$685
SSI	+ \$398
MONTHLY INCOME	\$1,083
Less items needed to work	- 200
	\$883

With an Impairment Related Work Expense (IRWE)

(\$200/month to IRWE Expenses)

Wages	\$685
General Exc.	- 20
Earned Inc. Exc.	- 65
Countable Income	\$600
IRWE	-200
Countable Income	\$400

Countable Income	+ 2
FBR (2012)	\$698
	- 200
Adjusted SSI payment	\$498
Wages	\$685
SSI	+ \$498
MONTHLY INCOME	\$1,183
IRWE	- 200
	\$983

With a PASS or Blind Work Expense (BWE)

(\$200/month to PASS or BWE)

Wages	\$685
General Exc.	- 20
Earned Inc. Exc.	- 65
Countable Income	\$600
PASS or BWE	- 200
Countable Income	\$400

FBR + State Supp (2012)	\$698
	- 100
Adjusted SSI payment	\$598
Wages	\$685
SSI	+ \$598
MONTHLY INCOME	\$1,283
Less PASS/BWE	- 200
	\$1,083

Author Bios

Ms. Beth Keeton

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In her work with the CSC, Keeton has worked closely with the state vocational rehabilitation agencies in both Florida and Texas to coordinate the development and implementation of a statewide self-employment certification curriculum. Additionally, she works on many other national customized and self-employment projects, including the Entrepreneurship Bootcamp for Veterans with Disabilities (EBV) operated by the Institute for Veterans and Military Families at Syracuse University, the Iowa Medicaid Infrastructure Grant and the Florida Rural Routes to Employment Project, all of which are geared towards increasing the quantity and quality of employment outcomes.

For the last 20 years, Keeton has provided extensive training and technical assistance to individuals and agencies throughout the country on customized employment, positive behavior support, self-employment, systematic instruction and benefits analysis. During her time on various self-employment projects, she has developed expertise in all aspects of business plan development and has discovered a particular affinity for financial planning and Social Security benefits analysis.

Ms. Janet D. Steveley

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At GHA, Steveley work specifically on the EBV and the Kansas Small Business and Technical Assistance & Outreach Center, as well as various customized and self-employment projects. For 15 years, she has operated Workable Solutions, based in Ashland, Ore., providing training and consultation to help people with disabilities realize their employment goals, emphasizing choice, personal control and the creative use of resources. She also manages the Supported Employment Program for Columbia Care Services Inc., a non-profit organization serving individuals with severe and persistent mental illness.

Over the past 30 years, Steveley has worked as a special education teacher, a transition specialist and a technical assistance provider on both state and national projects related to employment and transition. She is well-versed in microenterprise development and an expert in optimizing public benefits having helped numerous individuals achieve their employment goals through Plans to Achieve Self Support (PASS).

Ms. Molly Sullivan

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For the past 15 years, Sullivan has been assisting people with disabilities pursue wage and self-employment. She has worked in direct service, program management for non-profit and government agencies, and provided training and technical assistance to professionals in disability services on innovative employment strategies.

Sullivan has expertise in self-employment and benefits planning. She provided training and technical assistance under the national self-employment demonstration project START-UP-USA, supports veterans participating in the national EBV program



and has supported numerous non-profit and government agencies in building their capacity to deliver self-employment services. Additionally, she provided training and technical assistance under the U.S. Social Security Administration-funded Work Incentives Planning and Assistance National Training Center and has supported numerous non-profit and government agencies in building their capacity to deliver benefit planning services.

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