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## Evaluation of the Ticket to Work Program

### *Assessment of Post-Rollout Implementation and Early Impacts, Volume 1*

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- APPENDIX B: NATIONAL BENEFICIARY SURVEY DATA TABLES AND ANALYSES**
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## ACRONYMS

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The following acronyms are used throughout this report.

ADL	Activities of daily living
AOI	Adequacy of incentives
AWIC	Area work incentives coordinator
BMI	Body mass index
BPAO	Benefits Planning Assistance and Outreach Program
CATI	Computer-assisted telephone interview
CAPI	Computer-assisted personal interview
CESSI	Cherry Engineering Support Systems, Inc.
CPI-W	Consumer Price Index for Urban Wage Earners and Clerical Workers
CDR	Continuing disability review
COPP	Certification outcomes payment process
CSAVR	Council of State Administrators for Vocational Rehabilitation
CWOSS	Comprehensive Work Opportunities Support System
DI	Disability Insurance (under Title II of the Social Security Act)
DOL	U.S. Department of Labor
EN	Employment network
EPE	Extended period of disability
EXR	Expedited reinstatement

FPL	Federal poverty level
IADL	Instrumental activities of daily living
IDMS	Integrated Disability Management System
IPE	Individualized plan for employment
IWP	Individual work plan
JWOD	Javits Wagner O'Day Program
MIE	Medical improvement expected (as determined by SSA)
NBS	National Beneficiary Survey
NPRM	Notice of proposed rule making
OAG	Office of Acquisitions and Grants
OESP	Office of Employment Support Programs
PABSS	Protection and Advocacy for Beneficiaries of Social Security Program
PMRO	Program Manager for Recruitment and Outreach
PSU	Primary sampling unit
SGA	Substantial gainful activity
SSA	Social Security Administration
SSI	Supplemental Security Income (Title XVI of the Social Security Act)
SVRA	State vocational rehabilitation agency
RSA	Rehabilitation Services Administration
TTH	Ticket to Hire
TTW	Ticket to Work
VR	Vocational rehabilitation
WIL	Work incentive liaison
WIPA	Work Incentives Planning Assistance

## EXECUTIVE SUMMARY

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The Ticket to Work and Self-Sufficiency program (TTW) was designed to enhance the market for services that help disability beneficiaries become economically self-sufficient. To do so, the program tries to give beneficiaries a wide range of choices for obtaining services and to give employment-support service providers new financial incentives to serve beneficiaries effectively. It also modifies the rules for the Disability Insurance (DI) and Supplemental Security Income (SSI) programs in order to give beneficiaries more incentives to participate.

To date, the Social Security Administration (SSA) has successfully begun the market enhancement process by putting the core elements of the TTW program in place across the country. At the end of program rollout in September 2004, SSA had mailed Tickets to more than 11 million disability beneficiaries, inviting them to use their Tickets as a way to obtain meaningful employment. It also implemented new SSI and DI program rules that allow beneficiaries to attempt to work without fear that such efforts will trigger a review of their disability status. Finally, SSA and its TTW Program Manager had enrolled a group of providers, including all state vocational rehabilitation agencies (SVRAs) and more than 1,300 service providers, or employment networks (ENs), that offer beneficiaries new choices for providers and service mixes.

While getting these core elements in place represents a major accomplishment, the market has experienced several serious problems. Beneficiary participation rates have risen continuously since the early months of rollout but remain low relative to the number of beneficiaries who express interest in work. For example, between March 2004 and December 2004, the participation rate rose from 1.1 percent of eligible beneficiaries to 1.4 percent in the early implementing states (those included in the Phase 1 rollout) while 26 percent of disability beneficiaries see themselves working for pay in the next five years and 15 percent see themselves earning enough to stop receiving benefits. Further, only a third of ENs had taken any Tickets, and signs suggested that all types of providers (ENs and SVRAs) were losing interest in the program. Loss of interest appears to reflect concern over several operational features of TTW, including (1) substantial financial risks for ENs, (2) administrative procedures viewed by ENs and SVRAs as excessively burdensome, and (3) a lack of incentives for beneficiaries who become gainfully employed to supply their service

providers with earnings documentation that would enable the providers to receive payments over extended periods.

Early impact results suggest that TTW slightly increased beneficiary use of employment services in the first rollout year (2002), particularly among providers other than SVRAs. That small service use increase, however, does not appear to have produced an increase in average beneficiary earnings or a reduction in benefit payments in the first two years (2002 through 2003). Such changes may have occurred, but, if they did, they were too small for us to confidently attribute them to the TTW program given available data and the historical state-level variation in these outcomes.

Impacts for 2004 and later may be larger. Payment data show that some beneficiaries who assigned their Tickets before 2004 earned enough income to generate Ticket payments only after the end of 2003, and survey data show that many participants in 2003 expected to earn enough to leave the rolls. Participation rates continue to increase, and many non-participants say that they plan to assign their Tickets. Economic growth since 2003 might also help participants attain greater employment success.

Nevertheless, analysis of trends in TTW payment data suggests that the program would have to induce future shifts in beneficiary behavior that are much larger than what has been observed so far in order to generate the level of exits from the rolls envisioned by Congress. In particular, meeting the exit goal will require participation to increase substantially and a larger share of participants to earn enough to exit the rolls.

SSA is trying to foster the required changes in beneficiary and provider behavior by revising the regulations that determine how the TTW market works and to help the program reach its full potential. These efforts have been underway almost since the beginning of the program and were anticipated by the authorizing legislation that provided for the SSA commissioner to assess the program as it rolled out, making changes that would help achieve program goals more effectively (or recommending changes when legislation would be required). Some attempted solutions—such as producing information to help ENs find operating capital and introducing a different payment claims process—appear to have had little positive impact overall. Recognizing the need for more sweeping revisions, SSA published a set of proposed new regulations for TTW on September 30, 2005. Our analysis of these regulations suggests that ENs would be able to generate positive returns under the new system if they carefully target their recruitment and service delivery efforts. Therefore, the new regulations may enhance provider participation in TTW.

## **KEY FINDINGS RELATED TO MARKET OPERATION**

In assessing the TTW market, the evaluation looked at its three key components: beneficiary demand for services, the supply of providers willing to serve those beneficiaries, and SSA's efforts to facilitate market operations.



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## Beneficiary Demand for Employment Services

**TTW participation remains low but continues to grow.** As of December 2004 (the last month for which we have complete data), the participation rate in Phase 1 states had risen to 1.4 percent, up from the 1.1 percent for March 2004. Participation rates have continued to rise in Phase 1 states since the early months of program rollout, although slowly. Participation rates in Phase 2 and 3 states are lower but also rising. The lower rates in these states primarily reflect the later rollout but do point to fewer SVRA assignments from pipeline clients; beneficiaries appear to participate at ENs in Phase 2 and 3 states at rates on par with those in Phase 1 states at comparable points after rollout.

**There is potential for growth in TTW participation.** The survey data suggest that demand for employment and employment-related services among Social Security disability beneficiaries is much greater than early Ticket experience suggests. Although at any given time only a small share of beneficiaries is employed or actively seeking employment, substantial proportions of beneficiaries have set forth goals that include work and see themselves working in the future. In fact, 15 percent expect to earn enough to leave the rolls within five years—approximately 1.4 million beneficiaries.

The positive work expectations of many beneficiaries give TTW a basis on which to build. A major goal of SSA's proposed TTW program changes is to increase EN and beneficiary participation. That is, if providers are more aggressive in addressing barriers to employment as a result of the impending changes, it seems likely that more beneficiaries will participate. The group of beneficiaries that has unsuccessfully attempted to assign its Tickets represents one group that might be brought into TTW by the proposed new regulations. Although the estimated number of such beneficiaries is small as a share of all beneficiaries, the survey data suggest that they may outnumber current TTW participants.

**Outreach might substantially stimulate TTW participation, especially among recently employed beneficiaries under age 55.** It remains plausible that the program could attract a larger share of the 30 percent of beneficiaries who express an interest in future employment. For example, the proposed new payment regulations enable ENs to receive substantial payments for beneficiaries who work at moderate levels. Thus, the changes may enable ENs to serve people who would not earn enough to trigger outcome payments in the short term but for whom increased work effort may have important long-term benefits. Outreach is likely to be more effective and efficient if it is targeted at those with work goals and expectations. We found that such beneficiaries share two primary characteristics: they are under age 55, and they have recently been employed.

**Many beneficiaries, especially Ticket participants, already use services to support employment efforts, including traditional employment supports and health-related services.** Data from the National Beneficiary Survey (NBS) indicate that 34 percent of all beneficiaries in Phase 1 states used employment-support services (broadly defined) in 2003, a much larger share than the approximately 1 percent of Phase 1 participants who had assigned their Ticket by the time of the survey. Services used by beneficiaries included not only conventional work supports (e.g., training and job search assistance) but also a large volume of health-related services (e.g., occupational therapy, counseling, and adaptive

equipment), which are seen by beneficiaries as enhancing their ability to work or live independently.

Not surprisingly, TTW participants were substantially more likely than the average beneficiary to have used services, and those participants who used services did so for more hours and were more likely than the average beneficiary to report that they were using services to find a job. Interestingly, 46 percent of participants who used services did not report using them to find a job or a better job. It therefore appears that the objectives of many participants differ from the program objective of increasing earnings to the point at which an individual no longer receives benefits.

**It appears that participants facing return-to-work challenges other than disability are more likely than others to assign their Tickets to ENs rather than to SVRAs.** The likelihood that a participant's Ticket is assigned to an EN is relatively high if the participant has limited or no work experience, is relatively old, has limited education, is Hispanic, is a single parent, or has preschool children. We also found that participants from relatively high-income households (i.e., with household income of at least 300 percent of the federal poverty line) were much more likely than others to have assigned their Ticket to an EN. Not surprisingly, these same characteristics are associated with an increased likelihood of assignment under one of the new payment systems.

**Participants who assigned their Tickets to ENs received fewer services than those who assigned their Tickets to SVRAs and were generally less satisfied with services received.** Participants who assigned their Ticket to an EN were significantly less likely than those who assigned their Ticket to an SVRA to report receiving any services (including services from outside TTW). Moreover, even when participants using ENs reported receiving services, they tended to report fewer hours of services, on average, than those who assigned Tickets to an SVRA. Similarly, EN participants who used services were less likely to report using the services to find a job or a better job. This does not bode well for ENs, which can generate full TTW payments only if participants earn enough to leave the benefit rolls. We also found that participants who assigned Tickets to an EN as opposed to an SVRA were less likely to report that the services were useful; more likely to report unmet service needs; and more likely to report problems with services and providers as the reason for the unmet needs. The higher payment rates under the proposed regulations combined with more experience with the performance-based payment system may address these problems.

### **The Supply of Employment Services**

In our last report, we concluded that the high percentage of Tickets assigned to SVRAs and the high percentage assigned under the traditional payment system appear to limit the extent to which TTW represents a dramatic break from the past. The more recent data reinforce that conclusion. An overwhelming majority of Tickets continues to be assigned to SVRAs (91.7 percent as of December 2004), and a large majority is assigned under the traditional payment system (85.6 percent). In fact, these statistics substantially understate the role of SVRAs in providing employment services to beneficiaries because SVRAs do not

obtain Tickets from many of the DI/SSI beneficiaries they serve—over half, based on currently available data. We also find that the percentage of Tickets assigned to SVRAs is gradually increasing, as is the percentage assigned under the traditional payment system.

**TTW has not yet either substantially expanded the number of private providers that serve beneficiaries or substantially changed service delivery.** It appears that TTW has only somewhat met its goal of increasing the supply of rehabilitation providers available to SSA beneficiaries. While more than 1,300 non-SVRA providers have registered as ENs and are therefore now able to receive payments from SSA when they successfully serve beneficiaries, only about 40 percent of them have accepted a Ticket, and only about 20 percent have accepted five or more. Beneficiary choice seems limited to large metropolitan areas with a concentration of beneficiaries; in large sections of the country there are no ENs, or no local EN has taken a Ticket.

Based on interviews conducted for this and previous reports, we have found that the vast majority of providers served beneficiaries before becoming ENs and have not significantly changed their operations or their client base in response to TTW. This finding is consistent across providers that have been operating as ENs in Phase 1 states since 2002 and consistent across providers in Phase 2 and 3 states, many of which became ENs much more recently. Many ENs say that they would have served interested beneficiaries even without TTW, in many instances under contract to an SVRA. For the most part, these ENs do not see TTW as providing them with substantial new financing or recruitment opportunities.

**The change in SVRA service delivery has also been limited.** To date, SVRA interviewees have indicated that TTW has not changed the way they provide services to beneficiaries, except that many now pay greater attention to benefits planning. They continue to report that TTW administration is burdensome and that they are taking administrative steps to reduce the burden. As one example, to reduce the significant effort required to predict which Tickets will generate more revenue under their new payment system, SVRAs are selecting the traditional payment system for an increasing share of Ticket assignments. As another example, Phase 2 and 3 SVRAs were less aggressive than Phase 1 SVRAs about obtaining Ticket assignments from pipeline cases.

SVRAs are also reporting that their budgets are particularly tight. As a result, some have been forced to place beneficiaries on waiting lists despite the potential for payments under TTW. As with private providers, they do not see TTW as a substantial new opportunity to generate revenue. Instead, they see it as an added burden on their limited resources.

**The current TTW payment systems provide few financial incentives for ENs to participate actively in the TTW market.** Most ENs that have accepted Tickets have not received any payments, and payments to most others are small. Long waits and the complicated paperwork needed to obtain payments exacerbate payment problems. The experience of SVRAs that have accepted Tickets under a new payment system is similar. Although payments are gradually increasing, the current payment regulations appear to provide little financial incentive for providers to participate actively in the TTW market.

## **TTW Market Implementation**

SSA has completed TTW rollout and continues to address trouble spots in program administration, especially payment speed and complexity. It appears that changes in SSA's administrative procedures have started a shift toward an SSA culture that is more supportive of return-to-work. Efforts to market the program to providers and beneficiaries have not achieved measurable success, however.

**SSA has completed TTW rollout and is attempting to address remaining trouble spots, especially payment speed and complexity.** In October 2004, SSA completed the mailing of Tickets to all of the approximately 10 million Ticket-eligible beneficiaries. SSA is now mailing Tickets only to those who first met Ticket-eligibility requirements after the completion of rollout (mostly new adult beneficiaries). Altogether, SSA had mailed almost 12 million Tickets by September 2006. SSA has undertaken significant efforts to address the implementation problems identified in our earlier reports, with substantial success. SSA's effort to reduce the backlog of "post-entitlement" work—mostly verification and recording of earnings reports—has made it easier to verify Ticket eligibility rapidly and to process payment requests. SSA has introduced an expedited payment process for outcome payments after initial payments have been made, and early evidence indicates that it is reducing payment processing times for providers who have made use of it.

**Changes in administrative procedures appear to have started a shift toward an SSA culture that is more supportive of return-to-work.** SSA staff members interviewed for this report suggested a positive shift toward an SSA culture that is more supportive of return-to-work for beneficiaries. It appears that the shift stems from the fact that many employees who serve beneficiaries with disabilities are learning about and have become more substantially involved with efforts to improve beneficiary earnings. Many receive training on Ticket and, more broadly, the DI and SSI work incentive programs; many have been introduced to and are using new data systems that track employment and other post-entitlement outcomes; and many were involved in the concerted effort to clear the post-entitlement workload backlog.

**Efforts to increase the supply of providers have not succeeded.** SSA and the Program Manager developed a marketing program to increase the supply of providers and the demand for services. Even though the Program Manager initiated a city campaign in five localities, by late September 2005, the campaign appeared to have had little impact on EN recruitment.

**SSA's proposed new regulations offer strengthened financial incentives to ENs.** Our analysis of the proposed regulations suggests that ENs would be able to generate positive returns under the new system if they carefully targeted their recruitment and service delivery efforts. In particular, ENs have a strong financial incentive to accept Tickets from beneficiaries who have been moved onto jobs by SVRAs. The larger milestone payments and milestone payments for earnings below SGA levels in the new system also give ENs an incentive to help more beneficiaries get jobs that provide a starting point for long-term employment. Thus, the new regulations may induce providers to participate more actively in the TTW market and to increase beneficiaries' overall employment efforts.

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## IMPACTS OF TTW ON BENEFICIARY BEHAVIOR

**TTW probably had a rapid impact on enrollment in employment services.** Our analysis indicates that TTW increased service enrollment in Phase 1 states by 0.4 percentage points in its first year, which represents an increase of 4,675 beneficiaries who would have enrolled in programs providing these services in the absence of TTW. The 0.4 percentage point increase in service enrollment represents a 9.5 percent increase in overall service enrollment (from 4.2 to 4.6 percent). Under the assumption that impacts would be the same across the remaining Phase 2 and 3 states, we project increases in service enrollment by 16,743 beneficiaries across the entire caseload in the first year of rollout. Consistent with expectations, the size of the estimated impact was much larger for younger beneficiaries than for older beneficiaries, with little variation in impacts by Title category (DI-only, SSI-only, and concurrent).

**Evidence on whether TTW affected beneficiary earnings and benefits during its first two years is inconclusive.** If TTW had any success in increasing beneficiary earnings or reducing benefit receipt, those effects were masked by two other factors: (1) the differences among states in employment and benefit-receipt trends that pre-dated the TTW program and (2) the underlying variation in beneficiary outcomes among states and over time.

**It is possible that impacts on earnings and benefits may increase.** Such increases may occur for several reasons. First, with more time, some of those who participated in years 1 and 2 are likely to increase their earnings and exit the rolls due to work. Second, participation rates continued to grow after 2003. Third, the economic recovery will presumably provide participants with better job opportunities. Impacts on benefit receipt, especially, are likely to take a long time to develop. For example, DI beneficiaries must work long enough at a high level of earnings to complete the trial work period (TWP) and three-month grace period before they lose their benefits—a period of 12 months if they have not used any TWP months before assigning their Ticket.

**Impacts on TTW participants are not likely to meet congressional expectations soon.** The Ticket act set a benchmark of increasing permanent exits due to work by at least half a percentage point. The trends we observe in TTW payment data led us to conclude that TTW's impact on participant exits will not reach the Ticket act's benchmark unless participation increases to well above the level in Phase 1 states at the end of 2004 or unless TTW somehow induced a large number of exits not reflected in the outcome payment data.

It is possible that TTW's impacts on exits due to work among all beneficiaries could substantially exceed impacts on exits due to work among TTW participants for the simple reason that the administrative and other efforts undertaken by SSA, ancillary to TTW, might induce exits without TTW participation. Even if the number of such exits is large, however, it might be a mistake to attribute them to TTW. Although TTW might have been the driving force behind SSA's overall efforts to improve return-to-work outcomes, presumably many, if not all, of the ancillary changes could have been implemented without TTW.

**While beneficiaries in the Adequacy of Incentives (AOI) groups defined by Congress generally have lower-than-average participation rates in TTW, other factors—such as age, education, and having children under age six living in the household—seem to play a larger role in shaping participation patterns.** In passing the Ticket Act, Congress acknowledged that providers might be unwilling to accept Tickets from some beneficiaries because the TTW performance-based payment system may not cover the cost of services. As part of an effort to address this concern, Congress required SSA to conduct a study of TTW participation among four groups of AOI beneficiaries:

- Group 1: Beneficiaries who require ongoing support and services to work
- Group 2: Beneficiaries who require high-cost accommodations to work
- Group 3: Beneficiaries who work but earn a subminimum wage
- Group 4: Beneficiaries who work and receive partial cash benefits

When compared with other factors that affect participation—such as age, education, and the presence of children under age six in the household—the influence of membership in the AOI groups on participation is weak. However, we found some evidence that may be consistent with the concern that the performance-based payment system discourages providers from serving beneficiaries in Group 1 and beneficiaries in both Groups 1 and 2 who might require more intensive or long-term support to become employed. Both of these groups have low participation rates, and those in both Groups 1 and 2 are more likely to have a Ticket assigned to an SVRA and operate under the traditional payment system.

Research by McGrew (2005) indicates that, if properly designed, performance-based payment systems can address the needs of individuals with the most severe disabilities. The problems we observed may be an artifact of the low payment rates under the current system, which may be addressed by the proposed payment system. In addition, it is possible that the findings result from the early stages of TTW implementation. Thus, we are unable to determine the degree to which the findings are attributable to the adequacy of TTW incentives.

## **THE FUTURE OF THE TTW MARKET**

Assessing the progress and future of TTW depends fundamentally on expectations for the program. On the surface, those expectations seem modest. The legislation suggested that the program would be a success if it could increase from 0.5 to 1.0 percent the rate at which beneficiaries exit the program due to work. However, these seemingly small numbers represent a substantial change for the SSI and DI programs, which support 10 million people whose conditions and impairments have been determined to mean that they are unable to work at self-sustaining levels. The observed rate of exits due to work for the SSI and DI programs has been under 0.5 percent for years (Berkowitz 2003; Newcomb, Payne, and Waid 2003) and has remained largely unchanged in the face of numerous programmatic and economic changes.

Furthermore, the changes sought by TTW seem large when viewed from the perspective of SSA operations, which have historically focused on paying benefits appropriately and efficiently, not on delivering employment support services. TTW has required SSA to train staff in more than 1,400 field offices and to institute an entirely new service to help beneficiaries understand ways in which work affects their benefits. SSA administrators have described the process of implementing TTW as comparable to that required to initiate the SSI program itself.

Finally, from the perspective of the employment service providers who have long operated in a cost-reimbursement system and now must respond to a riskier performance-based payment system, the changes sought by TTW are enormous. Many existing providers operate as nonprofits and may therefore be ill-suited to finding the working capital required to sustain TTW operations when the payments they receive for moving a beneficiary into successful employment are spread over five years. Newer providers may be hesitant to enter the market until they can clearly see ways to enroll a sufficient number of beneficiaries to make TTW an attractive option as compared with other service markets in which they could participate. All providers are likely to have concerns about how to negotiate the complex reporting obligations required by the TTW payment systems.

Given all of these factors, it would have been surprising if TTW had produced dramatic changes in its first three years of operation (2002 through 2004). Not only did the program roll out gradually, but it clearly takes time for beneficiaries, providers, and operations staff to respond to a new market. For example, SVRAs generally need more than two years to move a beneficiary into employment, and many beneficiaries have taken months to initiate services by assigning their Tickets. Thus, program changes are likely to emerge slowly.

Some lessons have emerged more quickly, however. In particular, it appears that the current milestone-outcome and outcome-only systems provide little financial incentive for providers to participate actively in the TTW market. This is problematic for a new market that is trying to attract new providers and innovations. Fortunately, the Ticket Act gives the commissioner the authority to modify the payment rules or other aspects of the market in order to improve program efficiency. SSA used that authority when it announced potential new payment regulations. Our review of those proposed regulations suggests that providers that carefully target and deliver services have a reasonable chance of covering their costs and earning a profit under the new payment systems. Thus, the new rules may breathe new life into the TTW market.

But, momentum is still an issue. The TTW market is functioning, but mostly as an adjunct to the existing operations of SVRAs and other service providers. Generally, neither the number of beneficiaries served by the program nor the range of services delivered to beneficiaries seems to be expanding. ENs that have taken Tickets report little or no financial success and largely seem to have adopted a wait-and-see attitude about expansion or innovation. The new payment regulations were published in September 2005, and SSA has provided little feedback to the market since then. Providers, particularly ENs, have shown little reaction to the new regulations (particularly as compared with the interest shown in TTW when it was first announced). If SSA hopes to build momentum around the

new changes, it will need to move expeditiously and help providers understand how to succeed under the new system.

Regardless of how the new regulations play out, TTW marks an important step toward greater employment and self-sufficiency for people with disabilities. The field is still learning about the best methods to help people with disabilities understand and improve their opportunities and potential. It is also still identifying ways to integrate TTW with other employment initiatives. For example, an EN that serves DI beneficiaries can channel some of the outcome payments to working beneficiaries to help cushion them from the so-called “cash cliff,” which now occurs when they leave cash benefits due to work.

In addition, overall progress toward increasing the employment of people with severe disabilities, including SSI and DI beneficiaries, will require greater acceptance of the idea that many such individuals can successfully support themselves if provided with employment assistance. Just by sending out Tickets, recruiting new providers, training its staff, and improving how it tracks beneficiary employment, SSA has helped to nurture greater acceptance of employment options for beneficiaries. The challenge now is to build on this developing mindset to sustain policy, programmatic, and market momentum for improving the economic integration of people with disabilities into American life.



# CHAPTER I

## INTRODUCTION

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The Ticket to Work and Self-Sufficiency program (TTW) was designed to enhance the market for services that help disability beneficiaries become economically self-sufficient. To do so, the program gives beneficiaries more choices for obtaining services and gives employment-support service providers new financial incentives to serve beneficiaries effectively. It also modifies the rules for the Disability Insurance (DI) and Supplemental Security Income (SSI) programs in order to give beneficiaries more incentives to participate.

To date, the Social Security Administration (SSA) has successfully begun the market enhancement process by putting the core elements of the TTW program in place across the country. At the end of the program rollout in September 2004, SSA had mailed Tickets to more than 11 million disability beneficiaries, inviting them to use their Tickets as a way to obtain help getting meaningful employment. It also implemented new SSI and DI program rules that allow beneficiaries to attempt to work without fearing that SSA will review their disability status while they are in the TTW program. Finally, SSA and its TTW Program Manager had enrolled all state vocational rehabilitation agencies (SVRAs) and more than 1,300 service providers, or employment networks (ENs), that offer beneficiaries new choices for providers and service mixes.

While getting these core elements in place represents a major accomplishment, the market has had several serious problems. As discussed in the earlier TTW evaluation reports (Livermore et al. 2003; Thornton et al. 2004, 2006), beneficiary participation rates have risen continuously since the early months of rollout, but remained very low relative to the number of beneficiaries who express interest in work. The earlier reports noted that by March 2004, only 1.1 percent of eligible beneficiaries in the early implementing states (those included in the Phase 1 rollout) had assigned their Tickets to a service provider, although 26 percent of disability beneficiaries see themselves working for pay in the next five years and 15 percent see themselves earning enough to stop receiving benefits. Also, only a third of the ENs had taken any Tickets, and there were signs that all types of providers (ENs and SVRAs) were losing interest in the program. This loss of interest appeared to reflect concern over several operational features of TTW, including (1) substantial financial risks for ENs, (2) administrative procedures viewed by ENs and SVRAs as excessively burdensome, and (3) a lack of incentives for beneficiaries who become gainfully employed to supply their service

providers with earnings documentation that would enable the providers to receive payments over extended periods of time.

Early impact results suggest that TTW slightly increased beneficiary enrollment in employment-support programs during the first rollout year (2002), particularly among providers other than SVRAs. Essentially, enrollment in employment support programs increased for beneficiaries in the early rollout states relative to beneficiaries in the states where the rollout had not yet started, by a statistically significant amount.<sup>1</sup> Furthermore, the changes in relative enrollment across the early and later rollout states observed in 2002 were a clear departure from historical trends.

The early impact results for beneficiary earnings and benefit receipt, however, are inconclusive. During the first two years of TTW rollout, the differences in earnings and benefit receipt observed for beneficiaries in the early and later rollout states are statistically indistinguishable from the differential trends in these outcomes that occurred in the years prior to the rollout. As a result, it is not possible to tell if TTW had an effect on these outcomes or if TTW was merely rolled out first in states that had systematically different trends in beneficiary earnings and benefit receipt. We therefore conclude that while TTW did increase enrollment in employment-support programs, it is not possible to identify conclusive evidence about the effects TTW may have had on employment and benefit receipt.

Impacts for 2004 and later may be larger. Payment data show that some beneficiaries who assigned their Tickets before 2004 earned enough income to generate Ticket payments only after the end of 2003, and survey data show that many participants in 2003 expected to earn enough to leave the rolls. Participation rates continue to increase, and many non-participants say they plan to assign their Tickets. Economic growth since 2003 might also help participants attain greater employment success.

Nevertheless, analysis of trends in TTW payment data suggests that the program will not generate the level of exits from the rolls envisioned by Congress unless there are major shifts in beneficiary behavior. In particular, meeting that goal will require that participation increase substantially and that a larger share of participants earn enough to exit the rolls.

SSA is trying to foster the required changes in beneficiary and provider behavior by revising the regulations that determine how the TTW market works and to help the program reach its full potential. These efforts have been underway almost since the beginning of the program and were anticipated by the authorizing legislation that provided for the SSA Commissioner to assess the program as it rolled out, making changes that would help to achieve program goals more effectively (or recommending changes when legislation would be required). Some attempted solutions—such as producing information to help ENs find

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<sup>1</sup> The estimation process uses a fixed effects approach that controls for differences among beneficiaries that pre-existed the TTW rollout. Chapter XIII and Appendix D provide more details about the estimation methods the evaluation used and those that were considered, but proved to be inappropriate.

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operating capital and introducing a different payment claims process—appear to have had little positive impact overall. Recognizing the need for more sweeping revisions, SSA (2005) published a set of proposed new regulations for TTW on September 30, 2005. Those regulations are still under review, but SSA hopes to issue final regulations in 2007.

This report updates and extends the work presented in earlier evaluation reports to cover the first three years of the TTW program. The evaluation findings are organized into six parts that reflect the major components of the market for employment support services that TTW tries to enhance. This first part (Chapter I) provides an overview of TTW and discusses how the program attempts to create a better marketplace in which beneficiaries can obtain employment assistance services. Part 2 (Chapters II through VIII) focuses on beneficiaries' demand for those services as reflected in their participation in TTW, the activities of those who assign Tickets, and the perspectives and characteristics of those who do not. Part 3 (Chapters IX through XII) addresses the supply of employment services as indicated by provider involvement in the program and the financial incentives TTW gives providers to actively recruit beneficiaries. Part 4 (Chapter XIII) describes the efforts of SSA and the Program Manager to create a well-functioning market for employment assistance services. The last two parts offer a more summative view of the program. Part 5 (Chapters XIV and XV) presents preliminary estimates of the effects TTW has on beneficiary service use, employment, and benefit receipt. Part 6 (Chapter XVI) offers our overall conclusions about TTW at this stage of its development and its potential to achieve its intended goals.

## **A. TICKET TO WORK AND THE MARKET FOR EMPLOYMENT SUPPORT SERVICES**

The TTW program, together with other initiatives created by the Ticket to Work and Work Incentives Improvement Act (Ticket Act), represents a new approach to an old problem:<sup>2</sup> while many persons with disabilities work, relatively few who receive DI or SSI disability benefits have ever left the rolls as a result of working. The vast majority of beneficiaries have not attempted to secure a job once they are on the rolls. Historically, less than 3 percent of any DI or SSI enrollment cohort has ultimately left the rolls due to work, and less than 0.5 percent of all beneficiaries on the rolls at a point in time has left due to work (Newcomb et al. 2003; Berkowitz 2003).

The TTW program's new approach addresses this problem by relying on the marketplace to increase the level and mix of employment support services. Rather than setting up a single training program, TTW establishes payment mechanisms designed to induce employment-service providers to increase the supply of programs and the range of approaches. TTW also tries to increase beneficiary demand for employment support services by modifying program rules to encourage work and by providing beneficiaries with more information to help them understand and navigate the complex program rules. In this way, TTW relies on the creativity and knowledge of many service providers and beneficiaries

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<sup>2</sup>Readers interested in more extensive background information on the TTW program or the evaluation should see the initial evaluation report (Thornton et al. 2004) or the preliminary process analysis (Livermore et al. 2003). In addition, Mashaw and Reno (1996) present the basic ideas that underlie the TTW program.

to find the right mix of services to help beneficiaries find jobs that allow them to earn their way off the rolls and toward economic self-sufficiency.

Thus, TTW marks a substantial departure from earlier years when SVRAs were for many disability beneficiaries essentially the only option for obtaining employment support services. From 1981 until 1996, SSI and DI beneficiaries who were deemed good candidates for rehabilitation—potentially capable of supporting themselves through work earnings—were referred exclusively to SVRAs. The Alternate Participant Program, created in 1996, was intended to give more options to beneficiaries, but for various reasons this initiative enrolled extremely few individuals. Alternate providers filed just over two dozen payment claims from 1999 to 2001.

The remainder of this section lays out the key aspects of the TTW program that stimulate beneficiary demand for services, increase the supply of employment-support service providers, and ensure the overall operation of the market.

## 1. Efforts to Stimulate Beneficiary Demand for Employment Support Services

The Ticket Act was intended to increase demand for employment and employment support services by changing several SSI and DI program features that may discourage work efforts.

1. ***Continuing Disability Review Protections.*** While beneficiaries are using their Ticket, they are not subject to any medical continuing disability reviews (CDRs), which are checks to determine whether they remain medically unable to work. As a result, beneficiaries will not have to worry about SSA reviewing their medical disability status while they are participating in TTW. Furthermore, for long-term DI beneficiaries, starting to work will no longer trigger a medical disability review (even for those not participating in TTW).
2. ***Expedited Reinstatement.*** The Ticket Act provided for an expedited reinstatement policy that allows beneficiaries who leave the disability rolls for employment to have their benefits (and any associated health insurance) reinstated without a new application should they return to cash assistance within five years.
3. ***Benefit Counseling.*** The Ticket Act required SSA to establish a network of Benefit Planning, Assistance, and Outreach (BPAO) providers that would help beneficiaries get a better understanding of DI and SSI work incentives.<sup>3</sup> The act also established a network of protection and advocacy providers who could help beneficiaries negotiate the system successfully.

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<sup>3</sup> As of September 30, 2006, these organizations are known as the Work Incentives Planning and Assistance Programs.

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4. ***Extended Medicare Coverage.*** Medicare coverage for DI beneficiaries who return to work and leave the DI rolls was extended substantially, from 39 months under earlier rules to 93 months at present, and when that period ends, beneficiaries will be able to purchase Medicare coverage.
  5. ***Medicaid Buy-In Option.*** The Ticket Act made it easier for states to establish programs that allow persons with disabilities to purchase Medicaid coverage on a sliding-fee basis. In 1999, 8 states had a Buy-In program; there are now 30 states with such programs (White et al. 2005; Black and Ireys 2006).

In addition to removing some work disincentives, TTW also greatly expanded the types of organizations that SSA will pay to support beneficiaries' job search efforts. TTW allows virtually any kind of entity to sign up as an EN. ENs can come from any of the three sectors of the economy: private for-profit, public nonprofit, and private nonprofit. Any private business—from a large corporation to a sole proprietorship—can be an EN. Likewise, any public agency—a municipal office, a school district, a regional council, a state bureau, a federal department, etc.—can be an EN, whether or not its mission concerns vocational services or persons with disabilities. Virtually all private nonprofit organizations can become ENs, from faith-based groups to charitable foundations to private colleges to social service agencies. Furthermore, there are virtually no barriers to entry for interested entities. There are essentially no application costs and the general eligibility requirements are apparently easy to meet.<sup>4</sup> Entities signing up as ENs are not required to have any prior experience serving persons with disabilities. An organization that might someday hire even just one Ticket holder at a level that would take him/her off cash benefits can sign up as an EN.

Also, TTW gives beneficiaries and the providers who serve them considerable flexibility to choose the services that will be provided. Providers and beneficiaries must agree on an individualized work plan (IWP) before a Ticket can be put into use, but SSA imposes almost no requirements for the services and arrangements to be covered by such plans. This plan could, at least in theory, include a wide array of services such as job training or placement, information to help beneficiaries better understand relevant program rules, assistance in overcoming employer misperceptions, and technology or other services to support beneficiaries after placement. TTW could also be used to provide beneficiaries with a wage subsidy by rebating some of the outcome payments to the former beneficiaries who generated those payments.

Finally, the TTW program is more consumer-driven than the old system. All eligible beneficiaries get a Ticket and may decide what to do with it, and participation is completely voluntary. Also, TTW eliminated the prior process under which the Disability Determination Services—the entity determining whether an SSI or DI applicant is disabled—would refer beneficiaries exclusively to SVRAs. It thereby tried to open up the market and allow all providers that wished to become an EN to serve beneficiaries. It also

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<sup>4</sup> See Livermore et al. 2003, pp. 10-11.

increases beneficiaries' choices by allowing all eligible beneficiaries to decide whether and when to seek employment services.

## **2. Increasing the Supply of Employment Support Service Providers**

The employment support system for beneficiaries that predated TTW was viewed as problematic (see Berkowitz 2003). Under that system, the Disability Determination Service in each state determined which beneficiaries were good candidates for rehabilitation and referred them to the SVRAs.<sup>5</sup> SSA would then reimburse SVRAs for the cost of services that resulted in a beneficiary's working at the level of "substantially gainful activity" (currently set at \$900 per month for most individuals) for 9 months during a 12-month period. This system was viewed as problematic because (1) it limited beneficiaries' choice of providers to SVRAs, and (2) the reimbursement system paid for an intermediate outcome—9 months of substantial gainful activity (SGA)—rather than for the outcome of ultimate interest to SSA: movement into sustained employment and exit from the disability benefit rolls.

The TTW program sought to increase provider interest in helping disability beneficiaries gain economic self-sufficiency by introducing two new payment options that aim to give providers a stronger performance incentive. While the new options can provide some payments early in a beneficiary's job tenure, they require that a beneficiary earn enough to no longer receive cash benefits for 60 months before the provider receives full payment. The first option, the outcome-only system, provides slightly higher payments than the second option, but only when the desired outcome is achieved—in other words, when a beneficiary leaves the rolls because of work. The second new option, the milestone-outcome system, provides smaller outcome payments but can also provide up to four larger payments while a beneficiary is still receiving benefits if he or she beneficiary achieves specified earnings targets, or "milestones." ENs cannot use the traditional payment system; they must elect to be paid under either of the new payment systems. SVRAs can act as ENs by using the new payment systems, but they can also decide to serve some beneficiaries under the traditional system.

To make employment-support service providers familiar with TTW and its new options, SSA contracted with a Program Manager to recruit providers to become ENs. The Program Manager used mailings, conference presentations, and its call-in center to contact more than 50,000 potential providers as TTW was rolled out. SSA also disseminated information about the program through presentations by its regional and field office staff and its website.

While the new payment system offers providers some new incentives to help beneficiaries earn their way off the rolls, it also includes some constraints. Unless they have other funding, providers must limit their expenditures on beneficiary services to a level that fits within the payments they expect to receive and their assessment of whether the services they can provide are likely to result in a beneficiary leaving the rolls. Providers can refuse to

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<sup>5</sup>Beneficiaries could also apply on their own, without a referral.

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serve beneficiaries whom they think are not likely to leave the rolls and thus unlikely to trigger outcome payments. In particular, beneficiaries who want to work only at an earnings level that would enable them to retain part or all of their benefits will generally not be attractive clients to providers operating in the new TTW payment systems.

### **3. SSA's Efforts to Enhance Market Functioning**

SSA has the job of establishing the TTW program and helping it to extend the market for employment support services. After a planning period, SSA rolled out TTW in three phases. Phase 1, which began in February 2002, saw the program introduced in 13 states around the country. Phase 2, which began in November 2002, extended TTW to 20 more states and the District of Columbia. Phase 3, which began in November 2003 and ended in September 2004, completed the rollout in the remaining 17 states and U.S. territories. At present, beneficiaries in all states are sent a Ticket as they become newly eligible for the program. Appendix A gives a complete timeline for TTW and lists the states included in each phase.

TTW leaves decisions about participation and service delivery to individual beneficiaries and providers, but gives SSA several key roles in the market. In particular, SSA, along with the Program Manager, runs the TTW payment systems. This involves both the processing of payment requests from providers and the ongoing DI and SSI operations that determine whether beneficiaries have left the rolls due to work. The latter determination is key to triggering outcome payments to ENs.

SSA also promoted beneficiary knowledge about TTW by mailing Tickets and conducting other outreach. It also established the BPAO program and helped to facilitate the protection and advocacy providers.

Finally, SSA monitored overall TTW operations in order to determine whether changes are warranted in the program. It has done so since the start of the program in February 2002. In September 2005, SSA proposed the most sweeping changes to date. If implemented, these changes would increase milestone payments dramatically. They would also separate the traditional payment system for SVRAs from the new payment systems for ENs. In doing so, the new regulations would let beneficiaries use SVRA services to move into a job and then assign their Ticket to an EN that would help them maintain that job. These proposed changes are still under review.

### **B. THE TICKET TO WORK EVALUATION**

Given the size, complexity, and significance of TTW, Congress mandated that SSA conduct a comprehensive evaluation to provide both short-term feedback that could help to improve program implementation and a long-term assessment of the program's effects. The evaluation began in mid-2003 and will continue for five years. By the time it is complete, the evaluation will have addressed seven major questions:

1. Did TTW significantly reduce dependence on SSA benefits through increased beneficiary employment and earnings?
2. What was the impact of TTW on earnings, employment duration, SSA benefits, and beneficiary income?
3. Did TTW produce net SSA program costs or savings? How much? What were the costs and benefits of the TTW program to SSA?
4. Did TTW produce net social costs or benefits? What were the social costs and benefits of the TTW program?
5. Who did and did not participate in TTW?
6. What groups were adequately served under the TTW program and what groups were underserved?
7. What aspects of the program improved or reduced program success?

The evaluation will address these questions in five annual reports. The initial evaluation report (Thornton et al. 2004) and the second evaluation report (Thornton et al. 2006) focused on program operational issues, primarily the program rollout and the participation by beneficiaries and providers (questions 5, 6, and 7). This report touches again on those issues, but adds information on the impacts of TTW on beneficiaries (questions 1 and 2). Future reports, scheduled for 2007 and 2008, will cover all these issues as well, and will also examine the costs and benefits of TTW (questions 3 and 4).

### C. DATA SOURCES FOR THIS REPORT

This report is based on the data sources listed below. Together, they provide a qualitative and quantitative perspective on TTW operations and effects.

- ***SSA Administrative Records.*** We developed several analysis files—collectively referred to as the Ticket Research File (TRF)—from extracts obtained from SSA administrative databases. The TRF contains longitudinal data on the more than 17 million disability beneficiaries who received benefits between January 1996 and September 2004 (the data cover the slightly longer period of January 1994 through December 2004). We used the TRF to analyze trends in SSI and DI participation, Ticket assignments, payments to ENs and SVRAs, and the impacts of TTW on beneficiary service use, employment, earnings, and benefit receipt.
- ***National Beneficiary Survey (NBS).*** We used data provided by the almost 7,500 beneficiaries who responded to the NBS to examine their knowledge of TTW, expectations about work, functioning, health, participation in TTW, employment, and other issues. In an effort to ensure that the survey represents the full range of beneficiary perspectives, the survey was fielded using



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procedures that accommodate the needs of respondents with all kinds of disabilities. The survey was fielded between February and October 2004. Responses from approximately 1,000 beneficiaries who assigned or used their Ticket in 2003 enabled us to examine their participation in and satisfaction with TTW. Appendix B summarizes the survey methodology and provides some supplemental tabulations. The NBS tabulations included in this report have been weighted to correct for non-response.

- ***Rehabilitation Services Administration (RSA) Data.*** We used public use files from RSA to analyze trends in beneficiary participation in vocational rehabilitation. We also used individual-level data on SVRA case closures provided by RSA and linked to SSA administrative data to analyze the extent to which TTW affected the use of employment services.
  
- ***Interviews with Providers, the Program Manager, SSA, and Other Federal Agencies.*** Information on program implementation and provider operations came from interviews conducted by the evaluation team in summer 2005. These interviews supplement dozens of similar interviews conducted for earlier evaluation reports (Thornton et al. 2004, 2006) and the preliminary process analysis (Livermore et al. 2003). This most recent round of interviews included discussions with officials from the following organizations:
  - 12 randomly selected Phase 3 ENs; 8 Phase 1 ENs selected from a pool previously interviewed in relation to this evaluation
  - 10 Phase 1 and 2 ENs selected for their apparent relative financial success under TTW
  - 4 SVRAs
  - The TTW Program Manager
  - SSA staff in the central office, three regional offices, and six field offices

The specific populations and number of individuals included and the time periods covered are presented in Exhibit I.1.

**Exhibit I.1. Populations and Time Periods Covered by Databases Used in the Evaluation**

Database	Population	Time Period Covered	Approximate Number of Individuals
Ticket Research File	All disability beneficiaries who received a benefit at some time between January 1996 and October 2004	January 1994 to December 2004	17,000,000
TTW Participation	All beneficiaries who have assigned a Ticket	Start of TTW (February 2002) through May 2005 (because of lags in processing Ticket assignments, these data accurately capture enrollment though December 2004)	84,000
Ticket Payment Data	Beneficiaries who have received milestone and outcome payments made to ENs or SVRAs (total number of payments)	Start of TTW (February 2002) through July 2005	1,300 individuals (encompassing 7,800 payments)
National Beneficiary Survey (NBS)	Representative sample of disability beneficiaries age 18 to 65	Status in 2004 (at time of interview) and TTW experience in 2003	6,500
	Representative sample of beneficiaries who assigned their Tickets		1,100
Process Analysis	Selected representatives of SSA, the PM, ENs, SVRAs, and other federal agencies with programs that interact with TTW	Interviews conducted June-August 2005 (focus on Phase 3 rollout and current operations)	50
Impact Analysis	All TTW-eligible beneficiaries who received benefits for the entire year prior to the start of TTW and were under 57 years old	1997-2003 (for the early cohort, 2003 is the first year following the year in which they were mailed a Ticket); analysis excludes new beneficiaries who came onto the rolls after TTW started	4,700,000

## CHAPTER II

### CHARACTERISTICS OF WORKING-AGE BENEFICIARIES AND USE OF EMPLOYMENT SERVICES

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Data from the 2004 NBS suggest that there could be substantial demand for employment-related services among working-age Social Security disability beneficiaries.<sup>1</sup> Clearly, many beneficiaries are unlikely to work. All have passed a rigorous determination process that found them unable to engage in substantial gainful activity (which SSA currently defines as working at a level to earn \$900 a month). Furthermore, many have characteristics that would make finding employment difficult even in the absence of a disability: many are over 55 years old, have been on the rolls (and out of the labor force) for over a decade, and are in poor or deteriorating health. Nevertheless, a considerable share of these beneficiaries, representing millions of individuals, may be able to benefit from employment support services either because they are currently working or because they have expressed an interest in working at substantial levels.

This chapter first reviews the basic characteristics of working-age beneficiaries.<sup>2</sup> This descriptive information is helpful in interpreting the findings for TTW but has wider applicability since it comes from the first nationally representative cross-sectional survey of beneficiaries conducted in decades. After laying out characteristics of beneficiaries, the chapter discusses their self-reported work experience, attitudes, and expectations. It then addresses more concrete measures of the potential demand for TTW services by examining the reported use of and unmet needs for employment services.

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<sup>1</sup> More detailed tabulations of the survey results are shown in Appendix C. Many of the findings presented in this chapter were examined in greater detail in our previous evaluation report (Thornton et al. 2006). In some cases, however, the statistics presented in this chapter differ slightly from those presented in the previous report. This is due to the fact that when the analyses for the previous report were conducted, final survey weights and imputations for selected missing values had not been completed. The statistics presented in this chapter are derived using the final survey weights, and imputed variables where applicable.

<sup>2</sup> Additional information from the 2004 NBS about the health, work-related goals and activities, service use, and income sources of various subgroups of beneficiaries (SSI-only, DI-only, and concurrent beneficiaries; TTW participants; and working beneficiaries) is presented in Appendix B.

## A. BENEFICIARY CHARACTERISTICS

### 1. Program Characteristics

From SSA administrative data we know that a large majority (69 percent) of working-age beneficiaries receive DI benefits (Exhibit II.1). Just over half (53 percent) are DI-only beneficiaries, and another 16 percent participate in both the DI and SSI programs. SSI-only recipients account for 31 percent of all beneficiaries.

The fact that the DI and SSI programs have different eligibility criteria means that beneficiaries in the two programs are likely to differ in their work histories and possibly in their work potential. While both the DI and SSI programs define disability in essentially the same way, the DI program provides disability benefits to people who have a substantial work history, regardless of income or assets, while the SSI program provides disability benefits only to people meeting the disability criteria with very low income and assets. As a result, most DI beneficiaries will have worked for 10 years (that is, a total of 40 quarters), while the work history of most SSI beneficiaries will be much more limited. Concurrent beneficiaries are likely to have a history of fairly low earnings and thus DI benefits that are low enough to make them eligible for SSI benefits.

Most (53 percent) working-age beneficiaries first entered the DI or SSI programs 10 or more years ago. Only a small share of beneficiaries (four percent) have been on the rolls for fewer than two years. Therefore, even while many beneficiaries have an extensive work history, the fact that they have been on the rolls and out of the labor force for a substantial amount of time is likely to make employment a challenge.<sup>3</sup>

When we interviewed beneficiaries in 2004, the average monthly disability benefit—including all federal and state supplement amounts—was \$810.<sup>4</sup> Most beneficiaries (63 percent) receive monthly benefits between \$500 and \$1000, about one-quarter (24 percent) receive monthly benefits in excess of \$1000, and a relatively small share (13 percent) receive benefits that are less than \$500 per month.

Relative to other types of benefits, it appears that DI and SSI benefits are an important source of income for beneficiaries. A large share of these individuals (65 percent) did not

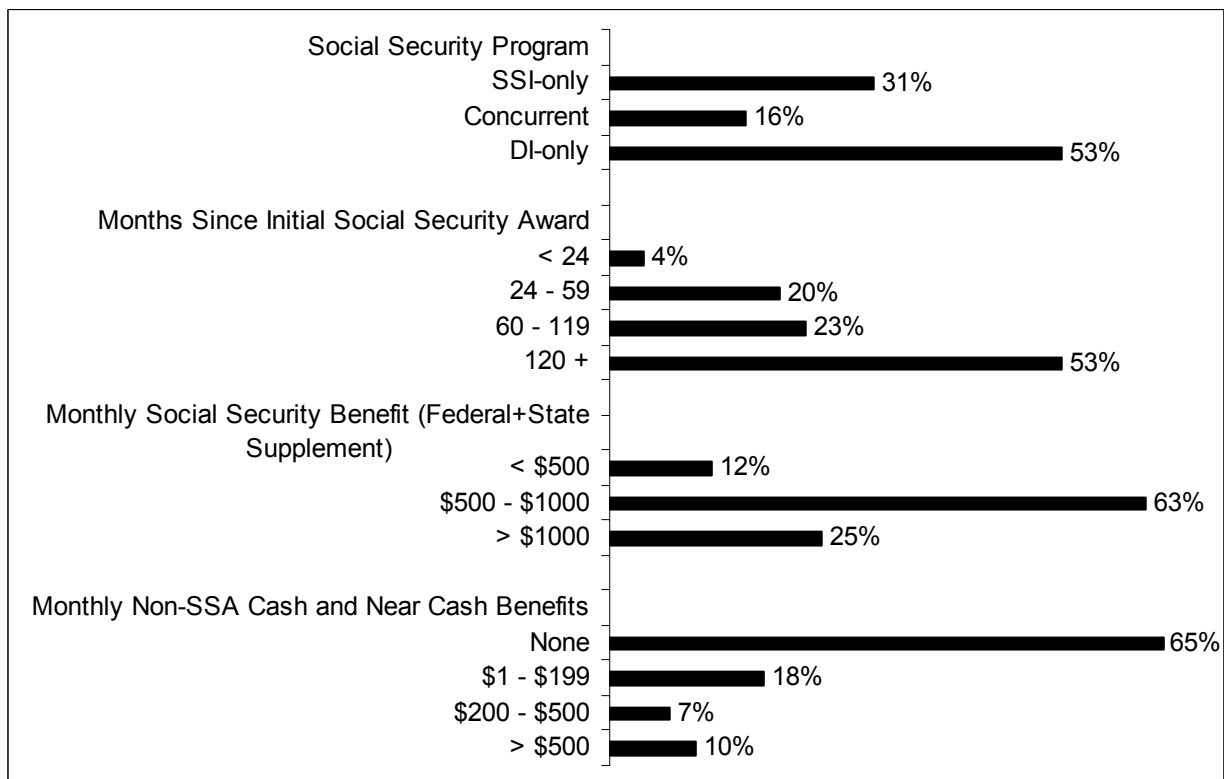
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<sup>3</sup> Now that the initial rollout has been completed, Tickets are being mailed only to new beneficiaries, whereas during the initial rollout Tickets were mailed to virtually all working-age beneficiaries. As a result, as the TTW program moves into the future the characteristics of beneficiaries with new Tickets will differ substantially from the characteristics of the current population of Ticket holders, which includes all current working-age beneficiaries.

<sup>4</sup> Data on benefits were obtained from SSA administrative data and appended to the survey data. The reported statistics for the combined monthly federal and state supplement amounts include only federally administered state supplement amounts. State-administered supplements received by a small share of disability beneficiaries are not included. In December 2004, approximately 340,000 blind and disabled SSI recipients were receiving state-administered supplements that averaged about \$123 per month (SSA 2005, Table 14). Appendix Table C.2 provides additional information about program eligibility and benefits.

report receiving any other non-SSA cash or “near cash” benefits (such as food stamps) that could potentially be affected by earnings, and only a small share (17 percent) reported receiving \$200 or more per month of these types of benefits.

**Exhibit II.1. Program Characteristics of 2004 NBS Respondents at Interview**



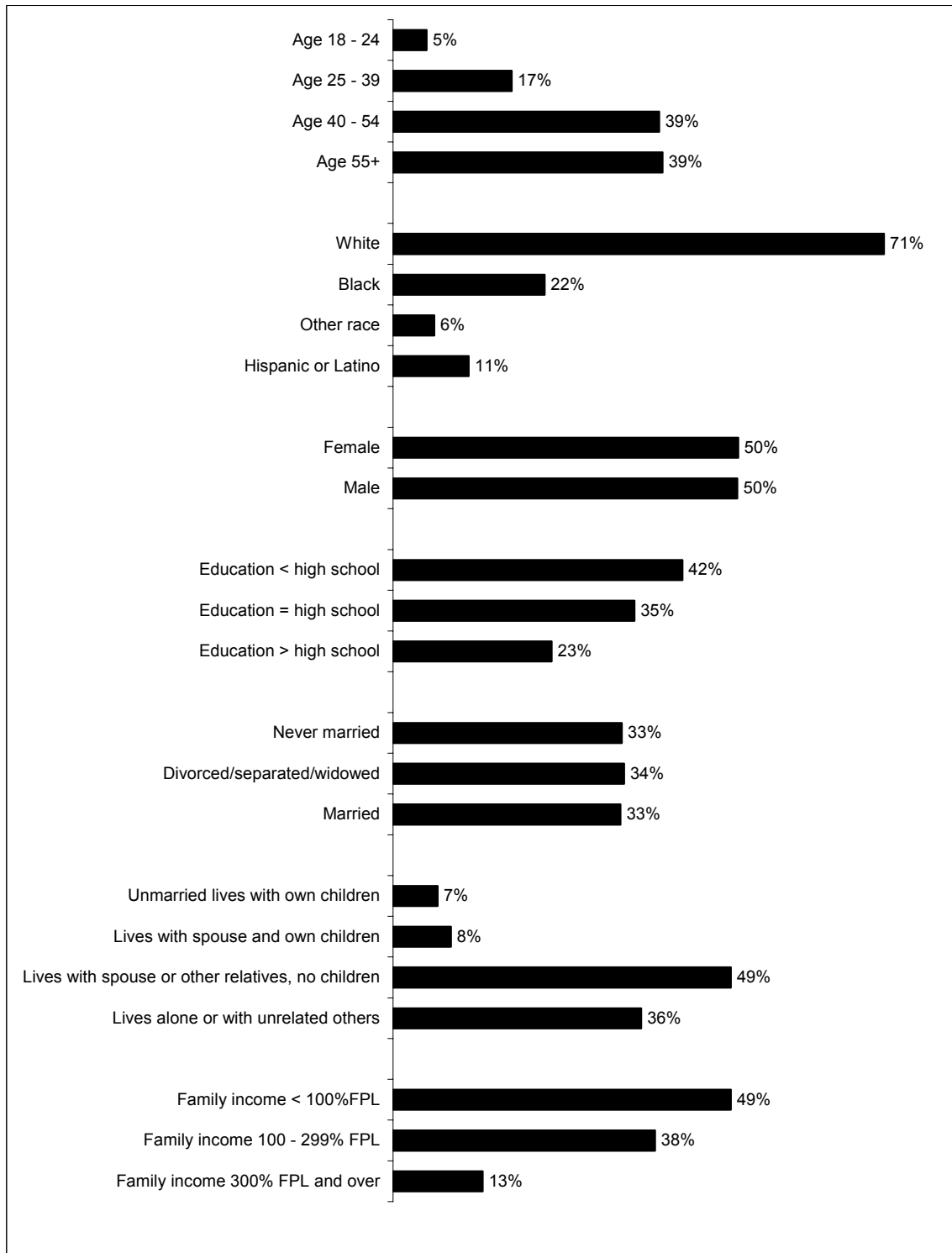
Source: Ticket Research File data about disability benefit eligibility and amounts matched to the 2004 National Beneficiary Survey data about receipt of other benefits. Sample size = 7,603.

Note: Non-SSA cash and near cash benefits are defined to include only the following non-SSA benefits that could potentially be affected by earnings: food stamps; energy, housing, or other in-kind assistance; public assistance; workers' compensation; Veterans' benefits; private disability insurance; unemployment insurance; and pension income among those under age 59.

## 2. Sociodemographic Characteristics

Overall, most beneficiaries are over the age of 40 (78 percent) with almost 40 percent over the age of 55 (Exhibit II.2). Also, most are white (71 percent) and not married (67 percent).

## Exhibit II.2. Sociodemographic Characteristics of Beneficiaries



Source: 2004 National Beneficiary Survey. Sample size = 7,603.

Note: The applicable federal poverty level (FPL) is determined by family size and the ages of family members. In 2004, the FPL for a family of one individual under age 65 was \$9,827 per year.

Many beneficiaries have characteristics that suggest that they would have difficulty obtaining jobs even disregarding their disabilities. In particular, a substantial share of beneficiaries have less than a high school level of education (42 percent).<sup>5</sup> This rate is much higher than that of the general population of adults ages 25 and over (15 percent) (U.S. Census Bureau 2004).<sup>6</sup> A low level of education is likely to limit beneficiaries' earnings, regardless of any disability-related challenges that must be overcome to return to work. Nearly half of all beneficiaries (49 percent) are living in families with annual incomes below the federal poverty level (FPL), and another 38 percent have incomes at or near the poverty level (100 to 299 percent of the FPL). The figures on family income are consistent with the figures reported in Exhibit II.1 that showed many beneficiaries receive cash and in-kind assistance from public programs other than SSA.

### 3. Disability and Health Characteristics

Given that a majority of working-age beneficiaries receive DI benefits and that the DI eligibility criteria require beneficiaries to have a substantial work history in order to qualify for benefits, it is not surprising that most disability beneficiaries first experienced the onset of their disabling health conditions during adulthood. Only 23 percent experienced childhood onset. A rather large share of all beneficiaries (42 percent) experienced onset of the disabling health condition after the age of 40 (Exhibit II.3). A later age of disability onset is much more common among DI-only beneficiaries than among SSI-only recipients.<sup>7</sup> A large body of literature examining return to work after illness or injury indicates that age at onset is an important predictor of return to work.<sup>8</sup> Most studies show that the likelihood of returning to work is significantly lower among those who are injured or become ill after age 50 relative to those whose injuries or illnesses occur at younger ages. While the literature points to numerous job-related, health, psychosocial, and economic factors that affect return to work (Krause et al. 2001), it provides little explanation about why older workers are less likely to return to work. Possible reasons might include decreased physiological ability to recover from illness or injury; age discrimination in ways that make access to job accommodations, retraining, or new employment opportunities more limited; access to higher wage-replacement benefits; and different preferences for work and leisure. The large

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<sup>5</sup> The extremely high rate of low levels of education corresponds with the findings of a previous study, which found that, in 1999, 34 percent of DI beneficiaries and 54 percent of SSI recipients reported having less than a high school level of education (Martin and Davies 2004). We found similar percentages when beneficiaries were disaggregated by program status (Thornton et al. 2006).

<sup>6</sup> The percentage of disability beneficiaries with less than a high school level of education (42 percent) is much higher even when compared to the rate in the general population of those ages 25 and older who are not in the labor force (26 percent). Those in the labor force are much less likely to report having less than a high school level of education (10 percent) (U.S. Census Bureau 2004).

<sup>7</sup> In our previous evaluation report (Thornton et al. 2006) we showed that 65 percent of DI-only beneficiaries and 25 percent of SSI-only recipients report an age at disability onset of 40 or older.

<sup>8</sup> See, for example, Fox, Borba, and Liu (2005); Blackwell et al. (2003); Yasuda et al. (2002); and Krause et al. (2001).

share of beneficiaries experiencing onset after age 40, particularly among DI-only beneficiaries, suggests that many beneficiaries might face these barriers to work.

While a small percentage of beneficiaries (5 percent) reported having no conditions that limit their activities, most (62 percent) reported at least two health conditions causing limitations (Exhibit II.3).<sup>9</sup> The most commonly reported limiting conditions were musculoskeletal (36 percent) and mental health (31 percent) conditions, followed closely by diseases of the circulatory system (24 percent).

The distribution of self-reported conditions generally mirrors the distribution of conditions recorded in SSA administrative records, with the conditions being most commonly reported in the survey also being the most prevalent in the administrative record (Exhibit II.4), although musculoskeletal conditions are much more frequently reported by respondents relative to their occurrence in the administrative data. Because any number of conditions could be reported in the survey data, while the administrative data typically list only one condition (or possibly two for concurrent beneficiaries), the percentages for self-reported conditions generally exceed the percentages reported in the administrative data. A notable exception is the mental retardation category, where a much smaller percentage of survey respondents reported mental retardation as a condition limiting their activities relative to its occurrence in the administrative data as the reason for qualifying for disability benefits. When we analyzed the extent to which a respondent's primary or secondary diagnosis group in the administrative data concurred with any of his or her self-reported condition groups, we found that the rate of concurrence was 72 percent overall. The rates of concurrence are highest for circulatory and musculoskeletal conditions, and lowest for infectious/parasitic diseases.<sup>10</sup>

Approximately three-quarters of working-age beneficiaries reported that they are limited in their ability to conduct basic activities (Exhibit II.5). These include activities of daily living (ADLs), which involve such fundamental tasks as bathing or dressing, getting around the house, getting into or out of bed, and eating. They also include instrumental activities of daily living (IADLs), which include less fundamental but equally important activities such as getting around outside of the home, shopping for personal items, and preparing meals. Interestingly, beneficiaries seem to cluster somewhat at the extremes, with about equal shares reporting that they have no limitations in ADLs and IADLs (28 percent) or that they are limited in four or more ADLs or IADLs (27 percent).

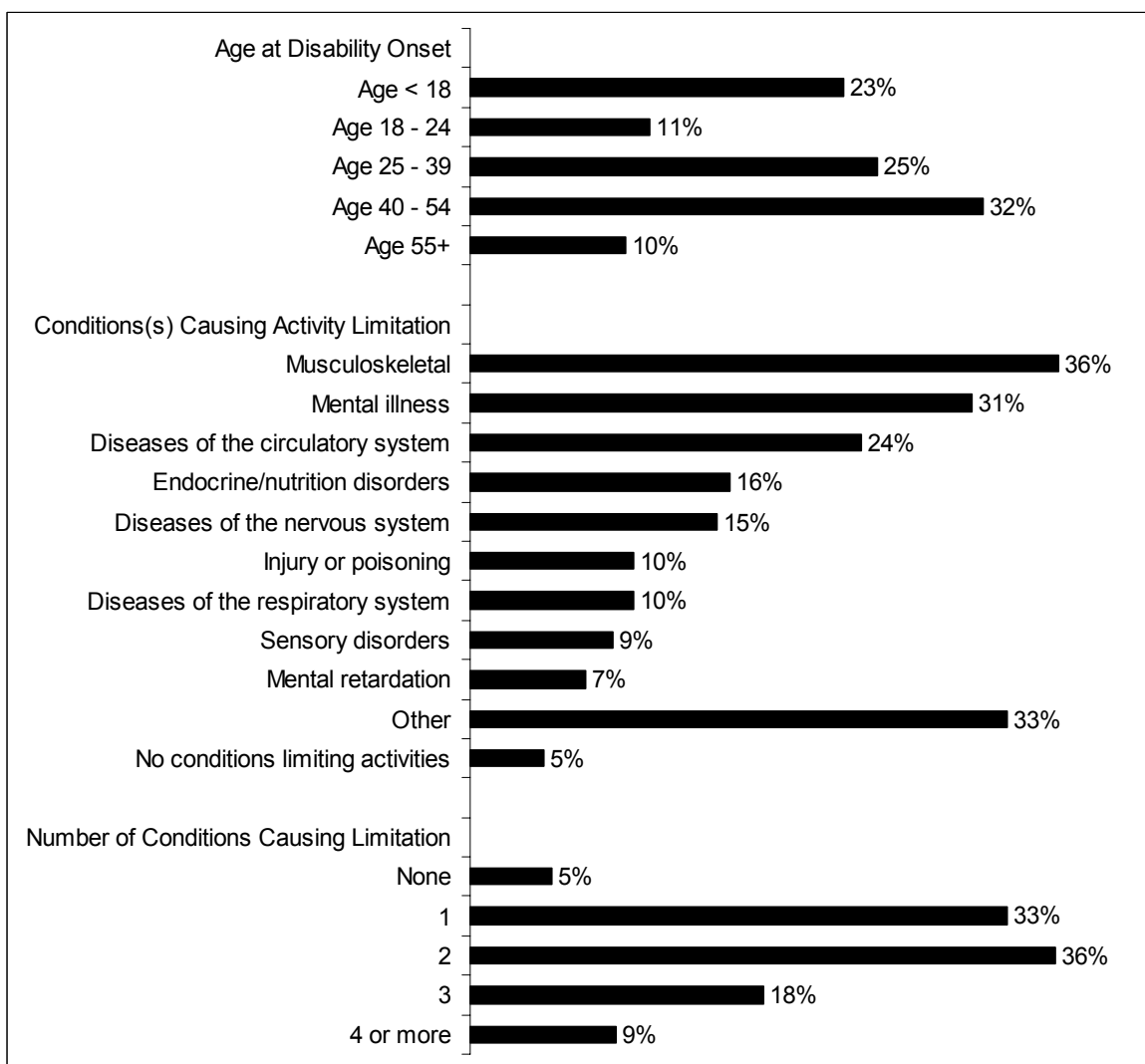
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<sup>9</sup> Administrative data indicate that among those reporting no limiting conditions at interview, most were awarded disability benefits on the basis of a mental illness (33 percent) or mental retardation (31 percent).

<sup>10</sup> It should be noted that the rates of concurrence between the self-reported conditions and those recorded in the administrative record will be affected both by the degree to which respondents were able to describe their health conditions accurately, and the degree to which the survey interviewers were able to interpret and code the responses appropriately. Also, the administrative data may differ from the survey data because the SSA records list the condition for which establishing eligibility is most straightforward, even if the beneficiary does not see that condition as the most significant barrier to employment or functioning.



**Exhibit II.3. Age at Disability Onset and Most Prevalent Self-Reported Condition(s) Causing Activity Limitation**



Source: 2004 National Beneficiary Survey. Sample size = 7,603.

Note: Respondents were able to report multiple reasons for current activity limitations.

**Exhibit II.4. Distributions of Condition Groups in Administrative Data and Self-Reported Survey Data, and Rates of Concurrence<sup>a</sup>**

Condition Group	Percent with Condition in Administrative Data <sup>b</sup>	Percent Who Reported Condition in the Survey <sup>c</sup>	Percent with Condition in Administrative Data Who Also Reported Condition in the Survey (Concurrence Rate) <sup>d</sup>
Mental disorders	34	31	65
Musculoskeletal	23	37	77
Mental retardation\learning disability	15	9	44
Circulatory system	12	24	75
Endocrine/nutrition	12	16	42
Nervous system	8	15	65
Injury or poisoning	5	10	45
Respiratory	4	10	70
Visual impairment	4	6	74
Neoplasms	3	4	70
Infectious and parasitic diseases	2	3	30
Digestive system	2	5	57
Genitourinary system	2	3	65
Hearing impairment	1	2	63
Congenital anomalies	1	3	65
<b>Overall concurrence rate</b>			<b>72</b>

Source: 2004 National Beneficiary Survey. Sample size = 7,196.

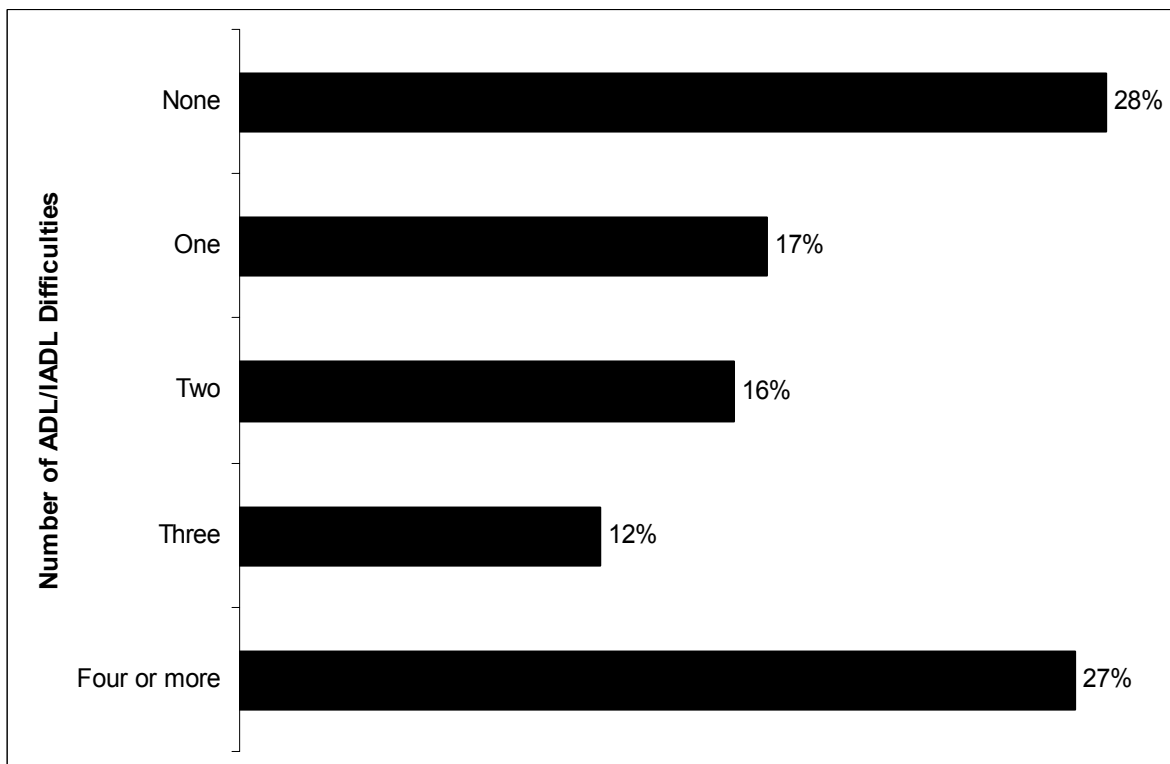
<sup>a</sup>Analysis includes only sample members who had a primary diagnosis or secondary in the administrative data corresponding to one of the 15 condition groups shown, and who provided a valid response to the survey questions soliciting the conditions causing limitation. Weighted percentages are presented.

<sup>b</sup>Distribution includes primary and secondary diagnoses reported in the administrative data. For concurrent beneficiaries, the conditions may have been reported on the Title II and/or Title XVI record.

<sup>c</sup>Respondents were able to report multiple health conditions as reasons for current activity limitations.

<sup>d</sup>Concurrence rates were calculated on the basis of broad condition groups, rather than on specific ICD-9 diagnosis codes.

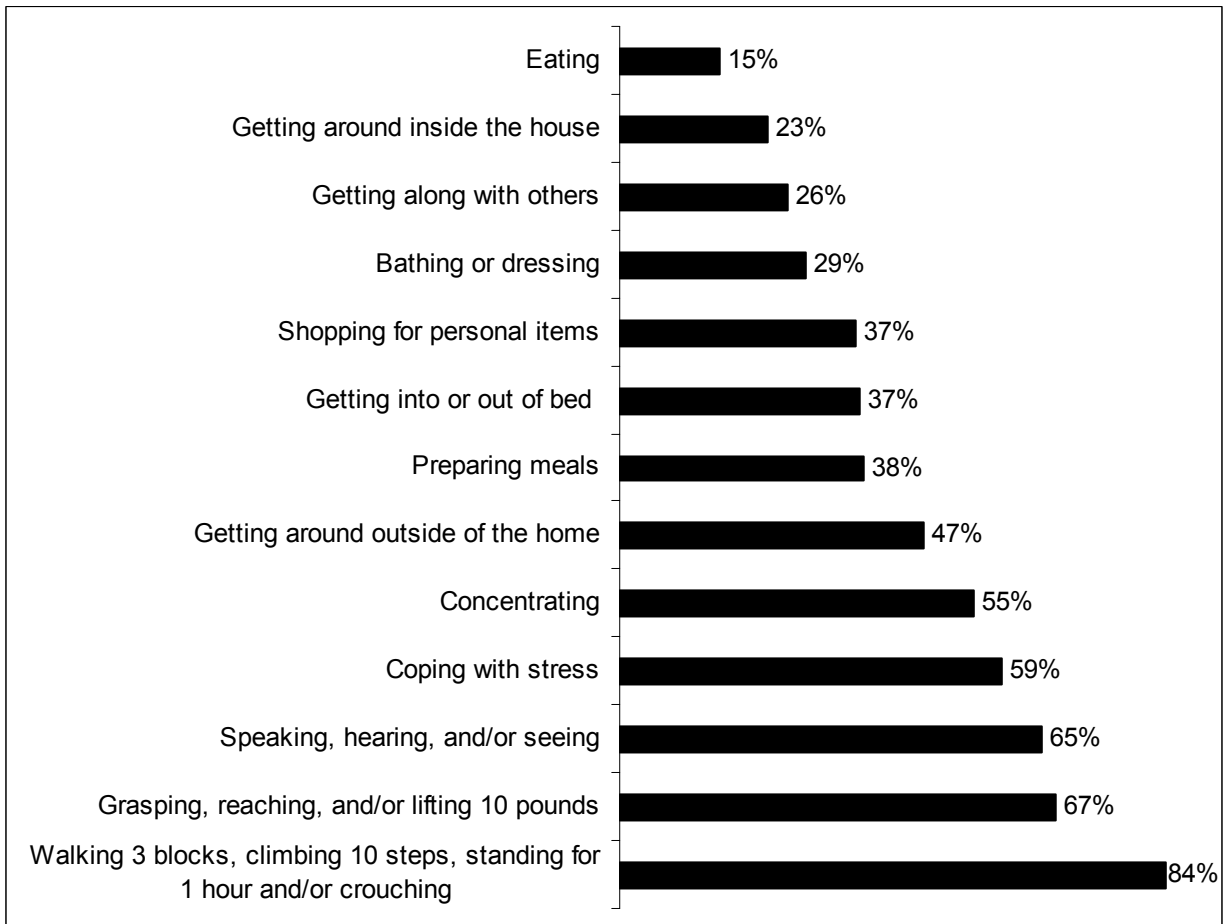
**Exhibit II.5. Percent of Beneficiaries Who Have Difficulty with a Given Number of ADLs/IADLs**



Source: 2004 National Beneficiary Survey. Sample size = 7,603.

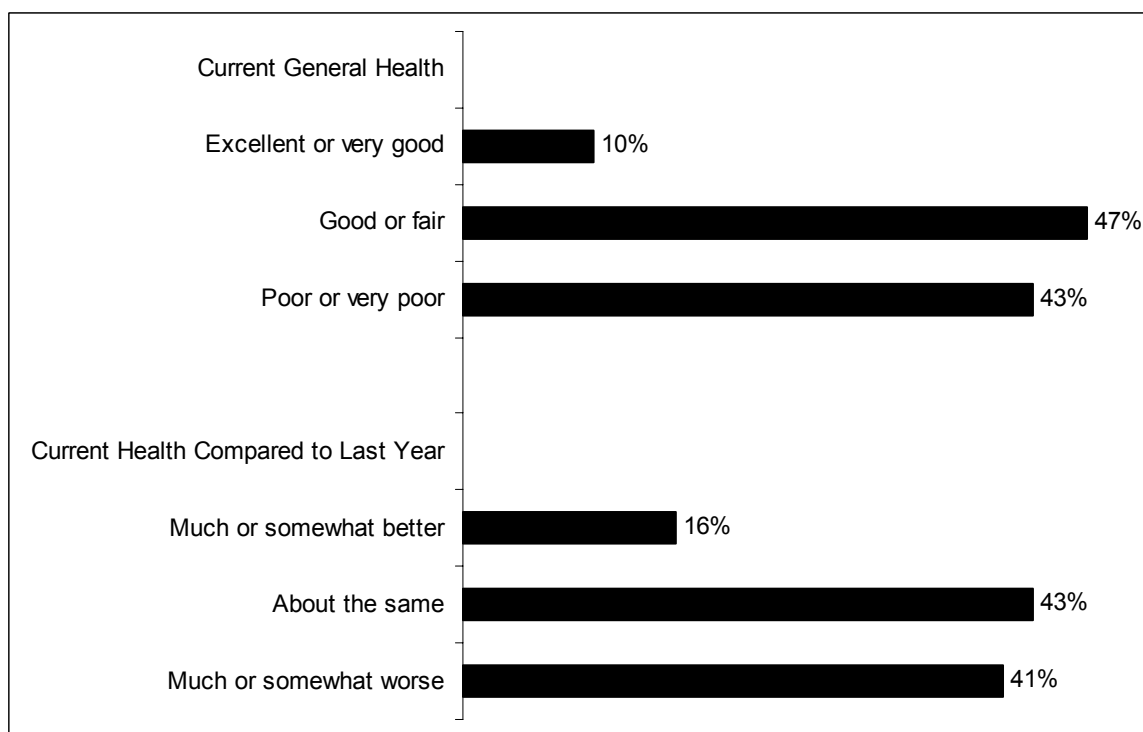
Functional difficulties associated with the upper extremities (67 percent) and lower extremities (84 percent) were the limitations reported most often (Exhibit II.6). Impairments in sensory and communication functions such as seeing, hearing, or speaking were also very common (65 percent), as were difficulties coping with stress (59 percent) and concentrating (55 percent), two abilities that are required for most jobs. It is also noteworthy that 84 percent of beneficiaries reported being limited in their ability to get around (walking three blocks, climbing 10 steps, standing for an hour, and crouching), which might affect their ability to get to and perform a job.

Almost half (47 percent) of beneficiaries reported that their current health is either good or fair (Exhibit II.7). Nearly as many, however, said that their health is poor or very poor (43 percent). Only a small share of beneficiaries reported being in excellent or very good health (10 percent). When asked about how their current health compares to their health in the previous year, about equal shares indicated that their health is the same (43 percent) or worse (41 percent) than last year. Only a small share (16 percent) indicated that their health has improved since the previous year. These data suggest that health conditions may make it difficult for many beneficiaries to pursue employment, particularly if they often require treatment for poor or deteriorating health.

**Exhibit II.6. Prevalence of Difficulty Performing Specific Activities**

Source: 2004 National Beneficiary Survey. Sample size = 7,603.

**Exhibit II.7. Current General Health and Current Health Compared to Last Year**



Source: 2004 National Beneficiary Survey. Sample size = 7,603.

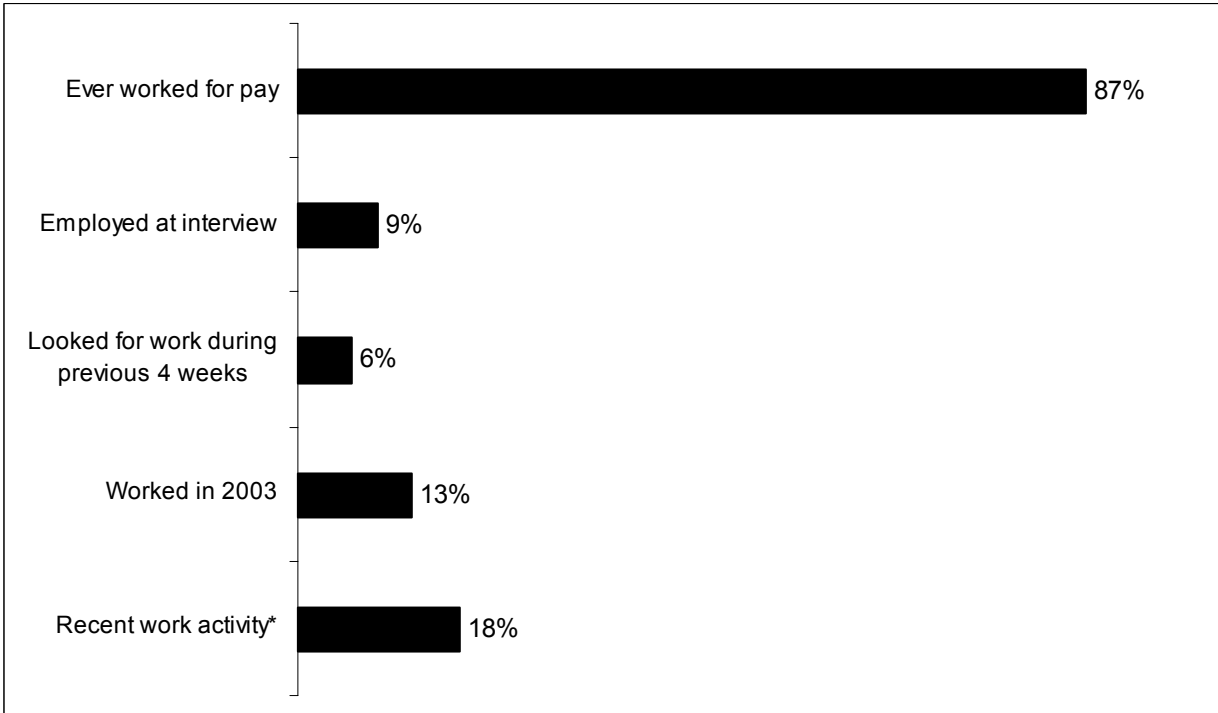
**B. EMPLOYMENT, REASONS FOR NOT WORKING, AND EMPLOYMENT EXPECTATIONS**

While most working-age beneficiaries (87 percent) reported that they worked for pay at some time in their lives (Exhibit II.8), a nontrivial share had never worked at a job for pay (13 percent). At interview, 9 percent of all beneficiaries reported that they were working, and another 6 percent reported searching for a job during the previous four weeks. A somewhat higher share (13 percent) indicated that they had worked for pay for one month or longer some time during the previous year (2003). While only a relatively small percentage of beneficiaries have recently engaged in or actively sought employment (18 percent), as there are about 10 million working-age beneficiaries at any given time, this percentage translates into nearly two million beneficiaries.

We identified numerous demographic and experience characteristics that are at least somewhat predictive of participation (Appendix Table B.20). Among these characteristics, childhood disability onset stands out as a particularly important positive predictor, with employment likelihood six percentage points higher than for other beneficiaries after controlling for other characteristics. Beneficiaries with low to moderate levels of non-SSA benefits are much less likely to be employed than are other beneficiaries. Being only on SSDI benefits or on concurrent benefits, educated beyond high school, between 25-39, and having relatively good mental and physical health were other factors strongly predictive of employment. Strongly and negatively associated with employment were the following

characteristics: Social Security benefits greater than \$500 per month,<sup>11</sup> low to moderate levels of other cash and in-kind benefits (\$1-\$499), living with a spouse or relatives and having no children, and an ADL or an IADL requiring assistance.

### Exhibit II.8. Beneficiary Employment



Source: 2004 National Beneficiary Survey. Sample size = 7,603.

\*Recent work activity defined as being employed at interview, having looked for work during the previous four weeks, or having worked during 2003.

When asked why they were not working, an overwhelming majority of beneficiaries (96 percent) reported that a physical or mental health condition prevents them from working (Exhibit II.9). These reports are consistent with the DI and SSI eligibility criteria. Other reasons for not working reflect the challenges many people with disabilities have in the labor market: being discouraged by previous work attempts (30 percent); inaccessibility of workplaces (29 percent); inability to find a job for which they are qualified (28 percent); and the perception by others that they cannot work (28 percent). Only 11 percent of all beneficiaries indicated that a potential loss of cash or health insurance benefits was a reason

<sup>11</sup> In the logit models, the variables representing Social Security benefit amounts are defined as the benefits that would be received in the absence of earnings. This is calculated based on the benefit amounts due and countable earnings information obtained from administrative data. As most beneficiaries are not employed at levels that affect benefits, the value of benefits in the absence of earnings is equal to the amount of benefits due.

for not working, although many more might cite this potential loss as a work disincentive if they felt their other barriers could be resolved.

**Exhibit II.9. Reason(s) for Not Working Among Those Not Working at Interview**

<b>Reason(s) for Not Working</b>	<b>% of All Beneficiaries Not Working at Interview</b>
Physical or mental condition prevents work	96
Discouraged by previous work attempts	30
Workplaces are not accessible to people with his/her disability	29
Cannot find a job he/she is qualified for	28
Others do not think he/she can work	28
Employers will not give her/him a chance	19
Lacks reliable transportation to/from work	18
Cannot find a job he/she wants	13
Does not want to lose cash or health insurance benefits	11
Is caring for someone else	6
Waiting to finish school/ training program	4
Other	1

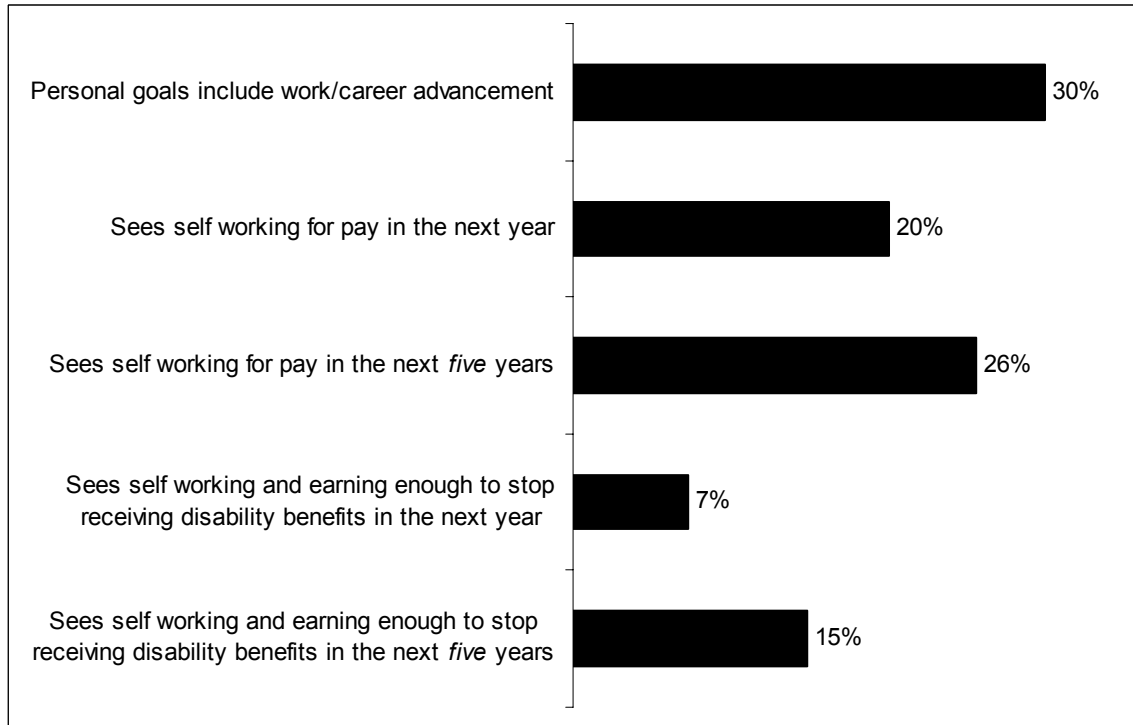
Source: 2004 National Beneficiary Survey. Sample size = 6,448.

Note: Survey respondents were able to give more than one reason for not working, so the percentages sum to more than 100 percent.

Despite the numerous employment challenges implied by the beneficiary characteristics discussed above, a substantial share of all beneficiaries (30 percent) indicated that their personal goals include getting a job (if not currently working), moving up in a job, or learning new job skills (Exhibit II.10). Overall, 20 percent of beneficiaries see themselves working for pay in the next year. A somewhat higher share (26 percent) see themselves working for pay in the next five years. Overall, only 7 percent of all beneficiaries see themselves as able to earn enough to stop receiving benefits in the next year, but a larger share (15 percent) see themselves able to do it within the next five years. While the percentages of those who see themselves working in the next five years and working enough to leave the rolls in five years are small, they represent very large numbers of individuals – about 2.5 million and 1.5 million, respectively. Even if the reported expectations tend to be overly optimistic, the findings imply that there are a large number of beneficiaries who might benefit from services and policies designed to promote employment. If we focus only on beneficiaries who indicate having future work expectations, among those expecting to work in the next year, 37 percent see themselves earning enough to leave the rolls in the next year,

and among those who see themselves working in the next five years, 58 percent see themselves earning enough to leave the rolls in that time frame.<sup>12</sup>

**Exhibit II.10. Expectations About Future Employment**



Source: 2004 National Beneficiary Survey. Sample size = 7,603.

**C. USE OF HEALTH, EMPLOYMENT, AND EDUCATION SERVICES**

**1. Service Use in 2003 and Characteristics of Users**

Among all working-age beneficiaries, 31 percent reported using services in 2003 for purposes of improving their ability to work or to live independently (Appendix Table C.6).<sup>13</sup> It is interesting to note that beneficiaries who report being TTW participants represented a only a small fraction (1.4 percent) of all beneficiaries using services in 2003 who resided in

<sup>12</sup> Author's calculations based on data shown in Exhibit II.10.

<sup>13</sup> The NBS solicited information about a broadly defined set of services that beneficiaries saw as helping them to work or to live independently. These included job-search services; medical services; therapy or counseling; and the education or other training needed to secure a new job or to advance in a career. This broad definition was used to reflect the very broad latitude given to ENs and SVRAs to provide services that would help beneficiaries earn their way off the rolls. Throughout this section, the use of the term "services" reflects the many varied supports reported being used by beneficiaries to improve their ability to work or to live independently.



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Phase 1 states where TTW had been fully implemented for just over one year by the end of 2003. Clearly, a large percentage of beneficiaries use services both in the absence of TTW, and outside of the sponsorship of TTW where TTW is available.

To examine the characteristics of those who used services, we estimated a multivariate (logit) model of the likelihood of using services in 2003 among all beneficiaries, controlling for various sociodemographic, programmatic, and health characteristics (Appendix Table C.21). The model indicates that, all else constant, beneficiaries who used services in 2003 were significantly *more* likely to be under age 55; have experienced adult onset of disability; have been on the disability rolls for between two and five years; have a high school education or higher; report a mental health or musculoskeletal condition or mental retardation as a main reason for being limited; and have at least one ADL or IADL limitation requiring assistance. They were also significantly *less* likely to be either black or married with children. The characteristics that have the strongest association with the likelihood of service use are reporting a mental illness as a main reason for limitation (all else constant, this increases the likelihood of using services by 26 percentage points) and having education beyond high school (all else constant, this increases the likelihood of using services by 16 percentage points).

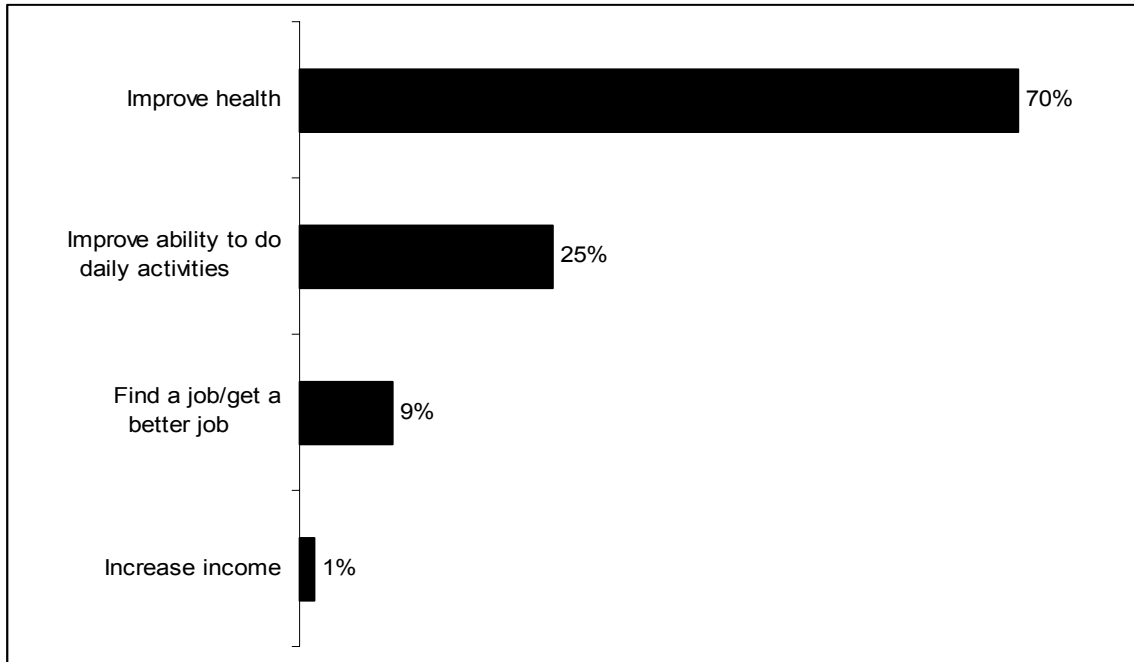
Only a few of the characteristics significantly associated with service use were also significantly associated with the likelihood of employment: age; education; living with a spouse or relatives and having no children; and having an ADL or an IADL requiring assistance. In the case of ADLs/IADLs requiring assistance, the direction of the association is reversed: those needing assistance were significantly less likely to be employed, but were significantly more likely to be using services. The differences in the findings of the analyses of employment and service use likely reflect the fact that a large share of beneficiaries use services mainly for purposes of improving health and functioning, rather than for purposes of employment. We discuss this further in the next section.

## **2. Reasons for Using Services and Types of Services Among Users**

Most beneficiaries who used services in the previous year (2003) report using them for purposes of improving their health (70 percent) or to improve their ability to do daily activities (25 percent) (Exhibit II.11). Only a small share of all beneficiaries report using services for purposes of finding a job (9 percent) or to increase their income (1 percent).

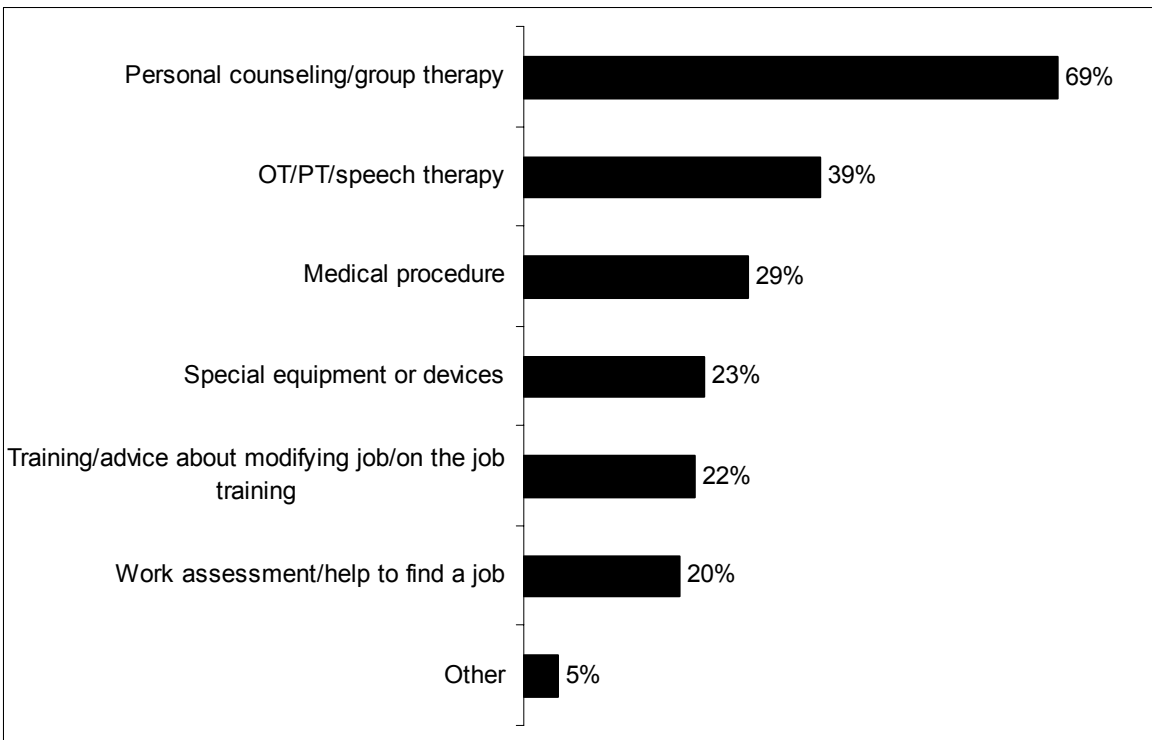
Reflecting the predominance of health-related reasons for using services, the types of services used during the previous year were most frequently health-related (Exhibit II.12). Personal counseling or group therapy was most common (69 percent), followed by occupational, physical, or speech therapy (39 percent). (Although only a small share of service users indicated that finding a job or increasing income was a reason they sought services (Exhibit II.11), much larger shares actually used services specifically geared towards employment: 22 percent of service users received on-the-job training and/or advice about modifying a job; and 20 percent received work assessments and/or assistance finding a job (Exhibit II.12).

**Exhibit II.11. Selected Reasons for Using Services Among All Beneficiaries Who Used Services in 2003**



Source: 2004 National Beneficiary Survey. Sample size = 2,775.

**Exhibit II.12. Types of Services Used in 2003 Among Service Users**



Source: 2004 National Beneficiary Survey. Sample size = 2,775.

### 3. School Enrollment and Degree-Seeking Behavior

Only a very small proportion (3 percent) of beneficiaries were enrolled in school at the time they were interviewed (Exhibit II.13). Among those who were enrolled, most (65 percent) were enrolled for purposes of obtaining a degree or professional license.<sup>14</sup> Of those seeking degrees, the largest share (50 percent) were working towards Associate or Undergraduate degrees, followed by 16 percent who were working towards a high school equivalence credential through the General Education Development (GED) testing process or other high school equivalency certification.

#### Exhibit II.13. School-Enrolled Beneficiaries Working Toward a Degree and Degree Types

Enrolled in School at Interview (% of all beneficiaries)	3
Enrollees Seeking a Degree or License (% of all enrollees)	65
Degree Types Among Those Seeking a Degree or License (% of all degree-seeking enrollees)	
GED or high school equivalent	16
Vocational program	12
Associate's or undergraduate degree	50
Graduate degree	12
Other/don't know	10

Source: 2004 National Beneficiary Survey. Sample size = 7,603.

#### D. UNMET SERVICE NEEDS

All respondents, whether or not they had used any services, were asked whether there were any services, equipment, or supports that they needed in 2003 to improve their ability to work, but did not receive. About 10 percent of all beneficiaries indicated that they did not receive services they thought they needed during the previous year (Exhibit II.14). Again, though the percentage is small, it represents roughly one million individuals. Among those indicating an unmet need for services, the most common reasons for not obtaining services were being ineligible for or refused services (23 percent), inability to afford services (18 percent), and a lack of information about where to get services (16 percent).

#### E. SUMMARY AND CONCLUSIONS

The survey data suggest that there is potential demand for employment and employment-related services among Social Security disability beneficiaries. Although at any given time, only a small share of beneficiaries are employed or actively seeking employment, rather substantial proportions have goals that include work and see themselves working in the future. Many even see themselves earning enough to leave the rolls in future. In addition, a good share of beneficiaries used services during the previous year to improve their ability

<sup>14</sup> The other 35 percent of beneficiaries enrolled in school at interview indicated that they were “just taking classes.”

to work and live independently. While most indicated that they used the services primarily to improve their health and functioning, a considerable number received services intended specifically to address employment. Many beneficiaries indicated that they were unable to get needed services for reasons related to a lack of information, inability to afford services, and being ineligible for services. While the percentages of beneficiaries indicating an interest in employment—either through their actions or their expectations—represent a minority of all beneficiaries, they translate into millions of individuals given the size of the federal disability rolls, and thus a potentially large pool of beneficiaries who might benefit from a program like TTW.

**Exhibit II.14. Prevalence of Unmet Service Needs and Reported Reasons for Lack of Receipt**

Did Not Receive Needed Services (% of all beneficiaries)	10
Reason Why Services Were Not Received (% among those needing, but not getting, the service)	
Wasn't eligible/request refused	23
Could not afford services	18
Lack of information	16
Problems with services/agency	9
Too difficult/confusing	3
Did not try	3
Other	25
Don't know	3

Source: 2004 National Beneficiary Survey. Sample size = 7,603.

The survey data also clearly indicate that a large share of beneficiaries are likely to have difficulty pursuing employment. A very large proportion of beneficiaries are age 55 and older. Even larger shares report having poor or deteriorating health, and experience difficulty performing activities that are essential to most forms of employment, such as getting around outside of the home, concentrating, and coping with stress. In addition, over half of all beneficiaries have been on the rolls for 10 years or longer, and therefore may have lost, or never established, a significant attachment to the labor force.

Finally, the survey data suggest that even if beneficiaries have employment aspirations and attempt to work, many potential challenges to successful employment may need to be addressed. In addition to the activity limitations and poor health associated with their disabling conditions, most beneficiaries have low levels of education that may limit their employment opportunities; most are living at or near poverty, suggesting that they and their families may rely on public programs for which eligibility could be jeopardized by earnings; and rather substantial shares have experienced work-related obstacles such as a lack of reliable transportation, inaccessible workplaces, and discouragement from work either by others or through their own experiences.

In summary, while many beneficiaries seem unlikely to use TTW-funded services, our overview of beneficiary characteristics and use of services indicates that there is indeed some potential demand for a program like TTW. A substantial share of beneficiaries indicate an interest in employment, and many of these beneficiaries have needs and challenges that a

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program like TTW could address. Whether there is sufficient demand for services to support the TTW market will depend on beneficiaries' decisions to assign their Tickets. We turn to those decisions in the following chapters.

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## CHAPTER III

### BENEFICIARY PARTICIPATION IN TICKET TO WORK

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**T**icket to Work participation rates (the number of Tickets in use divided by the number of Ticket-eligible beneficiaries) have continued to rise each month since the early months of program rollout. However, participation rates in the Phase 2 and 3 states lag behind those observed at comparable points of TTW rollout in the Phase 1 states. Most of the difference is attributable to differences in assignment rates to SVRAs; participation rates at ENs are similar in all phases.

As of December 2004 (the last month for which we have complete data), the participation rate in Phase 1 states had risen to 1.4 percent, up from the 1.1 percent for March 2004 (Thornton et al. 2006). This overall level of participation is well below the 5 percent rate used as a standard in the preliminary evaluation design report (Stapleton et al. 2003). However, introduction of TTW did appear to have a positive impact on beneficiary receipt of employment services (see Chapter XIII). It is also important to recognize that the Ticket participation rate is much lower than the percentage of beneficiaries who obtain services from SVRAs, because SVRAs are not obtaining Ticket assignments from all the beneficiaries they serve. In fact, based on RSA data that have been matched to SSA administrative data, 4.6 percent of all Ticket-eligible beneficiaries in Phase 1 states received services from SVRAs or ENs in the first year of Ticket rollout.<sup>1</sup> This is partly because many beneficiaries served by SVRAs started to receive services before Ticket rollout, and partly because SVRAs did not obtain assignments from a large share of those beneficiaries starting to receive services after rollout.

It is also worth noting that TTW participation does not have to be as high as five percent to achieve the modest goal expressed in the Ticket Act: doubling the number of beneficiaries who leave the rolls because they find work. As only about one-half of one percent of beneficiaries were exiting due to work at the time of the Ticket Act's passage, the goal could be attained by inducing as little as one-half of one percent of beneficiaries to assign their Ticket and exit the rolls. Thus, the current participation rate does not necessarily

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<sup>1</sup> See the discussion of aggregate impacts on service enrollment (Chapter XIII) for more information.

imply that TTW is falling far short of the act's goal. Of course, it also does not imply achievement of that goal. Chapter XIII presents more direct evidence concerning the early impact of TTW on program exits.

For the first time we are able to report statistics on participation in Phase 3 states; December 2004 is the 13th month after the first Phase 3 rollout month and the 3rd month after completion of the initial Phase 3 mailing. At this stage, the overall participation rate in the Phase 3 states is between the participation rates in the Phase 1 and 2 states at the comparable stage of the latter's rollouts. The Phase 3 EN participation rate at this stage is virtually identical to that in both the Phase 1 and Phase 2 states at the comparable stage. The only substantial source of variation in participation rates across the three phase groups at the comparable stage is variation in SVRA participation rates.

We now know that the relatively high SVRA participation rate in Phase 1 states resulted entirely from the relatively large number of assignments SVRAs obtained from "pipeline cases"—clients already receiving SVRA services before the start of their Ticket rollout; Phase 1 SVRA assignment rates for new clients early in the rollout were comparable to those observed more recently in Phase 2 states. This finding is based on an analysis of SVRA case closure data from the RSA that we linked to SSA data. Another interesting finding from the analysis of the linked data is that, since the start of the rollout, SVRAs have not obtained assignments from a large share of their new clients who are, in fact, Ticket-eligible—perhaps over half, based on the most recent data available.

The overwhelming majority of Tickets continues to be assigned to SVRAs (91.7 percent as of December 2004), and most are assigned under the traditional payment system, which is available to SVRAs only (85.6 percent as of December 2004). We also found that the percentage of Tickets assigned to SVRAs has gradually increased after the end of each phase's rollout, as has the percentage assigned under the traditional payment system.

We previously concluded that the high percentage of Tickets assigned to SVRAs and the high percentage assigned under the traditional payment system appear to limit the extent to which TTW represents a dramatic break from the past. If current trends continue in the Phase 1 and Phase 2 states and are replicated in the Phase 3 states, the program will become even less of a departure in the sense that TTW will be dominated by providers and a payment system that were available before the program was initiated. This point is reinforced by our interviews with several SVRA staff members (discussed in Chapter XI) who reported that the agencies have not made major changes in their service offerings or targeting.

Participation rates vary with the characteristics of eligible beneficiaries. Earlier analysis, based on administrative data only, determined that no combination of observed characteristics leads us to predict a probability of participation higher than 10 percent or so; that is, even among those beneficiaries most likely to participate, based on observed characteristics, many will not do so.

In the last report, we identified numerous other characteristics from administrative data that are at least somewhat predictive of participation. Among these characteristics, age



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stands out as a particularly important predictor, with participation rates declining sharply with age, holding many other variables constant. Beneficiaries with sensory impairments, and especially hearing impairments, are much more likely to participate than are other beneficiaries. The small percentage of Ticket-eligible beneficiaries participating in other DI or SSI work incentive programs also participate at relatively high rates. In addition, participation rates vary markedly across states and increase with education.

For this report, we extended the earlier analysis to include characteristics that we are able to observe in the NBS. The new analysis reinforces the findings from the administrative data analysis and shows that the following are positive predictors of participation: disability onset before age 18; no spouse or other relatives in the household; no children under age six; receipt of little or no other public or private assistance; and, for DI beneficiaries only, below-average benefits.

Additional analysis of the survey data provides some evidence that beneficiaries facing challenges to return-to-work beyond their disabilities are somewhat more likely than others to assign their Ticket to non-SVRA ENs. They include beneficiaries with limited or no work experience (i.e., SSI-only beneficiaries), older beneficiaries, those with limited education, Hispanic beneficiaries, single parents, and those living with children under age six. Somewhat counter to this finding, however, we found that those in households with incomes above 300 percent of the poverty line are more likely than others to assign their Ticket to non-SVRA ENs. Findings on the use of one of the new payment systems, versus the traditional payment system, are similar.

This chapter extends the findings presented in our initial and second evaluation reports through December 2004 (the initial report included data through August 2003, and the second report included data through March 2004). We summarize the findings from the most recent analysis, focusing on how previous findings have changed and presenting completely new findings. The major sections present updated rollout and participation statistics and discuss how participation rates, provider type, and payment type vary with beneficiary characteristics. Appendix C provides detailed statistics.

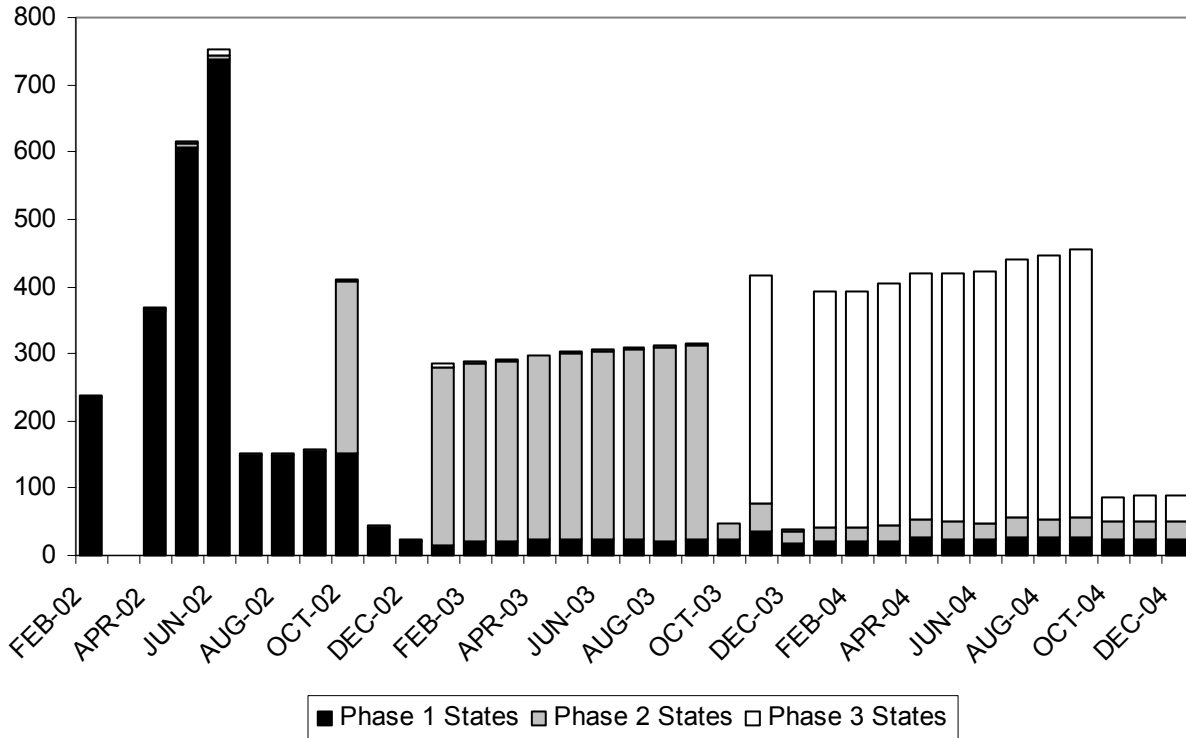
## **A. ROLLOUT STATISTICS**

### **1. Ticket Mailings and Eligible Beneficiaries with Tickets**

The Ticket rollout was formally completed in September 2004, when SSA finished sending Tickets to existing Ticket-eligible beneficiaries in the Phase 3 states (see Exhibit III.1); all mailings after that month went to beneficiaries who became eligible for TTW after the rollout ended—mostly new SSDI and SSI beneficiaries. As of December 2004, SSA had mailed over 10 million Tickets to beneficiaries. As previously reported, SSA used a slower and more uniform schedule for the Phase 2 and 3 mailings than for the Phase 1 mailings

because of difficulties experienced by providers and others in Phase 1 states in handling the large number of beneficiary inquiries generated by the mailings.<sup>2</sup>

**Exhibit III.1. Ticket Mailings, by Month and Phase (in thousands)**



Source: Based on July 2005 extract from SSA's Disability Control File through September 2004.

Note: Values for October to December 2004 are estimates based on preliminary analysis of a March 2006 extract. Because some beneficiaries move, the data show that a small number of Tickets sent to those we have classified as living in Phase 2 or 3 states were sent before their phase's rollout began.

As of December 2004, there were 9.23 million Ticket-eligible beneficiaries.<sup>3</sup> About 30 percent of them are in the Phase 1 states, another 30 percent are in the Phase 2 states, and the remaining 40 percent are in the Phase 3 states.

## 2. Participation Rate

The TTW participation rate is defined as the number of "in-use" Tickets (i.e., Tickets currently assigned to providers) as a percentage of current Ticket-eligible beneficiaries. At

<sup>2</sup> See Appendix A for the rollout schedule and a list of states by phase.

<sup>3</sup> The number of beneficiaries eligible at the end of the period is lower than the cumulative number of Tickets mailed because of exits from the beneficiary rolls among the working-age population, which happened primarily because they either reached retirement age or died.

the beginning of each rollout, rates vary substantially from month to month and across phases depending on how quickly Tickets are mailed out (and hence how quickly the participation rate denominator grows) and on how providers treat pipeline cases (which affects the participation rate numerator). As time passes, however, the rate stabilizes and then changes slowly because the vast majority of those who participate in any one month were also participating in the previous month. The number of in-use Tickets can decline only if Tickets are formally deactivated, and it is likely that some beneficiaries whose Tickets are in use are not actively receiving services, are not employed, or are not otherwise seeking employment.

By December 2004, 83,568 Tickets were in use. Reflecting the rollout schedule, 45 percent of the Tickets were held by beneficiaries residing in Phase 1 states, 30 percent in Phase 2 states, and 25 percent in Phase 3 states. Participation rates continued to rise steadily. The Phase 1 participation rate reached 1.38 percent in December 2004, the Phase 2 rate reached 0.90 percent, and the Phase 3 rate reached 0.56 percent.<sup>4</sup>

We reported previously that the Phase 2 participation rate appears to be on a track that is lower than that for the Phase 1 participation rate, and that continues to be the case. Exhibit III.2 permits comparisons of rates across phases by showing the number of months since each phase's first rollout month (the zero month) on the horizontal axis. In this way, we can see the participation rate for each set of states at the same point in the rollout (the comparison is complicated slightly because the Phase 2 and Phase 3 rollouts were stretched out over longer periods than the Phase 1 rollout, and some differences might be associated with seasonal factors; for example, the rollouts did not all start in the same season of the year). For instance, 25 months after the rollout started, the participation rate in the Phase 2 states was 21 percent less than the rate observed in the corresponding month for Phase 1 states (0.90 in Phase 2 states compared with 1.14 in Phase 1 states). The Phase 3 rate appears to be on a track that is between those for the Phase 1 and 2 rates.<sup>5</sup> For example, 13 months after the start of the rollout, the Phase 1 participation rate was 0.63 percent, 12.5 percent higher than the Phase 3 rate, and the Phase 2 rate was 0.50 percent, 10.7 percent lower than the Phase 3 rate. States were assigned to phases in a way that tried to make those in Phases 1 and 3 generally similar to each other (Stapleton and Livermore 2003; Thornton et al. 2005). Thus, the fact that participation rates in Phases 1 and 3 exceed those for Phase 2 (at comparable points in the rollout) is not surprising. The fact that Phase 3 rates seem to lag behind those observed for Phase 1 suggests that formal beneficiary enrollment in TTW is

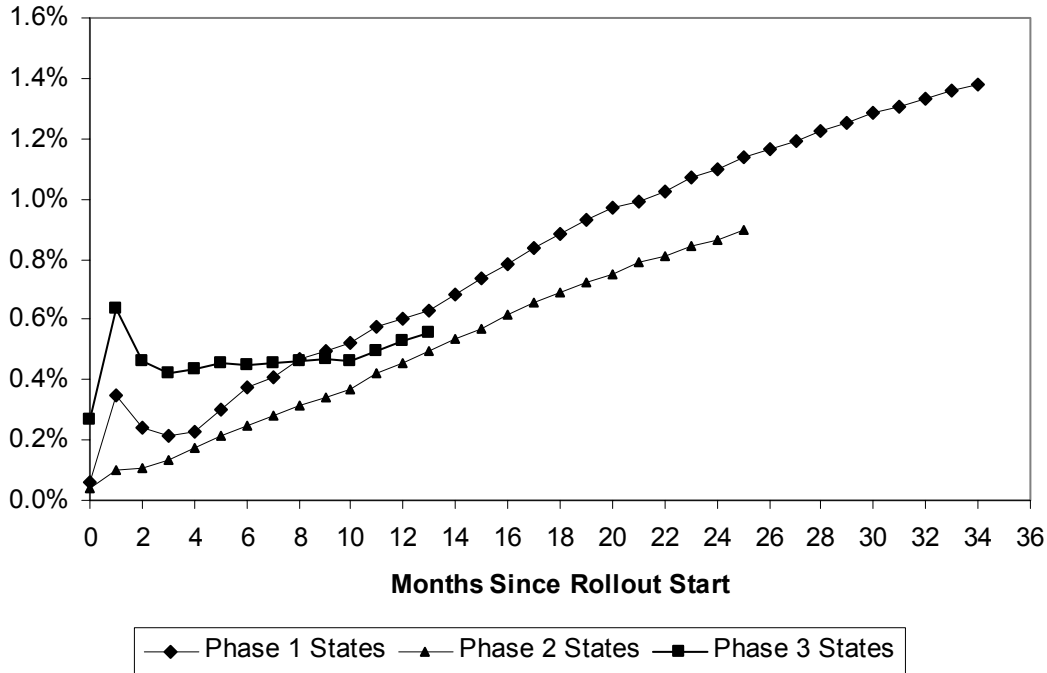
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<sup>4</sup> This estimate is based on reporting through July 2005. Because of the lags in recording all assigned Tickets, we consider the July 2005 data as providing an accurate measure of actual Ticket assignments only through December 2004.

<sup>5</sup> The very high participation rate early in the Phase 3 rollout reflects the fact that some beneficiaries classified as residing in Phase 3 states had obtained and assigned their Tickets during the Phase 1 or 2 rollouts, most likely because of a later change in residence. Early in the rollout, the number of individuals in this group is substantial relative to the number of Ticket-eligible beneficiaries in the Phase 3 states, but their influence on the participation rate quickly disappears as Tickets are sent to all other beneficiaries in the Phase 3 states. A similar but smaller phenomenon is observed early in the Phase 2 states.

declining, but as the evidence from the next section shows, the decline appears solely caused by changes in the extent to which SVRAs obtain assignments from their beneficiary clients.

**Exhibit III.2. Participation Rate, by Months Since Rollout Start and Phase**



Source: Based on July 2005 extract from SSA's Disability Control File.

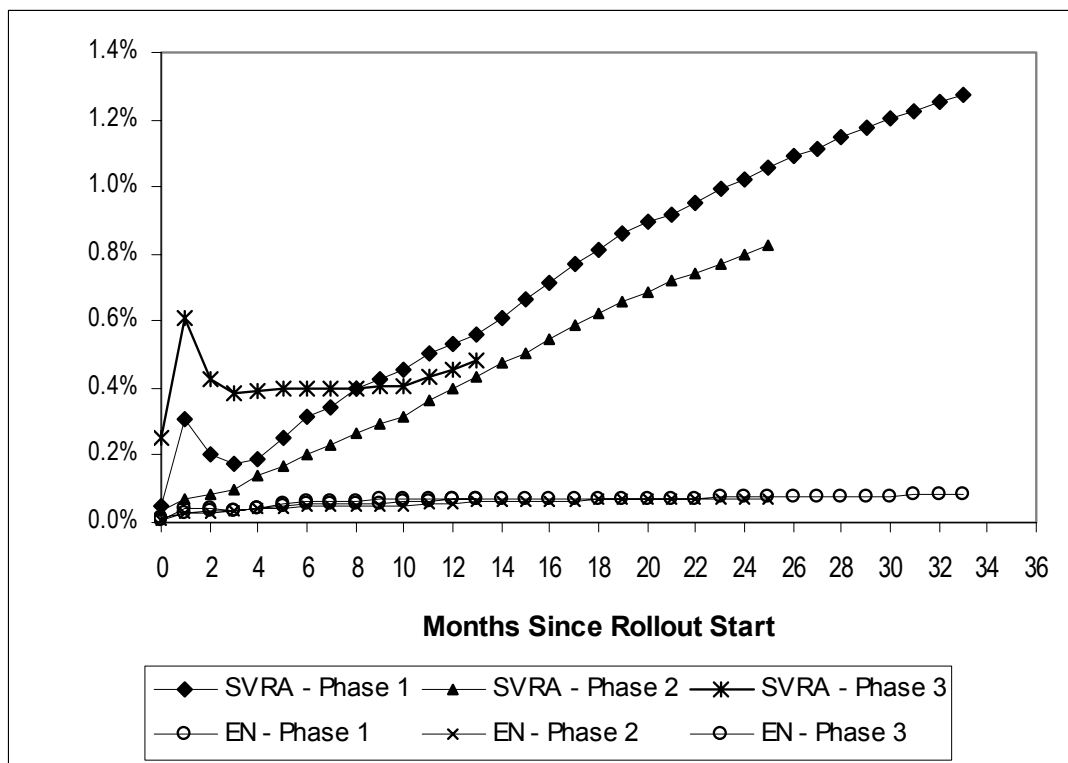
### 3. Participation by Provider Type

In addition to the overall participation rate, the participation rates at each of the two provider types (ENs and SVRAs) are an important indicator of program success. As in each of our two previous reports, we again note that the vast majority of in-use Tickets was assigned to SVRAs but point to important differences across the Phase 1, 2, and 3 states. The Phase 2 SVRA participation rate is substantially lower than the Phase 1 SVRA participation rate during the comparable month in the rollout, and the Phase 3 SVRA participation rate falls between the corresponding Phase 1 and Phase 2 rates in their respective comparable months (see Exhibit III.3). In fact, holding constant the number of months since the rollout began, variation in SVRA participation rates across phases essentially accounts for all of the variation in overall participation rates across phases; variation in EN participation rates across phases is remarkably small.

The difference across phases does not merely reflect the fact that the rollouts in Phases 2 and 3 were slower than in Phase 1. If that were the only reason for lower participation rates in Phase 2 and 3 states, then—holding months constant since the start of rollout—the differences would likely be observed for ENs, not just for SVRAs. In addition, we would observe no differences across Phases 2 and 3, and differences between rates for those phases and Phase 1 would narrow as time passed. Instead, differences in the EN rates are tiny, with

a substantial difference between the overall Phase 2 and 3 rates, and the difference between the overall Phase 1 and 2 rates appears to be increasing rather than decreasing.

**Exhibit III.3. Participation Rates, by Months Since Rollout Start, Phase, and Provider Type**



Source: Based on July 2005 extract from SSA's Disability Control File.

In each of the Phase 1 and Phase 2 state groups, the percentage of assigned Tickets in use at SVRAs has been gradually increasing since the end of the respective rollouts and appears to be leveling off at above 90 percent (93.9 percent for Phase 1 states and 92.1 percent in Phase 1 states as of December 2004). Although the SVRA and EN participation rates have been increasing in both phase groups, SVRA participation rates have been increasing more rapidly. It is too early to observe post-rollout trends in Phase 3 states, but at the end of the rollout in Phase 3 states, the percentage of assigned Tickets in use at SVRAs was just slightly below the values observed in the Phase 1 and 2 states in the comparable months in their rollouts.

Now that matched RSA and SSA data are available, we have been able to investigate variation in SVRA participation rates across phases. With the matched data, we are able to determine the extent to which SVRAs obtained Ticket assignments from entrants into their systems. Although we observe entrants only for cases closed by the SVRAs before September 30, 2004, we can note for these cases the percentage that assigned their Ticket to an SVRA in each month since the start of a phase's rollout. If Ticket assignment is

unrelated to duration from entrance to closure, the estimates will be unbiased estimates of the percentage of beneficiary entrants assigning their Ticket in each month, including cases not yet closed.

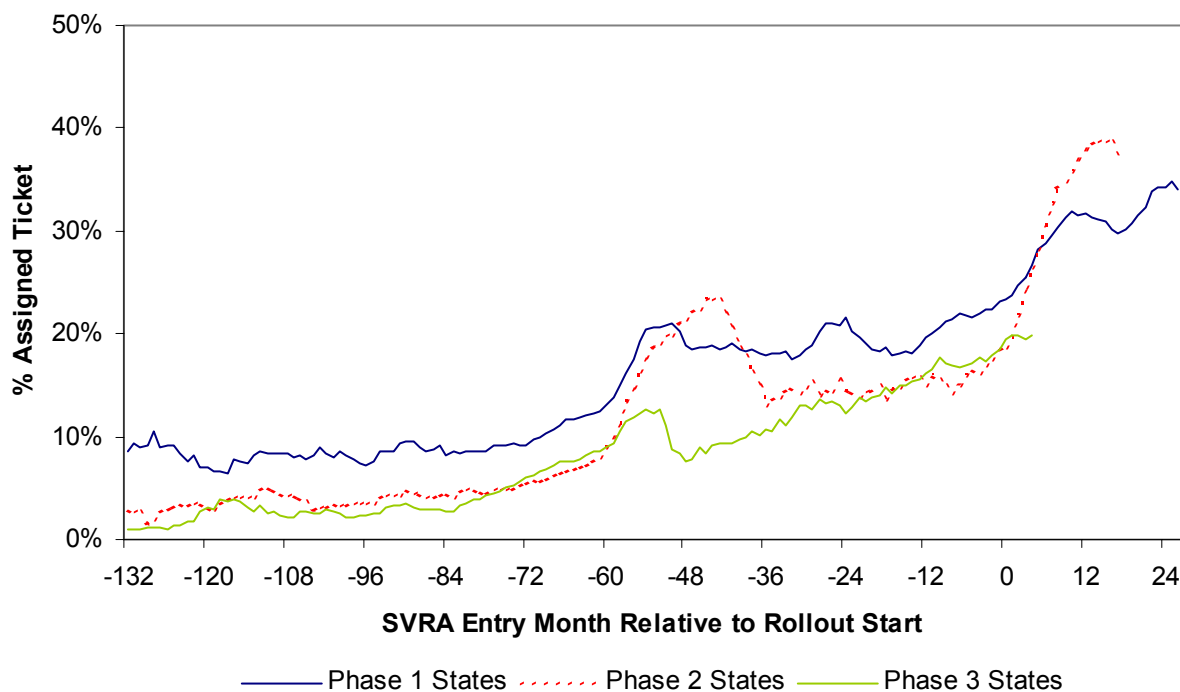
The evidence from the matched data shows that the relatively high assignment rates for Phase 1 SVRAs reflect SVRAs' success in obtaining assignments from a larger share of pipeline cases (i.e., cases that entered SVRA service before Ticket rollout began). In fact, it appears that shortly after the rollout start, Phase 2 SVRAs were obtaining just as large a share of assignments from "new" clients—those determined eligible for services after the start of rollout—as did the Phase 1 SVRAs. The data also show that SVRAs are obtaining assignments from only a minority of the beneficiary clients they serve. The findings for new clients might change as data for later closures become available, but we think the findings for pipeline cases will not change because most such cases will have closed before September 30, 2004.

We base our conclusions on Exhibit III.4, which plots the percentage of SVRA entrants who assigned their Ticket to an SVRA, by phase and month of entry relative to the start of Ticket rollout in their phase (month zero). The analysis includes only cases closed after receipt of services and after the client's Ticket mailing date, but before September 30, 2004. We used six-month moving averages to smooth the plots. Thus, the plotted values are the percentage of entrants who assign their Ticket and entered the SVRA system during the six-month period ending on the month plotted. The last point plotted is for those entering between January and June 2004 and closing after services by the end of December 2004. We reiterate that these series will change as new data become available because the data exclude those who entered service during the sample period and did not close by the end of September 2004. The greatest number of updates will be for those entering in the most recent months, but it is hard to predict the direction of change.

It is apparent that the Phase 1 SVRAs were much more likely to obtain assignments from pipeline cases than either the Phase 2 or 3 SVRAs. The assignment rate statistic for Phase 1 SVRAs is higher than the statistic for Phase 2 SVRAs in every pre-rollout month from -132 to -1, with the exception of months -49 to -40. The Phase 2 and Phase 3 statistics are similar for most pre-rollout months, with the exception of months -57 to -30, when the Phase 2 rate is notably higher. We do not know what accounts for the relatively high Phase 2 assignment rate for those entering service during this period.

In our second evaluation report (Thornton et al. 2006), we tentatively concluded, on the basis of more limited evidence, that the Phase 2 and 3 SVRAs were simply less aggressive than Phase 1 SVRAs about obtaining Ticket assignments from their beneficiary clients, perhaps because of lower expectations about the value of assignments relative to the administrative cost of obtaining and processing them. The new evidence suggests that this conclusion might apply to pipeline cases, but there is no clear evidence yet that it applies to new cases. We also cannot rule out the possibility that idiosyncratic differences in how SVRAs manage their long-term cases are the underlying cause of the variation in assignment rates for those cases across the three phase groups.

**Exhibit III.4. Percentage of Beneficiary Entrants to SVRA Services Who Assigned a Ticket, by Phase and SVRA Entry Month**



Source: Based on RSA data for closures through September 2004 matched to the Ticket Research File.

Note: Statistics plotted are six-month moving averages. The sample excludes cases that closed before the individual's Ticket mailing date, cases that closed after September 2004, and cases that closed with receipt of services. "Entrants" are those determined eligible for services, and "entry month" is the month of eligibility determination.

The above analysis does not consider the possibility that the introduction of TTW had an impact on the number of beneficiaries obtaining services from SVRAs and that the impact may have differed by phase. We examine such a possibility in Chapter XIII.

From a few months after rollout start to the end of the Phase 2 series, the assignment rate statistic for Phase 2 SVRAs is higher than for Phase 1 SVRAs. Given the incomplete data, we think it is too early to conclude that the assignment rate for new entrants in Phase 2 SVRAs is higher than in Phase 1 SVRAs, but there is certainly no indication that it is lower.

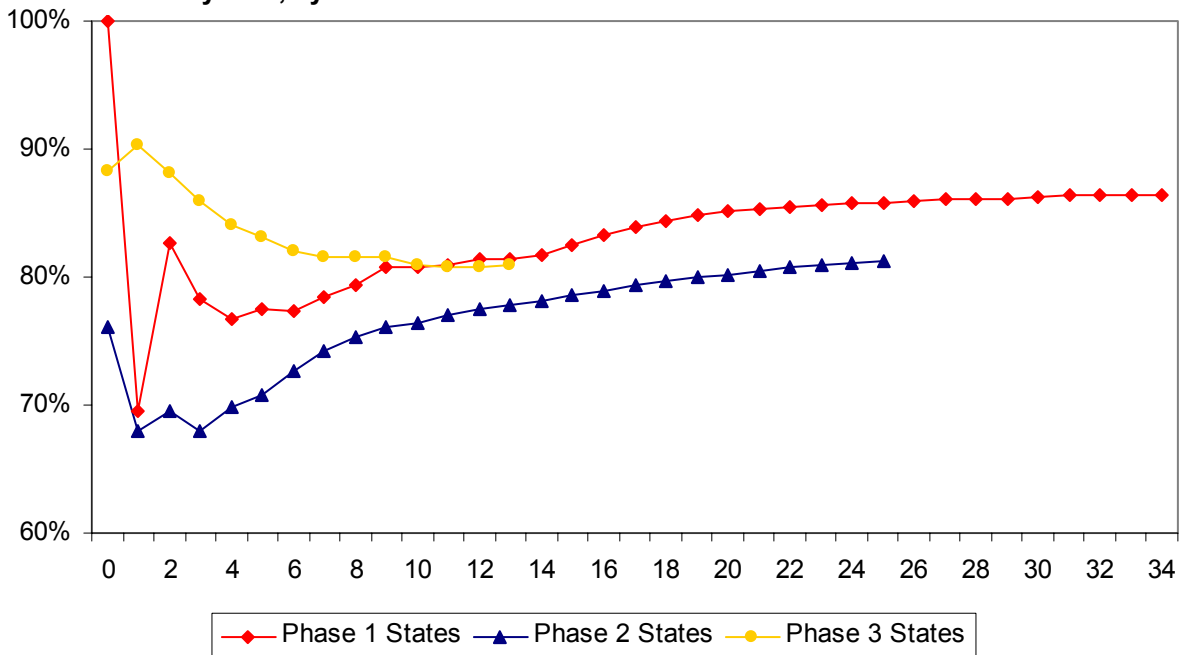
Based on the RSA data, since TTW started, the Phase 1 and Phase 2 SVRAs have typically obtained assignments from only 30 to 40 percent of the new beneficiary clients they serve. This does not count cases that close without receipt of services; not surprisingly, SVRAs rarely obtain assignments from these cases. Although the numbers might change as we obtain data about more recent case closures, it is apparent that many beneficiaries receive services from SVRAs without assigning their Ticket to an SVRA. In 2003 4.6 percent of all Ticket-eligible beneficiaries in Phase 1 states received SVRA services in 2003. Yet the SVRA participation rate in those states ranged from 0.5 in January to 0.9 in December. Clearly the SVRA Ticket participation rates in Phase 1 states over this period would have been several times larger had the SVRAs obtained assignments from all beneficiary clients served in 2003.

Presumably the SVRAs do not obtain assignments for many cases because they think reimbursement from SSA is highly unlikely. For many beneficiary clients, earnings at levels sufficient to trigger payments to the SVRA under any payment system are not a reasonable goal; for some SVRA clients, the goal is something other than paid employment (e.g., the ability to function as a homemaker).

#### 4. In-Use Tickets by Payment Type

As in previous reports, we found that assignments to the three payment systems (traditional, milestone-outcome, and outcome-only) largely mirror assignments to provider types because only SVRAs can use the traditional system. Thus, most in-use Tickets are assigned under the traditional payment system, necessarily to SVRAs. In December 2004, 86.4 percent of Tickets in the Phase 1 states were assigned under the traditional payment system, 81.2 percent of Tickets in Phase 2 states, and 81.0 percent of Tickets in Phase 3 states.<sup>6</sup>

**Exhibit III.5. Percentage of In-Use Tickets Assigned Under the Traditional Payment System, by Months Since Rollout Start and Phase**



Source: Based on July 2005 extract from SSA's Disability Control File.

The most recent data show that the percentage of Tickets assigned under the traditional payment system has been rising very slowly in Phase 1 and 2 states since the end of the phases' respective rollout periods (see Exhibit III.5). In the Phase 1 states, 81.4 percent of

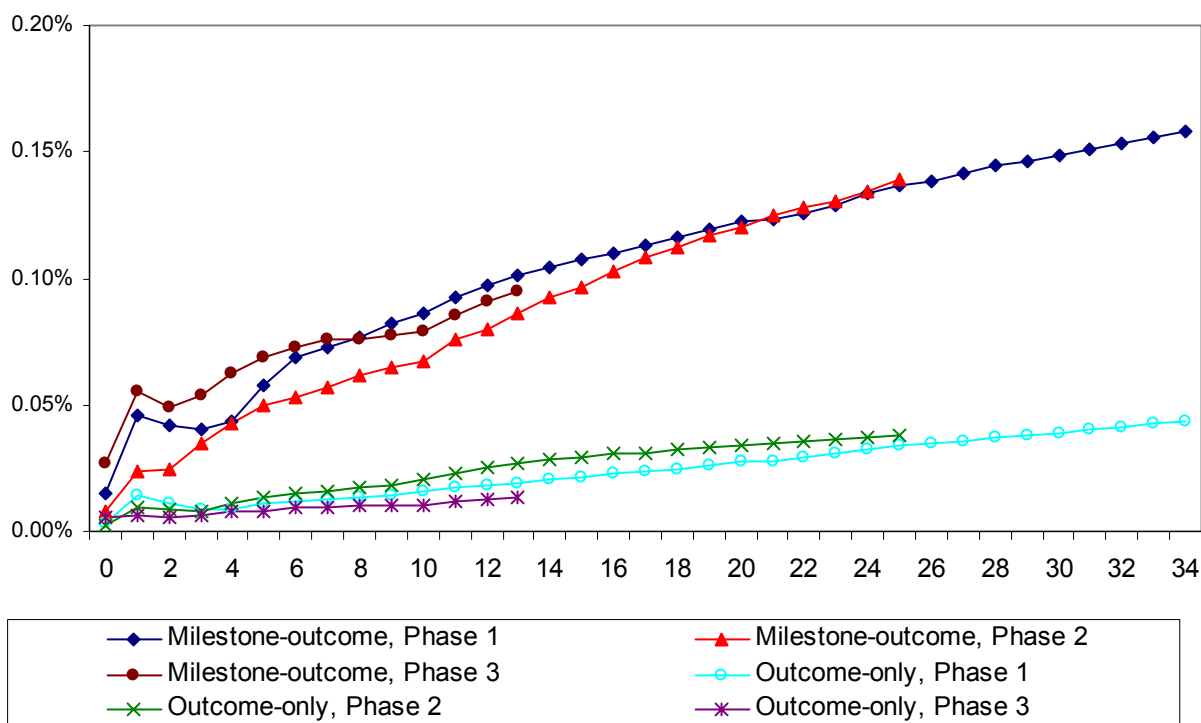
<sup>6</sup> Our earlier estimate was 75.9 percent. Most assignments reported after completion of the extraction of data for the earlier report were to SVRAs.



in-use Tickets were under the traditional payment system in month 12 (5.0 percentage points lower than the December 2004 value); in the Phase 2 states, the comparable figure was 75.3 percent (5.9 percentage points lower than the December 2004 value). It is too early to establish a trend for the Phase 3 states.

The pattern of participation under each of the two new payment systems varies little across the three phase groups (see Exhibit III.6). In December 2004, 0.16 percent of eligible beneficiaries in Phase 1 states had assigned their Ticket under the milestone-outcome payment system, and 0.04 percent had assigned their Ticket under the outcome-only system. Thus, 78.6 percent of Tickets assigned under the new payment systems are assigned under the milestone-outcome system. Experience to date in the Phase 2 and 3 states is similar to the Phase 1 experience at comparable points in the rollout.

**Exhibit III.6. Participation Rates for New Payment Systems, by Months Since Rollout Start and Phase**



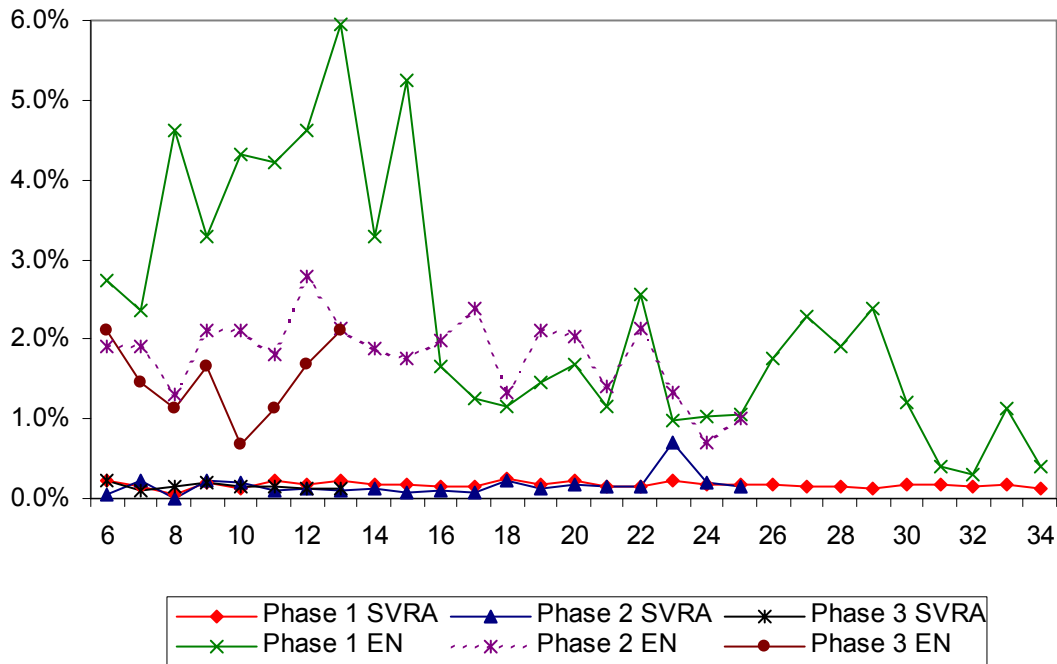
Source: Based on July 2005 extract from SSA's Disability Control File.

We have observed no appreciable change in SVRAs' use of the new payment systems. The percentage of SVRA assignments under one of the new payment systems in Phase 1 states was essentially constant from September 2002 through December 2004, at 5 percent. The percentage is twice as high in Phase 2 states, at 10 percent, but has not changed since March 2003. In Phase 3 states, the figure has been steady at 6 percent since March 2004. Most SVRA assignments under the new payment systems are to a small number of SVRAs (see the state participation statistics later in this chapter).

## 5. Deactivations and Reassignments

As in earlier reports, we have examined administrative data on deactivations and reassignments to determine whether substantial numbers of beneficiaries who have assigned their Ticket are changing providers, formally withdrawing from participation, or being withdrawn. The number of deactivations has been small relative to the number of in-use Tickets since the beginning of the program and continues to be small (fewer than 3 per 1,000 Tickets in use as of December 2004), and reassignments are extremely rare (just 4 per 10,000 in-use Tickets in December 2004). However, we noted some interesting patterns as depicted in Exhibit III.7, which shows deactivations as a percentage of in-use Tickets by phase and months since rollout start.<sup>7</sup>

**Exhibit III.7. Net Deactivations, by Months Since Rollout Start, Provider Type, and Phase**



Source: Based on July 2005 extract from SSA's Disability Control File.

Note: Net deactivations are defined as total deactivations minus reassignments. Statistics before month six of each rollout are not meaningful because of the small number of assignments.

First, net deactivations are much less frequent for Tickets assigned to SVRAs than for Tickets assigned to ENs (0.13 percent versus 1.22 percent in December 2004). Second, net deactivations from ENs for beneficiaries in Phase 1 states were relatively high during the

<sup>7</sup> We excluded the small number of reassignments from the count of deactivations, but the exhibit would change little if they were included. We omitted the first six months of the rollout period because the small numbers of in-use Tickets early in each phase's rollouts leads to large but meaningless variation in net deactivations as a percentage of in-use Tickets.

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period 8 to 15 months after the start of the Phase 1 rollout (from October 2002 through May 2003), peaking at 6.0 percent in March 2003. As discussed in our first report, a number of large ENs consolidated or terminated their operations during this period.<sup>8</sup>

After that period, net deactivations in Phase 1 states hovered around 1.5 percent until month 26 and then increased to around 2.0 percent for four consecutive months before falling to the 1.0 percent level or lower after month 30. The small increase for months 26 through 30 may reflect deactivations initiated by providers as the first cohort of Ticket participants reached the 24-month point in cohort assignments, after which providers are required to deactivate the Tickets of participants who are not making timely progress. The administrative data show no evidence of an increase in deactivations by Phase 1 SVRAs after month 24, although our interviews with the Program Manager indicate that some Phase I SVRAs did begin deactivating Tickets in response to letters that the Program Manager sent out in November 2004 (month 34). The Program Manager also reports that, after the initial flurry, further requests for timely progress reports went ignored, particularly by Phase 2 and 3 SVRAs, as there was little consequence for failure to comply. No response to the letter is interpreted as affirmation that the person is making timely progress. SSA's proposed changes to the regulations drop the timely progress requirement.

As pointed out in our previous report, we do not know how many Tickets classified as in-use are actually inactive. Ticket users who halt their return-to-work effort have little motivation to withdraw their Tickets, and, as indicated above, providers have little incentive to take the initiative to do so themselves. Hence, we have to conclude that some—and possibly many—in-use tickets are inactive. It appears, however, that the vast majority of participants are engaged in some form of employment or employment preparation activity. Chapter VII presents tabulations on the employment and employment plans for Ticket participants from a survey conducted in 2004. As of that time, all but 5 percent of participants were employed, seeking work, or planning to seek work in the not too distant future (see Exhibit VII.1).

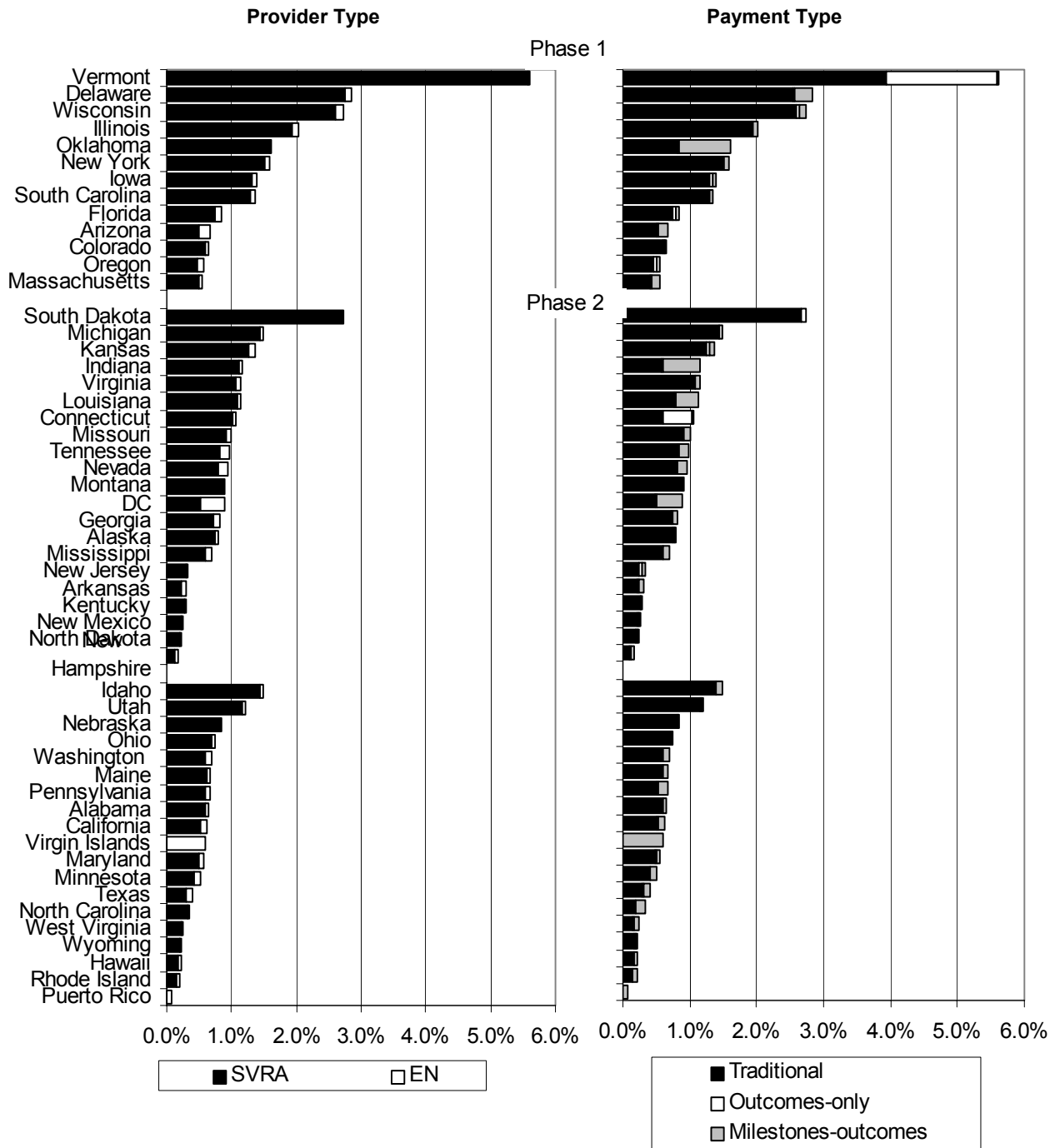
## 6. Participation Rates by State

Participation rates continue to vary by state. Part of the variation results from the phased rollout, but variation is high even within phases. Vermont, a Phase 1 state, continues to exhibit the highest participation rate; since March 2004, the state's participation rate has more than doubled, to 5.6 percent (Exhibit III.8). In contrast, Massachusetts, a neighbor of Vermont, has the lowest participation rate among Phase 1 states, at 0.6 percent. Only Delaware has a participation rate that is even half the size of Vermont's, at 2.8 percent.

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<sup>8</sup> Based on Program Manager data from December 2004, the most extreme case is a provider that had accepted 361 assignments from the start of the Phase 1 rollout through December 2004 but had only 12 assignments in the last month. Two other ENs had at least 100 assignments fewer in December 2004 than the number they had accepted since rollout, and 116 ENs had withdrawn from the program entirely.

**Exhibit III.8. Ticket Participation Rates by State, Provider Type, and Payment Type, December 2004**



Note: Based on July 2005 DCF data.

Source: Based on July 2005 extract from SSA's Disability Control File.

South Dakota's participation rate, 2.7 percent, is also remarkable. Even though, as a Phase 2 state, its rollout started almost a year later than the rollout for the Phase 1 states, its participation rate is tied for third highest with Wisconsin, a Phase 1 state. At 1.5 percent, Idaho has the highest participation rate among Phase 3 states and is ranked eighth among all states (tied with Michigan).

It is apparent from the left side of Exhibit III.8 that variation in state participation rates is largely driven by SVRA participation rates; with few exceptions, a large majority of assignments in each state are assignments to SVRAs. The Phase 1 states with the highest EN participation rates are Arizona (1.6 percent) and Wisconsin (1.2 percent); for Phase 2, the highest rates are for the District of Columbia (0.4 percent) and Nevada and Tennessee (each at 0.2 percent). In Phase 3, the EN participation rate for the Virgin Islands, at 0.6 percent, stands out. (It is worth noting that the Virgin Islands do not have an SVRA).

With few exceptions, cross-state variation in use of the three payment systems is closely related to variation in SVRA participation, as is evident in the right side of Exhibit III.8, and is not surprising given the preponderant use of the traditional payment system by SVRAs. Vermont again stands out, with a participation rate of 1.7 percent under the Outcome-only payment system (29.7 percent of assignments in the state)—all of which are at the state's SVRA. Thus, given the number of eligible beneficiaries in the state, Vermont's SVRA is not only obtaining a particularly large number of assignments, but it is also using one of the new payment systems relatively frequently. Participation under the milestone-outcome system was exceptionally high in Oklahoma, where the SVRA accepts a relatively large number of beneficiary clients under that system (the Oklahoma SVRA has more experience with the TTW payment systems because it ran a demonstration program that was similar to TTW as part of the earlier State Partnership Initiative). In the Phase 2 group, use of the new payment systems is highest in Indiana, Connecticut, Louisiana, and the District of Columbia. The Virgin Islands is the only Phase 2 jurisdiction with an exceptionally high rate of utilization under the new payment system.

We also found that the SVRA participation rate for each Phase 1 and 2 state increased from March through December 2004. In addition, EN participation rates increased in most states, but Nevada experienced a substantial decline (0.5 percentage points), and four others experienced very small declines.

## **B. PREDICTORS OF PARTICIPATION**

In earlier reports (Thornton et al. 2004, 2006), we used administrative data to analyze how the participation rate varies with beneficiary characteristics. For this report, we used the first round of the NBS data, linked to administrative data, to enhance the participation analysis. To provide context for the presentation of the new findings, we begin with a summary of the earlier findings before turning to the new findings.

## 1. Findings from Analysis of Administrative Data

The most important of the earlier findings come from multivariate analysis of participation. For each factor, we estimate the relationship between the probability of participation and the factor, holding other factors constant. We have also conducted bivariate analyses of how the likelihood of participation varies with each factor, but *without* holding other factors constant. In the bivariate analysis, the relationship between a single factor (e.g., age) and participation might reflect the relationship between other predictors that change with age (e.g., impairment type) and participation. In multivariate analysis, we are able to estimate the effect of age on the likelihood of participation after holding impairment type (and other observed factors) constant.

Using data for March 2004 (Thornton et al. 2005, Appendix B), we conducted the multivariate analysis for Phase 1 states. The first important finding from that analysis is that it is particularly difficult to predict which beneficiaries participate based only on characteristics observed in administrative data. That is, we cannot define even a small group of beneficiaries based only on characteristics observed in administrative data in which the participation rate is very high in an absolute sense. In fact, when we use all of the characteristics as predictors together, the highest estimated probability of participation is less than 10 percent, and only 1 percent of beneficiaries have a predicted participation probability of 4.4 percent or higher. Although 4.4 is over four times the overall rate at the time of the analysis, it is still noticeably small.

Thus, it is not possible to rely on administrative data to identify beneficiaries who are “highly likely” to participate in TTW. The low predicted probabilities suggest that other unmeasured factors, such as the nature/severity of the individual’s impairment, other sources of support, and personal motivation, play an important role in beneficiary decisions. The survey data capture some such factors and are included in the analysis presented in the next section. Although we cannot use administrative data to identify beneficiaries highly likely to participate, we can identify several factors predictive of participation, holding other factors constant. The multivariate analysis also shows that, holding other factors constant, the likelihood of participation was higher if, at the time the Ticket was mailed, the beneficiary:

- Was relatively young
- Had attained a relatively high level of education
- Had a sensory impairment (especially hearing)
- Was classified as African American or Asian/Pacific Islander
- Had been on the rolls between 6 and 60 months
- Had been awarded benefits at the initial determination stage

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- Was already using one of the work incentive programs (Section 1619 for SSI and participation in the extended period of eligibility for DI)

In addition, holding other things constant, participation rates were especially low for those:

- On SSI only
- With mental retardation, a musculoskeletal impairment, a circulatory condition, or a respiratory condition
- Requesting written communications in Spanish

The relationship between age and participation is particularly important. Participation rates are much higher for younger beneficiaries than for older beneficiaries. For instance, in March 2004, the probability that a beneficiary age 18 to 24 had assigned his or her Ticket was 2.7 percentage points higher than for a beneficiary age 60 to 64, holding other things constant. This relationship, along with the fact that a large majority of beneficiaries are over age 50, makes the average rate for all beneficiaries much lower than for relatively young beneficiaries.

We also included a variety of county characteristics in the multivariate analysis. Although bivariate analyses show some of the characteristics to be predictive of participation, they are not substantially predictive after controlling for other factors.<sup>9</sup>

## 2. Findings from National Beneficiary Survey

The data from the first round of the NBS provide additional information about characteristics related to TTW participation. We used NBS data for the 2,932 respondents from Phase 1 states to conduct a multivariate analysis of Ticket participation in June 2003 (when the survey sample was drawn, 15 months after the start of the Phase 1 rollout).<sup>10</sup> Participation itself is based on administrative data. The sample participation rate (weighted to reflect the beneficiary population in Phase 1 states) is 0.82 percent as compared with 0.83 percent based on administrative data for the same month.

We included the following characteristics in the analysis (an asterisk indicates that the characteristic is from the survey data): title; primary insurance amount for DI beneficiaries; DI and SSI benefits if countable earnings are zero; cash benefits received from other programs\*; months on the disability program rolls; Medicare eligibility; age; sex; race

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<sup>9</sup> The variables are population density, population loss between 1990 and 2000, percent African American, percent nonwhite, percent Hispanic, percent of populations living in households with income below the poverty line, percent of employment in manufacturing, unemployment rate, another low-employment index, an urban/rural index, the percentage of workers using public transit, a housing stress index, and a low-education index.

<sup>10</sup> All survey respondents were Ticket-eligible in that month.

(Caucasian, African American, or other)\*; Hispanic ethnicity\*; education\*; parental education\*; living arrangements (living alone or with unrelated others, living with spouse or another adult as if married, living with minor children)\*; age of disability onset\*; main condition that restricts activities\*; scores on physical and mental wellness scales\*; functional limitations (e.g., concerning ability to walk, climb steps, lift 10 pounds, grasp objects, reach, stand, or crouch; ability to perform ADLs for bathing and dressing, getting around the house, getting into or out of bed, and eating; ability to perform instrumental activities of daily living IADLs for getting around outside the home, shopping, and preparing meals\*; obesity (body mass index greater than 30)\*; evidence of substance abuse\*; and family income relative to the official poverty standard.\* The following discussion of the findings focuses on the characteristics that are the strongest predictors of Ticket participation after holding constant all other characteristics on the list.

At least qualitatively, many of the findings reinforce the findings based on the administrative data only; quantitative differences may reflect differences in specifications, timing of measurement, and random sampling error. The survey analysis pertains to June 2003, whereas the administrative data analysis pertains to March 2004. We did not include all of the administrative variables and categories in this analysis because sample sizes for some groups were extremely small (e.g., those with hearing impairments and those in DI or SSI work incentive programs). It is also important to recognize that the estimates presented here are based on a survey sample of a few thousand beneficiaries, whereas the administrative data estimates summarized above are based on data for all of the over 2 million beneficiaries in Phase 1 states. Hence, differences due to sampling error can be substantial. All estimates reported here reflect statistically significant effects (5.0 percent level using a two-tailed test). Detailed results for participation appear in Appendix Table B.22, and detailed results for provider type and payment type appear in Appendix Tables B.23a and B.23b.

#### **a. Participation**

Overall, the variables included in the survey data enhance the ability to predict which beneficiaries will participate. Yet, even with the inclusion of these variables, it is not possible to single out individuals who are “highly likely” to participate. The highest predicted participation rate is 22.4 percent (more than twice the highest rate with use of administrative data alone), and 1 percent has predicted probabilities of 11.1 percent or greater (versus 4.4 percent or greater with use of administrative data alone).

Age is a strong predictor of participation. Holding other characteristics constant, those age 18 to 24 are 5.7 times more likely to participate than those 55 or older (Appendix Table B.22). African Americans are 80 percent more likely to participate than Caucasian Americans, holding other characteristics constant. We did not find significant differences for other races or Hispanic ethnicity. Participation increases with education, with the participation rate for those with more than a high school education 4.1 times higher than for



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those with less than a high school education, holding other things constant.<sup>11</sup> Beneficiaries with sensory impairments are 80 percent more likely than others to participate.<sup>12</sup> DI beneficiaries (both concurrent and DI-only) are 50 percent more likely to participate than SSI-only recipients. Participation is relatively low for those who first entered the DI or SSI program less than 6 months earlier, increases gradually through 24 months, is highest for those on the rolls between 24 and 60 months, and is significantly lower for those on the rolls for more than 60 months. Those on the rolls for more than 60 months are 40 percent less likely to participate than those on the rolls for 24 to 60 months.

Other findings pertain to variables not captured in administrative data. The first of these is that beneficiaries unable to perform one or more ADLs or IADLs without assistance are only about half as likely to participate as those with less severe or no ADL or IADL limitations. The evidence also indicates that inability to perform one or more physical functions reduces participation, but after controlling for ADLs and IADLs (as well as for other variables), the estimated effect is relatively small and not statistically significant.<sup>13</sup>

The probability of participation declines with age of disability onset after controlling for other factors (including current age). Those experiencing disability onset before the age of 18 are the most likely to participate. Those experiencing onset at age 55 or older are 60 percent less likely to participate than the former group. As expected, other groups fall between these two.

We expected to find that mental and physical health status would be predictive of participation, but the estimated effects are small and not statistically significant. It could be that other independent variables, such as the functional and activity limitation variables, have captured the effects of health status on participation, but we have not explored this possibility further.<sup>14</sup> We also did not find significant effects for obesity or substance abuse after controlling for other variables.

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<sup>11</sup>The estimates for education are based on the survey measure of education rather than on the administrative measure because the latter is missing for many observations.

<sup>12</sup>Small samples prevent separate estimation of rates for hearing, vision, and communication impairments.

<sup>13</sup>For analysis purposes, we used responses to questions about functional limitations and activity limitations to categorize respondents into four groups: (1) no functional, ADL, or IADL limitation; (2) moderate functional, ADL, or IADL limitations only; (3) inability to perform an ADL or IADL without assistance; and (4) inability to perform at least one physical function. “Moderate” means that the individual can perform the function, ADL, or IADL on his or her own, but with difficulty. Based on the survey, most beneficiaries are in at least one of the two “inability” categories, and many are in both; only 2 percent are in the “no limitation” category. Based on the estimates and after controlling for other variables, those reporting no or moderate conditions only are equally likely to participate, those reporting severe ADL/IADL limitations only but not severe functional limitations are 52 percent as likely to participate, those reporting severe functional limitations but not severe ADL/IADL limitations are 85 percent as likely to participate, and those reporting both severe ADL/IADL and functional limitations are 44 percent as likely to participate.

<sup>14</sup>This statement alludes to the statistical problem of collinearity between the independent variables. The analysis relies on the independent variation in each variable to estimate the variable’s coefficient. The independent variation of a particular variable is the variation left after removing the variation that can be

Beneficiaries who live with a spouse, significant other, or other family members are less likely to participate than those who live on their own or with unrelated adults. Holding other variables constant, beneficiaries who live with relatives but do not have children under age six are 20 percent less likely to participate, while those with at least one child under age six are 70 percent less likely to participate. One possible explanation for lower participation rates when an individual lives with other adults is that the income of the other adults reduces the need for the beneficiary to generate income via work. In addition, the presence of others in the household may create better opportunities for the beneficiary to engage in productive household activities—particularly for those with children under age six. These factors appear to more than offset any positive effect that the availability of personal support within the household might have on participation.

Holding other variables constant, we expected to find that high benefit levels in the absence of countable earnings would reduce participation because of strong incentives to stay on the rolls, but we found no significant effect. One variable closely associated with benefits did, however, have a large negative effect: DI primary insurance amount (PIA). Holding other things constant, those with PIAs above \$1,200 are only half as likely to participate as those with lower PIAs. This difficult-to-interpret finding might be termed a benefit effect because the DI benefit of a beneficiary with no dependents and with countable earnings below the SGA level is equal to the beneficiary's PIA. The analysis, however, directly controls for benefits. Similarly, PIA is highly correlated with age, but we have controlled for age in the analysis. Hence, it seems that the negative effect of a high PIA on participation is attributable to some other factor associated with PIA that is not captured in the control variables.

A beneficiary's PIA can be viewed as a composite measure of the beneficiary's earnings experience; high PIAs are achieved only by those beneficiaries who received high levels of earnings subject to Social Security payroll taxes during a long period of their work career. High levels of past earnings may be predictive of high levels of potential earnings if the beneficiary returns to work, and we would expect high predicted earnings to increase participation, which is the opposite of what we found. One possible explanation is that beneficiaries with high past earnings are more likely than others to have accumulated substantial wealth, which would reduce the incentive to return to work. More broadly, the

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*(continued)*

accounted for by the other variables. Even if a variable's total variation is high, the independent variation might be too low to estimate an effect with enough precision to be statistically different from zero, especially if the true effect is small. The variance inflation factor (VIF) is sometimes used as a measure of the extent to which collinearity affects the precision with which the coefficient of a variable can be estimated. The square root of the VIF is the amount by which the coefficient's standard error is inflated by the inclusion of all of the other independent variables. Thus, a VIF of 1.0 implies no effect at all, a VIF of 4 corresponds to a doubling of the standard error, and a VIF of 9 corresponds to a tripling of the standard error. Three of the health category variables had VIF values ranging between 2.3 and 3.1—high but not excessive. Only five of the independent variables had VIF values in excess of 4.0—the indicator for those age 25 to 39 and each of the four indicators for age of onset. The effects of these variables on participation are so strong, however, that we found significant effects despite the level of collinearity.

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fact that such individuals have entered DI despite the low DI replacement rate for workers with high earnings suggests that they are poor candidates for return-to-work for some other reason—extremely severe disability, substantial income from other sources (pension, a spouse, private disability benefits, etc.), and perhaps others. Perhaps high earners have better opportunities and stronger incentives than other workers to continue work after disability, so they are more likely than others to delay their entry into SSDI until they are ready to retire permanently. They might enter SSDI only when changes in their circumstances make permanent retirement attractive: significant deterioration in their health, availability of private pension or disability benefits, changes in their spouse’s circumstances, etc. Although other control variables might serve as proxies for some such differences between high PIA beneficiaries and others, they likely do so only in a limited fashion.

We considered the possible effect of other (non-SSA) cash (e.g., private disability insurance) or near-cash (e.g., food stamps) benefits (public and private) that would likely be jeopardized by return-to-work. Our hypothesis posited that beneficiaries with such benefits would be less likely to participate. We found, however, that the results depend on the value of the other benefits. Those reporting low levels of such benefits (estimated to be worth less than \$200 per month) were 60 percent more likely to participate than those reporting no such benefits. Those reporting high levels of such benefits (\$500 or more per month) were—consistent with our hypothesis—40 percent less likely to participate, but the result is only marginally significant.<sup>15</sup> It may be that low levels of other benefits are indicative of material hardship (e.g., not enough food or fuel) and that such hardships might motivate the beneficiary to seek work.

We also included an indicator for relatively high household income—that is, at least 300 percent FPL. We view this variable as a crude measure of a household’s total resources and expect that beneficiaries in high-resource households will have less of an incentive to participate in TTW. We found no evidence of any effect, however.

In many respects, the findings from the analysis of participation predictors are qualitatively similar to those from the analysis of predictors of employment (see Chapter II). That is, factors that predict employment also predict Ticket participation, after controlling for other factors, and in the same direction. Some exceptions, however, apply. Other things constant, SSA benefits are a negative predictor of employment, but not of participation; men are more likely than women to be employed but not more likely to participate; African Americans are more likely to participate than either Caucasians or those of other races, but not more likely to be employed; those of other races are more likely to work than either Caucasians or African Americans, but not more likely to participate; living with a child under age six reduces the likelihood of participation, but does not reduce the likelihood of employment; those with sensory disorders are more likely to participate, but not more likely to be employed; those in poor mental or physical health are much less likely to be employed, but only marginally less likely to participate.

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<sup>15</sup> The result is significant at the 6.5 percent level using a one-tailed test.

## b. Provider and Payment Type

We also consider characteristics predictive of type of provider and type of payment system for those who do participate. The number of (unweighted) participants in this sample is 1,105. By design, the respondents are approximately uniformly distributed across the three payment types. After weighting to reflect the population from which they were drawn, 13.0 percent had assigned their Ticket to an EN, 84.2 percent had assigned their Ticket under the traditional payment system, 13.5 percent under the milestone-outcome system, and 2.3 percent under the outcome-only system. These statistics are comparable to what is observed in administrative data for Phase 1 in June 2003.<sup>16</sup>

Several characteristics are associated with an increased likelihood of assignment to an EN, holding other characteristics constant (Appendix Table B.23a). SSI-only recipients are 70 percent more likely than DI recipients to assign their Ticket to an EN. The likelihood of assignment to an EN increases with age; those in the oldest age group (55 and above) are 4.7 times more likely than those in the youngest age group (18 to 24) to assign their Ticket to an EN. Hispanics are 80 percent more likely than non-Hispanics to assign their Ticket to an EN. Those with less than a high school education are 90 percent more likely than those who completed high school to assign their Ticket to an EN; unmarried parents with children are 70 percent more likely than others to assign their Ticket to an EN; and all parents with children under age six are 2.9 times more likely than others to assign their Ticket to an EN.

These findings suggest that participants facing return-to-work challenges other than disability—i.e., limited or no work experience, age, limited education, Hispanic ethnicity, parenting alone, and presence of preschool children—are more likely than others to be served by ENs. However, one finding appears to be contradictory to this conclusion: participants in households with incomes of at least 300 percent of the federal poverty line are 80 percent more likely to assign their Ticket to an EN. Not surprisingly, these same characteristics are associated with an increased likelihood of assignment under one of the new payment systems.

Given assignment under one of the two systems, fewer findings concern factors affecting the likelihood of assignment under the outcome-only payment system, probably reflecting both the relatively small sample for this analysis (722) and the small share that assigned their Ticket (after weighting) under the outcome-only system (14.8 percent) (Appendix Table B.23b). One clear finding is that participants under one of the new payment systems who experience disability onset relatively late in their lives are substantially more likely to assign their Ticket under the outcome-only system. For instance, those who

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<sup>16</sup> The weighted percentage assigned to ENs, 13.0 percent, is higher than the comparable number from the administrative data for June 2003, when 8.1 percent of in-use Tickets in Phase 1 states were assigned to ENs. The difference reflects sampling error. The weighted percentages assigned under each payment system are very close to the administrative data figures from June 2003 (83.9 percent under the traditional payment system; 13.4 percent under the milestone-outcome system; and 2.8 percent under the outcome-only system), reflecting the fact that the sample was stratified by payment type and the weights designed to reflect the variation in sampling probabilities across strata.

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experienced disability onset at age 55 or later are 2.6 times more likely to assign their Ticket under the outcome-only system than those who experience disability onset before age 18. In the earlier analysis of administrative data, we found that older participants under the new payment systems were more likely to assign their Ticket under the outcome-only system. In the current analysis, the relationship between age and payment system is relatively weak, although still positive, after controlling for age of onset and other characteristics. It appears that age of onset, which is highly correlated with age, largely explains the earlier finding.

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## CHAPTER IV

### EXPERIENCES OF TTW PARTICIPANTS: THE PARTICIPATION PROCESS

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This chapter presents new information on the program-related experiences of TTW participants, as reported by participants themselves, in the 2004 NBS. The most surprising finding is that most respondents who, according to administrative data, were participants at the time of the survey did not know they were participants—even after they were asked several probing questions. Based on the NBS, we estimate that only 31 percent of TTW participants at the time of the survey knew they were participating in the program.<sup>1</sup>

It is not clear why TTW participants are not aware of their status in the program. One possibility is that TTW is primarily a payment system for service providers. Participants may pay more attention to the provider and relatively little, if any, to how the provider is paid—especially if they approached the provider without knowledge of TTW. This explanation seems especially plausible for two types of participants: “pipeline” cases at SVRAs (i.e., participants who started to receive services from SVRAs before they received their Ticket) and new participants whose Tickets were assigned to SVRAs under a simplified procedure that does not require beneficiaries to sign the Ticket assignment form.<sup>2</sup> A multivariate analysis of the likelihood that an individual was aware of participating in the program did show that those who assigned their Tickets to SVRAs were less likely to be aware that they had assigned their Ticket, holding other characteristics constant (Appendix Table B.24). Another finding from that analysis suggests that communication issues might reduce awareness, as those with sensory impairments were less likely to be aware of their

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<sup>1</sup> The 2004 NBS asked beneficiaries about their participation experience in TTW under only two conditions. First, administrative data had to show that the beneficiary’s Ticket had been assigned by June 2003 and that it was still assigned in December 2003. Second, when asked about TTW, beneficiaries had to report that they had participated. For the analyses in this chapter we excluded a small number of respondents who reported that they had participated in TTW during 2003, but whose participation in 2003 was not confirmed in the administrative data.

<sup>2</sup> For new clients (those who were not already receiving services from the SVRA when they became TTW eligible), SVRAs are permitted to submit a signed Individual Plan for Employment (IPE) in lieu of a signed Form 1365 (the State Agency Ticket Assignment Form) to assign a beneficiaries Ticket under TTW.

participation, holding other characteristics constant. No other characteristics were identified as being associated with awareness.

The remainder of this chapter focuses on the experiences of those who were aware that they were participants (“self-identified” participants). The NBS asked all such respondents about both their interactions with providers and their satisfaction with services. Of those who first assigned their Tickets in 2003 (the “2003 cohort”), the NBS asked more detailed questions about how they assigned their Tickets and about the number of providers they contacted in the process.<sup>3</sup> When interpreting the findings on these questions and the rest of the material presented in this chapter, readers should recognize that the results might not be representative of the experiences of all participants.<sup>4</sup> It is also important to recognize that the findings reflect only the early program experiences in the Phase 1 states, so it is likely that both participants and providers were still learning about and adjusting to the program when the NBS was conducted. In future reports, we will be able to assess the degree to which participants’ experiences improve, deteriorate, or remain the same.

Despite these caveats, the experiences of self-identified participants early in the program rollout offer an important perspective on various aspects of the TTW environment, including the availability of adequate information, participants’ knowledge of program rules, choice of service providers, problems and their solutions, progress toward employment goals, and satisfaction with the program.

The key findings for self-identified participants are as follows:

- Most of those who assigned their Ticket in 2003 reported that it was very or somewhat easy to get the program information they wanted, but a substantial share (over one-fourth) had some trouble getting information.
- Most of those who assigned their Ticket in 2003 and received information about the TTW service providers in their area found the information to be useful, but many (about one-third) did not.
- Most of those who assigned their Ticket in 2003 did not know certain basic facts about the program at the time of the interview.
- A large majority of those who assigned their Ticket in 2003 contacted just one provider; only a small percentage tried unsuccessfully to assign their Ticket to any given provider before finding the provider that eventually accepted it.

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<sup>3</sup> These questions were not asked of those who first assigned their Ticket in 2002 because of concern about low recall.

<sup>4</sup> The sample sizes reported in the notes to each exhibit provide a sense of how limited these data are by the fact that only 31 percent of respondents knew that they were Ticket participants.

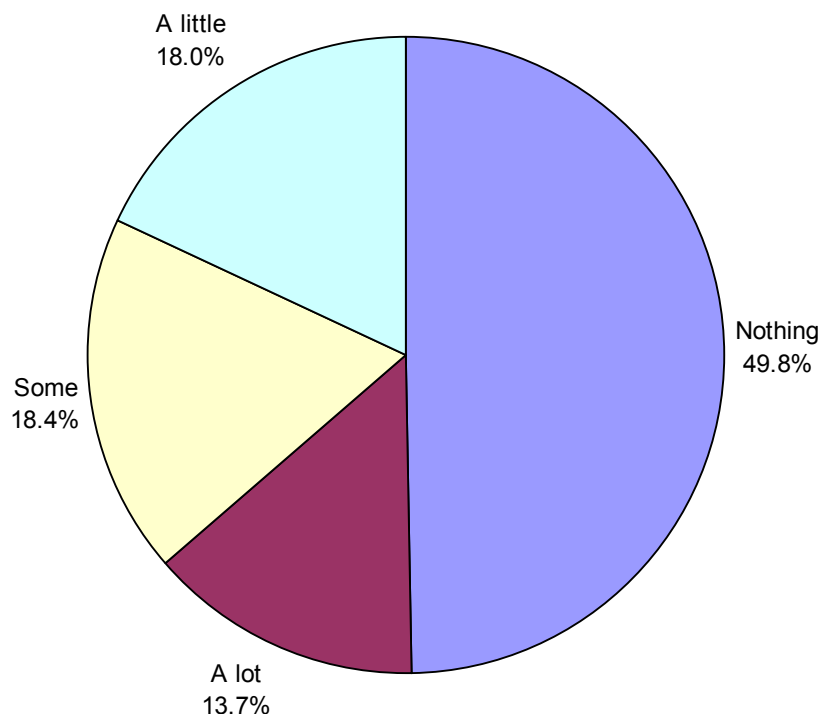


- Most had positive experiences with their providers, but nontrivial minorities reported negative experiences related to, for example, the availability and usefulness of services.
- About half reported that they reached their work goal.
- Nearly two-thirds expressed satisfaction with TTW overall, but one-third said they were not satisfied.

#### A. INFORMATION SOURCES AND PROGRAM KNOWLEDGE

Most self-identified participants in the 2003 cohort (those who first assigned their Ticket in 2003) recalled knowing relatively little about TTW before they started participating. Virtually half, in fact, said they knew nothing, compared with about 14 percent who said they knew a lot (Exhibit IV.1). This suggests that most of these participants entered TTW without information on its rules, opportunities, and choices.

**Exhibit IV.1. Extent of Participants' Self-Reported Knowledge About TTW Before They Started to Participate, 2003 Cohort**

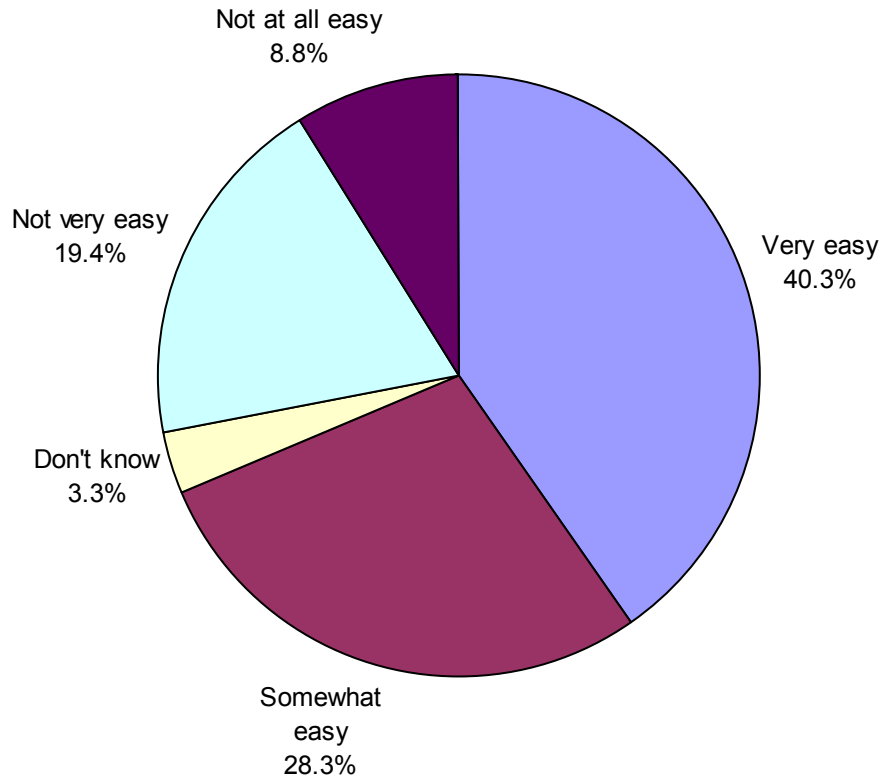


Source: 2004 NBS, question H11.

Note: Sample size = 199. Includes only those who self-identified as TTW participants and first assigned their Ticket in 2003. Excludes respondents who required another person to respond on their behalf. Percentages do not sum to 100 because of rounding; an additional 0.1 percent (not shown) refused to answer or answered, "Don't know."

The lack of information at program entry did not seem to be a serious issue for many of the self-identified participants because most of them reported that they were able to get the information they wanted about TTW without much difficulty (Exhibit IV.2). Over two-thirds got information very or somewhat easily, and almost three-quarters said there was no information they needed but could not get when they were choosing an EN.<sup>5</sup> Most participants who obtained information on ENs before assigning their Ticket (60 percent) found the information to be useful (Exhibit IV.3).

**Exhibit IV.2. Participants' Perspectives on Ease of Getting TTW Information, 2003 Cohort**



Source: 2004 NBS, question H8.

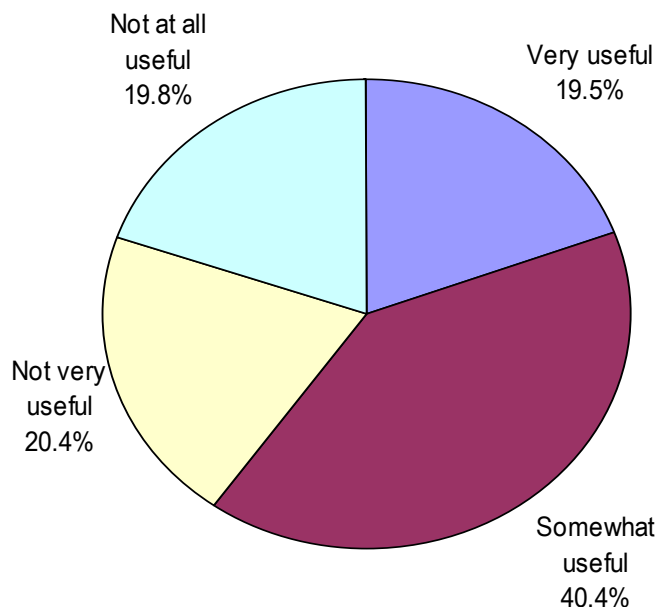
Note: Includes only those who self-identified as TTW participants and first assigned their Ticket in 2003. Sample size = 216. Percentages do not sum to 100 because of rounding.

Nevertheless, there appears to be some reason for concern about the availability of information in the TTW market because over 19 percent of the self-identified participants said that getting information was not very easy, and almost 9 percent said it was not at all easy (Exhibit IV.2). Furthermore, approximately 40 percent of participants who received

<sup>5</sup>Data not shown in table or figure; source is NBS, question H32.

some information on ENs before assigning their Ticket rated it either not very useful or not at all useful (Exhibit IV.3).

**Exhibit IV.3. Usefulness of Information About Available ENs As Reported by Participants Who Obtained Any Such Information**



Source: 2004 NBS, question H20.

Note: Sample size = 74. Includes only those who self-identified as TTW participants, first assigned their Ticket in 2003, and obtained information about TTW. Percentages do not sum to 100 because of rounding.

We found that the likelihood of having trouble obtaining information was not strongly related to any specific characteristics of the participant. We used logit analysis to assess the relationship between the likelihood of having trouble and the characteristics of participants (Appendix Exhibit B.25). Few characteristics had statistically significant coefficients in this analysis. We did find that (1) those reporting mental illness or sensory limitations and those reporting above-average physical or mental health (but not both) were significantly more likely to have trouble obtaining information, and that (2) those with a family income over 300 percent of FPL, those who had been on the disability rolls for less than one year, and those reporting above-average physical and mental health were significantly less likely to report difficulties.<sup>6</sup>

Before or after assigning their Ticket, many of the self-identified participants in the 2003 cohort were proactive about getting information about TTW from a variety of sources (Exhibit IV.4). The most common source was an SVRA, followed by SSA the Program

<sup>6</sup> Mental and physical health are based on SF-8 scores.

Manager. In addition, 35 percent of the 2003 participant cohort received information (without necessarily seeking it out) from some organization or individuals trying to tell them about ENs serving their area—most often through the mail. In addition, a relatively small share (15 percent) of participants who got information about ENs before assigning their Ticket in 2003 learned about ENs on a website.<sup>7</sup>

**Exhibit IV.4. Agencies and Individuals Participants Contacted for Information About TTW, 2003 Cohort**

Agency or Individual	Percentage
SVRA	66.3
SSA	41.3
Program Manager	37.3
EN	31.1
Benefits specialist or caseworker	26.6
Friend or family member	8.7
Another agency or organization	7.3
Independent living center	6.8
Benefits planning and assistance organization	4.6
Someone else	5.3

Source: 2004 NBS, question H7.

Note: Sample size = 216. Includes only those who self-identified as TTW participants and first assigned their Ticket in 2003. Percentages do not sum to 100 because respondents could identify more than one individual or agency. Also, categories are not mutually exclusive; for example, a center for independent living may also be an EN.

To judge whether the preceding efforts and interactions made participants well-informed about TTW, the NBS interviewers read four basic, factual statements about participation in TTW to members of the 2003 cohort and asked them whether they were aware of each before hearing it in the interview. The results were mixed (Exhibit IV.5). A large majority (88 percent) knew that participation was voluntary and not a requirement for keeping their disability benefits. But the fact that more than one in 10 did not know this fact raises concern about whether some beneficiaries started to participate under the false impression that they had to do so in order to keep their benefits. Nearly one-third of participants did not know that they could unassign their Ticket and reassign it to another provider. Similarly, almost one-third did not know they could keep their medical benefits while working. Two-thirds were unaware of the rules about making timely progress.

<sup>7</sup> Data not shown in table or figure; source is NBS, questions H12-H19.

**Exhibit IV.5. Participant Awareness of Key TTW Features, 2003 Cohort (Percentages)**

Fact	Knew	Did Not Know
Participation in the Ticket to Work program is voluntary and you do not have to participate to keep your disability benefits	88.3	11.7
You can, during any month, take back your Ticket and give it to another EN or participating provider	66.2	32.1
To remain in the program you must participate in the activities described in your individual work plan during the first few years, and work for 3 to 6 months each year during the later years of your participation	31.8	68.2
While you are working, you can keep your Medicaid and/or Medicare benefits	68.1	31.9

Source: 2004 NBS, question H10.

Note: Sample size = 199. Includes only those who self-identified as TTW participants and first assigned their Ticket in 2003. Members of this group were asked whether they knew these facts prior to hearing them in the interview. Rows may not sum to 100 because respondents could also refuse to answer or indicate they didn't know how to answer. Excludes respondents who required somebody else to respond on their behalf.

**B. CHOICES REGARDING TICKET ASSIGNMENT**

Because beneficiary choice is a key aspect of the TTW program, it is important to understand both the extent to which participants considered the various service providers and the factors that affected their decision to assign their Ticket to one provider rather than another.

More than three-fourths of the 2003 cohort of self-identified participants (77 percent) contacted their SVRA in 2003 to assign their Ticket or to discuss the possibility of getting services from the agency. In other words, 17 percent of self-identified participants did not use their SVRA, contacting only the new providers made available through TTW.<sup>8</sup> Of those who contacted an SVRA, the great majority (89 percent) tried to assign their Ticket to the agency, and the SVRA accepted Tickets from virtually all (99 percent) of these individuals. These survey data are consistent with the administrative data showing that the vast majority of Tickets were assigned to SVRAs (see Chapter III).

About 21 percent of participants in the 2003 cohort contacted more than one provider—that is, at least one provider in addition to the one to which they assigned their Ticket (Exhibit IV.6). The number of additional providers contacted ranged from one to 15, with 6.3 percent of participants contacting 5 or more providers.

<sup>8</sup> The remaining approximately five percent either refused to answer this question or did not know whether they had contacted the SVRA.

**Exhibit IV.6. Number and Percent of Providers Contacted by Participants Before Assigning Their Ticket, 2003 Cohort**

Number of Providers Contacted	Percent
One (the provider to which the Ticket was assigned)	71.2
Two to four	13.7
Five or more	6.3
Don't know or refused to answer	8.8

Source: 2004 NBS, questions H21 and H27.

Note: Sample size = 216. Includes only those who self-identified as TTW participants and first assigned their Ticket in 2003. Percentages do not sum to 100 due to rounding.

Ultimately, a variety of factors led participants to choose a given TTW provider (Exhibit IV.7), but the factors cited most often had to do with convenience and practicality: the participant already knew about the SVRA or the EN or got a referral to it, or it was the closest provider or the only one nearby.

**Exhibit IV.7. Participants' Reasons for Selecting a Provider, 2003 Cohort**

Reason	Percent
Knew about or were referred to provider	34.8
Closest/only provider nearby	25.5
Most willing to provide services beneficiary wanted	13.8
Staff were most responsive/courteous/knowledgeable	7.4
Served people with participant's disability/needs	7.3
Provider offered financial compensation	2.4
Only provider willing to accept Ticket	2.0
Wait for services was not too long	0.4
Other	14.4

Source: 2004 NBS, question H35.

Note: Sample size = 216. Includes only those who self-identified as TTW participants and first assigned their Ticket in 2003. Question refers to the provider to which the Ticket had been assigned for the longest period at the time of the interview. Percentages do not sum to 100 because respondents could identify more than one reason.

**C. INTERACTION WITH TTW PROVIDERS**

Most self-identified participants had positive comments about their interaction with the SVRA or EN to which they assigned their Ticket. Among those in the 2003 cohort, a substantial majority agreed or strongly agreed that they had been able to choose the goals

designated in their individualized work plan (IWP) and that the activities in the plan would help them to meet their work goals (Exhibit IV.8).

**Exhibit IV.8. Participants' Perspectives on the IWP Developed with Their TTW Provider, 2003 Cohort (Percentages)**

Participant Perspective	Agree or Strongly Agree
Beneficiary could choose the goals he/she wanted in the IWP	86.7
Beneficiary helped develop the IWP	85.2
Activities in the IWP are likely to help beneficiary meet his/her work goals	79.9
EN told beneficiary that he/she could change the IWP	62.4

Source: 2004 NBS, question H34.

Note: Sample size = 216. Includes only those who self-identified as TTW participants and first assigned their Ticket in 2003. Question refers to the provider to which the Ticket had been assigned for the longest period at the time of the interview.

A majority of self-identified participants—typically a substantial majority—agreed or strongly agreed with a variety of positive statements about their provider's staff and the services they received (Exhibit IV.9). The two items with which the smallest percentage of respondents agreed or strongly agreed had to do with the availability and usefulness of services for meeting their work goals. But this reaction might be more a reflection of the fact that participants were still trying to reach their goals than of the services themselves. In time, it is possible that some participants would have rated the services as more useful (we will address this point in a subsequent report when the additional waves of NBS data become available).

**Exhibit IV.9. Participants' Perspectives on Provider Staff and Services (Percentages)**

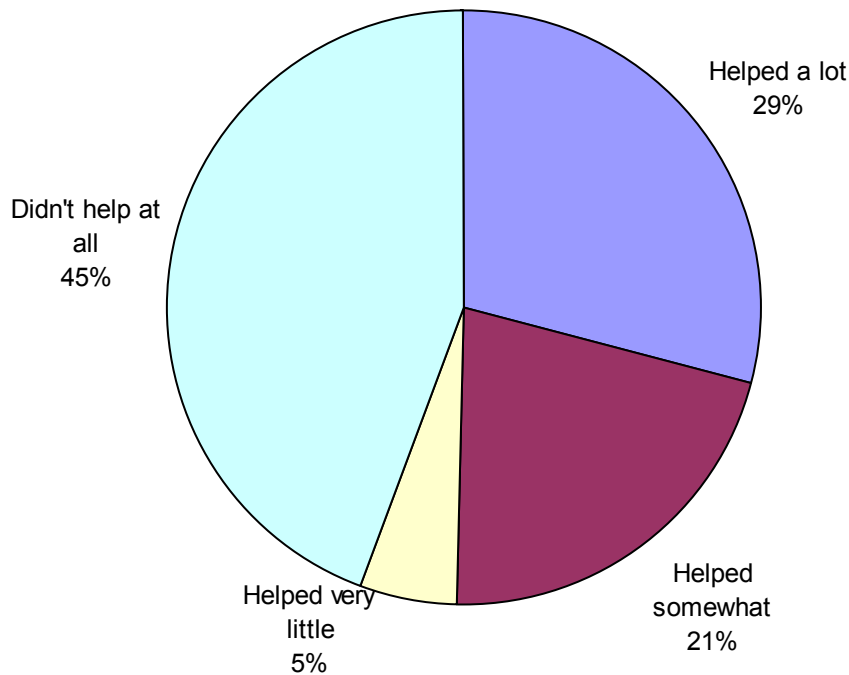
Staff and Service Characteristics	Agree or Strongly Agree
Staff were courteous	89.5
Staff could answer participants' questions	83.8
Staff listened to participants' opinions and concerns	81.1
Services provided were in participants' IWP	76.1
Services provided were available to participants when needed	68.6
EN responded to participants' requests for changes to the IWP	61.5
EN offered all the services needed to meet participants' work goals	56.7
Overall, the services helped participants meet their work goals	52.2

Source: 2004 NBS, question H36.

Note: Sample size = 480. Includes only those who self-identified as TTW participants. Question is based on provider to which the Ticket had been assigned for the longest period at the time of the interview.

Self-identified participants who worked in 2003 essentially split into two groups with respect to their assessment of services intended to help them find or keep their job (Exhibit IV.10). Half described the services as helping somewhat or a lot, but 44 percent said the services were of no help at all. The latter does not necessarily imply that the services were inappropriate or poorly planned or delivered because some employed participants who gave this response may simply have not needed their EN's help to find or keep their jobs.

**Exhibit IV.10. Assessment of Providers' Services in Helping Participants to Find or Keep a Job, for Those Employed in 2003**



Source: 2004 NBS, question H40.

Note: Sample size = 280. Includes only those who self-identified as TTW participants. Primary EN is defined as the one with whom the participant had been signed up for the longest period at the time of the interview. Percentages do not sum to 100 because of rounding; an additional 0.4 percent (not shown) refused to answer or answered, "Don't know."

Participants rarely reported being pressured by their provider to make employment choices they did not want to make. Only 7 percent reported that they had been pressured to take a job they did not want, and only 4 percent said that their EN had pressured them to work more hours than they wanted.

Only 20 percent of all self-identified participants reported having problems with a TTW provider—primary or otherwise—in 2003. Among this subset of participants, 64 percent cited problems with an SVRA, 13 percent cited problems with another EN, and 19 percent



cited problems with both types of providers.<sup>9</sup> The distribution by provider type reflects the distribution of assignments; the incidence of problems for those who had assigned their Ticket to SVRAs was not significantly different from the incidence for those who had assigned their Ticket to ENs.<sup>10</sup>

The most common problems involved communication (37 percent) or services (35 percent). Participants cited such communication problems as not being able to reach a provider on the phone, not receiving a call back from staff, and not getting good answers to their questions. Service problems included not getting the type or extent of services they expected and not getting appropriate job leads. The remaining participants cited a variety of other problems such as issues concerning their medications and a lack of basic program knowledge on the part of provider staff.

About three-quarters (74 percent) of the self-identified participants who experienced problems tried, or had someone else try on their behalf, to resolve the problem. The most common approach taken by either person was to contact the caseworker or job coach (Exhibit IV.11). Relatively few (about 8 percent) contacted a Protection and Advocacy (P&A) agency.<sup>11</sup> Perhaps participants' problems did not rise to the level at which they felt it was necessary to seek a resolution beyond contacting their provider. Just over half (53 percent) of those who contacted their provider said the problem had been resolved. However, nearly two-thirds (65 percent) said they were not very or not at all satisfied with the provider's response to their problem.

#### **D. OVERALL PERSPECTIVES ON OUTCOMES AND PROVIDERS**

Self-identified participants had mixed views on the degree to which they achieved their employment goals. They divided almost evenly into two groups, with just over half reporting that they were successful and just under half reporting otherwise (Exhibit IV.12). What is noteworthy is the fact that far more participants said they were not at all successful (31 percent) than said they were very successful (18 percent). It seems likely that some who believed they were not successful simply need more time to reach their goals.

Overall, a large majority of all self-identified participants felt positive about their overall TTW experience (Exhibit IV.13). Two-thirds reported being very or somewhat satisfied with the program. Even so, the level of dissatisfaction may be considered high. About one-third of the self-identified participants were generally dissatisfied with TTW, including nearly one in five (18 percent) who were not at all satisfied. Although it is possible that the

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<sup>9</sup> The remaining approximately 4 percent either refused to answer this question or did not know with which type of provider they had encountered problems.

<sup>10</sup> Percentages based on analysis of NBS respondents who self-identified as participants. We estimate that 82 percent of the participants represented in this sample had assigned their Tickets to SVRAs.

<sup>11</sup> P&As are agencies funded by SSA to protect the legal rights of and assist with problems that Social Security beneficiaries might encounter in dealing with employment service providers, employers, or others in attempting to return to work.

satisfaction level will rise over time, particularly as more participants meet their work goals, there is no firm basis for such a prediction; indeed, the level of satisfaction could drop. Thus, there is at least some cause for concern about how well the program is serving, and being perceived by, individuals who have actually participated in it.

The next chapter reports on services received by all participants, including those who were not aware of their participation at the time of the interview.

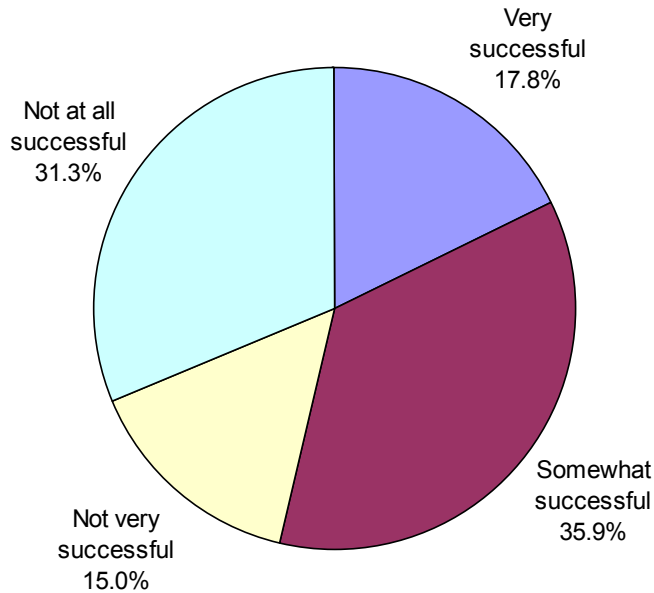
**Exhibit IV.11. Approaches to Resolving Provider-Related Problems in 2003, Among Participants Who Experienced Problems**

Approach	Percent
Contacted a caseworker or job coach	31.1
Contacted provider by phone	26.3
Contacted another state or local agency	15.3
Contacted local protection and advocacy agency	7.7
Referred to documents or other information about the provider	5.9
Contacted provider in writing	5.3
Contacted SSA by phone	0.8
Contacted the Program Manager by phone	0.8
Contacted SSA in writing	0.5
Contacted the Program Manager in writing	0.2
Other	34.1

Source: 2004 NBS, question H50.

Note: Sample size = 53. Includes only those who self-identified as TTW participants and reported problems. Respondents could list more than one approach.

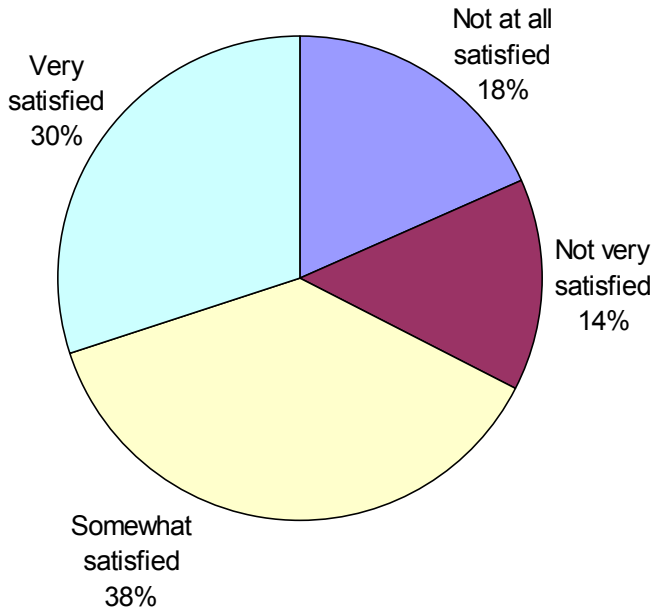
**Exhibit IV.12. Participants' Perspectives on How Successful They Have Been in Reaching Their Work Goals Since Participating in TTW**



Source: 2004 NBS, question H43.

Note: Sample size = 480. Includes only those who self-identified as TTW participants. Percentages do not sum to 100 because of rounding; an additional 0.9 percent (not shown) refused to answer or answered, "Don't Know."

**Exhibit IV.13. Participants' Overall Satisfaction with the Ticket To Work Program**



Source: 2004 NBS, question H45.

Note: This item was not addressed to proxy respondents. Unweighted number of respondents = 451. Percentages do not sum to 100 because of rounding; also, an additional 0.2 percent (not shown) refused to answer or answered, "Don't Know."

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## CHAPTER V

### EXPERIENCES OF TTW PARTICIPANTS: USE OF SUPPORT SERVICES

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Disability beneficiaries may need to draw on a broad range of support services to help them work or live independently. Data from the 2004 NBS indicate that 34 percent of all beneficiaries in Phase 1 states used such services in 2003, a much larger share than the approximately 1 percent of Phase 1 participants who had assigned their Ticket by the time of the survey. It is apparent that beneficiary demand for such services substantially exceeds use of services under the TTW program. Services used include not only conventional work supports (e.g., training and job-search assistance), but also include a large volume of health-related services (e.g., occupational therapy, counseling, and adaptive equipment), which are seen by beneficiaries as enhancing their ability to work or to live independently.

Not surprisingly, TTW participants were substantially more likely than the average beneficiary to have used services, and those who used services did so for more hours and were more likely than the average beneficiary to report that they were using services to find a job. Interestingly, 46 percent of participants who used services did not report using them to find a job or to get a better job. It therefore appears that the objectives of many participants differ from the program objective of increasing earnings to the point at which an individual no longer receives benefits.

TTW participants who assigned their Ticket to an EN were significantly less likely than those who assigned their Ticket to an SVRA to report receiving any services. Moreover, participants who both assigned their Ticket to an EN and received services reported receiving fewer hours of services, on average, than those participants who received services from an SVRA. Similarly, EN participants who used services were also less likely to report using these services to find a job or to get a better job. This seems problematic for ENs, which can generate the full TTW payments only if participants earn enough to leave the benefit rolls. We also found that participants who assigned their Ticket to an EN as opposed to an SVRA were less likely to report that the services received were useful; more likely to report unmet service needs; and more likely to report problems with services and providers as the reason for these unmet needs.

Substantial differences between the EN and SVRA participants remain even after controlling for observed differences in their characteristics. It is likely that these differences reflect several factors, including differences in the ways the two types of providers recruit participants, unobserved characteristics and service needs between the people they recruit, differences in the services offered by the two types of providers, differences between the payment systems available to ENs and SVRAs under TTW, differences in the availability of other public funding for services, and start-up issues experienced by ENs that were not encountered by SVRAs in implementing a new program.

The fact that financial incentives for the ENs are out of line with the objectives of many of their clients might be an important explanation for these findings. For instance, as documented in an earlier evaluation report (Thornton et al. 2006), the current TTW payment system appears to offer ENs very little financial incentive to serve disability beneficiaries and may, in fact, cause ENs to lose money as a result of participating. Thus, ENs are likely either to look for low-cost ways to serve beneficiaries or to enroll beneficiaries who need few services in order to find and hold a job. In contrast, SVRAs have substantial non-TTW resources for assisting people with disabilities, so may offer more services to TTW participants or be willing to enroll beneficiaries who need more extensive services.

The rest of this chapter discusses the preceding findings in detail. This analysis focuses on service use during 2003 for all Phase 1 beneficiaries. We include findings for all beneficiaries as well as for those whose Tickets were in use during 2003.<sup>1</sup>

The NBS solicited information about a broadly defined set of services that beneficiaries saw as helping them to work or to live independently. These included job-search services; medical services; therapy or counseling; and the education or other training needed to secure a new job or to advance in a career. This broad definition was used to reflect the very broad latitude given to ENs and SVRAs to provide services that would help beneficiaries earn their way off the rolls.

Services reported by beneficiaries were not necessarily provided by an SVRA or an EN. Because of complexity and interview time limits, the survey did not include questions that allow us to identify the service provider by type. Instead, an initial set of questions was asked to allow us to document all providers from whom the respondent received employment-related services; a second set was then asked to determine whether any services were received from those providers during 2003. A third set of questions solicited more specific information about the nature and intensity of the services received during calendar year 2003.

It is important to recognize that the findings for TTW participants reflect *all* services reported by participants, not just those provided or arranged for by the provider holding the respondent's Ticket. The rationale for this approach is that only 31 percent of Ticket

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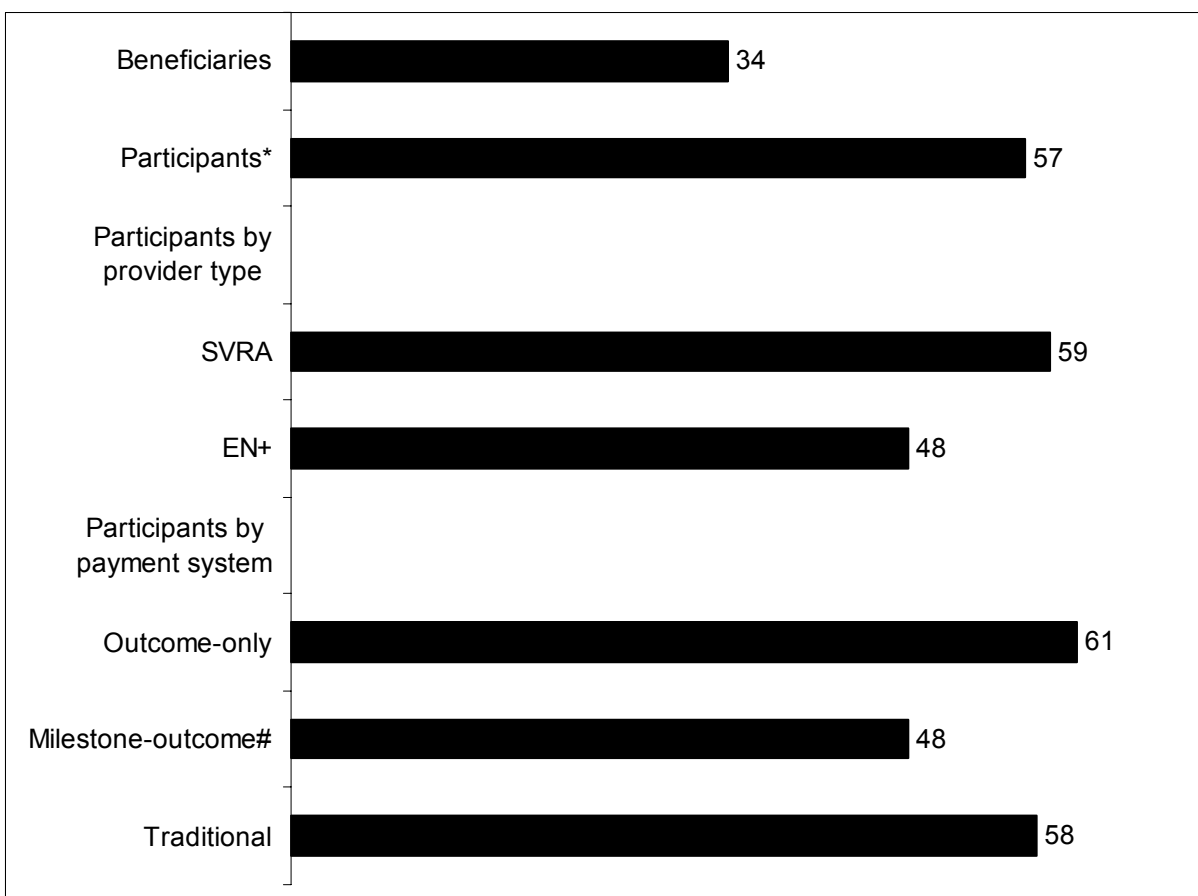
<sup>1</sup> Ticket participants are included in the sample for all Phase 1 beneficiaries, but they represent less than 1 percent of the sample after weighting.

participants were aware that they had assigned their Ticket (see Chapter IV). Many also used several providers. Hence, it is not possible to cleanly identify the services associated specifically with TTW participation.

#### A. EMPLOYMENT SERVICE USE IN 2003 AND CHARACTERISTICS OF USERS

Approximately one-third of all Phase 1 beneficiaries reported using employment services (Exhibit V.1). This suggests that the general demand for employment services that might be provided by ENs or SVRAs is substantial.

**Exhibit V.1. Service Use by Beneficiaries and TTW Participants in Phase 1 States, 2003**



Source: 2004 NBS. Sample size = 2,932.

Note: EN and SVRA assignment and payment system classifications are based on the provider to which a Ticket was assigned for the longest period during 2003. However, only a handful of participants assigned their Ticket to more than one provider.

\* Significantly different from all Phase 1 beneficiaries at the .05 level, two-tailed test.

+ Significantly different from TTW participants who assigned a Ticket to an SVRA at the .05 level, two-tailed test.

# Significantly different from TTW participants who assigned a Ticket to a provider under the traditional payment system at the .05 level, two-tailed test.

As might be expected, TTW participants were more likely than all Phase 1 beneficiaries to report using employment services in 2003 (Exhibit V.1). Among TTW participants, 57 percent used services in 2003, compared with 34 percent of all Phase 1 beneficiaries. Given that the primary purpose of TTW is to increase access to services and supports to facilitate employment, it is somewhat surprising that the share of TTW participants who assigned their Ticket and used services in 2003 is not greater. As noted in Thornton et al. (2006), the rather small percentage of TTW participants who reported using services in 2003 might be the result of a number of factors: they received services in 2002 and subsequently became employed or ceased to actively participate in TTW; they were waiting to receive services in the future; they did not recall receiving services; or they simply did not receive, or do not expect to receive, any services even though their Ticket was assigned. We are unable to determine the relative importance of these reasons from the NBS data.

Among TTW participants, those with Tickets assigned to SVRAs were more likely than those with Tickets assigned to ENs to use services in 2003 (59 percent compared with 48 percent, Exhibit V.1). This finding still holds after a statistical model was used to control for sociodemographic, programmatic, and health characteristics. The model indicated that, all else constant, TTW participants who assigned their Ticket to an EN were significantly less likely (by about 10 percentage points) to have received services in 2003 relative to those who assigned their Ticket to an SVRA (Appendix Table B.26).

We also examined service use among TTW participants by provider payment system. Beneficiaries who assigned their Ticket to a provider under the traditional or outcome-only payment system were somewhat more likely to use services in 2003 than were those who assigned their Ticket to a provider under the milestone-outcome system (58 percent, 61 percent, and 48 percent, respectively; Exhibit V.1). After controlling for differences in personal characteristics, however, there is no statistically significant difference in the likelihood of service use across payment systems (Appendix Table B.27).

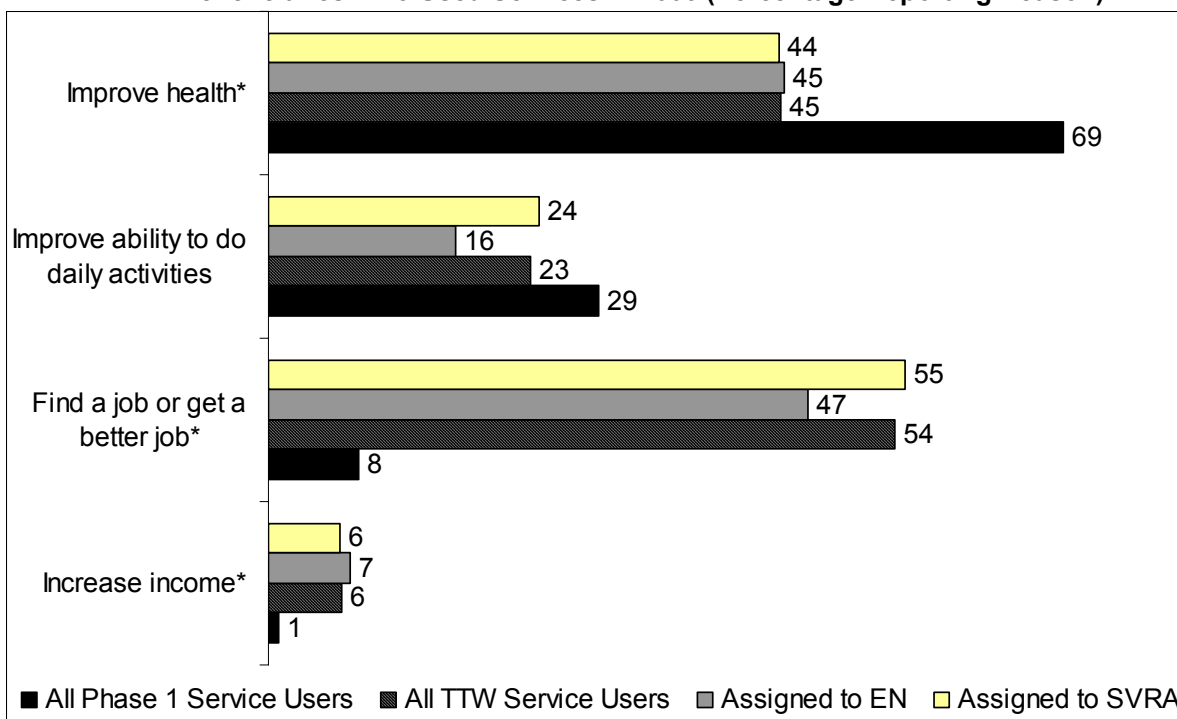
## **B. SERVICE USERS: REASONS FOR USING SERVICES, AND TYPES, AMOUNTS, AND USEFULNESS OF SERVICES RECEIVED**

### **1. Reasons for Using Services**

As noted in Chapter II, beneficiaries who used services in 2003 reported a number of reasons for doing so, the most common being related to improving health or functioning. TTW participants, however, appear to differ significantly from other beneficiaries in their rationale for using services. Relative to all Phase 1 service users, TTW participants who reported using services were much more likely to report that they were using them to find a job or to get a better job (54 percent compared with 8 percent of all Phase 1 service users), but many did report that they were using services to improve health (45 percent compared with 69 percent of all Phase 1 service users, Exhibit V.2). Interestingly, among TTW participants who used services in 2003, those who assigned their Ticket to an EN were somewhat less likely than those who assigned their Ticket to an SVRA to report using services for the purpose of finding a job or getting a better job (47 percent compared with 55 percent).



**Exhibit V.2. Selected Reasons for Using Services Among Subgroups of Phase 1 Beneficiaries Who Used Services in 2003 (Percentage Reporting Reason)**



Source: 2004 NBS. Sample size = 1,254.

Note: EN and SVRA assignment based on the provider to which the Ticket was assigned for the longest period during 2003.

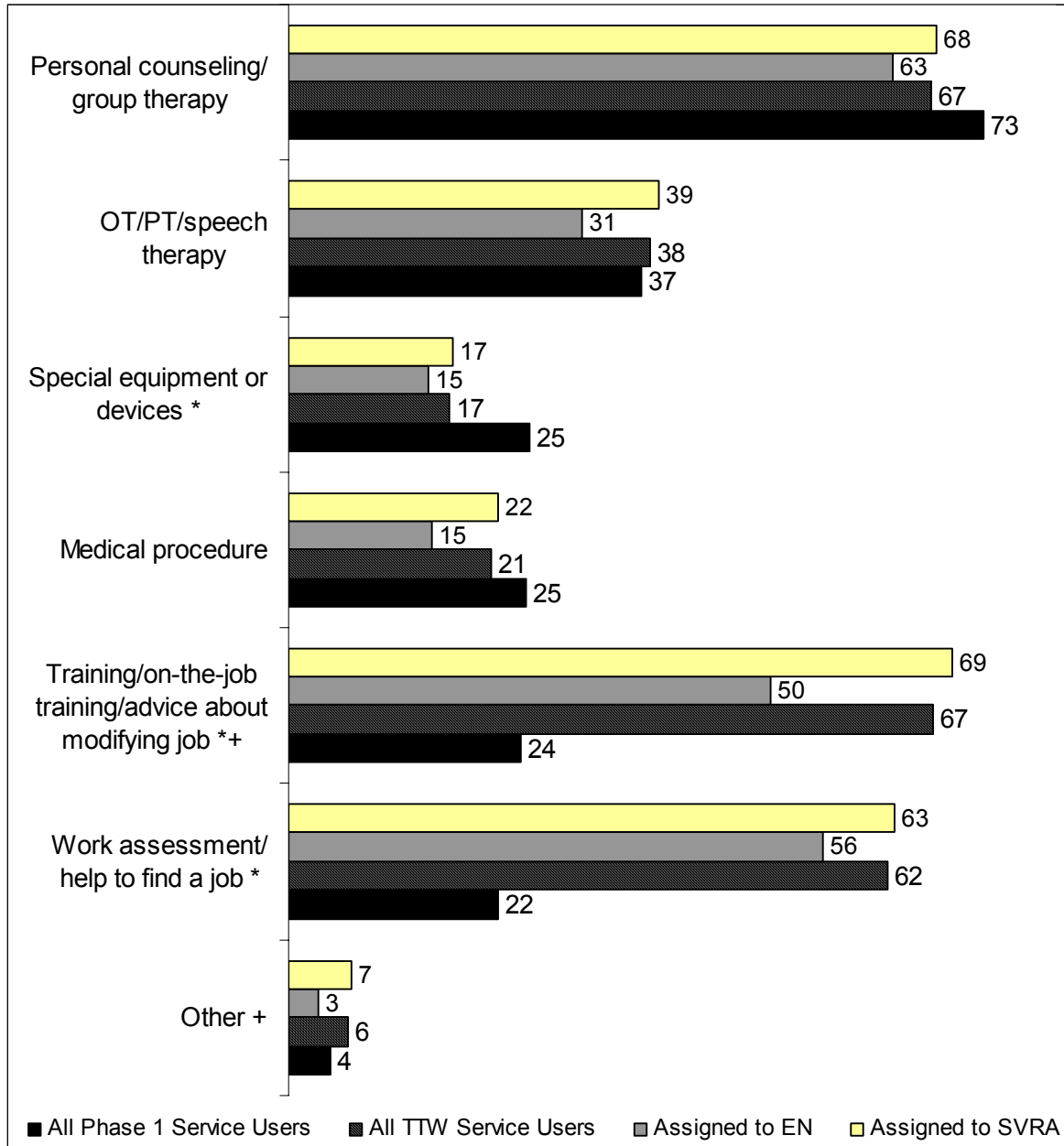
\*Difference between all TTW service users and all Phase 1 service users is statistically significant at the .05 level, two-tailed test.

## 2. Types and Volume of Services Used

Consistent with the differences between TTW participants and other service users in terms of reasons for service use, TTW participants were more likely to use services directly related to employment (Exhibit V.3).<sup>2</sup> A much greater share of TTW participants who used services did so for job training or advice about job modification (67 percent compared with 24 percent of all Phase 1 service users), and for a work assessment or help in finding a job (62 percent compared with 22 percent of all Phase 1 service users). TTW participants and all Phase 1 service users were about equally likely to use various types of medical supports (counseling or group therapy; physical, occupational, or speech therapy; and medical

<sup>2</sup> For each provider used in 2003, respondents were asked whether they received any of 12 specific types of services from the provider; they were then asked an open-ended question about any other services received from the provider not already queried.

**Exhibit V.3. Service Types Used in 2003 Among Service Users in Phase 1 States, by TTW Participant Status and TTW Provider Type (Percentage Reporting Type)**



Source: 2004 NBS. Sample size = 1,254.

Note: EN and SVRA assignment based on the provider to which the Ticket was assigned for the longest period during 2003.

\* Difference between all TTW service users and all Phase 1 service users is statistically significant at the .05 level, two-tailed test.

+ Difference between service users with Tickets assigned to ENs and users with Tickets assigned to SVRAs is statistically significant at the .05 level, two-tailed test.

procedures), but TTW service users were somewhat less likely to indicate that they received services related to special equipment or devices. For each type of service, TTW service users who assigned their Ticket to an EN were somewhat less likely than those who assigned their Ticket to an SVRA to use the service. This pattern reflects the fact that the former group used fewer services in general.

In addition to the types of services used by TTW participants, we also looked at the volume of services used, as measured by reported hours of service receipt. The median for all Phase 1 service users during 2003 was 20 hours (Exhibit V.4). By comparison, the median for TTW participants who used services was more than twice as high, but this is because participants who assigned their Ticket to an SVRA typically received many more hours of service than the median user. In fact, the median for users who assigned their Ticket to an EN was somewhat lower than the median for all users.<sup>3</sup>

**Exhibit V.4. Hours of Service Use in 2003 Among Service Users in Phase 1 States, by TTW Participant Status and Provider Type (Percentages)**

Hours of Service Use	All Phase 1 Service Users	TTW Participant Service Users		
		All Participants <sup>a</sup>	Assigned to EN <sup>b</sup>	Assigned to SVRA
25 hours or less	47	39	58	37
26–100 hours	21	23	22	23
101–500 hours	9	17	10	18
Over 500 hours	6	12	3	13
Unknown	17	9	8	9
Median hours	20	42	15	49

Source: 2004 NBS. Sample size = 1,254.

Note: EN and SVRA assignment based on the provider to which the Ticket was assigned for the longest period during 2003.

<sup>a</sup>Distribution is statistically different from all Phase 1 service users at the .05 level, chi-square test.

<sup>b</sup>Distribution is statistically different from TTW service users with Tickets assigned to SVRAs at the .05 level, chi-square test.

<sup>3</sup> We also assessed service intensity by assigning unit costs to different types of services, multiplying the unit cost by the hours reported for the respective service type, and comparing the distribution of total costs across the groups shown in Exhibit V.4. The general findings were very similar to the findings using service hours as the measure of intensity: the median TTW participant received about three times the level of services compared with the median Phase 1 service user; and the median TTW participant with a Ticket assigned to an SVRA received about three times the level of services received by the median TTW participant with a Ticket assigned to an EN. While the cost estimate levels were sensitive to the assumptions used to develop the unit costs, the relative differences across the groups being compared did not vary substantially when the unit cost assumptions were varied. Because of the somewhat arbitrary manner in which unit costs were assigned and the greater uncertainty associated with the estimates, we chose not to report the cost estimates and instead rely on reported service hours as the measure of service intensity to compare across groups.

### 3. Usefulness of Services

Respondents were asked to rate the usefulness of the services they received in 2003 by provider rather than by individual service received from a given provider. Among all Phase 1 service users, over 90 percent rated the services they received as either very or somewhat useful (Exhibit V.5). A similarly high percentage (79 percent) of those who assigned their Ticket to an SVRA rated their services as useful.<sup>4</sup>

Usefulness ratings can be affected by a number of factors, including the reasons for using services and expectations about services, which might be influenced by sociodemographic characteristics. Differences in usefulness ratings between TTW participants who assigned their Ticket to an EN and those who assigned their Ticket to an SVRA might therefore stem from differences in these factors. However, even though we used statistical methods to control for observed differences in these factors (Appendix Table B.28),<sup>5</sup> we found that, all else constant, TTW participants who assigned their Ticket to an EN were still significantly less likely (by 10 percentage points) to rate their services as useful compared to those who assigned their Ticket to an SVRA.

#### Exhibit V.5. Beneficiary Ratings of Service Usefulness, Phase 1 States in 2003, by TTW Participant Status (Percentages)

Rating	All Phase 1 Beneficiaries	TTW Participants		
		All Participants	Assigned to EN <sup>a</sup>	Assigned to SVRA
Very useful	66	61	52	61
Somewhat useful	24	29	27	29
Not very useful	5	4	10	4
Not at all useful	5	6	11	6
Don't know	0	0	1	0

Source: 2004 NBS. Sample size = 1,254.

Note: EN and SVRA assignment based on the provider to which the Ticket was assigned for the longest period during 2003.

<sup>a</sup>Distribution is statistically different from TTW service users who assigned their Ticket to an SVRA at the .05 level, chi-square test.

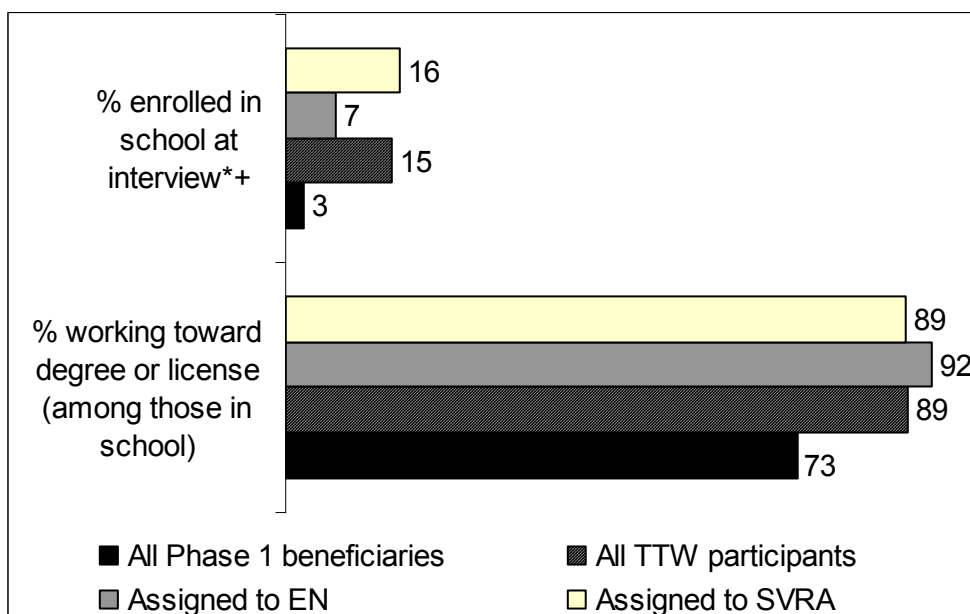
<sup>4</sup> Note that TTW participants may have received services from several providers, including services not provided or arranged by TTW providers. The usefulness ratings from TTW participants in Exhibit V.4 include the ratings for all providers used in 2003, not just the EN or SVRA to which the Ticket was assigned.

<sup>5</sup> For this model, the ratings for each provider were assigned a value of 1 to 4, with 1 being the lowest. The average rating across all providers for each beneficiary was then calculated. If a beneficiary's average rating for all providers was equal to 3.5 or higher, that beneficiary was considered to have rated the services used during 2003 as useful.

### C. SCHOOL ENROLLMENT AND DEGREE-SEEKING BEHAVIOR

Less than 3 percent of all Phase 1 beneficiaries were enrolled in school at the time of interview (Exhibit V.6), compared with 16 percent of all TTW participants who assigned their Ticket to an SVRA. The share of participants enrolled in school who assigned their Ticket to an EN was also larger than the share of all enrolled beneficiaries, but it was still less than half the size of the share of enrolled participants who assigned their Ticket to an SVRA.

**Exhibit V.6. Percent of Phase 1 Beneficiaries Enrolled in School and Working Toward a Degree or License in 2003, by Selected Subgroup**



Source: 2004 NBS. Sample size = 2,932.

Note: EN and SVRA assignment based on the provider to which the Ticket was assigned the longest during 2003.

\* Significantly different from all Phase 1 beneficiaries at the .05 level, two-tailed test.

\* Significantly different from TTW participants with Tickets assigned to SVRAs at the .05 level, two-tailed test.

TTW participants who both assigned their Ticket to an SVRA and enrolled in school were much more likely than the average beneficiary enrolled in school to report working toward a degree or license (Exhibit V.7). Furthermore, that degree was more likely to be a postsecondary degree. Participants who both assigned their Ticket to an EN and enrolled in school were also much more likely than the average enrollee to be pursuing a degree or license, but we cannot draw a conclusion about the types of degrees they sought because that information was not reported by a relatively large number of these respondents.

**Exhibit V.7. School-Enrolled Phase 1 Beneficiaries Working Toward a Degree or License in 2003, by Degree Type and Selected Subgroup (Percentages)**

Degree Type	All Phase 1 Beneficiaries	TTW Participants		
		All Participants <sup>a</sup>	Assigned to EN	Assigned to SVRA
GED or high school equivalent	19	3	5	3
Vocational program	12	15	9	16
Associate or undergraduate	50	62	53	63
Graduate	11	6	2	7
Other/Don't know	7	13	31	12

Source: 2004 NBS. Sample size = 2,932.

Note: EN and SVRA assignment based on the provider to which the Ticket was assigned for the longest period during 2003.

<sup>a</sup>Distribution is statistically different from all Phase 1 service users at the .05 level, chi-square test.

#### D. UNMET SERVICE NEEDS

An estimated 11 percent of Phase 1 beneficiaries indicated that in 2003, they had unmet needs for services, equipment, or supports that would have improved their ability to work (Exhibit V.8). The share of TTW participants who felt the same way was nearly twice that. It seems likely that the difference reflects not the availability of services for one group or the other, but a stronger interest in working on the part of TTW participants. It is likely that those with unmet service needs were more likely to assign their Ticket, which might account for the elevated rate of reported unmet service needs among TTW participants relative to all Phase 1 beneficiaries. Presumably, participants' unmet needs would have been even higher in the absence of TTW.

In answer to the question about why they did *not* receive needed services, all Phase I beneficiaries most commonly cited lack of information, inability to afford services, and ineligibility for services. Inability to afford services was less commonly cited by TTW participants, but lack of information and ineligibility were cited about as frequently. A relatively large number of TTW participants cited problems with the services or their provider—especially those who assigned their Ticket to an EN.

The next chapter examines the employment status of all Phase I beneficiaries and TTW participants, in particular when the NBS was conducted in 2004, and presents extensive information on the job characteristics for those who were employed.

**Exhibit V.8. Phase 1 Beneficiaries with an Unmet Need for Services, Equipment, or Supports, and Reasons Why Needed Services Were Not Received in 2003, Overall and by Selected TTW Subgroups (Percentages)**

	All Phase 1 Beneficiaries	TTW Participants		
		All Participants	Assigned to EN	Assigned to SVRA
Did Not Receive Needed Services	11	21 <sup>a</sup>	22	20
Reason(s) Why Services Were Not Received		Those with Unmet Service Needs		
Lack of information	19	21	25	20
Could not afford services	19	11	6	12
Not eligible/request refused	18	19	15	19
Problems with services/provider	8	16	23	15
Too difficult/confusing	2	5	6	5
Did not try to get services	1	4	2	4
Other	28	21	19	21
Don't Know	5	4	4	4

Source: 2004 NBS. Sample size = 2,932.

Note: EN and SVRA assignment based on the provider to which the Ticket was assigned for the longest period during 2003.

<sup>a</sup>Significantly different from all Phase 1 beneficiaries at the .05 level, two-tailed test.

### E. SERVICE USE BY TTW ROLLOUT PHASE

When interviewed in 2004, NBS respondents were asked about their service use during calendar year 2003. By the end of 2003, TTW had been fully implemented for just over a year in the Phase 1 states, had just completed full implementation in the Phase 2 states, and had just begun the first Ticket mailings in the Phase 3 states.<sup>6</sup> The phased rollout allows us to use the survey data to explore whether implementation of TTW might have had an effect on service use by comparing 2003 service utilization patterns across the three phases, with a focus on comparing service use patterns in Phase 1 states, where TTW had been fully implemented for over a year, with the patterns in Phase 3 states, where TTW had not yet been implemented.

As noted elsewhere in this report, TTW participation in the Phase 1 states was extremely low in 2003. TTW participants represented just over one percent of all Phase 1 beneficiaries who used services in 2003. This suggests that TTW would likely have little or

<sup>6</sup> Phase 3 TTW implementation began in November 2003, when 10 percent of eligible Phase 3 beneficiaries were mailed Tickets. No Tickets were mailed in December 2003, and the Phase 3 rollout resumed in January 2004. See Appendix A for the complete rollout schedule by phase.

no effect on overall service use patterns. But implementation of TTW might have affected the service use patterns of nonparticipants. SSA's greater focus on work incentives and return-to-work, along with the fact that nearly every beneficiary was mailed a Ticket encouraging them to seek return-to-work services, might have had a more generalized impact on the likelihood that beneficiaries would seek and receive services, the reasons they used services, and the types of services they received. In addition, SSA's outreach, through the Program Manager, to recruit TTW providers and its interactions with SVRAs in implementing the new Ticket assignment and payment policies may have focused provider attention on SSA beneficiaries and influenced service delivery patterns in subtle ways, even among providers not serving beneficiaries under TTW. Comparing the service use patterns of beneficiaries in the three phases might provide some information about whether TTW had any kind of general influence.

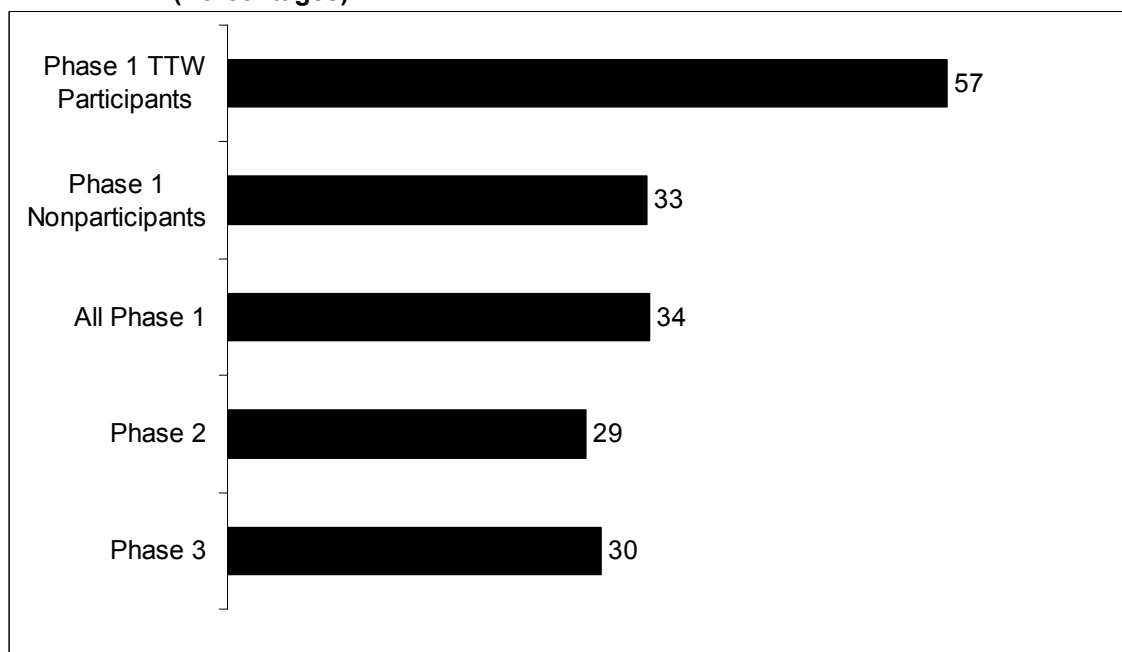
In the sections below, we present information about the likelihood of using services, the reasons for using services, and the types of services used by phase of TTW implementation. The analysis is intended to be exploratory and descriptive in nature, and not intended to represent rigorous impacts of TTW on service use. More rigorous methods for estimating the impacts of TTW on service use using administrative data are presented in Chapter XIII. Because the survey data allow us to explore aspects of service utilization that cannot be addressed with administrative data, we present descriptive findings here to complement the analyses presented in Chapter XIII. The survey findings presented below suggest that, overall, TTW had no impact on service use. Although the findings discussed in previous sections of this chapter indicate that TTW participants used services at higher rates and for different reasons relative to all beneficiaries, the differences are not reflected in the overall patterns of service use across phases because TTW participants represent only a very small share of all service users. More general effects of TTW on service users and providers, regardless of attachment to TTW, are not suggested by the survey data findings.

## **1. Overall Rates of Service Use**

In Exhibit V.9, we show the percentage of beneficiaries who used any services during 2003 by TTW implementation phase, and for Phase 1 beneficiaries, by TTW participation status. Overall, Phase 1 beneficiaries were somewhat more likely than either Phase 2 or Phase 3 beneficiaries to have used services in 2003 (34 percent in Phase 1, compared with 29 percent and 30 percent of Phase 2 and Phase 3 beneficiaries, respectively). As noted previously and shown in Exhibit V.9, TTW participants were significantly more likely to use services relative to nonparticipants, perhaps contributing to the slightly higher overall Phase 1 service utilization rate. But the small differences in the service use rates across phases might simply be due to differences in beneficiary characteristics that influence service needs and use. To examine whether the likelihood of service use was greater among Phase 1 beneficiaries after controlling for a variety of sociodemographic, programmatic, and health characteristics, we estimated a multivariate (logit) model of the likelihood of using services in 2003, including variables to represent the phase of TTW implementation (Appendix Table B.29). The model indicates that, all else constant, beneficiaries in Phase 1 states were no more or less likely to use services than beneficiaries in Phase 2 or Phase 3 states.



**Exhibit V.9. Service Use Among Beneficiaries by Phase and TTW Participation Status (Percentages)**



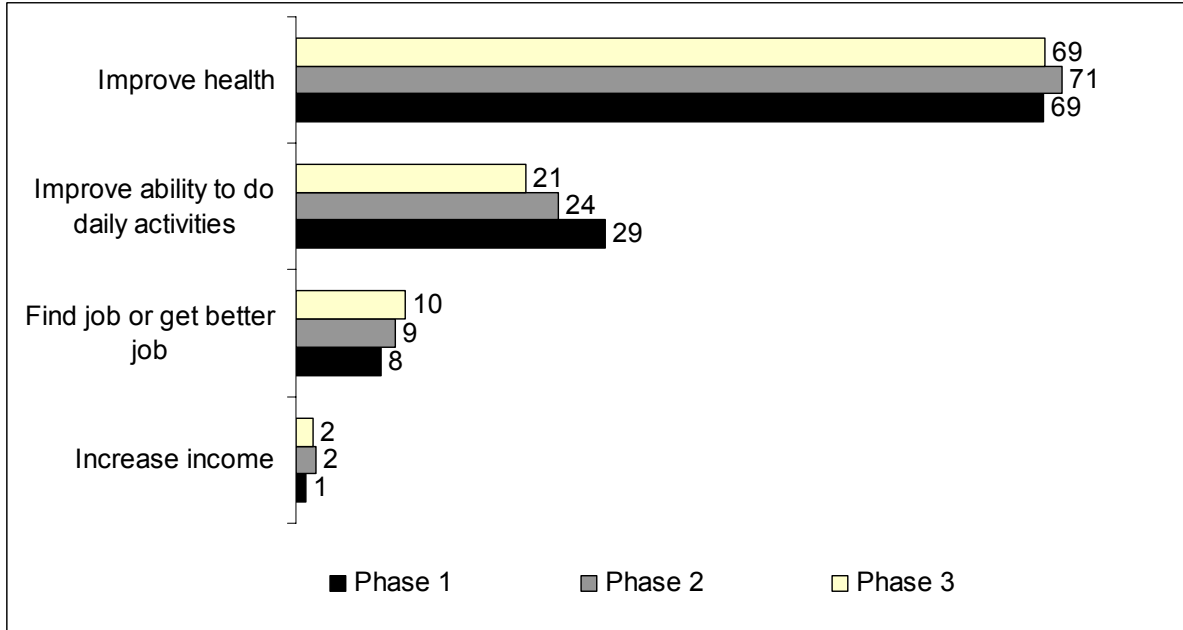
Source: 2004 NBS. Sample size = 2,775.

## 2. Reasons for Using Services

Although showing no detectable effect on the overall likelihood of using services after controlling for beneficiary characteristics, TTW might have influenced service users' reasons for using services and/or the types of services they received. Given TTW's strong employment focus we might expect that more service users in Phase 1 states would be using services for purposes related to employment. As shown previously, relative to all service users, TTW participants were significantly more likely to report using services for purposes of getting a job or to increase income. In Exhibit V.10, we show selected reasons for using services reported by beneficiaries in the three phases. There are not large differences across the phases in the percentage of beneficiaries reporting that they used services for purposes of getting a job or increasing income. In fact, the percentage of beneficiaries reporting these reasons is lower among Phase 1 service users than among Phase 2 and Phase 3 service users. Phase 1 service users were about as likely as those in other phases to report using services for purposes of improving their health, and were somewhat more likely to report using service to improve their ability to do daily activities. After controlling for other characteristics in a series of multivariate models estimating the likelihood of reporting the four reasons for using services shown in Exhibit V.10, we find that, with one exception, the differences across the phases are not statistically significant. The exception was with respect to the likelihood of reporting using services for purposes of improving ability to do daily activities. All else constant, Phase 1 services users were significantly more likely to report this

reason relative to service users residing in Phases 2 and Phase 3 states (Appendix Table B.30).

**Exhibit V.10. Selected Reasons for Using Services, by Phase (Percentage Reporting Reason)**

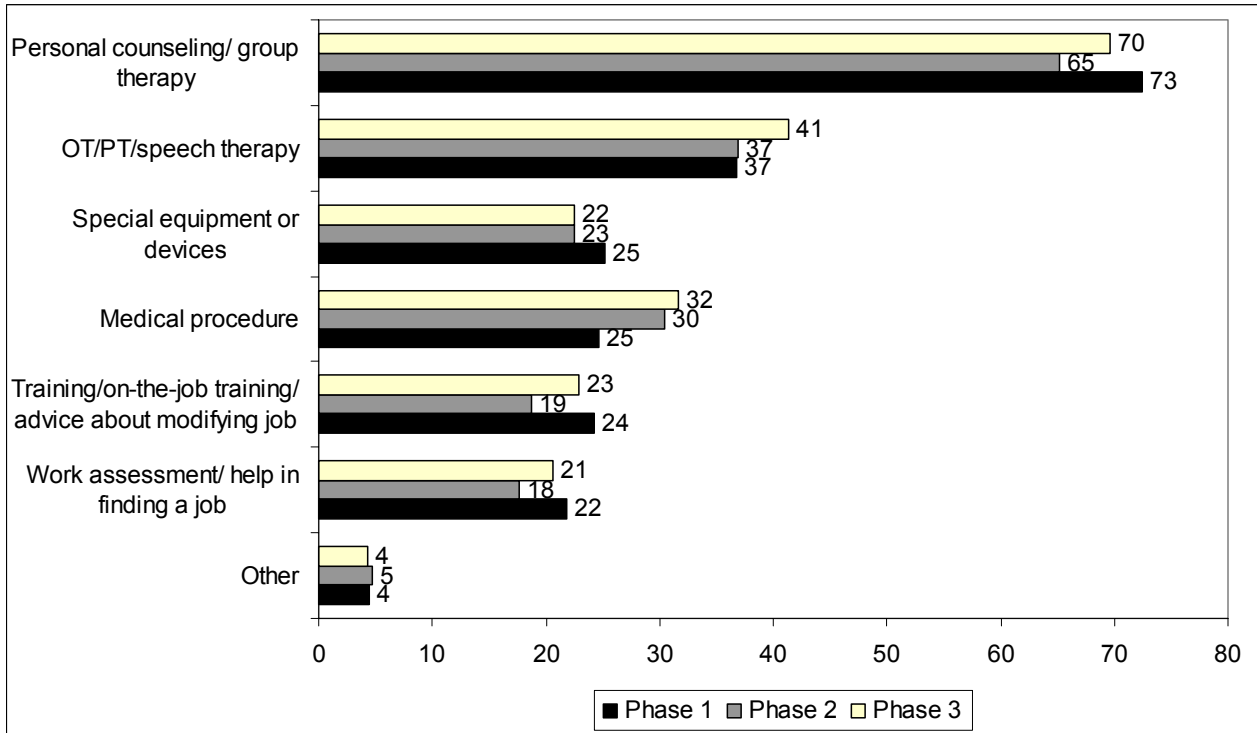


Source: 2004 NBS. Sample size = 2,775.

### 3. Types of Services Used

If TTW had an impact on the types of services used, we would expect to find that service users in Phase 1 states were more likely to use services that would most directly affect the likelihood of employment than service users in Phase 2 or Phase 3 states. As shown in Exhibit V.11, Phase 1 beneficiaries were only slightly more likely than beneficiaries in other phases to use job-related services such as work assessments, help finding a job, job training, advice about modifying a job, and on-the-job training. However, after controlling for differences in beneficiary characteristics in a series of multivariate models estimating the likelihood of using different service types, the differences across phases in the likelihood of using employment-related services were not statistically significant. The only significant difference was with respect to the use of medical procedures. All else constant, Phase 1 beneficiaries were significantly less likely to use medical procedures relative to service users in Phase 2 and Phase 3 states (Appendix Table B.31). There were no statistically significant differences in the use of personal counseling or group therapy, OT/PT/speech therapy, or special equipment or devices across phases after controlling for differences in beneficiary characteristics.

**Exhibit V.11. Types of Services Used in 2003, by Phase (Percentage Reporting Service Type)**



Source: 2004 NBS. Sample size = 2,775.

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## CHAPTER VI

### EXPERIENCES OF TTW PARTICIPANTS: JOB CHARACTERISTICS OF EMPLOYED PARTICIPANTS

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The job characteristics of employed TTW participants are of substantial interest to SSA, in large part because of the incentives embodied in the three TTW payment systems. The two payment systems introduced by TTW (milestone-outcome and outcome-only) give providers a stronger incentive to help their TTW clients secure and sustain high-paying jobs than does the traditional payment system that remains available to SVRAs. In fact, providers are fully paid under the two new payment systems only if their clients earn enough to exit the rolls for at least 60 months. Of course, the traditional payment system also gives providers an incentive to help their clients achieve high earnings, but providers are paid if these earnings are above the SGA for at least nine months; their clients do not have to exit the rolls.

If any of these incentives works as intended, we should find that TTW participants under all three payment systems are more likely than other beneficiaries to be employed in relatively high-paying jobs—that is, jobs in which the hours of work and hourly wages have the potential to reduce or eliminate the need to rely on benefits, as opposed to low-paying jobs that are associated with continued benefit receipt. This should be especially true for those who assigned their Ticket under the two new payment systems. Such findings would not necessarily imply that TTW has increased earnings or reduced reliance on benefits (issues we return to in Chapter XIV), but they would suggest that some TTW participants are at least finding jobs that are consistent with the program’s goals.

We used the 2004 NBS data to take a first look at the characteristics of jobs held by TTW participants in Phase 1 states at the time of interview and compare them to jobs held by all employed beneficiaries in the same states.<sup>1</sup> Almost one-third of participants were

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<sup>1</sup> Some NBS respondents were employed at more than one job at the time they were interviewed. Respondents with multiple jobs were asked to identify and focus on the job they deemed their “main” job for many of the survey questions. The main job is defined as the job at which the respondent works the most hours. In this chapter, we focus only on the characteristics of the main job.

employed at the time of the interview. Although this employment rate is very low relative to the employment rate of the working-age population, it is over three times the estimated 10 percent employment rate for all beneficiaries, and it might rise as these participants, with support from their providers, continue to pursue their employment objectives. Differences in the participants' employment rates by provider type and payment type are not statistically significant.

Job characteristics vary by payment type in the expected direction (i.e., participants assigned to providers operating under one of the new TTW payment systems work more hours and have higher wages than those assigned to SVRAs and operating under the traditional payment system), but we cannot distinguish differences by payment type from differences by provider type. That is, findings for all employed participants who assigned their Ticket to an SVRA are almost identical to findings for those who did the same under the traditional payment system (the dominant payment system for SVRAs).<sup>2</sup> In addition, there are almost no statistically significant differences between results for the two new payment systems. Hence, we present findings by provider type, rather than by payment type.

Overall, the mean hours, wages, earnings, and benefits associated with jobs held by participants who assigned their Ticket to an EN exceeded the means for jobs held by participants who assigned their Ticket to an SVRA, and the latter exceeded the means for jobs held by all employed beneficiaries only marginally. Mean monthly earnings in jobs held by those who assigned their Ticket to an EN were, if sustained, high enough to lead to program exit, but this is not true for those who assigned their Ticket to an SVRA. The relatively high earnings of the former are due to a combination of relatively high mean hours worked and relatively high mean hourly wages.

Employed participants who assigned their Ticket to an EN were also much more likely relative to all employed Phase 1 beneficiaries to report receiving benefits. For instance, 57 percent of the former group said they received employer health insurance coverage, compared with 27 percent of those served by SVRAs. Differences in benefit receipt between employed SVRA participants and all employed Phase 1 beneficiaries were not statistically significant.

Observed differences in outcomes between SVRA and EN TTW clients might be solely explained by differences in EN and SVRA incentives to serve clients who are likely to exit the rolls because of earnings. SVRAs are required by law to serve those with the most severe disabilities, and they also have funds from another source to pay for services if a client does not generate payments under TTW. The same is not required of ENs; nor do ENs

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<sup>2</sup> Sample sizes for Tickets assigned to SVRAs are too small to allow meaningful analysis of the sample assigned under the new payment systems to SVRAs. Only 337 respondents in the participant sample were employed. In this group, 98 had Tickets assigned under the milestone-outcome system, 122 under the outcome-only system, and 127 under the traditional payment system; 162 had Tickets assigned to SVRAs and 185, to ENs; only 35 had Tickets assigned to SVRAs under one of the new payment systems.

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have the same level of alternative funding, if they have any at all. Hence, we would expect ENs to be more careful to choose clients who are likely to earn enough to exit the roles, and this selectivity could explain a large share of the differences in earnings and other job characteristics between SVRA and EN clients. This expectation is consistent with provider interview findings reported in a previous report (Livermore et al. 2003). Managers of ENs that have served large numbers of TTW participants have said that they screen candidates on their willingness to work full time and on whether they are likely to be able to work at a job that pays at least \$8.00 per hour, as they will need to do to exit the rolls; other personal characteristics are generally irrelevant. SVRAs cannot apply the same screen. This difference might also explain why employed participants who assigned their Ticket to an SVRA were more likely to be in sheltered employment than those who assigned their Ticket to an EN.

It might also be, however, that the higher earnings of EN clients reflect the fact that, compared with SVRAs, ENs place more emphasis on the attainment of earnings at a level that would reduce benefits to zero, also because of differences in incentives. Unfortunately, it is not possible to tell which of the two explanations is more often true.

One other possible cause of the differences in participants' job characteristics by provider type is the fact that Phase 1 SVRAs routinely obtained Tickets from "pipeline" cases—clients who started to receive SVRA services before the TTW rollout, while ENs did not typically have such cases. This difference at least partly explains why employed SVRA participants had much longer job tenure at the time of the interview than employed EN participants. Hence, the findings for those who assigned their Ticket to an SVRA reflect a mixture of job characteristics of pipeline cases and of clients who started receiving services after the rollout.<sup>3</sup>

We also examined the use of special equipment or assistance at work, employer-provided accommodations, and job satisfaction. We found very few substantial differences in these characteristics across provider or payment type, or between employed participants and all employed Phase 1 beneficiaries. One substantive difference across provider types may, however, have some relevance to the findings reported above: employed participants who assigned their Ticket to an EN were much less likely than those who assigned their Ticket to an SVRA to use personal assistance at work. Presumably, this is because the former are less likely than other participants to need such assistance. We did not find a comparable difference in the use of special equipment, however.

Findings on accommodations and job satisfaction vary little by participation status, provider type, or payment system. Most employed Phase 1 beneficiaries and TTW participants received employer accommodations, and few reported needing accommodations that they did not have. Large majorities were satisfied with their jobs, rating them highly on a long list of attributes (e.g., "receipt of recognition and respect from others"). Far fewer employed beneficiaries reported that their jobs had three important attributes, however:

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<sup>3</sup> The sample was too small to produce meaningful separate estimates for pipeline and nonpipeline cases.

good pay, chances for promotion, and good benefits. Although employed TTW participants who assigned their Ticket to an EN had relatively high pay, they were no more satisfied with their pay than others. Employed TTW participants were somewhat more likely than all employed beneficiaries to report prospects for promotion, so it is possible that their satisfaction with pay, and that their actual pay itself, will improve in the future. Consistent with the findings on benefit receipt, those benefits were more likely reported to be good by those who assigned their Ticket to an EN as opposed to an SVRA.

All of these findings are presented in more detail below.

## **A. EMPLOYMENT RATES**

Almost 10 percent of Phase 1 beneficiaries reported that they were employed when they were interviewed in 2004 (Exhibit VI.1). Almost all of these beneficiaries (97 percent) were not TTW participants at the time, although many may have received SVRA services before the TTW rollout.<sup>4</sup> TTW participants were about three times more likely than all Phase I beneficiaries to report that they were working (Exhibit VI.1). Their employment rate was also substantially higher than the rate observed for other groups of “employment-oriented” beneficiaries. For example, the employment rate among beneficiaries who had not assigned their Tickets but who said that they used employment-related services during the previous year was only 11.4 percent, just slightly above the rate reported by all Phase 1 beneficiaries. The two-percentage-point difference between the employment rate of TTW participants who assigned their Ticket to an EN and those who assigned their Ticket to an SVRA is not statistically significant.

## **B. HOURS, EARNINGS, BENEFITS, TENURE, SELF-EMPLOYMENT, INDUSTRY, AND OCCUPATION**

### **1. Hours, Wages, and Earnings**

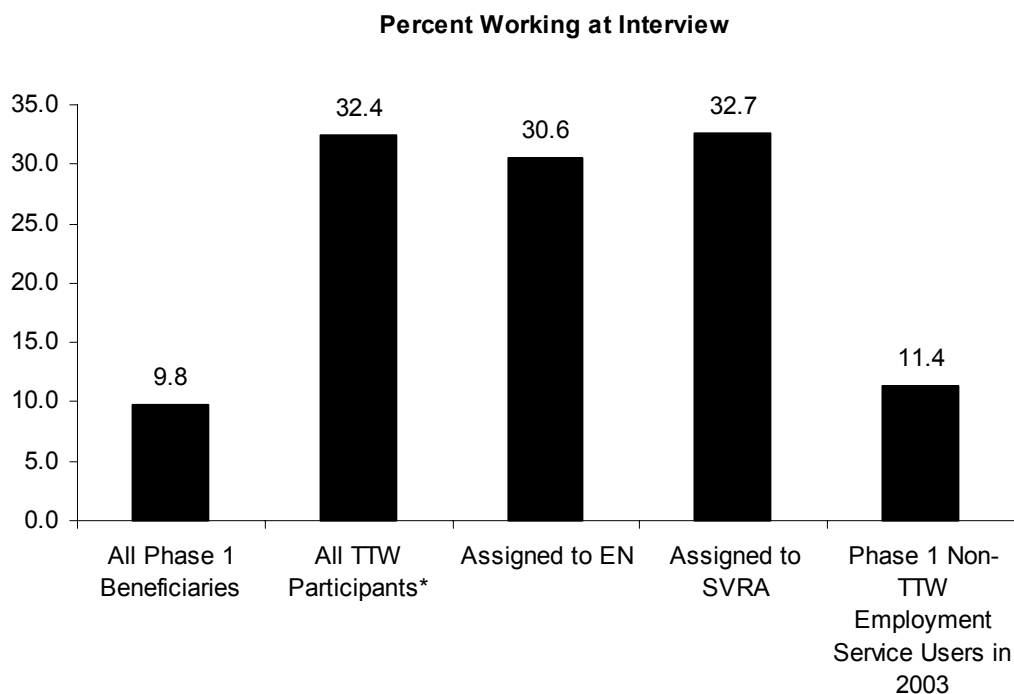
On average, employed TTW participants worked about the same number of hours per week as all employed Phase 1 beneficiaries (23 hours compared with 22 hours) (Exhibit VI.2). These means, however, mask significant differences in the hours worked between those who assigned their Ticket to an EN and those who assigned their Ticket to an SVRA. The former worked significantly more hours per week on average (28 hours compared with 23 hours) and were more than twice as likely to be working full time (43 percent compared with 20 percent).

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<sup>4</sup> Given that the TTW participation rate was less than 1 percent and that employed TTW participants represent only about 3 percent of all employed Phase 1 beneficiaries, it is clear that there is far more employment among beneficiaries than there is use of TTW services (not shown in the exhibit).



### Exhibit VI.1. Employment Rates for Selected Subgroups of Phase 1 Beneficiaries



Source: 2004 NBS. Sample size = 2,932.

Note: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2003.

\*Significantly different from all Phase 1 beneficiaries at the .05 level, two-tailed test.

The mean hourly wage of employed TTW participants was slightly higher than that of all employed Phase 1 beneficiaries (\$7.42 compared with \$6.92), but the difference is not statistically significant (Exhibit VI.2). What contributes to a higher mean wage for TTW participants is the fact that they were significantly less likely than all employed Phase 1 beneficiaries to be working in jobs paying less than minimum wage (19 percent compared with 34 percent). Again, however, the overall statistics mask substantial differences between those who assigned their Ticket to an EN and those who assigned their Ticket to an SVRA; the former had significantly higher mean wages (\$9.76 compared with \$7.09), were less than half as likely to earn less than the minimum wage (8 percent compared with 21 percent), and were more than twice as likely to earn at least \$8.00 per hour (61 percent compared with 28 percent).

As a result of slightly more hours worked and somewhat higher wages, TTW participants had greater mean monthly earnings than did all employed Phase 1 beneficiaries (\$779 versus \$640), but the difference is not statistically significant. On the other hand, because TTW participants who assigned their Ticket to an EN earned a substantially higher mean hourly wage and worked for more mean hours, they had significantly higher mean monthly earnings (\$1,257) than those who assigned a Ticket to an SVRA (\$712). That amount is well above the level of SGA that is relevant to both payments for providers and continued eligibility for a vast majority of beneficiaries, \$810 in 2004, but the means for the

other two groups are below this benchmark.<sup>5</sup> In fact, a majority (61 percent) of employed participants with Tickets assigned to ENs were earning above SGA at interview, a substantially larger share than among those assigned to SVRAs (27 percent) or among all working Phase 1 beneficiaries in general (25 percent).

### Exhibit VI.2. Hours, Wages, and Monthly Earnings Among Working Phase 1 Beneficiaries

	All Employed Phase 1 Beneficiaries	Employed TTW Participants		
		All Participants	Assigned to EN	Assigned to SVRA
Usual Hours per Week (%) <sup>a</sup>				
1–10	27	17	10	18
11–20	25	35	26	36
21–34	27	25	21	26
35 or more	21	23	43	20
Mean Hours Per Week	22	23	28 <sup>a</sup>	23
Hourly Wage (%) <sup>b,c</sup>				
< \$5.15	34	19	8	21
\$5.16–\$7.99	29	48	31	51
\$8.00 or more	36	32	61	28
Mean Hourly Wage (\$)	\$6.92	\$7.42	\$9.76 <sup>a</sup>	\$7.09
Mean Monthly Pay (\$)	\$640	\$779 <sup>d</sup>	\$1,257 <sup>a</sup>	\$712
% Earning Above SGA (>\$810/month)	25	31	61 <sup>a</sup>	27

Source: 2004 NBS. Sample size = 593.

Note: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2003.

<sup>a</sup> Statistically different from employed TTW participants with Tickets assigned to SVRAs at the .05 level, two-tailed test.

<sup>b</sup> Phase 1 beneficiary distribution statistically different from TTW distribution at the .05 level, chi-square test.

<sup>c</sup> EN distribution statistically different from SVRA distribution at the .05 level, chi-square test.

<sup>d</sup> Statistically different from all employed Phase 1 beneficiaries at the .05 level, two-tailed test.

## 2. Employee Benefits

With a few exceptions, TTW participants were more likely than all employed Phase 1 beneficiaries to report having a given benefit associated with their employment, (Exhibit VI.3), but other than “paid vacation,” the difference is not statistically significant. Like the provider-related differences in other job characteristics, however, there are substantial, statistically significant differences in benefits between participants who assigned their Ticket to an EN and those who assigned their Ticket to an SVRA. The EN group was much more likely to report receiving paid vacation, sick days with pay, health insurance, dental insurance, and pension or retirement benefits.

<sup>5</sup> The SGA level for those with vision impairments was \$1,350 in 2004.

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**Exhibit VI.3. Benefits Associated with the Main Current Job Among Working Phase 1 Beneficiaries (Weighted Percentages)**

	All Employed Phase 1 Beneficiaries	Employed TTW Participants		
		All Participants	Assigned to EN	Assigned to SVRA
Paid vacation	30	41 <sup>a</sup>	58 <sup>b</sup>	39
Sick days with pay	25	27	41 <sup>b</sup>	25
Health insurance	22	31	57 <sup>b</sup>	27
Pension or retirement benefits	18	24	40 <sup>b</sup>	22
Dental insurance	18	22	44 <sup>b</sup>	19
Transportation allowance or discounts	18	11	13	11
Long-term disability benefits	12	10	19	9
Flex health/dependent care spending acct	7	6	11	5
Free or low-cost child care	2	1	4	1

Source: 2004 NBS. Sample size = 593.

Note: EN and SVRA assignment is based on the provider to which a Ticket was assigned for the longest period during 2003.

<sup>a</sup>Statistically different from all employed Phase 1 beneficiaries at the .05 level, two-tailed test.

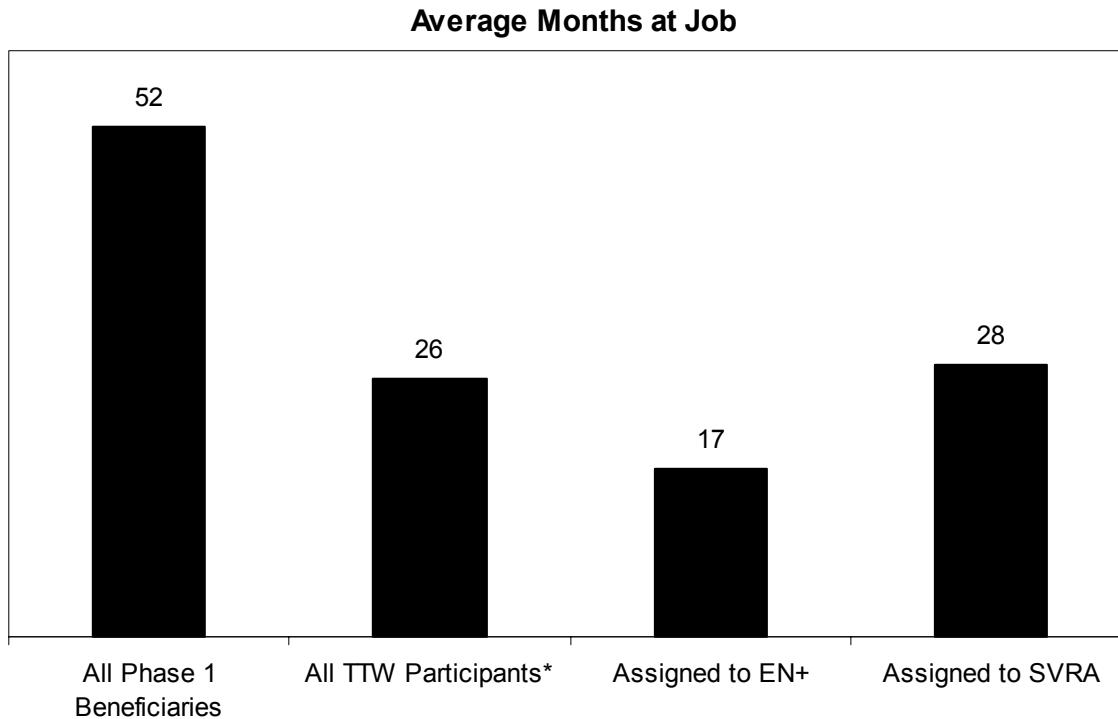
<sup>b</sup>Statistically different from employed TTW participants with Tickets assigned to SVRAs at the .05 level, two-tailed test.

### 3. Job Tenure, Sheltered Employment, Self-Employment, Industry, and Occupation

The mean job tenure of employed TTW participants at the time of the interview was half that of all employed Phase 1 beneficiaries (26 months compared with 52 months) (Exhibit VI.4). The mean job tenure of those who assigned their Ticket to an EN was significantly shorter than their SVRA counterparts (17 months compared with 28 months). The difference may reflect the fact that, at the time of the interview, a large number of SVRA clients were “pipeline” cases (i.e., individuals who were being served by the SVRA before the TTW rollout). EN clients were more likely to be new clients because SSA reimbursed very few ENs directly before TTW.<sup>6</sup>

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<sup>6</sup> EN providers may have been serving beneficiaries under SSA’s Alternate Participant (AP) program; however, as noted in a previous report, very few beneficiaries were ever successfully served under this program (see Livermore et al. 2003). In addition, these beneficiaries would have been grandfathered in under the AP program after TTW rollout.

**Exhibit VI.4. Months at Current Main Job Among Working Phase 1 Beneficiaries**

Source: 2004 NBS. Sample size = 593.

Note: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2003.

\* Significantly different from all employed Phase 1 beneficiaries at the .05 level, two-tailed test.

\* Significantly different from employed TTW participants who assigned their Ticket to an SVRA at the .05 level, two-tailed test.

Pipeline cases might also explain why those who assigned their Ticket to an SVRA were more than twice as likely as their EN counterparts to report that they were employed when they assigned their Ticket (Exhibit VI.5).<sup>7</sup> It is also possible that this difference at least partly reflects differences in the types of participants served.

Pipeline cases might affect many other reported characteristics of the jobs held by SVRA participants, although in less obvious ways, for at least three reasons. First, pipeline participants have had more time to find a job, adjust to it, possibly receive a raise, or be promoted or terminated. Second, SVRAs may have served pipeline and nonpipeline cases differently, perhaps because of changes in payment system incentives or other SSA efforts to promote beneficiary employment. Third, nonpipeline cases might differ substantially from

<sup>7</sup> Phase 1 had been rolled out for 15 months at the start of the NBS in February 2004 and for 23 months when the survey ended the following October.

pipeline cases in terms of characteristics that affect employment outcomes, reflecting differences in how and when SVRAs obtained Ticket assignments from the two types of cases.

**Exhibit VI.5. Job Tenure Relative to Ticket Assignment Tenure Among Phase 1 TTW Participants Employed at Interview (Percentages)**

	Employed TTW Participants		
	All Participants	Assigned to EN	Assigned to SVRA
Job tenure longer than Ticket assignment tenure	33	17 <sup>a</sup>	36
Months at job before Ticket assignment for those with job tenure longer than Ticket assignment tenure			
<3 months	14	2	15
3–6 months	21	9	22
7–11 months	18	28	17
12 months or more	47	61	46

Source: 2004 NBS. Sample size = 347.

Note: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2003.

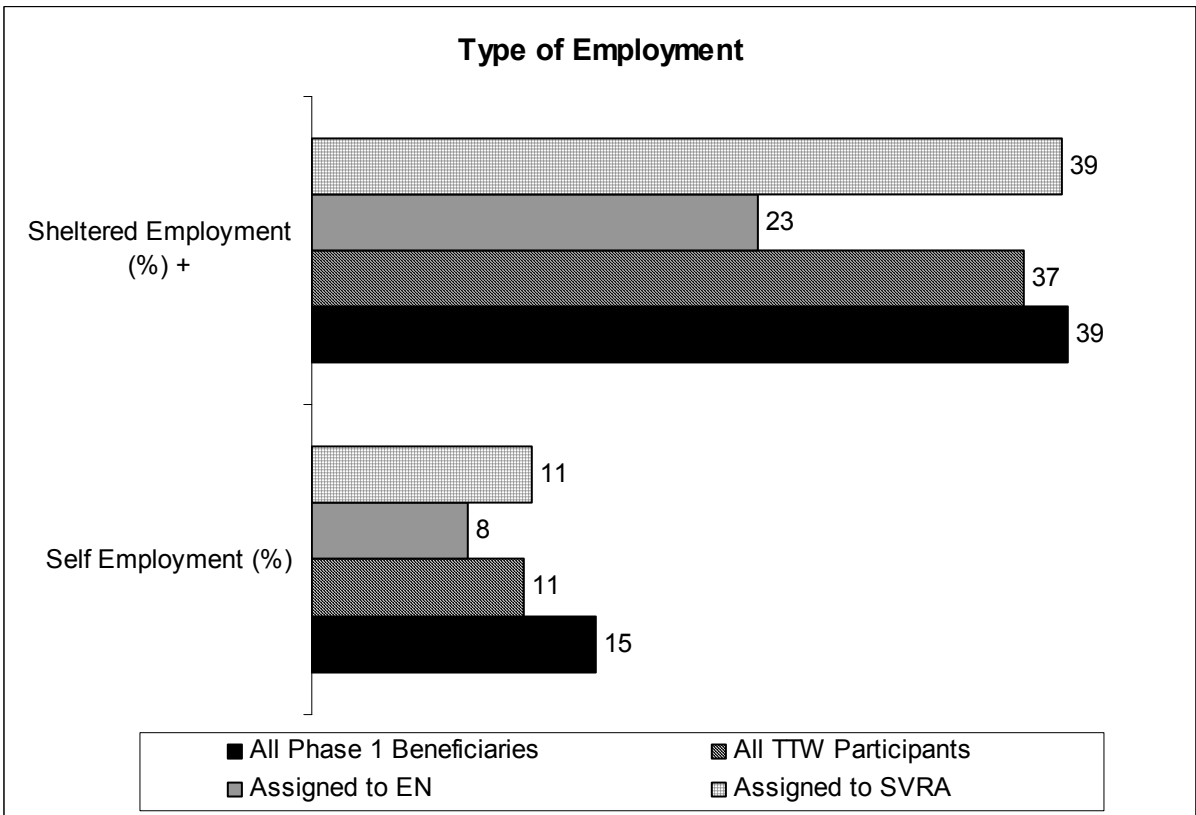
<sup>a</sup>Statistically different from employed TTW participants with Tickets assigned to SVRAs at the .05 level, two-tailed test.

One important proximate explanation of the differences in pay and employee benefits by provider type is that a larger share of TTW participants served by SVRAs is in sheltered employment (Exhibit VI.6). That share (39 percent) is essentially the same as the share of all employed Phase 1 beneficiaries in sheltered employment.

Self-employment is somewhat less common among employed TTW participants than among all employed beneficiaries. This is especially true for those who assigned their Ticket to an EN.

We did not find noteworthy differences in occupation or industry by participation status or, among participants, by provider type (Exhibit VI.7). The seemingly large differences in some occupation and industry categories between those who assigned their Ticket to an EN and those who assigned it to an SVRA are not statistically significant, reflecting the relatively small samples for these two groups. Compared to all employed beneficiaries, employed TTW participants were less likely to be in transportation or material-moving occupations and also less likely to work in the health care or social services industry.

**Exhibit VI.6. Sheltered and Self-Employment Among Working Phase 1 Beneficiaries**



Source: 2004 NBS. Sample size = 593.

Note: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2003.

+ Difference between those who assigned a Ticket to an EN and those who assigned a Ticket to an SVRA is significant at the .05 level, two-tailed test.

**Exhibit VI.7. Occupation and Industry of Working Phase 1 Beneficiaries (Percentages)**

	All Employed Phase 1 Beneficiaries	Employed TTW Participants		
		All	Assigned to EN	Assigned to SVRA
<b>Occupation</b>				
Transportation and material moving	22	11	10	11
Office & admin support	16	21	15	22
Building/grounds cleaning & maintenance	13	17	14	17
Food prep & serving	9	11	11	11
Production	7	4	2	4
Sales	6	15	10	15
Personal care & service	5	5	12	4
Other occupation	20	16	24	14
<b>Industry</b>				
Health care & social assistance	35	23	20	24
Retail trade	14	16	12	16
Accommodation & food services	9	16	10	17
Educational services	6	8	7	8
Admin/support & waste mgmt/remediation	5	8	5	8
Other services	5	3	4	2
Other industry	25	25	40	23

Source: 2004 NBS. Sample size = 593.

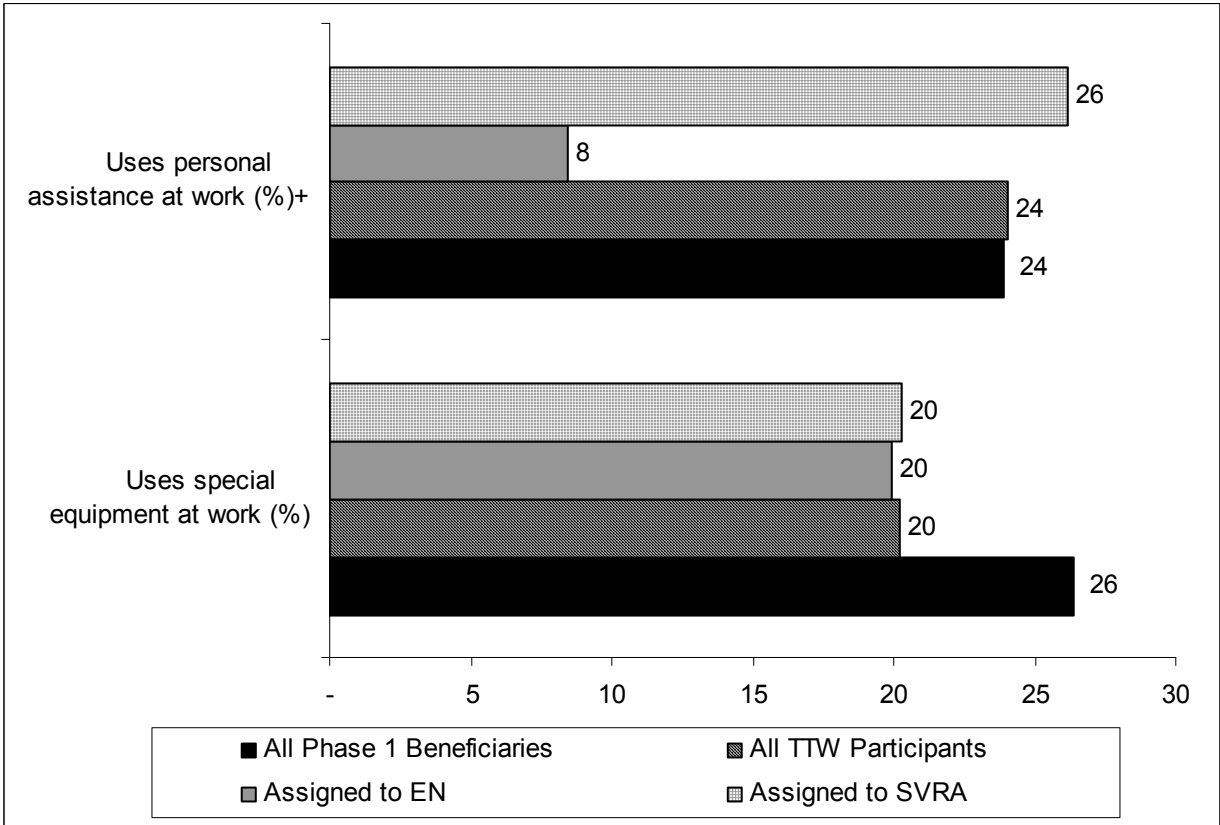
Note: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2003.

**C. USE OF SPECIAL EQUIPMENT OR ASSISTANCE AND EMPLOYER ACCOMMODATIONS**

Compared with all employed Phase 1 beneficiaries, employed TTW participants were equally likely to report using personal assistance at work (24 percent) and only slightly less likely to use assistive technology at work (20 percent compared with 26 percent) (Exhibit VI.8). The overall statistic for the use of personal assistance by TTW participants masks a large difference by provider type. Those who assigned their Ticket to an EN were significantly less likely to report using personal assistance at work (8 percent) than those who assigned their Ticket to an SVRA (26 percent). Presumably, this difference reflects a difference between the two groups in the types of health conditions causing disability and/or the levels of functional impairment. There are no statistically significant differences by provider in the use of assistive technology.

Employed TTW participants and all employed Phase 1 beneficiaries were about equally likely to report that an employer made at least one accommodation (54 percent and 58 percent, respectively) (Exhibit VI.9). The most common type of accommodation was job-specific assistance provided by a co-worker or other person to a TTW participant. We did not find statistically significant differences in accommodations for employed participants by provider type.

**Exhibit VI.8. Use of Special Equipment or Assistance at Work by Working Phase 1 Beneficiaries**



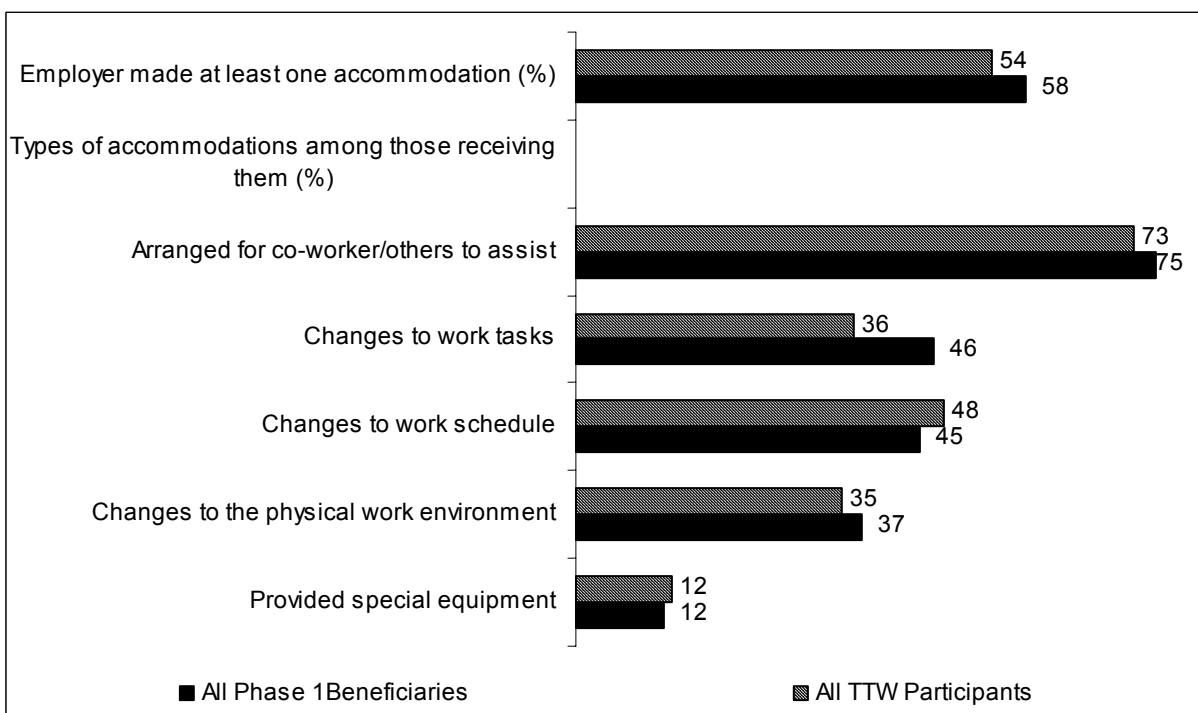
Source: 2004 NBS. Sample size = 593.

Note: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2003.

+ Difference between those with Tickets assigned to an EN and those with Tickets assigned to an SVRA is significant at the .05 level, two-tailed test.



### Exhibit VI.9. Employer-Provided Accommodations Among Working Phase 1 Beneficiaries

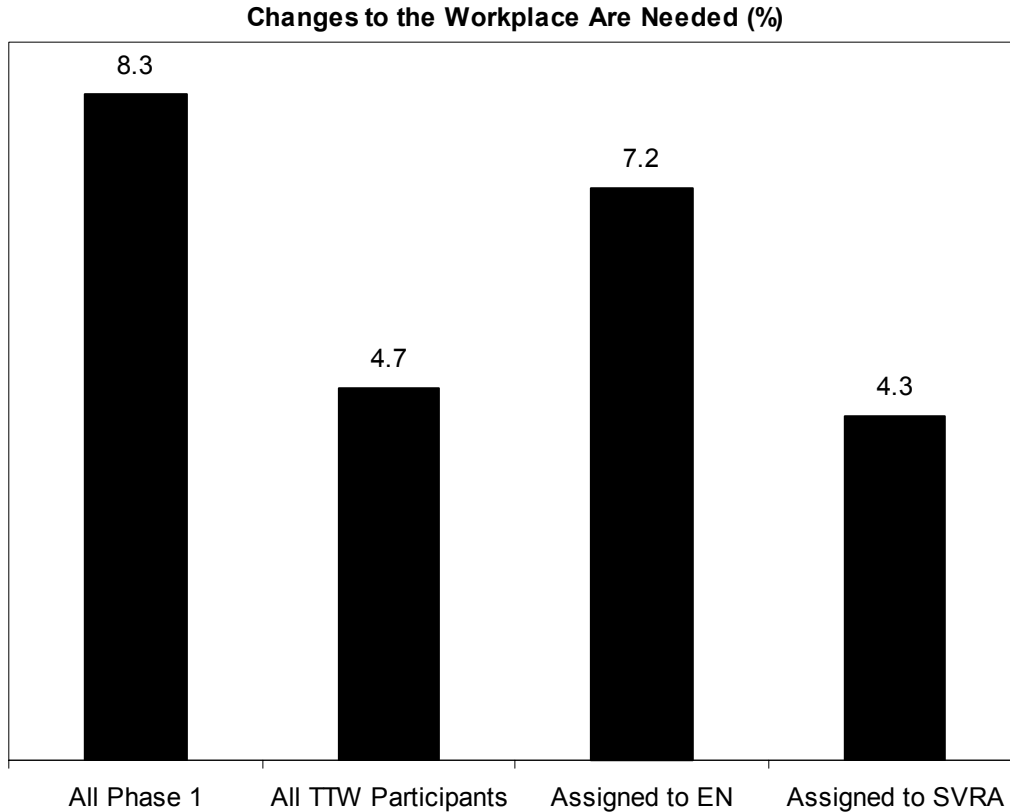


Source: 2004 NBS. Sample size = 527.

Note: Employer accommodation questions were not asked of self-employed respondents.

Less than 10 percent of all working beneficiaries indicated that changes were still needed to make their workplaces more accessible (Exhibit VI.10). The corresponding percentage for TTW participants is lower, but not significantly so, and differences by provider type are also small and insignificant.

**Exhibit VI.10. Changes to the Workplace Still Needed, According to Phase 1 Beneficiaries**



Source: 2004 NBS. Sample size = 593.

Note: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2003.

#### **D. JOB SATISFACTION**

Respondents were asked how satisfied they were with their jobs overall and with several specific features of their jobs (Exhibit VI.11). In general, employed TTW participants and all employed Phase 1 beneficiaries reported similar levels of job satisfaction. Both groups were particularly likely to report being satisfied with the nonmonetary aspects of their job: receiving recognition, a feeling of accomplishment, supportive supervisors and co-workers, and interesting work. They were substantially less likely to be satisfied with the financial aspects of their jobs: pay, benefits, and chances for promotion.

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**Exhibit VI.11. Job Satisfaction Among Working Phase 1 Beneficiaries (Weighted Percentages)**


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	All Employed Phase 1 Beneficiaries	Employed TTW Participants		
		All Participants	Assigned to EN	Assigned to SVRA
Overall, very or somewhat satisfied with job	83	79	73	80
Agree/agree strongly that:				
Receives recognition/respect from others	91	88	81	89
Work gives feeling of accomplishment	90	87	79	88
Supervisor is supportive <sup>a</sup>	89	86	81	86
Work is interesting/enjoyable	88	84	83	84
Co-workers are friendly and supportive	83	89	88	89
Can work on own if desired	78	86	78	87
Can work with others/team if desired	76	79	76	80
Job security is good/work is steady	70	70	56 <sup>b</sup>	72
There are chances to develop abilities	70	66	64	67
Pay is good	56	53	50	53
There are chances for promotion <sup>a</sup>	32	39	41	38
Benefits are good	32	37	45	36

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Source: 2004 NBS. Sample size = 469.

Note: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2003. Proxy respondents were not asked job satisfaction questions.

<sup>a</sup>Question not asked of those who were self-employed.

<sup>b</sup>Significantly different from those with Tickets assigned to an SVRA at the .05 level, two-tailed test.

When compared to the general population of U.S. workers based on data from other national surveys, employed beneficiaries appear to be about equally satisfied with their jobs overall. A 2004 Gallup survey found that 89 percent of employed people surveyed were completely or somewhat satisfied with their jobs, a statistic fairly comparable to the 83 percent of beneficiaries who reported being very or somewhat satisfied with their jobs in the NBS. Although the wording of the satisfaction questions differ somewhat, when compared to national surveys of workers in general, employed beneficiaries do appear to be less satisfied with certain aspects of their jobs. Compared with the findings of other national surveys of workers in 2004, smaller shares of employed beneficiaries reported being satisfied with their job security (70 percent compared with 81 percent); pay (56 percent compared with 74 percent); employment benefits (32 percent compared with about 64 percent); and chances for promotion (32 percent compared with 70 percent) (American Enterprise Institute 2005).

For most items, the level of satisfaction did not vary by TTW participation status or provider type. Although employed participants who had assigned their Ticket to an EN had relatively high pay, they were no more satisfied with their pay than either all employed

beneficiaries or those who had assigned their Ticket to an SVRA. Employed participants served by either type of provider were somewhat more likely to report prospects for promotion than were all employed beneficiaries (39 percent versus 32 percent), so it is possible that both their satisfaction with their pay, and their actual pay itself, will improve. Consistent with the findings on benefit receipt, participants who assigned their Ticket to an EN were more likely than others to report that their benefits were good (45 percent).

The beneficiaries described in this chapter—TTW participants in Phase 1 states who were working in 2004—are, as a group, perhaps closest to achieving the TTW goals of increased earnings and reduced benefits. The next chapter focuses on beneficiaries who were not attempting to increase earnings or reduce benefits via participation in TTW in 2004, and reviews evidence on their interest in pursuing these goals in the future.

## CHAPTER VII

### NONPARTICIPATION IN TTW

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This chapter discusses the market for employment-support services from the perspective of beneficiaries who do not participate in the TTW program. Three factors likely to contribute to nonparticipation are explored. First, only 32 percent of working-age beneficiaries report having goals that include work or career advancement. Thus, most ticket-eligible beneficiaries do not appear to have concrete work goals or expectations and are therefore unlikely to demand the types of employment-support services that TTW tries to foster. This general absence of employment goals is not surprising, given that all disability beneficiaries have been subject to a rigorous eligibility determination process through which they were found unable to engage in substantial gainful activity.

A second reason for nonparticipation is that most beneficiaries who do have employment goals were not aware of the TTW program at the time of the survey. Specifically, only about 15 percent of all Phase 1 nonparticipants were both aware of TTW and understood that it was designed to help them get training or employment services intended to improve their ability to work. This lack of awareness has limited the extent to which beneficiaries seek out TTW services, although they may nevertheless be referred to an EN or an SVRA if they try to get services through other channels. Lack of awareness and use is not, however, unique to TTW. In fact, awareness of TTW exceeds that of other SSA work incentives, which is very low among beneficiaries, as is their use of work-related resources.

A third reason for nonparticipation is that a fairly small, but still important, group of beneficiaries who want to work and who know about TTW reported that they were unable to assign their Ticket. The number of such beneficiaries is a small share of all Phase 1 beneficiaries—on the order of 1 percent—but it is approximately the same as the number of participants.

Together, these three factors suggest that although only a small minority of beneficiaries is likely to value TTW services, the program is currently reaching only part of that minority. For example, we estimate that nearly 10 percent of all working-age beneficiaries indicated that they might try to participate in the future.

That interest suggests that the program could expand by reaching out to current nonparticipants. On the other hand, those who say they are interested in participating may

not follow through on these plans for a variety of reasons. In fact, research suggests that only a small share of people with disabilities who express an interest in returning to work do so, even when offered extra help. Thus, although there clearly is great potential for participation to increase in the future, it may not increase by the full amount suggested by the survey estimates. Given the preliminary nature of the evidence on nonparticipation and the early stage of TTW development, it would be useful for SSA to look for ways to reach out to nonparticipants in order to determine more accurately how many of them would use TTW services. There is at least some potential for the program to attract a much larger share of the 32 percent of beneficiaries who have work-related goals.

Beneficiaries with work goals and expectations share two primary characteristics: they are under age 55 and have recently been employed. Targeting work-incentive marketing and education efforts to beneficiaries with these characteristics might be an effective way for SSA to reach those most likely to use TTW and other SSA work-incentive programs.

The analyses that support the above findings are presented in the remainder of this chapter. All analyses focus on beneficiaries in Phase 1 states. In particular, we defined TTW participation on the basis of whether a beneficiary assigned a Ticket at some time during 2003, the year following the initial rollout of TTW in those states.<sup>1</sup>

#### **A. EMPLOYMENT-RELATED GOALS**

Based on the 2004 NBS, 43 percent of beneficiaries have employment-related goals as evidenced by the fact that they were working, looking for work, using employment-support services, or reporting concrete employment goals at the time of the interview (Exhibit VII.1). Seen in reverse, however, these results imply that a majority of beneficiaries (57 percent) do not report such goals and are therefore unlikely to have much demand for the employment services provided through TTW. The link between employment goals and TTW participation is illustrated by the fact that 95 percent of the beneficiaries who participate in TTW reported an employment-related goal or said that they had recently engaged in employment-related activities.

The fact that most beneficiaries did not report concrete employment goals is consistent with the nature of the DI and SSI programs and was incorporated into the design of the TTW program (Mashaw and Reno 1996). The DI and SSI programs provide benefits only to people who have gone through a rigorous disability determination process that finds them unable to engage in SGA (for most beneficiaries, this means that they are not expected to be able to earn more than \$860 per month under current regulations). Thus, if a large

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<sup>1</sup> Our sample includes a small number of beneficiaries who were not Ticket eligible at the time of interview. Among the Phase 1 nonparticipants analyzed in this chapter, 0.5 percent had not been mailed a Ticket at the time they were interviewed. For another 3.5 percent of Phase 1 nonparticipants, Ticket eligibility at interview could not be determined because the Ticket mail date information was missing from the administrative data.

percentage of beneficiaries worked or had concrete work goals, there could possibly be problems with the initial disability determination.

**Exhibit VII.1. Employment-Related Goals, Expectations, and Activities, by TTW Awareness and Participation**

Employment-Related Activities, Goals, and Expectations	Percent of Group Reporting Each Employment-Related Goal/Activity	
	All Phase 1 Beneficiaries	TTW Participants
Working at interview	10	32
Worked in 2003	14	48
Looked for work in past four weeks	7	22
Used services in 2003 for purposes of getting a job or increasing income	3	32
Goals include work/career advancement	32	80
Sees self working for pay in the next five years	30	80
Sees self working and earning enough to stop receiving disability benefits in the next five years	17	53
Any of the above	43	95

Source: 2004 NBS. Sample size = 2,932.

One issue for the long term is whether TTW and other work initiatives will increase the extent to which beneficiaries have work goals and try to achieve them. It is possible that by mailing Tickets and providing other information about employment, SSA could affect the expectations and long-term activities of beneficiaries. Subsequent rounds of the NBS will allow us to track the prevalence of work and work goals among beneficiaries.

**B. AWARENESS OF TTW**

Demand for TTW services will depend on more than just whether beneficiaries are interested in working. It will depend on whether they know about the program and how to use their Ticket. Absent this awareness, beneficiaries interested in work may try to obtain employment services but will not use their Ticket.

In general, it appears that beneficiaries are not aware of the TTW program. Based on the survey, just 26 percent of the Phase 1 beneficiaries had heard of TTW at the time of the interview even though SSA had mailed all of them a Ticket. If we look only at those who had employment-related goals, just 15 percent of beneficiaries knew about the TTW program. Thus, for 85 percent of beneficiaries, the two factors essential to TTW participation were not present: work goals and knowledge of the program.

While a lack of awareness limits direct demand for TTW services, beneficiaries may still be referred to TTW if they seek employment services. For example, beneficiaries who try to get services from their state's SVRA may be enrolled in TTW as part of the SVRA intake

process even if they did not know about TTW beforehand. Nevertheless, the fact that so many beneficiaries did not seem to know about TTW is likely to limit the extent to which they avail themselves of the expanded choices and flexible services made available through TTW.

To better understand the characteristics of nonparticipants who did report being aware of TTW, we estimated a multivariate (logit) model of the likelihood of being aware of TTW. This model indicates whether specific sociodemographic, programmatic, and health characteristics are statistically associated with awareness, holding all other characteristics constant (Appendix Table C.32). Characteristics such as education and race/ethnicity were statistically significant, as were high benefit levels.<sup>2</sup> Relative to those who were unaware of the program, beneficiaries who had heard of TTW were significantly less likely to be white, Hispanic, or Latino and more likely to be black; were more likely to have a high school education or above along with high monthly benefits (more than \$1,000 per month); and were less likely to have high non-SSA benefits (more than \$500 per month). As discussed in Chapter III, these factors similarly affect TTW participation, so effects on participation might be due, in part, to effects on awareness.

Even when beneficiaries know about the program, their information is often incomplete. In a manner similar to that described in Chapter IV for self-identified TTW participants, the 26 percent of Phase 1 nonparticipants who had heard of TTW were asked a set of questions to gauge their knowledge of key program features (Exhibit VII.2). In general, most nonparticipants were unaware of the basic program features queried. Combining TTW awareness in general with an awareness of specific program features indicates that only 16 percent of beneficiaries were aware that TTW is a program to improve beneficiaries' ability to work by helping them get training or employment services, paid for by SSA. (Among those who had heard of TTW, 60 percent reported knowing about this basic TTW goal.) Even fewer beneficiaries (11 percent) were aware that participants are free to choose a provider from a network of participating service providers. Still fewer knew that TTW providers are not paid unless the beneficiary goes to work (6 percent) and that medical continuing disability reviews are waived while participating in the program (7 percent).

Lack of awareness and use of Social Security work incentives is not unique to TTW. In fact, compared with many of the SSA work-related programs and incentives, awareness and use of TTW might be considered relatively high (Exhibit VII.3). The rate of TTW awareness was exceeded only by the awareness rate for the DI trial work period. The relatively high level of awareness of TTW among beneficiaries may be attributable to the relatively recent mailing of the Ticket to all Ticket-eligible beneficiaries. Like reported TTW use rates, reported use rates for all SSA work incentives hover around one percent, except for the much higher use rate associated with the trial work period (10 percent), the

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<sup>2</sup> One of the self-reported health conditions causing limitation (other diseases of the nervous system) was statistically significant and negatively associated with awareness. No other health conditions or health-related variables were significant.



somewhat higher Section 1619(b) use rate (2 percent), and the extremely low reported use rate for impairment-related work expenses (0.2 percent).

### Exhibit VII.2. Knowledge of TTW Program Features by Phase 1 Nonparticipants

TTW Program Feature	Percent of All Beneficiaries Who Knew of Feature	Percent of Beneficiaries Who Knew of Feature Among Those Who Knew of TTW
Helps people with disabilities get training/employment services paid for by SSA to improve their ability to work	16	60
Participants are free to choose a service provider from among a network of service providers in the program	11	41
The service provider is not paid by SSA unless the beneficiary goes to work	6	22
For beneficiaries participating in TTW, SSA will not conduct a medical CDR	7	28

Source: 2004 NBS. Sample size = 1,827.

### Exhibit VII.3 Awareness and Self-Reported Use of SSA Work Incentives

Program/Provision	Percent of All Beneficiaries to Whom Incentive Is Applicable	
	Aware of Incentive	Used Incentive <sup>a</sup>
SSI Work Incentives		
Plan for Achieving Self Support (PASS)	13	0.6
Earned Income Exclusion (1 for 2)	12	1.7
Property Essential for Self Support (PESS)	5	0.4
Section 1619(b) Continued Medicaid Coverage	17	2.3
Student Earned Income Exclusion <sup>b</sup>	10	1.3
DI Work Incentives		
Trial Work Period	41	9.7
Extended Period of Medicare Eligibility	20	0.8
Incentives Applicable to Both SSI and DI		
Impairment-Related Work Expenses or Blind Work Expenses (IRWE or BWE)	11	0.2
Expedited Reinstatement	16	1.2
Benefits Planning, Assistance, and Outreach	14	1.1
TTW <sup>c</sup>	27	0.8

Source: 2004 NBS.

Note: Sample size = 1,796 for provisions applicable only to the SSI program; 1,898 for provisions applicable only to the SSDI program; and 7,603 for provisions applicable to both programs.

<sup>a</sup>Self-report of ever using provision.

<sup>b</sup>Awareness and use rates calculated as a percentage of SSI recipients age 25 and under who began receiving benefits before age 22. Sample size = 440.

<sup>c</sup>Awareness and use rates calculated as a percentage of Phase 1 beneficiaries.

### C. INVOLUNTARY NONPARTICIPANTS

TTW lets providers choose whom they will serve and so raises the possibility that some beneficiaries who want services will not be able to find a provider that will take their Ticket. Although the new TTW payment systems are intended to give providers a financial incentive to serve beneficiaries, the systems also put providers at risk for the costs of services to beneficiaries who do not earn their way off the rolls. For instance, our interviews with providers (Thornton et al. 2006; and Chapters X and XI) indicate that providers screen applicants, particularly with respect to an interest in working at a level that is high enough to reduce cash benefits to zero (and thereby trigger outcome payments to the provider). In addition, the number or service capacity of TTW providers in a beneficiary's geographic area may be limited relative to the demand for services. Those two factors clearly demonstrate that there is the potential for involuntary nonparticipation among beneficiaries.

We used the NBS data to develop both a narrow and a broad definition of involuntary nonparticipants. The former includes beneficiaries who reported that they attempted to assign a Ticket and were unsuccessful, and the latter includes beneficiaries who reported that they sought information about TTW but did not assign their Ticket. Together, the two definitions probably capture the true involuntary nonparticipation rate because the narrow definition excludes beneficiaries who became discouraged before trying to assign their Ticket, and the broad definition includes beneficiaries who may have made only minimal efforts to get information but decided not to pursue TTW services before contacting any provider. Like the other survey findings reported in this chapter, our findings on involuntary participation reflect beneficiaries living in Phase 1 states who were nonparticipants when they were interviewed in 2004.

In general, we found that there were very few involuntary nonparticipants (Exhibit VII.4, column 1). By the narrow definition, fewer than one percent of all Phase 1 beneficiaries were involuntary participants; that is, they reported being unsuccessful in their attempts to assign their Ticket. By the broader definition, the nonparticipation rate rises to three percent.

The rate of involuntary nonparticipation increases, however, if we look at not just all Phase 1 nonparticipants but at three subgroups made up of progressively fewer beneficiaries with progressively higher probabilities of demanding TTW services:

- Nonparticipants who reported being aware of TTW
- Nonparticipants who reported being aware of TTW and who have employment-related goals
- Nonparticipants with employment-related goals who were aware of and sought information about TTW

**Exhibit VII.4. Rates of Unsuccessful Attempts to Assign a Ticket, by Selected Subgroups of Phase 1 Nonparticipants**

	All Phase 1 Nonparticipants	Aware of TTW	TTW-Aware and Has Work Goals	TTW-Aware, Has Work Goals, and Sought TTW Info
Sample Size	1,827	524	358	54
Estimated Number of Beneficiaries in group	2,565,453	674,237	388,979	62,194
Percent of all Phase 1 Nonparticipants	100	26	15	2
	Percent of Column Group			
Aware of TTW	26	100	100	100
Has work-related goals, activities, or expectations <sup>a</sup>	43	58	100	100
Sought info on TTW or tried to participate in 2003	3	10	16	100
Contacted SVRA(s) or EN(s) about services in 2003	1	2	3	20
Unsuccessfully attempted to assign Ticket in 2003	<1	1	1	9

Source: 2004 NBS.

<sup>a</sup>Includes Phase 1 nonparticipants who worked in 2003, were working at interview, looked for work in the past four weeks, indicated that personal goals included work or career advancement, saw themselves working in the next five years, or used services in 2003 in order to find a job or increase income.

Under the narrow definition, involuntary nonparticipation is highest (9 percent) among the smallest and most likely subgroup to demand TTW services (those with employment goals who were aware of the program and sought information about TTW). Under the broader definition, the involuntary nonparticipation rate peaks at 16 percent among the second subgroup, all TTW-aware nonparticipants with employment-related goals.

Examination of the characteristics of involuntary nonparticipants suggests that they differ in several respects from TTW participants. Involuntary nonparticipants were more likely to be age 55 or older, male, married, and African American, and to have the following: less than a high-school level of education, higher-than-average non-SSA benefits, and a household income below the poverty level. Involuntary nonparticipants also appear to be in poorer health than TTW participants because they were more likely to report being in poor or worsening health, and to report multiple ADL and IADL difficulties. In particular, involuntary nonparticipants were much more likely to report difficulties getting around inside and outside the home and performing self-care activities, and among those not working at interview, a much larger share gave poor health as a reason for not working.

Involuntary nonparticipations were, however, similar to TTW participants in that their likelihood of reporting having employment goals and their expectations of working for pay and leaving the rolls in the near future were substantially greater relative to beneficiaries in general, although slightly lower relative to TTW participants. Involuntary nonparticipants were also less likely than TTW participants to be working at interview or to have worked during the previous year, but were more likely to have reported looking for work during the previous four weeks at interview (Appendix Table C.16).

Although the sample of involuntary nonparticipants is small and it may be too soon to draw conclusions, it appears that, despite having similar strong interests in work, involuntary nonparticipants are more likely than TTW participants to have many characteristics that suggest substantial barriers to employment (e.g., poor health, low levels of education, greater reliance on public benefits, poverty) and because of these characteristics, providers may be less willing to serve these individuals. However, these same characteristics might also be associated with a more limited ability to successfully navigate the system in a way that results in Ticket assignment. Only one-third of those who sought information about TTW or tried to participate actually contacted a provider about participation, and even fewer attempted to assign their Ticket. The majority of involuntary nonparticipants never got to the critical point in the process of contacting any providers, suggesting that factors other than provider refusal to accept Tickets—such as an inability to obtain information, an inability to navigate the process, and/or lack of providers in their areas to contact about services—may be dampening participation.

While we estimated that only a very small fraction of beneficiaries (from about 1 to 3 percent) were involuntary nonparticipants during 2003, that fraction is large relative to the participation rate of 0.8 percent for the same period. Thus, it is possible that the number of involuntary nonparticipants in Phase 1 states in 2003, even narrowly defined, was on the same order of magnitude as the number of participants.

#### **D. EXPECTATIONS OF FUTURE PARTICIPATION IN TTW**

To assess the possible future demand for TTW services, we examined whether beneficiaries who did not participate in TTW during 2003 expected to participate in the future. Specifically, respondents to the 2004 NBS who resided in Phase 1 states, who had heard of TTW, and who were not participating in the program were asked whether they thought they might try to participate in TTW in the future. Of these respondents, just under 40 percent, or 10 percent of all Phase 1 beneficiaries, answered affirmatively (Exhibit VII.5). The prospects for future participation are higher among the subgroup of TTW-aware nonparticipants who indicated that their goals or expectations included employment: 55 percent of that group indicated that they planned to try to participate in TTW in the future.

A logit model of the likelihood of reporting a willingness to try to participate in TTW in the future indicates that the characteristics of individuals showing such interest differ in several respects from the characteristics of those with no such interest (Appendix Table C.33). The former are significantly more likely to be younger; on the rolls for 13 to 24 months; DI beneficiaries in the 24-month waiting period for Medicare; black; and to have

children living with them. They are also significantly less likely to have reported a sensory disorder as a condition causing limitation.

**Exhibit VII.5. Plans for Future TTW Participation, by Selected Nonparticipant Subgroups (Weighted Percentages)**

Subgroup	Percent Planning to Try to Participate in TTW in the Future
All Phase 1 nonparticipants	10
Phase 1 nonparticipants aware of TTW	38
Phase 1 TTW-Aware nonparticipants with work-related goals, activities, or expectations <sup>a</sup>	55

Source: 2004 NBS.

Note: Sample sizes = 1,827 Phase 1 nonparticipants; 524 Phase 1 nonparticipants aware of TTW; and 358 Phase 1 TTW-aware nonparticipants with work-related goals.

<sup>a</sup>Includes Phase 1 nonparticipants who worked in 2003, were working at interview, looked for work in past four weeks, indicated that personal goals included work or career advancement, saw themselves working in the next five years, or used services in 2003 in order to find a job or increase income.

As with the TTW awareness, employment goals and expectations are substantially different for those with and those without plans to participate in TTW in the future. Relative to those with no plans to participate in TTW, those indicating plans to try to participate were substantially more likely to report having employment goals and to see themselves working in the next five years (about 70 percent compared with about 25 percent for both employment-related characteristics) (Appendix Table C.17). Among nonparticipants who indicated no plans to participate in TTW in the future, the primary reason given was poor health and/or an inability to work (58 percent).<sup>3</sup>

The interest expressed in future TTW use suggests that the program is currently reaching only a fraction of those who might eventually participate. Many other reasons, however, may explain why there is no follow-through on reported plans to participate. In addition, research suggests that only a small share of people with disabilities who express plans to return to work do so, even when offered extra help. McMahan (1992) interviewed a sample of Maryland residents with disabilities about their employment status and their desire to go to work, then offered those interested in working an opportunity to be contacted by a job placement service, the Maryland Corporate Partnership (MCP), and to subsequently schedule an appointment. Among those not working but wanting to work, only 12.5 percent reported that they were interested in hearing from MCP *and* followed through to schedule and keep an appointment for job placement services.

<sup>3</sup> Other reasons for indicating no plans to participate in TTW in the future include: not knowing about the program (10 percent); were working or in school (9 percent); and having no desire to participate (9 percent).

## E. TARGETING POTENTIAL TTW PARTICIPANTS

It is clear that the beneficiaries who are more likely to participate in TTW are those indicating some interest in employment. Two characteristics in particular appear to be highly correlated with TTW participation: having goals that include work or career advancement and seeing oneself as working in the next five years. Over 80 percent of TTW participants had one or both of these characteristics at the time of the interview. In this section, we analyze the subgroup of all beneficiaries with these two characteristics under the assumption that these beneficiaries would be good targets for future SSA, TTW, and other marketing and education efforts related to work incentives.

Among all beneficiaries (all phases), 37 percent, or 3.25 million, indicated that their goals include work or career advancement and/or that they see themselves working in the next five years. To assess which personal characteristics are highly correlated with work goals and expectations, holding other characteristics constant, we estimated a logit model, including as independent variables only characteristics that could be obtained from SSA administrative data (Appendix Table C.34). Several characteristics included in the model are significantly associated with having work goals and expectations, but two in particular are very strongly associated: age and having worked during the previous year while on the disability rolls.<sup>4,5</sup> All else constant, beneficiaries age 18 to 24 were considerably more likely to report having work goals or expectations. Using the parameters of the logit model and holding other characteristics constant at their mean values, we estimated that 71 percent of those age 18 to 24 have work goals and expectations, compared with 21 percent of those age 55 and older (Exhibit VII.6). Although work expectations decline with age, those age 25 to 39 and those age 40 to 54 were still significantly more likely to report having work goals or expectations relative to beneficiaries age 55 and older. Other characteristics held constant, an estimated 81 percent of those who had worked at some point during the previous year indicated having work goals or expectations, relative to 29 percent of those who had not worked during the previous year.

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<sup>4</sup> We defined work during the previous year based on beneficiary self-reports. Those who had been on the rolls for one year or less at the time of interview and who worked in the previous year were not assigned a value of 1 for this measure because we wanted to reduce the chances of including individuals who were working during 2003 prior to qualifying for disability benefits.

<sup>5</sup> Other characteristics significantly associated with having work goals or expectations include: having a primary insurance amount equal to 1200 or greater (negative); being on the rolls from two to five years (positive); being African American or being of Hispanic or Latino ethnicity (positive); and having a high-school level of education or higher (positive). See Appendix Table C.34.

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**Exhibit VII.6. Simulated Probabilities of Having Work Goals, by Selected Characteristics**


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Characteristics	Likelihood of Having Work Goals or Expectations
Age	
18–24	0.71
25–39	0.54
40–54	0.40
55 and over	0.21
Worked During Previous Year	0.81
Did Not Work During Previous Year	0.29

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Source: Authors' calculations based on a logit model (Appendix Table C.34) estimated with data from the 2004 NBS.

Note: Other characteristics are held constant at sample means.

These findings imply that SSA could reach the largest number of beneficiaries willing to work by targeting TTW marketing and education efforts to younger beneficiaries and those who worked while on the rolls during the previous year. For example, based on the estimates shown in Exhibit VII.7, 91 percent of those aged 18 to 39 who also worked in the previous year (subgroup 2B) are likely to participate in TTW in that they have goals that include work or career advancement and/or they see themselves working in the next five years. This is a relatively small group, however, in that they make up only 12 percent of those who are likely to participate in TTW (i.e., those with work goals and expectations). However, those aged 18-39 who also worked in the previous year number only about 0.41 million, so a campaign targeting them could be relatively inexpensive. Looking at the other subgroups we see that SSA could get the most efficiency out of an information campaign if it were to focus only on beneficiaries under the age of 50 and/or beneficiaries who worked during the previous year (subgroup 3C). If SSA were to target only this group, 75 percent of all beneficiaries with work goals and expectations would be reached. However, the campaign would need to focus on just over half of the total beneficiary population (4.39 million), making it far less costly than a general campaign targeting all beneficiaries.

In addition to age and recent work activity, time on the rolls is highly correlated with having work goals and expectations. The logit model indicates that those on the rolls for more than one year but less than five years are most likely to report having work goals and expectations (about 10 to 15 percentage points more likely, all else constant). These findings might suggest that the timing of follow-up promotions for TTW and work incentives should occur about one year after beneficiaries have come on the rolls and continue up until about five years after that point, when, all else constant, beneficiaries might be most responsive to the information.

**Exhibit VII.7. Beneficiaries Most Likely to Participate in TTW and Percent of This Population in Selected Subgroups**

Subgroup	Number of Beneficiaries in Subgroup (Millions)	Percent of Subgroup Likely to Participate in TTW <sup>a</sup>	Percent of Those Likely to Participate in TTW <sup>a</sup> in Subgroup	Phase 1 TTW Participation Rate of Subgroup (%) <sup>b</sup>
<b>1 Age</b>				
1A 18–24	0.43	75	10	1.9
1B 18–39	1.94	63	37	1.8
1C 18–49	4.06	54	67	1.4
<b>2 Age and worked during previous year<sup>c</sup></b>				
2A 18–24 and worked during previous year	0.10	92	3	3.7
2B 18–39 and worked during previous year	0.41	91	12	3.8
2C 18–49 and worked during previous year	0.73	86	19	3.5
2D Worked during previous year (all ages)	1.06	84	27	2.9
<b>3 Age or worked during previous year<sup>c</sup></b>				
3A 18–24 or worked during previous year	1.39	80	34	2.6
3B 18–39 or worked during previous year	2.59	67	53	1.9
3C 18–49 or worked during previous year	4.39	56	75	1.4
<b>4 Age and 1-5 years on disability rolls</b>				
4A 18–24 and on rolls 1–5 years	0.21	78	5	2.4
4B 18–39 and on rolls 1–5 years	0.69	68	14	1.5
4C 18–49 and on rolls 1–5 years	1.32	60	24	1.2
<b>5 Age and 1–5 years on disability rolls, or worked during previous year<sup>c</sup></b>				
5A 18-24 and on rolls 1–5 years or worked during previous year	1.22	82	31	2.7
5B 18-39 and on rolls 1–5 years OR worked during previous year	1.61	76	38	2.3
5C 18-49 and on rolls 1–5 years OR worked during previous year	2.15	68	45	1.8
<b>6 All beneficiaries</b>	<b>8.79</b>	<b>37</b>	<b>100</b>	<b>0.8</b>

Source: 2004 NBS. Sample size = 7,603.

<sup>a</sup> Those likely to participate in TTW are defined as those with goals that include work or career advancement and/or who see themselves working in the next five years.

<sup>b</sup> Phase 1 TTW participation rates as of June 2003, based on survey data.

<sup>c</sup> The “worked during previous year” criteria includes only respondents who reported that they worked during 2003 and who had been on disability rolls for more than 12 months at the time of interview in 2004.



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The above discussion is not intended to imply that all beneficiaries should not have equal access to all work-related information and resources provided by SSA. Rather, it is intended to illustrate that a few observable characteristics are highly correlated with having work goals and expectations. Knowing what these characteristics are might be useful for purposes of tailoring future SSA work-incentive marketing and information efforts to improve their effectiveness.

The analysis in this chapter has focused on nonparticipants. The next chapter presents findings on the activities of four other beneficiary groups, defined in the Ticket Act as the “hard-to-serve” groups.

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## CHAPTER VIII

### EMPLOYMENT NETWORK AVAILABILITY AND TICKET ACCEPTANCE

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A major goal of the TTW program is to increase the supply of service providers that help disability beneficiaries find a job and leave the SSA benefit rolls. Toward this end, TTW hopes to increase overall access to employment services and the degree to which beneficiaries can choose the provider that best addresses their interests and needs. To increase the supply of providers, TTW introduced two new payment systems (milestone-outcome and outcome-only) that reward providers that help beneficiaries earn enough to leave the benefit rolls. SSA intended these new systems to offer a financial incentive for a wide array of providers to start serving beneficiaries and thereby increase beneficiaries' choice of providers beyond the SVRAs that had essentially been the only providers who were reimbursed by SSA for assisting beneficiaries to move into employment.

Part 2 of this report (Chapters VIII through XI) focuses on the supply of service providers available to TTW participants. The first three of the four chapters in this part cover ENs and the extent to which TTW has increased the supply of non-SVRA providers.<sup>1</sup> This chapter documents our findings on the overall supply of ENs throughout the United States and provides an overview of EN availability, acceptance of Ticket assignments, and receipt of Ticket payments. The findings are based on analyses of administrative data from SSA and the Program Manager. Chapter IX examines the financial incentives built into TTW payments, which are critical to the supply of service providers. It also reviews the new payment system proposed by SSA and the way in which that system improves the financial incentives for ENs. Chapter X rounds out the picture of ENs with information from interviews with 32 ENs in different phases of TTW implementation across the country. The final chapter in this section, Chapter XI, describes participation of the SVRAs and the changes they have made in their operations as a result of TTW.

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<sup>1</sup> TTW allows SVRAs to accept Tickets under the new payment systems and therefore to act as an EN. Nevertheless, we focus on ENs other than SVRAs in order to focus on the extent to which TTW has expanded the supply of employment-support providers beyond the SVRAs.

Our findings generally substantiate findings documented in earlier evaluation reports.<sup>2</sup> It appears that the TTW program has increased the supply of employment-support providers for SSA beneficiaries in only a limited way. More than 1,300 non-SVRA providers have registered as ENs and are now able to receive payments from SSA, but only about 40 percent of them have accepted a Ticket, and only about 20 percent have accepted five or more Tickets. Most beneficiaries live in large metropolitan areas and most active ENs are found in these areas as well. In large sections of the country with relatively few beneficiaries, however, there are no ENs at all, or no local EN has taken a Ticket. As a result, while about 35 percent of beneficiaries live in areas with at least five ENs that have taken Tickets in their county, those beneficiaries live in a relatively small number of counties. Three-quarters of beneficiaries live in counties with at least one EN that has taken Tickets, but that leaves one-quarter in counties not served by any local ENs that are active in the Ticket program. Interviews conducted for this and other reports (see Chapter X and Thornton et al. 2004, 2006) indicate that the vast majority of these providers served beneficiaries before they became ENs and have not significantly changed their operations or their client base in response to TTW. These providers are now eligible for SSA payments, but many of them would have served interested beneficiaries even without TTW, in many instances under contract to an SVRA.

While the number of ENs has grown slowly in recent months, payments to ENs have increased substantially, particularly in Phase 3 states. The number of ENs receiving payments has increased as well. By July 2005, SSA had made more than \$2.5 million in payments to ENs, and 41 percent of ENs who had accepted a Ticket had received at least one payment. Yet, although TTW has been operational for more than three years, only about 18 percent of ENs enrolled in the program and less than half of ENs who have accepted a Ticket have received any payments. Payment amounts remain relatively low and appear concentrated among a few providers.

It appears that the lag between the month in which a beneficiary has enough earnings to generate a payment (“earnings month”) and the month in which the EN receives payment (“payment month”) has dropped to a median of about six months. First payments took longer to process, but the payment lag time is becoming progressively shorter as ENs, the Program Manager, and SSA refine their administrative processes. Nevertheless, the payment lag is substantial and is likely to dilute the financial incentive TTW provides to ENs.

#### **A. OVERVIEW OF EN AVAILABILITY AND TICKET-TAKING BEHAVIOR**

This section reviews the availability of ENs and considers whether the supply of rehabilitation providers has actually increased as a result of TTW. In our last evaluation report, we noted that the number of ENs continued to grow in 2004, reaching 1,164 at the end of June, but the pace of growth had slowed substantially from what it was in 2003. The slower pace of EN enrollment in 2004 was, according to the Program Manager, the result of “market saturation” and increasing difficulty in selling what Program Manager staff report to

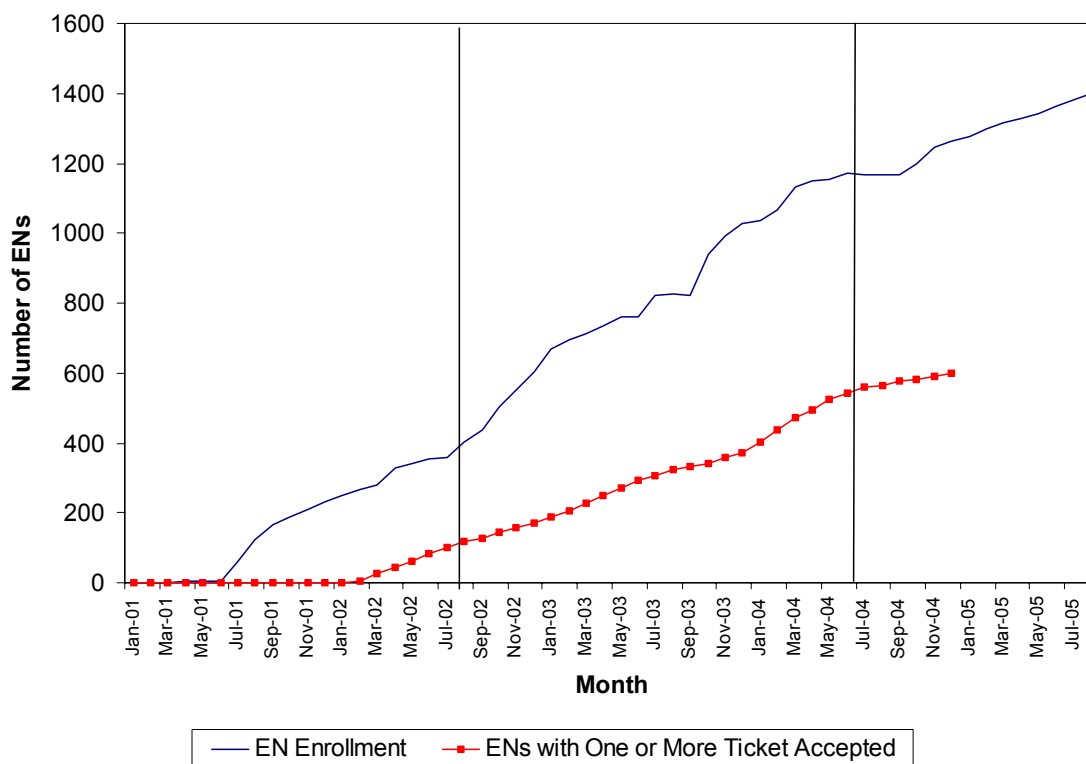
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<sup>2</sup> Thornton et al. 2004, 2006.

be an “unpopular” program. In our earlier report, we also identified some factors that have made it harder to attract additional ENs into the program: the lackluster financial performance of the initial EN cohort, a growing sense among providers that relatively few beneficiaries pursue employment aggressively enough to leave the benefit rolls and therefore enable ENs to get paid, and the perceived complexity of the program itself. These trends appear to have continued in 2005 and are explored more fully in Chapter X.

Despite the reports of growing difficulty in enrolling providers in TTW, EN enrollment continues to climb steadily, albeit modestly, over time (Exhibit VIII.1). In this exhibit, the vertical lines show the months Phase 1, Phase 2, and Phase 3 began distributing Tickets to beneficiaries. In June 2005, the number of ENs had increased to 1,362, representing an increase of 198, or less than six percent during the past year. Although a more modest rate of growth is to be expected after rollout is completed, other patterns combine to demonstrate that the supply of ENs remains relatively low.

**Exhibit VIII.1. EN Enrollment Over Time**



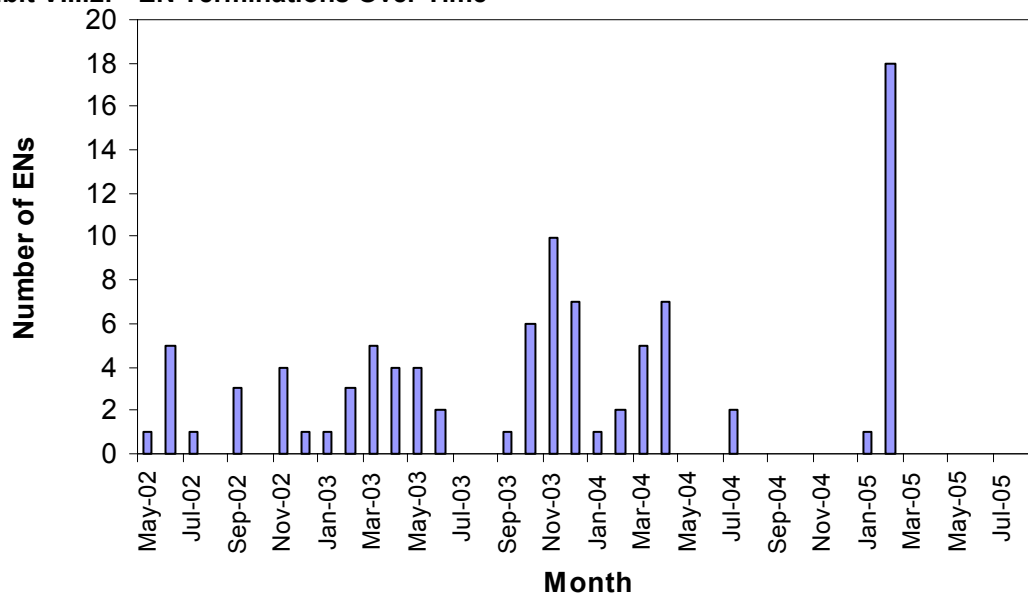
Source: EN Provider File, August 2005.

A small number of ENs have continued to drop out of the program over time (Exhibit VIII.2). During the past year, 19 additional ENs, or about one for every 10 new ENs, have stopped participating. SSA staff reports that a total of 108 ENs, or about eight percent, have dropped out since the rollout. Although most ENs officially dropped out in February 2005, it appears that they actually withdrew earlier, but their contract terminations were not

processed by SSA until February. Officials from the Program Manager reported six more drop-outs in June and July 2005 that had not been processed when we collected data for this report.

Beyond actual EN terminations, there is the disturbing fact that, as reported in our last evaluation report (Thornton et al. 2006), only about 40 percent of ENs have accepted any Ticket assignments (Exhibits VIII.1 and VIII.3); essentially, 60 percent of “enrolled” ENs are not actively participating. Only about 4 percent of ENs had accepted 30 or more Tickets. This pattern of Ticket assignments means that Tickets are concentrated in a small number of ENs. This pattern is only a slight improvement over the situation reported in July 2004, when 40 percent of ENs had accepted any Ticket assignments, less than 2.7 percent had accepted more than 30 Tickets (with 0.7 percent having accepted 100 or more Tickets (Thornton et al. 2006).

**Exhibit VIII.2. EN Terminations Over Time**



Source: EN Provider File, August 2005.

As noted in previous evaluation reports (Thornton et al. 2004, 2006), ENs show a strong preference for the milestone-outcome payment system; this preference appears to be unchanged for 2005. Although the total amount of revenue ENs would receive under the milestone-outcome system is lower than under the outcome-only system, interviews with EN officials reveal that they select the former option because they receive payments earlier, and the first few milestone payments are higher than outcome-only payments. (See Chapter IX for a discussion of financial incentives for ENs under the new payment systems and Chapter XIV for a discussion of payments generated by participants).

**Exhibit VIII.3. Ticket Assignments to ENs**

Number of Tickets	Number of ENs	% of ENs	% Selecting Milestone-Outcome	% Selecting Outcome-Only
None	900	60.4	78.2	21.8
1–4	279	18.7	79.2	20.8
5–29	252	16.9	82.9	17.1
30–49	26	1.7	84.6	15.4
50–99	19	1.3	84.2	15.8
100 or more	15	1.0	80.0	20.0
<b>All ENs</b>	<b>1,491</b>	<b>100.0</b>	<b>79.4</b>	<b>20.6</b>

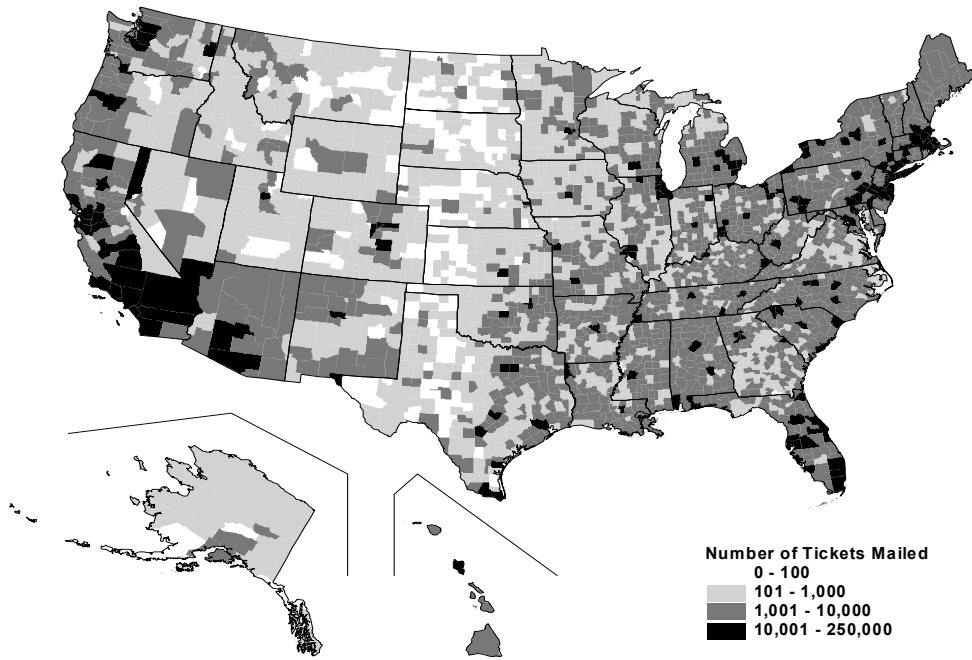
Source: Ticket Research File, December 2004, and EN Provider File, August 2005.

To explore EN availability and the choice Ticket-eligible beneficiaries have in ENs from another perspective, we looked at the number of counties in which at least one EN had taken a Ticket from a Ticket-eligible beneficiary who lived in that county. SVRAs serve all counties in a state, so the presence of at least one active EN suggests a minimal level of choice. Clearly, this is a very approximate definition of choice. It can overstate choice because an EN that has taken a Ticket in a county may not accept Tickets from other Ticket-eligible beneficiaries with different impairments or job prospects. It can also understate choice because the few ENs that operate nationwide may be available to accept a beneficiary's Ticket even if they have not previously accepted Tickets. Nevertheless, it seems likely that the TTW designers envisioned much more for Ticket-eligible beneficiaries than the choice between one EN and the SVRA.

Exhibits VIII.4 and VIII.5 compare counties where Ticket-eligible beneficiaries live with counties where ENs have accepted a Ticket. ENs have accepted Tickets primarily from eligible beneficiaries in counties located along the Pacific Coast, the Southwest, Florida, New England, the Middle Atlantic States, the Chicago area, and a few other densely populated areas of the country. Exhibit VIII.4 shows that a very large number of Tickets were mailed to these counties that have active ENs, with 10,000 to 250,000 Tickets mailed to several counties in these areas. However, this exhibit also shows many counties in the Great Plains, the Midwest, and the South to which 100 to 10,000 Tickets were mailed. Exhibit VIII.5 shows that in many of these counties, no ENs accepted Tickets. If we compare the two maps, Ticket beneficiaries in many counties may not have much real choice of providers under TTW.

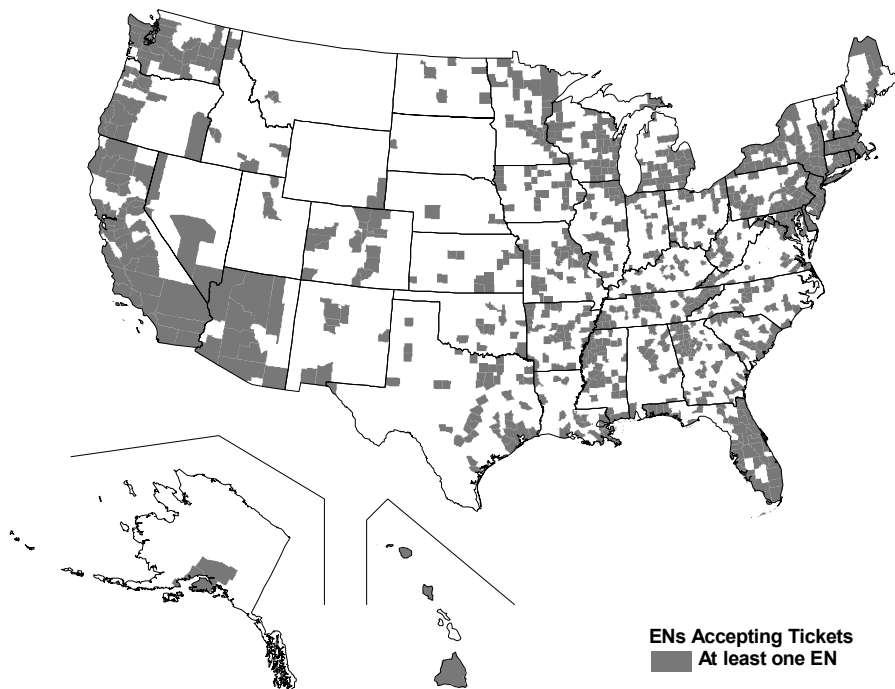
Exhibit VIII.6 shows the counties with different levels of active ENs. When viewed from the perspective of counties, it appears that more than two-thirds of the counties have no active EN, and about one-quarter have one or two active ENs. Only 100 counties have five or more ENs that have taken a Ticket. But those counties contain a disproportionate share of the Ticket-eligible beneficiary population. As a result, 35 percent of Ticket-eligible beneficiaries live in counties with five or more active ENs, and more than half of Ticket-eligible beneficiaries have a choice of at least two ENs in addition to their SVRA.

**Exhibit VIII.4. Tickets Mailed by County**



Source: Ticket Research File, December 2004.

**Exhibit VIII.5. ENs Accepting Tickets by County**



Source: Ticket Research File, December 2004.



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**Exhibit VIII.6. Effective Provider Choice Among Counties**


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Number of ENs Serving a County	Number of Counties from Which an EN Has Accepted a Ticket	Percent of Counties from Which an EN Has Accepted a Ticket	Number of Ticket-eligible Beneficiaries Living in Counties with Each Level of EN Activity	Percent of Ticket-eligible Beneficiaries Living in Counties with Each Level of EN Activity
0	2,144	68.3	2,456,459	24.3
1	547	17.4	1,489,482	14.7
2	213	6.8	1,182,915	11.7
3	88	2.8	862,559	8.5
4	47	1.5	566,024	5.6
5 or more	100	3.2	3,568,890	35.2
<b>Total</b>	<b>3,139</b>	<b>100.0</b>	<b>10,126,329</b>	<b>100.0</b>

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Source: Ticket Research File, December 2004.

Note: An EN is considered to serve a county if a Ticket mailed to that county has been assigned to the EN.

This concentration of the beneficiary population and EN activity suggests that the number of beneficiaries in an area needs to be relatively high for a provider to find it lucrative to participate in TTW. For example, if there are 1,000 beneficiaries in a county, we would expect, on average, that only 10 would assign their Ticket. That level of beneficiary demand is not likely to encourage providers to participate actively in the TTW market. They may decide to take a Ticket or two as a supplement to their regular operations, but it seems likely that the market for providers in a county is not likely to be very active unless there are 20,000 or more beneficiaries.

## **B. PAYMENT RECEIPT UNDER THE NEW PAYMENT SYSTEMS**

### **1. EN Payments Through July 2005**

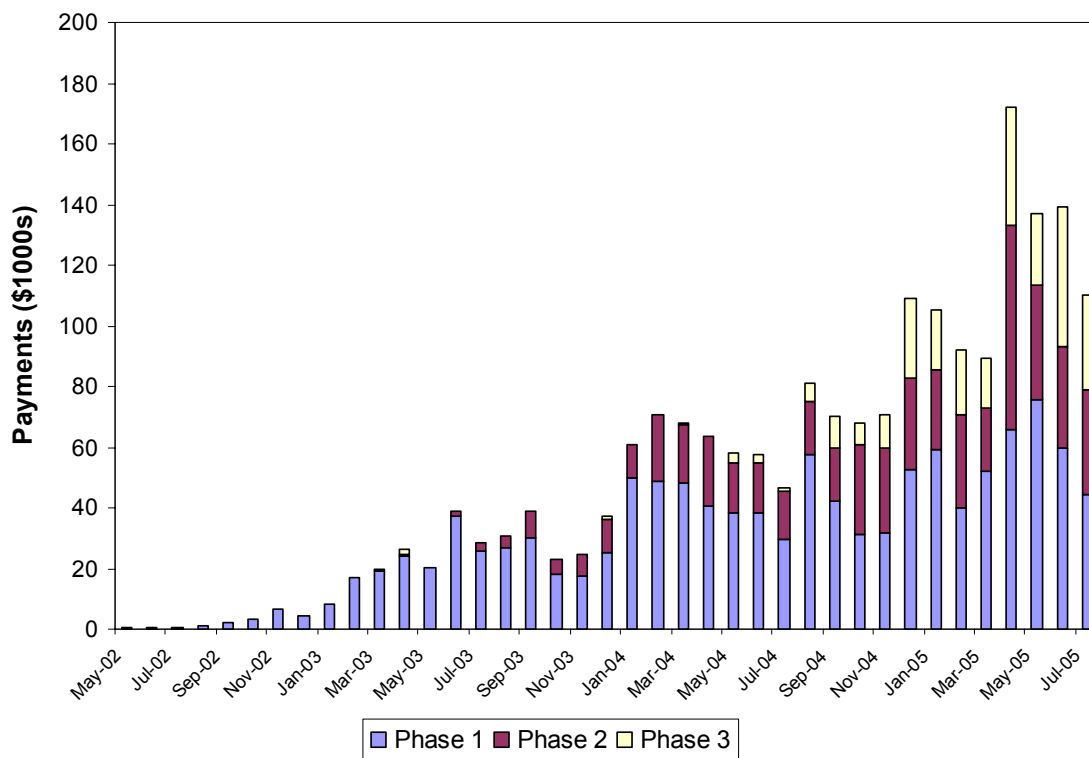
The number of ENs receiving payments and the amount of these payments increased significantly from July 2004 to July 2005, and it appears that this trend is continuing (Exhibits VIII.7 and VIII.8). As of late July 2004, a cumulative total of about \$900,000 in milestone and outcome payments had been made to 142 ENs (or about 31 percent of ENs accepting Tickets) for Ticket holders who had returned to work (Exhibit VIII.7).<sup>3</sup> By July 2005, SSA had made more than \$2.5 million in payments, and 41 percent of ENs who had accepted a Ticket had received at least one payment. This represents a 32 percent increase in the fraction of ENs getting a payment.

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<sup>3</sup>This figure does not include payments made to SVRAs for beneficiaries being served under one of the two TTW payment systems or under the traditional payment system.

Most payments during the 2003-2004 reporting period went to ENs for Ticket holders residing in Phase 1 states, which was to be expected because ENs in those states have generally been taking Tickets longer than those in Phase 2 states (Exhibit VIII.8). In the last 12 months of the observation period, as total payments to ENs have increased, so has the share of those payments made to ENs serving beneficiaries in Phase 3 states. Payments to ENs serving beneficiaries in Phase 1 and Phase 2 states have also increased somewhat, but not nearly as much as in Phase 3 states. Monthly payments have dropped in the past four months, despite a sharp spike in payments in April 2005, but this pattern is consistent with similar declines in the summer months of previous years and may not indicate a long-term trend.

**Exhibit VIII.7. Payments to ENs by Month**



Source: EN payment data as of July 26, 2005.

Although TTW has been operational for more than three years, only 39.6 percent of ENs have taken a Ticket, and only 41.5 percent of these ENs received a payment (Exhibit VIII.8). It is possible payments were due to some ENs with Ticket assignments but no payments through July 2005 but that they had not yet received payments because of a lag time. (See Section 2 below for more information on payment lag time.) Payment amounts per EN also remain relatively low. Among providers that have collected a payment, more than half have yet to collect \$5,000. Only a few ENs have received substantial payments from TTW; 19 have collected a total of \$20,000 or more, an increase from only 7 providers collecting that much in July 2004.

**Exhibit VIII.8. Distribution of EN Payments, by Phase: May 2002–July 2005**

Total Value of EN Payments	Number of ENs			Number of ENs <sup>a</sup>	Percent of ENs with Ticket Assignments
	Phase 1	Phase 2	Phase 3	All Phases	
\$1–\$999	19	16	24	59	10.0
\$1,000–\$4,999	27	39	39	110	18.6
\$5,000–\$9,999	17	8	5	32	5.4
\$10,000–\$14,999	9	3	1	15	2.5
\$15,000–\$19,999	5	2	0	10	1.7
\$20,000 or more	7	3	1	19	3.2
<b>Total</b>	<b>84</b>	<b>71</b>	<b>70</b>	<b>245</b>	<b>41.5</b>

Source: Ticket Research File, March 2004, and EN payment data as of July 26, 2005.

<sup>a</sup> Includes national ENs and multi-state ENs that serve beneficiaries in different phases.

We conducted a separate analysis of Tickets assigned under the new payment systems by December 2003 to determine the extent to which Tickets eventually generate revenue for ENs, including payments through July 2005; of course, some Tickets will generate additional payments after this period. Again, we found that payment receipt was concentrated among a few ENs, reflecting the concentration of Ticket assignments (Exhibit VIII.9). Only 35 percent of ENs had accepted Tickets during that period. About 39 percent of all Tickets were assigned to the 8 ENs with more than 100 Tickets each (0.7 percent of all ENs). These same ENs had 35 percent of the Tickets that generated payments and received 41 percent of all Ticket revenue. All of these ENs had received payments.

It is likely that EN revenues on these same Tickets will substantially increase in the future, as shown by a comparison of the last two rows in Exhibit VIII.9. Cumulative payments more than doubled in the last 12 months of the period for which we have data (that is, August 2004 through July 2005). Cumulative payments for these Tickets approximately 3.5 years after the start of the rollout were \$303 per Ticket versus \$140 per Ticket at the end of 2.5 years. Mean payments for those ENs that received payments increased somewhat less than proportionately, reflecting a small increase in the percentage of ENs with at least one payment.

The fact that a few providers are receiving a very large share of payments is almost entirely a result of the fact that they have a larger share of all Tickets, not because their clients are achieving substantially better earnings outcomes than others. Revenue per Ticket for the largest providers is essentially the same as the overall average (Exhibit VIII.9). Although their revenue per Ticket with payments is somewhat above average, this is offset by a below-average percentage of Tickets with payments.

**Exhibit VIII.9. Payments Received on Tickets Assigned to ENs by December 2003, by Provider Category**

Number of Assignments	Percent of ENs	Percent of ENs Receiving Payments	Percent of Tickets with Payment	Payment Amount			
				Mean for ENs with Payments	Mean for All ENs in Category	Per Ticket with Payment	Per Ticket
0	64.9	0.0	NA	NA	NA	NA	NA
1–4	18.6	23.8	16.6	\$3,348	\$796	\$2,435	\$405
5–9	7.9	48.8	11.1	4,135	2,020	2,714	302
10–14	2.6	75.0	15.3	5,534	4,151	2,235	342
15–24	2.5	66.7	10.9	5,682	3,788	1,860	202
25–49	1.8	60.0	15.2	16,977	10,186	2,144	325
50–99	0.8	88.9	13.5	19,422	17,264	1,895	256
100–499	0.6	100.0	14.0	64,820	64,820	2,327	325
500–799	0.1	100.0	7.0	160,149	160,149	3,906	272
All ENs to July 2005	18.6	14.5	12.9	9,719	1,408	2,347	303
to July 2004	18.6	12.4	10.3	5,285	653	1,365	140

Source: Ticket Research File, March 2004, and EN payment data as of July 26, 2005.

## 2. Payment Lag Time

Payment lag time is defined as the number of months from the month in which a beneficiary has enough earnings to generate a payment (“earnings month”) to the month in which an EN receives the payment (“payment month”). This interval comprises the time it takes for:

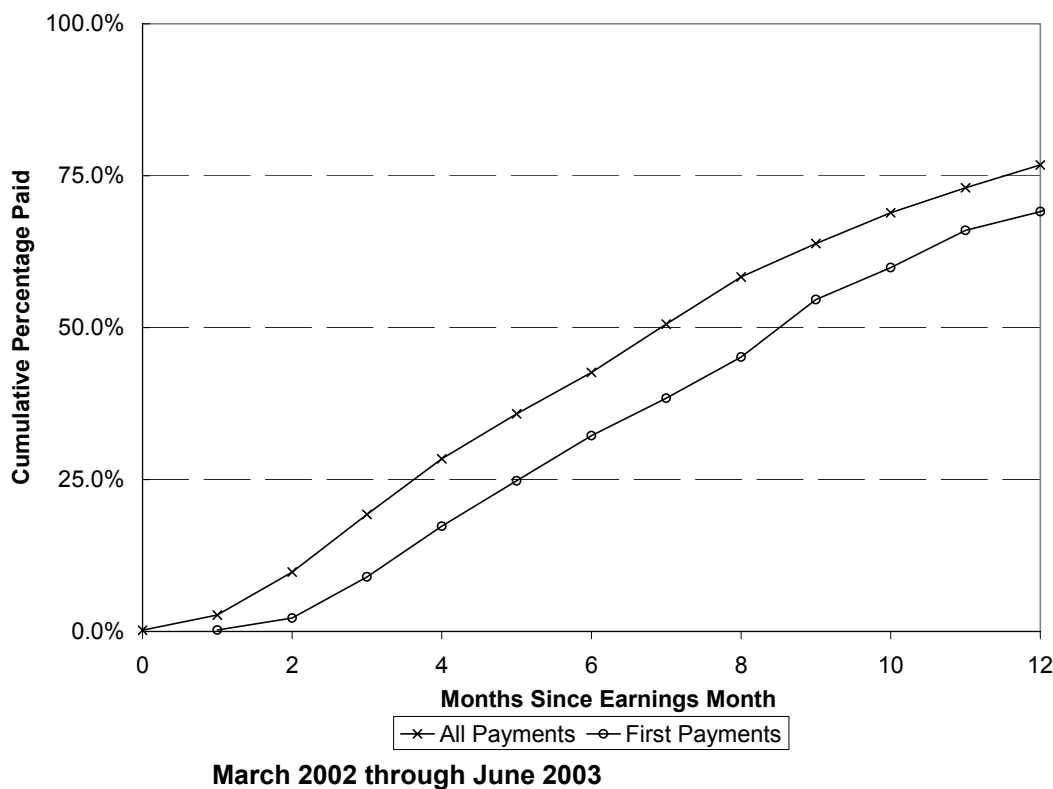
- The provider to receive all earnings documentation from the beneficiary
- The provider to submit a payment claim to the Program Manager
- The Program Manager to submit the information to SSA
- SSA to verify documentation (if necessary) and pay the EN

However, we can provide statistics only on total payment lag time because SSA administrative payment records include two dates for each payment: earnings month and payment month. While we do not have data on each component of the payment lag, the statistics for total lag time are revealing in terms of the extent to which ENs must wait for payments. The statistics also tell us something about whether lag time is declining over time, as ENs, the Program Manager, and SSA gain experience.

This analysis is limited to earnings months through June 2003 because many payments generated by earnings after that month were likely to be pending or unreported in the July 2005 extract, which was used for this report.<sup>4</sup> By July 2005, 25 months had passed since June 2003, so it is unlikely that pending payments have a substantial influence on the statistics. The analysis includes only claims filed under the two new payment systems by ENs or SVRAs.

For the earnings months in this period, approximately half of all payments were made within six months of each earnings month (that is, the median processing time was six months), and just over three-quarters of all payments were made within 12 months (Exhibit VIII.10). First payments took longer to process; median processing time for those payments was almost nine months, and by the end of 12 months, only 69 percent of first payments had been made.

#### Exhibit VIII.10. Processing Times for Payments and First Payments for Earnings Months



Source: Ticket Research File, March 2004, and EN payment data as of July 22, 2005.

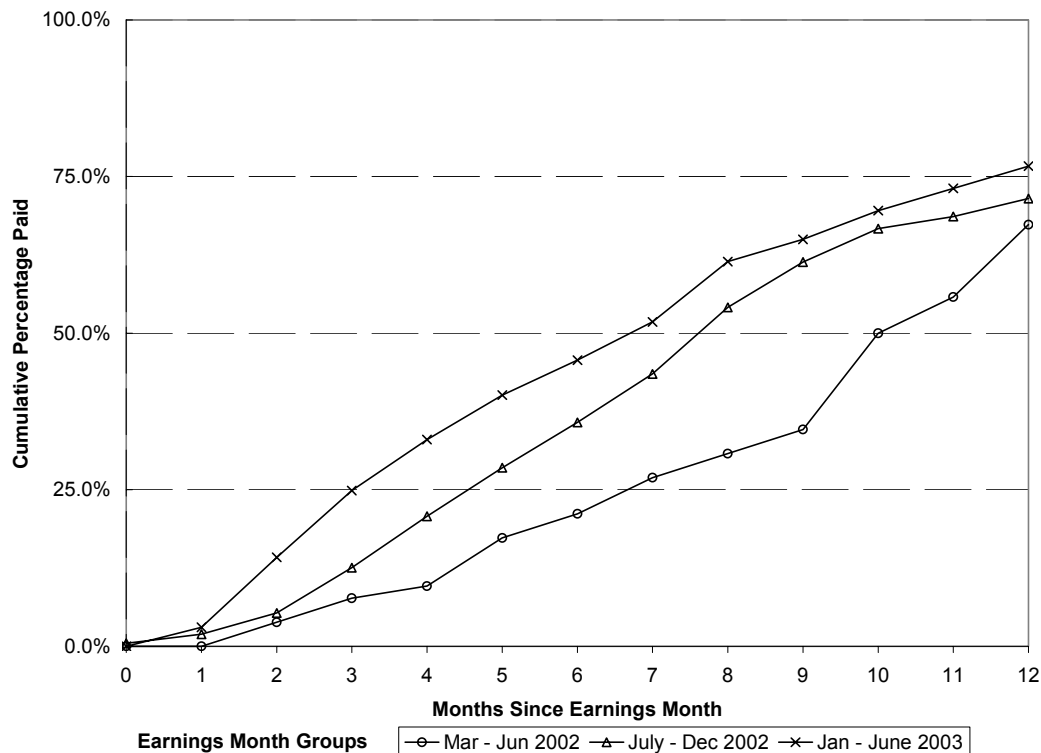
Note: Based on payments through July 2005.

<sup>4</sup> The administrative data extracts currently available to the evaluation do not include information on pending claims.

A first payment claim received by SSA is generally referred to the field office, where staff must often conduct a work CDR to document beneficiary earnings so the provider can get paid. This involves verifying wages by obtaining copies of pay stubs or other documentation of earnings from the beneficiary or from the employer—generally a very time-consuming process. Although some of this work does not need to be repeated for subsequent claims, subsequent payment requests do generate additional issues that must be researched by the field offices. However, processing time for later payments is generally shorter. Learning on the part of the provider, the Program Manager, and, perhaps especially, SSA also presumably reduce the processing time for later payments.

Progress was made in reducing the payment lag time over the period analyzed, as shown for first payments in Exhibit VIII.11. Median lag time for first payments dropped from 10 months for earnings months in the period March 2002-June 2002, to less than 8 months for earnings months July 2002-December 2002, and to under 7 months for earnings months January 2003-June 2003. Recently, SSA has taken measures to address the lengthy median processing time by generating monthly alerts to the FOs on Ticket issues that are 60 days old or older

**Exhibit VIII.11. Processing Times for First Payments by Earnings Month Group**



Source: Ticket Research File, March 2004, and EN payment data as of July 22, 2005.

Note: Based on payments through July 2005.

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In 2003, SSA introduced the Certification Outcomes Payment Process (COPP) to reduce processing time. (See Chapter X for the EN perspective on COPP and Chapter XII for SSA's perspective.) We do not have enough data to look at processing time for all Tickets *submitted* under the COPP system because it was not in place for enough months before the time the July 2005 extract was created. Nevertheless, we can look at the time required to process all claims that were *paid* under COPP. We include non-COPP payments for claims that meet COPP eligibility requirements in the analysis even though the provider elected not to use COPP; COPP can only be used for outcome payments and only after three other payments have been made on the Ticket.

The first payment for a COPP claim was made in November 2003, and the first earnings month for which a payment was made under COPP was June 2003. Through July 2005, a total of 457 payments were made under COPP, or 8.3 percent of all claims other than first claims paid during that period. The providers' use of COPP is increasing but still appeared low through the end of the observation period; of the 1,401 claims other than first claims paid in May, June, and July 2005, 14.1 percent were COPP claims.

COPP claims are processed much more quickly than non-COPP claims (Exhibit VIII.12). Based on all COPP payments through July 2005, 63 percent of payments for COPP claims were made within three months after the earnings month, compared with just 20 percent of non-COPP claims (exclusive of first claims). After six months, 88 percent of COPP claims had been paid, compared with just 54 percent of non-COPP claims, and essentially all COPP claims were paid within 12 months, compared with 87 percent of non-COPP claims. The mean processing time for the COPP claims is 3.4 months, compared with 7.2 months for non-COPP claims.

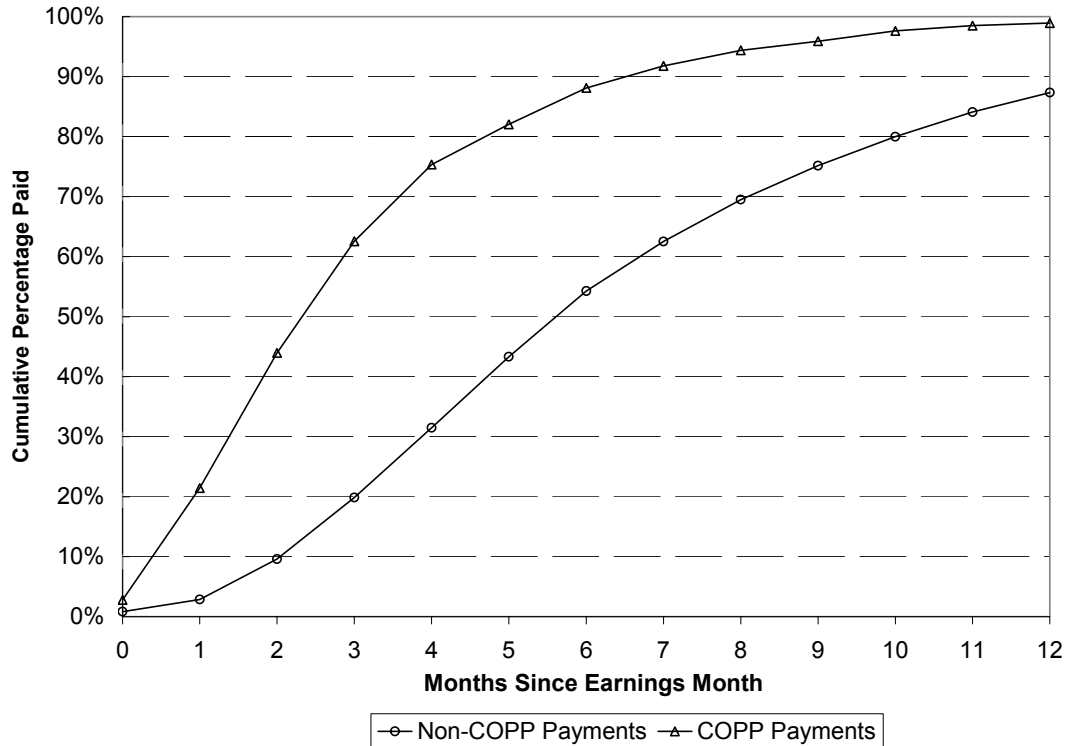
The impact of COPP on processing time might be substantially different from the differences in processing times found for these samples. It might be, for instance, that providers are more likely to use COPP for claims that would be relatively easy to process anyway, in which case the impact would be less than the differences found. Another reason for a smaller impact is that the samples used reflect all claims paid during a period of payment months, as opposed to all claims filed for a period of earnings months. The non-COPP payments with the longest processing time are for earnings months that occurred before COPP was available, possibly reflecting processing issues that have since been resolved.<sup>5</sup> Better estimates of the impact of COPP on processing time can be produced in the future once currently pending claims have been processed.

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<sup>5</sup> When we exclude claims for earnings months before June 2003, the first earnings month for which a payment was made under COPP, from the non-COPP sample, the mean processing time for that sample drops to 6.5 months. Both this mean and the COPP mean would increase if we knew the processing times for the pending claims from these earnings months and added them to the sample. We do not know which mean will increase by more. Longer processing times for the non-COPP claims imply the non-COPP mean would increase more, but the fact that a larger share of the COPP claims are for more recent earnings months implies the opposite.

Chapter IX continues the exploration of the supply of service providers by examining the financial incentives built into TTW payments. It also reviews the new payment system proposed by SSA and the way in which that system improves the financial incentives for ENs.

**Exhibit VIII.12. Processing Times for COPP and Non-COPP Claims Paid, November 2003 Through July 2005**



Note: Includes only non-COPP claims that could have been filed as COPP claims. See text for details.



## CHAPTER IX

### EMPLOYMENT NETWORK REVENUE AND COSTS

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A well-functioning TTW market requires incentives that encourage EN participation. An EN's willingness to provide services depends on the financial return from serving beneficiaries; that is, nonprofit providers must be able to cover the cost of services while for-profit ENs will expect at least a small positive rate of return. The second evaluation report included analyses based on actual payment data showing that, under the existing TTW payment system, ENs generally did not receive sufficient payments during the first two years following Ticket assignment to cover the cost of services (Thornton et al. 2006). In general, ENs generated revenue from relatively few of the beneficiaries who assigned Tickets, and the revenue was insufficient to offset the typical costs of serving those beneficiaries as well as the costs of outreach, intake, payment processing, and services for beneficiaries who did not generate any payments. In order to break even on their TTW operations, the report noted that ENs would have to generate substantial additional revenue beyond that received during the first year after assignment.

SSA carefully examined the results of the first TTW evaluation report, which found low EN participation and disclosed that participating ENs reported losing money on TTW operations. In response to these findings and advice from two expert panels, SSA has proposed program changes that are designed to increase the financial incentive for service providers to participate in the program. This chapter reviews the typical costs faced by ENs under the existing TTW program, describes the new regulations, and then uses monthly earnings data from an early cohort of SSI recipients who assigned their Ticket to an EN to show how the new regulations are likely to influence EN behavior.

The analysis in this chapter presents several scenarios under the new regulations whereby ENs can earn revenue sufficient to cover costs. For example, the new regulations allow ENs to accept Tickets from TTW participants who received employment services from an SVRA under the cost reimbursement system. In doing so, they will be able to reduce the upfront costs for outreach, screening, and employment services, focus on providing ongoing support services necessary for TTW participants to maintain employment, and thereby improve their chances of breaking even under the program. In addition, the new regulations increase the amount of payments as well as the probability that payments will be made early in the employment process. They also allow for ENs to receive

any unclaimed milestone payments as a lump sum if the EN successfully transitions a TTW participant to outcome payment status before receiving all possible milestone payments. ENs able to increase the percentage of people engaging in work activities and ENs able to help beneficiaries work at levels that rapidly generate outcome payments could earn a profit under the new regulations.

Nevertheless, the analysis suggests that TTW provides, at best, only weak financial incentives for ENs to participate. Even with the proposed payment changes, it seems that ENs delivering even a modest level of service are likely to be operating at a substantial deficit two years after Ticket assignment unless beneficiaries generate much more revenue under the new system than occurred during the early stages of the current system. The lack of any quick return and the uncertainty over subsequent long-term revenue seems likely to discourage EN participation. ENs that do participate are likely to look for ways to keep costs very low for serving TTW participants or to rely on other revenue streams to subsidize their TTW efforts. They are also likely to direct their efforts to beneficiaries who have relatively low service needs, who are likely to move quickly to outcome payments, or who have been placed into jobs by an SVRA under the traditional payment system. All of these options are likely to keep overall TTW participation relatively low.

The analysis also indicates that, even though the proposed changes to the TTW payment rules are designed to reduce differences in EN payments for SSI and DI beneficiaries, the ENs are still likely to focus disproportionately on DI beneficiaries. We find that the DI beneficiaries continue to be more likely to generate more revenue than SSI recipients. Based on the employment patterns observed under the current system, the change to the proposed new payment system would mean that DI beneficiaries would be about 50 percent more likely to work at levels that result in EN payments compared with SSI beneficiaries and that ENs would receive higher milestone payments for serving DI beneficiaries than for SSI beneficiaries.

This chapter begins by describing the framework used to estimate costs and revenues in the second TTW evaluation report. It then describes the new regulations and scenarios whereby ENs can break even under the regulations. It concludes with an analysis of the likelihood that ENs, based on their behavior under the existing TTW regulations, will break even.

#### **A. EN FINANCIAL PERSPECTIVE UNDER CURRENT REGULATIONS**

In the second evaluation report, we used administrative data on TTW payments, information from interviews with 29 ENs, and published information on the costs of employment support services to assess whether ENs were likely to generate a net financial surplus in TTW. We found that ENs that tried to provide a reasonable service package and relied only on TTW revenue to fund their operations would incur a net loss of up to \$2,300 per Ticket accepted over the first two years after assignment. Furthermore, the prospects of recovering the initial net cost seemed poor. A dramatic change in beneficiary behavior would have to occur for ENs to overcome the deficit. More specifically, we estimate that for an EN to be profitable it must generate, on average, 10 to 22 payments for *every*

beneficiary *assigning* a Ticket. However, fewer than 15 percent of all beneficiaries generated any payment in the first two years after assignment, and those beneficiaries generated only about nine payments each during the two years.

This subsection summarizes the assumptions and data underlying these findings. It discusses our basic framework for considering costs, describes the key payment data used to estimate EN revenue, and summarizes our earlier revenue and cost estimates. As a check on our estimates and methods, we asked several providers to review our work. In light of their experience, they thought that the estimates and general conclusions were reasonable. Furthermore, we tested the sensitivity of our conclusions to changes in our underlying assumptions and estimates and found that even a substantial change in our estimates of average costs (even if they could be reduced by more than 50 percent) would not change the main conclusions about EN financial incentives under the existing TTW regulations.

## 1. Framework for Calculating EN Costs

EN costs stem from five major activities: (1) outreach, (2) intake, (3) initial services, (4) follow-up services, and (5) payment tracking. Outreach covers efforts to generate a flow of potentially interested clients. At the simplest level, outreach activities may include answering telephone calls from beneficiaries who receive Tickets and want more information. Beyond that, ENs may develop a Web site, make presentations to groups that include or advise beneficiaries, or work with their SVRA or other referral sources.

For beneficiaries who do express an interest in assigning their Ticket, the EN conducts an intake assessment to determine whether it wants to accept the Ticket and provides prospective beneficiaries with the information they need to decide whether to assign their Ticket to the given EN. When beneficiaries decide to assign their Ticket, the EN must develop an IWP and submit it to the TTW Program Manager.

Once a Ticket is assigned, ENs help beneficiaries find a job in which they can earn enough money to generate milestone or outcome payments. EN assistance extends to a variety of services, including job search and placement, training, counseling, and case management. In addition, some ENs may provide financial incentives for employment and retention. The intensity and number of services vary within and across ENs according to beneficiary needs and interests. However, all ENs provide some level of service for beneficiaries who do not go on to work at a level that generates a payment.

For those beneficiaries who work enough to generate a payment, the EN incurs other costs for providing additional counseling or support services that the individual may need to retain his or her job. Furthermore, TTW regulations require ENs to submit pay stubs to the Program Manager as part of the request for payment so that the SSA can verify that beneficiaries left the rolls because of work. Therefore, in addition to any ongoing support services, ENs must obtain pay stubs and collaborate with the Program Manager to ensure that all requirements are met so that payment is received without significant delay.

Drawing on available published data and interviews that we conducted with 29 ENs, we estimated the costs for each of the five activities. The second evaluation report (Thornton et al. 2006) presents full details of the estimates. Here we present a brief summary of the costs:

- ***Outreach and Intake Costs (activities 1 and 2).*** Based on our interviews with ENs, we estimate that outreach and intake activities cost approximately \$826 per Ticket accepted.<sup>1</sup> Much of the cost reflects ENs' reports that approximately 20 initial contacts and then 10 intake assessments are required to generate one assignment. We valued the staff time required for these activities on the basis of published data on the compensation of vocational rehabilitation counselors (Bureau of Labor Statistics 2003).<sup>2</sup>
- ***Initial Services (activity 3).*** We approximated the costs ENs incur to move beneficiaries into employment on the basis of expenditures that median-cost SVRAs reported to close an SSI or DI beneficiary's case.<sup>3</sup> Specifically, we used costs of \$1,591 per Ticket assigned by DI beneficiaries and a slightly higher figure of \$1,614 for SSI-only beneficiaries. The costs reflect the mix of services provided to all beneficiaries, even those who do not find work and do not generate a milestone or outcome payment.<sup>4</sup> In the absence of actual data from ENs, we used these estimates to reflect the level of cost that an EN might reasonably expect to incur to assist beneficiaries to obtain employment. While ENs may choose to provide far fewer services than implied by this average cost, it nevertheless provides a basis for assessing what their financial performance would be if they tried to provide services comparable to those many SVRAs incur as they try to move beneficiaries into employment.
- ***Follow-Up Services (activity 4).*** Evidence of the cost of ongoing employment supports for Ticket recipients who have started to work is scant because few of the ENs we interviewed for the study had yet needed to provide such services. Given the low rates at which we observe beneficiaries generating

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<sup>1</sup> Cost and revenue estimates used in this chapter have been converted to July 2005 dollars using the Consumer Price Index for urban workers, CPI-W (Bureau of Labor Statistics. *Consumer Price Index for Urban Wage Earners and Clerical Workers*, <http://data.bls.gov/cgi-bin/surveymost?cw>). The estimates in TTW evaluation report 2 are in 2004 dollars.

<sup>2</sup>This hourly wage represents salary only and was multiplied by 1.61 to account for fringe benefits, supplies, and supervisory time. The adjustment factor comes from a detailed cost study performed by staff of the Minnesota State Partnership Initiative project (Minnesota Work Incentives Connection 2003). Application of the factor yielded an inflation-adjusted estimate of \$22.34 per hour for labor.

<sup>3</sup>We determined the median cost of closing a case for non-blind beneficiaries in each SVRA and then used the median of those median costs to approximate the cost an EN would incur to assist a beneficiary. For SSI cases, median-cost SVRAs were Tennessee and Colorado. For DI cases, median-cost SVRAs were Oregon and New York.

<sup>4</sup>These tabulations are based on an analysis of inflation-adjusted FY2002 RSA 911 data on service costs for closed cases in which beneficiaries had signed an Individualized Plan for Employment.

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payments, we estimate that follow-up services during the first two years after assignment will cost ENs \$28 per DI Ticket accepted and \$20 per SSI-only Ticket accepted. In the absence of hard evidence, we made an assumption of low costs and estimated that a full-time EN employee could handle the follow-up service needs of about 100 beneficiaries per year, or that about one percent of an employee's time would be required to provide ongoing employment support for a beneficiary who had moved into employment. We further assumed that ENs would provide follow-up services only to beneficiaries who began to work and generate a milestone or outcome payment. Furthermore, given that an EN can collect up to 60 outcome payments on a beneficiary who leaves SSA benefits due to work, we assumed that services would continue until the beneficiary stopped generating outcome payments. The higher cost for the DI/concurrent group reflects the fact that ENs are slightly more likely to generate payments for that group than for the SSI group, and so are slightly more likely to need to provide ongoing employment support to the DI beneficiaries.

- ***Payment Paperwork and Tracking (activity 5).*** Early in the TTW program, ENs devoted considerable resources to collecting pay stubs and submitting payment requests. We assumed that the associated costs would decline over time as ENs gained experience and as a result of administrative changes made by SSA. We estimated that payment tracking would cost ENs \$16 per DI Ticket accepted and \$12 per SSI-only Ticket accepted. To formulate the estimate, we assumed that each payment (milestone-outcome or outcome only) obtained by an EN for a beneficiary would require an average of one hour of staff time.<sup>5</sup>

## 2. Provider Experience Two Years After Rollout

Based on evidence for an early cohort of TTW participants, few beneficiaries who contact an EN have actually assigned their Ticket, and the likelihood of payment within 24 months for beneficiaries who do assign their Ticket is low. Two years after assigning a Ticket, we estimate that an average EN will have spent over \$2,000 more per Ticket accepted than it received in payments. Only a small fraction of assigned Tickets generated any payment in the first two years, and those that did generate a payment earned only a small number of payments, on average, within the two years following assignment. On average, data on payments made to ENs showed that each Ticket assigned by an SSI beneficiary

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<sup>5</sup> Given the analysis in Chapter XII, the payment paperwork and tracking costs may appear to be low. However, it is important to note that we are averaging the costs across all persons who assigned a Ticket and that the costs are primarily incurred for the relatively small portion of Tickets that generate a payment. Thus, the estimate averages over many who assigned a Ticket but never work at a level that triggers an EN payment.

generated only \$139 in the first two years and that each Ticket assigned by a DI or concurrent beneficiary generated \$365 during that period.<sup>6</sup>

Looking just at the milestone-outcome payment system, we found that 15.6 percent of DI/concurrent beneficiaries and 10.9 percent of SSI-only beneficiaries generated a payment to an EN within a year of assigning a Ticket (Exhibit IX.1). Under current regulations, a beneficiary must work above the SGA level for one month before generating a milestone-outcome payment. We did not look at the EN experience with outcome only cases because the number of cases using that payment system is too small to provide sufficient data on EN and beneficiary behavior.

**Exhibit IX.1. Milestone-Outcome Beneficiary Payment Profile—Types of Payments Generated by Tickets Assigned in First Year Following TTW Rollout**

	DI/Concurrent		SSI	
	Number	Percent	Number	Percent
Tickets assigned <sup>a</sup>	1340		617	
Tickets generating any payment in months 0–11	209	15.6	67	10.9
Tickets generating any payment in months 12–23	116	8.7	30	4.9

Source: Ticket Research File, December 2004, and SSA administrative data on EN payments.

<sup>a</sup>All beneficiaries included in this analysis were observed for at least two years following their Ticket assignment. As a result, the sample includes only beneficiaries that assigned their Ticket during the first year of TTW operation. Note that the payment-generating rates for the twelve months following assignment observed for this early cohort are similar to the corresponding rates observed for beneficiaries who assigned their Ticket during the second year after rollout.

On average, ENs that accepted Tickets early in TTW were likely to experience a financial loss for the first two years following assignment, and, by that point, the small payment stream did not provide much encouragement for later months. To break even, ENs would have needed to generate an average of over \$2,000 in additional payments per accepted Ticket—far more than they received in the first two years (Exhibit IX.2).

To generate over \$2,000 per Ticket under the existing payment rules, ENs must begin to receive payments on more of the Tickets that they accept, and each Ticket must generate more payments. To estimate how many more payments would be required for an EN to break even, we calculated the net revenue provided by each payment after deducting costs for follow-up services and the paperwork required to get paid. Under the assumption that these costs are quite modest, we calculated that an EN could expect a net gain of about \$100

<sup>6</sup> The estimates in Exhibit IX.1 use the CPI-W to adjust the values to July 2005 dollars; this is the only difference between the estimates in this report and those in the second TTW evaluation report. The use of 2005 dollars permits us to make comparisons to the newly proposed regulations, which are based on 2005 dollar values. Outcome payments under the milestone-outcome system depend on the number of milestones a beneficiary reaches.

for each additional outcome payment received for an SSI-only beneficiary and \$210 for each additional outcome payment received for a DI beneficiary. To recover its net loss of over \$2,000 for the first two years after assignment, an EN must therefore receive approximately 24 more payments per Ticket assigned by an SSI-only beneficiary and 10 more payments per DI Ticket—in addition to the payments already received by an EN.

**Exhibit IX.2. EN Experience with Milestone-Outcome Tickets Assigned in First Year after TTW Rollout, Two Years after Assignment (2005 dollars)**

	DI/Concurrent	SSI
<b>Expected Costs</b>		
Outreach and intake	-826	-826
Employment services	-1591	-1614
Follow-up services	-28	-20
Payment tracking	-16	-12
Total expected costs per Ticket assigned	-2460	-2472
<b>Expected Revenues After Assignment</b>		
Year 1	216	91
Year 2	149	48
Total expected revenues per Ticket assigned	365	139
<b>Net Expected Revenue</b>	<b>-2095</b>	<b>-2333</b>

Source: Second TTW evaluation report.

Notes: All revenues costs discounted to date of Ticket assignment at January 2004 prime rate of 4 percent per year. The values are in July 2005 dollars rather than 2004 dollars as in the second evaluation report. The July 2005 dollar values are used for comparisons to the new regulations described later in this chapter.

To illustrate the magnitude of the change required for an EN to break even, it is instructive to consider a case where an EN generates subsequent payments only for those beneficiaries who generated a payment during the first two years. For the 17 percent of DI beneficiaries who generated a payment during the first two years, ENs would have to generate an average of 56 more payments per Ticket in order to break even. Given that 11 percent of SSI beneficiaries generated a payment during the first two years, an EN would have to collect 202 more payments for each of these Tickets to recover its service costs. The DI scenario is barely feasible because the total number of possible outcome payments is 60; the SSI scenario is clearly infeasible. Thus, based on the experience of the Ticket program in Phase 1 states during the first two years, collecting more payments only from those Tickets that generate a payment during the first two years will not suffice. ENs will have to collect payments for more of the Tickets they accept and generate more payments from each Ticket. Furthermore, if our rough approximations underestimate any of the costs (as some providers have indicated), then ENs will need to generate even more payments to offset these higher costs.

## **B. PROPOSED REGULATORY CHANGES TO EN PAYMENT SYSTEM**

SSA released proposed regulations on September 30, 2005, that significantly modify TTW's payment structure.<sup>7</sup> Elements of the regulations are intended to increase the number of ENs that actively participate in TTW by addressing concerns raised by SVRA and EN officials, including SVRA requirements to accept Ticket assignments to receive payments from SSA under the cost-reimbursement system; the insufficiency of milestone payments to cover the cost of upfront services; inequities between payments for serving SSI and DI beneficiaries, and ineligibility of beneficiaries for whom medical improvement is expected.

The proposed modifications to the TTW regulations can be divided into three topic areas: (1) modifications in SVRA participation, (2) modifications to the milestone-outcome and outcome-only payment systems, and (3) eligibility for beneficiaries with a condition that is expected to medically improve. In addition, SSA posed several questions for further consideration. Each of these topics is discussed below, with emphasis on topics relevant to the payment system. Exhibit IX.3 presents a side-by-side comparison of the old versus new payment systems.

### **1. Modifications in SVRA Participation**

Current regulations require beneficiaries to assign their Tickets to the SVRA so that the SVRA can receive payments under the traditional cost-reimbursement, milestone-outcome, or outcome only systems. Under the proposed changes, the SVRA must still accept a Ticket if the agency wishes to be paid under one of the new payment systems, but it need not accept the beneficiary's Ticket to receive payments under the traditional payment system. The purpose of the change is to allow the SVRA to deliver to beneficiaries needed assessment, training, and rehabilitation services that may be too costly for the EN to provide. The beneficiary may then choose to assign his or her Ticket to an EN to provide post-employment follow-up services, thus receiving services first from an SVRA and then from an EN. For example, the SVRA could provide initial, intensive rehabilitation services, and an EN could follow up by providing the ongoing support many individuals, particularly those with psychiatric and cognitive impairments, need to maintain employment. The Ticket can be assigned to an EN within 90 days after the SVRA ceases to provide services. The beneficiary's Ticket is considered to be "in use," and the beneficiary will be afforded protection from the initiation of a CDR while receiving services from the SVRA, even though the beneficiary has not assigned a Ticket.

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<sup>7</sup> 20 CFR Part 411, *Federal Register*, vol. 70, no. 189, Friday, September 30, 2005.



**Exhibit IX.3. Comparison of Current and Proposed Milestone-Outcome Payments (2005 Dollars)**

Payment Type	Beneficiary Earnings	Current Regulations		Proposed Regulations	
		DI Payments	SSI Payments	DI Payments	SSI Payments
<b>Milestone</b>					
Milestone 1	1 month above SGA	295	173		
Milestone 2	3 months above SGA in a 12-month period	590	347		
Milestone 3	7 months above SGA in a 12-month period	1,181	694		
Milestone 4	12 months above SGA in a 15-month period	1,476	867		
<b>Phase 1</b>					
Milestone 1	\$295 for 2 weeks of work			1,042	1,042
Milestone 2	\$590 per month x 3 months of work			1,042	1,042
Milestone 3	\$590 per month x 6 months of work			1,042	1,042
Milestone 4	\$590 per month x 9 months of work			1,042	1,042
<b>Phase 2</b>					
Milestones 1–11	Gross earnings >SGA			313	184
Milestones 12–18	Gross earnings >SGA			N/A	184
Total Milestones		3,542	2,081	7,611	7,480
<b>Outcome</b>					
1–60		236 to 295 <sup>a</sup>	138 to 173 <sup>a</sup>	N/A	184
1–36				313	N/A
<b>Total Milestones and Outcomes Available</b>		<b>17,702</b>	<b>10,361</b>	<b>18,879</b>	<b>18,520</b>

Note: The 2005 SGA amount can be rounded to \$830. Also, the payment system uses the terms Phase 1 and Phase 2 to represent different stages of a beneficiary's move to SGA, and these terms do not pertain to the phases of TTW rollout.

<sup>a</sup> The value of these outcome payments varies in the milestone-outcome system because they are adjusted downward to reflect the value of milestone payments made for a Ticket.

## 2. Modifications to Milestone-Outcome and Outcome Only Payments

SSA is proposing a payment system that parallels the steps beneficiaries take toward achieving self-sufficiency. The proposed regulations are designed to (1) increase overall funding; (2) reduce the differential between milestone-outcome and outcome-only payments; (3) equalize funding for DI and SSI beneficiaries; (4) increase milestone-outcome payments; and (5) provide a shorter time frame for payments to ENs serving DI beneficiaries. The proposed milestone-outcome payment system consists of three phases (which have no relation to the phases used to roll out TTW):

1. **Phase 1** represents beneficiaries' initial efforts at employment and is modeled on the trial work period provided for DI beneficiaries. It consists of four milestone payments of \$1,042 (totaling \$4,168 in 2005 for both SSI and DI beneficiaries) that are paid when the beneficiary meets each of the following earnings levels for the first time: (1) earnings over a two-week period that exceed half of a trial work period's monthly earnings (i.e., \$295 in 2005); (2) monthly earnings that exceed the trial work period's earnings (i.e., \$595 per month) for three months; (3) monthly earnings that exceed the trial work period's earnings for six months; and (4) monthly earnings that exceed the trial work period's earnings for nine months.<sup>8</sup> Phase 1 payments will not be made to an EN for a beneficiary who has received services from an SVRA that receives payments under the traditional payment system for that beneficiary.
2. **Phase 2** represents a significant additional step toward self-sufficiency with increased earnings. Phase 2 milestone payments are made when beneficiaries' monthly gross earnings exceed the SGA level (\$830 for 2005), with gross earnings before adjustments used to encourage the use of work incentives during Phase 2. Payments of \$184 for SSI beneficiaries can be paid for 18 months; payments of \$313 for DI beneficiaries will be paid over 11 months, reflecting DI beneficiaries' additional work experience before entering the rolls.
3. **Phase 3** is the outcome payment period when ENs provide services to support retention of employment after the beneficiary leaves the SSA rolls. Outcome payments are made for DI beneficiaries for 36 months and for SSI beneficiaries for over 60 months, providing the additional effect of roughly equalizing total Ticket payments for SSI and DI beneficiaries. In addition, once a beneficiary generates an outcome payment, a lump-sum payment can be made for any remaining Phase 1 and Phase 2 milestone payments that have not yet been generated at the point that the beneficiary leaves the benefit rolls

The proposed rules will increase the overall amount of money available per Ticket and reduce the differences in payment amounts between SSI and DI beneficiaries. Providers will receive \$8,159 more in total payments for SSI recipients, and \$1,177 more for DI beneficiaries, if they manage to help a beneficiary move to zero cash benefit status for work and then stay in that status for a period long enough to receive all the milestone and outcome payments. Exhibit IX.3 compares payment values for the milestone-outcome system under the existing and proposed payment regulations.

The outcome only payment system is also changed by the new rules. The current system sets total payments equal to 40 percent of the average benefits that would have been paid to a DI or SSI beneficiary during the five year period over which TTW outcome payments would have been made. The new system raises the monthly payment to 67

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<sup>8</sup> The proposed regulations were issued in September 2005 and reflect the trial work period and substantial gainful activity levels in effect at that time.

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percent of the average benefit, keeps the number of possible payments the same for SSI beneficiaries, and reduces the number of possible payments to 36 for DI beneficiaries. The total amount of payments for the two groups is almost the same under the new rules because the average monthly benefit is higher for DI beneficiaries compared to SSI beneficiaries. For both groups, the total payment amount is higher under the new rules.

### **3. Expanding TTW Eligibility**

The proposed regulations extend Ticket eligibility to individuals for whom medical improvement is expected (MIE) and who have not had their first CDR. This change increases the pool of eligible beneficiaries by about 60,000 persons, or less than one percent of the total population of TTW eligibles.<sup>9</sup> In addition, the group may be particularly attractive to ENs because the affected individuals have a higher-than-average probability of returning to substantial gainful activity and therefore to generate payments for an EN. MIE beneficiaries also have greater incentives to participate because they face a higher probability of losing medical eligibility due to medical improvement. The proposed rule changes did not extend eligibility to 16- and 17-year-olds, as recommended by the Ticket to Work and Work Incentives Improvement Act Advisory Panel.

## **C. POSSIBLE EFFECTS OF PROPOSED REGULATORY CHANGES**

The proposed changes to the TTW regulations would make it easier for an EN to receive a payment on behalf of a TTW beneficiary and would allow ENs to receive some payments earlier in a beneficiary's transition to working at the SGA level. Furthermore, the proposed regulations would allow ENs to accept Tickets from beneficiaries for whom an SVRA received payments under the traditional payment system. Thus, ENs could reduce employment service costs, focus on the provision of follow-up services, and potentially improve a beneficiary's chances of leaving the rolls. However, in this instance, ENs would not be eligible for Phase 1 milestone-outcome payments. This section expands on the second TTW evaluation report to explore how EN costs and revenues might change under the proposed regulations.

### **1. Scenarios Where ENs Could Generate Profits**

Given our cost assumptions, it appears that the key to an EN's financial success is to generate an average of \$2,500 in payments for each Ticket accepted or to cut costs substantially below the amounts we have shown. In addition, it may be important for the ENs to break even quickly. Many ENs are small providers and may not have the luxury of operating at a deficit for several years while waiting for TTW payments to catch up with costs (currently TTW payments can be stretched over 60 months). In the following

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<sup>9</sup> The estimate of 60,000 persons is for 1999 and from a 2001 letter from the Ticket to Work and Work Incentives Advisory Panel to the acting commissioner of Social Security. The letter is available at <http://www.dimenet.com/dpolicy/archive.php?mode=N&id=526>, accessed September 1, 2006.

scenarios, we abstract from the issue of the timing of payments to identify ways ENs might be able to break even under the proposed new TTW payment system.

On the revenue side, two factors determine how much revenue an EN may expect to collect on accepted Tickets. The first factor is the percentage of beneficiaries with assigned Tickets who then engage in sufficient work to generate a payment to the EN. The second factor is the number and types (milestone or outcome) of payments that the EN collects for each Ticket participant. On the cost side, the major consideration is the cost of the services required to move a beneficiary into substantial employment, but the intake costs and costs associated with the payment paperwork can also be important.

Given these key revenue and cost factors, some possible ways for an EN to break even under the new regulations follow:

- An EN could break even if it expected to generate all four Phase 1 milestone payments for nearly 60 percent of the Tickets it accepted.
- An EN that served only DI beneficiaries could generate revenue per Ticket accepted of \$2,377 if it enabled 30 percent of those beneficiaries to work enough to move off cash benefits (\$7,923 times 30 percent). This is almost enough to break even, and an EN would cover all of its costs if it could generate just a few outcome payments for those beneficiaries. Payments for SSI-only beneficiaries would be slightly lower, but ENs that serve only those beneficiaries could still break even if they could move at least 30 percent of the beneficiaries off of cash benefits.
- An EN could break even under a variety of hybrid scenarios whereby it receives Phase 1 milestone-outcome payments for some beneficiaries and outcome only payments along with the associated lump-sum milestone payment for others. For example, an EN would receive revenues of more than \$2,500 per SSI Ticket accepted if:
  - One-quarter of participants generated two Phase 1 milestone payments (EN earns \$522 per Ticket accepted)
  - An additional 20 percent of participants generated all Phase 1 milestone payments and six Phase 2 milestone payments (EN earns \$1,054 per Ticket accepted)
  - An additional 10 percent of participants left the rolls and generated the full milestone payments and 12 outcome payments (EN earns \$969 per Ticket accepted)
- An EN could figure out what would be required to break even under other hybrid scenarios by taking the sum of the percentage of cases for which the EN expects to generate a particular payment multiplied by the size of the payment. If the sum is greater than or equal to the estimated cost, then the EN either breaks even or makes a profit; if not, the EN takes a loss.

- An EN could break even by reducing service costs and increasing revenue per Ticket accepted by focusing on beneficiaries that had already been placed in jobs by an SVRA. Such beneficiaries would require fewer services, on average, than beneficiaries who had not already been placed and would be more likely to generate a payment to their EN because the beneficiaries are already employed. While the EN would not be eligible to collect Phase 1 milestone payments on these Tickets, it would need to collect an average of only five Phase 2 milestone payments from each accepted Ticket of this type in order to break even.

## 2. Likelihood of an EN Breaking Even Without Additional Changes in Beneficiary Behavior

To assess the likelihood of an EN breaking even, we first estimate how the new rules would change revenue if beneficiary behavior continued to be what we observed early in the TTW rollout. But, because changes in beneficiary behavior is the ultimate goal of the new regulations, the new regulations are intended to give ENs the resources they need to help greater numbers of beneficiaries reach more successful outcomes. We therefore assess the type of changes in behavior that would be necessary for an EN to break even under the new regulations.

We cannot use the available payment data to estimate payments under the new system because it provides payments for beneficiaries that are earning too little to generate a payment in the current system. Thus, the new rules should generate more payments to ENs even if there are no changes in beneficiary behavior. To assess the new rules, we use monthly earnings data from the Supplemental Security Record (SSR) on a cohort of SSI recipients who assigned their Ticket to an EN. We follow the cohort over a 24-month period and estimate the milestone and outcome payments that would have been paid under then new regulations assuming that beneficiaries continued to behave as they do under the current system. We then use the estimates to assess the types of behavior change, if any, that are necessary for an EN at least to break even.

Reliable monthly earnings data on DI beneficiaries are not available in the SSA data extracts used in the evaluation; therefore, we are unable to use earnings data on DI TTW participants for the analysis. However, the analysis of TTW payment data showed that the percentage of DI beneficiaries who worked at a level resulting in an EN payment was 43 percent higher than the comparable percentage for SSI recipients. To approximate the revenue that would result under the new regulations in the case of no behavior change among DI beneficiaries, we simply multiply by 1.43 the percentage of SSI recipients who both assigned their Ticket and produced a milestone or outcome payment. We then use the estimates to assess the types of behavior change, if any, that are necessary for an EN at least to break even under the new rules.<sup>10</sup>

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<sup>10</sup> The estimates assume that each person goes through each milestone-outcome payment sequentially (i.e., no movement directly to outcome only payments).

Exhibit IX.4 shows the percentage of SSI participants with earnings that would result in a payment had the new rules been in place at the time. It also shows the average number of months after assignment that each payment would have occurred. The estimates show that 32.0 and 13.3 percent of participants would have generated, respectively, Phase 1 and Phase 2 milestone payments. On average, these Tickets would have begun generating Phase 2 milestones within 16 months of assignment, and many beneficiaries who earned a Phase 2 milestone payment would have generated an additional milestone payment in subsequent months.

In Exhibit IX.4, the far right column shows the revenues that an EN would receive if the new milestone-outcome system rules were applied to the cohort's work behavior. The average revenue of \$1,097 per Ticket is not sufficient to cover the estimated cost of services of about \$2,500 for the 24 months following Ticket assignment. This suggests that either ENs must generate substantial future payments from Tickets or must induce a greater change in the short-term beneficiary behavior in order to break even.

The analysis of DI Ticket assignees is based on data on the percentage of SSI Ticket participants with earnings resulting in each milestone-outcome payment, data suggesting that DI Ticket assignees are 43 percent more likely to work at a level that results in a payment as compared with SSI recipients, and the higher monthly milestone-outcome payments for DI beneficiaries. Phase 2 milestones are paid for only an 11-month period, at which time beneficiaries enter the outcome payment phase. We assume that those with earnings above SGA would be eligible for outcome payments after the 11 Phase 2 payments. We therefore add the first four outcome phase payments to finish out the 24-month period.<sup>11</sup> Exhibit IX.5 shows the results of applying the new rules to the estimates of work behavior for a cohort of DI Ticket assignees under the existing rules. The increase in work behavior and the larger Phase 2 monthly milestone payments result in greater revenue for DI Ticket assignees as compared with SSI Ticket assignees. The last column of Exhibit IX.5 shows the revenue resulting from simply changing the payment rules, and the last row shows that, if behavior were unchanged for the cohort, the resulting revenue would be \$1,761 per DI Ticket assignee over the 24-month period.

Similar to what we observed for SSI beneficiaries, during the 24 months after Ticket assignment, the total expected revenue doesn't cover the EN's total costs. While serving DI beneficiaries may result in higher EN revenues than serving SSI beneficiaries because of both higher payment values and the higher likelihood that a beneficiary will generate a payment, the revenues do not, on average, offset the service and operating costs incurred by an EN. Therefore, it will take additional revenue after the 24-month period or a combination of lower costs and higher revenue during that period to enable an EN to break even.

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<sup>11</sup> An alternative assumption is that these persons use impairment-related work expenses (IRWEs) or subsidies so that their countable monthly earnings fall below SGA. Under this assumption, simply subtract the subtotal of outcome payments from the total payments value.

**Exhibit IX.4. Hypothetical EN Revenue over 24-Months for Serving SSI Recipients Under Proposed TTW Payment System, Based on Behavior under Existing Rules**

Employment Outcome	Proposed TTW Payment (2005 dollars)	Percent of Assignees	Average Month Earnings Level Reached	Median Month Earnings Level Reached	EN Revenue (2005 dollars)
<b>Phase 1 Milestones</b>					
\$295 for 2 weeks of work	1,042	32.0	9	6	333.34
\$590 per month x 3 months of work	1,042	22.5	10	9	234.87
\$590 per month x 6 months of work	1,042	18.1	13	12	188.71
\$590 per month x 9 months of work	1,042	14.9	16	14	155.15
Phase 1 subtotal					912.06
<b>Phase 2 Milestones</b>					
Gross earnings more than SGA for 1 month	184	13.3	16	15	24.44
Gross earnings more than SGA for 2 months	184	12.1	17	16	22.21
Gross earnings more than SGA for 3 months	184	11.3	17	17	20.74
Gross earnings more than SGA for 4 months	184	10.1	18	18	18.51
Gross earnings more than SGA for 5 months	184	9.1	19	19	16.65
Gross earnings more than SGA for 6 months	184	8.3	19	19	15.18
Gross earnings more than SGA for 7 months	184	7.7	20	20	14.08
Gross earnings more than SGA for 8 months	184	6.3	20	20	11.48
Gross earnings more than SGA for 9 months	184	5.4	21	21	9.99
Gross earnings more than SGA for 10 months	184	4.8	21	21	8.89
Gross earnings more than SGA for 11 months	184	3.8	22	21	7.03
Gross earnings more than SGA for 12 months	184	3.0	22	21	5.56
Gross earnings more than SGA for 13 months	184	2.4	23	22	4.43
Gross earnings more than SGA for 14 months	184	1.8	23	23	3.33
Gross earnings more than SGA for 15 months	184	1.2	24	24	2.23
Phase 2 Subtotal	184				184.74
<b>Total Expected Earnings</b>					<b>1096.80</b>

Source: MPR analysis of Ticket Research File data on a cohort of 496 SSI recipients who assigned Tickets to an EN before November 2002.

**Exhibit IX.5. Hypothetical EN Revenue over 24-Month Period for Serving DI Beneficiaries Under Proposed TTW Payment System, Based on Behavior Under Existing Rules**

Earnings Behavior	Proposed TTW Payment (2005 dollars)	Percent of Assignees	EN Revenue (2005 dollars)
<b>Phase 1 Milestone Payments</b>			
\$295 for 2 weeks of work	1,042	45.9	478.78
\$590 per month x 3 months of work	1,042	32.4	337.34
\$590 per month x 6 months of work	1,042	26.0	271.04
\$590 per month x 9 months of work	1,042	21.4	222.85
Phase 1 milestone payments subtotal			1,310.02
<b>Phase 2 Milestone Payments</b>			
Gross earnings more than SGA for 1 month	313	19.1	59.70
Gross earnings more than SGA for 2 months	313	17.3	54.26
Gross earnings more than SGA for 3 months	313	16.2	50.67
Gross earnings more than SGA for 4 months	313	14.4	45.23
Gross earnings more than SGA for 5 months	313	13.0	40.69
Gross earnings more than SGA for 6 months	313	11.8	37.09
Gross earnings more than SGA for 7 months	313	11.0	34.39
Gross earnings more than SGA for 8 months	313	9.0	28.05
Gross earnings more than SGA for 9 months	313	7.8	24.41
Gross earnings more than SGA for 10 months	313	6.9	21.71
Gross earnings more than SGA for 11 months	313	5.5	17.17
Phase 2 milestone payments subtotal			413.38
<b>Outcome Payments</b>			
Earnings indicating benefits not payable	313	4.3	13.58
Earnings indicating benefits not payable	313	3.5	10.83
Earnings indicating benefits not payable	313	2.6	8.14
Earnings indicating benefits not payable	313	1.7	5.44
Outcome payments subtotal			37.99
<b>Total Expected Revenue per Assignee</b>			<b>1,761.38</b>

Source: MPR analysis of the cohort of 496 SSI TTW assignees adjusted to reflect the probability of a payment for DI beneficiaries.

Exhibit IX.6 provides a hypothetical description of the percentage of costs covered by revenue at specific steps within the proposed milestone-outcome payment process, based on work behavior under the existing rules. For example, the revenue from the first Phase 1 milestone payment from SSI recipients covers, on average, 40 percent of intake costs, 14 percent of intake and employment service costs, and 13 percent of total costs. At the end of the 24-month period, ENs that serve SSI TTW participants may break even by reducing costs to 44 percent of the level used in our analysis (approximately \$1,600 per Ticket assigned), increasing revenue by 2.3 times the observed 24-month level, or some combination of reducing costs and increasing revenues. ENs that serve DI TTW participants require somewhat smaller changes in behavior to break even. At the end of the 24-month period, ENs that serve DI TTW participants may break even by reducing costs to



72 percent, increasing revenue by 1.4 times the observed 24-month level, or some combination of reducing costs and increasing revenue.

**Exhibit IX.6. Hypothetical EN Revenue as a Percent of Costs over a 24-Month Period, Based on Behavior under Existing Program Rules**

Employment Outcome	EN Estimated Revenue (2005 dollars)	Revenues as Percent of Intake Costs (percent)	Revenues as Percent of Intake & Employment Service Costs (percent)	Revenues as Percent of Total Service Costs (percent)
<b>SSI TTW Participants</b>				
One Phase 1 milestone	333.34	40	14	13
Two Phase 1 milestones	568.20	69	23	23
Three Phase 1 milestones	756.91	92	31	31
All Phase 1 milestones	912.06	110	37	37
All Phase 1 and 2 milestones	1,096.80	133	45	44
<b>SSDI TTW Participants</b>				
One Phase 1 milestone	478.78	58	20	19
Two Phase 1 milestones	816.12	99	34	33
Three Phase 1 milestones	1,087.16	132	45	44
All Phase 1 milestones	1,310.02	159	54	53
All Phase 1 and 2 milestones	1,723.39	209	71	70
All Milestones and Four Outcomes	1,761.38	213	73	72

Source: MPR calculations based on figures in Exhibits IX.2, IX.4, and IX.5.

An important limitation of this analysis is that it only examines the first two years after assignment for an early cohort, and therefore is an incomplete picture of the total revenues ENs might expect. We use an approach to estimate the number of additional payments that would be required for an EN to break even similar to that employed in the second TTW report (Thornton et al. 2006). We assume that most payments after the 24-month period would be phase two milestones or outcome payments and that it would cost the EN about \$60 per payment to provide ongoing employment support and to process each payment, resulting in a net payment amount of \$253 per month for a DI beneficiary and \$124 per month for a SSI recipient. To break even, an EN serving DI beneficiaries would have to receive about 14 additional payments from the 19.1 percent of assignees who we estimate earned enough to produce at least one of the phase two milestone payments within the two-year period. An EN serving SSI recipients would have to receive about 84 additional payments from the 13.3 percent of assignees who earned enough to produce at least one phase 2 milestone, which is more than the number permitted under the proposed payment system. Thus, a straightforward projection of the experience to date suggests that an EN serving DI beneficiaries can potentially break even after the two year period, but that it isn't possible for an EN serving SSI recipients to break even without large changes in beneficiary behavior, EN behavior, or both.

After examining SSI beneficiary earnings behavior in the SSA administrative data and making some assumptions of probable payments to be generated by DI beneficiaries, we can

now return to the above scenarios that could result in EN profitability and explore whether a provider could reasonably expect the scenarios to occur.

**Generating Four Phase 1 Milestones for Nearly 60 Percent of Tickets.** This scenario seems difficult to achieve given the experience of the early SSI cohort, whereby fewer than a third of the cohort earned enough to generate even one Phase 1 milestone. Even for DI beneficiaries, about half of whom we would expect to generate the first Phase 1 milestone, the likelihood of each successive Phase 1 milestone declines substantially.

**Moving 30 Percent of Participants into the Outcome Payment Phase.** This scenario requires ENs to move participants into outcome payment status quickly and collect the lump-sum milestone payment. For SSI participants, a substantial change in behavior would be necessary given that only 13 percent of SSI Tickets in the early cohort would have generated at least one Phase 2 milestone. In addition, each successive milestone after the first in Phase 2 is less likely to occur within two years of assignment. For DI participants, the scenario is somewhat more plausible. Our estimates show that about 19 percent of participants would reach a Phase 2 milestone. To collect the total value of all milestones, ENs would have to take additional measures to ensure that beneficiaries move to zero cash benefits quickly. The cost of the additional measures is unknown, making it unclear whether such costs will be offset by additional revenues.

**Moving Some Beneficiaries to Outcome Payments and Receiving Milestone Payments from Others per the Hybrid Scenario.** The hybrid scenario outlined above requires 25 percent of beneficiaries to generate two Phase 1 milestone payments, an additional 25 percent to generate all four Phase 1 milestone payments and six Phase 2 milestone payments, and an additional 10 percent to generate 12 outcome payments. The earnings data we have for beneficiaries do not allow us to make exact calculations about the likelihood that a beneficiary will leave the SSA rolls.

However, with the assumptions we have used to create a rough estimate of the probability of payment, the hybrid scenario seems possible for DI beneficiaries. Our estimates show that more than 45 percent would generate at least one milestone payment, 22 percent would generate all four milestone payments, and about five percent would generate 11 months of Phase 2 milestone payments. It is possible that some of the Phase 2 milestone payments could become outcome payments with relatively small changes in earnings. Thus, the changes in behavior necessary for an EN to break even appear quite modest.

For SSI beneficiaries, a larger change in EN services, in beneficiary behavior, or in some combination of both would be required for ENs to break even. If the change in EN services results in increased service costs, then even greater changes in behavior may be necessary for an EN to break even.

**Other Hybrid Scenarios.** To determine what would be required for an EN to break even, the EN can set targets for certain types of payment types and then calculate the percentage of other types of payments needed to break even. For example, suppose that an EN serving SSI recipients is confident that it can move 20 percent of accepted Ticket holders to outcome payments. The EN wants to know how many other beneficiaries it

would have to place into employment to yield at least four milestones, thereby permitting the EN to break even. If the cost of services per participant is \$2,454, then break even requires the following:

- $[\text{Percentage all four Milestones} \times (\$4,168)] + [20\% \times (\$7,480)] = \$2,454$

The equation implies that if at least another 24 percent of beneficiaries achieved all four milestone payments, the EN would break even. Exhibit IX.4 shows that the work behavior of the cohort of SSI recipients who assigned their Ticket is not sufficient to meet these targets within 24 months of assignment. Thus, to break even in this period, the EN must increase the work behavior of beneficiaries or select a mix of beneficiaries likely to reach these targets.

**Accepting Tickets Only from Beneficiaries Placed in Jobs by SVRAs.** This scenario would be a new type of EN behavior that is possible under the new regulations but impossible under the existing regulations. It is not possible to predict precisely how the modification would affect the behavior of ENs or beneficiaries. However, if ENs accept Tickets from beneficiaries who already hold jobs, the likelihood is high that each accepted Ticket will generate a payment and that EN initial-service costs will be low. In this scenario, an EN that expects to collect payments sufficient to offset its costs must create a service environment that supports most beneficiaries remaining in jobs and moving to zero cash benefits.

If the beneficiary first works with an SVRA to obtain job training and placement services and then goes to an EN for follow-up services, an EN might expect fewer costs associated with serving such a beneficiary. The EN would incur no initial service costs for working with the beneficiary but would still need staff for intake, follow-up services, and payment tracking. If we eliminate the initial service costs we calculated in our analysis for the previous report and reduce the intake costs by half, we would predict that an EN would incur more than \$400 to take a Ticket from a beneficiary and track and process his or her payments.

The observed employment patterns suggest that the proposed new rules can enable an EN to generate a profit if it served DI beneficiaries who had been placed into jobs by a SVRA. While the new rules prevent an EN from collecting Phase 1 milestones from these Tickets, it appears possible to cover an average cost of \$400 with only three Phase 2 milestones if all or nearly all beneficiaries who assign Tickets to an EN generate these milestones. However, serving SSI beneficiaries for whom the value of Phase 2 payments and outcome payments is lower may not have similar results. An EN seeking to serve both SSI and DI beneficiaries may, however, be able to earn a profit by accepting Tickets from both SSI and DI beneficiaries who have received SVRA services, with the hope that, after two years, the returns to serving DI beneficiaries will offset the small losses on SSI beneficiaries.

**D. CONCLUSION**

The scenarios above indicate that the proposed revisions to the TTW payment system may make it possible for certain types of ENs serving some types of beneficiaries to cover their costs. Increased payment values, payments sooner after a beneficiary begins working, and the flexibility to collaborate with an SVRA when serving clients all mean that the proposed payment system represents an improved business option for some providers. However, other providers may find it difficult to change their package of services or client mix in a way that permits their work as an EN to be profitable. ENs serving beneficiaries similar to the early cohort of Ticket assignees, for example, may find that, while their financial outlook would improve over the current payment system, short-term deficits still pose a challenge.

## CHAPTER X

### EXPERIENCE OF SELECTED EMPLOYMENT NETWORKS

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The employment service providers that participate in TTW as ENs have reported generally disappointing experiences with the program, although many still continue to participate at some level. As documented in the two previous evaluation reports, ENs in Phase 1 and Phase 2 states indicated that several factors have continued to impede their participation, including a perceived absence of a financial incentive; an unwillingness to substitute TTW funding, which is seen as risky, for more stable funding sources from other programs; a perceived lack of beneficiary demand for services offered; concern that Ticket holders will be unwilling to leave the benefit rolls; and cumbersome payment mechanisms. The most significant operational problem identified by ENs is that they are generating revenue streams that are “too little, too late,” given the need to cover the up-front costs of overhead and direct services.

In this third report, we extend these earlier findings with information from interviews with three groups of ENs: (1) new ENs operating in Phase 3 states, (2) a subset of the Phase 1 ENs we initially interviewed in 2002, and (3) a small group of ENs that have generated relatively high payments per Ticket accepted. The experiences of the new Phase 3 ENs mirror those reported by Phase 1 and 2 ENs, suggesting that the experience of providers in the last phase of the TTW rollout is not any better than the experience of those in the early phases. ENs in all phases interviewed for all three reports generally indicate that it is difficult in TTW to recruit and serve beneficiaries in a way that does not impose net costs on the organization. The recent interviews with the Phase 1 ENs suggest that their TTW experiences have not improved appreciably with time. Finally, our interviews with the high-revenue ENs indicate that even these relatively successful organizations have trouble covering their operating costs.

#### **A. EXPERIENCE OF PHASE 3 ENs**

The first two evaluation reports focused on the early experience of Phase 1 and Phase 2 ENs. Here we examine the early experience of Phase 3 ENs, particularly to determine whether they were having less trouble or more success than their predecessors. We explored a wide range of issues in telephone interviews with 12 Phase 3 ENs during spring and summer of 2005. While these ENs are not statistically representative of all Phase 3 ENs,

they were selected randomly within strata to ensure that they illustrate the range of EN experiences.<sup>1</sup> This section describes their experience in becoming an EN, in financing TTW, in finding and serving Ticket holders, and in dealing with administrative procedures. We close the section by describing their current and future level of participation in TTW and their recommendations for program improvement. Overall, their experience echoes the experience of the Phase 1 and Phase 2 ENs we previously interviewed, suggesting that TTW continues to be as difficult for many Phase 3 ENs as it was/is for many Phase 1 and 2 ENs.

## 1. How and Why Organizations Became Employment Networks

**Deciding to Participate.** The 12 Phase 3 ENs that took part in the most recent round of interviews signed up for TTW for essentially the same reasons that ENs in previous years signed up. The most powerful draw of the program was that its main goal matched their main goal: to help people with disabilities improve their lives and their financial situation. The second impetus for becoming an EN was an interest in diversifying and increasing their funding streams, although, like Phase 1 and 2 ENs, none saw TTW as a potentially major revenue source.

**Early Plans.** Consistent with the idea that they never considered TTW a major revenue source, the majority of the Phase 3 EN managers we interviewed developed no financial plans at all for the program. The few respondents who attempted to do so kept the plans informal, creating rough budgets more than definite financial strategies. A manager at one EN, a large provider with many offices across the nation, had a detailed understanding of the financial problems the program might pose but never developed a business plan, ostensibly because the organization expected TTW to be small and easily financed out of other funds. Another respondent at a smaller EN, who went so far as to cite increasing and diversifying funding as the main reason for adopting TTW, never developed a plan for the program beyond attempting to “partner up” with the SVRA—a partnership that never materialized.

Most of the interviewees knew little about TTW before signing up. Only two had any real knowledge of the experience of Phase 1 and 2 ENs, though about half had some notion, however indistinct, about the way the program was running in other states. The two respondents who did seem to have a good feel for the program’s pros and cons got that information from their umbrella organization (in one case) or from previous involvement in the program as an advisor (in the other). All told, for most organizations, any previous program knowledge had little effect on whether they chose to become an EN or how they implemented the program.

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<sup>1</sup>Following the precedent used in selecting past samples of ENs, we chose a stratified random sample intended to ensure representation of ENs with varying degrees of experience in TTW: using data as of December 2004, we selected four ENs with fewer than 5 Ticket assignments, another four with 5 to 29 Tickets, and four with 30 or more Tickets. This sample of ENs is not statistically representative of all Phase 3 ENs; ENs with relatively high numbers of Tickets are overrepresented.

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## 2. Financing TTW

For nearly all of the Phase 3 ENs we interviewed, EN administrators stated that TTW revenues have not come close to covering costs. Like ENs in the two earlier phases, each Phase 3 EN deals with the particulars of this problem in its own way, but all have had to shift money from other programs or funding sources to cover the cost of TTW. Respondents' attitude about this issue seems to have influenced their overall attitude toward the program. Some have accepted the fact that payments do not cover TTW expenditures because the program dovetails with their mission. For example, one manager at a large EN, recognizing that the size and diversity of its funding sources allowed it to accept some losses on the TTW program, noted, "We are extremely fortunate to be able to do all this," and ascribed the organization's success in placing Ticket holders to its financial backing. Others regard TTW as, in the words of one interviewee, a "losing cost center," and have decided either to abandon the program or to scale back considerably. EN representatives identified several problems related to cost. At least three respondents noted that TTW clients, for a variety of reasons, cost more to serve than their other clients, and, in some cases, this was almost entirely because of the administrative burden created in serving a TTW client. Another respondent pointed to a number of EN clients that had not returned to work and therefore never netted any payments. According to this respondent, the EN "can spend thousands of dollars [on a TTW client] and not get repaid for it." Another, a manager at the only for-profit EN interviewed in this round, noted that TTW clients are starting to displace some of their "more profitable" clients, and this may lead the EN to leave the program.

## 3. Finding and Serving Ticket Holders

**Marketing and Call Volume.** Like Phase 1 and 2 ENs, the Phase 3 ENs did very little marketing to potential TTW clients, finding that self-referrals generally kept them occupied. Some did a minimum of marketing at the beginning of the Phase 3 rollout but generally felt that the returns from this effort were negligible. Some had planned to market the program after they had the time to get used to serving TTW clients; however, their early, negative experience convinced them that marketing would be a poor use of resources. The number of calls and referrals received by ENs in this group varied widely—from a high of 50 per week or more in the early stages of the rollout for one EN, who described the experience as "totally overwhelming, pure chaos," to a low of four calls over the entire life of the program. Broadly speaking, however, the volume of calls reportedly declined for most ENs after the initial rollout, albeit with a few short-lived rebounds after a new Ticket mailing.

**Screening Potential Clients and Accepting Tickets.** ENs in this round of interviews used screening and acceptance procedures that were similar to those used by ENs in previous rounds—and they encountered many of the same problems. EN officials interviewed in 2004 and in this round indicated that the problem is threefold: (1) beneficiaries did not typically have a clear understanding of the TTW program, requiring ENs to educate them as part of the screening process; (2) ENs had to devote a great deal of time to identifying, from among all the inquiring beneficiaries, those who were good candidates for Ticket assignment; and (3) screening typically yielded relatively few Ticket assignments.

The screening and acceptance procedures used by ENs with many Tickets did not differ from those used by ENs with few Tickets. Most respondents used the first telephone contact with potential TTW clients as a screening step, but these calls usually turned into education sessions. One EN manager described the program as “massively misunderstood” by most callers, and staff at nearly every EN spent most of the initial telephone call informing respondents about the TTW program. Many potential clients reportedly thought that the EN itself had a job for them or that the Ticket entitled them to a job that the EN would get for them. Some EN staff, at this point, referred potential clients to BPAOs, but the majority did not. In the initial calls, nearly every potential client was informed that the goal of the program was to get off benefits entirely, which for some clients led to an immediate loss of interest in the program. Nor was this interest rekindled when ENs informed beneficiaries that they would not be subject to a CDR as long as their Ticket was in use.

Once a potential client passed an initial screening, most EN managers scheduled a one-on-one meeting. Unfortunately, many of those managers found that candidates were unlikely to come to the meeting, which often had to be rescheduled repeatedly. Some potential clients simply “disappeared,” never contacting the EN again (one TTW coordinator, frustrated because so many of her initial scheduled meetings never took place, stopped scheduling altogether in favor of telling candidates to drop in during normal office hours without an appointment). At the meeting, EN staff asked potential clients about their plans for, and interest in, certain types of work, but the clients were also evaluated to determine whether the EN’s services matched the client’s needs.

Almost every EN representative specifically mentioned that the client’s motivation was key—and that despite their best efforts at screening, they still met with and started providing services for, clients who were ultimately not interested in leaving the benefit rolls. A few respondents also noted that DI beneficiaries were generally better candidates for TTW than SSI beneficiaries because many of the former had a work history and a stronger desire to return to work. Finally, after the one-on-one meeting, if a client was still acceptable to the EN and wanted to try to work his or her way off benefits, the EN usually accepted the Ticket.

A pattern noted in earlier reports also surfaced in these interviews: some ENs were not accepting any Tickets but were instead routinely referring Ticket holders to an SVRA. One respondent specifically mentioned that the goal was to have the SVRA accept Tickets and immediately refer clients back to the EN to be served under the cost-reimbursement arrangement that pre-dated TTW. Several other ENs were also vendors to the SVRA, so they also might have benefited from these “back-referrals” even if that was not their primary objective. Sometimes ENs would refer Ticket holders to the SVRA mainly because they felt the SVRA was in a better position to help these individuals.

**Services Offered.** The menu of services available to clients from ENs ranges widely, as noted in previous reports. Again, most of the ENs served SSA clients before the inception of TTW and, in fact, found Ticket holders to be essentially the same kind of people they had always served. As a result, most ENs (with one exception who ventured gingerly into



employment services) did not expand their services for TTW, though some chose to alter their services somewhat to fit the unique needs of some of their TTW clients. Others took a more hands-off approach to service provision. One EN manager justified his organization's low-intensity methods on the basis of TTW financing. He reasoned that because the program does not provide much up-front funding, it must be intended for clients that do not need many up-front services.

#### **4. Administrative Experience**

The administrative experience of the 12 Phase 3 ENs was mixed. Some spoke well of their dealings with the Program Manager and/or about SSA administrative processes. Representatives of three ENs, for example, offered a positive assessment of their interactions with the Program Manager, noting that they had generally been provided with useful, timely information, and that Program Manager staff had been good about asking whether they needed anything or reminding them of the need to submit certain reports. Furthermore, representatives of five ENs described the process of becoming an EN as generally positive, involving no real problems or difficulties. As one interviewee summed up the situation, "MAXIMUS has this handled."

Unfortunately, however, this view was substantially overshadowed by criticism and complaints. Some of the individuals mentioned above and several other EN representatives described a variety of negative administrative experiences, echoing comments made by Phase 1 and 2 EN representatives interviewed for previous reports. By far the most common, and often the most bitter, complaint about TTW administrative processes concerned the time required to receive milestone and outcome payments after ENs submitted the proper paperwork to the Program Manager. EN officials expressed the most frustration with administrative delays at SSA. Representatives of two ENs estimated average turnaround time at five to six months. Another respondent told us in mid-July that he had yet to receive payment for a claim submitted in February, even though there were no problems with the paperwork. One interviewee found it "unfathomable" that claims could not be processed more quickly in "this age of computerized information." Others sounded equally surprised and vexed. Our analysis of EN payment data shows that the median payment lag for a first payment was nine months and for subsequent payments, about six months (see Chapter VIII for a fuller discussion of this issue).

Feedback on the process of acquiring proof of beneficiaries' earnings, which is needed to submit payment claims, was mixed. Four ENs had relatively little trouble getting enough of the appropriate documentation, one of whom was surprised at not having more trouble, given what she had heard about this issue. But none of these four ENs had more than six employed TTW clients, and two of them had just one successful placement. In contrast, three ENs, including the two with the most clients placed (15 to 20 each), found it very difficult to obtain the information they needed in order to submit payment claims. Their complaints were similar to those summarized in past reports: Trying to get the information is time-consuming, both clients and employers are sometimes uncooperative, and ENs missed out on payments to which they felt they were entitled.

Administrative problems were not limited to payment delays. For example, two EN representatives reported having had a tough time with the Ticket assignment process. One complained that the process took far too long, at least two months and that it was a real “source of frustration.” The other thought the Program Manager might have lost the documentation he submitted; he had never received confirmation of Ticket assignments for any of the beneficiaries for whom he submitted paperwork. His frustration was exacerbated by the fact that every time he called the Program Manager, he had to deal with someone different, who apparently did not know the details of any of his cases, requiring him to explain the situation all over again.

That respondent was not the only one to complain about customer service from the Program Manager. Even one respondent who had characterized the Program Manager as generally helpful described an experience in which Program Manager staff told her that she needed to file a certain report and that they would send the relevant form to her, but she had to wait an inordinate amount of time to receive it. Another EN representative complained of receiving contradictory information from different Program Manager staff members about whether he needed to submit employer’s taxpayer ID numbers along with payment claims.

## **5. Current and Future Involvement in TTW**

At the time of our interviews, some 20 months after the respondents began operating as ENs, 4 of the 12 were no longer accepting Tickets, and all 4 indicated they were very unlikely to begin taking Tickets in the future. The program had not worked out well for them financially. Furthermore, individuals at 2 of the 8 ENs still accepting Tickets were of the opinion that their agency *should* stop taking Tickets, but senior managers had not reached that conclusion—yet.

The eight ENs that were still accepting Tickets at the time of the interview were generally being very cautious about continued participation in the program. None are planning to substantially increase their TTW caseload. They see their future involvement as contingent on one or more factors not necessarily under their control. Most of all, they described a need to find more suitable clients than the ones they had typically dealt with so far—they are seeking more Ticket holders with a serious desire to pursue work, an ability to hold a productive job, and a willingness to cooperate with the agency’s need to have copies of pay stubs. The ENs have been spending a substantial amount of resources on screening and on trying to help Ticket holders, but their efforts have not yielded revenues that are anywhere near their costs. The two ENs that have been most optimistic about continued participation have fairly substantial funding from other sources—one, from a Projects with Industries grant; the other, from multiple diverse sources—that has enabled them to devote a fairly substantial amount of staff time to TTW, folding it in with their other activities.

## **6. Suggestions for Program Improvement**

The Phase 3 ENs we interviewed this year called for many of the same improvements that their Phase 1 and 2 counterparts called for in previous years. They focused on changes

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that would reduce their costs and/or increase their revenues (or speed up the revenue stream). They have been the most frustrated with the time and effort involved in screening clients. Following are their suggestions related to this problem.

- ***Provide beneficiaries with better information about the program and potential service providers*** to reduce the efforts ENs must devote to educating and screening Ticket holders who actually have no interest in working their way off cash benefits. Specific comments included: Do not rely solely on material sent by mail; send follow-up information to Ticket holders who do not use their Ticket within several months of receiving it to remind them they have a Ticket and to re-explain its purpose; give beneficiaries more detailed information about ENs, including the area they serve and the services they provide, and make it clear that ENs typically do not have jobs waiting to be filled; and target the program or restrict it to those who have the greatest chance of achieving its goals—primarily DI (not SSI) participants and those without “significant” disabilities.
- ***Provide ENs with better information about beneficiaries*** to help them decide whom to target or whether and how to help someone who approaches them for services. One EN representative called for some kind of centralized database, another for more current CDs listing Ticket holders from the Program Manager, describing them now as virtually “useless.”
- ***Give beneficiaries a stronger incentive to explore work***, countering their fears about losing various benefits and encouraging them to try to earn a living.

Several ENs called for improvements in administrative practices or processes.

- ***Process Ticket assignment paperwork more quickly.*** The EN representative who raised this issue said if her agency postpones services until receiving confirmation, clients might tire of waiting and go elsewhere; yet if the agency initiates services right away, it might be wasting resources on an individual it should not be serving—for example, one who has assigned a Ticket elsewhere or one who has no Ticket.
- ***Simplify the payment claims process.*** Some respondents called for, first, eliminating the requirement for ENs to obtain and submit copies of beneficiaries’ pay stubs—a step one person described as burdensome and potentially “duplicative” given that SSA should be receiving earnings records directly from beneficiaries—and, second, simplifying the required documentation so the Program Manager will reject it less often.
- ***Process payment claims more quickly.***
- ***Improve customer service at the Program Manager.*** A couple of EN representatives called for more consistent information, faster responses to

informational and other requests, and better record keeping so that they would not have to explain situations repeatedly to different Program Manager staff or submit duplicate documents that the Program Manager claims not to have received.

Finally, some ENs suggested changes to the payment systems.

- ***Change the outcomes or activities that trigger payments.*** Specific ideas include: pay ENs for up-front expenses such as screening and initial services; pay ENs for placing clients and make an outcome payment every 30 days after placement; do not make ENs wait for beneficiaries to sustain employment for extended periods; and make it easier for ENs to get payments on behalf of clients who have jobs in which income is somewhat unpredictable—such as real estate agents who rely largely on commissions rather than a set monthly paycheck.
- ***Increase payment amounts,*** especially for the earlier milestone payments.

SSA has promulgated proposed regulations, discussed in Chapter IV, to address many of these concerns.

## **B. RECENT EXPERIENCE OF PHASE 1 ENs**

The experience of ENs who enrolled during Phase 1, more than three years ago, might be a harbinger of EN success in Phases 2 and 3. Because the Phase 1 ENs might have valuable lessons for the Phase 2 and 3 ENs, we looked back at the 24 ENs first interviewed for this evaluation in 2002.<sup>2</sup> To assess changes in their status as TTW has matured, we examined data on Ticket assignments (as of December 2004) and payments (as of July 2005) for all 24 ENs and conducted follow-up interviews with 8 of the 15 ENs that were still active in TTW as of July 2005.

Our interviews suggest that time and experience has not appreciably improved the situation for these Phase 1 ENs. A few have had limited success, but most seem to have become inactive or to have substantially limited their involvement in TTW. Today, 12 of the 24 ENs interviewed in 2002 can be considered nonparticipants because they have either accepted no Tickets or terminated their involvement. Five of them dropped out of the program officially. Collectively, these ENs had accepted 63 Tickets that were either dropped or reassigned when they withdrew from the program. Another seven have never accepted any Tickets. One additional EN had entered “hold” status as of June 2003, which means that it is continuing to work with its current Ticket holders but is not accepting new Tickets.

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<sup>2</sup> During July-September 2002, Cornell and Lewin staff conducted site visits to 24 ENs operating in the 13 Phase 1 states: Arizona, Colorado, Delaware, Florida, Illinois, Iowa, Massachusetts, New York, Oklahoma, Oregon, South Carolina, Vermont, and Wisconsin. The preliminary process evaluation report (Livermore et al. 2003) describes the selection process and the findings from those interviews.

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Of the remaining 11 ENs, 4 have accepted fewer than 5 Tickets, 6 have accepted 9 to 63 Tickets, and one has accepted 220 Tickets.

Comparing the number of Tickets assigned at the time of the 2002 interview with the current number of Tickets assigned, we found that seven ENs have increased their participation by a total of 86 Tickets. The majority of the increase, however, can be attributed to one EN, which increased its Ticket assignments from 6 in 2002 to 57 in 2005. Two ENs have roughly the same number of Tickets as in 2002, and two have fewer Tickets. We noted that the total number of Tickets that had ever been assigned was somewhat greater than the number of beneficiaries now being served at five ENs. This indicates that a number of beneficiaries have either been dropped because of nonparticipation or did not assign their Tickets.

Only 8 of the 24 Phase 1 ENs had received any payments by July 2005; one had received about \$182,000, 3 had received between \$25,000 and \$60,000, and the rest had received \$11,000 or less. Despite having been active in the program for more than three years, 4 of the 12 ENs with Ticket assignments had not received a payment.

To get a deeper sense of the Phase 1 ENs' experience over the past three years, and to assess any implementation changes, we interviewed 8 of the 24 ENs initially interviewed in 2002. We excluded the ENs that had terminated or were "on hold" as well as the 3 ENs we had interviewed for a second time in 2003 to avoid overburdening them.<sup>3</sup> The remaining 7 did not respond to our request for an interview.

## 1. Marketing and Call Volume

Although the Phase 1 ENs we spoke with recently had received relatively few inquiries per week, six of the eight had not marketed TTW either before or since the 2002 interview. One respondent cited a lack of funding as the primary reason. Another said, "We never pursued it because we never considered [the program] financially viable."

Prior to the evaluation team's first interview with them, two ENs sent letters to their clientele describing TTW. One reported being so overwhelmed with the response that the agency installed an answering machine telling callers that their call would not be returned for several weeks. The second EN initiated an information mailing in response to clients' lack of knowledge about the purpose of the Ticket or how to use it or the belief that the agency had a job waiting for them. To reduce the time necessary to correct this information via telephone, this EN used funding from a 2004 Medicaid Infrastructure Grant to mail a "Customer's Guide to Ticket to Work," to potential clients. The guide explained TTW and informed potential clients about the EN's BPAO program. The EN used a CD of Ticket-eligible beneficiaries provided by the Program Manager to randomly select 225,000

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<sup>3</sup>Information gained through second interviews of five single-state and three national ENs was presented in the initial evaluation report (Thornton et al. 2004). The ENs selected for those interviews were the ones with the highest numbers of Ticket assignments at the time.

beneficiaries for the mailing. While the mailing generated a significant number of calls to the BPAO, the EN official was not certain about the effect of this effort on the number of calls received about TTW. Still, he wished that his EN had more resources to target a mailing to beneficiaries who were more likely to pursue full-time employment. He also would have preferred the CD to have provided more information on beneficiaries, such as type of disability, type of benefit received, or past employment to assist with a targeted mailing.

In 2002, most of the eight ENs reported having difficulty keeping up with the call volume. Since then, call volume has diminished to barely a trickle for the ENs we interviewed. Three EN representatives said they currently receive about 10 calls per month and the rest, fewer.

## **2. Ticket Taking**

Most of the eight ENs we re-interviewed have not accepted a substantial number of new Tickets. Only two had accepted Tickets before the first interview (2002); four had accepted Tickets by the second interview (2005). Two ENs with no Tickets at the first interview now have 3 Tickets each; an EN with one Ticket at the first interview has 9, and an EN with 6 Tickets at the first interview now has 57. Three ENs with no Tickets had low expectations for the program at the first interview and still felt the same way at the time of the second interview, asserting that they are unlikely ever to accept a Ticket. Two of these officials said they are likely to drop out of the program, pointing to a lack of funds for up-front services and a lack of appropriate candidates. Another official speaking for an EN with no Ticket assignments had begun to assess 29 beneficiaries and planned to accept Tickets from them at the first interview, but now says, "Most of them disappeared when they found out what the Ticket program really was about. Some thought we had a job waiting for them; others wanted to maintain their cash benefits." This EN had not accepted any Tickets by the second interview and did not plan to accept any. The remaining four who are still accepting Tickets say that their willingness to accept Tickets has diminished recently, partly because of lack of demand and partly because of more rigorous screening.

Officials at these experienced Phase 1 ENs reported that their approach to Ticket-taking has changed since the first interview. Their screening criteria have become much more rigorous. Some ENs only consider beneficiaries who are willing to work enough to forego cash benefits, who need little or no training, and who have relatively low benefits. Some ENs attempt to target services to beneficiaries who are most likely to leave the SSA benefit rolls. Another EN will accept Tickets only from beneficiaries who are already being served by the EN's parent agency to ensure that funding for up-front services is available. Another requires that beneficiaries either attend an introductory forum on TTW or complete a questionnaire before meeting with a staff person. This process attempts to ensure that the beneficiary is truly interested and cuts down on staff time spent screening beneficiaries who might not be serious about participating in the program.

### 3. Funding and Services

In general, the eight Phase 1 ENs have not acquired new or additional funds to pay for their services and other activities associated with TTW. ENs reported gains or losses in funding typical of human service agencies. For example, one had lost a staff position because of a drop in funding from contractors. Another had obtained a contract to provide services to nursing home residents. Another reported that its contract with the SVRA had decreased due to limited funds, but the EN had obtained a large contract through a Medicaid Infrastructure Grant. None of the officials attributed these changes to TTW itself, and all served roughly the same number of clients and SSA beneficiaries that they had served at the first interview.

As reported in the first interview, ENs with Ticket assignments cobbled together funds from other sources to serve TTW beneficiaries because TTW revenues did not cover their costs. One EN with four Tickets said that it used Medicaid funds to serve Ticket holders but felt uncomfortable about doing so because of uncertainty about how Medicaid reimbursement rules dealt with the TTW payments. Another EN accepted Tickets only for clients of its parent agency, for whom state Department of Health funding was already available. This EN did not see a problem with using these funds to support TTW clients because “TTW is not big enough to be on their radar screen.” However, he does not plan to accept more Tickets because of lack of demand and problems with obtaining payments. The EN with 57 Tickets had placed 15 TTW clients in jobs, and 13 are currently making more than the SGA level. But the representative said his agency lost approximately \$65,000 on TTW during 2004, and he now plans to cut back on his organization’s involvement in the program.

ENs that have Ticket assignments have not altered the amount or types of services they provide since the first interview, and three of them reported that Ticket clients are similar to other agency clients. One official from the EN that has 57 Tickets said that, compared with other clients, Ticket clients are usually older, better educated, more likely to be on DI, more likely to have a physical than a mental disability, and less likely to use supported employment services. He said TTW beneficiaries he had served did not require supported employment services as did his other clients because of their past work experience and the types of jobs for which they were qualified.

### 4. Collecting Paystubs and Obtaining Payments

None of the eight ENs had submitted payment claims before our first interview, but they all expressed concern about the process of collecting pay stubs and requesting payments. Unfortunately, they now feel that their fears have become a reality. EN officials reported that they are having significant problems obtaining pay stubs from beneficiaries. One EN official commented that “people want to separate themselves from us as soon as they get a job,” and “they feel that the requirement to submit pay stubs is just like being on Social Security.” To encourage cooperation, one EN has offered to share a portion of outcome payments with beneficiaries; another provides stamped, self-addressed envelopes; and a third sends caseworkers to clients’ homes or work sites to obtain the stubs. An official

with the third EN said, “It takes a good amount of time and money to follow up with people; the outcome payments do not even cover that cost.”

The three ENs that had submitted payment claims at the time of our second interview expressed great frustration with the process of obtaining payments. One respondent characterized the process as “cumbersome,” adding, “anything would be better than this process.” Another EN had submitted 14 claims for payment on behalf of two individuals, but three months later, the EN had received just eight payments; the others were returned to the EN for further documentation. The official at the EN with 57 Tickets said he has submitted about 50 claims, and most have required additional documentation; only one-third of them were paid as of January 2005. By the time they received a payment, after waiting three to six months, officials were sometimes confused about what the payment was for and how the amount was calculated. Respondents said that multiple faxes and telephone calls to the Program Manager are required to resolve documentation issues, and the Program Manager then sends the documentation to SSA for wage verification. “If SSA has to verify wages anyway,” said one respondent, “we may as well just skip submission to MAXIMUS. All of the phone calls and faxes are a big waste of time.” None of these ENs had attempted to use the COPP because their TTW clients had not qualified for enough outcome payments.

## **5. Recommendations for Program Improvement**

Recommendations for program improvement from the eight re-interviewed ENs are largely consistent with their recommendations from the first interview, including simplifying the payment system, more accurately informing beneficiaries about TTW, and providing up-front funds for services. One EN official would like to see payments for a reduction in benefits, enabling ENs to work with beneficiaries to obtain part-time jobs. He suggested a more enhanced role for the Program Manager with regional or local staff to help beneficiaries navigate the TTW program. He also recommended that the Program Manager develop a web-based self-assessment and other tools to help ENs screen beneficiaries.

### **C. FINANCIAL VIABILITY AND POTENTIALLY PROMISING PRACTICES**

While TTW seems to provide little financial incentive for ENs on average, a few providers appear to have had some success with the program. In particular, more than 80 ENs have generated at least \$500 per Ticket accepted, and a handful have generated more than \$2,000 per Ticket accepted (Exhibit X.1). We therefore interviewed 10 of the ENs that had received at least \$500 per Ticket accepted to try to identify the lessons their experience might have for providers in general and for the overall functioning of the TTW market. These interviews revealed that while these providers did have a few common approaches, their overall success with TTW was actually quite limited, and even several of these seemingly successful providers said that they lost money on TTW.



**Exhibit X.1. EN Revenues per Ticket Assignment**

Dollars per Ticket	Number of ENs
\$0	254
< \$500	109
\$501–\$1,000	42
\$1,001–\$2,000	19
\$2,001–\$4,000	15
\$4,001–\$7,000	6

Source: EN payment data as of July 26, 2005.

The 10 high-revenue ENs we interviewed represent a wide variety of service models and perspectives. To ensure that we interviewed ENs with a range of Ticket-taking experience, we divided the sample of 10 into five groups based on the number of Tickets accepted. We selected two ENs with more than 200 Tickets; two with 50 to 100 Tickets; two with 10 to 20 Tickets; two with 5 to 10 Tickets; and two with 5 or fewer Tickets. Among the 10, 8 are nonprofit organizations and 2 are for-profits. Most focus on people with psychiatric and cognitive disabilities, while a couple focus on people with physical and sensory disabilities. Two are small operations with only one or two staff people; others are multi-million-dollar corporations. Most place clients in jobs in the community, though two hired them internally. Some provide supported-employment services; others provide such services as résumé writing, interviewing, and employer contacts.

One interesting pattern we observed is that higher revenues per Ticket are associated with less, rather than more, Ticket taking (Exhibit X.2). For example, all ENs with more than \$2,000 in revenue per Ticket had taken eight or fewer Tickets. An EN with just two Tickets had received revenue of over \$6,000 per Ticket; the ENs with more than 200 Tickets had received about \$700 and \$900 per Ticket, respectively.

### 1. Potentially Promising Practices

Despite their differences, ENs that have experienced some financial success share a number of organizational practices or features, which they feel have contributed to their success. We defined a practice or feature as “shared” if it was mentioned by a majority of the 10 Phase 1 and 2 ENs interviewed in the second round. A few ENs, however, attributed their relative success to a practice not shared by the rest of the ENs. Both sets of practices are reviewed below.

Readers should bear in mind that this exploratory analysis is by no means conclusive. We do not know the extent to which the many less financially successful ENs might also have these features or use these practices and still yield relatively low payments per Ticket assignment. Furthermore, as shown in Exhibit X.2, even the ENs that appeared to have

relatively high payments per Ticket assignment are not necessarily breaking even under TTW. We discuss this issue in Section 2.

**Exhibit X.2. Revenues and Ticket Assignments Among 10 “Successful” ENs**

State(s) Served	Phase	Number of Tickets Ever Assigned	Total TTW Revenue	Revenue Per Ticket	Have Revenues Covered Costs?
Massachusetts	1	2	\$12,500	\$6,280	Yes
Iowa	1	5	15,617	3,904	Ongoing costs only
Michigan	2	7	10,721	2,144	Ongoing costs only
Iowa	1	8	14,258	2,037	No
Kansas	2	20	30,588	1,912	No
New York	1	14	22,324	1,717	Ongoing costs only
Wisconsin & Illinois	1	64	57,761	1,605	No
Arizona	1	220	182,537	922	No
National	1 & 2	257	150,000	769	No
Florida	1	50	38,553	701	Ongoing costs only

Sources: Program Manager data, interviews with EN representatives.

**a. Shared Practices/Features**

**Funds Available for Start-Up and Continuing Operations.** All 10 ENs could cover TTW start-up costs with general revenues or funds from other contracts. They also relied on these funds to serve TTW beneficiaries, including those who did not generate payments, while waiting for TTW revenues. One EN used state mental health funds to serve beneficiaries and accepted Tickets only when a beneficiary was ready for employment, thus making it more likely that the beneficiary would generate TTW payments. Another EN had obtained a grant to cover start-up costs and used undesignated funds from other programs to serve beneficiaries. At two ENs, the staff responsible for TTW covered TTW costs by conducting vocational evaluations for insurance companies and the SVRA.

**A Thorough Understanding of the TTW Program.** The 10 ENs, particularly those that had accepted more than a few Tickets, have a thorough understanding of the program, including its philosophy and requirements. All 10 also have many years of experience helping people with disabilities find work—one EN official had even written a book on the subject. As another official put it, “Know the benefits, know the program, and know the people.”

**Rigorous Screening of Potential TTW Clients.** All 10 ENs stressed the importance of rigorous screening to ensure that beneficiaries who assigned their Ticket were appropriate for TTW and understood the requirements. One official said that the screening process should “ensure that they have a positive attitude and are committed to working at a level that will result in benefit loss.” Another official, representing an EN with 14 assignments and about \$2,200 in total revenue, said, “Bringing the right people into the program and turning

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the rest away is the most essential thing we do to ensure TTW success.” The representative of another EN, with almost 100 Tickets, said, “We have gotten much better at screening, and we’re trying to get better at targeting services to people who will get off benefits. We still get calls that are not appropriate for TTW, such as individuals who want to work part time, and we have stopped accepting them.” One official who instituted stringent screening felt torn about doing so. She said, “It seems against our mission, [which is] to help people with disabilities find work, but if we don’t screen people out, we will lose lots of money on this.” This agency refers beneficiaries it cannot serve to an SVRA.

When asked what criteria are most important in accepting a Ticket, one official cited “the beneficiary’s knowledge, skills, ability, and motivation.” Most of the 10 ENs do not exclude beneficiaries according to the type of disability, although one EN official said he excludes people he considers hard to place, such as those with serious psychiatric symptoms. A large, for-profit EN accepts Tickets only from individuals on DI because they are generally older and have an employment record. EN staff looks for beneficiaries who are job ready and refer individuals who need training or expensive job accommodations to the SVRA.

**Use of the BPAO.** Most of the officials we interviewed from the 10 successful ENs said they routinely refer beneficiaries to the BPAO before deciding to accept a Ticket. They want beneficiaries to thoroughly understand the ramifications of participation in TTW: finding employment that would pay enough to give up cash benefits. These ENs—who also discuss the impact of wages on cash benefits, housing, medical insurance, and other assistance with beneficiaries—operate under the principle that only when beneficiaries fully understand all of their options can they make a true commitment to TTW.

**Use of Existing Staff to Serve TTW Beneficiaries.** Given the uncertainty of the TTW revenue stream, several of the ENs added TTW responsibilities to the workload of existing staff instead of hiring new staff. This practice tended to restrict the number of Tickets an EN could accept but prevented subsequent layoffs when Ticket revenues were not generated at the expected level.

**Strong Job-Placement Record.** The 10 ENs are staffed by specialists with solid experience in helping individuals with disabilities find employment. Some even boasted of extensive, close connections to employers. In addition to job placement, one official said he provides job-development services—working with employers to *create* jobs—rather than just responding to advertised listings. He also provides interview coaching and serves as a liaison between the applicant and the employer. Another EN uses a network of specialists throughout the country to help beneficiaries find work. Still another EN, staffed by a job-placement specialist and a support-staff person, has placed beneficiaries into high-level positions, including a nurse and a judge. She attributes her success to her strong track record in working well with beneficiaries and employers. One EN’s website includes a list of companies, such as local colleges and medical facilities, that will potentially hire Ticket holders. Another EN official attributes success to the strong relationship with a local food plant that has hired a majority of its seven Ticket clients.

## b. Other Practices

**Accepting Tickets from the Agency's Existing Client Caseload.** Three of the ENs only accept Tickets from past and current clients when they are ready for full-time employment. These clients have a long-standing relationship with agency staff and are considered more likely to be successful. These ENs use other funds, such as Department of Mental Health or Mental Retardation revenues, to serve these clients until they are ready to earn more than the SGA level and give up their benefits. One EN official, who had accepted two Tickets and received \$12,500 in TTW revenue, provides various levels of employment services, including enclave or group placement, transitional employment, supported employment, and independent community placement. Clients progress from one level of employment to another, using their Tickets only when they are ready to work enough hours to generate payments to the EN. The interviewed official from this EN said, "TTW is well-suited to individuals who have progressed through the other employment programs and are ready for independent placement." The long-standing relationship between beneficiaries and agency staff also makes it easier for staff to obtain beneficiaries' pay stubs.

**Hiring TTW Beneficiaries to Work on Existing Agency Contracts.** Two of the 10 ENs have used the Javitz Wagner O'Day (JWOD) program to hire TTW beneficiaries for work on federal contracts. Because the EN hires beneficiaries directly, collecting copies of pay stubs is no problem. These two ENs have accepted relatively small numbers of Tickets: five and seven, respectively.

## 2. Financial Viability

Because even relatively high revenues per Ticket may not make ENs profitable, we asked the 10 EN officials whether their TTW revenue had covered the costs of operating TTW, including marketing, screening, service provision, collecting pay stubs, and submitting payment documentation. Of the 10 EN officials interviewed, only one reported that her agency has made money on TTW. This agency accepted Tickets from two of its existing clients and received \$12,500 in payments. Collecting pay stubs from these beneficiaries was not a problem because they still received other services from the agency, for which pay stubs were also required.

Four EN officials said that TTW revenues probably covered their ongoing operational costs but did not cover the outreach and intake costs, such as marketing to potential clients and screening callers. One of these officials said, "If I had to rely on TTW revenues during the first year, I would have starved." He attributed his relative financial success to a long-standing relationship with the beneficiaries from whom he had taken Tickets and to the JWOD contract under which some were hired. Another EN representative said, "TTW pays for itself but it is not a money-maker." This agency targets its services to those who truly want to leave the benefit rolls and makes extensive use of the BPAO before accepting a Ticket. The third EN has placed four people and received a few payments on three of them before they left their jobs or lost touch with the EN. These beneficiaries were already agency clients, and few additional resources were expended to help them find employment. The fourth EN for which TTW covers ongoing costs is more or less equivalent to a sole proprietorship. She attributed her success partly to her low operational costs. However, she

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consistently has trouble obtaining payments and has recently hired a bookkeeper to whom she is paying a commission for helping her to submit payment documentation.

For the remaining five organizations, being an EN has not proved to be financially viable. Reportedly losing money on the program, officials from all five said the most significant problem is getting payments. One EN official reported losing money despite having received a \$100,000 start-up grant to develop a tracking system, introduce collaboration strategies, and prepare marketing materials. She estimated spending about \$4,200 and receiving about \$900 per Ticket, with about half of her costs associated with obtaining pay stubs and submitting payment claims. She said that her agency will not be able to sustain this level of commitment unless something is done to expedite the payment process. Another EN official said, “If I were paid in a prompt and proper manner, yes, my TTW costs would be covered by my revenues, but if I can’t get paid in a timely manner, then they aren’t.” He said he has spent at least \$150,000 on TTW and received just \$60,000 in revenues. His revenues would cover costs, he said, “only if SSA and MAXIMUS would fix the payment process to require less paperwork and pay in a more timely manner.” An official from a national EN estimated spending about \$2 million on TTW and has received about \$175,000 in revenues. He attributed the revenue shortfall to two factors: high operational costs associated with screening beneficiaries (this EN has received about 12,000 callers, only a small percentage of whom enter the program) and with submitting earnings documentation and lower-than-expected revenues associated with the reluctance of beneficiaries to submit pay stubs.

Officials from all five of the ENs that have reportedly lost money on TTW said it takes three to four months to get payments once proper paperwork is submitted. When asked about the COPP, these ENs asserted that they have tried to use it but that either the Program Manager requests pay stubs or the wages must be verified by SSA anyway, so it has not resulted in faster payments.

In sum, it appears that even these 10 ENs, selected from ENs nationwide that received the most revenue per Ticket, are having trouble making TTW a financially viable program. Only one of these ENs said that TTW fully covers its program costs, but even so, this EN had accepted two Tickets only, selecting them from its current client caseload. Fully half of the EN officials we interviewed said they were losing money. It also appears that ENs that accepted the most Tickets had the most difficulty making the program financially viable. Only one EN official who had accepted more than 50 Tickets said that the program covered her ongoing costs, and she is the one who works out of her home and has no employees, so she has low overhead costs. Both ENs with more than 200 Tickets have lost money on the program. So the lesson seems to be: Keep the TTW clientele small, and carefully screen beneficiaries to accept only those who present a low financial risk to the agency.

Despite revenue shortfalls, however, officials from some of the ENs were consoled somewhat by their belief that TTW has had a positive impact on beneficiaries and on organizations that chose to become ENs. They believe that the program can be the push that beneficiaries need to enter the employment arena. One official said, “It has encouraged

people with disabilities to work and has encouraged agencies like ours to be entrepreneurial and to pursue funding from programs that are outcome-based.”

#### D. SUMMARY AND CONCLUSIONS

The findings from our review of the early experience of new Phase 3 ENs, the recent experience of longtime Phase 1 ENs, and the factors potentially associated with relative financial success present a sobering picture of EN involvement in TTW. The following are among the most significant findings reported in this chapter:

- ***The early experience of Phase 3 ENs mirrors the experience of ENs in Phases 1 and 2.*** As we reported about earlier rounds of interviews with ENs, the Phase 3 providers see TTW as being aligned with their general mission and a potential source of (modest) additional revenues, but they have generally approached the program cautiously, not making it one of their major initiatives. The ENs have found TTW financially problematic, with operational costs far outweighing revenues. Officials lament the effort required to deal with Ticket holders who are not well-suited to the program; a very small proportion of those they screen become Ticket clients. Also hard to swallow are the difficulties associated with getting payments for clients who manage to achieve the desired employment outcomes. Some ENs have already stopped participating in the program. All of this experience closely parallels the experience of their predecessors.
- ***The recent experience of Phase 1 ENs has not substantially improved over time.*** Most Phase 1 ENs first interviewed in 2003 have not become more involved in the program, and several have stopped participating altogether. Four of the 12 remaining ENs with Ticket assignments have yet to receive a single milestone or outcome payment. As things stand now, it is not realistic to assume that the Phase 1 ENs will be able to become more involved in TTW, as very few Ticket holders are contacting them and those who do are typically not seen as desirable clients (the ENs have learned to do tougher screening of callers). Funding to cover operational costs that may be incurred before a payment revenue stream might begin remains insufficient. ENs that have placed TTW clients continue to have a great deal of trouble getting the pay stubs needed for payment claims and view the process as unnecessarily taxing.
- ***Financial viability and potentially promising practices.*** The large majority of ENs have received less than \$500 per Ticket accepted; indeed, a majority have received no milestone or outcome payments whatsoever. Representatives from a sample of 10 relatively financially successful ENs, with TTW revenues ranging from \$700 to about \$6,300 per Ticket, described their agencies as having the following: funds available for start-up and ongoing operation costs, a thorough understanding of TTW, a rigorous screening process, and a strong job-placement record. For some, the key to “success” might have been focusing on pipeline cases and hiring the beneficiaries for internal positions. These

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practices may be worth considering, but we suspect that many less successful ENs nationwide would also claim to have done the same. More important, even relatively high revenues per Ticket are no guarantee of true financial success: only one of the 10 ENs reported making a profit, and half found that revenues did not cover their ongoing operational costs, let alone their early start-up expenditures.

The generally disappointing picture of EN involvement in TTW has not changed appreciably since TTW was initially rolled out over three years ago. Phase 1 ENs are struggling with the same issues in 2005 that they struggled with in 2002-2003. Phase 3 ENs seem to be having the same difficulties as their Phase 1 and 2 counterparts had before them. SSA has promulgated proposed regulations, discussed in Chapter IX, to address many of these concerns. SSA has also retooled the BPAO program as the Work Incentives Planning and Assistance program. This includes a plan to conduct local Work Incentive Outreach Seminars to educate beneficiaries on available work incentives and the Ticket program and connect them with ENs. This initiative may assist beneficiaries to be better informed and may reduce EN recruitment and screening costs. But none of the SSA or the Program Manager initiatives to date seem to have addressed the core TTW issues. Without substantial changes soon, to make the program easier to administer and more profitable, ENs will likely become less and less involved with TTW. And they will be even less of an alternative to SVRAs than they are now.

The final chapter in this section, Chapter XI, describes participation by the SVRAs and the changes that have been made to their operations as a result of TTW. The SVRAs play a significant role in TTW because they have accepted the vast majority of Tickets.

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## CHAPTER XI

### EXPERIENCE OF STATE VOCATIONAL REHABILITATION AGENCIES

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We have noted in past evaluation reports that TTW has had a relatively minor impact on the SVRAs, but that the SVRAs have had an overwhelming impact on TTW because of the number and percent of Tickets assigned to the SVRAs. This continues to be the case.<sup>1</sup> SVRAs have accepted 89 percent to 92 percent of Ticket assignments since TTW rolled out. Like other providers, SVRAs can be paid for providing services through either the milestone-outcome or the outcome-only payment system, but unlike any other providers, SVRAs can also opt to be paid under the traditional system. Most SVRAs continue to use that system only, and, consistent with findings from previous evaluations, approximately 93 percent of Tickets assigned to SVRAs are assigned under that system. Thus, most beneficiaries who assign Tickets are receiving services from SVRAs under the traditional payment system, just as they could have done had TTW never been implemented.

SVRAs serve a broad array of people with disabilities, including SSI and DI beneficiaries. The number of SSA beneficiaries served by SVRAs has risen over the past few years to 175,000 cases closed in 2003; these cases made up about one-fourth to one-third of all recent case closures. Since 1981, SSA has reimbursed SVRAs for their costs (up to a limit) to serve an SSA beneficiary after the client completes nine consecutive months of work at the SGA level. This traditional cost reimbursement system has generated \$80 million to \$100 million annually for SVRAs in recent years. These funds are used primarily to supplement the federal and state funds used by SVRAs to purchase services for clients. While SSA beneficiaries account for 25 percent to 30 percent of SVRA clients, funds from SSA account for less than 10 percent of case-service dollars. Thus, SVRAs have served SSA beneficiaries through their primary funding source with a small but important supplement provided by SSA.<sup>2</sup>

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<sup>1</sup> See Thornton et al. 2004 and 2006.

<sup>2</sup> See Thornton et al. 2005, Chapter VI, for a fuller discussion of SSA payments to SVRAs.

This chapter describes the experience of SVRAs under TTW and the important role they play in implementing the program. As context for SVRA implementation of TTW, we describe recent financial constraints stemming from rising service demand and shrinking state budgets. We describe Ticket assignment behavior, payments to SVRAs, service delivery, and SVRA/EN relationships.

Over the past three years, we have conducted telephone interviews and site visits with 21 SVRA officials in Phase 1 and Phase 2 states. For this report, we interviewed officials from four SVRAs in Phase 3 states as well as staff at the Council of State Administrators for Vocational Rehabilitation (CSAVR). Our interviews with the SVRAs generally included the person designated as the Ticket coordinator and the person responsible for processing payment claims to SSA. We interviewed the director of external relations and the director of policy and research at CSAVR.

## **A. RESOURCE CONSTRAINTS**

SVRAs operate with funding from the U.S. Department of Education's RSA and from each state according to a formula that adjusts for population and per capita income. Federal funding, which totals about \$2.6 billion, supports the vocational rehabilitation program, the network of Centers for Independent Living, and other related programs. SVRAs use a large percentage of their state appropriation to purchase rehabilitation services that help clients identify and reach their vocational goals; the services include assessment and evaluation, educational and medical services, job placement, and assistive technology. In many cases, the SVRA counselors purchase services for their clients through a network of community rehabilitation providers, many of which participate in TTW as ENs.

Financial constraints appear to have curbed both the resources that SVRAs can devote to TTW and their interest in recruiting new clients. Although federal funds have remained relatively constant throughout the last few years, state funding for SVRAs has been cut as a result of lower state tax revenues and higher unemployment in 2004 and early 2005 as well as rising Medicaid expenditures. In addition, representatives of SVRAs we interviewed in 2005 reported that higher unemployment had created more applicants for their SVRA.

According to CSAVR officials, the number of SVRAs that must ration their resources by an "order of selection" has risen over the past few years to a high of 43 nationwide, as of July 15, 2005, including three of the four SVRAs we interviewed for this report. SVRAs initiate an order of selection when they do not have enough resources to meet the demand for services. Under such a policy, SVRAs enroll only those applicants in the highest priority category. The specific categories and who fits into each varies by state, but generally, individuals are classified into three categories according to the severity of their disability as described below in the order of selection classification for the Pennsylvania SVRA<sup>3</sup>:

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<sup>3</sup> Pennsylvania Office of Vocational Rehabilitation Combined Agency State Plan 2006 Federal Fiscal Year Update, Attachment 4.12(c)(2)(A). [www.dli.state.pa.us/landi/lib/landi/pdf/ovr/complete\\_2006\\_state\\_plan1.doc](http://www.dli.state.pa.us/landi/lib/landi/pdf/ovr/complete_2006_state_plan1.doc). Accessed April 11, 2006.

- **Priority category one** includes individuals who are the most significantly disabled, defined as having a physical, mental, or sensory impairment that seriously limits three or more functional capacities; also, the individual must be expected to require multiple vocational rehabilitation services over an extended period.
- **Priority category two** includes individuals who are significantly disabled, defined as a physical, mental, or sensory impairment that seriously limits one or more functional capacities; also, the individual must be expected to require multiple vocational rehabilitation services over an extended period.
- **Priority category three** includes individuals who are not significantly disabled, defined as a physical, mental, or sensory impairment that does not meet the definition of most significantly disabled or significantly disabled.

“Functional capacities” are defined, for example, as physical mobility, dexterity and coordination, personal behaviors, repeat hospitalizations, and life planning.

According to SVRA officials we interviewed, SSI and most DI beneficiaries would fall into category one, but even that status does not guarantee that services will be provided. Some SVRAs have had to establish waiting lists even for individuals in category one, including two of the Phase 3 SVRAs we interviewed. One SVRA, which has been operating in an order of selection since 2001, had an 11-month waiting list for category one; the other had a waiting list of almost 500 category one clients and a total waiting list of over 13,000 across all three categories. Thus, order of selection can prevent SVRAs from serving beneficiaries quickly under TTW even if the agency expects to be reimbursed eventually by SSA.

As discussed later in this chapter, SVRA funding constraints and order of selection rules are forcing some SVRAs to urge beneficiaries to assign their Ticket to an ENs, the rationale being to both reduce demands on their own resources and help beneficiaries get services quickly. The SVRAs reported that such efforts have not yet generated much, if any, success because ENs are highly selective in their acceptance of Tickets, if they accept them at all.

## **B. TICKET ASSIGNMENTS**

### **1. Assignments from New Clients**

The officials from the four Phase 3 SVRAs we interviewed said they received a high volume of calls from potential clients during the initial Ticket rollout, but that these calls diminished considerably a few months after rollout was completed. These four SVRAs designated one staff person to field these calls, and, once the volume of calls diminished, that staff member was able to assume additional administrative responsibilities associated with administration of assigned Tickets. Officials reported that, when the TTW goal of moving beneficiaries off of the SSI or DI rolls is explained to them, most lose interest in TTW. (Even under the traditional payment system, SVRAs do not receive SSA

reimbursements unless clients work at the SGA level for nine months or more. Thus, like ENs, SVRAs tell beneficiaries that the goal of TTW is to help them move off the rolls.) However, SVRA officials use this opportunity to describe the services they provide through other funding mechanisms, such as Title I of the Rehabilitation Act, which requires only that the client establish a vocational goal. The SVRA will serve the beneficiary without accepting the Ticket.

## **2. Assignments from Pipeline Cases**

As discussed in Chapter III, the Phase 2 and Phase 3 SVRAs obtained Ticket assignments from far fewer “pipeline” cases (that is, existing clients) than did the Phase 1 SVRAs, but they obtained assignments from new clients at about the same rate as the Phase 1 SVRAs.<sup>4</sup> This finding is consistent with the findings from the Phase 3 interviews we conducted for this report, which indicate that the Phase 3 SVRAs had much less of an incentive to obtain assignments from pipeline cases during their own rollout period.

Our initial evaluation report indicated that when TTW was first rolled out, Phase 1 SVRA officials anticipated a significant number of new applicants for vocational rehabilitation (VR) services as a result of the introductory Ticket mailing. They also felt they had to respond aggressively to TTW to safeguard their SSA funding stream, which had become increasingly important over the past few years. Phase 1 SVRA officials we interviewed were quite concerned that clients would refuse to assign their Tickets to the SVRA, receive services under Title I, and then assign their Ticket to an EN, making the SVRA ineligible for the traditional payment. Phase 1 officials were especially concerned that beneficiaries would assign their Ticket to AAATake Charge, which, after receiving a Ticket assignment, would essentially convert the Ticket to cash if the participant left the rolls by paying the beneficiary 75 percent of every outcome payment it received on the beneficiary’s behalf. Phase 1 SVRA officials were also concerned that beneficiaries who assign their Tickets must meet the TTW timely progress requirements and that such requirements would make it difficult to serve beneficiaries pursuing higher education or another lengthy rehabilitation process. (As of December 2005, SSA has suspended timely progress requirements; see Chapter 12 for further discussion.)

However, Phase 3 SVRAs are now less concerned that beneficiaries will assign their Tickets to ENs and have relaxed their efforts to obtain Ticket assignments. The early experience with TTW suggests that there is little risk that SVRA pipeline cases would assign their Tickets to ENs, making the SVRA ineligible for a traditional payment. Phase 1 SVRAs reported that they did not lose many pipeline cases to ENs, and ENs we have interviewed tend to refer cases to the SVRAs, not take cases from them. SVRAs can wait to obtain a

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<sup>4</sup> VR agencies serve many more SSA beneficiaries than is reflected in Ticket assignments: Using SSA/RSA matched data, Phase 1 and Phase 2 state VR agencies have obtained Ticket assignments for only about 30 percent to 40 percent of the new SSA beneficiary clients they have served since TTW started. The assignment rate for beneficiary pipeline cases is even lower.

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Ticket until they know whether the client will be eligible for cost reimbursement or payment under one of the new TTW payment systems.<sup>5</sup>

Still, the Phase 3 SVRAs interviewed recently appear to be devoting some resources to contacting Ticket holders in their existing caseloads, explaining the program to these individuals and encouraging them to assign their Tickets to the SVRA. Some SVRAs, particularly the smaller ones, had their central office canvass their existing caseloads to identify beneficiaries, sending the names of these individuals to counselors to discuss Ticket assignment. The larger SVRAs asked their counselors to go through their existing caseloads to identify beneficiaries. One large SVRA sent a letter to all of its clients asking them to contact their counselor and discuss Ticket assignment, but the results were disappointing—less than 30 percent of beneficiaries responded to this request.

Once TTW beneficiaries have been identified, counselors use the same process to accept Ticket assignments from new and pipeline cases. They explain the Ticket program, provide clients with lists of ENs (when they are available), and sometimes refer beneficiaries for benefits planning. Officials from one of the four SVRAs we interviewed said their agency has developed a script for counselors to use when explaining TTW.

### **3. Promoting Consumer Choice in the SVRA Application Process**

Counselors must explain to beneficiaries that they have a choice in what to do with their Ticket: they can assign it to an SVRA or to an EN, or they can leave it unassigned. If a beneficiary assigns the Ticket to an SVRA, the agency can use either the traditional payment system or one of the two new payment systems. If a beneficiary leaves the Ticket unassigned, an SVRA can continue to serve the individual under the traditional payment system if the SVRA submits an unsigned Ticket Assignment Form (Form 1365) and a signed IPE to the Program Manager.

Although Transmittal 17 of the *Social Security Provider's Handbook* allows SVRAs to submit a Ticket Assignment Form without a beneficiary signature if the form is accompanied by the signed IPE,<sup>6</sup> SVRA officials we interviewed for this and earlier reports expressed serious concern about this practice because it de-emphasizes consumer choice in services—a concept emphasized in the Rehabilitation Act. Officials said that this policy has created conflicts within the agency; agency administrators tell counselors it is particularly important to obtain Ticket assignments so the SVRA can be reimbursed but then stress the importance of clients playing an active role in choosing where they will go for services.

To address these opposing goals, counselors tie discussions of Ticket assignment to the development, review, or revisions of the client's IPE. Additionally, some SVRAs are amending IPEs to include language that specifies what signing the IPE implies for Ticket

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<sup>5</sup> See Thornton et al. 2004 for a discussion of Ticket assignment of new versus pipeline cases.

<sup>6</sup> The IPE is an official document that outlines the services the SVRA will provide and the client's responsibilities, and it is signed by both counselor and client.

assignment. For example, the Maine SVRA has revised its IPE form to include the following language:

“I agree and understand that by signing this IPE, my Ticket will be assigned to DVR if I am eligible to participate in the Social Security Administration’s Ticket to Work Program. In order for DVR to get paid by SSA for services provided to me, DVR will track my SSI/SSDI benefits and earnings and exchange information related to my work and vocational plan with SSA and Maximus, SSA’s Program Manager.”

“I also understand that I can inactivate my Ticket or assign it to a different Employment Network by contacting Maximus, toll-free at 1-866-968-7842 (1-866-833-2967 TTY). While my Ticket is in use and I am making progress on my IPE, I also understand that SSA will not do any Continuing Disability Reviews on my case.”

In this way, SVRAs can incorporate the informed choice discussion about Ticket assignment into the IPE process.

Officials from one SVRA we interviewed have established a policy under which the agency does not attempt to obtain a client’s Ticket unless the Ticket Assignment Form has been signed. From the agency’s perspective, the risk that a beneficiary will learn that the Ticket has been assigned without formal consent and subsequently believe that the agency is usurping the right to informed choice in Ticket assignment is simply too great. SVRA officials stated that the trusting relationship between the client and the rehabilitation counselor must be preserved, even at the expense of losing payments under the traditional system. The SVRA has an agreement with SSA that if an individual is identified for reimbursement under the traditional program but has not assigned his or her Ticket to the SVRA, then SSA will hold the reimbursement submission and allow the SVRA to contact the individual one more time to attempt to obtain Ticket assignment. This process gives the SVRA every opportunity to obtain the assignment while protecting beneficiary choice.

#### **4. Administrative Effort Associated with Ticket Assignments**

All four SVRA officials we interviewed agree that the Ticket assignment process is one of TTW’s most time-consuming administrative burdens. From a counselor’s perspective, the process has little or no added value, especially relative to the burden it imposes. For instance, counselors must first become conversant in the TTW program and then devise a simple and straightforward way to explain it to new clients. They feel that the requirement to discuss complex program concepts at the initiation of services often confuses clients and delays more important service-related discussions. In their eyes, the time is not well spent because TTW appears to have little to no impact on service provision. Counselors must also expend energy tracking down existing clients to obtain Ticket assignments from them. Although these clients may be receiving services from the SVRA, the counselors may actually have little direct in-person contact with them because, for example, the SVRA is purchasing services through another agency or paying for college, in which case counselors

may only check in with the client quarterly by telephone. So the process of tracking down pipeline cases adds another layer to an already heavy administrative burden with little value added, particularly for counselors with typical caseloads of 150 or more.

From the SVRA perspective, the need to explain basic aspects of TTW to new callers adds another administrative function and increases the costs of participating in the program. Although SVRA staff use this opportunity to explain services that can be provided under other funding sources, staff members report receiving few applicants they would not have otherwise received. SVRA officials also said that obtaining current, accurate information on TTW eligibility and assignment status from the Program Manager is problematic. Although the Program Manager sends the SVRA monthly CDs with lists of TTW beneficiaries in the state, the officials we interviewed did not see the CDs as helpful because they did not contain Social Security numbers through which beneficiaries could be matched to SVRA clients. Communication with the Program Manager on Ticket assignments takes place by fax, which SVRA officials see as extremely inefficient when multiple Ticket assignments are being requested. SVRA officials also noted several instances of conflicting and inaccurate information on beneficiaries' benefit and Ticket assignment status, requiring multiple phone calls and faxes between the SVRA and the Program Manager. SVRAs have had to move staff from other duties to build new data management systems to track Ticket assignments and requests for reimbursement. The four SVRAs we interviewed said they designated one to two individuals for Ticket-related activities—not an insignificant change given periods of resource shortages and staff layoffs. These officials could not point to many compensating benefits to the SVRA or its clients.

These findings reflect findings in previous interviews in which SVRA officials reported that TTW has increased their administrative burden and therefore their administrative costs. They indicated that central office staff and local rehabilitation counselors spend a substantial amount of time explaining the program to beneficiaries, encouraging them to assign their Ticket to the SVRA, and trying to ensure that they exercise informed choice in assigning their Ticket. This change in the SVRAs' approach to their clients is significant because any increase in SVRA administrative costs will reduce the funds available to provide services.

### **C. PAYMENTS TO SVRAS**

Each SVRA must select either the milestone-outcome or outcome only system under TTW. Once an SVRA accepts a Ticket assignment, it must specify whether it will be paid under the system they have selected or under the traditional payment system.

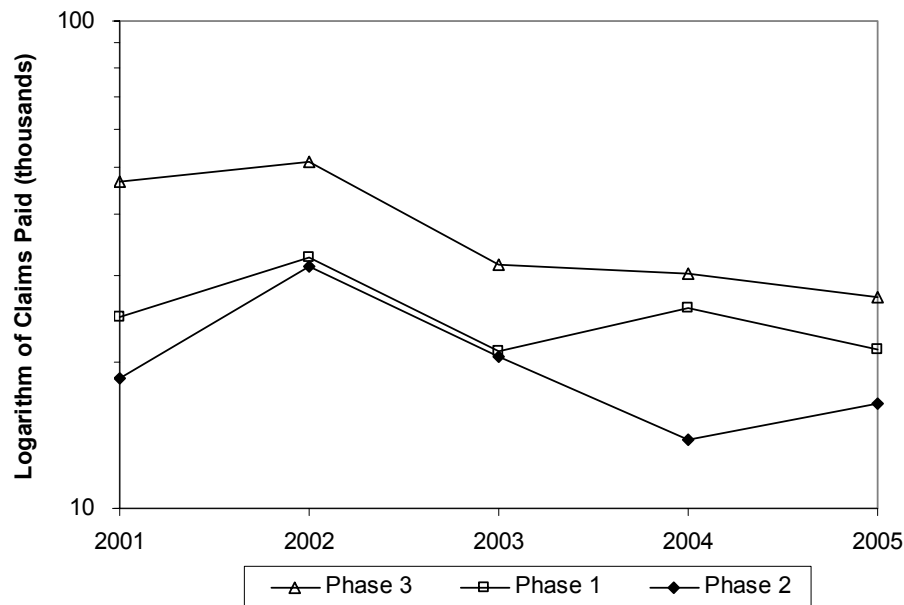
All four Phase 3 SVRAs we interviewed currently accept all new Ticket assignments under the traditional payment option. Although they had selected the milestone-outcome payment system, they had accepted only a few Tickets under this system. They provided two reasons for preferring the traditional payment system. First, beneficiaries need only work 9 months at the SGA level for the SVRA to qualify for payment under the traditional system. To obtain the full payment amount under the new TTW payment options, the beneficiary must remain off cash benefits for 60 months. Even though the full amount under the new payment systems may be greater than the full amount of payment under the

traditional system, the SVRA officials we interviewed did not want to risk not being paid if their clients remained off cash benefits for fewer than 60 months. Second, the payment process under the traditional system is substantially simpler than the process under either of the two new systems. Specifically, an SVRA submits only one request in the traditional system and receives one lump-sum payment; under the new TTW payment options, an SVRA must track the beneficiary for 60 or more months and submit up to 64 requests for payment.

We examined payments made on all Tickets assigned by December 2003 to SVRAs under one of the new payment systems. As of that date, which precedes the Phase 3 rollout, 43 of the 75 SVRA offices had accepted at least one assignment under one of the new payment systems, for a total of 2,705. Of these assignments, 6.4 percent had generated at least one payment by July 2005. (We excluded more recent assignments because of the long period that can elapse before any payment is made.) Payments were highly concentrated in a few SVRAs—only 10 of them had received any payments under the new systems. The total amount paid was only \$373,000, and one SVRA received 56 percent of that amount.

The number of claims paid under the traditional payment system in each phase of the Ticket rollout is shown in Exhibit XI.1. It is problematic to compare these paid claims to claims paid under the new payment systems because of substantial differences between the new and the old payment and reporting systems. The delay from Ticket assignment to payment under the traditional system can be even longer than under the new systems, but full payment is typically made in one transaction, not stretched out over many months. Nonetheless, these statistics provide useful information on SSA payments to SVRAs under the traditional payment system.

**Exhibit XI.1. Claims Paid Under the Traditional System by Phase, Fiscal Years 2001–2005**



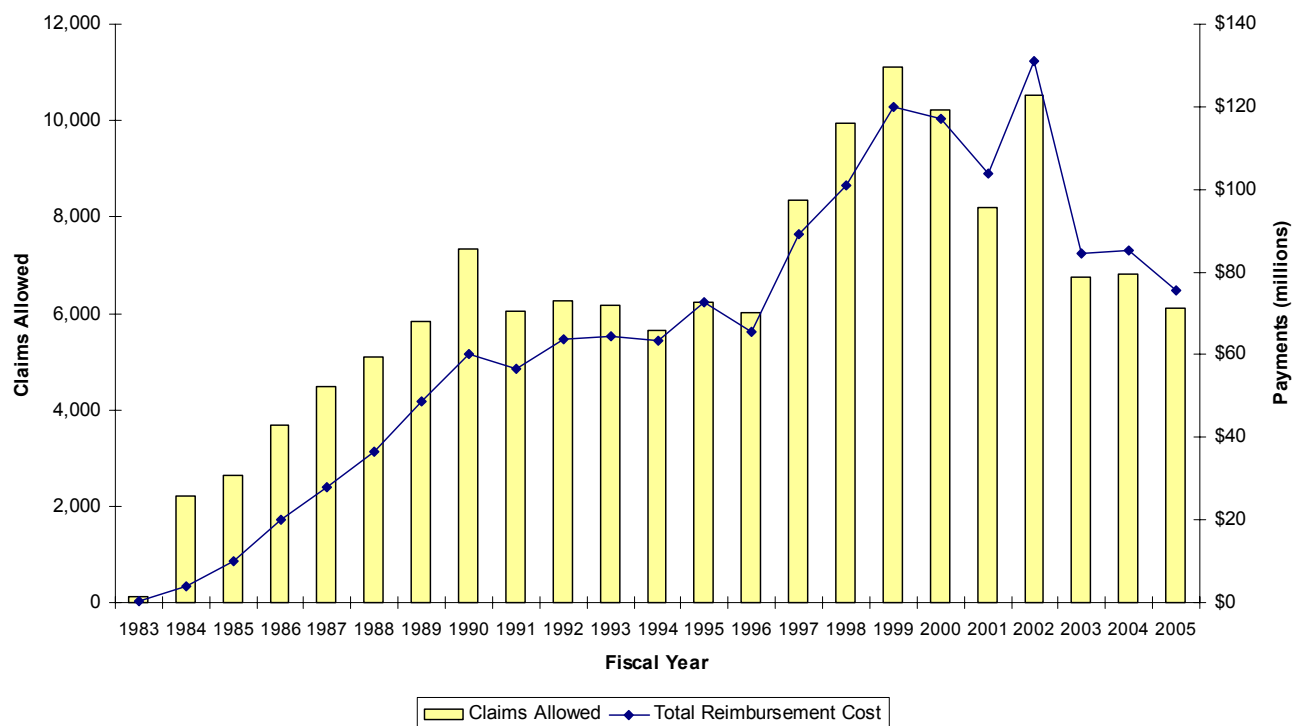
Source: Tabulations of SSA's Vocational Rehabilitation Reimbursement Management System data.



The number of beneficiaries for whom SSA made a payment under the traditional system dropped significantly in all phases after fiscal year (FY) 2002. The vertical scale for Exhibit XI.1 is in logarithms (that is, it is a “ratio” scale), so the vertical distance from one year to the next represents the percentage change in claims paid. The large decline from FY2002 to FY2003 is approximately the same for all phases. Changes after FY2003 vary across the phases, but not in a manner that would suggest that TTW played a role in the changes. In FY2005, claims paid in all three phases remained well below the FY2002 peak.

The value of payments also dropped substantially, from about \$131 million in 2002 to about \$76 million in FY 2005 (Exhibit XI.2), although the reasons for this change are not entirely clear. While probably not a major factor, the design of TTW could have reduced payments in the short term. In particular, although SSA makes a single lump-sum payment for eligible beneficiaries through the traditional payment system, milestone payments can occur over 12 months and outcome payments, over 60 months or more for beneficiaries who stop receiving cash benefits. This difference between payment schedules would cause payments to fall in the short-term and rise in the long-term. But payments to SVRAs under the new payment systems—under \$1 million to date—make up only a tiny fraction of the \$55 million decline.

**Exhibit XI.2. Traditional Payment Claims and Payment Amounts, Fiscal Years 1983–2005**



Source: Social Security Administration, 2005.

If the introduction of TTW were the cause of the \$55 million drop, we would have expected the drop to occur later, and later in Phase 2 than in Phase 1, and still later in Phase

3. Instead, the most likely explanation for the drop may be the 2001 recession and state revenue constraints that dissuaded SVRAs from joining the program. Because SVRAs submit claims to SSA only after an individual has worked at the SGA level for nine consecutive months, payments in any given year largely reflect beneficiaries enrolled and served in previous years. This long delay from placement to closure along with administrative delays from closure to payment mean that many payment claims processed in FY 2003, and even later, were for cases closed during the 2001-2002 recession. The recession constricted the job market in many states, making it difficult for SVRA counselors to help their clients find jobs. It also put a heavy strain on state budgets and caused many states to reduce their funding for SVRAs. Faced with fewer resources, the SVRAs had to restrict services, which made it more difficult for SSA beneficiaries to find jobs. The drop in the number of SSA beneficiaries who found jobs during this period reduced SSA payments to SVRAs.

The number of claims has increased somewhat in the past two years, though not to the pre-2002 level. This might well be because employment grew very slowly during the early years of the recovery (particularly for the lower end of the wage distribution where many beneficiaries are likely to be looking for employment). By 2005, the percentage of the working-age population that was employed, 62.7 percent, was still below its 2000 peak, 64.4 percent (President's Council of Economic Advisors 2006).

Some of the SVRA and CSAVR officials we interviewed pointed to three other changes that might have reduced the number of claims paid under the traditional payment:

- In 1999, SSA raised the SGA limit from \$500 to \$700 per month and added an automatic annual increase based on the cost of living. The current SGA level is \$860 for beneficiaries with disabilities other than blindness. Fewer SVRA clients who are SSA beneficiaries may achieve earnings above this new SGA level, and as a result, the SVRA may qualify for payments under the traditional system in fewer cases.
- SSA initiatives and other efforts to help beneficiaries return to work have made beneficiaries more aware of work incentives that enable them to keep their benefits while working. As a result, more beneficiaries are seeking services with no intention of earning enough to generate payments.
- SVRA staff is devoting more time to the administrative demands of the TTW program, as discussed earlier. These duties have been assumed, at least partially, by the person who is also responsible for submitting payment claims under the traditional payment system, diverting their attention away from the submission of claims.

The four SVRA representatives we interviewed said that their agencies are struggling to identify factors that would enable them to target certain beneficiaries to enroll in the milestone-outcome payment option. One SVRA experimented with the idea of having counselors choose clients for this option. The SVRA provided general guidance to its

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counselors, emphasizing its own eligibility for milestone payments for individuals who might not work for the full nine consecutive months of earnings at SGA as required to obtain payment under the traditional system but who might qualify for some milestone payments. However, counselors found this approach confusing and, according to SVRA officials, made erroneous choices. For example, one counselor assigned a Ticket under the milestone-outcome system for a person who was seeking agency funding for a four-year college degree, which the central office deemed inappropriate for the milestone-outcome system. Only about four Tickets were assigned under the milestone-outcome payment system, and the assignment responsibility was moved to the central office.

Of the 7,200 Tickets assigned to one of the four SVRAs we visited, 67 had been assigned under the milestone-outcome option. SVRA officials said that these assignments were “mistakes” either on the part of individual rehabilitation counselors or on the part of the Program Manager. When the SVRA attempted to change these assignments, it was told by the Program Manager that it was not possible to do so. The SVRA is using the 67 inadvertent Ticket assignments to “test” the milestone-outcome option. At present, one of the 67 individuals is working such that his earnings exceed the SGA, and only a small percentage are working at all. The SVRA is very concerned that staff time and costs involved in tracking individuals served under this payment system will be prohibitive in light of the large numbers of individuals served by the agency.

#### **D. EFFECT OF TTW ON SERVICE DELIVERY**

Consistent with previous evaluation reports, staff of the four Phase 3 SVRAs we interviewed for this report sees the TTW program as having minimal impact on service delivery. The SVRA officials found some negative impact associated with diverting staff to administrative duties, particularly accepting Ticket assignments. Although the Phase 3 SVRAs had not held Tickets for 24 months and were not yet subject to the timely progress documentation requirements, they see them as another potential administrative burden.<sup>7</sup>

The only potential benefit that TTW may bring to service delivery is, according to SVRAs, the increased emphasis on work incentives planning. SVRA officials explained that TTW had raised an agency-wide awareness of the importance of work incentives planning early in the employment process. Counselors have a deeper understanding of the fact that, for beneficiaries, the possibility of losing benefits, particularly health care benefits, has the potential to derail employment goals; early referral to a BPAO program could position the beneficiary to make more informed choices about employment and earnings goals. One of the four SVRA representatives said the agency felt so strongly about the value of work incentives counseling that it is funding 10 work incentives counseling positions beyond the SSA-funded BPAO program. All representatives said that they frequently refer clients to the BPAO or have work incentives planning discussions with their clients.

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<sup>7</sup> See Chapter XII for a fuller discussion of the timely progress requirements. Also, the SVRA comments were collected before SSA suspended the timely progress provision in December 2005.

In an encouraging development, one of the four SVRAs reported that it is focusing on improving wage outcomes for its clients and for SSI/SSDI beneficiaries in particular. This SVRA has instituted a fee schedule, which financially rewards providers who help clients find jobs in which the wages approximate TTW's wage goals. For instance, providers receive a bonus 90 days after placement when clients earn \$12 or more per hour, or, for SSI/DI beneficiaries, when their wages are above the SGA level. Although this approach was not initiated by the SVRA specifically in response to the TTW program, it demonstrates SVRA support for TTW's emphasis on work and work incentives.

#### **E. SVRA/EN AGREEMENTS**

One purpose of TTW is to promote coordination and collaboration between SVRAs and ENs; TTW regulations require that SVRAs negotiate agreements with ENs in the state to jointly serve beneficiaries. In earlier evaluation reports, we reported that in some instances, SVRAs may not be aggressively pursuing the development of agreements with other ENs, preferring to encourage the assignment of all Tickets to themselves. This trend appears to be changing in response to the fiscal restraints faced by SVRAs.

The Phase 3 SVRAs we interviewed, particularly those with waiting lists, encouraged providers to become ENs, viewing them as a potential "relief valve" in times of excess demand for services. They also hoped that in taking Tickets, the ENs would provide an additional choice for beneficiaries, but this has not happened. Some SVRAs sponsored Ticket information sessions for beneficiaries, giving ENs the opportunity to present their programs. However, ENs have neither accepted many Tickets and nor measurably reduced waiting lists for SVRA services. SVRA officials we interviewed noted that many beneficiaries who call them say they have called several ENs that would not accept their Ticket because the ENs were inactive, or they were not accepting Ticket assignments, or they would not accept an assignment from someone with a given disability or training needs. As a result, beneficiaries are, according to SVRA officials, highly frustrated by the time they approach the SVRA for assistance.

Reviews of SVRA/EN agreements for previous evaluation reports revealed that most SVRAs developed a standard agreement for use with all ENs. These agreements generally require ENs that hold Tickets and receive Ticket payments to share these payments with the SVRA until the SVRA recoups its service-delivery costs. Also under these agreements, the EN is generally paid for services it provides for a ticket holder who has assigned his Ticket to the SVRA. In general, the terms of these standard agreements have not been very favorable to ENs, especially for those to which a Ticket has been assigned. Previous interviews also revealed that few, if any beneficiaries are being served jointly by ENs and SVRAs when the EN is assigned the Ticket. Agreements developed by the four SVRAs and their experience in using these agreements follow the same pattern.

Before developing agreements with ENs, the Phase 3 SVRAs looked for guidance to the Phase 1 and 2 SVRAs in their region. In the Phase 3 state of Maine, for example, the SVRA-EN agreement includes a provision that the SVRA will share with the EN a portion of the administrative, counseling, and placement reimbursement if it receives payment under the

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traditional system—a feature in other New England area agreements between SVRAs and ENs. In another state, the SVRA negotiates the rate of reimbursement with each EN; that rate ranges from 20 percent to 50 percent of each payment the EN receives until the SVRA is fully reimbursed for its service costs. Officials from all four SVRAs we interviewed said that few, if any, beneficiaries are being served under these agreements. One of the four reported serving 14 individuals who assigned Tickets to ENs that have not signed an agreement with the agency.

Part 2 of this report has focused on the supply of service providers available to TTW participants. Part 3, Chapter XII, describes SSA and its contractors' efforts to create and support the market and continue to implement the program.

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## CHAPTER XII

### TTW PROGRAM IMPLEMENTATION BY SSA AND THE PROGRAM MANAGER

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SSA and its contractors play a critical role in implementing TTW in a market-based environment. They must ensure an adequate supply of employment service providers as well as adequate demand for employment services from beneficiaries and establish a structure to operate a successful program. To create and support this market, SSA and its subcontractors must undertake several important functions:

- ***Inform Beneficiaries.*** A well-functioning market requires that beneficiaries understand their options and can make effective choices. SSA and the Program Manager inform beneficiaries through Ticket mailings, marketing TTW to beneficiaries, supporting the BPAO program, and direct interactions with beneficiaries through SSA field offices and the Program Manager toll-free telephone call center.
- ***Inform Providers.*** A well-functioning market also requires that potential providers understand the opportunities for generating revenue from TTW and that ENs understand the rules for accepting Tickets and getting paid. SSA and the Program Manager deliver needed information through mailings to potential providers, conducting informational meetings around the country, and communicating through SSA field offices and the Program Manager telephone center.
- ***Operate an Efficient Payment System.*** A key to the market is for SSA to manage the Ticket payment process so that it provides a financial incentive sufficient to encourage providers to participate actively. In particular, payments should be timely to minimize capital carrying costs for providers, they should be predictable so that providers can forecast their revenue, and the costs of generating the payments should leave the provider with net revenues that provide a reasonable return on investment. SSA and the Program Manager operate the payment system and process payments within the context of the complex rules of the DI, SSI, and TTW programs.

- ***Improve the System.*** The Ticket act recognized that the initial specifications for TTW may not have been optimal and thus granted the commissioner the authority to make limited modifications to the program to improve its functioning. SSA has enhanced its internal systems at all levels of the organization to implement TTW. It has modified several aspects of the TTW program and has proposed a substantial revision to program operations and the payment systems.

Implementation of TTW has been a daunting challenge. SSA has distributed Tickets to more than 11 million beneficiaries, processed milestone-only and outcome-only payments to ENs, and launched several initiatives, including the BPAO program and expedited reinstatement. SSA has developed a new data system to manage the Ticket program, new case processing software called eWork and has trained field staff in TTW and other work incentives. The Program Manager has contacted over 50,000 employment providers and enrolled about 1,300 of them as ENs. SSA has accomplished these changes in the context of complex DI, SSI, and TTW program rules and existing work incentives and without additional funds to implement TTW. In such a context, these activities constitute a significant achievement in the scant five years of TTW operation.

However, the program still appears to suffer from core problems, including lack of beneficiary demand, low EN participation, and, most important, an inadequate payment structure (see Chapters VIII through XIII for a full discussion of these issues). Despite several beneficiary and EN marketing initiatives, both the supply of providers and demand for services remain low. The complexity of the market and the sluggishness of the provider and beneficiary response create little incentive for active participation in TTW. Providers and beneficiaries alike still lack basic information about how the program operates. The payment process is complex, slow, and uncertain, with little financial incentive to providers.

The Ticket act requires SSA to undertake a periodic review and revision of program regulations to ensure successful program implementation. After conducting a thorough review of the program, SSA promulgated regulations that expand eligibility to include beneficiaries whose medical condition is expected to improve, altered the way SVRAs participate in the program, and substantially changed the EN payment schedule. SSA's major task during the coming year is to finalize and implement these new regulations.

This chapter describes implementation of TTW from the perspective of the organizations that implement the program—SSA and the Program Manager. From April through June 2005, we conducted site visits to three regional offices that encompassed large Phase 2 and 3 Ticket rollout states within their region.<sup>1</sup> We interviewed the regional office Ticket coordinator in all three regions; in some instances, the director of the Center for Disability and the public affairs specialist were also present for the interview. In each region, we selected two field offices representing different states in each region according to which

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<sup>1</sup> We interviewed staff from regions encompassing Phase 1 states for a previous evaluation report; (Thornton et al. 2003).



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office had more experience processing return-to-work cases, including TTW cases. In each field office, we interviewed the area work incentives coordinator (AWIC), the work incentives liaison (WIL), the field office manager, and, in some cases, the SSI and DI technical experts. In September 2005, we interviewed representatives of the Office of Employment Support Programs (OESP), the Office of Systems, and the Program Manager. This chapter also builds on interviews, conducted for earlier evaluation reports, with five regional and three field offices (Livermore et al. 2003; Thornton et al. 2004).

We begin this chapter with a brief review of how SSA has organized implementation of TTW. We then describe efforts to inform beneficiaries about TTW and efforts to encourage providers to participate. We also present a discussion of EN payment processing issues and close with a review of SSA initiatives to improve the program, including the provision of training and technical assistance to field offices, the enhancement of system automation, and the promulgation of new regulations.

#### **A. IMPLEMENTATION OVERVIEW**

Congress did not allocate specific funds to SSA to implement TTW; accordingly, SSA reallocated existing resources to meet TTW implementation goals and distributed tasks related to TTW implementation throughout the agency. OESP took the lead, with substantial support from the Office of Systems and the Office of Operations, and with additional support from several other SSA offices. OESP developed the rules, regulations, systems, and processes within SSA to manage the program. Such an undertaking required a tremendous effort because the eligibility and payment rules mean that TTW must interact with every component of the SSI and DI programs. OESP administers and oversees contracts with the Program Manager and other organizations hired to market and implement the program. As of October 2005, OESP has been enrolling providers that want to become ENs. It also assists with payment processing by referring requests requiring additional documentation to the appropriate field office.

The Program Manager operates the toll-free telephone call center, processes Ticket assignments, and prepares payments for submission to SSA. Until October 2005, the Program Manager processed EN applications, marketed TTW to potential ENs, and participated in beneficiary marketing activities. As of October 2005, SSA split the Program Manager contract into two functions; SSA awarded to Maximus the toll-free telephone call center and payment-processing functions and awarded to Cherry Engineering Support Systems, Inc. (CESSI) the contract for the Program Manager for Recruitment and Outreach (PMRO), which is responsible for increasing awareness of and participation in TTW by both ENs and beneficiaries.

SSA has allocated a Ticket coordinator within each region to coordinate implementation activities at the regional level. The coordinator serves as the conduit for information from OESP to the field offices, coordinates training for field office staff, and troubleshoots other implementation issues. The AWICs report to the area director and work closely with the Ticket coordinator. The field offices respond to beneficiary requests for information about

TTW; they also process earnings reports from beneficiaries and ENs as well as expedited reinstatements.

SSA has also done the following: implemented a comprehensive evaluation of TTW, solicited advice from two expert panels, produced information to help ENs find operating capital, modified the payment claims process, and drafted regulations specifying broader improvements to TTW.

## **B. INFORMING BENEFICIARIES**

Beneficiaries are first informed about TTW when they receive the Ticket mailing. They are referred to the toll-free telephone call center, which is operated by the Program Manager, for more details. But the TTW participation rate remains low. Therefore, SSA and the Program Manager have initiated new approaches to marketing the program. Marketing to beneficiaries included development of promotional materials, expositions in 10 cities, and targeted mailings. In addition, SSA regional and field offices educate beneficiaries about TTW and other work incentives through the AWICs. These efforts are described below.

### **1. Ticket Distribution and Toll-Free Telephone Call Center**

As of August 15, 2005, SSA had distributed almost 10.5 million Tickets to beneficiaries since TTW's initiation.<sup>2</sup> The rollout of TTW was completed in November 2004; since then, Tickets are issued only to "new accretions:" beneficiaries who have recently been determined eligible for SSI or DI benefits and beneficiaries originally awarded benefits under the "medical improvement expected" category whose benefits have been continued after a medical disability review. Once each month, these newly eligible beneficiaries are selected by SSA from the Integrated Disability Management System (IDMS),<sup>3</sup> and Tickets are mailed to them. Between 75,000 and 80,000 Tickets are mailed each month, with mailings staggered throughout the month to enable the Program Manager to manage the spikes in call volume generated by the mailings. The mailings contain a brief letter with introductory information about TTW, a Ticket, and a brochure explaining the program in more detail and telling readers about ENs, SVRA, the BPAO program, and the protection and advocacy organization. The brochure directs interested beneficiaries to contact the Program Manager by telephone or Internet to obtain contact information for all of the referenced organizations. The brochure also informs beneficiaries that the program is voluntary and that CDRs are waived while Tickets are in use, but it does not state that the program goal is for beneficiaries eventually to leave the SSA rolls.

Representatives of the Program Manager report that the call volume has dropped, but not by as much as the decline in volume of Tickets mailed. Since the end of rollout, the TTW toll-free telephone call center receives 11,000 to 12,000 calls per month from TTW

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<sup>2</sup> By July 2006, more than 11.8 million Tickets had been mailed.

<sup>3</sup> Previously called the Disability Control File.

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beneficiaries, down from 65,000 to 75,000 calls during some months early in Phase 1. The callers represent new Ticket recipients as well as beneficiaries requesting a reissue of a Ticket they have already received; about 3,000 reissued Tickets are mailed per month. The Program Manager has somewhat decreased the number of toll-free telephone call center staff but reports that the staff generally has no difficulty responding to callers during peak calling periods directly after Tickets are mailed.

## **2. Marketing to Beneficiaries**

In September 2003, SSA awarded a two-year contract to Fleishman-Hillard to develop a strategic marketing plan, conduct 10 expositions around the country, and create marketing materials to support TTW and other employment support programs. The strategic marketing plan was scheduled for completion on September 30, 2005, and was not available for review as of this writing.<sup>4</sup>

The purpose of the expositions was to generate interest in TTW among SSA beneficiaries and employment service providers. The expositions were held in 10 states from June through September 2005 (New Jersey, Vermont, Illinois, Minnesota, Pennsylvania, Kansas, Montana, Mississippi, California, and Washington) and were based on the theme “It Pays to Check It Out!” No accurate data are available on attendance, but estimates range from 1,000 to 3,000 attendees for all 10 events. Attendees included beneficiaries, EN representatives, BPAO program staff, disability program navigators, and SVRA representatives. During the expositions, SSA reissued about 200 Tickets and accepted 70 Part D Medicare applications. The expositions allowed time for meetings between beneficiaries and representatives of BPAO, disability program navigators, and SSA officials. In addition to motivational speakers, the expositions featured stories of beneficiary success in using TTW and enabled beneficiaries to practice their interview skills and log on to [www.monster.com](http://www.monster.com) to identify job openings. Given that almost 2.7 million Tickets were mailed to the 10 states with expositions, the expositions constituted a relatively small public awareness campaign.

Fleishman-Hillard has also assisted SSA by developing TTW marketing/promotional materials, including posters, brochures, and a day planner to track progress in finding employment along the same theme as the expositions. SSA officials distributed the materials at the expositions, where participants could evaluate the marketing materials by filling out an evaluation form.

SSA conducted a pilot test of the marketing materials in July 2005 by targeting different brochures to particular beneficiary groups to see which type of information elicited the greatest response. SSA mailed two waves of information to approximately 338,000 people in five states—Illinois, New York, Michigan, Arizona, and Florida. The first mailing targeted randomly selected beneficiaries who had been mailed Tickets but had not yet assigned them:

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<sup>4</sup> A new recruitment and outreach plan will be developed under the newly awarded contract to CESSI, and it will supersede the Fleishman-Hillard marketing plan.

SSI and DI beneficiaries in Illinois, New York, and Michigan; SSI beneficiaries only in Arizona; and DI beneficiaries only in Florida. The second mailing in each state targeted randomly selected beneficiaries in the same populations that had contacted the Program Manager at least once but had not assigned their Ticket. SSA mailed four publications: one general flier, one general postcard, one general pamphlet with the telephone number of the Florida BPAO (mailed only to Florida beneficiaries), and one general pamphlet with contact information for an EN, the Arizona Bridge to Independent Living (mailed only to Arizona beneficiaries). The two pamphlets note on the cover page that it is possible to work and keep medical coverage, but they provide no further details about TTW.

The Program Manager tracked the volume of calls to the toll-free telephone call centers from beneficiaries in the states where the mailings were conducted and where the expositions were held. Call volume to the Program Manager increased by 35 percent during the month after the first mailing, but information on calls by state was not tabulated. Because callers did not provide identifying information other than their city and state, it was impossible to determine whether they called in response to a mailing or an exposition, or for some other reason; in addition, the effects of the four publications and the target groups in different states cannot be disentangled. SSA officials say that they will not track whether beneficiaries who received the various mailings assign their Tickets; thus, unfortunately, the impact of the marketing efforts cannot be fully evaluated.

As of October 2005, CESSI assumed responsibility for PMRO, which includes conferences, presentations, and partnerships that can increase beneficiary awareness of TTW and beneficiary willingness to participate. In addition, PMRO will collaborate with BPAOs to conduct work incentive seminars in order to interact individually with beneficiaries to educate them about TTW and other work incentives and counsel them with respect to their specific circumstances and concerns.

At the SSA regional and field office levels, AWICs<sup>5</sup> work closely with SSA's public affairs specialists to educate beneficiaries and service providers about the TTW program and other work incentives. For example, SSA organized programs in each state before TTW rollout to educate community-based service providers, advocates, SVRAs, and beneficiaries about TTW, SSA work incentives, health insurance, and services provided by BPAO and ENs. During the first year after each phase of rollout, AWICs we interviewed for the study said that they were proactive—contacting service providers, advocacy organizations, and other organizations promoting employment—and offered to make presentations at or participate in conferences and other outreach activities. Now that TTW is completely rolled out, AWICs are more reactive—they participate as they are invited. As demand for TTW outreach has slowed with the completion of rollout, AWICs said that SSA officials have asked them to assist with marketing the Medicare Part D drug benefit; however, AWICs are still available to conduct employment-related outreach as needed.

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<sup>5</sup> The AWIC position was created in 2003; outreach before that date was handled by the employment services representative (ESR) or other staff. The ESR position was abolished when the AWIC position was created. See Thornton (2003) for a fuller discussion of this issue.

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## C. INFORMING PROVIDERS

To increase the supply of ENs, the Program Manager developed or refined several approaches to marketing TTW, including the City Campaign (discussed below), targeting its marketing to large providers in areas with major concentrations of beneficiaries, participating in provider conferences and expositions, and reaching out through printed information. The Program Manager has also provided new technical assistance and training for ENs, including new support for submitting payment requests, the continuation of capitalization seminars, and the release of two volumes of a publication entitled “Inside Employment Networks.”

### 1. Marketing to Providers

To make more efficient use of resources and to target recruitment efforts in areas with a large number of beneficiaries, the Program Manager initiated the City Campaign in November 2004 to boost EN interest in TTW in five metropolitan areas with the greatest concentration of beneficiaries. Such areas may be most likely to have a sufficient number of beneficiaries interested in work to support an active TTW market. To carry out the City Campaign, the Program Manager formed the National Alliance for the Ticket to Work, which is led by the National Association of Workforce Boards and includes several national private and government organizations. The Program Manager and the National Alliance worked during the late spring and summer of 2005 to form community-level collaborations—with city governments, state agencies, for-profit and nonprofit service providers, business leaders, and consumer groups—to promote TTW. The Program Manager held regional EN recruitment events in each of the five cities to bring together participating ENs and other Ticket partners, such as representatives of BPAO programs and One-Stop Employment Centers. According to the Program Manager, nearly 1,000 people attended the events, including providers, employers, and community representatives. To continue the community outreach effort following completion of the City Campaign on September 30, 2005, the National Alliance selected eight ENs throughout the five communities to serve as sustainability champions and offer technical assistance to ENs and other organizations in their region. The organizations received capacity-building training and technical support from the Program Manager and Fieldstone Alliance<sup>6</sup> throughout the summer.

The Program Manager has not noted an increase in EN enrollment or Ticket assignments in the five City Campaign metropolitan areas, and SSA staff expressed disappointment that the national organizations did not play a stronger role in the campaign. But Program Manager staff points to a different type of success whereby EN networks have attracted funding for ENs to provide upfront services to Ticket holders from the Community Technology Foundation in California. The foundation awarded \$100,000 to each of three ENs in California: one to increase services to individuals with multiple

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<sup>6</sup> Fieldstone Alliance is a nonprofit organization that offers consulting, publishing, training, network development, demonstration projects, and capacity building to strengthen nonprofits and their communities, intermediaries, and funders.

sclerosis who speak languages other than English; one to expand services to rural populations; and one to support a Ticket outreach program in Greater Los Angeles. They hope that these models will spur the development of similar approaches in other cities. Officials from the Program Manager assert that it is too early to tell what other positive impacts the City Campaign will generate.

As in years past, the Program Manager staff continues to send workshop proposals to national and state organizations' planning conferences. They also generate articles for newsletters and distribute a monthly newsletter called "Inside Ticket." Often, providers ignore the Program Manager's efforts to promote TTW through other organizations because, according to Program Manager officials, "The providers feel there is nothing new to report." They are growing increasingly frustrated with trying to sell a program in which interest is diminishing. "When bad press precedes you and people have already heard that ENs have not received payments and are losing money, it makes the program a hard sell," one Program Manager representative said.

Under PMRO, awarded in October 2005, CESSI plans to attend conferences, deliver presentations, and forge partnerships to recruit traditional and nontraditional ENs.

## **2. Training and Technical Assistance for ENs**

Although the Program Manager has continued to assist ENs with enrollment in TTW, and with development of the IWP and other aspects of service provision, the Program Manager by far devoted the most effort during 2005 to assist ENs in submitting documentation and receiving payment. Technical assistance takes place by telephone, through an online discussion group, and through distance learning courses on the web and on CD-ROM. Program Manager staff also continue to contact each EN by telephone every month to discuss assigned Tickets and problems or to answer questions.

To meet the increased demand for technical assistance on submitting payments, the Program Manager established a new unit to deal with payment matters. Because of the high turnover in EN staff, however, retraining is often necessary. The EN and Program Manager officials we interviewed for the study agree that each payment involves several contacts, a process that is time-consuming, cumbersome, and often frustrating for all concerned. Because of their dissatisfaction with the payment system, some ENs have threatened to drop out of TTW, although they sometimes remain providers once they begin receiving payments but refuse to accept new Tickets. (See Chapter X and Section C below for a fuller discussion of payment issues.)

The Program Manager continued to hold EN capitalization seminars throughout the country during 2004 and 2005 in order to assist ENs in raising money to cover the upfront costs of serving TTW beneficiaries. The goal is to assist ENs in locating and applying for additional funding to support their efforts in advance of receiving Ticket payments. Thornton et al. (2006; Chapters V and VII) provide more details about EN reactions to the capitalization initiative.

The Program Manager has produced two volumes of a publication entitled “Inside Employment Networks” and made them available on its website ([www.yourtickettowork.com/marketing\\_best\\_practices](http://www.yourtickettowork.com/marketing_best_practices)). The booklets highlight ENs that, according to the Program Manager, appear to be seeing some success with TTW. The publications describe those ENs’ program models, screening processes, and “promising practices.” The Program Manager selected ENs for inclusion in the booklets in accordance with staff perceptions as to whether an EN would have positive comments about TTW. In fact, many of the ENs highlighted in the booklets appear to be experiencing problems with TTW implementation; some say they are losing money on the program. The publications contain no definition of “promising practices” or what constitutes a successful EN. Still, the booklets, which provide a glimpse of the variety of approaches taken by ENs to serve TTW beneficiaries, may be helpful for agencies considering the role of EN.

#### **D. OPERATING AN EFFICIENT PAYMENT SYSTEM**

During spring and summer 2005, SSA implemented several initiatives to expedite the payment process. First, it enabled ENs to use the COPP on the Program Manager’s Web site. Second, SSA staff prioritized the EN payment workload into three categories: payments that are payable right away (those that include evidence of work and earnings), payments for which the EN has submitted a COPP request, and payments needing additional documentation. OESP is expediting payments in the first two categories and sending those in the third category to field offices. Third, SSA staff has initiated an EN help desk staffed by experienced SSA staff to assist ENs in solving payment problems.

The number of requests for payment on behalf of beneficiaries who have begun working up to the SGA level continues to rise. The Program Manager now receives 400 to 600 payment requests per month, an increase of about 160 percent over the 2004–2005 period. At present, more than 7,600 payment requests have been processed on behalf of 1,363 beneficiaries, for an average of five or six payment requests per beneficiary. (See Chapter VIII for additional payment information.)

The EN and Program Manager officials we interviewed for the study reported that obtaining complete earnings documentation from beneficiaries continues to be a time-consuming process that often involves numerous faxes and telephone calls over several months. In many cases, an EN cannot obtain the necessary information from either the beneficiary or the employer, and therefore cannot get paid. To help address this situation, SSA lets ENs submit requests for payments under a “Good Faith” process that does not require any evidence that the beneficiary is working. SSA then sends these unverified cases to the SSA field offices and will pay the ENs if the field office can substantiate earnings.

While SSA is clearly trying to help ENs obtain the earnings verifications, turning to the field offices may not speed up the process substantially. The field offices must fit earnings verification into schedules that are already quite full with ongoing application and processing work. In addition, the verifications can be very time consuming because the field office staff must copies of pay stubs or other documentation of earnings from beneficiaries or employers, which is exactly what the ENs tried and failed to do. The field office staff must

also use that documentation to calculate exactly when the beneficiary earned enough to go off cash benefits in order to determine the month in which TTW payments can start to be made. The field office staff we interviewed expressed frustration because they had been told that ENs and the Program Manager would do the earnings verification and pointed out that they have not been allocated additional staff to carry out these activities.

OESP officials assert that, with proper evidence provided, it takes less than 30 days for ENs to receive a milestone payment and only slightly longer to receive an outcome payment, but, as noted earlier, the evidence is frequently not available. ENs assert that anywhere from 3 to 6 months must elapse before they receive payment. As explained in Chapter VIII, the median lag time was 6 months (Exhibit VIII.10). First payments took longer to process, having a median lag time of almost 9 months; only 69 percent of first payments had been made within 12 months. OESP officials noted that these figures include time to process the “Good Faith” cases, which take much longer to process.

To speed the payment process and enable ENs to receive payments without submitting beneficiary pay stubs, the Program Manager implemented COPP in late 2003. ENs can use the process if the beneficiary is no longer on the rolls and SSA has previously made outcome-only payments for the beneficiary. Only a few ENs have used the process because most ENs’ beneficiaries do not meet the above requirements. Through July 2005, 457 payments were made under COPP, or 8.3 percent of all claims other than first claims paid during that period. However, three EN officials we spoke with who had tried to use COPP said that wage verification by ENs was still required. Other SSA initiatives to speed payment processing time were implemented in spring 2005; thus, our analysis does not address their impact, if any. (Chapter VIII provides a fuller discussion of processing time for EN payments.)

## **E. SYSTEMS ENHANCEMENTS**

The seeds of a cultural shift appear to be taking root at all levels of SSA. Although the agency’s primary mission is to distribute disability and retirement checks to eligible individuals, SSA appears to be integrating return-to-work issues into operations throughout the organization. While OESP has taken the lead in TTW implementation, the Office of Systems and Office of Operations has provided substantial support. SSA has designated a full-time Ticket coordinator in each region to manage all TTW activities and serve as a liaison between OESP and field offices. Thirty-two AWICs, generally located in field offices, train the office staff, provide technical assistance in answering work-incentive questions, and conduct community outreach on Ticket and other return-to-work issues. Most field offices have a WIL, who serves as the expert at the local level. Numerous enhancements to SSA data collection systems have helped field offices to both process work reports and track beneficiary earnings. Although attention to employment issues varies somewhat from one field office to another, it is clear that SSA is placing a stronger emphasis on return-to-work.



## **1. Training and Technical Assistance to Regional and Field Office Staff**

The general trend since completion of the phase-in period has been minimal involvement on the part of field offices with the Ticket specifically and greater involvement with work incentives in general, with TTW one component of the work incentives. During Ticket rollout, SSA devoted significant effort to training regional office and field office staff, primarily using the “train the trainer” approach used before TTW rollout in Phase 1 states. AWICs and WILs continue to use the interactive video training tapes and provide new and refresher training to field staff on management information systems such as eWork and IDMS (described below) and on processing work reports. The training varies, depending on staff positions; telephone service representatives receive enough training to handle basic questions from beneficiaries, while claims representatives receive more in-depth training.

OESP has provided refresher training for Ticket coordinators and AWICS on systems issues, particularly with respect to using eWork, processing earnings reports, and handling requests for expedited reinstatement. For any changes in procedure and protocols, the Ticket coordinator reads the daily “policy net,” a daily e-mail that covers agency regulatory and policy changes, and then passes it on to the AWIC, who shares it with field office staff.

SSA staff training in Phase 3 states was somewhat scaled back from that provided in Phase 1 states due to limited budgets and the limited number of beneficiaries using their Tickets. Field office managers in three Phase 1 and 2 states told us that training was provided several years ago. Given the infrequent interaction with ticket holders and the high turnover of field office staff, the managers said that refresher training on more technical aspects of TTW and other work incentives is needed.

## **2. Systems Automation**

SSA had to develop several enhancements to its systems to accommodate TTW. Congress did not make a special appropriation to SSA for TTW implementation. Instead, SSA had to fund TTW implementation activities out of its administrative budget, which was already under considerable pressure as the agency dealt with rising numbers of disability claims and the government-wide cap on administrative expenses. Therefore, system enhancements have occurred and will continue to occur in stages.

Since enactment of the TTW legislation, SSA has made significant progress in improving its automated systems, particularly in the areas of tracking and verifying earnings, administering continuing disability reviews, and determining when benefits become zero for EN payment purposes. Before these automation improvements, most of these functions were performed manually or required entry of the same information into several data systems.

During the past year, SSA has continued to improve its automated systems, particularly for tracking and verifying earnings and processing payments to ENs. The web-based initiative known as eWork was fully rolled out to all field offices in November 2004. It automates the documentation of all DI earnings information and enables field office staff to enter earnings information only once. eWork then populates all other relevant

administrative data system fields and processes work reports, initiates CDRs, and tracks the number of months remaining in the trial work period. It also permits SSA field office staff and telephone service representatives to generate a receipt when a beneficiary receives SSI, DI, or concurrent benefits reports earnings. When SSI recipients report monthly income, eWork records that information, prints receipts for the recipients, and posts a message to the field office that action, such as a reduction in the monthly payment amount, is needed; all these operations were previously handled manually.

Field office managers, AWICs, and WILs reported that staff had mixed feelings about eWork. Staff who used it frequently, including AWICs and WILs, viewed the system favorably, and one staff member even described it as “awesome.” Staff members note that it reduces duplication of data entry, increases accountability by providing receipts of employment reports to the beneficiary, and allows rapid access to case information, such as number of trial work months used. Field office managers said that less frequent users found eWork difficult, particularly because they did not use it often enough to become proficient in its application. Some managers have solved the proficiency problem by assigning all return-to-work cases to the WIL so that other staff do not need to learn the system; others distribute return-to-work cases among all claims representatives in a field office so that all staff learn the system. All field office staff we interviewed for the report wished that eWork could be used to automate SSI as well as DI earnings information, but headquarters staff said that such change would be difficult.

eWork will be integrated into the computer center at SSA headquarters during the next year. While the integration will have little effect at the field office level, it will enable SSA to back up data, provide 24-hour technical support, allow disaster recovery, and increase security.

SSA has also made significant progress in remedying “bugs” in IDMS, which is the data system that includes management of disability benefit post-entitlement activity. Until August 2005, IDMS was incorrectly terminating the Tickets of beneficiaries who had achieved SGA-level earnings and were no longer eligible for cash benefits. Program Manager staff were not able to process EN payments because the Ticket had been terminated, requiring SSA headquarters staff to process the payments manually. Addressing incorrect terminations and the introduction of other programming improvements have reduced the number of manual payments SSA must make from about 70 per month as of August 2004 to about 4 per month in late 2005. Another bug that has been remedied in the past two years was the inability of IDMS to associate a Ticket mail date with a beneficiary’s Social Security Number if a beneficiary received a second Ticket.

At the end of June 2005, SSA began working with Lockheed Martin to develop the requirements analysis for the Comprehensive Work Opportunities Support System (CWOSS). The system will replace the system owned by the Program Manager and used to track EN applications, Ticket assignments, and EN payments. CWOSS will be government-owned and comply with Section 508 of the Rehabilitation Act, which mandates accessibility of computer software for people with disabilities. CWOSS will interact with SSA’s other Ticket and disability-related systems to improve Ticket assignment, initiate SSA work report

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verification, store EN data, and generate lists of appropriate ENs for beneficiaries and lists of beneficiaries for appropriate ENs. SSA staff expect the system to increase the overall efficiency of Ticket program administration.

### 3. Rules and Regulations

SSA continues to develop and issue regulations as mandated by the Ticket Act. On September 30, 2005, SSA proposed regulations (discussed in Chapter IX) that would modify several matters in the TTW final rules, including SVRA participation and EN payment provisions. SSA officials have reviewed comments on the regulations and hope that the regulations will be adopted in 2007. Meanwhile, SSA continues to draft other regulations to implement TTW, some of which have become final during this reporting period. The proposed and final regulations are described below.

**Timely Progress.** Two years after a Ticket is issued, the Ticket act requires a series of reviews to determine whether TTW participants are making “timely progress” toward self-supporting employment. So long as beneficiaries are determined to make timely progress, their assigned Tickets are considered to be in use. SSA asked for comments on how to implement the timely progress provisions in the September 30, 2005, proposed regulations. Due to the complexity of administering the timely progress reviews, SSA suspended the timely progress review requirements until the proposed regulations become effective.

Under the previous regulations, the timely progress reviews, which were to begin in March 2004, determined whether the beneficiary was “actively participating” in his or her IWP and making progress toward employment. During the 24-month review, the beneficiary must have been actively trying to achieve the goals set forth in the IWP. At the 36-month review, the beneficiary must have earned the SGA level for at least 3 months during the past year; at the 48-month review, the beneficiary must have worked for at least 6 months during the past year. If the beneficiary did not pass the review, the beneficiary was determined to be no longer using the Ticket and subject to CDR and potential loss of benefits.

Because of the complexity of implementing the timely progress requirements, the reviews did not start until November 2004. During 2005, the Program Manager sent a notice to each EN (including SVRAs) that had held a beneficiary’s Ticket for 24 months (and every 12 months thereafter) and asked whether the beneficiary was participating in his or her IWP, whether and how much the beneficiary had worked during the past 12 months, and whether the EN could foresee the beneficiary fulfilling the IWP requirements. If the EN did not respond, the Program Manager assumed that the answers to the above questions were “yes” and took no further action. If the responses were “no,” the Program Manager sent a letter to the beneficiary explaining that he or she had not met the timely progress requirements and encouraged the beneficiary to more actively participate in TTW. When TTW participants were asked in the NBS if they were aware that, to remain in the program, they must participate in the activities described in their IWP during the first few years and work for three to six months each year during the later years of their participation, 32 percent of respondents were aware of the requirements (Exhibit IV.5).

The process of, first, determining which ENs should receive the timely progress notices and, second, generating the appropriate letter to each beneficiary proved extremely cumbersome for the Program Manager. SVRA and EN officials also reported that responding to the timely progress notices presented a significant administrative burden. Given that an SVRA may have had hundreds of Ticket assignments, the process of determining the employment status of each beneficiary was arduous and time-consuming. ENs we interviewed that had Tickets for 24 months or longer said that tracking down a beneficiary to determine his or her status added to the burdensome and bureaucratic program requirements--with little positive results. Because a non-response to the notice gave a "pass" to the beneficiary, some interviewed SVRAs and ENs with a large number of Tickets have opted not to respond. These factors undoubtedly contributed to SSA's decision to suspend the timely progress reviews.

**Continuation of Benefits Final Rules.** The final rules on continuation of benefits (also known as the 301 regulation) were published in the *Federal Register* on June 24, 2005, and became effective on July 25, 2005 (70 FR 36494). The rules provide that if a medical CDR is conducted with a beneficiary who is participating in an approved plan of rehabilitation, including the IWP under TTW, benefits will continue until the beneficiary completes the program. The regulations make it clear that TTW program participants will be exempt from benefit termination based on medical improvement of a disability.

**Expedited Reinstatement (EXR) Final Rules.** This provision, sometimes referred to as "easy back on," implements Section 112 of the TTW legislation and allows beneficiaries who have left the rolls for work to have their benefits reinstated without filing a new application if they lose their job because of their disability. The purpose of the provision was to assure beneficiaries that their benefits could be immediately restored if their attempt to work failed, thus removing concerns about benefit reinstatement as a work disincentive.

Implementing the EXR has been problematic, and there seems to be little advantage to relying on EXR versus filing a new application for benefits. Field office staff estimate about a three-month delay between the time of the EXR application and the time at which payments begin. Forms for the EXR cannot be completed on the web, although the current EXR paper process has proven cumbersome, according to field office staff. The staff ask first ask for the paper files to be sent from the SSA Claims Processing Center and then send them on to the Disability Determination Service. In some cases, the beneficiary may receive a higher level of benefits by submitting a new application because of his or her recent work efforts. Making the benefit determination is extremely complex, according to field office staff. During the coming year, SSA will automate the EXR process and presumably see some decrease in delays. One advantage of EXR is that field office staff can request immediate monthly payments for emergencies and ensure that funds are available in a few days, but the request is still performed manually.

**Referral of Eligible Beneficiaries to Agencies Other Than SVRAs.** SSA is drafting a final rule to refer eligible beneficiaries to agencies other than SVRAs for rehabilitation services. Under previous regulations, SSA had to refer all beneficiaries to an SVRA for

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rehabilitation services. The TTW legislation repealed the referral-to-SVRA requirement and substituted referral to an EN “or another program of vocational services, employment services, or other support services” under TTW (Sec. 1615). SSA has drafted a Notice of Proposed Rule Making on Continuing Disability Reviews, which is due to be published in the *Federal Register*.

#### **4. Summary**

The current complexity of TTW and the sluggishness of the provider and beneficiary response create little incentive for active participation in TTW. Providers and beneficiaries alike still lack basic information about how the program operates, and despite several initiatives by SSA and the Program Manager, the payment process remains complex, slow, and uncertain, with little financial incentive to providers. Such obstacles are not unusual for a relatively new program. The regulations SSA recently promulgated alter the way SVRAs participate in the program and substantially change the EN payment schedule to address the most important program issue reported by EN officials—an inadequate payment structure. To reinvigorate the program, both the supply of providers and demand for services will need to be addressed.

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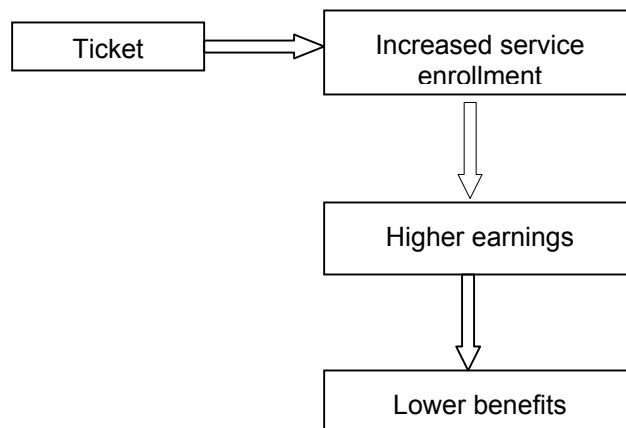
## CHAPTER XIII

### TTW OUTCOMES AND IMPACTS

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If the TTW program is to achieve the objectives that policymakers originally envisioned, it must increase the enrollment of eligible beneficiaries in employment services, and/or change service delivery in a manner that increases the likelihood of program exit (Exhibit XIII.1). Such changes should subsequently translate into higher earnings and lower DI and SSI benefit amounts. Initial impacts should occur first on enrollment in services and the nature of service delivery, as beneficiaries assign their Ticket and/or become more aware of employment service options in their area. Any impact on earnings and, especially, benefits are expected to take longer to emerge; earnings increases are not likely to occur for some time after Ticket assignment, and DI benefits will not be reduced until earnings have exceeded the SGA level for as long as 12 months.

**Exhibit XIII.1. Anticipated Impacts of TTW on Service Enrollment, Earnings, and Benefit Amounts of Ticket-Eligible Beneficiaries**



This chapter documents TTW's impacts on:

- Enrollment in employment services provided by SVRAs and ENs
- Annual earnings
- DI and SSI benefit payments

We examined several approaches to estimating impacts based on non-experimental models originally suggested in Stapleton and Livermore (2002). We have concluded that the strongest approach is to estimate a multivariate model that compares outcomes of beneficiaries in states where the Ticket had already been phased in with the outcomes of beneficiaries in states where it had not. The model was estimated using administrative data on 4.7 million beneficiaries with disabilities. The data were obtained from SSA and other federal agencies and include information on service enrollment, program benefits, and SSA-covered earnings.

According to our analysis, TTW appeared to have a small impact on promoting service enrollment during the first year of TTW rollout. We do not find any evidence that the TTW had negative impacts on SVRA or EN enrollment and our upper-bound estimates indicate that TTW increased service enrollment by up to 0.4 percentage points, which represents an increase of 4,675 beneficiaries receiving services in Phase 1 states. Under the assumption that impacts would be the same in Phase 2 and 3 states, we project an increase in service enrollment of 16,743 beneficiaries across the entire caseload in the first rollout year.<sup>1</sup> Using a more restrictive set of assumptions for service enrollment, we obtain a lower-bound estimate of the Ticket's impact of 0.1 percentage points, which represents an increase of 1,169 beneficiaries in Phase 1 states and a projected Year 1 increase of 4,186 beneficiaries across the entire caseload.

We found no compelling evidence that TTW affected beneficiary earnings or benefits during its first two years. If TTW had any success in increasing beneficiary earnings or reducing benefit receipt, those effects were masked by the underlying variation in beneficiary outcomes across states and over time. Our results show that there were persistent differences in the trends in earnings and benefit amounts for beneficiaries in Phase 1 states relative to those in Phase 2 and 3 states before the Ticket rollout. This finding indicates that the environment that influenced earnings and benefit amounts in Phase 1 states differed from the environment in other states. The fact that this underlying difference between states cannot be explained accurately by the available data means that the differences in earnings and benefit receipt between beneficiaries in Phase 1 states and those in Phases 2 and 3 states cannot be used to generate precise estimates of the effect of TTW on those outcomes. However, we did not find the same difference across states in service enrollment trends, which is an important factor in our ability to estimate service enrollment impacts. We speculate that this is because service enrollment is less sensitive than earnings and benefits to state policy and economic changes.

Our impact findings for all outcomes are consistent with the expectation that changes in service enrollment would occur before changes in either earnings or benefit receipt.

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<sup>1</sup> It is possible that impacts may be larger in future years of the rollout because of differences in state policy environments and/or further refinements in the marketing of TTW to Phase 2 and 3 states. At this point, we do not have evidence that these impacts would be substantially larger or smaller than those in Phase 1 states. Hence, the experiences in Phase 1 states should provide a reasonable approximation for the potential experiences in Phase 2 and 3 states that we can use to calculate aggregate impacts across the entire caseload.



Additionally, the relatively small service enrollment impact (0.1 to 0.4 percentage points) is consistent with the low Ticket participation rate, which was less than one percent during the first year of the rollout in Phase I. Given the anticipated timing of impacts and the relatively small service enrollment impacts, it is not surprising that we found no compelling evidence of subsequent impacts on earnings and benefit amounts at this early stage.

In the next report, we will extend the estimates of TTW on service enrollment to the second rollout year and address the limitations in the existing model by examining the extent to which these impacts are concentrated in a small set of states. Our findings of state differences before rollout indicates Ticket outcomes could be related to state characteristics.

The remainder of this chapter describes the methodological approaches to estimating impacts originally suggested by Stapleton and Livermore (2002) (Section A), summarizes the data sources and econometric model used for estimating impacts in this report (Sections B and C), presents detailed impact estimates and trends in key outcomes (Sections D and E), and concludes with a discussion of directions for examining impacts in future reports (Section F). Appendix D discusses all findings and provides detailed estimates for each of the models presented in this Chapter.

## **A. OVERVIEW OF APPROACH TO ESTIMATING IMPACTS**

Stapleton and Livermore (2002) summarized a general approach to estimating impacts in their design report for the Ticket evaluation that we used as a framework for this paper. The proposed approaches exploited variation over time in the rollout (“pre-post”) and across states (“contemporaneous comparisons”) in the three phases of the TTW program’s rollout. The major challenge in estimating impacts in a situation like this, where beneficiaries were not randomly assigned to program and control status, was choosing a credible comparison group. Their approach to estimating impacts requires the use of SSA and Rehabilitation Services Administration (RSA) administrative data. These data were the only viable options for estimating impacts, given the absence of pre-TTW survey data and the prohibitive costs of collecting enough survey data to identify meaningful contemporaneous differences in outcomes across states.

Of the approaches proposed by Stapleton and Livermore (2002), we determined that the strongest approach was to estimate impacts using a longitudinal fixed effects model (see Appendix D for a description of all models considered in Stapleton and Livermore). This approach measures impacts as the differences in the values of the outcome measures for the treatment group (beneficiaries who were eligible for TTW and were living in states where TTW had already been rolled out) and the contemporaneous values for the comparison group (beneficiaries who were eligible for TTW but were living in states where the program had not yet been rolled out), after controlling for characteristics in the pre-rollout year. Our strategy allows each source of identification—cross-state, pre-post, and within-period cross-person—to play a role, where the relative influence of each is allowed to be determined by the data. Given the data and the nature of TTW’s implementation, this model maximizes opportunities to reduce bias from individual confounding factors, such as beneficiary

motivation and severity of impairment, as well as annual factors that might affect outcomes in all states.

## **B. DATA DESCRIPTION**

The selected approach to estimating impacts used SSA and RSA administrative data to assess impacts. We included administrative data from multiple SSA and RSA administrative data sources to develop a multi-year longitudinal file for the purposes of generating impact estimates. We selected an initial sample of all Ticket eligibles from these files, which we stratified by nine age and program groups. We then used this sample to generate impacts of TTW on annual service enrollment, earnings, and benefit amounts.

### **1. Administrative Data Includes Multiple SSA and RSA Administrative Data Files**

The SSA and RSA administrative data sources include the Ticket Research File (TRF), which contains SSA program administrative data on the full population of working-age SSI and DI beneficiaries; SSA's Summary Earnings Records (SER), which contains annual earnings data for all workers who pay Social Security taxes; and the RSA-911 case service report, which contains data on closed SVRA cases.<sup>2</sup> The TRF file used in this chapter contains longitudinal data on approximately 17 million beneficiaries age 18 through 64 with disabilities who participated in the SSI or DI programs at any time from 1994 through October 2004. The SER provides person-level historical data on Social Security taxable earnings for each year from 1937 to the present, which was the end of calendar year 2003 for this report. The RSA-911 file is updated annually by RSA to include each SVRA case that closed, as reported by state agencies, during the most recent federal fiscal year.

One important aspect of the file construction is that service enrollment measures from RSA data are available through 2002 (the first rollout year) and earnings and benefit amounts are available through 2003 (the second rollout year). The amount of information on service enrollment is limited because the RSA data pertain to case closures not enrollment. Because it takes two or more years to close the cases for many beneficiaries who use SVRA services, the available RSA data, which covered closures through 2004, can only be used to measure enrollment through 2002. In contrast, the lag in obtaining SSA earnings and benefit amount outcomes is shorter, which allows us to estimate impacts for these outcomes through 2003.

### **2. Sample Includes Most TTW Eligibles Age 18 to 57 and Is Stratified by Age and Program Subgroups**

The analysis sample includes a 2001 cohort of beneficiaries with disabilities age 18 through 57 who would have been eligible for TTW when the program was rolled out in 2002. If a beneficiary was determined to be eligible in at least one month during a calendar year, that beneficiary was considered eligible for that year in the longitudinal file. We

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<sup>2</sup> In accordance with the Internal Revenue Service/SSA data agreement, MPR researchers did not access earnings data with personal identifiers.

included an upper age restriction to ensure that all beneficiaries were under the age of 60 at the end of the two-year period for which we had data (that is, through 2004). Our findings in Chapter III indicate participation declines substantially with age, so the predicted TTW impacts on service enrollment, earnings, and benefit amounts should also decline with age. For those over age 57 in 2001, we assume that any impacts of TTW are far too small to be detected. In future reports, we will test this assumption by estimating impacts for this older population. We have no reason to expect that older beneficiaries who participate would have *negative* impacts, which could counter any positive impacts for younger beneficiaries or pull overall impacts into negative territory.

We excluded beneficiaries who were ineligible for the TTW, new beneficiaries, and those who moved across a phase state. The only beneficiaries in this age group who were ineligible for TTW were those designated as Medical Improvement Expected (MIE) who had been on the rolls for less than three years and had not yet had a continuing disability review; and former child SSI recipients awaiting adult redetermination. We excluded individuals who were new beneficiaries at the beginning of the TTW rollout by requiring that all beneficiaries in our sample have 12 full months of benefits in 2001. We excluded this group because it is difficult to measure base-year earnings and benefit amounts for them.<sup>3</sup> Finally, we excluded beneficiaries who moved from a state in one rollout phase to a state in another phase (e.g., from a phase 1 state to a phase 2 state) during the window of our sample because we used the phase residence as a proxy for having access to the TTW program.

Our choice to estimate impacts using a sample of all TTW eligibles is important for two reasons. First, it is not possible to determine which members of the comparison group would have participated in TTW had they received a Ticket during the same period. Second, TTW might have effects that extend beyond effects on those who assigned their Ticket. As shown in Chapter III, a small share of eligible beneficiaries had participated in TTW by the end of the analysis period, December 2003 (1.0 percent in Phase 1 states and 0.5 percent in Phase 2 states). However, these participation rates might understate program impacts for two reasons. First, TTW might have affected beneficiaries with disabilities regardless of whether they assigned a Ticket. For example, the process of rolling out TTW and training SSA staff might have led to general change in attitudes among SSA staff, providers, advocacy organizations, and others to more aggressively promote return-to-work activities (for example, encourage use of work incentives, refer beneficiaries for related work services) to all beneficiaries, including those who did not assign a Ticket.

As suggested by Stapleton and Livermore, to account for differences in anticipated impacts in outcomes across subgroups, we stratified the sample by nine age-program groups

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<sup>3</sup> For example, it is likely that many new beneficiaries, especially DI beneficiaries, will have at least some reported annual earnings according to the SER, although we cannot determine what portion of these earnings came before or after benefit receipt. Because of this issue, new beneficiaries could have received substantial base-year earnings before enrolling in the program, which could introduce measurement error in our earnings impacts of TTW in later years. Additionally, we anticipate the impacts on new beneficiaries will differ from existing beneficiaries. For these reasons, we plan to estimate impacts on these populations separately in future analysis.

based on age and program titles; the age categories are 18-39, 40-49, and 50-57, and the program title groups, which are mutually exclusive, are DI-only, the SSI-only, and concurrent (DI and SSI) beneficiaries.<sup>4</sup> As noted, impacts should be larger among younger beneficiaries because they have higher employment rates relative to older beneficiaries as well as higher Ticket assignment rates. Impacts could vary by program title because work incentives and participation rates differ across the SSI and DI programs (Titles XVI and II), though other differences, including age, education, work experience, and income, make it difficult to predict whether impacts should be larger for one program group or another.

### **3. Outcome Measures Include Annual Measures of Service Enrollment, Earnings, and Benefit Amounts**

We assessed the TTW's impact on annual measures of SVRA-only service enrollment, two measures of total (SVRA and EN) service enrollment, benefit amounts, and earnings (Exhibit XIII.2).<sup>5</sup> The SVRA-only measure was of interest to assess whether the Ticket had any impact in either inducing or crowding out SVRA enrollment by beneficiaries. This impact could be negative because some beneficiaries who, under TTW, only receive services from ENs after the rollout would have enrolled for services at an SVRA in the absence of TTW. It could be positive if TTW stimulated enrollment at SVRAs. The estimate of the impact on SVRA enrollment might also be downward biased if the TTW rollout increased the number of Phase 1 SVRA enrollees who were not included in the RSA data available for the analysis because their cases were still open.

The first total service enrollment measure (upper bound) captured SVRA and EN participation as measured in the RSA-911 and/or TRF data files. This measure included beneficiaries who had assigned their Ticket or had an open SVRA case sometime during the course of that calendar year. It addressed a limitation of the SVRA-only measure by capturing impacts on the private rehabilitation market through the inclusion of EN service enrollment information. In years before the TTW rollout in a phase group, a beneficiary was counted as enrolled for services in a calendar year only if the beneficiary had an open case at an SVRA in at least one month as measured in the RSA-911 data. In the first rollout year for Phase 1 (calendar 2002), a beneficiary was considered to be enrolled for services if, in at least one month, the beneficiary had an open SVRA case and/or has a Ticket assigned to an EN or SVRA as measured in the RSA-911 and/or TRF data files.

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<sup>4</sup> We excluded those over age 57 because beneficiaries nearing the retirement age have relatively fewer prospects for using TTW to return to work.

<sup>5</sup> We also examined three supplemental outcome measures—annual employment status, annual benefit receipt, and an indicator from SSA administrative records of beneficiaries who left SSI and DI programs specifically because of work (“left cash benefits due to work”)—that are not reported below but are available in Appendix D. These measures are more restrictive than the core measures of benefit and earnings outcomes shown in Exhibit XIII.2. We did not find any significant impacts on any of these outcomes during the two years of the TTW rollout.

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**Exhibit XIII.2. Summary of Outcome Measures for the Impact Analysis from SSA and RSA Administrative Data Sources**


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Outcome Measure	Data Source	Definition
SVRA-only service enrollment	RSA-911	The beneficiary was an open SVRA case in at least one month of the year.
Total (SVRA and EN) service enrollment (upper bound)	RSA-911 and TRF	The beneficiary was an open SVRA case in at least one month of the year or had an actively assigned Ticket to an SVRA or EN sometime during the year in either the RSA-911 or TRF. Includes SVRA cases from the RSA-911 or TRF.
Total service enrollment (lower bound)	RSA-911 and TRF	The beneficiary was an open SVRA case in at least one month of the year according to the RSA-911 file only or had an actively assigned Ticket to an EN sometime during the year in the TRF. Includes SVRA cases from only the RSA-911.
Earnings	SER	Total covered earnings from employment over the year adjusted to 2004 dollars using the Consumer Price Index for urban workers, CPI-W (Bureau of Labor Statistics. <i>Consumer Price Index for Urban Wage Earners and Clerical Workers</i> , <a href="http://data.bls.gov/cgi-bin/surveymost?cw">http://data.bls.gov/cgi-bin/surveymost?cw</a> ) to account for inflation.
Benefit amount	TRF	The total combined DI and SSI benefit amount over the year adjusted to 2004 dollars using the Consumer Price Index for urban workers, CPI-W. We modified the benefit amount variable so that its values in 2002 and 2003 are fixed at 2001 levels unless the beneficiary was employed at some time during the analysis period.

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We refer to impact estimates using this first total service enrollment measure as an “upper bound” because we were concerned that it included an upward bias related to a change in the methods used to account for SVRA and, to a lesser extent, non-SVRA participants after the Ticket rollout. In 2002, Phase 1 beneficiaries enrolled for services under a Ticket assignment to an SVRA would be counted as enrolled in the TRF even if their SVRA case had not closed, whereas before the rollout, only closed cases are counted. Thus, this total service enrollment impact estimates might capture increases in measured enrollment that reflects only changes in measurement that coincided with the TTW rollout. It might also miss some beneficiaries who used non-SVRA rehabilitation service providers before the rollout in each phase. However, we believe the bias associated with non-SVRA participation is minimal based on a finding from our process analysis that suggests that the vast majority of ENs had not served beneficiaries prior to the TTW rollout, except possibly under contract to provide services to SVRA clients (Thornton et al. 2004).

To address this potential upward bias, we created a second total service enrollment variable (lower bound) that measured SVRA participation using the SVRA-only measure and added in the proportion of Phase 1 beneficiaries who had assigned a Ticket to an EN during

at least one month in 2002.<sup>6</sup> We use this measure to generate a “lower bound” impact estimate because it assumed that, if anything, the SVRA-only estimates had a downward bias, and the non-SVRA providers rarely gave services to beneficiaries except under contract to SVRAs. Our qualitative findings from the first Ticket evaluation report suggest that this assumption is reasonable (Thornton et al. 2004).

The benefit amount was measured from the TRF and modified for the purposes of estimating impacts. We generated the benefit amount as the sum of the federal SSI amount paid and the DI benefit amount due in a year from the TRF and adjusted these values to reflect January 2004 real dollars.<sup>7</sup> We then modified the adjusted benefit amount measure so that its values in 2002 and 2003 were fixed at 2001 levels unless the beneficiary was employed at some time during the analysis period. The modification was necessary because benefit amounts can vary for several administrative reasons (for example, overpayments or changes in state supplement payment rules for SSI) that are unrelated to TTW but could influence the impact estimates (see Appendix D for more details).

Finally, the earnings were based completely on information from the SER and included the amount of earnings from Social Security-covered employment received during a year. As with the benefit amount measure, we adjusted earnings to reflect January 2004 real dollars.

### **C. ECONOMETRIC MODEL FOR ESTIMATING IMPACTS**

Our approach to estimating impacts follows a 2001 cohort of beneficiaries to track changes in outcomes over time and across the different phases of rollout schedule during the program’s initial two years, 2002 and 2003. During this period, some states had implemented TTW (Phase 1 states in 2002 and 2003, and Phase 2 states in 2002), and some had not (Phase 2 states in 2002 and Phase 3 states in 2002 and 2003) (Exhibit XIII.3). The rollout was gradual within each phase group, so during the first rollout year for each phase the 2001 cohort’s beneficiaries residing in the phase’s states were only eligible for part of the year. The estimated coefficients from our model represent an impact per TTW eligible.

Impact estimates within this approach are measured as the differences in the values of the outcome measures for the treatment group (beneficiaries who were eligible for TTW and

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<sup>6</sup> Unlike the upper bound measure, the lower bound measure did not include open SVRA participants measured in the TRF file in any month of 2002.

<sup>7</sup> The amount paid represents the benefit actually received by the beneficiary in a particular month and the amount due is the amount that SSA is scheduled to pay the beneficiary. The benefit amount paid and amount due can differ if there are changes in the beneficiary’s status. For example, if SSA retroactively has adjusted a beneficiary’s record for an overpayment due to excess earnings, the amount due will be less than the amount paid. In later months, collection of overpayments will reduce amounts paid relative to amounts due. We would have preferred to use the amount paid variables for both SSI and DI, because the amount paid accurately captures SSA’s benefit cost experience. At the time of our analysis, however, the DI benefit amount paid was not available. The implication for the measurement of this outcome is likely limited given that generally there are only relatively small differences between the amount paid and amount due variables in DI. (See Appendix D for more details.)

were living in states where TTW had already been rolled out) and the contemporaneous values for the comparison group (beneficiaries who were eligible for TTW but were living in states where the program had not yet been rolled out), after controlling for characteristics (including earnings and benefits) in the pre-rollout year.

### Exhibit XIII.3. TTW Implementation Schedule

Year	Phase 1 States	Phase 2 States	Phase 3 States
2003	Year after Ticket mailing	Year of Ticket mailing	Prior to TTW rollout
2002	Year of Ticket mailing	Prior to TTW rollout	Prior to TTW rollout
2001	Prior to TTW rollout	Prior to TTW rollout	Prior to TTW rollout

To isolate TTW impacts from other possible influences on eligible beneficiaries, we used the following fixed effects longitudinal model to net out the stable differences in individual or contextual characteristics between the treatment and comparison groups:

$$Y_{icsy} = a_i + b_s + c_y + \delta X_{cy} + \lambda_1 T1_{sy} + \lambda_2 T2_{sy} + \varepsilon_{icsy}$$

where:

$Y_{icsy}$  = outcome for individual  $i$  in county  $c$  in state  $s$  during year  $y$  (use of employment and training services; benefit receipt and amount; and employment and earnings)

$a_i$  = individual (observed and unobserved) fixed effects for individual  $i$

$b_s$  = state (observed and unobserved) fixed effects for state  $s$

$c_y$  = time fixed effects for year  $y$

$X_{cy}$  = unemployment rates in county  $c$  in year  $y$

$T1_{sy}$  = mailing year TTW treatment indicator in state  $s$  in year  $y$

$T2_{sy}$  = year after mailing TTW treatment indicator in state  $s$  in year  $y$  (earnings and benefit amount equations only)

$\varepsilon_{icsy}$  = unobserved disturbance term for individual  $i$  in county  $c$  in state  $s$  in year  $y$

The key coefficients of interest in the model are  $\lambda_1$  and  $\lambda_2$ , which represent impacts in the year of the Ticket mailing and in the year after the Ticket mailing, respectively.<sup>8</sup> The

<sup>8</sup> The impact estimate in the year of Ticket mailing, represented by  $\lambda_1$ , includes the difference-in-differences from 2001 to 2002 in Phase 1 states relative to Phase 2 and 3 and, for the earnings and benefit equations, the difference-in-differences from 2002 to 2003 in Phase 2 states relative to Phase 3 states. The impact estimated for the earnings and benefit equations in the year after Ticket mailing, represented by  $\lambda_2$ , is the difference-in-differences from 2001 to 2003 in Phase 1 states relative to Phase 3 states. Because TTW was fully implemented in all states after 2003, there is no comparison group in the year after Ticket mailing for Phase 2 states.

service enrollment equation includes an impact only in the year of the Ticket mailing (i.e.,  $\lambda_i$ ) because as noted above, RSA administrative data on SVRA enrollment in calendar year 2003 were incomplete when the analysis was conducted. The earnings and benefit amount equations include data for the full rollout that can be used to estimate impacts in the year of the Ticket mailing and in the year after the Ticket mailing (that is,  $\lambda_1$  and  $\lambda_2$ ).

We present impact estimates for each of our outcomes and use projections to translate these estimates to effects on the total number of beneficiaries affected by the TTW. Our impact estimates provide information on the change in each outcome since the TTW was rolled out and our projections illustrate the total number of beneficiaries potentially affected by the policy.

**Sample Size.** The sample size for each of the nine age-program groups was very large, ranging from a minimum of 193,000 (concurrent beneficiaries age 50 to 57) to 1.1 million (DI-only beneficiaries age 50 to 57). Across all of the groups, the total sample size was 4.7 million beneficiaries. Specific sample sizes for each estimation model are presented in Appendix D.

**Credibility of Estimates.** We assessed the credibility of the estimates by checking their consistency with our expectations about impacts for the nine age-program groups, and with our descriptive analyses in earlier chapters on overall TTW participation rates. The aggregated estimates provide a general summary of findings relative to the full caseload, and the age-program estimates provide detailed information on subgroups of policy interest. We expected the estimated impacts to be small relative to the overall caseload, relatively larger for younger beneficiaries, and close to zero for older beneficiaries. Moreover, because of the direct and relatively immediate relationship between TTW and service enrollment, we expected to find larger impacts on service enrollment during the first year relative to the impacts on earnings and benefits.

**Robustness of Findings.** We tested the robustness of our findings by comparing our impact estimates with those produced by applying the same empirical model for several pre-TTW cohorts. We estimated models for two pre-TTW cohorts (1998 and 1999 cohorts) for which we have data on all outcomes.<sup>9</sup> In each case, the model was estimated over a three-year period that starts with the cohort year and ends before the Ticket rollout. Presumably, the impact estimate for these earlier cohorts should be zero because the Ticket was not available. Non-zero estimated impacts on outcomes for any of these early cohorts would suggest that impact estimates from the rollout period reflect differences in outcome trends across Phase 1, 2, and/or 3 states that existed in the pre-TTW period.

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<sup>9</sup> In Appendix D, we also present additional 1996 and 1997 cohort models for benefit and earnings outcomes to further test the sensitivity of our findings to different economic conditions. We do not have corresponding data on service enrollment outcomes for the 1996 and 1997 cohorts.



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## D. IMPACTS ON SERVICE ENROLLMENT

The impacts on service enrollment apply to the beneficiaries enrolled in services during the first year of TTW rollout in Phase 1 states who were age 18-57 in 2002 and had been on SSA disability benefits for at least one year. We present estimates for the SVRA-only service enrollment measure and the two upper and lower bound total service enrollment measures.

### 1. Estimates by Age and Program Group Indicate Impacts Close to Zero of TTW on SVRA-only Service Enrollment

Our impact findings for the SVRA-only service enrollment measure indicate that the TTW did not have major impacts on the number of people being served by SVRAs. Our estimates are close to zero for all age-program groups (see Appendix D).<sup>10</sup>

### 2. Estimates by Age and Program Group Indicate Positive Upper-Bound Impacts of TTW on Total Service Enrollment

We present detailed estimates for our upper bound estimates of total service enrollment in Exhibit XIII.4 that shows statistically significant program impacts. The top chart in the exhibit summarizes estimates of the impacts of TTW, and the bottom chart summarizes the mean values of service enrollment for the treatment and comparison groups. The treatment-comparison difference in mean values in the bottom chart is the impact estimate shown in the top chart.<sup>11</sup> These two ways of presenting the estimates highlights both their absolute and relative size.

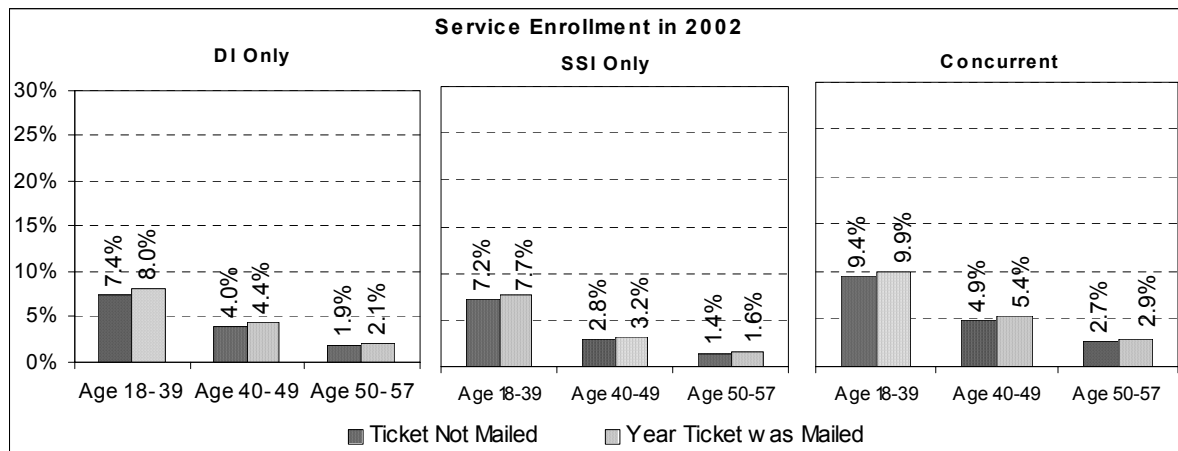
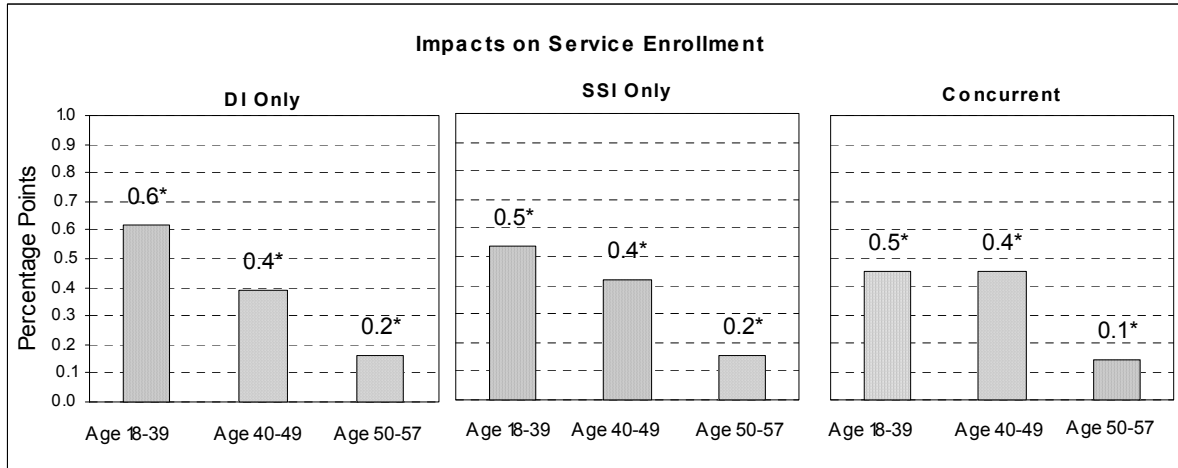
The impacts of TTW on total service enrollment are positive in all age-program groups and are generally larger among younger beneficiaries. As shown in the top chart, the impact estimates for beneficiaries age 18 through 39 imply an absolute increase of 0.5 percentage points (SSI and concurrent beneficiaries) to 0.6 percentage points (DI-only beneficiaries) in enrollment in SVRA and/or EN services during the initial rollout year, 2002. In contrast, the estimated impacts for the two older groups of beneficiaries are smaller, ranging from 0.1 percentage points (age 50 to 57 concurrent beneficiaries) to 0.4 percentage points (age 40 to 49 SSI-only recipients and age 40 to 49 concurrent beneficiaries). The larger impacts in younger beneficiaries are consistent with higher TTW participation rates for this population. In general, there are not large differences in impacts on service enrollment across program categories within each age group.

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<sup>10</sup> Our estimates indicated negative impacts of -0.3 percent points for age 18 to 39 concurrent beneficiaries and a positive impact on SVRA enrollment of 0.1 percentage points for age 40 to 49 SSI-only beneficiaries.

<sup>11</sup>These charts present regression-adjusted means for the year before and after Tickets were mailed. The difference in regression-adjusted means for treatment and comparison beneficiaries is the impact estimate.

**Exhibit XIII.4. Upper-Bound Impact Estimates on Total Service Enrollment for Ticket-Eligible Beneficiaries Age 18 to 57, by Age and Program Group**



Source: Tabulations of econometric estimates based on linked TRF and RSA-911 longitudinal data files.

Note: The absolute impact estimates are regression coefficients from separate econometric analyses for each age-program group. Full sets of coefficient estimates and sample sizes for this exhibit appear in Appendix Table D.3. The relative impacts represent the regression adjusted means of service enrollment for the treatment and comparison cases in the year of the Ticket mailing (2002). Sample sizes for the age-program groups range from 193,000 to 1.1 million.

\*Impact estimate is statistically significant at the .01 level.

The magnitude of the impacts ranges from 0.1 to 0.6 percentage points, indicating a small increase in overall total service enrollment in each of the age-program groups. The largest point estimate is for DI-only beneficiaries age 18 to 39 and the smallest is for concurrent beneficiaries age 50 to 57. The largest impact relative to the 2002 service enrollment value was a 10 percent change for concurrent beneficiaries age 40 to 49 (from 4.9 to 5.4 percent).

The aggregate upper-bound estimates of TTW's impact on service enrollment, which we calculated by using a weighted average of the age-program group estimates from above, indicate that the impacts for each program group are roughly similar but that larger differences exist across age groups (Exhibit XIII.5). The aggregate impact estimate for the overall population is an increase of 0.4 percentage points. The magnitude of the impact for young beneficiaries (ages 18 to 39) is more than two times larger than that for the oldest group (ages 50 to 57, 0.5 vs. 0.2 percentage points, respectively). The estimated impacts on total service enrollment are fairly uniform across the program groups (an increase of 0.3 to 0.4 percentage points).

**Exhibit XIII.5. Summary of Upper-Bound Aggregate Impact Estimates on Total Service Enrollment for Ticket-Eligible Beneficiaries Age 18 to 57, by Age and Program Group**

Outcome Measure	Total	Age Group			Program Group		
		18-39	40-49	50-57	DI-only	SSI-only	Concurrent
Total Service Enrollment	0.4	0.5	0.4	0.2	0.3	0.4	0.4

Source: Results are based on the impact estimates in Exhibit XIII.4.

Note: The impacts shown are weighted averages of age-program group impact estimates. The weight for an age-program group is the proportion of the nationwide caseload of ongoing beneficiaries with disabilities age 18-57 in the respective age group or program group.

Exhibit XIII.6 summarizes our estimates of the total service enrollment impacts of TTW on individual Ticket-eligible beneficiaries and shows the implications of those estimates for the Phase 1-only states and projections for the full caseload. The 0.4 percentage point increase in service enrollment represents a 9.5 percent increase in overall service enrollment (from 4.2 to 4.6 percent). This impact translates to an increase in service enrollment of 4,675 beneficiaries in Phase 1 states during the first rollout year. Based on this estimate, the projected impact translates to an increase into an upper-bound impact on service enrollment of 16,743 across all three phases in their respective rollout years.

The impacts findings across the nine age-program groups and the projections of the overall effects across the entire caseload are consistent with the theoretical expectations. The results for the age-program groups are consistent with expectations, as the larger impacts are generally concentrated among younger beneficiaries in all program groups, and older beneficiaries had much smaller impacts. The magnitude of the impacts (less than 1 percentage point) is consistent with the TTW participation rates with the 1.1 participation rate by eligible beneficiaries through March 2004 in Phase 1 states.

**Exhibit XIII.6. Summary of Total Service Enrollment Impact Estimates for Ticket-Eligible Beneficiaries Age 18 to 57 and Implications for the Full Caseload of Beneficiaries Age 18 to 57**

Outcome Measure	Aggregate Impact	Mean Outcome for Comparison Group	Mean Outcome for Treatment Group After Ticket Mailing	Percent Impact Relative to Comparison Group	Projected Increase in Number of Beneficiaries Age 18-57 in Service Enrollment	
					Phase 1 States	All States
Total Service Enrollment	0.4	4.2	4.6	9.5	4,675	16,743

Source: Results are based on the impact estimates in Exhibit XIII.4.

Note: The impact (column 1) is the weighted average of all the age-program group impacts. Results for enrollment in services pertain to the year when Tickets were mailed. The weight for an age-program group is its proportion of the nationwide caseload of ongoing beneficiaries with disabilities age 18-57. The mean outcome value for the comparison group (column 2) is the weighted average over all age-program groups of the regression-adjusted mean of each outcome. The mean outcome value for the treatment group (column 3) is the weighted average over all age-program groups of the regression-adjusted mean of each outcome. The impact relative to the comparison group (column 4) is the impact (column 1) divided by mean of the comparison group (column 2). The implication for the Phase 1 states only (column 5) is the weighted average individual-level impact (column 1) multiplied by beneficiary population in those states (1.3 million beneficiaries). The projection for the national caseload (column 6) is the weighted average individual-level estimates (column 1) multiplied by the 4.7 million beneficiaries with disabilities.

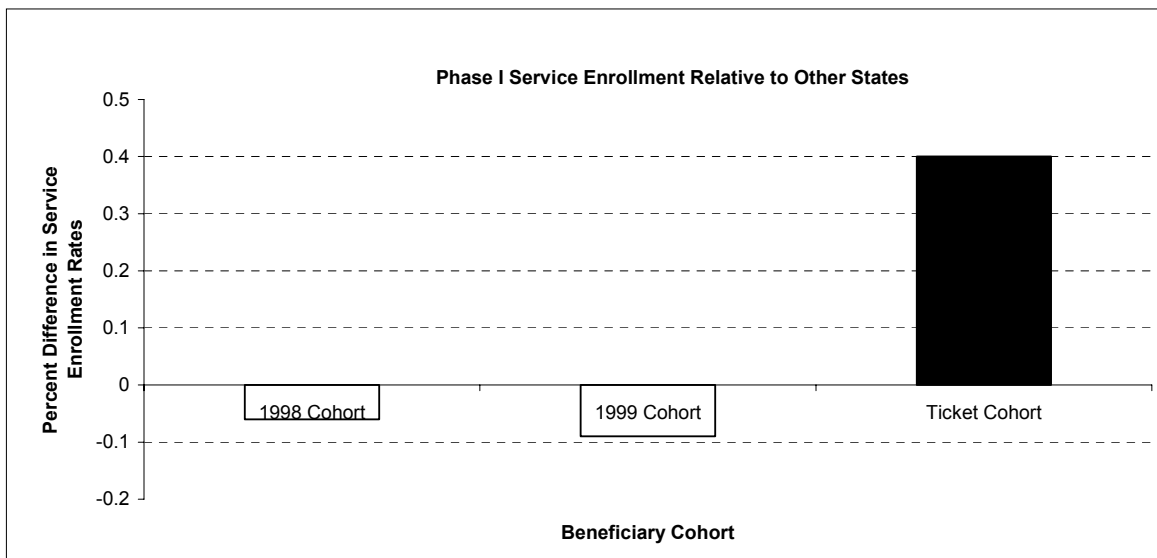
Our confidence in the total service enrollment estimates is further bolstered by applying our model to earlier cohorts, where we show that our impact findings are distinctly different from observed differences in pre-TTW cohorts. As shown in Exhibit XIII.7, the results from our econometric models indicate that Phase 1 states had similar service enrollment trends relative to other states prior to the program rollout for the 1998 and 1999 cohorts (enrollment was less than 0.1 percent below the rate in other states). This finding is to be expected given that TTW was not yet available. Additionally, as shown in Appendix D, the differences within the age-program subgroups were also small or statistically insignificant. However, after TTW rollout, we show the Phase 1 difference in service enrollment, which is the impact estimate above, is substantially different from these earlier cohorts. Hence, these sensitivity tests indicate that trends in service enrollment only changed across states appreciably after rollout, thereby affirming our impact estimates above.

### 3. Lower-Bound Estimates Using an Alternative Total Service Enrollment Measure Indicate Smaller Impacts

Based on the findings of a zero impact on SVRA-only services, we generate a lower-bound estimate of the TTW's impact on total service enrollment under the assumption that the only increases in enrollment were through non-SVRA ENs. Our process analysis findings in the second report indicate that just under 0.1 percent of Phase 1 TTW-eligible

beneficiaries (approximately 10 percent of TTW participants in Phase 1 states) enrolled in a non-SVRA EN. Furthermore, those process analysis findings suggest that few, if any, non-SVRA ENs served beneficiaries prior to TTW except as subcontractors to SVRAs. Hence, a reasonable lower-bound estimate for the service enrollment impacts based only on non-SVRA ENs is 0.1 percent.

**Exhibit XIII.7. Sensitivity Tests of Total Service Enrollment Impact Models Applied to Pre-Ticket Cohorts**



Source: Tabulations of econometric estimates based on linked TRF and RSA-911 longitudinal data files.

Note: The difference in service enrollment in Phase 1 states relative to other states represents a weighted average from all of the age-program group estimates. Results for enrollment in services pertain to the year when Tickets were mailed. Full sets of coefficient estimates and sample sizes for the age-program groups exhibit appear in Appendix Table D.3.

Exhibit XIII.8 summarizes our lower-bound estimates of the impacts of TTW based on the assumption that the only impacts on service enrollment are through non-SVRA ENs. The 0.1 percentage point increase in service enrollment represents a 2.4 percent increase in overall service enrollment (from 4.2 to 4.3 percent). This impact translates to an increase in service enrollment of 1,169 beneficiaries in Phase 1 states during the first rollout year. Based on this estimate, we project an impact that translates to an increase in service enrollment of 4,186 across all three phases in their respective rollout years.

**4. Summary of Findings Indicates a Range of Small Positive Impacts on Total Service Enrollment**

We conclude that the TTW did not have a negative impact on SVRA service enrollment, and that our estimates for total service enrollment are between 0.1 and 0.4 percentage points. While we cannot precisely estimate impacts, our findings from the models above underscore that TTW probably increased overall beneficiary enrollment in employment support services by a relatively small amount in relation to the overall caseload.

We will further assess the size of these impacts in future reports as more data becomes available for later years.

**Exhibit XIII.8. Summary of Lower-Bound Impact Estimates on Total Service Enrollment for Ticket-Eligible Beneficiaries Age 18 to 57 Based on Alternative Service-Enrollment Measures, and Implications for the Full Caseload of Beneficiaries Age 18 to 57**

Outcome Measure	Aggregate Impact	Mean Outcome for Comparison Group	Mean Outcome for Treatment Group After Ticket Mailing	Percent Impact Relative to Comparison Group	Projected Increase in Number of Beneficiaries Age 18-57 Enrolled in Services	
					Phase 1 States	All States
Service Enrollment	0.1	4.2	4.3	2.4	1,169	4,186

Source: Results are based on calculated impacts using alternative service enrollment estimates and assumptions for use of private rehabilitation services described in Section B.3.

Note: The impact (column 1) is the weighted average of all the age-program group impacts. Results for enrollment in services pertain to the year when Tickets were mailed. The weight for an age-program group is its proportion of the nationwide caseload of ongoing beneficiaries with disabilities age 18-57. The mean outcome value for the comparison group (column 2) is the weighted average over all age-program groups of the regression-adjusted mean of each outcome. The mean outcome value for the treatment group (column 3) is the weighted average over all age-program groups of the regression-adjusted mean of each outcome. The impact relative to the comparison group (column 4) is the impact (column 1) divided by mean of the comparison group (column 2). The implication for the Phase 1 states only (column 5) is the weighted average individual-level impact (column 1) multiplied by beneficiary population in those states (1.3 million beneficiaries). The projection for the national caseload (column 6) is the weighted average individual-level estimates (column 1) multiplied by the 4.7 million beneficiaries with disabilities.

**E. IMPACTS ON EARNINGS AND BENEFIT AMOUNTS ARE TOO SMALL TO DIFFERENTIATE FROM HISTORICAL VARIATION**

To estimate 'TTW' impacts on annual earnings and benefit amounts during each of the first two years of the rollout, we used the same model that was used to estimate impacts on service enrollment. We expected impacts on earnings and benefits to be minimal during the first rollout year, when participants are presumably receiving services, but thought that they might be large enough to detect in the second year.

The early impact results for beneficiary earnings and benefit receipt, however, are inconclusive. When we applied our model to the 1998 and 1999 cohorts, we found that earnings were higher (\$33 in the 1998 cohort and \$29 in the 1999 cohort) and benefit amounts were lower (-\$20 in 1998 cohort and -\$15 in 1999 cohort) in Phase 1 states relative to other states (Exhibit XIII.9). While we found that Phase 1 state beneficiaries had higher earnings levels (\$23) and lower benefit amounts (-\$20) in the year after Ticket mailing, we are skeptical that these differences represent true impacts because they are not different from the historical pattern in these outcomes for prior cohorts. Instead, the estimates based on

earlier cohorts indicate the presence of a persistently positive trend in earnings levels and a negative trend in benefit amounts in Phase 1 states relative to Phase 2 and 3 states before the rollout. As a result, it is not possible to tell if TTW had an effect on these outcomes or if TTW was merely rolled out first in states that had systematically different trends in beneficiary earnings and benefit receipt.

The differential trends in earnings and benefit amounts in the pre-TTW period across states were likely related to unmeasured state differences the economic and policy conditions. In general, Phase 1 states appeared more conducive to implementing the TTW program as beneficiaries in these states were more likely to be receptive to return-to-work activities based on their relatively higher earnings trajectories that resulted in lower benefit amounts. Indeed, SSA selected the Phase 1 states for this specific feature. The findings also indicate that the differences in state environments had a larger effect on earnings and benefit amounts than they did on service enrollment. One possible explanation of the differential impact on outcomes is that the role of the economy and policy environment has a stronger effect on the *relative* trends in earnings and benefit amounts than it does on the relative trends in service enrollment, which is plausible given the more direct effects associated with changes in economic conditions and earnings.<sup>12</sup>

#### **F. ANALYSES OF IMPACTS IN FUTURE REPORTS WILL FOCUS ON THE STATE LEVEL**

For the fourth report, we plan to update our impact estimates of service enrollment as new data about service enrollment (not just case closures) become available for 2003 (for the second year of rollout in Phase 1 states and the first year in Phase 2 states). We anticipate that these impacts will be larger than those in the first rollout year, given descriptive data from Chapter III that show substantially higher participation in 2003 than in 2002.

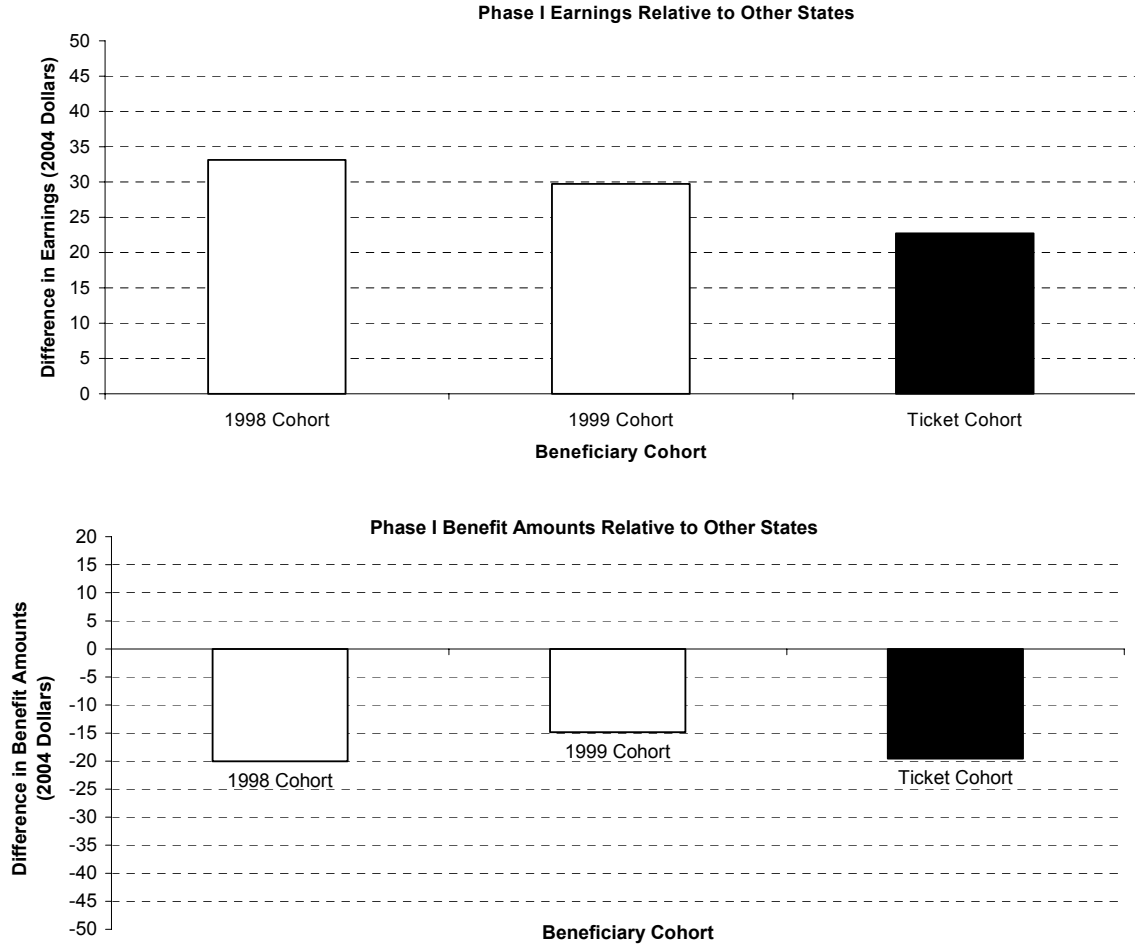
Based on our findings of differences across states, particularly for earnings and benefit amounts, we will focus our further efforts in estimating impacts on outcomes at the state level. We conducted a preliminary analysis indicating that TTW impacts not only varied across states, but also did so in a manner that is roughly consistent with state differences in Ticket participation, as identified in Chapter III.<sup>13</sup> In future reports, we will further explore state differences in impacts on service enrollment and assess whether these differences are related to other state differences, especially differences in EN participation and/or SVRA outreach efforts.

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<sup>12</sup> It is important to note that the differences in impacts represent relative trend differences across states, not aggregate state differences. It is likely that economic conditions affect all of our outcomes. While our econometric model makes adjustments for any stable initial differences that exist across states, our ability to control for any within-state changes in policy or economic conditions (beyond controls for the unemployment rate) is limited. We argue that it is these within-state differences that have a stronger influence on earnings and benefits relative to service enrollment.

<sup>13</sup> We derived these estimates by interacting the Ticket treatment indicators ( $T1_{sy}$  and  $T2_{sy}$ ) with state indicators from Phase 1 states.

**Exhibit XIII.9. Sensitivity Tests of Earnings and Benefit Impact Models Applied to Pre-Ticket Cohorts**



Source: Tabulations of econometric estimates based on linked TRF and SER longitudinal data files for earnings and TRF files for benefit amounts. The difference in earnings and benefit amounts in Phase 1 states relative to other states represents a weighted average from all of the age-program group estimates. Results for earnings and benefit amounts pertain to the year after the Tickets were mailed (coefficient on  $\lambda_2$ ). The coefficients on  $\lambda_1$ , the year of Ticket mailing, are generally close to zero for both earnings and benefit amounts across cohorts. Full sets of coefficient estimates and sample sizes for the age-program groups appear in Appendix Exhibits D.5 and D.6.



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The opportunities for generating additional longer-term impact estimates or estimates on additional other outcomes are limited. The methodology used here could be extended to impacts in later years. However, because TTW was rolled out nationally in subsequent time periods, an extension of the methods would mean making untestable assumptions about variation in the size of impacts across the three phases (for example, that impacts in each year after rollout are constant across the three phases). It will also continue to be difficult to distinguish between true impacts and historical differences in trends across the three phases. Finally, as described in more detail in Appendix D, the potential for using alternative methods for estimating impacts originally outlined in Stapleton and Livermore (2002), including historical cohort and propensity score matching methods, is likely limited.

To obtain additional information on TTW-related outcomes, we plan to descriptively track service enrollment, earnings, and benefits at the national and state level as well as other outcomes that are likely to be sensitive to TTW, such as the number of beneficiaries who leave the rolls due to work and participation in SSA work incentive programs, including the SSI Section 1619 program, the SSDI trial work period, and the DI extended period eligibility. These trends will provide descriptive information that policymakers can use to assess the extent to which these outcomes are moving in the direction that TTW, as well as many other initiatives, is designed to promote. Of particular interest will be the question of whether there has been an increase in the number of people who leave the rolls because of work that corresponds to TTW's objectives of doubling that number. For example, if TTW meets its objectives, we might expect to find that the number of people who leave the rolls because of work in the future years increases from 0.5 to 1.0 percent. The decision to track outcomes instead of estimating impacts acknowledges the fact that although we cannot distinguish between the impact of TTW and the confounding effects of other factors, the evaluation findings can still inform policymakers and others with a stake in the system about the extent to which these outcomes are moving in the desired direction.

We also plan to examine the influence of state policies that are complementary to TTW, such as the Medicaid Buy-in program, on outcomes in states that have few or no complementary programs. If such complementary programs are effective in promoting employment, outcome trends in states with such programs should be more favorable than outcome trends in states without such programs. An analysis of state-level variation in outcomes might also help us to distinguish between the effects of the economy on outcomes and the effects of policy and program changes.

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## CHAPTER XIV

### PAYMENTS MADE UNDER THE NEW PAYMENT SYSTEMS

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Payments made to providers under the new payment systems provide a direct measure of the extent to which TTW participants under these systems have achieved the earnings levels that trigger payments. Outcome payments are of particular interest because they are made only when the participant receives no DI or SSI payment as a consequence of earnings; in essence, the participant has exited the rolls, at least temporarily, and is on a path that can lead to a formal exit due to work.

We use the payment data to assess the extent to which earnings and benefit outcomes for early participants will improve after 2003. In the previous chapter, we concluded that any impact of TTW on earnings and benefit payments in the first two years of operation (that is, through 2003) were too small to detect, given historical variation in these two outcomes and underlying unmeasured differences between the experiences of beneficiaries in Phase 1 states and those in the other states. As we pointed out, however, impacts on these outcomes for early participants could be delayed. For those who assigned their Ticket in the first two years (that is, by the end of 2003), the payment data allow us to develop an upper bound for the impact of TTW on a closely related outcome for the same period: the number of participants who at least temporarily go off cash benefits due to work. We can then assess how that upper bound is likely to increase after 2003, as the experience of those who assigned their Ticket late in the first two years of TTW catches up to the experience of those who assigned their Tickets earlier. That upper bound is also an upper bound for program exits among beneficiaries who assign their Ticket.

Of the participants we have observed the longest (those who assigned their Ticket in the first half of 2002), 14.5 percent generated at least one payment from the new TTW payment systems by July 2005, including 15.8 percent who assigned their Ticket under the milestone-outcome system and 9.0 percent of who assigned their Ticket under the outcome-only system. Although the latter were less likely than the former to generate at least one payment, they were more likely to generate payments over a sustained period. In the first cohort, 75 percent of the participants who generated payments under the outcome-only system had generated at least 12 payments by July 2005, compared with just one-third of those generating payments under the milestone-outcome system. In fact, only about half of

those generating payments under this system generated more than four payments—the maximum number of milestone payments.

The Ticket Act set a benchmark of increasing permanent exits due to work by at least half a percentage point. The findings from the analysis of the payment data imply that impacts through the end of 2003 were well below that benchmark. Further, we have to conclude that the program's impact on participant exits will not reach the Ticket Act benchmark unless participation increases to well above the level reached in Phase 1 states by the end of 2004 or unless TTW somehow induced a large number of exits that are not reflected in the outcome payment data.

When interpreting these findings, it is useful to keep in mind the challenges of using payment data to measure earnings and benefit activity. One challenge is that payments are observed only if a payment is actually made, and a payment is often made long after the “earnings month” (that is, the month in which the participant generated the earnings that triggered payment). Another challenge is that the available data cover only the approximately 10 percent of participants who assign their Ticket under one of the new payment systems, reflecting major differences between the traditional payment system and the new systems. We discuss these and other methodological issues in Section A of this chapter. Section B presents payment statistics on Tickets assigned in the first two years of TTW. These Tickets had been assigned long enough so that by July 2005, we could both estimate how many would be likely to ever generate payments and begin to see how the number of payments would be likely to increase with time. In Section C, we narrow our focus to payments generated by earnings during the first two years of TTW for participants in Phase 1 states only and thereby measure the level of participant earnings activity for that period in those states—the period and the states that are the focus of the impact estimates in Chapter XII. Section D discusses the implications of the findings for TTW's impact on program exits due to work.

## **A. METHODOLOGICAL ISSUES**

### **1. The Payment Process**

The analysis in this chapter exploits the fact that payments under the two new payment systems are indicative of earnings attained by participants. The connection between earnings and payments is, however, inexact. Earnings generate payments only if the provider files a payment claim and then only after the completion of the payment process. Although providers have a strong incentive to file claims for months in which beneficiaries achieve the required earnings levels, participant earnings might not be reported to the provider quickly, if at all. Even after the provider files the claim with the Program Manager, several months may elapse before the Program Manager and SSA process the payment, especially in the case of a Ticket's initial claim. As reported in Chapter VIII, the median “payment lag” (that is, the duration from the earnings month to the payment month) exceeded eight months for first payments in the period we are examining. As a result, payments made as of any date can substantially understate the number of months in which participants achieved enough earnings to generate payments.

We do not have any data on the extent to which providers have not filed claims for which they might be eligible. Although interviewed providers have indicated that obtaining earnings documentation is problematic, they have not suggested that failure to obtain earnings data has prevented them from filing significant numbers of payment claims. Our working assumption is that the number of payments will be a reasonably accurate reflection of the number of months for which earnings were sufficient to generate payments once enough time has passed for those payments to be made.

Given the substantial payment lag, we limit the analysis to Tickets assigned by December 2003, but examine payments made through July 2005.<sup>1</sup> Thus, we observe payments made from at least 19 to as many as 41 months after assignment (counting the assignment month). Even with the expected lags in payment processing, it seems likely that enough time has passed to observe which beneficiaries who assigned their Ticket to an EN (or to an SVRA acting as an EN) during the first two years will have generated at least one payment.

In addition, we divide these early participants into four assignment cohorts, according to the six-month period in which they assigned their Tickets (Exhibit XIV.1). By comparing payment statistics from the first cohort with each of the three later cohorts, we are able to assess the extent to which payment statistics change with time, as well as the extent to which the experiences of the three later cohorts are similar to those of the first cohort. We also classify participants by payment system and “payment title” (that is, DI or SSI). The latter class is of interest because payments for DI beneficiaries are higher than for those who receive only SSI. Participants who receive both DI and SSI (that is, concurrent beneficiaries) are in the DI category for payment purposes.

**Exhibit XIV.1. Number of Participants by Assignment Cohort, Payment System, and Payment Title**

Cohort	Month of First Assignment	Number of Participants						
		Total	Payment System and Payment Title					
			Milestone-Outcome			Outcome-Only		
			Total	DI	SSI	Total	DI	SSI
#1	Feb-June 2002	1,011	823	550	273	188	147	41
#2	July-Dec 2002	1,710	1,426	988	438	284	235	49
#3	Jan-June 2003	2,136	1,542	1,075	467	594	464	130
#4	July-Dec. 2003	2,581	1,863	1,323	540	718	592	126

Source: March 2004 Ticket Research File merged to Ticket payment data through July 2005.

<sup>1</sup> The bulk of payments made appear in the administrative files shortly after the payments are made, but a few do not. For instance, the July 2005 extract used here includes data for 32 payments made in 2004 that were not in a February 2005 extract. That number represents just 1.1 percent of all payments made in 2004 (based on the July 2005 extract).

The payment analysis in Section C considers all payments made for Tickets assigned under a new payment system by the end of 2003. Some of these payments are for earnings months after 2003. Their utility for assessing the impact estimates of the previous chapter is limited because the latter are based on Phase 1 states and consider outcomes in 2002 and 2003 only. Hence, Section D presents statistics for payments on Tickets assigned by just Phase 1 participants, and includes only payments for earnings months in 2002 and 2003.

## **2. Traditional Payments**

The payment data analyzed here cover only the approximately 10 percent of Tickets assigned under the two new payment systems. A comparable analysis is not possible for traditional payments because of fundamental differences in the payment systems themselves. Viable claims for payments under the two new systems can be made as soon as the provider can document that the participant has achieved earnings above a specified level, potentially while the participant is still receiving services. Viable claims for payments under the traditional system can be made only after the participant has achieved sufficient earnings over a nine-month period and only after the SVRA has formally closed the case.

The findings reported in Sections B and C refer only to beneficiaries who assigned their Ticket under one of the new payment systems. Section D extends the inferences drawn from outcome payments to participants under the traditional payment system, under the assumption that those in the traditional payment system achieve months of zero benefits due to earnings no more frequently than participants under the new payment systems. Although we cannot verify this assumption directly, it is consistent with the survey data on participant earnings reported in Chapter VI. Specifically, during the survey month, 18.6 percent of participants receiving services from ENs (all under one of the new payment systems) had earnings above SGA, while only 8.9 percent of participants receiving services from SVRAs (the vast majority of whom were served under the traditional payment system) had earnings above SGA.<sup>2</sup>

### **B. PAYMENTS FOR TICKETS ASSIGNED IN THE FIRST TWO YEARS**

By December 2003, beneficiaries had assigned 7,438 Tickets under one of the new payment systems, representing 11.5 percent of the 27,346 Tickets assigned as of that month. Of all Tickets assigned under a new payment system, 76.0 percent (5,654) were assigned under the milestone-outcome system. By July 2005, 11.4 percent of participants who assigned a Ticket under the two new systems (849) had generated at least one payment. The mean number of payments for participants generating payments was 6.4, and the mean of total payments for participants generating payments was \$2,262. The mean payment for all beneficiaries who had assigned Tickets under the new payment systems (that is, including

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<sup>2</sup> The percentages reported here were obtained by multiplying the percentage with earnings, as reported in the table (30.6 percent for ENs and 32.7 percent for SVRAs) by the corresponding percentages with earnings above SGA for those with earnings (60.6 and 27.1, respectively).

those with no payments) was \$258. SSA payments on behalf of all of these beneficiaries totaled \$1.9 million.<sup>3</sup>

## 1. Statistics for the First Assignment Cohort

Payment statistics for the first assignment cohort appear in Exhibit XIV.2. Of the 1,011 beneficiaries in this cohort, 14.5 percent generated at least one payment. For that group, the median number of months from Ticket assignment to first payment was just over 12, the mean number of payments for Tickets with payments was 9.7, the mean total payment for Tickets with payments was \$2,800, and the mean total payment for all Tickets was \$407. Although the percent of assignments in this cohort with at least one payment is not likely to increase substantially in the future, the other statistics are likely to increase as additional payments are made.

### Exhibit XIV.2. Payment Statistics for the First Assignment Cohort

Payment Title and System	Number Assigned	Payments by July 2005				
		Number with Payments	Percent with Payments	Tickets with Payments		Mean Total Payments for All Assigned Tickets
				Mean Number of Payments	Mean Total Payment Amount	
All Participants	1,011	147	14.5	9.7	\$2,800	\$407
Milestone-outcome	823	130	15.8	9.0	2,646	418
Outcome-only	188	17	9.0	14.8	3,974	359
DI	697	113	16.0	9.1	3,003	487
Milestone-outcome	550	102	18.5	8.7	2,873	533
Outcome-only	147	11	7.5	12.9	4,209	315
SSI Only	314	34	10.8	11.7	2,124	230
Milestone-outcome	273	28	10.3	10.3	1,820	187
Outcome-only	41	6	14.6	18.3	3,543	519

Source: March 2004 Ticket Research File merged to Ticket payment data through July 2005.

Note: The first assignment cohort includes beneficiaries who assigned their Tickets under the new payment systems between February and June 2002.

Some other important features of payments are also apparent from the findings for this first assignment cohort. Those who assigned their Tickets under the milestone-outcome system were substantially more likely to generate payments than those who assigned their Tickets under the outcome-only system. The likely reason is that a beneficiary must earn enough to be ineligible for benefit payments before a payment under the outcome-only

<sup>3</sup> In Chapter VIII we reported that SSA had paid \$2.5 million under the new payment systems through July 2005. The figure reported here is lower because it excludes payments made on behalf of beneficiaries who assigned their Ticket after December 2003.

system can be made, whereas payments under the milestone-outcome system are normally made before benefits are zero. The same reasoning is also likely to explain why the mean duration from assignment to first payment for participants generating payments is much longer for Tickets assigned under the outcome-only system than for Tickets assigned under the milestone-outcome system (19 months versus 14 months).<sup>4</sup> We also found that DI beneficiaries who assigned their Ticket are more likely to generate payments than are SSI-only beneficiaries, perhaps reflecting differences in marketable skills, in the amount a participant must earn before benefits are reduced to zero, or in provider incentives created by the different payment rates.

Of participants in the first assignment cohort who generated payments, those who assigned their Ticket under the outcome-only system generated more payments and larger payment amounts, on average, than participants who assigned their Ticket under the milestone-outcome system. When averaged over all participants who assigned their Ticket (that is, including those with zero payments), however, those who assigned their Ticket under the outcome-only system were less likely to generate any payment and tended to generate lower payment amounts than did those who assigned their Ticket under the milestone-outcome system. The payment differential could change in the future if Tickets assigned under the outcome-only system continue to generate more payments than those assigned under the milestone-outcome system. This scenario seems likely because the maximum number of milestone payments is four, and some assignments that have already generated milestone payments are not likely to generate outcome payments.

Mean payment amounts for SSI-only beneficiaries who generated payments are lower than for DI beneficiaries. For the first assignment cohort, the percentage of SSI-only beneficiaries who assigned their Ticket under the outcome-only system that generated at least one payment was higher than the corresponding percentage of DI beneficiaries (14.6 versus 7.5 percent). The finding is surprising because the Section 1619(a) program, which automatically applies to SSI beneficiaries, has the effect of increasing the earnings threshold at which benefits for SSI recipients fall to zero to an amount above the threshold for DI (that is, the SGA level) unless the beneficiary has substantial other income. This finding is not replicated in later assignment cohorts, however. For instance, for the second cohort (those assigning a Ticket from July through December 2002), none of the 49 SSI-only beneficiaries who assigned their Ticket under the outcome-only system generated a payment by July 2005, as compared with 5.5 percent of the corresponding 235 DI beneficiaries.

## **2. Later Assignment Cohorts**

To compare payments generated by later assignment cohorts with payments generated by the first assignment cohort, it is necessary to consider the interval from the assignment month to the payment month. Hence, this section presents statistics on the share of Tickets generating at least one payment by month since first assignment for each of the four

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<sup>4</sup> The corresponding medians are somewhat shorter (17 and 12 months, respectively), reflecting the fact that a few Tickets generate first payments only after a very long time.



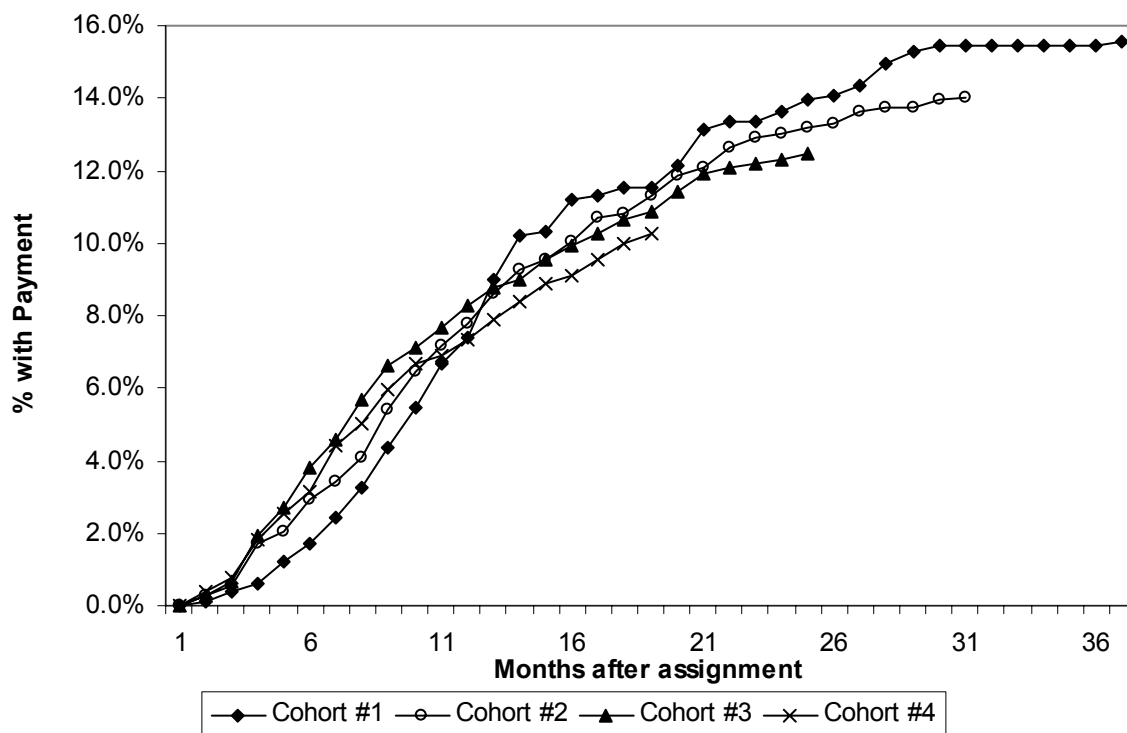
cohorts. Also considered are the distributions of the number of payments generated and total amounts paid, by cohort.

### a. Percentage Generating Payments

Of the beneficiaries in the first assignment cohort under the milestone-outcome system, the percentage generating at least one payment rose fairly rapidly over the first 12 months after assignment and continued to rise, albeit more slowly (Exhibit XIV.3). New first payments largely end after month 30 (2.5 years), although one first payment for the first assignment cohort was received 38 months after assignment.

First payment percentages for later cohorts are remarkably similar to those for the first assignment cohort during the months observed. Reasonable extrapolation from the trends shown in Exhibit XIV.3 suggests that the percentage of first payments for the later cohorts will eventually be slightly lower than it was for the first cohort, perhaps by one or two percentage points.

**Exhibit XIV.3. Percent Generating First Payment for Beneficiaries Assigning Tickets Under the Milestone-Outcome System, by Months Since Assignment and Assignment Cohort**



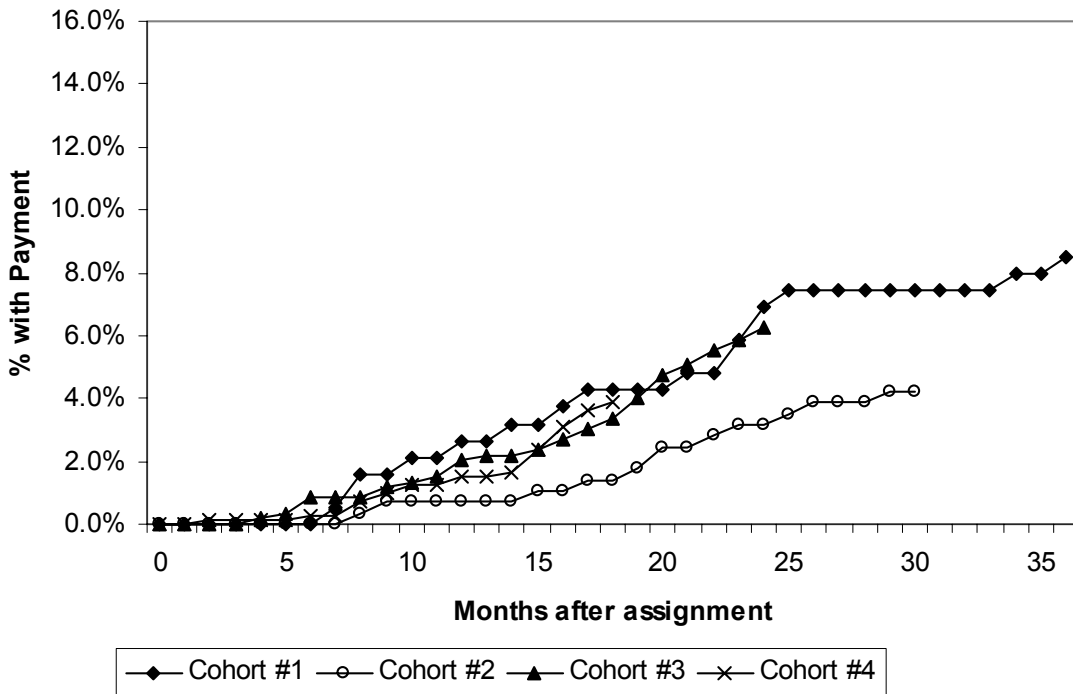
Source: March 2004 Ticket Research File merged to Ticket payment data through July 2005.

Note: Based on assignments made by December 2003 and payments through July 2005.

We also observed a noteworthy change in the first-payment experience by month 13 between the first cohort and later cohorts. The share of beneficiaries in the last three cohorts who received first payments was higher in each of these months than the share of beneficiaries in the first cohort. The apparent reason is a decline in processing times as SSA, the Program Manager, and providers gained experience in processing payment claims (see Chapter XIII).

The first-payment experience of participants who assigned their Ticket under the outcome-only system differs from that of participants who assigned their Ticket under the milestone-outcome system. As we saw earlier, the share of beneficiaries in the first assignment cohort with outcome-only assignments generating payments by July 2005 was smaller than the corresponding share for milestone-outcome assignments (9.0 percent versus 15.8 percent). However, as shown in Exhibit XIV.4, the percentage with first payments among those with outcome-only assignments in the first cohort continues to rise at the end of the observation period.

**Exhibit XIV.4. Percent Generating First Payment for Beneficiaries Who Assigned Their Ticket Under the Outcome-Only System, by Months Since Assignment and Assignment Cohort**



Source: March 2004 Ticket Research File merged to Ticket Payment Data through July 2005.

Note: Based on assignments made by December 2003 and payments through July 2005.

The difference between the first-payment experience under the two new systems reflects the difference between the two systems themselves. It is easier to generate first payments under the milestone-outcome system because milestone payments do not require

earnings at a level that would reduce benefits to zero. Furthermore, processing time for first payments under this system should be shorter than for first payments under the outcome-only system because the latter require SSA to verify that benefits have been reduced to zero. As a result, essentially no payments were made under the outcome-only system in the first five months after assignment, whereas some payments were made under the milestone-outcome system during that period. Moreover, while the percentage of first payments under the milestone-outcome system began to level off at about 15 months after assignment, the same percentage of first payments made under the outcome-only system continued to rise through 24 months before leveling off.

Although first-payment experience improved under the milestone-outcome system from the first to the later cohorts, we see no substantial evidence of improvement under the outcome-only system. In fact, in months 6 through 18, the percentage of beneficiaries with first payments among the first cohort was somewhat higher than it was among beneficiaries in the later cohorts. In addition, the percentage in the second cohort with first payments was notably lower than it was for all other cohorts over the entire 30-month observation period. We do not have an explanation for the difference.

#### **b. Number of Payments Generated**

The number of payments generated by participants who generated at least one payment is an indicator of the extent to which participants are sustaining their earnings at a high level over a long period. Furthermore, four payments represent an especially important benchmark for Tickets assigned under the milestone-outcome payment system because the number of payments cannot exceed four unless benefits are reduced to zero due to earnings (that is, unless at least one outcome payment is generated).<sup>5</sup>

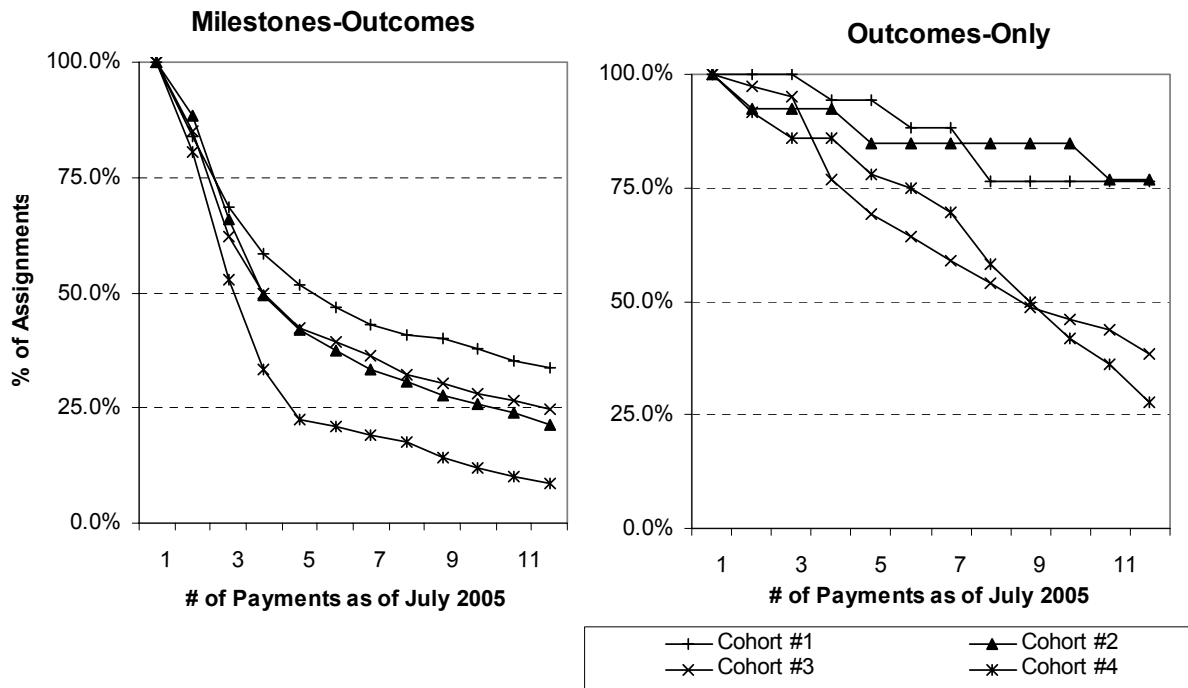
Exhibit XIV.5 provides information on the number of payments generated through July 2005 for beneficiaries who generated at least one payment under the milestone-outcome and outcome-only systems, respectively, again by assignment cohort. For each cohort, the exhibit shows the percentage of Ticket assignments with payments generating at least the number of payments indicated on the horizontal axis. The percentage of beneficiaries achieving each number among later cohorts is generally lower than for earlier cohorts because the later cohorts' Tickets have been assigned for a shorter period. For the earliest cohort, we do not expect to observe much change in the reported figures as additional months pass because we have already observed each member of the cohort for at least 36 months since assignment; if, over that period, cohort members have generated fewer than 12 payments, they will probably not generate many more payments in the future. At the other extreme, we have observed some members of the latest cohort for only 19 months since they assigned their Ticket. Hence, many members with fewer than 12 payments to date may generate more payments in the future.

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<sup>5</sup>Some beneficiaries who assigned their Ticket under the milestone-outcome system generated outcome payments before generating four milestone-outcome payments. Hence, not all payments for the large share of assignments with four or fewer payments under the milestone-outcome systems are milestone payments.

The distributions differ markedly for the two payment systems. A large majority of participants generating payments under the outcome-only system generated payments over a sustained period, but only a minority of participants generating payments under the milestone-outcome system generated payments over a sustained period. For the first and second assignment cohorts, 75 percent of participants who generated at least one payment under the outcome-only system generated at least 12 payments by the end of our observation period. The same is true of only one-third of those in the first cohort who generated at least one payment under the milestone-outcome system, with only half generating more than four payments; the corresponding percentages for the second cohort are lower.

**Exhibit XIV.5. Number of Payments for Assignments with Payments, by Payment System and Assignment Cohort**



Source: March 2004 Ticket Research File merged to Ticket payment data through July 2005.

Note: Based on assignments made by December 2003 and payments through July 2005.

**c. Payment Amounts**

Payment amounts are of interest because they represent both SSA’s programmatic (that is, non-administrative) expenses for TTW and provider revenue. Exhibit XIV.6 shows the distribution of total payment amounts for Tickets with payments assigned by December 2003, by assignment cohort, payment system, and payment Title. The exhibit does not show the distribution for SSI outcome-only payments because so few Ticket generated payments

in that group. Each graph shows the percentage of Tickets with payments generating at least the amount indicated on the horizontal axis.

The distributions of payment amounts reflect the distributions for the number of payments shown in Exhibit XIV.5. Whereas the median total payment amount for DI milestone-outcome assignments in the first cohort is just over \$2,000, the median total payment amount for DI outcome-only is over \$4,500, with almost 75 percent of the Tickets assigned under this system generating \$4,000 or more. The median for SSI milestone-outcome assignments in the first cohort is about \$1,500, reflecting the lower SSI payment schedule. As time passes, we expect that the distributions of the later cohorts will look more like those of the first cohort, and that a larger share of the beneficiaries assigning Tickets for all cohorts will achieve high payment levels, especially those DI beneficiaries assigning Tickets under the outcome-only system.

### **C. PAYMENTS FOR EARNINGS IN THE FIRST TWO YEARS IN PHASE 1 STATES**

This section focuses on payments for participants in Phase 1 states only and addresses only payments for earnings months in the first two years of TTW—the same states and years covered by the impact analysis described in the previous chapter. Enough time has passed since December 2003 to ensure that nearly all payments that will be paid for earnings months during the two years have already been paid.

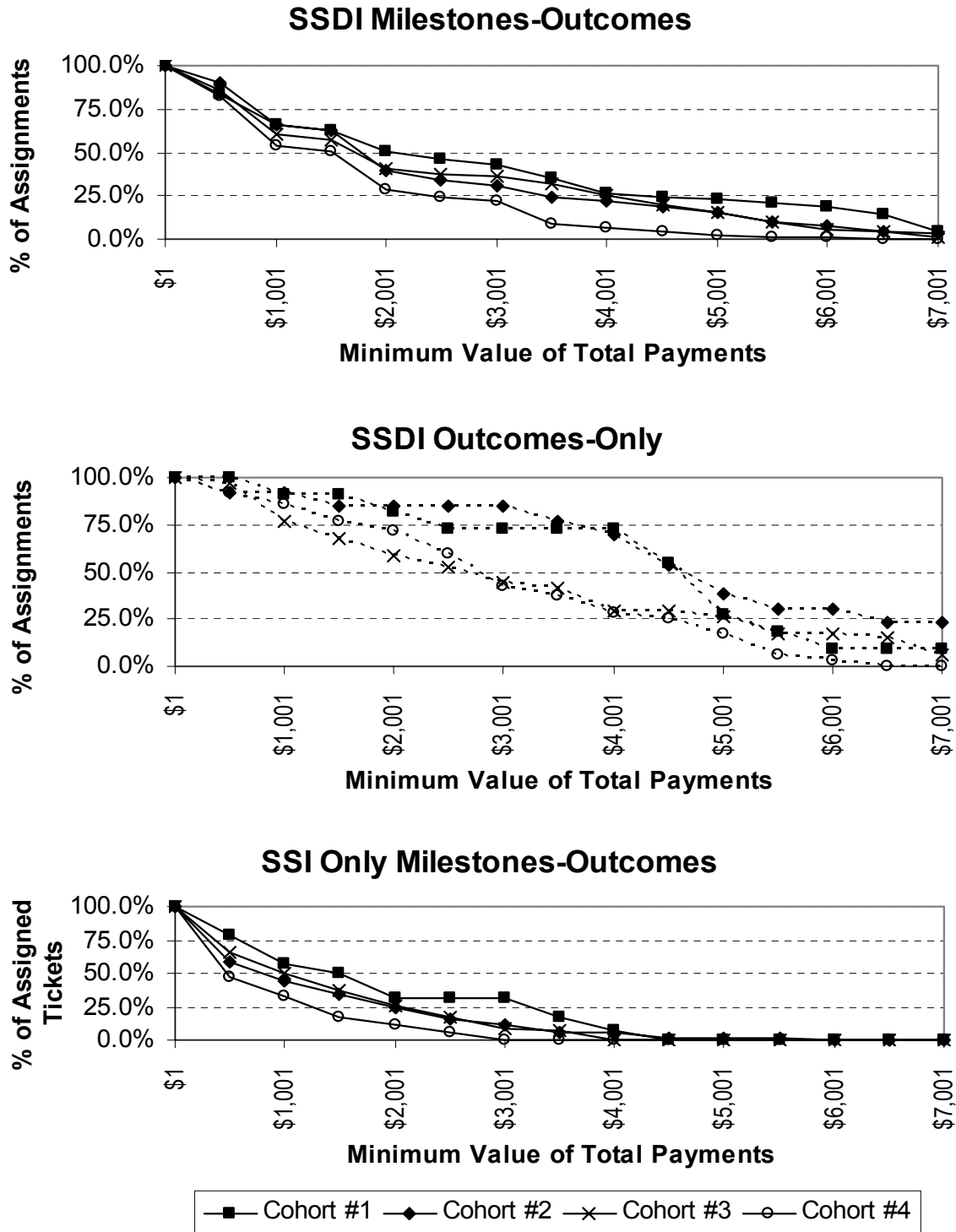
A total of 475 Phase 1 participants generated payments for an earnings month in the first two years (Exhibit XIV.7). SSA made payments for a total of 2,277 months during this period, with payments totaling \$728,000. Assignments under the milestone-outcome system accounted for 89.9 percent of all assignments associated with payments, 86.3 percent of all payments, and 87.6 percent of the total amount paid. Assignments from DI beneficiaries accounted for 78.3 percent of all assignments associated with payments, 71.3 percent of all payments, and 83.3 percent of the total paid.

Outcome payments, which represent months with zero benefits, were made on 239 Tickets. The number of outcome payments totaled 1,564, or an average of 6.5 payments for those Tickets where the beneficiary generated an outcome payment. Thus, the 239 participants received no benefit payments due to earnings for an average of a little over half a year during the two-year period. The total amount paid in outcome payments was \$375,000, an average of \$238 per payment, or \$1,570 per participant with at least one outcome payment.

### **D. INFERENCES ABOUT IMPACTS ON EXITS DUE TO WORK**

The payment data can be used, along with participation data from Chapter III, to (1) develop an upper bound for TTW's impact on at least temporary exits due to work by participants in Phase 1 states during the program's first two years and (2) assess the extent to which impacts are likely to be larger in later years.

**Exhibit XIV.6. Total Payments for Assignments with Payments, by Payment System, Payment Title, and Assignment Cohort<sup>[BaH4]</sup>**



Note: Based on assignments made by December 2003 and payments through July 2005.

Source: March 2004 Ticket Research File merged to Ticket payment data through July 2005.

**Exhibit XIV.7. Tickets with Payments, Number of Payments, and Payment Amounts for Assignments in Phase 1 States and Earnings Months Through December 2003, by Payment System and Payment Title**

Payment System	Payment Title		Total
	DI	SSI	
<b>Tickets with Payments</b>			
Milestone-Outcome	332	95	427
With Outcome Payments	121	70	191
Outcome-Only	40	8	48
Total with Outcome Payments	161	78	239
Total	372	103	475
<b>Number of Payments</b>			
Milestone-Outcome	1,395	571	1,966
Milestone	617	96	713
Outcome	778	475	1,253
Outcome-Only	228	83	311
Total Outcome	1,006	558	1,564
Total	1,623	654	2,277
<b>Total Payment Amounts (thousands)</b>			
Milestone-Outcome	\$533	\$105	\$638
Milestone	327	26	353
Outcome	206	78	285
Outcome-Only	74	16	90
Total Outcome	280	94	375
Total	607	121	728

Source: March 2004 Ticket Research File merged to Ticket payment data through July 2005.

Note: Based on payments made and reported as of July 2005.

As mentioned, outcome payments were made on behalf of 239 Phase 1 participants for earnings achieved by the end of 2003, representing 7.6 percent of all Phase 1 participants under the new payment systems as of December 2003. All of these participants generated sufficient earnings to be ineligible for benefit payments for at least one month. That is, they had at least temporarily exited from cash benefits. In addition to having earnings above SGA, DI beneficiaries completed both the nine-month trial work period and the three-month grace period, and they had entered the extended period of eligibility. For at least one month, SSI recipients had earnings above the Section 1619A threshold amount, which is generally above SGA.

If the same proportion of participants under the traditional payment system exited cash benefits by December 2003 for at least one month due to work, then the total number of participants achieving that standard would be nine times as large—or 2,043—and would represent 0.078 percent of the more than 2.5 million Ticket-eligible beneficiaries in Phase 1 states as of December 2003. We interpret this figure as an upper bound for TTW's impact on exits of at least month due to work by Phase I participants through the end of 2003. For

two reasons, however, the true impact is likely smaller. First, a comparison of NBS data on monthly earnings in 2003 by participants with Tickets assigned to SVRAs and ENs suggests that participants under the traditional payment system likely achieved at least one zero-benefit month at a rate substantially lower than for participants under the new payment system (see Section A of this Chapter and Chapter VI). Second, a substantial number of the same participants might have exited due to work for at least one month by the end of 2003 in the absence of TTW.

For two reasons, impacts on exits due to work for at least one month will certainly be larger in later years than in the first two years. First, some of those who participated in the first two years but did not earn enough to generate at least one outcome payment during that period will generate at least one outcome payment after 2003. Not enough time has passed to determine exactly how many will generate a payment, but a reasonable projection can be made from the experience of the first assignment cohort through July 2005. By that date, 9.4 percent of the first assignment cohort had generated at least one outcome payment. We think that such a figure is a reasonable upper bound for the percentage of all participants who will eventually generate at least one outcome payment. It is important to note that the cohort analysis of the percentage of assignments with first payments (Exhibit XIV.3 above) suggests that few, if any, first payments will be made for members of the first assignment cohort after July 2005 and that first payments for subsequent cohorts are on a slightly lower track than for the first cohort. If 9.4 percent of all participants as of December 2003 (that is, under all payment systems) had exited for at least one month due to work, the number exiting TTW would represent 0.096 percent of Ticket-eligible beneficiaries.

The second reason that the impact on exits should be expected to increase is that the Ticket participation rate in Phase 1 states continued to increase after December 2003 (see Chapter III). The participation rate increased by 34 percent from December 2003 to December 2004 (from 1.03 to 1.38 percent). If we assume no increase in participation after December 2004, and if we further assume that the share of all participants who exit for at least one month eventually reaches our upper bound estimate of 9.4 percent, then the percentage of all eligible beneficiaries who participate and exit for at least one month will eventually reach 0.13 percent.

This upper bound projection for at least temporary exits from cash benefits is well below the 0.5 percent benchmark for *permanent* exits due to work that appears in the Ticket Act itself:

“If only an additional one-half of one percent of the current Social Security Disability Insurance and Supplemental Security Income recipients were to cease receiving benefits as a result of employment, the savings to the Social Security Trust Funds and to the Treasury in cash assistance would total \$3,500,000,000 over the work life of such individuals, far exceeding the cost of providing incentives and services needed to assist them in entering work and achieving financial independence to the best of their abilities.” 42 USC 1320b-19, Section 2(b)(12).



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Even if the percentage of participants who achieve at least one month of no benefits due to work reaches our upper-bound estimate of 9.4 percent, the TTW participation rate would have to increase to 5.3 percent—almost four times the December 2004 value in Phase 1 states—for the number of participants exiting for at least one month to reach 0.5 percent.

For reasons discussed above, we think that the actual impact on at least temporary exits from cash benefits by participants is well below our upper-bound estimates. The impact on permanent exits would be lower still. Although the early statistics on the number of outcome payments for participants who generate at least one outcome payment offer some encouragement, we have to expect that some participants who stop receiving cash benefits due to work will return to the rolls after a short period, and perhaps many will return after a few years.

For two reasons, it is at least possible that the impact of TTW on exits due to work is larger than indicated by the upper-bound estimate for participants because outcome payments do not capture all the instances where a participant stops receiving cash benefits because of work. First, providers might not file claims for some payments that they are eligible to receive. As discussed, we think that the number of such cases is likely to be small, but we have no empirical evidence on this point. Second, beneficiaries can stop getting cash benefits without participating in TTW, and it is possible that TTW induced a significant number of nonparticipating beneficiaries to work enough to reduce their benefits to zero. SSA's efforts to reduce the post-entitlement workload backlog and improve the process for reporting and validating earnings might have resulted in termination for some. SSA's efforts to provide benefit counseling might also have affected the decisions of some nonparticipants. More broadly, the beginnings of a shift at SSA toward a culture that is more supportive of beneficiary efforts to search for and retain work could be having a positive impact on exits by nonparticipants. Even if the number of such exits is large, however, it might be a mistake to attribute them to TTW. Although TTW might have been the driving force behind these other changes, presumably many, if not all of the changes, could have been implemented without TTW.

We have to conclude, however, that as it is currently configured, the TTW program's impact on participant exits will not reach the Ticket act benchmark unless participation increases above the level reached in Phase 1 states by the end of 2004, there is a surprising large change in beneficiary behavior, or TTW somehow induced a large number of exits that are not reflected in the outcome payment data.

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## CHAPTER XV

### TTW PARTICIPATION BY BENEFICIARIES IN ADEQUACY OF INCENTIVES GROUPS

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In passing the Ticket Act, Congress acknowledged that providers might be unwilling to accept Tickets from some beneficiaries because the TTW performance-based payment system might not cover the cost of services. Of particular concern was the possible inadequacy of payments such that providers would be unable to serve beneficiaries who either want to work but need long-term or expensive services or who are less likely to work at a level that will result in a payment. As part of an effort to address this concern, Congress required SSA to conduct a study on the adequacy of the incentives for providers to serve the following four groups of beneficiaries:

- Group 1: Beneficiaries who require ongoing support and services to work
- Group 2: Beneficiaries who require high-cost accommodations to work
- Group 3: Beneficiaries who work but earn a subminimum wage
- Group 4: Beneficiaries who work and receive partial cash benefits

We refer to these groups as Adequacy of Incentives (AOI) groups.

In this chapter, we use data from the 2004 NBS to analyze the characteristics and TTW participation behavior of the AOI groups. The use of the NBS data, which contain survey questions designed to identify the AOI groups, represents an improvement over previous reports' reliance on administrative data as a proxy for the groups. As in previous chapters, the analyses presented here focus on beneficiaries residing in Phase 1 states. Beneficiaries residing in Phase 2 or 3 states did not have enough time to use their Tickets, or TTW had not been rolled out at the time the NBS sample was drawn. Thus, we are unable to use the first round of NBS to examine participant characteristics for AOI groups in these states. Subsequent rounds of data collection will include Phase 2 and 3 TTW participants in the NBS participant sample.

The NBS data show that 72 percent of all beneficiaries fall into one of the four AOI groups. The high percentage of AOI members is consistent with the expectations of the

Ticket to Work Adequacy of Incentives Advisory Group, is in line with the findings based on the administrative definitions used in earlier reports, and reflects the definition of disability used to administer Social Security disability programs (Adequacy of Incentives Advisory Group 2004). In fact, a large share of beneficiaries has severe impairments that include mental illness, mental retardation, or other developmental disabilities and musculoskeletal conditions, all of which have been shown to be associated with the characteristics of the AOI groups (Salkever 2003; Wehman and Revell 2003).

AOI Group 1 (needs ongoing support) and Group 2 (needs high-cost accommodations) represent the vast majority of AOI group members; more than one-third of the individuals in the groups are members of both Groups 1 and 2. The NBS data show that a smaller share of these groups report employment-related goals and expectations that would result in TTW outcome payments when compared with the non-AOI group, and the groups' characteristics might influence a provider's willingness to serve members of the groups. We found that individuals in Groups 1 and 2 as well as individuals in Group 1 only have statistically significant low participation rates. While the rates may suggest that TTW incentives are not adequate for providers to serve the groups, they may also reflect other factors such as demand for TTW services among the groups.

The NBS data show that small shares of beneficiaries fall into AOI Groups 3 (works at subminimum wage) and 4 (works and receives partial benefits), reflecting the low employment rate among all beneficiaries. A larger share of Group 4 members report employment goals and expectations that would result in TTW outcome payments; in fact, we find that Group 4 members are almost three times more likely to participate in TTW than non-AOI members. The higher participation rate may reflect greater demand for services among Group 4 members. By definition, Group 4 members have decided to engage in work that is not necessarily subminimum wage employment and thus may be more likely to seek services from providers to obtain employment.

Compared with other participants, individuals in both Groups 1 and 2 and those in either Group 3 or 4 are somewhat more likely to assign their Tickets to SVRAs and to be assigned to the traditional payment system. This pattern may reflect provider incentives in that ENs may be unwilling to accept Tickets from people unlikely to work at levels that terminate benefit payments. However, it could result from SVRAs' direct connection to programs in which beneficiaries are employed at subminimum wage (such as sheltered workshops).

While participation in TTW is the first step a beneficiary may take toward leaving the SSA payment rolls, it is important to emphasize that Ticket assignment does not indicate successful use of services or certainty of entering "benefits not payable" status for AOI beneficiaries. Future analyses will focus on the outcomes of service use for these beneficiaries.

In the sections that follow, we describe the criteria used to define the AOI groups based on the survey data and provide an overview of how beneficiaries are distributed across AOI groups. Next, we compare the characteristics of beneficiaries in each AOI group and assess their levels of TTW participation relative to non-AOI beneficiaries. We then examine the

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provider and payment types to which TTW participants in each of the AOI groups are assigned and conclude with a summary and discussion of the findings.

#### **A. NATIONAL BENEFICIARIES SURVEY AOI DEFINITIONS AND OVERVIEW OF AOI GROUPS**

This report is the first to use the NBS data to identify beneficiaries who are in AOI groups. In previous reports, only administrative data were available to identify beneficiaries who might belong to one of the groups. We identified members of AOI Groups 1 and 2 by using the functional and health status measures within NBS instead of the medical condition(s) documented as the reason for the disability benefit award, as was necessary when using the administrative data in previous reports. In addition, AOI Groups 1 and 2 are no longer mutually exclusive (as they were with the previous methodology's use of administrative data). Indeed, many beneficiaries need both ongoing support and high-cost accommodations. The NBS data also allow us to define Group 3 (works at subminimum wage) based on actual monthly wages reported rather than on an estimate calculated on annual earnings from SSA administrative records. AOI Group 4 (works and receives partial cash benefits) is defined by using primarily administrative data that directly identify benefit amounts.

Beneficiaries in the four AOI groups are identified by using the NBS data as follows:<sup>1</sup>

**Group 1: Beneficiaries Who Require Ongoing Support and Services to Work.** We define members of AOI Group 1 as beneficiaries with service use or a level of functioning that suggests frequent need for personal assistance or job coaching and/or a tendency to be able to work only episodically. The group includes beneficiaries who satisfy at least one of the following criteria:

1. The need for assistance from another person, such as an interpreter or attendant
2. At least three ADL or IADL limitations where the beneficiary requires the assistance of another person and/or the presence of at least three severe physical limitations
3. The need for assistance from someone at work or the need to discuss employment goals with a job coach
4. The need for the assistance of a proxy respondent to complete the survey because of poor memory, confusion, not knowing how to answer, or another mental condition

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<sup>1</sup> Appendix E provides a summary of the survey data classification criteria, descriptive statistics, and a comparison to the AOI group classification methods using administrative data.

5. Poor mental health defined as a mental health summary score (based on the SF-8<sup>TM</sup>)<sup>2</sup> in the bottom decile for the U.S. population
6. Alcohol use, drug use, or treatment that points to a substance abuse or dependence problem

The first four criteria are directly related to the need for personal assistance to perform daily tasks or activities. The inclusion of the fifth and sixth criteria is based on a large body of research showing that persons with mental health or substance abuse problems represent “hard-to-employ” populations.<sup>3</sup> Job retention is a major issue for members of these groups, and successful employment programs emphasize the need for ongoing support and services to maintain employment.

**Group 2: Beneficiaries Who Require High-Cost Accommodations to Work.** We define members of AOI Group 2 as beneficiaries who indicate the need for potentially using high-cost accommodations. The group includes beneficiaries who report that they:

1. Currently use or formerly used an accommodation at work
2. Need to use assistive technology
3. Have a severe sensory limitation and/or require assistance or a proxy to complete the survey because of a hearing or speech problem
4. Use mobility aids
5. Have mobility limitations that make it difficult to get around both inside and outside the home

The definition of what does and does not constitute the need for a high-cost accommodation is somewhat controversial. Some studies simply have used the price of a specific accommodation or assistive technology without consideration of the potential high costs that may be associated with integrating the accommodation into the workplace.<sup>4</sup> For TTW, consideration of the broader costs of integrating accommodations into the workplace would appear to be critical to supporting the program’s employment goals.

Pinpointing the exact costs of purchasing and integrating accommodations into the workplace is difficult. The criteria used in this report capture the potential need for high-

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<sup>2</sup> SF-8<sup>TM</sup> is a trademark of QualityMetric, Inc.

<sup>3</sup> Dion et al. (1999) contains an excellent review of the literature that shows the close link between substance abuse and difficulty finding and keeping a job as well as the link between poor mental health and keeping a job. This report also reviews successful employment programs for individuals with such problems.

<sup>4</sup> See Delaire (2003) for a useful summary of the issues associated with measuring costs of accommodations.

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cost accommodations. Appendix E shows that, for most of the criteria, fewer than 5 percent of all TTW-eligible persons report the need for an accommodation. The exceptions are those who require mobility aids, which include 13 percent of all TTW-eligible persons, and those with severe sensory limitations, which include 16 percent of all TTW-eligible persons.

**Group 3: Beneficiaries Who Work but Earn a Subminimum Wage.** Survey responses to questions about wage, salary, and hours worked at a beneficiary's primary and other jobs provided the basis for calculating an hourly wage rate for each job. If the wage rate was less than the federal minimum wage of \$5.15 per hour at all of a respondent's reported jobs, the respondent was classified as a member of AOI Group 3.<sup>5</sup>

**Group 4: Beneficiaries Who Work and Receive Partial Cash Benefits.** Group 4 comprises beneficiaries who received SSI benefits in the month before their interview (based on both administrative data and self-reports) and had self-reported earnings in that month. DI-only beneficiaries are not included in Group 4 because they are not eligible for partial cash benefits.

As shown in the first section of Exhibit XV.1, 72 percent of all Phase 1 beneficiaries fall into at least one of the four AOI groups. The second section shows the percentage of beneficiaries who meet the criteria for membership in each of the four AOI groups. Unlike the case of our earlier analysis, which was based on administrative data, beneficiaries may be members of more than one group; for example, they may require both ongoing support (Group 1) and high-cost accommodations (Group 2). Most beneficiaries fall into Group 1 (63 percent) and Group 2 (35 percent). Only very small shares of beneficiaries fall into Group 3 (3.3 percent) and Group 4 (2.5 percent). The final section of Exhibit XV.1 shows the distribution of those in one group only, those in at least Groups 1 and 2, and those in some other combination of AOI groups. Many beneficiaries fall into at least Groups 1 and 2 (27 percent), accounting for more than one-third of the 72 percent of beneficiaries in the AOI groups.<sup>6</sup>

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<sup>5</sup> Although many state minimum wage rates are higher than the federal minimum wage, we use the federal minimum wage to define those in AOI Group 3, thereby recognizing that the AOI group is defined in federal legislation pertaining to a federal program and that neither administrative nor survey data indicate the state in which wages were earned. Among the 13 Phase 1 states, where the vast majority of the Phase 1 survey respondents resided at the time of interview in 2004, 5 states (Delaware, Illinois, Massachusetts, Oregon, and Vermont) had minimum wage rates in 2004 that exceeded the federal level, ranging from \$5.50 to \$7.05 per hour.

<sup>6</sup> Author's calculations based on data in Exhibit XV.1.

**Exhibit XV.1. Distribution of All Phase 1 Beneficiaries and TTW Participants across AOI Groups**

AOI Group(s)	Percent of All Phase 1 Beneficiaries	Percent of TTW Participants
All AOI	72.0	66.6
All Non-AOI	28.0	33.4
All Group 1	62.7	53.6
All Group 2	35.4	32.9
All Group 3	3.3	4.6
All Group 4	2.4	10.4
Group 1 Only	33.9	26.3
Group 2 Only	8.1	8.4
Group 3 Only	0.2	0.8
Group 4 Only	0.3	2.0
Groups 1 and 2	26.7	23.0
All Other Combinations	2.8	6.1
All Non-AOI	28.0	33.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: 2004 NBS. Sample size = 2,932.

Note: Group 1 = needs ongoing supports; Group 2 = needs high-cost accommodations; Group 3 = works at subminimum wage; Group 4 = works and receives partial benefits.

The distribution of Phase 1 TTW participants across AOI groups differs from the distribution across all Phase 1 beneficiaries. Relative to all Phase 1 beneficiaries, a smaller share of TTW participants falls into one of the AOI groups (67 versus 72 percent). In addition, a much greater share of TTW participants is in Group 4 (10 versus 2.4 percent), and a somewhat smaller share falls into Group 1 (54 versus 63 percent).

### 1. Characteristics of AOI Group Members

Exhibit XV.2 presents selected beneficiary characteristics by AOI group status for those in Group 1 and Group 2. The two groups are then disaggregated into members of both Groups 1 and 2, members of Group 1 only, and members of Group 2 only. Each AOI group shares some characteristics that differ in many respects from those of beneficiaries not in any of the four AOI groups. Chapter III showed that some of the characteristics distinguishing the two groups (AOI versus non-AOI) are associated with TTW participation. Section 2 describes the distinguishing characteristics of each group.<sup>7</sup>

<sup>7</sup> Appendix Table E.2 presents additional characteristics and beneficiary subgroups.



**Exhibit XV.2. Selected Beneficiary Characteristics, by AOI Group 1 and AOI Group 2**

	Non-AOI	Group 1 Ongoing Support	Group 2 High-Cost Accommodations	Group 1 and Group 2	Group 1 and Not Group 2	Group 2 and Not Group 1
Percent of Phase 1 Beneficiaries	28.0	62.7	35.4	26.7	36.0	8.6
Title (%)						
DI-only	57	49	54	51	48	66
Concurrent	16	16	15	17	15	11
SSI-only	27	35	30	33	37	23
Mean Months since Initial Award	136	169	172	180	160	147
Mean Age in Years	49	48	50	49	47	51
Male (%)	48	50	50	51	48	48
Race and Ethnicity (%)						
White	68	70	73	72	68	75
African American	28	23	19	21	25	14
Other race	4	7	8	7	7	11
Hispanic or Latino	13	17	15	18	17	8
Education (%)						
Less than high school diploma	32	44	41	45	44	29
High school diploma	43	34	33	31	36	39
More than high school	25	22	26	24	20	33
Marital Status and Living Arrangement (%)						
Lives alone or with unrelated others	40	41	42	47	37	29
Lives with spouse/relatives, no children	45	46	43	40	51	51
Lives with spouse and own children	7	6	8	7	6	10
Unmarried, lives with own children	8	6	7	6	6	10
Income as a Percent of Federal Poverty Level						
<100	46	54	51	54	54	42
100–299	40	33	36	33	34	45
300+	13	12	13	13	12	13
Childhood Disability Onset (%)	16	30	28	31	29	20
Self-Reported Reason(s) for Limitation (%)						
Mental illness	31	37	26	26	45	25
Mental retardation	2	12	10	13	11	1
Musculoskeletal	34	30	31	31	29	30
Sensory disorders	5	10	18	17	6	24
General Health (%)						
Excellent/very good	8	11	9	9	12	9
Good/fair	62	46	45	45	46	46
Poor/very poor	30	43	46	46	41	45

**Exhibit XV.2. (continued)**

	Non-AOI	Group 1 Ongoing Support	Group 2 High-Cost Accommodations	Group 1 and Group 2	Group 1 and Not Group 2	Group 2 and Not Group 1
Worked in 2003 (%)	12	14	14	14	13	13
Working at Interview (%)	5	11	11	12	10	8
Goals Include Work/Career Advancement (%)	36	31	27	28	33	2
Sees Self Working for Pay in the Next 5 Years (%)	33	27	24	22	31	32
Sees Self Working Enough to Stop Disability Benefits in Next 5 Years (%)	24	14	11	9	18	16

Source: 2004 NBS. Sample size = 2,932.

## 2. Characteristics of AOI Group Members and TTW Participation Rates

**Groups 1 and 2.** Due to the large overlap between Groups 1 and 2, members of AOI Group 1 (needs ongoing support) and Group 2 (needs high-cost accommodations) share many characteristics. Relative to beneficiaries not in any of the AOI groups, members of Groups 1 and 2 have been on the rolls somewhat longer and are more likely to be white, Hispanic, not to have earned a high school diploma, to be in poverty, and to report poor or very poor health. The more frequently reported limitations are mental health and musculoskeletal conditions.

Another important difference between AOI Groups 1 and 2 and the non-AOI groups is that a smaller percentage of Group 1 and 2 members (1) have set forth goals that include work/career advancement, (2) see themselves working for pay in the next five years, and (3) see themselves working enough to stop disability benefits in the next five years.<sup>8</sup> Groups with these lower employment goals and expectations tend to be less likely to work at levels that result in TTW performance-based payments (Mashaw and Reno 1996). Thus, the groups may pose a challenge to providers because, by definition, they tend to require expensive services and are less likely to have employment goals and expectations that may result in performance-based payments.

Given the large degree of overlap between Groups 1 and 2, we disaggregated the two groups into three alternative subgroups in order to compare their characteristics. The three subgroups include those in both Groups 1 and 2; those in Group 1 only; and those in Group 2 only. Comparisons across these alternative subgroups indicate that those in both Groups

<sup>8</sup> It is also worth noting that this group is more likely to be working or to have worked in 2003. It is possible that the combination of current work and poorer health could be driving their less optimistic expectations. The next report will take advantage of the new round of data to examine this possibility empirically.

1 and 2 differ in some important respects from those in only one of the two groups. For example, relative to beneficiaries in only one of the two groups, those in both groups have been on the rolls longer, are male, are more likely to live alone or with unrelated others, and are considerably less likely to see themselves working in the future. Only 22 percent report that they see themselves working in the next five years, and 9 percent report that they see themselves working enough to stop disability benefits as compared with the corresponding estimates of more than 30 and 16 percent in the two other groups.

The comparisons also show that Group 1 and Group 2 members differ from each other more dramatically on some characteristics when those in both groups are excluded. For example, relative to Group 1-only members, Group 2-only members are more likely to be DI-only, older, white, to have education beyond high school, and to report sensory disorders. They are less likely to be SSI-only, African American, Hispanic or Latino, without a high school diploma, living alone or with unrelated others, poor, with a disability since childhood, or diagnosed with mental illness or mental retardation.

**Group 3.** Exhibit XV.3 presents descriptive characteristics for AOI Groups 3 and 4. Relative to non-AOI beneficiaries, members of Group 3 (work at subminimum wage) are somewhat younger (45 years, on average, compared with 49 years) and have been on the rolls considerably longer (200 versus 136 months), perhaps partly due to the fact that a very large share of Group 3 members experienced disability onset during childhood (73 versus 16 percent). Group 3 members are much more likely to report excellent or very good health (40 percent compared with 8 percent), much more likely to report mental retardation and sensory limitations (24 and 19 percent, respectively, compared with 2 and 5 percent, respectively), and less likely to report a musculoskeletal condition as a reason for limitation. Relative to non-AOI beneficiaries, Group 3 members are also less likely to be SSI-only, female, and in poverty and considerably less likely to be members of a racial or ethnic minority.

A very large share of AOI Group 3 members see themselves working in the future, but relatively few see themselves earning enough to leave the disability rolls. The latter finding may affect a provider's willingness to accept Tickets from Group 3 members. Under both new payment systems, payments are either totally or partly contingent on working enough to terminate disability payments. If Group 3 is less likely to work at such a level, providers may be less likely to accept Tickets from group members because payments may not be adequate to cover the cost of services.

**Group 4.** Members of Group 4 (work and receive partial benefits) share several of the same characteristics that make Group 3 members different from non-AOI beneficiaries, as shown in Exhibit XV.3. Group 4 members are considerably younger, with a mean age of 36 years compared with 49 years for non-AOI group members. They have been on the rolls longer (183 versus 136 months), and the majority experienced disability onset during childhood (63 percent compared with 16 percent). Similar to Group 3 members, Group 4 members are more likely to be in excellent or very good health and to report mental

**Exhibit XV.3. Selected Beneficiary Characteristics, by AOI Group 3 and AOI Group 4**

	Non-AOI	Group 3 Subminimum Wage	Group 4 Partial Benefits
Percent of Phase 1 Beneficiaries	28.0	3.3	2.4
Title (%)			
DI-only	57	60	
Concurrent	16	21	61
SSI-only	27	19	39
Mean Months since Initial Award	136	200	183
Mean Age in Years	49	45	36
Male (%)	48	72	65
Race and Ethnicity (%)			
White	68	86	70
African American	28	12	24
Other race	4	2	6
Hispanic or Latino	13	0.1	8
Education (%)			
Less than high school diploma	32	46	38
High school diploma	43	39	44
More than high school	26	14	18
Marital Status and Living Arrangement (%)			
Lives alone or with unrelated others	40	48	49
Lives with spouse/relatives, no children	45	45	43
Lives with spouse and own children	7	6	2
Unmarried, lives with own children	8	1	7
Income as a Percent of Federal Poverty Level			
<100	46	33	54
100–299	41	52	35
300+	13	15	11
Childhood Disability Onset (%)	16	73	63
Self-Reported Reason(s) for Limitation (%)			
Mental illness	31	29	41
Mental retardation	2	24	25
Musculoskeletal	34	17	10
Sensory disorders	5	19	12
General Health (%)			
Excellent/very good	8	40	32
Good/fair	62	48	48
Poor/very poor	30	12	20
Worked in 2003 (%)	12	92	82
Working at Interview (%)	5	100	97
Goals Include Work/Career Advancement (%)	36	46	63
Sees Self Working for Pay in the Next 5 Years (%)	33	76	84
Sees Self Working Enough to Stop Disability Benefits in Next 5 Years (%)	24	13	33

Source: 2004 NBS. Sample size = 2,932.

retardation as a condition causing limitation. They are less likely to be female and to report a musculoskeletal condition as the reason for a limitation. Unlike Group 3 members, they are more likely to be in poverty (54 versus 46 percent).

Compared with the non-AOI group members, Group 4 members have set forth employment goals and expectations that would appear to make them good candidates for TTW. An estimated 63 percent of Group 4 members report goals that include work/career advancement as compared with only 36 percent among non-AOI members; 84 percent report that they expect to be working in the future as compared with only 33 percent of non-AOI members; and 33 percent report that they see themselves working enough to stop disability payments within the next five years as compared with only 16 percent of non-AOI members.

### 3. TTW Participation among AOI Group Members

As shown in Exhibit XV.4, the TTW participation rate among all Phase 1 beneficiaries classified into any of the four AOI groups is somewhat lower than the rate for all non-AOI beneficiaries (0.7 percent compared with 1.0 percent). The overall lower rate is attributable to the lower participation rates in Group 1 (0.7 percent) and Group 2 (0.7 percent). Participation rates do not appear to change substantially when Group 1 and Group 2 members are disaggregated into those in Groups 1 and 2, those in Group 1 but not in Group 2, and those in Group 2 but not in Group 1. Participation rates among members of the very small AOI Groups 3 and 4 are higher than the rate for non-AOI beneficiaries, with Group 4 participation rates more than three times as high.

**Exhibit XV.4. Phase 1 TTW Participation Rates in AOI Subgroups**

AOI Group	TTW Participation Rate (%)
All Phase 1 Beneficiaries	0.8
All AOI	0.7
All Non-AOI	1.0
All Group 1	0.7
All Group 2	0.7
All Group 3	1.5
All Group 4	3.4
All in Group 1 but Not in Group 2	0.7
All in Group 2 but Not in Group 1	0.8
All in Both Groups 1 and 2	0.7

Source: 2004 NBS. Sample size = 2,932.

Note: Group 1 = needs ongoing support; Group 2 = needs high-cost accommodations; Group 3 = works at subminimum wage; Group 4 = works and receives partial benefits. TTW participation rate is the Phase 1 participation rate as of June 2003 based on the 2004 NBS sample.

Some of the differences between the AOI and non-AOI participation rates may be explained by characteristics unrelated to AOI status per se. For example, as discussed in the previous section, relative to non-AOI beneficiaries, those in Groups 1 and 2 are more likely to be white, not to have earned a high school diploma, and to have been on the disability rolls longer. Chapter III showed that, all else constant, these characteristics are negatively associated with TTW participation. To test whether the differences in TTW participation across AOI groups are statistically significant after controlling for characteristics unrelated to AOI status but likely to affect TTW participation, we estimated a multivariate (logit) model of TTW participation that includes variables reflecting AOI group status. Given that a variety of health-related criteria were used to define AOI Groups 1 and 2, the model excludes variables that directly reflect current health and functional status (Appendix Table C.32).

The findings from the multivariate analysis indicate that, after controlling for a variety of sociodemographic and program-related characteristics, the differences in TTW participation rates between AOI members and non-AOI members are somewhat smaller. For those in AOI Group 2 only, the difference is not statistically significant. The differences for those in AOI Group 1 only and those in both Group 1 and Group 2 remain similar in magnitude to the results shown in Exhibit XV.4 and are statistically significant at the 10 percent level. This finding is consistent with the multivariate model (logit) results in Chapter III. Almost half of Group 1 beneficiaries report that they need assistance with at least three ADLs and/or IADLs, and Chapter III shows that the need for such assistance is a strong predictor of low TTW participation rates.

The findings of the multivariate analysis also indicate that, after controlling for other characteristics, Group 3 TTW participation rates do not differ significantly from those of non-AOI beneficiaries. In contrast, the greater participation of Group 4 members is statistically significant after controlling for other characteristics, with Group 4 beneficiaries almost three times more likely to participate in TTW. The higher participation rates for Group 4 may reflect the fact that everyone in the group has made the decision to work and, as a group, may be more likely to seek the services necessary to obtain or maintain employment.

Consistent with the findings of the participation analysis presented in Chapter III, the analysis incorporating the AOI variables indicates that age, education, age at disability onset, and having children under the age of six residing in the household are among the most important determinants of TTW participation.

## **B. PROVIDER AND PAYMENT TYPES AMONG TTW PARTICIPANTS IN AOI GROUPS**

Exhibit XV.5 shows the distribution of provider and payment types associated with TTW participants in the various AOI groups. Compared with non-AOI group members, AOI group members participating in TTW were even more likely to assign their Ticket to an SVRA than to an EN. AOI group members were also more likely to be assigned to the traditional payment system, which reflects the TTW rules restricting the use of the traditional payment system to SVRAs. Through an examination of differences across AOI groups,

Exhibit XV.5 clearly shows the relationship between the use of SVRAs and assignments to the traditional payment system. As the percentage of persons within each AOI group using SVRAs increases, the percentage of persons assigned to the traditional payment system also increases.

**Exhibit XV.5. Provider and Payment Types among TTW Participants, by AOI Subgroup**

	Non-AOI	Group 1 Ongoing Support	Group 2 High-Cost Accom- modations	Group 3 Submini- mum Wage	Group 4 Partial Benefits	Group 1 (not in Group 2)	Group 2 (not in Group 1)	Group 1 and Group 2
Percent of TTW Participants	33	54	33	5	10	31	10	23
Provider Type (%) <sup>a</sup>								
SVRA	84	89	89	95	92	87	85	91
EN	16	11	11	5	8	13	15	9
Payment System (%) <sup>a</sup>								
Traditional	82	88	87	93	91	86	82	90
Outcome-only	3	2	2	1	1	3	2	1
Milestone outcome	15	10	11	6	8	11	16	9

Source: 2004 NBS. Sample size = 1,105.

<sup>a</sup>Based on the provider to which the Ticket was assigned the longest during 2003.

The differences in provider and payment types between TTW participants categorized as AOI and non-AOI are greatest for members of Group 3, members of Group 4, and members of both Group 1 and Group 2. While the differences may be related to the adequacy of TTW payment incentives, other reasons may explain the difference in the distribution of providers and payment types. One alternative explanation is that Group 3 and Group 4 consist of individuals who were working at the time of the interview and may have decided to use SVRA services before rollout of TTW in Phase 1 states. Another alternative explanation is that many Group 3 members may be participating in supported or sheltered employment programs frequently sponsored by SVRAs and thus earning subminimum wages. Finally, SVRAs may be more effective in providing services to persons with several limitations such as those in both Groups 1 and 2.

### C. CONCLUSIONS

While the data presented in this chapter represent a fairly early stage of TTW implementation, we find some evidence that may support the concern that the performance-based payment system discourages providers from serving beneficiaries in Group 1 and beneficiaries in both Groups 1 and 2 who might require more intensive or long-term support to become employed. Both groups have low participation rates, and members of both Groups 1 and 2 are likely to have a Ticket assigned to an SVRA and operate under the traditional payment system. But, when compared with other factors that affect participation—such as age, education, and having children under the age of six living in the household—the influence of membership in the AOI groups on participation is weak. Research (McGrew 2005) indicates that, if properly designed, performance-based payment

systems can address the needs of individuals with the most severe disabilities. The problems we observed may be an artifact of the low payment rates under the current system, which may be addressed by the proposed payment system. Further study of this issue after implementation of the proposed payment system may resolve this fundamental question. In addition, it is possible that the findings related to TTW assignments may result from the early stages of TTW implementation. Thus, we are unable to determine the degree to which the findings are attributable to the adequacy of TTW incentives.

Future reports will investigate whether the new round of NBS data may be used to assess involuntary nonparticipation among AOI groups.<sup>9</sup> Involuntary nonparticipation may provide a more convincing means of assessing whether low participation rates result from the adequacy of incentives. If we find only a few involuntary nonparticipants or do not find that membership in the AOI groups has an impact on involuntary nonparticipation, then it is less likely that lower participation rates are attributable to TTW incentives. If we find such an effect, then a further examination of how incentives may be changed to improve access to services for AOI groups may be required.

The second round of data from NBS will also be used to examine further both participation and outcomes for AOI group members. The new longitudinal component from the second round of NBS will allow us to track the experiences of AOI group members over time for comparison with the experiences of non-AOI group members. The analysis will provide the more detailed information that is necessary to assess the extent to which AOI group members face different experiences with ENs and whether these experiences are related to TTW incentives.

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<sup>9</sup> Due in part to the limitation to Phase 1 states, small sample sizes of involuntary nonparticipation make it difficult to assess involuntary nonparticipation among AOI groups. The additional of Phase 2 states in round two of the NBS will likely be sufficient for an analysis of involuntary nonparticipation in the next report.



## CHAPTER XVI

### CONCLUSIONS AND IMPLICATIONS

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SSA has made continued progress in its efforts to improve the implementation of the Ticket-to-Work program, but the market for employment services that TTW tries to foster is still experiencing many of the operational difficulties observed in earlier reports. Although gradually increasing, program participation at the end of 2004 remained at just over 1 percent, even in Phase 1 states where the program has been operating for almost three years. At the same time, most ENs were not taking Ticket assignments, and the Program Manager reports that it is nearly impossible to recruit new ENs.

Despite these operational issues, early impact results suggest that TTW slightly increased beneficiary use of employment services in the first year of rollout (2002), particularly among providers other than SVRAs. That small service use increase, however, did not produce either a clearly observable increase in average beneficiary earnings or a reduction in benefit payments in the first two years (2002 through 2003). Such changes may have occurred, but, if they did, they were too small for us to attribute them confidently to the TTW program given the available data and historical state variation in outcomes.

Impacts for 2004 and later may be greater. Payment data show that some beneficiaries who assigned their Tickets before 2004 earned enough income to generate Ticket payments only after the end of 2003, and survey data show that many participants in 2003 expected to earn enough to leave the rolls. Participation rates continue to increase, and many non-participants say that they plan to assign their Tickets. SSA's proposed new TTW regulations, announced in September 2005, may increase provider enthusiasm for actively participating in the TTW service market, when they are ultimately implemented. Economic growth since 2003 might also help participants attain greater employment success.

Nevertheless, analysis of trends in TTW payment data suggests that the program will not generate the level of exits from the rolls envisioned by Congress unless major shifts occur in beneficiary behavior. In particular, participation must increase substantially and a larger share of participants must earn enough to reduce their cash benefits to zero.

In reviewing the evidence, Section A of the chapter first highlights the present report's major findings about the operation of the TTW market (beneficiary demand for services, provider supply of services, and SSA market-making operations). Section B summarizes the available information about the impacts of the new TTW market on key beneficiary

behaviors. We also review the experience of those beneficiaries singled out by Congress for special concern out of concern that they would be underserved in the market-based TTW program. We close with a discussion of SSA's plans to energize the TTW market, particularly by developing new TTW regulations aimed at increasing beneficiary and provider participation.

## **A. KEY FINDINGS RELATED TO MARKET OPERATION**

Overall, the basic features of the TTW market are functioning, but a few trouble spots persist. Preliminary data for May 2007 indicate that almost 170,000 beneficiaries have assigned Tickets so far.<sup>1</sup> More than 1,300 providers have signed up, including SVRAs in all states and the District of Columbia. Payments are being made under the new payment systems; by July 2005, 7,878 payments had been made for 1,396 Ticket participants for a total of about \$2.6 million. Nevertheless, survey data suggest unfulfilled demand for employment services among beneficiaries. In addition, the Program Manager points to difficulty in recruiting new providers to become ENs, and the participation data show that two-thirds of current providers have not yet taken a Ticket.

### **1. Beneficiary Demand for Employment Services**

**TTW participation remains low but continues to grow.** As of December 2004 (the last month for which we have complete data), the participation rate in Phase 1 states had risen to 1.4 percent, up from 1.1 percent for March 2004 (Thornton et al. 2006). Participation rates continued to rise in Phase 1 states since the early months of program rollout, albeit slowly. Participation rates in Phase 2 and 3 states are lower but also rising, primarily reflecting the later rollout but also indicative of fewer SVRA assignments from pipeline clients; beneficiaries appear to participate at ENs in Phase 2 and 3 states at rates on par with those in Phase 1 states at comparable points after rollout.

**TTW participation demonstrates growth potential.** The survey data suggest that demand for employment and employment-related services among Social Security disability beneficiaries is much greater than early Ticket experience suggests. Although only a small share of beneficiaries is employed or actively seeking employment at any given time, substantial proportions of beneficiaries have set forth goals that include work and see themselves working in the future. In fact, 15 percent expect to earn enough to leave the rolls within five years—approximately 1.4 million beneficiaries. Factors such as age, poor and deteriorating health, extreme functional limitations, and long detachment from the labor force make program exit through work highly unlikely for a large majority of beneficiaries. A substantial minority, however, says that exit through work is an achievable goal.

Self-reported expectations about exit due to work are out of line with program history. SSA estimates before TTW indicated that only half of one percent of beneficiaries exited due to work, far short of the 15 percent of beneficiaries who reported such a goal. The

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<sup>1</sup> [http://www.ssa.gov/work/Ticket/ticket\\_info.html](http://www.ssa.gov/work/Ticket/ticket_info.html) (accessed May 25, 2007).

difference might reflect unrealistic optimism on the part of survey respondents or failure to acknowledge barriers that keep beneficiaries from realizing their goals. The survey findings indicate, for example, that many beneficiaries lack reliable transportation, find that the workplace is not accessible, or are discouraged from working by others.

Nevertheless, the positive work expectations of many beneficiaries give TTW a basis on which to build. A major goal of SSA's proposed TTW program changes is to increase EN and beneficiary participation. That is, if providers are more aggressive in addressing barriers to employment as a result of the impending changes, more beneficiaries may well participate in TTW. The group of beneficiaries who have unsuccessfully attempted to assign their Ticket represents one group that might be brought into TTW under the proposed new regulations. Although the estimated number of such beneficiaries is small as a share of all beneficiaries, the survey data suggest that they may outnumber current TTW participants.

**Outreach might stimulate substantial TTW participation, especially among recently employed beneficiaries under age 55.** Nearly 10 percent of nonparticipant survey respondents indicated some interest in future TTW participation; only 26 percent of nonparticipant survey respondent were aware of the program. Of course, many reasons explain why survey self-reports of future participation and employment plans are not borne out, as documented in earlier research. Nonetheless, it is plausible that the program could attract a larger share of the 30 percent of beneficiaries who express an interest in future employment. For example, the proposed new payment regulations enable ENs to get substantial payments for beneficiaries who work at moderate levels. Thus, the changes may enable ENs to serve people who would not earn enough to trigger outcome payments in the short-term but for whom increased work effort may have important long-term benefits. Outreach is likely to be more effective and efficient when targeted to those with work goals and expectations. We found that such beneficiaries share two primary characteristics: they are under age 55 and have recently been employed.

**Many beneficiaries, especially Ticket participants, already use services to support employment efforts, including traditional employment supports and health-related services.** Disability beneficiaries make extensive use of a broad range of support services to help them work or live independently, and, under TTW, providers are expected to deliver such services. Data from the 2004 NBS indicate that 34 percent of all beneficiaries in Phase 1 states used these services in 2003, a much larger share than the approximately 1 percent of Phase 1 participants who had assigned their Ticket by the time of the survey. Services included not only conventional work supports (for example, training and job search assistance) but also a wide array of health-related services (for example, occupational therapy, counseling, and adaptive equipment), which beneficiaries see as enhancing their ability to work or to live independently.

Not surprisingly, TTW participants were substantially more likely than the average beneficiary to have used services, and those participants who availed themselves of services did so for more hours and were more likely than the average beneficiary to report that they were using services to find a job. Interestingly, 46 percent of service-using participants did not report using the services to find a job or to get a better job. It therefore appears that the

objectives of many participants differ from the program objective of increasing earnings to the point at which an individual no longer receives benefits.

**It appears that participants facing return-to-work challenges other than disability are more likely than others to assign their Tickets to ENs rather than to SVRAs.** The likelihood that a participant's Ticket is assigned to an EN is relatively high if the participant has no or limited work experience, is relatively old, has limited education, is Hispanic, is a single parent, or has preschool children. We also found that participants from relatively high-income households (that is, with household income of at least 300 percent of the federal poverty line) were much more likely than others to have assigned their Ticket to an EN. Not surprisingly, these same characteristics are associated with an increased likelihood of assignment under one of the new payment systems.

**Participants who assigned their Tickets to ENs received fewer services than those who assigned their Tickets to SVRAs and were less satisfied with services received.** Participants who assigned their Ticket to an EN were significantly less likely than those who assigned their Ticket to an SVRA to report receiving any services (including services from outside TTW). Moreover, even when participants using ENs reported that they received services, they tended to report that they received fewer hours of services, on average, than those who assigned their Ticket to an SVRA. Similarly, EN participants who used services were less likely to report that they used services to find a job or a better job. This pattern does not bode well for ENs, which can generate full TTW payments only if participants earn enough to leave the benefit rolls. We also found that participants who assigned their Ticket to an EN as opposed to an SVRA were less likely to report that the services were useful; more likely to report unmet service needs; and more likely to report problems with services and providers as the reason for unmet needs.

## 2. The Supply of Employment Services

In our last report, we concluded that the high percentage of Tickets assigned to SVRAs and high percentage assigned under the traditional payment system appears to limit the extent to which TTW represents a dramatic break from the past. The more recent data reinforce that conclusion. An overwhelming majority of Tickets continues to be assigned to SVRAs (91.7 percent as of December 2004) and a particularly large majority is assigned under the traditional payment system (85.6 percent). In fact, these statistics substantially understate the role of SVRAs in providing employment services to beneficiaries because SVRAs do not obtain Tickets from many of the DI/SSI beneficiaries they serve—more than half, according to currently available data. We also find that the percentage of Tickets assigned to SVRAs is gradually increasing, as is the percentage assigned under the traditional payment system.

As discussed below, little evidence suggests that TTW has expanded the number of private providers serving beneficiaries or substantially changed the way that either public or private providers serve beneficiaries. Given payment experience to date, it appears that the new payment systems are not sufficiently rewarding to produce a substantial change in provider behavior and are not likely to become so unless they change dramatically.

**TTW has not yet substantially expanded the number of private providers that serve beneficiaries or substantially changed service delivery.** It appears that TTW has only partially met its goal of increasing the supply of rehabilitation providers available to serve SSA beneficiaries. More than 1,300 non-SVRA providers have registered as ENs and are now able to receive payments from SSA when they successfully serve beneficiaries, but only about 40 percent of them have accepted a Ticket, and only about 20 percent have accepted five or more. Beneficiary choice seems limited to large metropolitan areas with a concentration of beneficiaries. Large sections of the country lack ENs, or no local EN has taken a Ticket. In fact, about 90 percent of counties have no active local EN.

Based on interviews conducted for this and previous reports (see Chapter XII and Thornton et al. 2004, 2006), the vast majority of current ENs served beneficiaries before they became ENs and have not significantly changed their operations or client base in response to TTW. This finding is consistent across providers that have been operating as ENs in Phase 1 states since 2002 and as providers in Phase 2 and 3 states; many of the latter became ENs much more recently. Many ENs say that they would have served interested beneficiaries even without TTW, in many instances under contract to an SVRA. For the most part, these ENs do not see TTW as providing them with substantial new financing or recruitment opportunities.

**Change in SVRA service delivery has been limited.** SVRA interviewees to date have indicated that TTW has not changed the way they provide services to beneficiaries, except that many now pay greater attention to benefits planning. They continue to report that TTW administration is onerous, and they are taking administrative steps to reduce the burden. As one example, SVRAs are selecting the traditional payment system for an increasing share of Ticket assignments in order to reduce the significant effort required to predict which Tickets will generate more revenue under the new payment system. In addition, Phase 2 and 3 SVRAs were less aggressive about obtaining Ticket assignments from pipeline cases than were Phase 1 SVRAs.

SVRAs are also reporting that their budgets are particularly tight. Some have been forced to place beneficiaries on waiting lists, despite the potential for payment under TTW. As with private providers, they do not see TTW as a substantial new opportunity to generate revenue. Instead, they see it as an added burden.

**The current TTW payment systems provide little financial incentive for ENs to participate actively in the TTW market.** Most ENs that have accepted Tickets have not received any payments, and payments to most others are very low. Payment problems are exacerbated by long waits and complicated paperwork. The experience of those SVRAs that have accepted Tickets under a new payment system is similar. Although payments are gradually increasing, the cost analysis conducted for the second report suggests that few providers will find TTW financially attractive unless something happens to boost revenue substantially per Ticket assigned (Thornton et al. 2006).

### 3. TTW Market Implementation

SSA has completed the TTW rollout and continues to address trouble spots in program administration, especially payment speed and complexity. It appears that changes in SSA's administrative procedures have started a shift toward an SSA culture that is more supportive of return-to-work. Efforts to market the program to providers and beneficiaries have not achieved measurable success, however.

**SSA has completed the TTW rollout and is attempting to address remaining trouble spots, especially payment speed and complexity.** In October 2004, SSA completed the mailing of Tickets to all of the approximately 10 million Ticket-eligible beneficiaries. It is now mailing Tickets only to those who first met Ticket-eligibility requirements after the completion of rollout (mostly new adult beneficiaries). Altogether, SSA had mailed almost 12 million Tickets by September 2006.<sup>2</sup> In undertaking significant efforts to address implementation problems identified in our earlier reports, SSA has realized substantial success. SSA's effort to reduce the backlog of "post-entitlement" work—mostly verification and recording of earnings reports—has expedited the rapid verification of Ticket eligibility and processing of payment requests. SSA has also introduced an expedited payment process for outcome payments after initial payments have been made, and early evidence indicates that the procedure is reducing payment processing times for providers making use of it.

**Changes in administrative procedures appear to have started a shift toward an SSA culture that supports return-to-work.** SSA staff members interviewed for this report suggested a positive shift toward an SSA culture that is clearly supporting return-to-work for beneficiaries. The reported shift appears to stem from the fact that many employees who serve beneficiaries with disabilities are learning about and becoming more substantially involved in efforts to improve beneficiary earnings. Many receive training in Ticket and, more broadly, the DI and SSI work incentive programs; many have been introduced to and are now using new data systems that track employment and other post-entitlement outcomes; and many were involved in the effort to clear the post-entitlement workload backlog.

**Efforts to increase the supply of providers have not succeeded.** SSA and the Program Manager have turned to a new marketing campaign to increase the supply of providers and demand for services. Even though the Program Manager initiated a City Campaign in five localities, the effort appears to have had little impact on EN recruitment as of late September 2005.

Marketing activities for beneficiaries included the development and distribution of brochures, fliers, and posters targeted to samples in several states as well as several TTW expositions held in large metropolitan areas. SSA does not plan to track which beneficiaries will assign their Ticket, thus limiting any evaluation of the marketing efforts.

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<sup>2</sup> [http://www.ssa.gov/work/Ticket/ticket\\_info.html](http://www.ssa.gov/work/Ticket/ticket_info.html) (accessed August 31, 2006).

**SSA's proposed new regulations offer strengthened financial incentives to ENs.**

Our analysis of the proposed regulations suggests that ENs would be able to generate positive returns under the new system if they carefully target their recruitment and service delivery efforts. In particular, ENs have a strong financial incentive to accept Tickets from beneficiaries who have been moved into jobs by SVRAs. The larger milestone-outcome payments and milestone payments for earnings below SGA levels in the new system also give ENs an incentive to help more beneficiaries get jobs that provide a starting point for long-term employment. Thus, the new regulations may induce providers to participate more actively in the TTW market and increase beneficiaries' overall employment efforts.

**B. IMPACTS OF TTW ON BENEFICIARY BEHAVIOR**

TTW was implemented in a way that facilitated its rollout and operation but greatly complicated its evaluation. In particular, SSA selected Phase 1 states, to a large extent, because their local service and economic conditions offered a particularly good environment for TTW. As a result, beneficiary employment opportunities and activities in Phase 1 states appear to differ from those in Phase 2 and 3 states, even in the absence of TTW. The evaluation was further complicated by the fact that the economy experienced a downturn and then a recovery during rollout.

Our analysis to date leads us to conclude that TTW probably led to a small, relatively rapid increase in beneficiary enrollment in employment services. However, early impact results for beneficiary earnings and benefit receipt are inconclusive. During the first two years of TTW rollout, the differences in these outcomes observed for beneficiaries in the early and later rollout states are statistically indistinguishable from the differential trends in these outcomes that occurred in the years prior to the rollout. As a result, it is not possible to tell if TTW had an effect on these outcomes or if TTW was merely rolled out first in states that had systematically different trends in beneficiary earnings and benefit receipt. Based on trends observed during the first three years of TTW operation, it is possible that future impacts might be larger than those observed so far but not likely to be as high in the near future as Congress envisioned.

**TTW probably had a rapid impact on enrollment in employment services.** We estimate that TTW increased service enrollment in Phase I states by 0.4 percentage points in its first year, representing an increase of 4,675 beneficiaries—8.6 percent of the 54,360 we estimate would have enrolled in programs providing the same services in the absence of TTW. Under the assumption that impacts would be the same across the remaining Phase 2 and 3 states, we project increases in service enrollment by 16,743 beneficiaries across the entire caseload in the first year of rollout. Consistent with expectations, the size of the estimated impact was much larger for younger beneficiaries than for older beneficiaries, with little variation in impacts by Title category (DI-only, SSI-only, and concurrent).

The lack of available data for later years prevented us from estimating impacts on service enrollment after the first year of rollout, but continued growth in participation in Phase 1 states through at least December 2004 suggests that impacts on enrollment in services will be larger in later years (data available for the next evaluation report will allow us

to examine enrollment in service programs through December 2005). One caveat, however, is that increased service enrollment does not necessarily imply increased service receipt. Findings from the survey indicate that a large share of Ticket participants did receive services during the period of interest but that a significant number did not.

**Impacts on earnings and benefits in TTW's first two years were too small to distinguish from historical variation.** We estimated the impacts of TTW on earnings and benefits in Phase 1 states during the first two years of TTW by, in essence, comparing changes in those outcomes in Phase 1 states from the year before TTW with corresponding changes in Phase 3 states, where the Ticket had not yet been rolled out.<sup>3</sup> We found relative increases in earnings and declines in benefits and noted that the patterns of estimated impacts across age groups and title were similar to the patterns for estimated impacts on service enrollment. We are not convinced, however, that the differential changes represent the early impacts of TTW because we observe similar differentials across Phase 1 and 3 states in the four years before Ticket rollout. Thus, factors causing differential changes in outcomes across state groups before TTW might explain the differential changes in the two years after TTW 1 rollout started. The fact that SSA selected Phase 1 states according to their perceived readiness for Ticket lends credence to this alternative explanation. Hence, we have to conclude that impacts on earnings and benefits in the first two years were too small to distinguish from historical variation.

**Impacts on TTW participants are not likely to meet congressional expectations over the near term.** For three reasons, we expect impacts on earnings and benefits to increase after the first two years of rollout (2003). First, with more time, some of those beneficiaries who participated in years 1 and 2 are likely to increase their earnings and exit the rolls due to work. Second, participation rates continued to grow after 2003. Third, the economic recovery will presumably provide participants with better job opportunities.

Impacts on benefits in particular are likely to have been deferred owing to delays in filing and processing Ticket payment requests. Further, DI beneficiaries must work long enough at a high level of earnings to complete both the TWP and the 3-month grace period before they lose their benefits—a period of 12 months if they have not used any TWP months before assigning their Ticket.

The Ticket Act set a benchmark of increasing permanent exits due to work by at least half a percentage point. The findings from the analysis of the payment data lead us to conclude that TTW's impact on participant exits will not reach the Ticket Act's benchmark unless participation increases to well above the level reached in Phase 1 states by the end of 2004 or TTW somehow induced a large number of exits not reflected in the payment data.

It is possible that the impacts of TTW on exits due to work among all beneficiaries could substantially exceed impacts on exits due to work among TTW participants because

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<sup>3</sup> The analysis also took advantage of the fact that Phase 2 rollout started approximately one year after Phase 1 rollout and approximately one year before Phase 3 rollout.



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the administrative and other efforts undertaken by SSA, ancillary to TTW, might induce exits without TTW participation. Even if the number of such exits is large, it might be a mistake to attribute them to TTW. Although TTW might have been the driving force behind SSA's overall efforts to improve return-to-work outcomes, presumably many if not all of the ancillary changes could have been implemented without TTW.

**It will become increasingly difficult to attribute future earnings increases and benefit declines specifically to TTW.** The phased rollout offered the opportunity to estimate the effect of TTW by comparing beneficiary behavior among states with and without TTW. Once TTW was rolled out nationwide in 2004, it was no longer possible to use this estimation model. As a result, future evaluation efforts will probably not be able to separate the effects of TTW from other confounding factors, including other efforts to improve employment outcomes for people with disabilities (for example, the Medicaid Buy-in). It will, however, be possible to determine if beneficiaries as a group start experiencing substantially greater success in their efforts to increase their earnings and thus exit the rolls, but it will be harder to attribute any such success specifically to TTW. Thus, future evaluations will focus on tracking important TTW performance measures such as overall beneficiary work effort, use of employment support services, program exits due to work, TTW payments, and beneficiary earnings.

**While beneficiaries in the AOI groups defined by Congress generally have lower-than-average participation rates in TTW, other factors—such as age, education, and the presence of children under age six living in the household—seem to play a greater role in shaping participation patterns.** In passing the Ticket Act, Congress acknowledged that providers might be unwilling to accept Tickets from some beneficiaries because the TTW performance-based payment system may not cover service costs. As part of an effort to address this concern, Congress required SSA to conduct a study of TTW participation among four groups of AOI beneficiaries:

- Group 1: Beneficiaries who require ongoing support and services to work
- Group 2: Beneficiaries who require high-cost accommodations to work
- Group 3: Beneficiaries who work but earn a subminimum wage
- Group 4: Beneficiaries who work and receive partial cash benefits

We use data from the 2004 NBS to analyze the characteristics and TTW participation behavior of the above groups. The data show that 72 percent of all beneficiaries fall into one of the four AOI groups (and most of those fall into Groups 1 and 2). The high percentage of AOI members is consistent with the expectations of the Ticket to Work Adequacy of Incentives Advisory Group, is in line with research findings based on the administrative definitions used in earlier TTW evaluation reports, and is indicative of the definition of disability used to administer Social Security disability programs.

While the data presented in this report reflect a fairly early stage of TTW implementation, we find some evidence that may be consistent with the concern that the performance-based payment system discourages providers from serving beneficiaries in Group 1 as well as beneficiaries in both Groups 1 and 2 who might require particularly intensive or long-term support to become employed. Groups 1 and 2 have low participation rates and are more likely than those not in an AOI group to have a Ticket assigned to an SVRA and operate under the traditional payment system. But, when compared with other factors that affect participation—such as age, education, and having children under the age of six living in the household—the influence of membership in AOI groups on participation is weak.

### **C. THE FUTURE OF THE TTW MARKET**

Assessing the progress and future of TTW depends fundamentally on expectations for the program. On the surface, those expectations seem modest. The Ticket Act suggested that the program would succeed if it could increase from 0.5 to 1.0 percent the rate at which beneficiaries exit the program due to work. However, these seemingly small numbers represent a substantial change for the SSI and DI programs, which support 10 million people with conditions and impairments that have been determined to mean that such individuals are unable to work at self-sustaining levels. The observed rate of exits due to work for these programs has been below 0.5 percent for years (Berkowitz 2003; Social Security Administration 2006; Newcomb et al. 2003), remaining at this general level in the face of numerous programmatic and economic changes.

Furthermore, the changes sought by TTW seem large when viewed from the perspective of SSA operations, which have long focused on paying benefits appropriately and efficiently rather than on delivering employment support services. TTW has required SSA to train staff in more than 1,400 field offices and to institute an entirely new service to help beneficiaries understand ways in which work affects their benefits. SSA administrators have described the process of implementing TTW as comparable to that required to initiate the SSI program itself.

Finally, the changes sought by TTW are enormous when considered from the perspective of the employment service providers who have long operated in a cost-reimbursement system and now must respond to a riskier performance-based payment system. Many existing providers operate as nonprofits and may therefore be poorly suited to finding the working capital required to sustain TTW operations when the payments they receive for moving a beneficiary into successful employment are spread over five years. Newer providers may be hesitant to enter the market until they can clearly see ways to enroll a sufficient number of beneficiaries to make TTW an attractive option compared with other service markets in which they could participate (such as acting as a subcontractor to an SVRA). All providers are likely to have concerns about how to negotiate the complex reporting obligations required by TTW's payment systems.

Given all of these factors, it would have been surprising if TTW had produced dramatic changes in its first three years of operation (2002 through 2004). Not only did the program

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roll out gradually over the period, but it clearly takes time for beneficiaries, providers, and operations staff to respond to the new market. For example, it generally takes SVRAs more than two years to move a beneficiary into employment, and many beneficiaries have taken months to initiate services by assigning their Tickets. Thus, changes from the program are likely to emerge slowly.

Some lessons have emerged more quickly, however. In particular, it appears that the current milestone-outcome and outcome-only systems provide little financial incentive for providers to participate in the TTW market, thereby posing a problem for a new market that is trying to attract new providers and foster innovations. Fortunately, the Ticket act gives the commissioner the authority to modify the payment rules or other aspects of the market in order to improve market efficiency. SSA used that authority when it announced potential new payment regulations. Our review of those proposed regulations suggests that providers that carefully target and deliver services have a reasonable chance of covering their costs and earning a profit under the new payment systems. Thus, the new rules may breathe new life into the TTW market.

But momentum remains an issue. The TTW market is functioning, though mostly as an adjunct to the existing operations of SVRAs and other service providers. The number of beneficiaries served by TTW appears generally static, as does the volume of services delivered. The ENs that have taken Tickets report little or no financial success and generally seem to have adopted a wait-and-see attitude about expansion or innovation. The new payment regulations were published in September 2005, and SSA has provided little feedback to the market since then. Providers, particularly ENs, have shown minimal interest in the new regulations (particularly as compared with the interest shown when TTW was first announced). If SSA hopes to build momentum around the new changes, it will have to move expeditiously and help providers understand how to succeed under the new system.

Regardless of how the new regulations play out, TTW marks an important step toward greater employment and self-sufficiency for people with disabilities. The field is still learning about the best methods to help people with disabilities understand and improve their opportunities and potential. It is also still identifying ways to integrate TTW with other employment initiatives. For example, an EN that serves DI beneficiaries can channel some of the outcome payments to working beneficiaries to help cushion them from the so called “cash cliff” that currently occurs when they leave cash benefits due to work.

In addition, overall progress toward increasing the employment of people with severe disabilities, including SSI and DI beneficiaries, will require greater acceptance of the idea that many such individuals can successfully support themselves if provided with employment assistance. Just by sending out Tickets, recruiting new providers, training its staff, and improving how it tracks beneficiary employment, SSA has helped to nurture greater acceptance of employment options for beneficiaries. The challenge now is to build on those changes and to sustain policy, programmatic, and market momentum for improving the economic integration of people with disabilities into American life.

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# APPENDIX A

## TICKET TO WORK TIMELINE AND ROLLOUT PHASE

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**Table A.1. Ticket To Work Program Implementation and Evaluation Timeline**

Time Period	Implementation Activity or Milestone
<b>1999</b>	
December 17	Ticket Act enacted, establishing Ticket to Work Program
<b>2000</b>	
Throughout Year	SSA Office of Employment Support Programs (OESP) begins to develop principal policies and rules in consultation with SSA deputy commissioners
August to December	Draft Notice of Proposed Rule Making (NPRM) negotiated with the Office of Management and Budget
September 29	The Program Manager contract was signed with MAXIMUS, Inc.
November 13	Selection of 13 Phase 1 states announced
December 28	NPRM published, starting the 60-day public comment period
<b>2001</b>	
Throughout Year	Recommendations for resolving major issues raised by public comment on the NPRM were considered by deputy commissioners
February 26	NPRM public comment period ended. SSA received comments from over 400 interested parties, including federal, state, and local agencies; employers; organizations and advocates for people with disabilities, rehabilitation service providers, disability beneficiaries; and others.
April 13	Request for Proposals on EN contracts were published
October to December	Draft final Ticket to Work regulations published
<b>2002</b>	
February	Selection of Phase 2 and 3 state announced
February 5	Phase 1 begins. Tickets were released to 10 percent of the eligible beneficiaries in Phase 1 states
April	Tickets were released to an additional 20 percent of the eligible beneficiaries in the Phase 1 states

Table A.1 (continued)

Time Period	Implementation Activity or Milestone
May	Tickets were released to an additional 30 percent of the eligible beneficiaries in the Phase 1 states
June	Tickets were released to the final 40 percent of the eligible beneficiaries in the Phase 1 states
November	Phase 2 begins. Tickets were distributed gradually. Ten percent of the Tickets were mailed each month from November 2002 through September 2003 (no tickets were mailed in December).
<b>2003</b>	
May 29	Contract was awarded to Mathematica and Cornell for the Evaluation of the Ticket to Work Program, Part A
May 29	Contract was awarded to Mathematica and Cornell for the Evaluation of the Ticket to Work Program, Part B, Survey Data Collection
June	National Beneficiary Survey sample was drawn for Round 1
October	Participant sample was drawn for Round 1
November	Phase 3 begins. Tickets were distributed gradually. Ten percent of the Tickets were mailed each month from November 2003 through September 2004 (no tickets were mailed in December).
<b>2004</b>	
February 24	National Beneficiary Survey, Round 1 data collection began
June	National Beneficiary Survey sample was drawn for Round 2
September 30	National Beneficiary Survey, Round 1 data collection ended
<b>2005</b>	
February 7	National Beneficiary Survey, Round 2 data collection began
June	National Beneficiary Survey sample was drawn for Round 3
September 30	National Beneficiary Survey, Round 2 data collection ended

Source: SSA documents and MPR interview with SSA staff

**Table A.2. States and Territories Included in Each Phase of TTW Implementation**

<b>Phase 1: 13 States</b>		
Arizona	Iowa	Oregon
Colorado	Massachusetts	South Carolina
Delaware	New York	Vermont
Florida	Oklahoma	Wisconsin
Illinois		
<b>Phase 2: 20 States + the District of Columbia</b>		
Alaska	Kentucky	New Hampshire
Arkansas	Louisiana	New Jersey
Connecticut	Michigan	New Mexico
District of Columbia	Mississippi	North Dakota
Georgia	Missouri	South Dakota
Indiana	Montana	Tennessee
Kansas	Nevada	Virginia
<b>Phase 3: 17 States + the U.S. Territories</b>		
Alabama	Ohio	American Samoa
California	Pennsylvania	Guam
Hawaii	Rhode Island	Northern Mariana Islands
Idaho	Texas	Puerto Rico
Maine	Utah	Virgin Islands
Maryland	Washington	
Minnesota	West Virginia	
Nebraska	Wyoming	
North Carolina		

Source: [www.ssa.gov/work/ticket\\_states\\_announcement.html](http://www.ssa.gov/work/ticket_states_announcement.html), accessed August 19, 2003.