



**TICKET TO WORK AND WORK INCENTIVES
ADVISORY PANEL**

***ADVICE REPORT TO CONGRESS AND THE COMMISSIONER
OF THE SOCIAL SECURITY ADMINISTRATION***

**THE CRISIS IN EN PARTICIPATION
—A BLUEPRINT FOR ACTION**

FEBRUARY 2004



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Executive Summary

Thousands of people with disabilities and their advocates shared a dream that the Ticket to Work and Work Incentives Improvement Act of 1999 (the Act) would greatly expand employment opportunities for people on the Social Security Administration (SSA) disability rolls. Three years after enactment of the law, it is clear that their dream is faltering. The Ticket to Work and Self-Sufficiency Program (Ticket Program) is failing to recruit the anticipated numbers of new employment service providers, called Employment Networks (ENs). In addition, those enrolled as ENs are serving only a fraction of the beneficiaries thought to be interested in participating in the Ticket Program. Nearly 1,000 providers have enrolled in the program, but only about one-third of those operating have accepted any tickets. The Panel believes that without immediate attention to the very real problems affecting EN participation, the Ticket Program will fail. The Panel urges Congress and the Commissioner to act quickly on the following recommendations.

Issues and Recommendations

Ticket Program as a Supplemental Funding Source -- ENs are uncertain about whether and how they can use funds from other public sources to serve ticket holders and have chosen not to actively participate in the Ticket Program because of fear of losing other stable funding sources.

Recommendations

- Congress should develop statutory language that clearly articulates its original intent that the Ticket Program's outcome and milestone payments should provide **additional** resources to assist beneficiaries in attaining and retaining employment. In general, the Panel believes that Congress did not intend to make beneficiaries **ineligible** for the full range of services from vocational rehabilitation (VR) programs, Medicaid, or other Federal and State programs by making them **eligible** for the Ticket Program.
- Congress should direct the Commissioner to implement the Ticket Program as a complement to the traditional SSA VR Reimbursement Program, paying State VR agencies for up-front services and paying ENs for long-term employment outcomes.
- As part of the mandated evaluation of the Ticket Program, the Commissioner should conduct an assessment of the Ticket Program and the SSA VR Reimbursement Program, running in combination, to determine whether that approach produces better long-term, cost-effective outcomes than the historical VR Reimbursement Program alone, and to ensure the financial viability of running the two programs in combination.

The EN Payment System -- Two problems in the EN payment system discourage the active participation of many providers: (1) the payment system places too much financial risk on ENs and (2) the payment system provides significantly lower reimbursements to ENs for serving Supplemental Security Income (SSI) recipients than for serving Social Security Disability Income (SSDI) beneficiaries.

Recommendations

- The Commissioner should immediately modify the EN payment system to move more of the payment into the first 12 months of employment and reduce the difference between the milestone and outcome payments.

- The Commissioner should test two or three creative approaches that place more up-front financial risk on SSA but, if successful, could significantly increase Ticket Program participation by both ENs and beneficiaries, thereby increasing long-term savings to SSA.
- Congress should amend the statute to permit payments to ENs to be set at a level greater than 40 percent of average benefits for both SSDI and SSI beneficiaries and after the statutory change the Commissioner should implement an increase in EN payments for beneficiaries of both programs.
- Congress should amend the statute to permit the Ticket Program to increase the sum of payments available for serving SSI recipients to a level equal to the sum of payments available for serving SSDI beneficiaries.
- The changes to the EN payment system should be implemented as quickly as possible.

Adequacy of Provider Incentives -- Because little is known about outcome payments for providers, the Act authorizes the Commissioner to review, refine, and alter the payment system to ensure that it provides adequate incentives for ENs to serve beneficiaries and produce savings to the program. Despite major problems with the payment model, no alterations have been made to the original program payment system. The Commissioner has established an advisory group on Adequacy of Incentives (AOI) to assist SSA with the design of a workable payment system, including financial incentives to serve four groups of beneficiaries with special needs that were referenced in the Act.

Recommendations

- The Commissioner should implement a modified EN payment system that generally incorporates the principles outlined in the AOI Advisory Group's interim report. (The Panel supports the principles in the report but has not endorsed a specific model.)
- For any new payment system to be successful, the Commissioner must first implement the Panel's recommendations relating to the EN payment system and EN claims administration.
- The Commissioner and Congress should make clear in statute and in program regulations that payments to ENs must supplement funding from other public programs (such as State VR, Mental Health, Medicaid, Housing and Urban Development, Department of Labor) and should not pay for services for which beneficiaries are already eligible.

EN Payment Claims Administration -- Two factors compound the financial risk and working capital problems of Employment Networks: (1) long-term tracking of beneficiary earnings is labor intensive and administratively burdensome for ENs and (2) there are often long delays in processing EN claims for payment.

Recommendations

- Once a beneficiary has been certified as employed above the substantial gainful activity (SGA) level or leaves cash benefit status, the Commissioner should continue to pay the EN on a monthly basis as long as the beneficiary remains in zero benefit status and the

EN has not yet received 60 months of outcome payments, or until the beneficiary requests a new EN.

- The Commissioner should refine the EN payment claims processing system to ensure timely payments to ENs within businesslike timeframes. A widely accepted business standard for turnaround time on receivables is 30 days.

***Marketing to ENs and to Beneficiaries --** To date, there is no national marketing plan for the Ticket Program and the Program is not well understood by the vast majority of beneficiaries or by those who influence a beneficiary's decision to attempt work. Further, ENs spend considerable time explaining the Program and dispelling misconceptions. Also, the lack of marketing contributes to the insufficient demand for EN services. However, SSA has recently awarded contracts to support development of a strategic marketing plan and EN marketing and recruitment efforts. The Panel has made numerous recommendations to the Commissioner on this issue in past reports.*

Recommendation

The Commissioner should create opportunities for the Panel to (1) review the work plans and proposed activities under the strategic marketing plan contract and the project designed to improve EN participation and (2) engage in a dialogue with the contractors and relevant SSA staff so that the Panel can provide timely and substantive input on these marketing activities.

***EN Training and Communication --** There is inadequate training, technical assistance (TA), and timely information available to ENs. Existing TA and training resources are inadequate, nonuniform, piecemeal, uncoordinated, and of varying quality, with no coordinated means for ENs to identify and share best practices.*

Recommendations

- The Panel, in partnership with the Commissioner, should convene a meeting of key stakeholders to develop a national training and communications conference for all ENs.
- The Commissioner should appoint a working committee to develop the plan for this training conference and to develop the overall strategy for bringing together a broad-based coalition of stakeholders to oversee and sponsor the event. Panel members should be active participants.

***American Indian VR Program Eligibility for the SSA VR Reimbursement Program --**Despite having to meet the same service standards as State VR agencies, American Indian Vocational Rehabilitation (AIVR) programs operated by Tribal Nations programs are not exempt from the Ticket Program EN application process and are excluded from the traditional SSA Reimbursement Program for State VR agencies.*

Recommendation

Congress should amend the statute to permit AIVR programs operating under section 121 of the Rehabilitation Act to participate in Ticket to Work in a manner equivalent to State VR agencies; that is, they should be exempt from the EN application process and be subject to the same reimbursement rules.

I. BACKGROUND

The Ticket to Work and Self-Sufficiency Program (Ticket Program) was established by the 1999 Ticket to Work and Work Incentives Improvement Act (the Act). The program provides eligible Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) disability beneficiaries with a ticket that they can use to obtain vocational rehabilitation (VR) or employment services through an Employment Network (EN). The Program is intended to increase access to, and the quality of, rehabilitation and employment services available to disability beneficiaries. The Ticket Program is designed to give beneficiaries greater choice of service providers, create competition among providers to provide high-quality services that are responsive to beneficiary needs, and give providers incentives to deliver services in the most efficient and appropriate manner to achieve desired outcomes.

Since the proposed Ticket Program regulations were released by the Social Security Administration (SSA 2000), the Ticket to Work and Work Incentives Advisory Panel (the Panel) has been concerned that the EN payment system specified in the regulations would not provide sufficient financial incentives to encourage prospective ENs to participate in the Program. The Panel is also concerned about the lack of marketing of the Ticket Program and the absence of training for ENs on the operation of the Ticket Program and various work incentive provisions of the Federal disability programs. The Panel believes that these factors are significantly hampering successful implementation of the Ticket Program.

After the first two phases of implementation and the release of more than 5 million tickets, it appears that the Panel's early fears about low EN participation have become a reality. Although nearly 1,000 providers have enrolled in the program as ENs, only about one-third of those operating in the Phase 1 and Phase 2 States have accepted any tickets. The majority of ENs enrolled have not served any ticket holders. In addition, nearly 90 percent of the approximately 28,000 tickets assigned as of late October 2003 have been assigned to State VR agencies operating under Title I of the Rehabilitation Act (MAXIMUS 2003a). The combination of the overwhelming use of State VR agencies and the low number of ENs accepting tickets indicates that the Program's goals of significant expansion in beneficiary access to and choice of services have not been met. The Panel believes that the Program's performance to date has been lackluster and sluggish.

The Panel has engaged in numerous activities intended to inform its members about the low EN participation in the Ticket Program. It has tracked the activity reports of the Ticket Program, received ongoing public testimony since the Program's implementation more than 2 years ago, heard numerous expert presentations, hired outside content experts to review issues related to EN participation, and developed technical papers with specific recommendations. Two recent briefing papers prepared for the Panel (Kregel and Revell 2003; Wehman and Revell 2003) specifically address EN participation issues related to State VR agency implementation of the Ticket Program and marketing the Program to beneficiaries, providers, and others. A third paper (Bell 2003) addresses the issue of EN payments for partial success.¹ In May 2003, the Panel sponsored an Employment Network Summit, providing a forum for more than 50 providers, beneficiaries, and experts from across the country to develop strategies to remedy the barriers to

¹ The executive summaries for these papers are provided in Appendixes B, C, and D of this report.

EN participation in the Ticket Program.² Additionally, the Panel has heard quarterly briefings from key staff at SSA and has had regular meetings with Deputy Commissioner Martin Gerry and several visits from the Commissioner. The Panel has also received regular updates from: former Associate Commissioner Ken McGill who oversaw the Ticket Program implementation until September 2003; Associate Commissioner Pam Mazerski; Deputy Commissioner Linda McMahon; Mary Satterfield of MAXIMUS, Inc., the Ticket Program Manager; and numerous other staff of SSA.

Based on a substantial amount of information and analysis, the Panel has identified several key global and persistent problems that are hindering the activity level and participation of ENs. This depressed level of participation and activity by ENs limits beneficiary choice of service providers and undermines the program's success. The problems are related to—

- The need to use the Ticket Program as a supplemental, rather than substitute, funding source.
- The EN payment system.
- The adequacy of incentives for providers to serve four groups of special needs beneficiaries referenced in the Act.
- The process for submitting EN claims and receiving payment.
- Marketing the program to ENs and beneficiaries.
- EN training and communication.
- The treatment of American Indian VR programs under SSA's VR Reimbursement Program.

The remainder of this report outlines the problems associated with each of the above issues and articulates the Panel's recommendations for addressing the problems. The Panel emphasizes the urgency of addressing the low EN participation in the Ticket Program. The Panel strongly believes that if Congress and SSA do not address the barriers to EN participation very soon, the Ticket Program will fail to meet its goals of consumer choice and cost-effectiveness and will be terminated after its evaluation is complete.

²The executive summary of the proceedings of the EN Summit is contained in Appendix E of this report.

II. ISSUES AND RECOMMENDATIONS

Issue: The Ticket Program as a Supplemental Funding Source

Discussion

Under the existing system of State VR programs, the State VR agencies operating under Title I of the Rehabilitation Act typically provide time-limited VR services and supports, including supported employment. In general, other sources of funding must be secured to pay for ongoing services and supports. Many Social Security disability beneficiaries require both intensive front-end supports and ongoing supports in order to enter the labor force and maintain employment. Often SSI and SSDI beneficiaries need resources above and beyond what they are eligible for under a single program. For example, the services and supports provided by the State workforce development system, Medicare, Medicaid, State VR agency, and state mental health agency may need to be combined in order to provide an array of employment supports sufficient to meet the needs of an individual with a significant disability.

The nature of the Ticket Program payment system necessitates that providers use other sources of funding to provide any services upfront and to provide more intensive and ongoing services in general. Some ENs, however, are uncertain about whether and how they can use funds from these other sources to serve ticket holders. Therefore, some ENs have chosen not to actively participate in the Ticket Program because they believe that they are prohibited from comingling funds and services from multiple sources to serve ticket holders. For example, because Medicaid is payer of last resort, many providers believe that they are not allowed to accept Ticket Program payments or that, if they do, these payments must offset service costs billed to Medicaid (Lewin Group 2003).

Another example is the State VR agency interpretation of the rule of comparable benefits. The comparable benefits provision in section 101(a)(8)(A)(i) of the Rehabilitation Act is intended to guard against duplication and waste of Federal grant funds. It requires that before providing services to an individual, State VR agencies must ensure that the services are not available to the individual through any other program. The Rehabilitative Services Agency (RSA) and State VR agencies have been inconsistent in their interpretations of whether the Ticket Program or the services that ENs provide to beneficiaries with an assigned ticket constitute comparable benefits. In some instances, the provision is interpreted to mean that if a ticket holder is receiving services from an EN other than the State VR agency, the agency need not expend VR program funds to serve that individual. In other instances, Ticket services are deemed comparable benefits only if they are available when the person needs them and when they are commensurate with the services available through the public VR system.³ Prior to the Ticket Program, SSA beneficiaries were presumed eligible for the full range of services offered under Title I of the Rehabilitation Act. Subsequent to the Ticket Program, some State VR agencies have used the comparable benefits provision to justify restrictive provisions in EN–VR agreements that reduce ticket holder access to VR services.

³ Further discussion of the issue of comparable benefits is provided in Kregel and Revell (2003).

The Panel believes that in making beneficiaries **eligible** for services under the Ticket Program it was **not** the intent of Congress to make them **ineligible** for services from Title I VR services, Medicaid, or other programs. Susan Daniels, Ph.D., the Deputy Commissioner of the Office of Disability and Income Security Programs at SSA when the Act was passed in 1999, put it best when she said,

The original idea was for the Ticket as an *additional* program to help our beneficiaries return to work because the existing programs weren't working well enough. Our beneficiaries require services and supports that go beyond a single service; they need a coordinated, long-term series of supports and no single program was putting it all together. The Ticket was developed as *an add-on* or additional incentive for providers to focus on the long-term outcome employment. The other programs need to pay for services as they have always done. The Ticket is different. It pays for an outcome only.

She went on to say,

SSA and the Congress did not intend to create a new program to supplant existing VR, Medicaid, or DOL [Department of Labor] services. These are needed but weren't enough. The Ticket was intended to create *extra support* necessary so those services, in creative combinations, could produce employment outcomes for our beneficiaries. The EN's job is to help beneficiaries access and use those resources, coordinate with SSA work incentives in creative ways, and provide custom-made support so beneficiaries get real jobs and achieve self sufficiency. That's why the EN's payment system was based on outcomes...so they could function as packagers of existing services. It was never intended that the outcome system would pay for all the services required; there just isn't enough money in the outcomes to do that, and we knew that from the beginning.⁴

Recommendations

Recommendation 1

The Panel recommends that Congress develop statutory language that clearly articulates the original intent of Congress that the Ticket Program outcome and milestone payments should provide *additional* resources to assist beneficiaries in attaining and retaining employment. Ticket payments are not to be utilized by any other State or federally funded program to supplant funding or services to which beneficiaries are otherwise entitled. Ticket payments are intended to produce long-term employment outcomes and should not be viewed as a service fee reimbursement or treated as a comparable benefit for cost reimbursement purposes.

The Panel believes that Ticket payments create incentives for ENs to provide ongoing assistance to beneficiaries, but only when they can be used in conjunction with other funding sources, owing to the generally resource-intensive needs of Social Security disability beneficiaries.

Recommendation 2

To develop the most effective strategies for achieving the long-term employment outcomes of beneficiaries and long-term savings to the public trust, the Panel recommends that Congress and the Commissioner of SSA—

⁴ Based on an interview conducted December 2, 2003, by Stephen L Start and Marie Strahan, J.D.

- Implement the Ticket to Work and Self-Sufficiency Program as a complement to the traditional SSA VR Reimbursement Program, as intended by Congress, reimbursing VR agencies for service costs and paying ENs for long-term employment outcomes.
- As part of the congressionally mandated evaluation of the Ticket Program, conduct an assessment of the programs running in combination to determine whether that approach produces better long-term, cost-effective outcomes than the historical VR Reimbursement Program and to ensure the financial viability of running the two programs in combination.

Issue: EN Payment System

Discussion

The Panel is concerned about two fundamental issues with the current EN payment system that the Panel believes discourage the active participation of many providers:

- The payment system places too much financial risk on ENs.
- The payment system provides significantly lower reimbursement to ENs for serving SSI recipients than for serving SSDI beneficiaries, despite the fact that SSI recipients are generally more difficult to serve and the fact that immediate savings accrue to SSA when SSI recipients go to work.

Financial risk. Three aspects of the payment system appear to impose significant risk on providers. First, the payment system requires ENs to provide the capital upfront to serve beneficiaries, while simultaneously requiring them to wait a relatively long period before costs can be recouped. Most service models offered by ENs entail the provision of more intensive services early on (e.g., during the first year) and less intensive services over time. With milestone payments set relatively low and outcome payments structured so that equivalent amounts are obtained over an extended payment period, the payment system does not recognize the substantial front-end investment required by most providers. Thus, only well-capitalized providers with significant revenue from other sources are able to serve beneficiaries under the Ticket Program. Many providers that have enrolled as ENs are small, community-based, nonprofit entities and have indicated that they lack the operating capital required to serve Ticket Program clients upfront, before payment can be recouped. Many report that they will not be able to serve ticket holders under the current payment system because they lack upfront funding, and the payments they receive are too small to cover costs during the first year of service.⁵

Second, the current payment system requires providers to wait 60 or more months to recoup full payment. This introduces significant risk to providers because, over time, more and more factors outside the control of the EN affect the likelihood of the client's continued employment (e.g., changes in health status, living arrangements, labor market dynamics). The payment system, with equal outcome payments over time, does not recognize this increased risk to providers.

⁵See The Lewin Group (2003) for a discussion of provider concerns about the EN payment system.

Third, the risk is not equitably shared between ENs and SSA. ENs receive only 40 percent of the average expected savings to SSA, but bear nearly all of the costs associated with generating the savings for SSA.⁶

Lower payments for SSI recipients. The Panel believes that the lower payment to ENs for serving SSI-only recipients, as compared to SSDI beneficiaries, is problematic for several reasons. First, it is widely accepted that SSI-only recipients, on average, are more difficult to place in long-term employment than SSDI recipients. SSI-only recipients lack the work history necessary to qualify for SSDI benefits. The lack of a significant work history can be indicative of low levels of education and skill development, often the consequence of severe and early-onset disabilities that have impaired human capital development. The combination of limited work histories, low skill levels, and severe physical and/or cognitive impairments makes SSI-only recipients, as a group, more difficult to serve.

Even without the factors associated with low levels of human capital development, SSI-only recipients will be more difficult to serve, from the perspective of the EN, due to the requirement that benefits be reduced to zero before outcome payments can be paid. All else equal, SSI payments are reduced to zero at much higher levels of earnings than the levels at which SSDI payments are reduced to zero. SSI recipients must earn approximately \$1,300 per month for SSI payments to be reduced to zero, while SSDI payments are reduced to zero after approximately \$800 of earnings per month, when the 9-month trial work period has concluded. Both the higher earnings requirement and the lower levels of human capital contribute to the difficulty in serving SSI-only recipients, as compared to SSDI recipients.

Second, not only are SSI-only recipients more difficult to serve, but also EN payments for successfully serving SSI-only recipients are lower than those for serving SSDI beneficiaries. Hence, with this payment system, SSA has created a strong incentive for ENs to choose to serve SSDI recipients over SSI recipients. This incentive causes inequitable opportunities for participation in the Ticket Program between SSI and SSDI recipients.

Third, the EN payment system neither recognizes that there are immediate savings to the SSI program when an SSI recipient goes to work at even relatively low levels of earnings, nor rewards ENs accordingly for achieving partial success.

Recommendations

The Panel has made numerous recommendations in previous reports and correspondence on reforming the EN payment system to provide payments earlier in the process and to ensure adequate funding so that ENs are willing and able to serve a wide range of beneficiaries who want to work (Ticket to Work and Work Incentives Advisory Panel 2001, 2002, 2003). The Panel continues to believe it imperative that SSA move quickly to enhance the EN payment system to make it more attractive to ENs. To delay further will jeopardize the success of the

⁶During the development of the Ticket Program, including work of the Disability Policy Panel of the National Academy of Social Insurance (NASI) and later work at SSA, estimates of savings to the Trust Fund often assumed that payments to providers would be 50 percent of average benefits (primary insurance amounts). In its report (National Academy of Social Insurance [NASI] 1996), the NASI Panel said, "SSA actuaries estimate that a plan to pay providers 50 percent of trust fund savings for five years would produce modest savings over a 10-year period."

Ticket Program and SSA's credibility regarding its commitment to supporting beneficiary return-to-work efforts.

Recommendation 1

The Panel recommends that Congress and the Commissioner of SSA modify the EN payment system to incorporate the following features:

- Move more of the payment into the first 12 months of employment.
- Increase payments to ENs to a level greater than 40 percent of average benefits for both SSDI and SSI beneficiaries. This would require a change in the statute by Congress and after such change the Commissioner should implement an increase in EN payments for beneficiaries of both programs.
- Reduce the difference between the milestone and outcome payments.
- Increase the sum of payments available for serving SSI recipients to a level equal to the sum of payments available for serving SSDI recipients. This will require a change in the statute.
- Implement changes in the EN payment system as quickly as possible.

The payment model developed by participants in the EN Summit and outlined in the "Proceedings of the Employment Network Summit" (Livermore 2003) incorporates the above recommendations. While the Panel believes that the modifications such as those suggested in the EN Summit model are critical, it also believes that specifically recommending the EN Summit model would limit SSA's creativity and be overly prescriptive.

Recommendation 2

The Act provides broad authority for the Commissioner of SSA to test alternative approaches to funding the Ticket Program and encouraging EN participation. To date, the Commissioner has not fully used her authority to test creative solutions. The Panel recommends that the Commissioner test two or three creative approaches that place more upfront financial risk on SSA but that, if successful, could significantly increase Ticket Program participation by both ENs and beneficiaries, and thereby increase potential long-term savings to SSA.

An example of such a creative approach would include a nominal payment to both the beneficiary and the EN (e.g., \$200 each) for the completion of an Enhanced Employment Plan. The plan would include a strategy for reaching specific employment goals and an economic break-even analysis. The break-even analysis would determine the wage and benefit levels that would be required for the economic gains from working to exceed the gains from not working for a specific individual. The Enhanced Employment Plan would be available as an option at the discretion of both the EN and the beneficiary. At the option of the beneficiary, the break-even analysis could be reviewed by local Benefits Planning, Assistance, and Outreach (BPAO) staff or the local SSA work incentive liaison (WIL). The BPAO and WIL staff could further enhance the analysis by ensuring that the beneficiary is aware of and uses all applicable work incentive provisions and other employment supports. Another alternative might include paying a BPAO to

develop the Enhanced Employment Plan. The beneficiary would then use the plan in selecting an EN and developing the Individual Work Plan (IWP) or use it to develop a basic business plan for a micro-enterprise or self-employment.

Such an approach, if successful, would:

- Encourage cooperative working relationships between BPAOs and ENs; provide immediate financial incentives for ENs to develop greater understanding of SSA work incentive provisions; and enable BPAO staff to better understand the job market and an individual's employment plan, thereby improving the quality of their advice;
- Encourage ENs to conduct outreach to beneficiaries because they would be compensated upfront for the Enhanced Employment Plan, provided that the payment amounts create an adequate incentive to develop the plan;
- Encourage ENs to interview and consider serving more difficult-to-serve individuals;
- Provide an incentive for beneficiaries to consider employment. Although some may respond just to receive the payment, the planning process itself, if done well, might encourage others to seek employment;
- Enhance the availability of person-specific information to facilitate thoughtful and informed decisions on the part of beneficiaries;
- Help to ensure that the interests and economic welfare of the beneficiary are protected;
- Provide a fact base for key influencers to use in advising beneficiaries;
- Provide the beneficiary a benchmark against which the plans and services offered by competing ENs might be compared;
- Encourage beneficiaries to work with BPAOs; and
- Encourage BPAOs to develop formal benefits analyses.

Issue: Adequacy of Provider Incentives

Discussion

Under the Ticket Program, provider revenues are solely conditional on beneficiary work outcomes and are not tied to the costs of providing services. This feature represents a completely new and different way of paying providers for assisting Social Security disability beneficiaries to go to work.

Little is known about provider incentives in the context of VR services and there is great uncertainty regarding the effects of the Ticket Program payment schemes on provider behavior. For these reasons, the Act authorizes the Commissioner of Social Security to review, refine, and alter the payment system to ensure adequate incentives for ENs to assist beneficiaries to enter the

workforce, while simultaneously providing savings to the program. Further, the Commissioner is required to report to Congress with recommendations for adjusting payment rates to ensure adequate incentives for ENs to provide services to—

- Individuals with a need for ongoing support and services;
- Individuals with a need for high-cost accommodations;
- Individuals who earn a subminimum wage; and
- Individuals who work and receive partial cash benefits.

The Act authorizes the Commissioner to implement the necessary adjusted payment rates and requires the Commissioner to make such adjustments prior to full implementation of the program.

SSA has established an Adequacy of Incentives (AOI) Advisory Group to assist the agency in reviewing the Ticket Program payment schemes and developing potential modifications. The group convened in June 2003 and developed an interim report that focused on regulatory and administrative recommendations to SSA for improving implementation of the Ticket Program, with a primary focus on recommendations to improve the adequacy of incentives for individuals with disabilities in the four groups with special needs that are referenced in the Act (AOI Advisory Group 2003). Additionally, the Panel, through a contract with The Urban Institute, commissioned Stephen Bell, Ph.D., to develop a policy analysis exploring the use of outcome payment systems to pay for partial employment or employment below the substantial gainful activity (SGA) level (see Appendix D for the Executive Summary). Bell presented his paper to the Panel and also spoke at the EN summit on the concepts developed in his book, *Paying for Results in Vocational Rehabilitation: Will Provider Incentives Work for Ticket to Work?* (Rupp and Bell 2003). The following recommendations draw on the AOI Advisory Group report and are generally consistent with Bell's recommendations.

Recommendations

The Panel recommends that the Commissioner implement a modified payment system consistent with past Panel recommendations and incorporating the guiding principles articulated in the AOI Advisory Group interim report (AOI Advisory Group 2003), as listed below. Although the Panel supports the principles and believes that such the modifications are critical, it refrains from recommending a particular model.

AOI Advisory Group—Guiding Principles

- Recognize the appropriateness of a policy of partial self-sufficiency by rewarding ENs that are able to reduce, as well as eliminate, SSI or SSDI beneficiary dependence on cash assistance programs.
- More equitably share the risk between SSA and the ENs.
- Provide adequate upfront payments to ENs to generate interest in serving ticket holders.

- Provide incentives for serving persons with disabilities who are capable of working part-time, including individuals with disabilities in the four AOI groups identified in the Act.
- Recognize that the initial 9 months of employment are the most intense phase of work supports for individuals with disabilities (particularly for individuals in the AOI target groups) by providing milestones for reaching significant earnings, but at levels less than SGA.
- Provide outcome payments for reaching SGA.
- Provide bonuses for significant earnings above SGA.
- Minimize the difference in total payments between the milestone-outcome and outcome payment schemes.
- Reduce or eliminate the potential conflict of interest between an EN and a beneficiary using Social Security work incentive provisions by basing the outcomes that trigger EN payments on gross earnings, rather than on earnings net of work incentive-related adjustments.
- Allow the EN to recoup lost revenue for unsuccessful efforts through payments for successful participants.⁷
- Enable ENs to leverage other funds to support individuals with disabilities, particularly for beneficiaries in the four AOI target groups noted in the Act.
- Treat SSI and SSDI beneficiaries in a comparable manner to the extent possible, given the current work incentives and benefit levels under the two programs.
- Minimize scenarios where there are no net savings for SSA.
- Provide incentives for individuals to participate by providing bonuses to the individual for reaching specified earnings levels and allowing such bonuses to be placed in Individual Development Accounts or other special accounts earmarked for enabling the individual to develop the financial assets necessary to live independently in the community.

The payment models developed by the AOI Advisory Group (AOI Advisory Group 2003) incorporate the principles listed above. The Panel believes that recommending a particular model would limit SSA's creativity and be overly prescriptive. The Panel also believes that SSA has the resources necessary to analyze in detail the long-term cost effectiveness of these recommendations. It encourages the Commissioner to conduct a thorough review of Bell's work for the Panel, referenced above, in developing a modified payment system designed to improve services to target groups.

⁷ The Panel interprets this to mean that payments to ENs should be large enough to include a reasonable amount for expenses related to failed return-to-work efforts, even though payments are made only for successful return-to-work outcomes.

Issue: EN Payment Claims Administration

Discussion

The financial risk and working capital problems noted above are compounded by two factors associated with the procedure for processing EN claims for payment:

- The long-term tracking of beneficiary earnings.
- Long delays in processing EN claims for payment.

Long-term earnings tracking. SSA's requirement that ENs provide long-term proof of earnings after a Ticket Program client is no longer in cash payment status is highly problematic. Ensuring that beneficiaries submit monthly documentation of earnings is labor intensive and administratively burdensome to ENs. This requirement places a considerable burden on ENs because once beneficiaries are successfully employed they may have little incentive to cooperate with ENs. ENs have reported considerable difficulty obtaining the appropriate earnings documentation from beneficiaries. Moreover, the Panel believes that this type of continued monitoring of earnings by either SSA or the EN after the individual has exited the disability rolls is a violation of the individual's privacy.

Delays in claims processing. Even when ENs are successful in obtaining proof of earnings from beneficiaries, there are often long delays in processing of EN claims for payment. The delays stem from a variety of sources, including EN misunderstanding of the process, missing or inadequate earnings information on beneficiary pay stubs, and the need for SSA to verify and adjust past and current benefits based on the information submitted. ENs have reported waits as long as 120 days to receive payment on a claim (Lewin Group 2003, 86).

Beyond the financial risk the payment model places on ENs, the administrative burden of earnings tracking and long payment delays further dissuade ENs from accepting tickets and discourage prospective ENs from enrolling in the Program. The Ticket Program cannot afford to further depress participation by providers at this critical point in its implementation. The negative impressions and experiences of providers that have quit the program will be difficult to overcome even if improvements are implemented.

SSA recently modified the EN payment claims process. The new process eliminates monthly earnings tracking and, to some extent, the payment delays. Under certain circumstances, an EN need only submit a quarterly statement indicating that the ticket holder's earnings have not declined. SSA will make quarterly payments based on these statements, then retroactively validate them.⁸ The new system reduces the administrative burden on ENs but might impose other costs. For example, ENs will submit payment requests on a quarterly, rather than monthly, basis. The longer wait for payment may cause cash flow problems for some ENs. In addition, ENs must still verify in some manner that beneficiaries maintain their previous levels of work in order to avoid having to repay SSA for inappropriate payments. The methods ENs undertake to do this, and their success, remain to be seen.

⁸ See MAXIMUS (2003b) for details of the new payment process.

Recommendations

The Panel recommends that the Commissioner make the following changes to the EN payment claims process:

- Once a beneficiary has been certified as earning above the SGA level or leaves cash benefit status, the EN should continue to be paid monthly as long as the beneficiary remains in zero benefit status and the EN has not yet received 60 months of outcome payments, or until the beneficiary requests a new EN.
- Refine the EN payment claims processing system to ensure timely payments to ENs. A widely accepted business standard for turnaround time on receivables is 30 days. Setting a goal to return payment in a businesslike timeframe may improve EN participation in the Program.

If the Commissioner adopts a system that pays ENs for initial employment or partial employment (employment at levels that do not reduce benefits to zero), the Panel believes that continued monthly documentation of earnings by the EN or by SSA might be necessary and appropriate. Individuals who are employed and still receiving SSI or SSDI payments have a responsibility to report their earnings to SSA and to allow earnings review through the means currently available to SSA (e.g., via data provided by employers, the Internal Revenue Service, or the Office of Child Support Enforcement).

Issue: Marketing to ENs

Discussion

ENs represent one primary “customer” of the Ticket Program. SSA must successfully market the Ticket Program in order to attract providers willing to act as ENs. The first step in any successful marketing program is to analyze the needs and wants of the customer—in this case, the prospective ENs. It appears that, to date, SSA has conducted only limited research on what it would take to persuade more ENs to actively participate in the Ticket Program. The input SSA has received consistently emphasizes that providers need a greater financial incentive early in the service period to induce them to serve ticket holders. The MAXIMUS staff, responsible for recruiting ENs, notes that because of the payment system the Ticket Program is a “hard sell” to providers (Lewin Group 2003, 44). Despite this consistent finding, no changes have been made to the payment system to respond to provider needs.

SSA recently issued two contracts to support EN marketing and recruitment efforts. One (the Employment Network Review Project) will involve conducting a review and analysis of EN attitudes and experiences, EN needs, barriers to EN participation, and recommendations to remove those barriers. The other (Strategic Marketing Plan and Implementation) will involve the developing and implementing a marketing plan targeting the Program’s primary stakeholders: providers, beneficiaries, and employers. Although these efforts are positive and supported by the Panel, the Panel strongly believes that until fundamental flaws in the payment structure are addressed, packaging and marketing of the Ticket Program will not induce significant numbers of providers to actively participate.

Recommendations

In these early stages of investigating EN marketing and recruitment issues, the Panel recommends that the Commissioner create opportunities for the Panel to—

- Review the work plans and proposed activities under the new marketing projects designed to improve EN participation.
- Engage in a dialogue with the marketing contractors and relevant SSA staff to allow the Panel to provide comment on the activities and deliverables proposed under the projects.

Issue: Marketing to Beneficiaries

Discussion

The Ticket Program—as well as other provisions of the Act intended to make work pay for beneficiaries and to address SSA work incentive provisions in general—are not well understood by the vast majority of beneficiaries or by those who influence their decisions to work. Thousands of social service workers in this country who serve disability beneficiaries accept the idea that a beneficiary who attempts to work will be placed in significant financial jeopardy. While this may be true in many circumstances, the provisions of the Act and other disability program work incentives are explicitly designed to reduce the level of financial jeopardy and fear associated with work. Yet beneficiary understanding and use of these provisions remain extremely low.

While SSA has strived to make information on work incentive provisions more widely available by implementing BPAO grants, to date there has been no large-scale, coordinated marketing or training effort to educate both beneficiaries and the large army of people who advise them on their work decisions. It is unlikely that the Ticket Program or the other employment supports under the Act will succeed in promoting employment among disability beneficiaries until SSA overcomes the negative perceptions, ignorance, and misunderstandings currently associated with beneficiaries' work attempts and the effects of those attempts on benefits.

Lack of beneficiary knowledge about the Ticket Program has negatively affected ENs. Beneficiary misunderstandings have placed a burden on ENs to explain the program in the course of responding to inquiries from beneficiaries and screening candidates. ENs report that beneficiaries believe that tickets may be instantly exchanged for jobs, that ENs are required to accept their tickets, or that ENs are required to provide funding for VR services that the beneficiary wants. Beneficiaries are often surprised to learn that ENs are willing to accept tickets only from individuals who want to earn enough to lose all cash disability benefits (Lewin Group 2003; Livermore 2003). ENs spend considerable time explaining the program and dispelling misconceptions. Many believe that this burden is excessive and that SSA needs to address the issue of beneficiary awareness if it wants to retain ENs in the Program.

The importance of marketing the Ticket Program to beneficiaries is also apparent in light of an emerging issue for ENs in the Phase 1 States, where tickets were initially issued almost two years ago. Phase 1 ENs report that few beneficiaries are currently contacting them for services.

SSA has not yet developed ongoing marketing for the Ticket Program and the other work incentives and supports available to beneficiaries. SSA also cannot target program marketing at beneficiaries most likely to benefit. Without ongoing marketing, the Ticket Program will probably fail to generate enough demand for employment services to entice providers to actively participate as ENs.

Recommendations

SSA recently engaged a contractor to develop and implement a strategic marketing plan for the Ticket Program and other employment supports available to beneficiaries. Consistent with the recommendation for marketing the Program to ENs, the Panel recommends that the Commissioner create opportunities for the Panel to—

- Review the work plans and activities proposed under the Strategic Marketing Plan project for the Ticket Program and other employment supports.
- Engage in a dialogue with the contractor and relevant SSA staff to allow the Panel to provide comment on the activities and deliverables proposed for this project.

The Panel is pleased that SSA is taking action consistent with the Panel's past recommendations that SSA develop a national marketing and public education campaign to explain the employment supports available to beneficiaries, their families, providers, and employers (Ticket to Work and Work Incentives Advisory Panel 2003, 11). The Panel would like to be regularly informed about the progress of these activities.

Issue: EN Training and Communication

Discussion

There is inadequate training, technical assistance (TA), and information available to ENs. MAXIMUS has developed and provided training modules for ENs; but the training materials are insufficient because they only cover the administrative and procedural aspects of EN participation. Existing TA and training resources appear to be inadequate, nonuniform, piecemeal, uncoordinated, and of varying quality. In particular, there are no coordinated means for ENs to share best practices or to obtain information about resources that might assist them in serving beneficiaries.

A number of areas in which ENs appear to lack adequate information and training were noted by participants of the EN Summit (Livermore 2003, 9–10). These include:

- SSA disability program work incentive provisions.
- Ticket Program rules and procedures.
- Developing and operating a successful business plan under the EN payment system and obtaining initial funding to invest in providing Ticket Program services.

- Forming strategic partnerships and accessing complementary resources to serve ticket holders.
- Identifying best practices regarding EN operations, such as screening candidates, educating beneficiaries about the program, forming relationships with employers or other entities, blending funding streams, tracking earnings, and submitting claims for payment.

In addition, ENs currently lack a centralized forum for fostering professional training and developing a collective voice to provide feedback to the Commissioner and Congress about program policies affecting their participation in the Ticket Program.

Recommendations

Recruiting ENs as effective partners in the Ticket Program requires ongoing communication and training between SSA and ENs. The Panel believes it is SSA's responsibility to develop and maintain such communication.

The Panel recommends that it, in partnership with the Commissioner of SSA, convene an initial meeting of key stakeholders to plan a national training and communication conference for ENs. The conference should—

- Allow ENs from across the country to meet face to face with key SSA decision makers to learn firsthand the background of the program, expectations for participants, and detailed program rules and procedures.
- Allow ENs to develop an ongoing working relationship with SSA and the Panel to facilitate input and feedback to improve program operations.
- Function as a training opportunity for ENs, SSA, and other key stakeholders to improve understanding of what works, what doesn't, and what should be tested for successfully serving beneficiaries under the Ticket Program.
- Provide opportunities for training regarding SSA beneficiaries—for example, using information on their personal characteristics, where they live, their work histories, and profiles of SSI recipients as compared to SSDI recipients.
- Explore data collection methodologies and what has been learned from the data thus far.
- Give ENs an opportunity to provide ongoing input on program development, regulatory change, changes in provider incentives, SSA communications with beneficiaries, and other issues.

The Panel further recommends that the Commissioner appoint a working committee to plan this training conference and to develop the overall strategy for bringing together a broad-based coalition of stakeholders to oversee and sponsor this kind of training on an ongoing basis. The Panel should be represented in such a group.

The Panel considers this only one of several activities that might be undertaken to provide training to ENs. The recommendation is in no manner intended to supplant SSA and Ticket Program Manager responsibilities for EN training. The Panel believes that SSA and the Ticket Program Manager have primary responsibility for ongoing training and communication with ENs.

Issue: American Indian VR Program Eligibility for the SSA VR Reimbursement Program

Discussion

States have the primary responsibility for VR programs operating under the Rehabilitation Act of 1973, except in those areas served by section 121 American Indian Vocational Rehabilitation (AIVR) programs. The AIVR programs are funded through a competitive grants process and are not intended to supplant the State VR agencies' responsibility to provide services. Section 121 of the Rehabilitation Act was created to promote and provide funding of VR services for Alaska Natives and American Indians with disabilities in conjunction with State VR funding. In FY 2002, AIVR programs served more than 5,000 individuals with disabilities living on or near reservations (U.S. Department of Education 2003).

The AIVR programs are required by law to provide the same level and quality of VR services and are subject to the same requirements for employment outcomes as the State VR agencies operating the State-Federal VR programs under Title I of the Rehabilitation Act. These tribal VR programs and the State VR programs are both authorized under Title I of the Rehabilitation Act. In keeping with the general requirements of Title I, tribal members who are beneficiaries of SSDI or recipients of SSI disability benefits are presumed eligible for tribal VR services offered by section 121 tribal programs.

The job placement rate for the AIVR programs was 64 percent in 2002 (Rehabilitative Services Administration 2003) and is comparable to that of State VR agencies. This represents a very successful placement rate, given the extremely high levels of unemployment in most reservation-based communities and the economic conditions on or near most reservations.

Under the Ticket Program, VR programs operated by Tribal Nations are subject to different rules than State VR agency programs. Although both are governed by Title I of the Rehabilitation Act and are subject to the same compliance standards enforced by the Rehabilitation Services Administration (RSA) and the Code of Federal Regulations, AIVR programs are not exempt from the EN application process, as are State VR agencies, and are not permitted to participate in the traditional SSA VR Reimbursement Program.

Given the competitive nature of the section 121 program, AIVR programs often experience lapses in funding during competition cycles. With each grant cycle, a number of needed and deserving tribally endorsed programs are not funded because of the limited Federal funding of the overall program. Consequently, many section 121 programs have stated that they do not have the resources to participate in the Ticket Program exclusively as ENs, because they would often be required to wait upwards of 12 to 24 months before receiving any outcome payments.

Recommendations

Congress should amend the statute to permit AIVR programs operating under section 121 of the Rehabilitation Act to participate in the Ticket Program in a manner equivalent to State VR agencies, that is, be exempt from the EN application process and be subject to the same reimbursement rules.

Although extending the option of traditional SSA VR reimbursement to AIVR programs authorized under section 121 of the Rehabilitation Act would require a statutory change, there are several potential benefits:

- These programs represent VR service systems housed in 69 tribal government agencies serving more than 5,000 individuals a year, approximately 40 percent of whom are on SSI/SSDI. As a grant program with limited funding under the Rehabilitation Act, the section 121 AIVR programs have very limited resources to provide services to Native Americans with disabilities who live on or near Federal reservations. Providing the AIVR programs access to SSA's traditional VR Reimbursement Program would offer additional and earlier resources to expand outreach and increase the impact of the Ticket Program earlier, in lieu of waiting for outcome payments as an EN.
- Increased program income earned by the traditional SSA VR Reimbursement option could serve as capitalization for AIVR programs to operate as ENs and potentially expand the network of tribal providers.
- Allowing AIVR programs to participate in the traditional VR Reimbursement Program would encourage them to build effective models of collaboration with other ENs in their areas. Most AIVR programs are in remote, rural areas and must rely on partner agencies to provide an appropriate array of services. Partnering with ENs in the region will assist AIVR programs in ensuring the long-term employment success of the Native American customers they would serve under SSA's traditional VR Reimbursement, and provide other ENs with access to Native American SSI and SSDI beneficiaries who live on or near reservations.

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APPENDIX A. TICKET TO WORK AND WORK INCENTIVES ADVISORY PANEL MEMBERS

Twelve individuals serve on the Panel: four appointed by the President, four by the Senate and four by the House of Representatives. The appointees represent a cross-section of experience and expert knowledge as recipients, providers, veterans, employers and employees in the fields of employment services, vocational rehabilitation and other disability-related support services. Most are individuals with disabilities or their representatives. Several have personal experience as beneficiaries of Social Security. Current Panel members include:

Katie Beckett, 25 years old and in college in Iowa, has been an advocate all her life. She has traveled extensively to Washington, DC to speak before policymakers about children with special health care needs. She is a co-founder of Kids as Self-Advocates (KASA) and former co-chair of the KASA Board. The Senate appointed her for a 4-year term ending in 2006.

Libby Child was a Manager at Integrated Disability Management Services for Steelcase, Inc. for 25 years before resigning in December 2002 to pursue consulting, teaching and writing endeavors. She was responsible for the fully integrated claims system, where workers' compensation, short-term and long-term disability, permanent and total disability and compliance with the Family Medical Leave Act is fully coordinated and managed within Steelcase Inc. Since 1990, Ms. Child has lectured extensively throughout the United States on the topics of workers' compensation and integrated disability management and continues to serve on many disability related boards, commissions and councils nationally and in the state of Michigan. She resides in Grand Rapids, MI. The President appointed her to a 4-year term ending in 2006.

Berthy De la Rosa-Aponte is State Project Director for the Florida Family Support Project, a Project of National Significance funded by the Administration on Developmental Disabilities at the Department of Health and Human Services. She holds a Masters of Arts Degree and has been an advocate for individuals with disabilities for over 20 years. Her youngest daughter has developmental disabilities. She has served on numerous boards and committees as an advocate for the rights of people with disabilities and received several awards for her contributions. The House appointed her to a 4-year term ending in 2007.

Thomas P. Golden is on faculty with the Program on Employment and Disability in the School of Industrial and Labor Relations at Cornell University in Ithaca, NY. Since joining the faculty in 1991 he has directed several national initiatives focusing on training, technical assistance, and organizational development related to work incentives, transition systems change and employment for people with disabilities. He was recently accepted into membership with the National Academy on Social Insurance and is a member of the Adequacy of Incentives Advisory Work Group established by the Social Security Administration. He was originally appointed by the President for a two-year term. The Senate has re-appointed him to finish a 4-year term ending in 2004.

Frances Gracechild is the Executive Director of Resources for Independent Living, Inc. in Sacramento, CA. She also serves as an instructor at California State University at Sacramento

and the president of Health Access of California. She was re-appointed by the House of Representatives to a 4-year term ending in 2006.

Andrew J. Imparato, President, CEO, American Association of People With Disabilities (AAPD). Andy has extensive experience in public policy work on behalf of people with disabilities. He has served as General Counsel and Director of Policy with the National Council on Disability, as attorney-advisor to Commissioner Paul Steven Miller at the U.S. Equal Employment Opportunity Commission, and as Counsel to the U.S. Senate Sub-committee on Disability Policy, chaired by Senator Tom Harkin of Iowa. He graduated with distinction from Stanford Law School and received his undergraduate degree summa cum laude from Yale. He is a member of the Massachusetts Bar Association. He was appointed as President and CEO of AAPD in November of 1999. He is nationally known as a speaker and author on disability issues particularly for his work to dispel myths about people with mental illness.

Jerome Kleckley, M.S.W., C.S.W. is the Director of Hospital Services for the Eastern Paralyzed Veterans Association, Jackson Heights, NY. As a Navy veteran, he has been actively involved in veterans' issues, serving as an advocate for veterans with disabilities. The House appointed him to serve a 4-year term ending in 2004.

Bryon R. MacDonald is the Project and Policy Development Manager of the California Work Incentives Initiative (CWII) at the World Institute on Disability in Oakland, CA. CWII combines community based public policy development with health and benefits training, technical assistance and web site applications. He provides state and national consulting, training, and leadership on employment support, health care, and benefits planning programs for persons with disabilities. The President appointed him to serve a 4-year term ending in 2004.

David Miller is responsible for the overall strategic planning and policy development for human service programs at Communication Services for the Deaf in Sioux Falls, SD. Mr. Miller was formally the South Dakota State Director of Rehabilitation Services and was responsible for the administration of vocational rehabilitation, independent living, personal attendant and disability determination services throughout the state of South Dakota. Mr. Miller holds a masters degree in rehabilitation counseling and has over 29 years of leadership experience in the development and management of large public and private disability programs. He was appointed by the Senate to a 4-year term ending in 2006.

Sarah Wiggins Mitchell, R.N., M.S.W., J.D., is the President and Executive Director of New Jersey Protection and Advocacy, Inc. She is a member of the bar in New Jersey and Pennsylvania and has a background in nursing and social work. The President appointed her to chair the Panel for a 4-year term ending in 2004.

Stephen L. Start is Chief Executive Officer of Steve Start Inc. in Spokane, WA, a company that provides professional management, rehabilitation, and residential services for people with disabilities, seniors, and economically disadvantaged individuals. The House appointed him to serve a 4-year term ending in 2004.

Torrey Westrom lost his eyesight in a farm-related car accident in 1987, at age 14. He graduated from Bemidji State University in 1995 with a B.A. in political science and a minor in

business administration. In 1996 he was elected to the Minnesota House of Representatives and became Minnesota's first elected blind state representative. He was re-elected to his fourth term in November 2002 and continues to work on policy issues ranging from training/employment opportunities for persons with disabilities to transportation and agriculture issues. Additionally he operates a small real estate management business. He was appointed by the President to a 4-year term ending in 2006.

APPENDIX B. THE TICKET TO WORK PROGRAM - MARKETING STRATEGIES AND TECHNIQUES TO ENHANCE IMPLEMENTATION

(EXECUTIVE SUMMARY)

The purpose of this paper is to provide a comprehensive review and critique of the marketing strategies best suited to expanding participation in the Ticket to Work Program by Ticket holders and increasing the number and diversity of Employment Networks. Direct mail, web based outreach, targeted marketing to selected opinion makers (such as disability physicians, private rehabilitation counselors, or family members), specialized media outlets, and a number of other marketing strategies will be critiqued and analyzed as a way to reach beneficiaries and ENs. The emphasis will be on cost efficient strategies to maximize the greatest utilization of the Ticket.

The two main marketing issues related to ENs are 1) there are not enough quality ENs and 2) the ENs in place are not taking Tickets and making a sufficient number of placements. Marketing considerations for ENs must expand the base of existing ENs to include the business community. EN partnerships are needed among the rehabilitation and business community, and marketing strategies that reach business and that encourage partnerships are needed. The main marketing issue for reaching beneficiaries of Social Security Disability benefits who are current or potential Ticket holders is recognizing that at its very core, marketing the Ticket to Work involves marketing employment first. Marketing considerations for beneficiaries must recognize and address the employment-related fears, interests and support needs of Ticket recipients.

Marketing strategies recommended for expanding participation by beneficiaries and ENs in the Ticket to Work program that are discussed in detail in this paper include:

1. Create a major Marketing initiative within the Ticket to Work program that would implement model demonstration programs, targeted marketing, business recruitment coordination, and evaluation of outcome. Enlist the assistance of marketing specialists to help package and coordinate the Marketing initiative.
2. Utilize existing resources that are working closely with the business community. For example, there are current initiatives in place with the National Chamber of Commerce and with Business Leadership Networks that could incorporate efforts to expand enrollment of businesses as ENs.
3. In segmenting the market of Ticket holders, work closely with minority communities, especially African Americans and Hispanic American communities, to market the Ticket to Work program as a way to enter the nation's labor force by using the appropriate Chamber of Commerce entities and also selected based organizations.
4. Promote use of the Small Business Administration and business trade associations such as the Society for Human Resource Management, and National Federation of Independent Business as a way to promote the Ticket.
5. Establish Model Demonstration projects that show the power of private sector entities serving as ENs in the Ticket to Work program.

6. Establish Model Demonstration projects would show the power of blending ENs from the private sector and public sector.
7. Invest heavily in a Ticket to Work Internet site that is linked to at least 20 major business and trade associations, both nationally and in each state where the Ticket program has been established.
8. Meet with at least 100 Fortune 1000 or larger corporations who would be willing to consider being an EN in high-density Ticket areas of the United States.
9. Target specific Ticket holders for targeted marketing to include email, direct mail, and use of radio and television in neighborhood communities where these beneficiaries live.
10. Establish partnerships at the community level that combine information on Benefits Planning, EN options, work-related supports, and the Ticket to Work in outreach efforts to beneficiaries.
11. Fund demonstration efforts that test different partnership arrangements to determine how best to conduct outreach on the Ticket to Work to people who, for example, are experiencing different primary disabilities, are youth/young adults transitioning from secondary and post secondary education and training settings, and/or are from different ethnic backgrounds.
12. Establish a national Technical Assistance program that would collect and disseminate information on promising practices in establishing EN partnership arrangements and marketing the Ticket to Work to beneficiaries and that would also provide direct technical assistance in the areas of marketing to ENs and marketing to beneficiaries.
13. Require that any EN who is marketing its services on an interstate basis offer a Toll-free telephone line for use by Ticket holders.
14. Cultivate the Project with Industry programs and One Stop Centers as key community hubs for outreach to Ticket holders and linkages to ENs (including employers), particularly those One Stops that have the newly established Program Navigator positions. Projects with Industry is a large established program in Vocational Rehabilitation where there are already large employer networks established. Maximize the use of the Office of Disability Employment Policy and the Employment and Training Administration within the Department of Labor to promote marketing of the Ticket through the One Stops.
15. Provide research and evaluation for marketing efforts and optimal market segmentation for appropriate Ticket holders to be targeted for marketing activities.

APPENDIX C. AN EVOLVING PARTNERSHIP - THE ROLE OF THE STATE VOCATIONAL REHABILITATION AGENCIES IN THE IMPLEMENTATION OF THE TICKET TO WORK PROGRAM

(EXECUTIVE SUMMARY)

The role of State Vocational Rehabilitation Agencies (SVRAs) in the implementation of the Ticket to Work (TTW) has been controversial since the program was first authorized in the Ticket to Work and Work Incentive Improvement Act (TWWIIA) (P.L. 106-170) in 1999. At times there seem to be conflicting aims for the effect of this new program on the existing and future activities of SVRAs. This conflict of purpose has made implementation of TTW by SVRAs extremely challenging.

TWWIIA made SVRAs critical to the overall implementation of TTW and have a unique role in the program. They are the only entity that can provide services to SSA beneficiaries under a traditional Social Security Administration (SSA) VR Cost Reimbursement payment mechanism, a program that has been in place for over 20 years and has grown significantly in the recent past. SVRAs are also unique in that they have a legislative responsibility to provide services to all eligible beneficiaries under their current authorizing legislation, Title I of the Rehabilitation Act. Finally, SVRAs are able to use existing Title I monies, coupled with funds from other sources, to serve beneficiaries, while simultaneously receiving funds from SSA to reimburse the SVRA for the same services it is obligated to provide under Title I.

At the same time, the TTW program appears to have been created in large part to establish an alternative to the SVRAs for SSA beneficiaries seeking employment supports as they attempt to return to work. The legislation attempts to enhance consumer choice and independence by allowing beneficiaries to choose from an array of available providers that compete freely for the opportunity to receive the individual's Ticket and provide employment services. In implementing the TTW program, SSA has devoted significant resources attempting to entice non-traditional employment service providers to participate in the program and provide previously unavailable services to beneficiaries.

Many SVRAs feel that they have been unjustly blamed for the unsuccessful employment outcomes of SSA beneficiaries, and unfairly criticized for their role in initial implementation of TTW. This sentiment is best expressed as follows. VR is not responsible for the successful implementation of TTW. SSA is responsible for the program's success. SSA developed the program regulations and implementation guidelines. The SVRAs are following those guidelines, implementing the program in good faith, and yet are criticized when the program fails to meet its objectives of expanding the universe of providers providing employment services to SSA beneficiaries and increasing beneficiary choice and control of employment services and support.

Most SVRAs view the TTW program as a direct threat to their economic viability. As stated previously, the SSA VR cost reimbursement program accounts for approximately 5% of the SVRAs' client services budget. They feel the intent of the program is to divert these funds to

non-VR entities, thereby decreasing their ability to meet the needs of individuals with disabilities applying for their services. Many of their actions are designed to minimize competition for those funds by restricting the number of ENs and maximizing the percentage of beneficiaries assigning Tickets to the SVRA.

SVRAs also feel that TTW has created a considerable administrative burden on them. Explaining the program to beneficiaries, contact existing clients to solicit Ticket assignment, explaining the program to beneficiaries applying to VR for the first time, interacting with the PM, and documenting earnings for individuals served under the EN payment option all require considerable resources that the SVRA has not had to previously expend.

The critics of the SVRAs feel that the agencies have never fully embraced the Ticket program. According to these critics the SVRAs viewed TTW as a direct threat to their existing service “monopoly” and have taken aggressive and sometimes unfair steps to minimize competition from ENs and maximize the number of Tickets assigned to SVRAs, thereby thwarting the main purpose of the TTW program. SVRAs have developed VR EN agreements that make it economically unviable for many agencies to actively participate as ENs. Current program guidelines enable SVRAs to assign an individual’s Ticket to the agency without his or her informed consent.

The TTW program is still in the early stages of implementation. Many of the concerns expressed above are vitally important and demand immediate attention. Others may represent anecdotal information that should be more fully investigated before significant changes are made to the program. However, enough is currently known to offer a set of recommendations to improve the ability of SVRAs to assist SSA and Congress in the implementation of the TTW program, while simultaneously ensuring that the rights and opportunities of beneficiaries and ENs are fully guaranteed during all phases of implementation. To this end, ten recommendations are offered.

Recommendation 1: Allow the SVRA Cost Reimbursement Program to carry on as a parallel program with the EN Outcome or Outcome-Milestone payment approaches.

Recommendation #2 – Regulations should be modified to ensure that an EN is able to accept Ticket assignment from a beneficiary, refer that individual to the SVRA for needed services, and not be required to reimburse the SVRA for those services.

Recommendation #3 - SSA should conduct a thorough outcome evaluation of the current SSA VR Reimbursement Program to (1) document the program’s long-term impact on beneficiaries’ earnings and employment status, and (2) analyze the net fiscal impact of the program on SSA.

Recommendation #4 - SSA, in collaboration with the RSA and the Council of State Administrators of Vocational Rehabilitation (CSAVR), should examine how SVRAs use the funds they receive through the SSA VR Reimbursement Program.

Recommendation #5 - SSA VR Reimbursement Program payments to SVRAs should be used exclusively to support direct employment services to beneficiaries.

Recommendation #6 - SSA should rescind current guidance to states regarding new cases contained in Transmittal 17. New policies should be implemented that protect beneficiaries' right to informed choice in the selection of an EN and Ticket assignment.

Recommendation #7 - SSA should make every effort to reduce the administrative burdens placed on SVRAs that reduce program efficiency and increase program cost.

Recommendation #8 - SSA should work collaboratively with RSA to provide coordinated guidance on implementation of both TWWIA and the Rehabilitation Act.

Recommendation #9 - SSA should consider legislative and regulatory refinements to the TTW that will balance risks and opportunities among SVRAs, ENs and other public and private programs in a way that will expand beneficiary access to services.

Despite initial skepticism on the part of some SVRAs regarding the extent to which the TTW program will enable large numbers of beneficiaries to obtain employment and lessen their dependence on Federal benefits, most SVRAs in the Round 1 and Round 2 rollout states are actively involved in TTW implementation and the program has had a number of positive impacts on the agencies. Many SVRAs have focused considerable resources to make certain that they are able to meet the needs of SSA beneficiaries. They have identified beneficiaries on their caseloads and explained the program to them. They have increased their emphasis on post-employment services, a practice that is likely to increase employment retention among beneficiaries, regardless of their Ticket outcome. They have identified a need to know and understand the impact of work and use of work incentives on an individual's benefits status and health care coverage. A small number of states are beginning to explore approaches that would promote collaboration, as opposed to competition, among SVRAs and EN. Working collaboratively, SSA could encourage further changes in the TTW program that will help SVRAs fulfill the goals of the TTW program, while simultaneously enabling SVRAs to meet their own objectives.

APPENDIX D. CREATING FINANCIAL INCENTIVES TO SERVE PARTIAL BENEFIT RECIPIENTS IN THE TICKET TO WORK PROGRAM

(EXECUTIVE SUMMARY)

The Social Security Administration’s most recent employment initiative for people with disabilities, the Ticket to Work program, creates incentives for employment service providers (called “employment networks,” or ENs), including state vocational rehabilitation (VR) agencies, to serve individuals receiving federal income support who have the potential to leave cash assistance through increased earnings. Recipients perceived as unlikely to leave the Supplemental Security Income (SSI) program might not be served, however, even when able to benefit from Ticket services and reduce—but not eliminate—their cash benefits. At present, recipients are required to leave cash assistance entirely before most provider reimbursement can take place. Concerns have arisen about this gap in incentives to serve less-employable SSI recipients, along with calls to reform the Ticket program by adding payments for partial benefit reductions, consistent with the priority given to hard-to-serve individuals in the Ticket legislation.

This paper examines the rationale for expanding reimbursement to ENs that serve partial benefit recipients. Specifically, it considers reforms that add to the payments already issued on behalf of working recipients (by Ticket’s “milestone-outcome” reimbursement component, which pays for only higher-earning SSI recipients and for at most 12 months) to provide more universal, long-term incentives. It concludes that:

- The arguments for making long-term payments to ENs that help partial benefit recipients succeed in work substantially outweigh the drawbacks of such a reform (Section 1: pages 6 through 18).
- The design of new partial benefit reduction payments requires specification of a number of interrelated, complex rules that together determine eligibility for and amounts of the EN reimbursement provided (Section 2: pages 18 through 22).
- The expected economic incentives of different partial benefit payment plans, along with Ticket to Work’s overall policy goals, define better and worse options in each area where rules must be set (Section 3: pages 22 through 28).
- Examining different combinations of design features to see how they might work together leads to the identification of a number of constraints and possible steps toward an attractive overall design (Section 4: pages 28 through 38). This analysis, and its extension to more practical aspects of program implementation (Section 5: pages 38 through 44) determine that:
 1. A number of the goals of payment plans that promote services to partial benefit recipients (and of the Ticket program generally) are at odds with one another.

2. A good compromise among goals puts protection of the Social Security Administration (SSA) budget and incentives for ENs to keep serving partial benefit recipients for as long as they can benefit ahead of other goals.
3. One such payment plan with the potential to appeal to providers and prompt services to some of the hardest-to-serve SSI recipients would:
 - Condition monthly payments to providers serving partial benefit recipients on the gain in SSI countable earnings accomplished since the month of ticket assignment
 - Pay providers a monthly dollar amount equal to 40 percent of the implied SSI benefit reduction stemming from the countable earnings gain since the month of assignment, with some exceptions
 - Pay *more* than 40 percent of the implied benefit reduction for those making the smallest earnings gains to encourage services to the hardest-to-employ partial benefit recipients, but less than 100 percent
 - Pay *less* than 40 percent of the implied benefit reduction for recipients approaching benefit exit, to assure that no EN ever earns more in stopping short of that goal for a given client than in assisting her or him to leave benefits entirely
 - Make the rules applicable to all partial benefit recipients, including those who received full benefits at the outset because they did not work but who have since begun to do so
 - Allow providers to move from partial benefit reimbursement to “outcome only” exit-based reimbursement in months following exit
 - Cap lifetime payments issued on behalf of a single partial benefit client to the dollar cap on current participants in the outcomes-only payment approach....or not at all
 - Explain the payment system’s features to each of Ticket’s three constituencies (recipients, providers, and SSA administrators) by (i) covering only what each individual group needs to understand to properly carry out its part and (ii) relating the new rules to what providers and SSA administrators are already dealing with in implementing the “milestone-outcome” payment system.

The top challenges in refining and implementing this payment system are (i) setting reimbursement terms that are sufficiently profitable that ENs want to serve this new target population and (ii) making the plan administratively feasible at SSA and comprehensible enough to other actors in the system—ENs, recipients, and advocates—to both gain their trust and allow them to participate fully. Interestingly, these also represent the two main challenges still facing the broader Ticket program.

The suggested design is offered as a starting point for future debate on the best way to reform Ticket to Work to reach the more difficult-to-serve recipients who may depend on partial SSI benefits for a considerable time. These are individuals who, like benefit exiters, can contribute to Ticket’s social goals of increased earnings and reduced fiscal burdens if given the opportunity to access program services through expanded provider incentives. Suggested

priorities for additional analysis that would help accomplish this goal appear at the end of the paper (Section 6: pages 43 through 45).

APPENDIX E: EN SUMMIT PROCEEDINGS

(EXECUTIVE SUMMARY)

As of May 2003, approximately 800 providers authorized as Employment Networks (ENs) were participating in the Ticket to Work (TTW) program; however, just over 200 were accepting Tickets. The limited participation of service providers is related to the payment system, the complexity and administrative burden of the program, and a lack of knowledge on the part of providers about how to operate successfully under the program.

To address the limited participation of service providers in TTW, the Ticket to Work and Work Incentives Advisory Panel (the Panel) convened an EN Summit in Washington, DC on May 22 and 23, 2003. The purpose of the Summit was to provide a forum for providers, consumers, and experts from government and academia to explore the challenges faced by ENs and to develop recommendations for enhancing provider participation in TTW. The primary goal of the Summit was to develop specific recommendations that would lead to an increase in the recruitment and active participation of a national array of qualified, skilled, diverse, and committed ENs to support TTW.

Summit participants were divided into five work groups to focus on five topic areas: finance and payment; technical assistance (TA) and training; marketing and collaborative relationships; operating a successful EN; and recruiting non-traditional ENs and expanding EN capacity. While the individual work groups focused on developing recommendations related to a specific topic area, there was a general consensus across all groups that the most critical areas in need of improvement were related to: modifying the payment system to make it more lucrative for ENs; reducing the administrative requirements associated with EN claims for payment; establishing the means for identifying and sharing best practices; and providing TA and training to ENs to give them the tools and information necessary to operate successfully under TTW.

The major recommendations developed by the work groups for improving provider participation in TTW include the following:⁹

Modify the EN payment system: Recommendations offered for modifying the EN payment system include the following:

- shorten the length of the payment period and provide larger payments early in the payment period, including an initial payment at job placement;
- base payments on an average of Supplemental Security Income and Social Security Disability Insurance benefit levels, rather than having a separate payment calculation base for each program;
- reduce the difference in total payments between the milestone-outcome and outcome-only payment systems;
- provide payments for partial success, as defined as earnings at a point or points less than necessary to reduce program benefits to zero;

⁹ A number of additional, secondary recommendations were also developed by the work groups and are presented in the body of the report.

- honor payments to ENs in cases where beneficiaries are determined to be in overpayment status after Ticket assignment; and
- allow providers to choose between the outcome and milestone-outcome payment systems on a case-by-case basis.

Conduct a study of EN capitalization sources. Such a study would include:

- an exploratory analysis of existing potential sources of EN capitalization;
- demonstrations of the most promising capitalization models to test their effectiveness, and comparisons of the demonstration sites to comparable EN sites operating without the capitalization intervention;
- packaging and disseminating the study findings in manner that will be of immediate and practical utility to ENs or potential ENs seeking capitalization funding; and
- developing the means for SSA to continue to foster collaborative relationships with the organizations and entities identified in the study.

Establish a system of technical assistance (TA) and training for ENs. Such a system would:

- be guided by a national leadership forum made up of representatives from all Federal agencies affected by and involved in TTW;
- develop and deliver a core curriculum on the supply-side aspect of TTW;
- seek to expand EN awareness of and offer referrals to new and existing sources of decentralized support; and
- be monitored for quality, and its impact on ENs and the success of TTW would be periodically assessed.

Conduct an EN needs assessment. As part of the effort to establish a TA and training system for ENs, SSA would initially fund a needs assessment that would identify the types of resources and materials required by ENs.

Establish an EN consortium. An EN membership association, or a coalition of professional organizations that represent ENs, should be formed to address the need for ENs to have a collective voice in setting program policies, and to provide a mechanism for sharing information.

Enhance beneficiary knowledge through expansion of benefits advisement resources. SSA, in conjunction with Federal partners, should support the expansion of the number and quality of benefits advisement outlets. The concept of “benefits advisement outlets” goes beyond the current activities conducted by BPAOs to include peer-to-peer consultation and the involvement of other local entities that act in advisory or information resource capacities to beneficiaries. An expansion of benefit advisement resources would include expansions in the number of the BPAO benefit specialists, but would also include activities to expand the number of non-BPAO benefit advisement outlets. SSA would provide the means for non-BPAO entities to access appropriate training and ongoing TA to ensure high-quality benefit advisement activities.

Develop TTW marketing resources and materials. SSA should support the conduct of greater TTW marketing and educational activities. Such activities might include public service

announcements or beneficiary newsletters developed by SSA, as well as SSA grants to organizations to conduct beneficiary outreach and education on TTW at a regional level. These grants would fund organizations to: develop marketing strategies and tools in collaboration with state and local partners; develop strategies for joint marketing activities among local ENs and other partners; provide information to beneficiaries about TTW, as well as other local resources; and to identify and disseminate information about successful models and best practices with respect to marketing to beneficiaries and screening for appropriate candidates.

Assess policies related to state VR agency reimbursement and relationships with ENs. Specific recommendations include:

- exploring possibilities for allowing beneficiaries to use state VR services under a cost-reimbursement system, then subsequently permit use of the Ticket with an EN;
- implementing guidelines to govern VR/EN agreements to promote equitable, long-term financial joint ventures with shared risk and responsibility; and
- assessing the policies articulated in the Transmittal 17 amendment to SSA’s VR Provider Handbook, particularly those related to the requirements of Ticket assignments to VR agencies. SSA should ensure that the policies protect a beneficiary’s right to informed choice. Procedures should be revised so that an individual will not have his or her Ticket assigned to a State VR agency without his or her knowledge and consent.

Simplify EN earnings reporting and payment requirements. SSA should simplify the earnings reporting requirements by:

- not requiring ENs to continue reporting earnings once a beneficiary attains zero cash benefit status;
- developing and applying rules for basing EN payments, after benefits have been reduced to zero, on estimates of beneficiary work activity;
- developing the means for SSA to utilize existing sources of data on earnings for purposes of EN payment, and thereby accepting more of the burden of proof of earnings; and
- developing methods for expedited full or partial EN payments based on presumptive eligibility, with retroactive verification of payment eligibility.

Assess and revise SSA employment-related policies and procedures. SSA should undertake a comprehensive assessment of the employment-related policies and procedures governing the disability programs. Specific modifications resulting from such an assessment might include:

- eliminating the “double reporting” requirement that beneficiaries must report earnings to both the EN and to SSA;
- developing a uniform definition of earnings for purposes of continuing eligibility for both the SSI and DI programs; and
- implementing procedures to process earnings timely and minimize the incidence of beneficiary overpayments.

SSA should convene a task force to address post-entitlement issues in a manner that takes into consideration the whole system supporting return to work. The task force would identify the major issues, develop and implement solutions, and be accountable for reporting on the progress of the initiative and impacts of the modifications. SSA should convince Congress to appropriate the needed administrative funds to this activity by demonstrating that the administrative costs associated with an overhaul of the system would be more than offset by the expected reductions in benefit overpayments if the initiative is successful.

Develop case status tracking software for ENs. SSA should fund the development of a case tracking software that can be used by ENs to administer TTW and make it available to ENs free of charge. The software would be designed to assist ENs in all of the administrative functions required of TTW, such as Ticket assignments, earnings tracking, payment requests, form generation, and the monitoring of pending actions.

Identify models/best practices and conduct demonstrations. SSA should create a series of pilots, with the purpose of demonstrating how strategic alliances and various service models can be successful and identifying and developing best practices. While successful models might develop on their own over time, SSA support of model pilots will “jump-start” the establishment of best practices.

Change TTW rules and regulations to promote participation by alternative ENs. TTW rules should be amended to:

- simplify EN earnings reporting procedures;
- improve the EN payment system by clarifying funding stream relationships and increasing payment to encourage EN participation;
- simplify and customize the EN RFP and application process;
- establish a dispute resolution process for ENs to protect their investments in beneficiaries;
- address Tribal Nation sovereignty issues; and
- permit participation by Federal entities.