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Ticket to Work at the Crossroads: A Solid Foundation with an Uncertain Future

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ACRONYMS

The following acronyms are used throughout this report.

ADL	Activities of Daily Living
AOI	Adequacy of Incentives
AWIC	Area Work Incentives Coordinator
BMI	Body Mass Index
BPAO	Benefits Planning Assistance and Outreach Program
CAPI	Computer-Assisted Personal Interview
CATI	Computer-Assisted Telephone Interview
CESSI	Cherry Engineering Support Systems, Inc.
CPI-W	Consumer Price Index for Urban Wage Earners and Clerical Workers
CDR	Continuing Disability Review
COPP	Certification Outcomes Payment Process
CWOSS	Comprehensive Work Opportunities Support System
DCF	Disability Control File
DDS	Disability Determination Service
EN	Employment Network

EPE	Extended Period of Eligibility
ESR	Employment Support Representative
EXR	Expedited Reinstatement
FPL	Federal Poverty Level
IADL	Instrumental Activities of Daily Living
IDMS	Integrated Disability Management System
IPE	Individualized Plan for Employment
IRWE	Impairment Related Work Expenses
IWP	Individual Work Plan
LDW	Left Due to Work
MIE	Medical Improvement Expected (as determined by SSA)
NBS	National Beneficiary Survey
NPRM	Notice of Proposed Rule Making
OESP	Office of Employment Support Programs
ORDP	Office of Retirement and Disability Policy
OSM	Operations Support Manager
PABSS	Protection and Advocacy for Beneficiaries of Social Security Program
PASS	Plan to Achieve Self Support
PIA	Primary Insurance Amount
PM	Program Manager
PMRO	Program Manager for Recruitment and Outreach
PSU	Primary Sampling Unit
RSA	Rehabilitation Services Administration
RTC	Regional Ticket Coordinator
SER	Summary Earnings Record

SGA	Substantial Gainful Activity
SRBI	Schulman, Ronca and Bucuvalas, Inc.
SSA	Social Security Administration
SSDI	Social Security Disability Insurance (under Title II of the Social Security Act)
SSI	Supplemental Security Income (Title XVI of the Social Security Act)
SVRA	State Vocational Rehabilitation Agency
TRF	Ticket Research File
TTW	Ticket to Work
TWP	Trial Work Period
VR	Vocational Rehabilitation
VRRMS	Vocational Rehabilitation Reimbursement Management System
WIL	Work Incentive Liaison
WIPA	Work Incentives Planning and Assistance
WISE	Work Incentive Seminar Events

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EXECUTIVE SUMMARY

The Ticket to Work and Self-Sufficiency program (TTW) was designed to enhance the market for services that help disability beneficiaries successfully enter the workforce. Toward that end, the program tries to increase the choices beneficiaries have for obtaining services and gives employment-support service providers new financial incentives to assist beneficiaries effectively. It also modifies the rules for the Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs in order to give beneficiaries stronger incentives to participate.

The goal of creating a vibrant market that could meet the heterogeneous return-to-work service needs of beneficiaries was an ambitious one. To create this market, the Social Security Administration (SSA) needed to build an infrastructure to coordinate Tickets and incentives available to approximately 10 million SSDI and SSI beneficiaries at any given time. The agency also had to stimulate beneficiary return-to-work efforts—an enormous challenge, given that all beneficiaries became eligible for benefits only after SSA had determined that they were not able to participate in substantial gainful activity.

Nonetheless, SSA succeeded in building momentum for TTW from the start. The agency mailed more than 11 million Tickets to eligible disability beneficiaries by the end of the program's rollout in September 2004. It also implemented new SSDI and SSI program rules that allow beneficiaries to attempt to work without fear that such efforts will trigger a review of their medical eligibility for disability benefits. Finally, SSA and its TTW Program Manager enrolled a group of providers—including all state vocational rehabilitation agencies (SVRAs) and more than 1,300 service providers, or employment networks (ENs)—that offer beneficiaries a new mix of both providers and services from which to choose.

Establishing these core elements was a major accomplishment, yet the TTW market has not flourished. Beneficiary participation rates have remained stubbornly low, especially relative to the work expectations of beneficiaries and the performance targets in the authorizing legislation. As of December 2005, the participation rate in the 13 Phase 1 states had reached 1.8 percent even though National Beneficiary Survey (NBS) results indicate that 16 percent of beneficiaries would like to earn their way off the program rolls within five years. Also, an analysis of TTW payment data suggests that the program is still far from

increasing permanent exits for work by half a percentage point, a mark cited in the Ticket Act.

Furthermore, the nature of the employment service market for beneficiaries does not appear to have changed very much since the pre-TTW period. The vast majority of Tickets have been assigned to SVRAs under the traditional payment system (88 percent as of December 2005), which is essentially the system that was available before TTW was introduced. In addition, only a third of ENs had accepted any Tickets at all, and the evidence, as of early 2007, indicated that both ENs and SVRAs were losing interest in serving beneficiaries under the new payment systems. At that time, it was difficult to recruit ENs, and many allowed their contract with SSA to expire in spring 2007. Waning interest appeared to reflect provider concern about several program features, including (1) the substantial financial risk for ENs, (2) administrative procedures viewed by ENs and SVRAs as excessively burdensome, and (3) a lack of incentives for beneficiaries who become gainfully employed to supply their service providers with earnings documentation that would enable the providers to submit payment claims over extended periods.

Despite the rather anemic TTW market, there is reason for some optimism. In particular, we estimate that TTW slightly increased beneficiary enrollment in employment service programs during its first two years (i.e., through 2003), particularly among ENs. While increased enrollment in employment service programs is a step in the right direction, any resulting effects on beneficiary earnings and benefits were too small to be detected in these years. Furthermore, data on SSDI or SSI suspensions and terminations due to work through 2004 make it clear that any early impacts on benefit receipt had to be very small at best. Nevertheless, effects for 2005 and later might be larger. Payment data show that it can take months or even years for some beneficiaries to earn enough income to generate Ticket payments and, as noted above, survey data show that many participants in 2003 expected to earn enough to leave the rolls. Participation rates continue to rise, and many nonparticipants say that they plan to assign their Tickets. However, the number of participants and/or the proportion of months in which benefits are suspended or terminated because of work would have to rise well above 2004 levels before TTW increases program exits due to work by one-half of one percentage point, the benchmark in the Ticket Act.

SSA is trying to strengthen the TTW market and foster the required changes in beneficiary and provider behavior by revising the regulations that determine how the market works. These efforts have been underway almost since the beginning of the program in 2002. They were also anticipated by the authorizing legislation, which included provisions for the SSA commissioner to assess the program as it rolled out, making changes that would help achieve program goals more effectively (or recommending changes for which legislation would be required). Some solutions tried by SSA—such as producing information to help ENs find operating capital and introducing a streamlined payment claims process—have not had a measurable effect. Recognizing the need for more sweeping revisions, SSA published a set of proposed TTW regulations on September 30, 2005. These new regulations became final on May 20, 2008.

Our analysis of these regulations indicates that they will substantially improve financial incentives for ENs. ENs that achieve average success in helping SSDI beneficiaries return to work with modest expenditures per client can be expected to at least break even. Those ENs who serve predominantly SSI-only clients, however, have high expenditures per client, or whose clients return to work at a below average rate will lose money unless they have other sources of revenue to pay for services provided to TTW clients. The new regulations make it attractive for ENs to serve beneficiaries after the beneficiaries have received initial services from SVRAs. Those ENs that do so might be especially successful financially.

The new regulations could substantially reinvigorate TTW, but the very long delay in finalizing them has left the market to flounder. Almost three years elapsed between the first publication of the proposed regulations in September 2005 and the final publication in May 2008.[1] During that time, more ENs have essentially withdrawn from the TTW market, recruitment of new providers has stalled, and a general sense that the program is not working prevails. As a result, TTW seems to have lost its early momentum, and that loss might have diminished the chance that the regulations will quickly put the program back on the path toward the vibrant market envisioned in the legislation. SSA has reported anecdotally that there has been an increase in EN interest and participation since the publication of the new regulations. We will assess the validity of these claims in future reports.

The remainder of this executive summary reviews findings from the two core elements of our evaluation: (1) how well the TTW market functions and (2) the extent to which the introduction of TTW changed beneficiary enrollment in employment-support services, employment, and receipt of SSDI or SSI benefits. The summary concludes with our observations about the future of the TTW program.

KEY FINDINGS ON THE TTW MARKET

In assessing how well the TTW market functions, we looked at its three key components: beneficiary demand for services, the supply of providers willing to serve those beneficiaries, and SSA's efforts to improve the TTW market.

Beneficiary Demand for Employment Services

TTW participation remains low but continues to grow. As of December 2005 (the last month for which we have complete data), the participation rate in Phase 1 states had risen to 1.8 percent, up from 1.4 percent in December 2004. Participation rates have continued to rise—albeit slowly—in Phase 1 states since the early months of program rollout. Participation rates in Phase 2 and 3 states, though lower, are on the rise nevertheless. The lower rates in these states primarily reflect the later rollout, but they also have to do with the fact that SVRAs in this states obtained fewer assignments from clients who were already enrolled at an SVRA before the rollout (i.e., "pipeline" cases). Beneficiaries appear to have

[1] Additional rules, first published in August 2007, are also included in the May 2008 notice.

assigned Tickets to ENs in Phase 2 and 3 states at rates on par with beneficiaries in Phase 1 states at comparable points after the rollout started.

Survey findings indicate substantial potential for growth in TTW participation. The NBS data suggest that demand for employment and employment-related services among Social Security disability beneficiaries is much greater than the early TTW experience suggests. Although only a small share of beneficiaries is employed or actively seeking employment at any given time, substantial proportions of beneficiaries say their goals include working in the future. In fact, 16 percent, or approximately 1.5 million beneficiaries, expect to earn enough to leave the rolls within five years.

These positive expectations give TTW a basis on which to build. A major goal of SSA's recent TTW rule changes is to increase EN and beneficiary participation. If providers become more aggressive in addressing barriers to employment in response to the new regulations, it seems likely that more beneficiaries will participate in TTW. One group that might be brought into the program includes beneficiaries who have tried to assign their Ticket but could not. Although the estimated number of such beneficiaries is small as a share of all beneficiaries, the NBS data suggest that they may outnumber current TTW participants. The new regulations, which will pay providers for intermediate employment goals, might make it attractive for some providers to serve such beneficiaries.

Outreach could stimulate TTW participation substantially. About 40 percent of survey respondents who had not assigned their Ticket showed some interest in working, yet only about one-quarter of them are aware of TTW. Of course, there is earlier evidence that self-reported interest in working is not necessarily borne out. Nonetheless, TTW might attract a larger share of the approximately 16 percent of beneficiaries who expect to earn enough to leave the rolls within five years, or of the 40 percent of beneficiaries with an interest in employment. The new regulations might enable ENs to serve people who would not earn enough to trigger outcome payments in the short term but who might be able to do so over a longer period. The survey findings imply that outreach is likely to be most effective if targeted at recently employed beneficiaries under age 55, because such beneficiaries are much more likely than others to express an interest in future work than others.

Many beneficiaries, especially TTW participants, already use services to advance their employment efforts, including traditional employment supports and health-related services. Many beneficiaries make use of a broad range of support services to help them work or live independently. The 2005 NBS data indicate that 35 percent of all beneficiaries in Phase 1 and 2 states used services in 2004, a much larger share than the approximately one percent of Phase 1 and 2 beneficiaries who had assigned their Ticket by the time they were sampled for the survey. The services used by beneficiaries include a wide array of health-related services (for example, occupational therapy, counseling, and adaptive equipment), which beneficiaries see as enhancing their ability to work and to live independently, as well as more conventional work supports (for example, training and job-search assistance).

As we might expect, the percentage of TTW participants who said they used services was substantially higher than the corresponding percentage for all beneficiaries. And on

average, participants who used services did so for more hours and were more likely to report that they were using services to find a job. It is noteworthy, however, that 52 percent of participants who used services did not report using them to find a job or to get a better job. This suggests that the goals of many participants differ from the program goal of increasing earnings to the point at which an individual no longer receives benefits.

Participants who assigned their Ticket to an EN differ, on average, from those who assigned their Ticket to an SVRA in some noteworthy respects. Participants with minor children (regardless of marital status), without mental health problems, and relatively low benefits are more likely than others to assign their Ticket to an EN, while beneficiaries with relatively severe activity limitations are more likely than others to assign their Ticket to an SVRA.

Participants who assigned their Tickets to an EN said they received fewer services than those who assigned their Ticket to an SVRA and that they were generally less satisfied with the services they received. Participants who assigned their Ticket to an EN were also significantly less likely than those who assigned their Ticket to an SVRA to report the receipt of any services (including non–TTW-provided services). Moreover, even when participants using ENs reported that they received services, they tended to report fewer hours of services received, on average, than those who assigned their Ticket to an SVRA. Similarly, EN participants who used services were less likely to report that they did so to find a job or a better job. This pattern does not bode well for ENs, which are permitted to generate full TTW payments only if participants earn enough to exit the benefit rolls. We also found that participants who assigned their Ticket to an EN as opposed to an SVRA were less likely to report that the services were useful, more likely to report unmet service needs, and more likely to report problems with services and providers as the reason for unmet needs. There is ambiguity in the data, however, about whether service issues reported by EN clients reflect issues with their ENs or issues that might have pre-dated their Ticket assignment, and perhaps even led them to their ENs in the first place.

The Supply of Employment Services

In our last report (Thornton et al. 2007), we concluded that the high percentage of Tickets assigned to SVRAs and the high percentage assigned under the traditional payment system appeared to limit the extent to which TTW represents a dramatic break from the past. More recent data reinforce that conclusion. An overwhelming majority of in-use Tickets is assigned to SVRAs (93 percent as of December 2005), most of which were assigned under the traditional payment system, which is limited to SVRAs only (88 percent of all in-use Tickets in December 2005). In fact, these statistics substantially understate the role of SVRAs in providing employment-support services to beneficiaries because SVRAs do not obtain Tickets from more than half of the SSDI/SSI beneficiaries they serve. We also found that the percentage of Tickets assigned to SVRAs was gradually increasing, along with the percentage assigned under the traditional payment system.

The number of providers with EN contracts was shrinking. The number of ENs grew by just three percent from May 2005 to May 2006, when it topped 1,400. During the

same period, however, 78 ENs stopped participating, bringing the total number of EN dropouts to 172 since program inception. In early 2007, many of the first ENs opted to not renew their contact. By April 2007, only 1,300 ENs remained.

The number of ENs greatly overstates the number of new providers available to serve beneficiaries. Only 45 percent of the 1,300 ENs have accepted a Ticket, and only about 25 percent have accepted five or more Tickets. About 20 percent of beneficiaries live in counties where there are either no ENs or where existing ENs have not taken any Tickets; only 40 percent of beneficiaries live in counties that have five or more active ENs. An array of choices seems limited to large metropolitan areas with a concentration of beneficiaries. In addition, the vast majority of providers served beneficiaries before becoming ENs, often as subcontractors to SVRAs, and their executives say they have not significantly changed their client base or operations in response to TTW. Most EN executives do not see TTW as providing them with substantial new financing or client recruitment opportunities.

There has been little change in SVRA service delivery. To date, most SVRA directors have indicated that TTW has not changed the way they provide services to beneficiaries, except that many now pay more attention to benefits planning by referring clients to the local Work Incentives, Planning and Assistance (WIPA) provider or by providing benefits planning themselves. The SVRAs continue to report that TTW administration is burdensome and that they are taking administrative steps to reduce the burden.

The original TTW payment systems provided few financial incentives for ENs to participate actively in the TTW market. Fewer than half of the ENs that have accepted Tickets (48 percent) have received payments. Payments are highly concentrated among a few ENs; only 19 percent have received $50,000 or more. It appears that costs of service delivery—including screening of prospective clients and serving clients who never generate a payment—are likely to far exceed Ticket revenues for most providers. SVRAs can supplement their TTW revenues with federal revenues provided under the Rehabilitation Act. Few ENs also have access to supplementary revenues. Although payments were gradually increasing in number, it appears that few providers are likely to find TTW financially attractive unless there is a change that significantly boosts revenue per assigned Ticket. The recent changes to the payment system have the potential to address this problem.

Improving the TTW Market

SSA successfully completed the TTW rollout and continues to address trouble spots in program administration, especially payment speed and complexity. It appears that changes in SSA's administrative procedures have begun to shift the agency's culture so that it is more supportive of beneficiary return-to-work efforts. However, budget constraints and SSA's effort to reduce disability determination backlogs appear to be seriously impinging on its attempts to promote return-to-work. Efforts to market the program to providers and beneficiaries were not achieving measurable success. However, since the July 2008

implementation of the new payment rates, SSA reports that there have been some promising trends.

SSA completed the TTW rollout and is attempting to address remaining trouble spots, especially payment speed and complexity. In October 2004, SSA had mailed Tickets to all of the approximately 10 million Ticket-eligible beneficiaries. SSA is now mailing Tickets only to those who first met Ticket-eligibility requirements after the rollout was completed (mostly new adult beneficiaries). Altogether, SSA had mailed over 12 million Tickets by June 2007; 10 million recipients are still eligible to use their Ticket.

SSA has aggressively addressed the early implementation problems. Having reduced the backlog of "post-entitlement" work—mostly verification and recording of earnings reports—the agency has made it easier to rapidly verify Ticket eligibility and process payment requests. SSA also streamlined the EN application process, established an EN help desk, and automated its earnings tracking and verification systems. The agency also introduced an expedited process for outcome payments following the initial payment. So far, however, providers have not used the expedited process enough to make a difference in the average processing times. The median time from the earnings months to the payment month continued to be seven to nine months for claims generated by earnings in the first half of 2004, depending on the type of claim

Changes in administrative procedures appear to have started a cultural shift in SSA that makes the agency more supportive of return-to-work. SSA staff members interviewed for this report suggested that a culture shift within SSA is making the agency more supportive of return-to-work than it was in the years before TTW. It appears that the shift stems from the fact that many employees who serve beneficiaries with disabilities are learning about and have become more extensively involved in efforts to improve and document beneficiary earnings. Many received training on TTW and, more broadly, on the SSDI and SSI work incentive features; many have been introduced to and are using new data systems that track employment and other post-entitlement outcomes; and many were involved in the concerted effort to clear the post-entitlement workload backlog.

Congress has recently pushed the agency to focus on reducing the backlog of pending disability determinations. As a result, the extra resources that had been used to promote return-to-work efforts appear to have been redirected. It is therefore not clear that the shift in the attitude toward beneficiary employment will be sustained.

Past efforts to further increase the supply of providers were unsuccessful. As part of a post-rollout push to stimulate demand for services and get more providers to join the TTW market, SSA and the two Program Managers turned to a new marketing campaign. Although the Program Manager initiated a recruitment campaign in five localities, the effort appears to have had little impact on EN recruitment as of late September 2005.

SSA's new regulations offer ENs enhanced financial incentives. Our analysis of the new TTW regulations suggests that some ENs would be able to generate positive returns under the new regulations if they carefully target their recruitment and service delivery efforts. In particular, ENs would have a strong financial incentive to accept Tickets from

beneficiaries who were initially moved into jobs by SVRAs. The more generous milestone payments, made possible by the new regulations, would encourage ENs to help more beneficiaries secure jobs that provide a starting point for long-term employment. Thus, the new regulations might induce providers to participate more actively in the TTW market and expand beneficiaries' overall employment efforts.

IMPACTS OF TTW ON BENEFICIARY BEHAVIOR

TTW had a rapid, measurable impact on enrollment in employment-support services. We estimate that TTW increased service enrollment in Phase 1 and 2 states by as much as 0.7 percentage point in its second year, or 19 percent of the enrollment rate we would have expected in the absence of the program. When projected to the second year for all states, this increase represents over 35,100 beneficiaries, including 32,000 enrolled at SVRAs and 3,100 enrolled at other ENs. The projected second-year impact on service enrollment is higher than the projected first-year impact of approximately 20,000, a hopeful sign of a larger impact in later years.

It is possible, however, that some of the estimated impact reflects the effect of TTW on how service enrollment is measured. Prior to TTW we could only observe beneficiary enrollment for SVRA services after the beneficiary's SVRA case was closed. Now, however, we can identify beneficiary enrollment before case closure if the SVRA receives the beneficiary's Ticket. Even if the effect of the change in measurement on the impact estimates were as large as it could possibly be, however, the estimated impact of TTW on enrollment remains positive, albeit much smaller, representing just 9,100 beneficiaries nationally in the second year, including 6,000 enrolled at SVRAs and 3,100 enrolled at other ENs.

Consistent with expectations, the size of the estimated impact was much larger for younger beneficiaries than for older beneficiaries. There is little variation in estimated impact by beneficiary Title (SSDI-only, SSI-only, and concurrent).

Estimated enrollment impacts vary substantially across states. Variation in the impact estimates is not closely related to variation in Ticket participation rates; the latter only capture service enrollees who have actually assigned their Tickets. Estimated impacts in two states, Wisconsin and Oregon, are especially large.

Any impact of TTW on beneficiary earnings and benefits in the first two years of the program (2002-2003) was too small to detect with any degree of confidence. If TTW had any success in increasing beneficiary earnings or reducing benefit receipt, those effects were masked by differences between states in employment and benefit-receipt trends that pre-dated TTW, along with the underlying variation in beneficiary outcomes from state to state and over time. Even in the states with the largest estimated service enrollment impacts, we find only inconclusive evidence of positive impacts on earnings and no evidence of negative impacts on benefits.

It is possible that impacts on earnings and benefits will increase in the third year after the rollout and later. There are three reasons to expect some increase First, with time,

some beneficiaries who participated in TTW in those two years are likely to increase their earnings and exit the rolls due to work. Second, participation rates continued to grow after 2003. Third, growth in the economy after 2003 likely provided better employment opportunities to some participants Impacts on SSDI benefit receipt, especially, are likely to take a long time to develop, because SSDI beneficiaries must complete the trial work period (TWP) and the three-month grace period before they lose their benefits—a period of 12 months if they have not used any TWP months before assigning their Ticket.

Nonetheless, impacts on TTW participants are not likely to double the rate of permanent exits due to work from the pre-TTW level of approximately half a percentage point. The Congressional "findings" in the Ticket Act itself indicate that even such a small increase in exists would generate billions in benefit savings over the worklife of the beneficiaries. The trends we observed in TTW payment data led us to conclude that TTW's impact on participant exits will not reach the Ticket Act's benchmark unless participation increases to well above the level in Phase 1 states observed during the analysis period, which ended in 2004, or unless participants, on average, have their benefits suspended or terminated for many more months than they have to date.

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

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

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

Data from the 2005 NBS show that 67 percent of all beneficiaries fall into one of the four AOI groups, and most of the 67 percent falls into Groups 1 and 2. The high percentage of AOI members is consistent with the expectations of the Ticket to Work Adequacy of Incentives Advisory Group, with research findings based on the administrative definitions for the AOI groups used in earlier TTW evaluation reports, and with the definition of disability used in administering Social Security disability programs.

Although the findings on TTW participation indicate that providers are equally willing to accept Tickets from AOI and non-AOI beneficiaries, overall, we found some evidence for providers' concern about their ability to serve AOI beneficiaries adequately or to induce them to participate in TTW. This observation applies especially to those in Groups 1 and 2, who might require more intensive or long-term support if they are to secure employment. Their participation rates are relatively low, and they are more likely than others to have assigned their Ticket to an SVRA under the traditional payment system. Although these groups had low involuntary nonparticipation rates, those in the groups whom we interviewed reported greater unmet service needs than those in other AOI groups.

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

THE FUTURE OF THE TTW MARKET

Assessing the progress and future of TTW depends fundamentally on program expectations. On the surface, those expectations seem modest. The Ticket Act indicated that the program would be successful if it could increase the rate at which beneficiaries exit the rolls due to work from 0.5 percent to 1.0 percent. These seemingly small numbers, however, represent a substantial change for the SSI and SSDI programs, which support some 10 million people with conditions and impairments that, according to SSA, have prevented them from engaging in substantial gainful activity. For these programs, the observed rate of exits due to work has persisted at below 0.5 percent for years, even in the face of numerous programmatic and economic changes (Berkowitz 2003; Social Security Administration 2006; Newcomb et al. 2003).

Furthermore, the changes sought by TTW seem large when viewed from the perspective of SSA operations, which have historically focused on paying benefits appropriately and efficiently, not on supporting return-to-work. TTW has required SSA to train staff in more than 1,300 field offices and to institute an entirely new service to help beneficiaries understand how work affects their benefits. Long-term SSA administrators have described the process of implementing TTW as comparable to launching the entire SSI program in 1974.

The changes expected of TTW are enormous when considered from the perspective of the employment-service providers, who have operated for many years in a cost-reimbursement system and are now being asked to continue in a riskier performance-based payment system. Many providers operate as nonprofits and may therefore be poorly positioned to find the working capital required to sustain TTW operations when the payments they receive for moving a beneficiary into successful employment are spread over five years. Newer providers may be hesitant to enter the market until they can clearly see ways to enroll enough beneficiaries to make TTW an attractive option compared with other service markets in which they could participate (such as acting as a subcontractor to an SVRA). All providers are likely to be concerned about how to navigate TTW's complex reporting requirements.

Finally, TTW does not directly address what some regard to be the most significant barrier to return-to-work for SSDI beneficiaries: 100 percent loss of benefits once monthly earnings have exceeded the substantial gainful activity level for a sufficient period (i.e., the "cash cliff").

Given all of these factors, it would have been surprising if TTW had produced dramatic changes in its first three years of operation (2002 through 2005). Not only did the program roll out gradually, but beneficiaries, providers, and operations staff clearly need time to respond to the new market. For example, SVRAs generally need more than two years to move a beneficiary into employment, and many beneficiaries have taken months to initiate services by assigning their Ticket. Thus, any changes resulting from the program are likely to emerge slowly.

Some lessons, however, have surfaced more quickly. In particular, it appears that the milestone-outcome and outcome-only systems provide little financial incentive for providers to participate in the TTW market. Fortunately, the Ticket Act accords the SSA Commissioner the authority to modify the payment rules and other aspects of the market in order to make it more efficient. SSA used that authority when it issued new payment regulations. As noted, our review of those regulations suggests that providers that carefully target and deliver services will have a much better chance of covering their costs and earning a profit under the new payment systems. Thus, the new rules may breathe new life into the TTW market, particularly if SSA can implement them in a way that convinces providers to give the market another chance.

Regardless of how the new regulations play out, TTW marks an important step toward more widespread employment and greater self-sufficiency for people with disabilities. The field continues to learn about the best methods for helping people with disabilities understand and improve both their opportunities and their potential. And we are still identifying ways to integrate TTW into other employment initiatives. For example, at least one EN uses outcome payments to pay a wage subsidy to its SSDI beneficiary clients; that is, a share of outcome payments are used to cushion the beneficiary's landing from the cash cliff. Employers could potentially act as ENs and use outcome payments to subsidize wages or pay for accommodations.

In addition, overall progress toward increasing the employment of people with severe disabilities, including SSI and SSDI beneficiaries, means greater acceptance of the idea that many such individuals can successfully support themselves if they get employment assistance. Indeed, SSA has advanced that idea simply by mailing Tickets, recruiting new providers, training its staff, and improving how it tracks beneficiary employment. The challenge now is to build on these efforts and to sustain the policy, programmatic, and market momentum that could bring people with disabilities into the economic and social fold of American life.

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CHAPTER I

INTRODUCTION

The Ticket to Work and Self-Sufficiency program (TTW) was designed to both increase investment in return-to-work services, and improve the efficiency of that investment in meeting the needs of beneficiaries. The program offers beneficiaries more choice in obtaining services and gives employment-support service providers new financial incentives to serve beneficiaries effectively. It also modifies the rules for the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs in an attempt to give beneficiaries more incentive to participate.

To date, the Social Security Administration (SSA) has implemented the core elements of the TTW program across the country. In October 2004, SSA completed the mailing of Tickets to all of the approximately 11 million Ticket-eligible beneficiaries, and it continues to mail Tickets to beneficiaries who gain eligibility (between 45,000 and 75,000 per month). Altogether, SSA had mailed about 11 million Tickets by April 2007, and 10.3 million[1] of those who had received Tickets during that period were still eligible to use them to obtain help in securing meaningful employment. SSA also implemented the new SSI and DI program rules that allow beneficiaries to attempt to work without fear that SSA will review their disability status and eliminate benefits while they are participants in the TTW program. Finally, SSA and its TTW Program Manager had enrolled all state vocational rehabilitation agencies (SVRAs) and more than 1,300 service providers, or employment networks (ENs), that offer beneficiaries new choices for providers and service mixes (Thornton et al. 2007).

While getting the core elements in place represents a major accomplishment, the market for disability employment services has experienced several serious problems. As of December 2005, the beneficiary participation rate in the first 13 states to implement TTW (the Phase 1 States) has risen only slightly since the early months of rollout and remains low, at about 1.8 percent. Participation rates in Phase 2 and 3 states continue to grow but are still below the rates in the Phase 1 states and are very low relative to the number of beneficiaries expressing interest in work (Thornton et al. 2007). The number of ENs participating in TTW appears to be leveling off, and the Program Manager reported that it is almost

[1] http://www.ssa.gov/work/Ticket/ticket_info.html (accessed September 10, 2007).

impossible to recruit new ENs. Signs indicate that all types of providers (ENs and SVRAs) are losing interest in the program. This loss of interest appears to reflect concern over several operational features of TTW, including (1) substantial financial risks for ENs, (2) administrative procedures viewed by ENs and SVRAs as excessively burdensome, and (3) a lack of incentives for beneficiaries who become gainfully employed to supply their service providers with earnings documentation that would enable providers to receive payments over extended periods of time. In 2003, SSA instituted an expedited payment process for ENs eligible for certain outcome payments and, although not many ENs had taken advantage of the new system, early evidence indicates that the process is reducing payment time for the ENs that use it (Thornton et al. 2007).

Early impact results suggest that TTW probably led to a small, relatively rapid increase in beneficiary enrollment in employment services during the first rollout year (2002), particularly among agencies other than SVRAs. But results for beneficiary earnings and benefit receipt are inconclusive. Impacts on beneficiary earnings and benefits in TTW's first two years were too small to distinguish from historical variation. As a result, it is not possible to tell if TTW had an effect on these outcomes or if TTW was merely rolled out first in states that had systematically different trends in beneficiary earnings and benefit receipt. Based on trends observed during the first three years of TTW operation, it is possible that future impacts might be larger than those observed so far. Nevertheless, analyses of trends in TTW payment data suggest that the program will not generate the level of exits from the rolls envisioned by Congress unless there are major shifts in beneficiary behavior. In particular, TTW will not meet the hoped-for exits without both a substantial rise in participation and an increase in the share of participants earning enough to exit the rolls.[2]

To help the program reach its full potential, SSA has tried to foster the required changes in beneficiary and provider behavior by revising the regulations that determine how the TTW market works. These efforts have been underway almost since the beginning of the program and were foreseen by the authorizing legislation that empowered the SSA Commissioner to assess the program as it rolled out, making changes that would help to achieve program goals more effectively (or recommending legislative changes). Some attempted solutions--such as producing information to help ENs find operating capital, funding a targeted marketing campaign in 10 large cities, and introducing a different payment process--appear to have had little overall positive impact. Recognizing the need for more sweeping revisions, SSA published a set of new final rules for TTW on May 20, 2008. The new regulations increase the financial incentives for ENs to participate in TTW.

[2] The purpose and findings section of the Ticket to Work and Work Incentives Improvement Act of 1999 stated, "[I]f only an additional one-half of one percent of the current Social Security Disability Insurance beneficiaries and Supplemental Security Income recipients were to cease receiving benefits as a result of employment, the savings to the Social Security trust fund would total $3,500,000,000 over the work life of such individuals, far exceeding the cost of providing incentives and services needed to assist them in entering work and achieving financial independence to the best of their ability."

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

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

The TTW program, together with other initiatives created by the Ticket to Work and Work Incentives Improvement Act (Ticket Act), represents a new approach to an old problem: while many people with disabilities work, relatively few who receive SSDI or SSI disability benefits ever leave the rolls as a result of working.[3] The vast majority of beneficiaries do not attempt to secure a job once they are on the rolls. Historically, less than 3 percent of any SSDI or SSI enrollment cohort has ultimately left the rolls as a consequence of work, and less than 0.5 percent of all beneficiaries on the rolls at any juncture has left due to work (Newcomb et al. 2003; Berkowitz 2003).

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

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

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

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

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

The Ticket Act was intended to increase demand for employment and employment-support services by changing several SSI and SSDI program features that could have discouraged work efforts.

1. Continuing Disability Review Protections. While beneficiaries use their Ticket, they are not subject to any medical continuing disability reviews (CDRs), which are checks to determine whether they remain medically unable to work. As a result, beneficiaries will not have to worry about SSA reviewing their medical disability status while they are TTW participants. Furthermore, for long-term SSDI beneficiaries, employment will no longer trigger a medical disability review (even for those not participating in TTW).

2. Expedited Reinstatement. The Ticket Act provided for an expedited reinstatement policy that allows beneficiaries who leave the disability rolls for employment to have their benefits (and any associated health insurance) reinstated without a new application should they return to cash assistance within five years.

3. Benefits Counseling. The Ticket Act required SSA to establish greater expertise in the SSA work incentive provisions, both within SSA and in the community. SSA established the Area Work Incentive Coordinator (AWIC) position within SSA as well as a network of community-based Benefits Planning, Assistance, and Outreach (BPAO) providers that would help beneficiaries develop a better understanding of SSDI and SSI work incentives.[4] The act also established a network of protection and advocacy providers who could help beneficiaries successfully negotiate the system.

[4] As of September 30, 2006, these organizations are known as the Work Incentives Planning and Assistance (WIPA) Programs.

4. Extended Medicare Coverage. Medicare coverage for SSDI beneficiaries who return to work and leave the SSDI rolls was extended substantially, from 39 months under earlier rules to 93 months at present; when that period ends, beneficiaries will be able to purchase Medicare coverage.

5. Medicaid Buy-In Option. The Ticket Act made it easier for states to establish programs that allow working people with disabilities to purchase Medicaid coverage on a sliding-fee basis. In 1999, 8 states operated a Buy-In program; 33 states now operate such programs (Black and Ireys 2006).

In addition to removing some work disincentives, TTW greatly expanded the types of organizations that SSA will pay to support beneficiaries' employment efforts. TTW allows virtually any type of entity to sign up as an EN. ENs can come from any of the three sectors of the economy: private for-profit, public nonprofit, and private nonprofit. Any private business—from a large corporation to a sole proprietorship—may be an EN. Likewise, any public agency—a municipal office, a school district, a regional council, a state bureau, etc.—may be an EN, whether or not its mission concerns vocational services or persons with disabilities. Virtually all private nonprofit organizations may become ENs, from faith-based groups to charitable foundations to private colleges to social service agencies. Furthermore, there are virtually no barriers to entry for interested entities. There are essentially no application costs, and the general eligibility requirements are apparently easy to meet.[5] Entities signing up as ENs are not required to have experience in serving persons with disabilities. An organization that might some day hire even just one Ticket holder at a level that would take him or her off cash benefits may sign up as an EN.

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

Finally, the TTW program is more consumer-driven than the old system. All eligible beneficiaries receive a Ticket and may decide what to do with it, and participation is completely voluntary. In addition, TTW eliminated the process under which the state and federal Disability Determination Services (DDS)—the entities responsible for determining whether an SSI or SSDI applicant is disabled—refer beneficiaries exclusively to SVRAs. It thereby tried to open up the market and allow all providers that wished to become an EN to

[5] See Livermore et al. 2003, pp. 10-11.

serve beneficiaries. It also increased beneficiaries' choices by allowing all eligible beneficiaries to decide whether and when to seek employment services.

2. Increasing the Supply of Employment-Support Service Providers

The employment-support system for beneficiaries that predated TTW was viewed as problematic (see Berkowitz 2003). Under that system, each state's DDS determined which beneficiaries were good candidates for rehabilitation and then referred them to the SVRAs.[6] SSA would reimburse the SVRAs for the cost of services that resulted in a beneficiary's working at the level of "substantial gainful activity" (currently set at $900 per month for most individuals) for 9 months during a 12-month period. The system was viewed as problematic because (1) it limited beneficiaries' choice of providers to SVRAs and (2) the reimbursement system paid for an intermediate outcome—9 months of substantial gainful activity (SGA)—rather than for the outcome of ultimate interest to SSA: movement into sustained employment and exit from the disability benefit rolls.

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

To make employment-support service providers familiar with TTW and its new options, SSA contracted with a Program Manager to recruit providers to become ENs. The Program Manager used mailings, conference presentations, and its call-in center to contact more than 50,000 potential providers as TTW was rolled out. SSA also disseminated information about the program through presentations by its regional and field office staff and its website. As of October 2005, the Program Manager's responsibilities were divided into a Program Manager for Recruitment and Outreach and a Program Manager for Operations Support.

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

[6] Beneficiaries could also apply on their own, without a referral.

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

3. SSA's Efforts to Enhance Market Functioning

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

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

SSA also promoted beneficiary knowledge about TTW by mailing Tickets and conducting other outreach. It established the AWIC position and the BPAO program, now called Work Incentives Planning and Assistance, or WIPA, and provided additional funding to disability protection and advocacy providers.

Finally, SSA monitors overall TTW operations in order to determine whether changes in the program are warranted. It has done so since the program's February 2002 inception. In May 2008, SSA issued final rules for the most sweeping program changes to date. The changes increase milestone payments dramatically and separate the traditional payment system for SVRAs from the new payment systems for ENs. The new regulations allow beneficiaries to use SVRA services to move into a job and then assign their Ticket to an EN that would help them maintain that job.

B. THE TICKET TO WORK EVALUATION

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

1. Did TTW significantly reduce dependence on SSA benefits through increased beneficiary employment and earnings?

2. What was the impact of TTW on earnings, employment duration, SSA benefits, and beneficiary income?

3. Did TTW produce net SSA program costs or savings? How much? What were the costs and benefits of the TTW program to SSA?

4. Did TTW produce net social costs or benefits? What were the social costs and benefits of the TTW program?

5. Who did and did not participate in TTW?

6. What groups were adequately served under TTW, and what groups were underserved?

7. What aspects of the program improved or reduced program success?

The evaluation will address these questions in five annual reports. The initial evaluation report (Thornton et al. 2004) and the second evaluation report (Thornton et al. 2006) focused on program operational issues, primarily program rollout and the participation by beneficiaries and providers (questions 5, 6, and 7). The third report (Thornton et al. 2007) addressed the same issues but added information on the impacts of TTW on beneficiaries (questions 1 and 2). This report updates implementation issues and impacts. The final report, scheduled for 2008, will cover all these issues and will examine the TTW costs and benefits (questions 3 and 4).

C. DATA SOURCES FOR THIS REPORT

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

- SSA Administrative Records. We developed several analysis files—collectively referred to as the Ticket Research File (TRF)—from extracts obtained from SSA administrative databases. The TRF contains longitudinal data on the more than 18 million disability beneficiaries who received benefits between January 1996 and September 2005 (the data cover the slightly longer period of January 1994 through December 2005). We used the TRF to analyze trends in SSI and SSDI participation, Ticket assignments, payments to ENs and SVRAs, and the impacts of TTW on beneficiary service use, employment, earnings, and benefit receipt.

- 2005 National Beneficiary Survey (NBS). We used data provided by the nearly 8,000 beneficiaries who responded to the cross-sectional component of the 2005 NBS to examine their knowledge of TTW, work expectations, functioning, health, participation in TTW, employment, and other issues. In an effort to

ensure that the survey represented the full range of beneficiary perspectives, we fielded it from February through September 2005 and used procedures that accommodate the needs of respondents with all kinds of disabilities. Responses from approximately 3,100 beneficiaries who assigned or used their Ticket in 2004 enabled us to examine their participation in and satisfaction with TTW. Appendix B summarizes the survey methodology and provides supplemental tabulations. The 2005 NBS tabulations included in this report have been weighted to correct for non-response.

- Rehabilitation Services Administration Data. We used public-use files from the Rehabilitation Services Administration (RSA) to analyze trends in beneficiary participation in vocational rehabilitation. We also used individual-level data on SVRA case closures provided by RSA and linked to SSA administrative data to analyze the extent to which TTW affected the use of employment services.

- Vocational Rehabilitation Reimbursement Management System. The Vocational Rehabilitation Reimbursement Management System (VRRMS) is an automated management information system used by SSA to track reimbursements made to vocational rehabilitation agencies and alternate providers before the advent of TTW. It includes data on the number of reimbursement claims allowed, the total reimbursement amount, and the state agency that received the reimbursement.

- Interviews with Providers, the Program Manager, SSA, and Other Federal Agencies. Information on program implementation and provider operations came from interviews conducted by the evaluation team in early spring 2007. The interviews supplemented dozens of similar interviews conducted for earlier evaluation reports (Thornton et al. 2004, 2006, 2007) and the preliminary process analysis (Livermore et al. 2003). The most recent round of interviews included discussions with officials from the TTW Program Manager for Operations Support, the TTW Program Manager for Recruitment and Outreach, and SSA staff in the central office.

Exhibit I.1 presents the populations and number of individuals included in, and the time periods covered by, each data source.

Exhibit I.1. Populations and Time Periods Covered by Evaluation Databases

Database	Population	Time Period	Approximate Number of Individuals
Ticket Research File (TRF)	All disability beneficiaries who received a benefit at some time between January 1996 and December 2005	January 1994 to December 2005	18,000,000
TTW Participation (Part of the TRF)	All beneficiaries who have assigned a Ticket	Start of TTW (February 2002) through May 2006 (because of lags in processing Ticket assignments, the data accurately capture enrollment though December 2005)	122,000
Ticket Payment Data	Beneficiaries who have received milestone and outcome payments made to ENs or SVRAs (total number of payments)	Start of TTW (February 2002) through July 2005	1,300 (encompassing 7,800 payments)
2005 National Beneficiary Survey (NBS)	Representative sample of disability beneficiaries age 18 to 64	Status in 2005 (at time of interview) and service use, employment, and TTW experiences during 2004	4,864
	Representative sample of beneficiaries who used their Tickets during 2004		3,091
Process Analysis	Selected representatives of SSA, the PM, ENs, SVRAs, and other federal agencies with programs that interact with TTW	Interviews conducted June-August 2005 (focus on Phase 3 rollout and current operations)	50
	Selected representatives of SSA and the two PMs	Interviews conducted February-May 2007 (focus on program updates and current operations	7
Impact Analysis (TRF extract merged to RSA911 data files)	All TTW-eligible beneficiaries who received benefits for the entire year before the start of TTW and were under age 58	1997-2003 (for the early cohort, 2003 is the first year following the year in which beneficiaries received a Ticket); analysis excludes new beneficiaries who came onto the rolls after TTW started	5,000,000
VRRMS Data	All SVRA reimbursement claims allowed by SSA	Fiscal years 1990-2006 (October 1-September 31)	130,000 claims total

CHAPTER II

CHARACTERISTICS OF BENEFICIARIES AND USE OF EMPLOYMENT SERVICES

Until recently, little was known about the work aspirations and work-related activities of people with disabilities who participate in the SSDI and SSI programs. Although SSA program data provide some information about beneficiary characteristics and work activity, the available data are limited. The NBS, conducted as part of the TTW evaluation, contains a wealth of new information on the characteristics, employment, and service use patterns of a large and nationally representative sample of SSDI and SSI disability beneficiaries age 18 to 64.[1]

By presenting findings from analyses of the 2005 NBS, this chapter provides an overview of the characteristics of Social Security disability beneficiaries and examines their employment activity, work aspirations, and use of employment-related services. In developing a general profile of all disability beneficiaries, we attempt to gain insights into an important question: What share of disability beneficiaries is likely to be interested in pursuing employment and employment-related services? The NBS data provide insights into the reasons beneficiaries use services and their work aspirations. Developing an understanding of the characteristics, work expectations, and barriers to employment faced by members of the SSDI and SSI population provides an important context for assessing TTW's effectiveness.

The findings from the 2005 NBS suggest the possibility of substantial demand for employment-related services among working-age Social Security disability beneficiaries. A considerable share of beneficiaries, representing millions of individuals, may be able to benefit from employment-support services because they are either currently working or have expressed an interest in working at substantial levels. Many, however, have characteristics that make finding and maintaining employment difficult even in the absence of a disability: Many are over age 55 years, have been on the rolls (and out of the labor force) for over a decade, have low levels of education, are in poor or deteriorating health, and report that they

[1] Throughout the report, "beneficiaries" refers to all SSDI and SSI beneficiaries age 18 to 64 unless otherwise indicated.

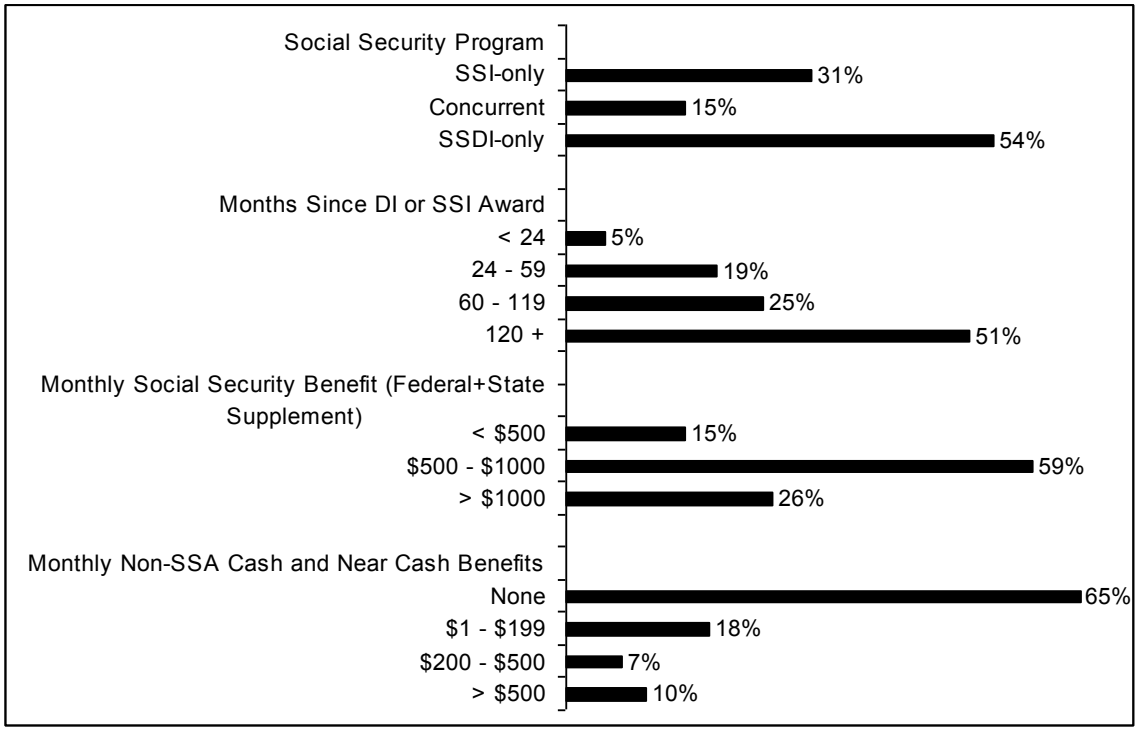
face work-related obstacles such as a lack of reliable transportation, inaccessible workplaces, and discouragement from work either by others or through their own experience. TTW could potentially address some of these employment challenges.

A. BENEFICIARY CHARACTERISTICS

1. Program-Related Characteristics

A large majority (69 percent) of working-age beneficiaries receives SSDI benefits: just over half (54 percent) are DI-only beneficiaries, and another 15 percent participate in both the SSDI and SSI programs (Exhibit II.1). SSI-only recipients account for 31 percent of all beneficiaries.

Exhibit II.1. Program-Related Characteristics of 2005 NBS Respondents at Interview



Source: Ticket Research File data on disability benefit eligibility and amounts matched to the 2005 National Beneficiary Survey data about receipt of other benefits.

Notes: Monthly SSA benefits include primary and dependent benefits under DI, and both federal and state supplemental payments administered by SSA under SSI. Non–SSA cash and near-cash benefits include only the following non-SSA benefits that could potentially be affected by earnings: food stamps; energy, housing, or other in-kind assistance; public assistance; workers' compensation; Veterans' benefits; private disability insurance; unemployment insurance; and pension income for those under age 59. Sample size = 4,864.

2. Sociodemographic Characteristics

Many beneficiaries share the same sociodemographic characteristics. For the most part, they are over age 40 (79 percent), with about 40 percent over age 55; mostly white (71 percent); and unmarried (69 percent) (Exhibit II.2). In addition, many beneficiaries have characteristics that suggest that they would have difficulty obtaining jobs, even disregarding their disabilities. In particular, a substantial share of beneficiaries has less than a high school education (40 percent),[2] which is a rate much higher than that of the general population of adults age 25 and over (15 percent) (U.S. Census Bureau 2004).[3] A low level of education is likely to limit beneficiaries' earnings regardless of any disability-related challenges that pose an obstacle to return to work. Nearly half of all beneficiaries (47 percent) live in families with annual incomes below the federal poverty level (FPL), and another 40 percent have income at or near the poverty level (100 to 299 percent of FPL).

3. Disability and Health Characteristics

A large body of literature examining return to work after illness or injury indicates that age at onset of injury/illness is an important predictor of return to work.[4] Most studies show that the likelihood of returning to work is significantly lower among those who are injured or become ill after age 50 relative to those whose injuries or illnesses occur at younger ages. While the literature points to numerous job-related, health, psychosocial, and economic factors that affect return to work (Krause et al. 2001), it provides little explanation as to why older workers are less likely to return to work. Possible reasons might include decreased physiological ability to recover from injury or illness; age discrimination in ways that limit access to job accommodations, retraining, or new employment opportunities; access to higher wage-replacement benefits; and variable preferences for work and leisure.

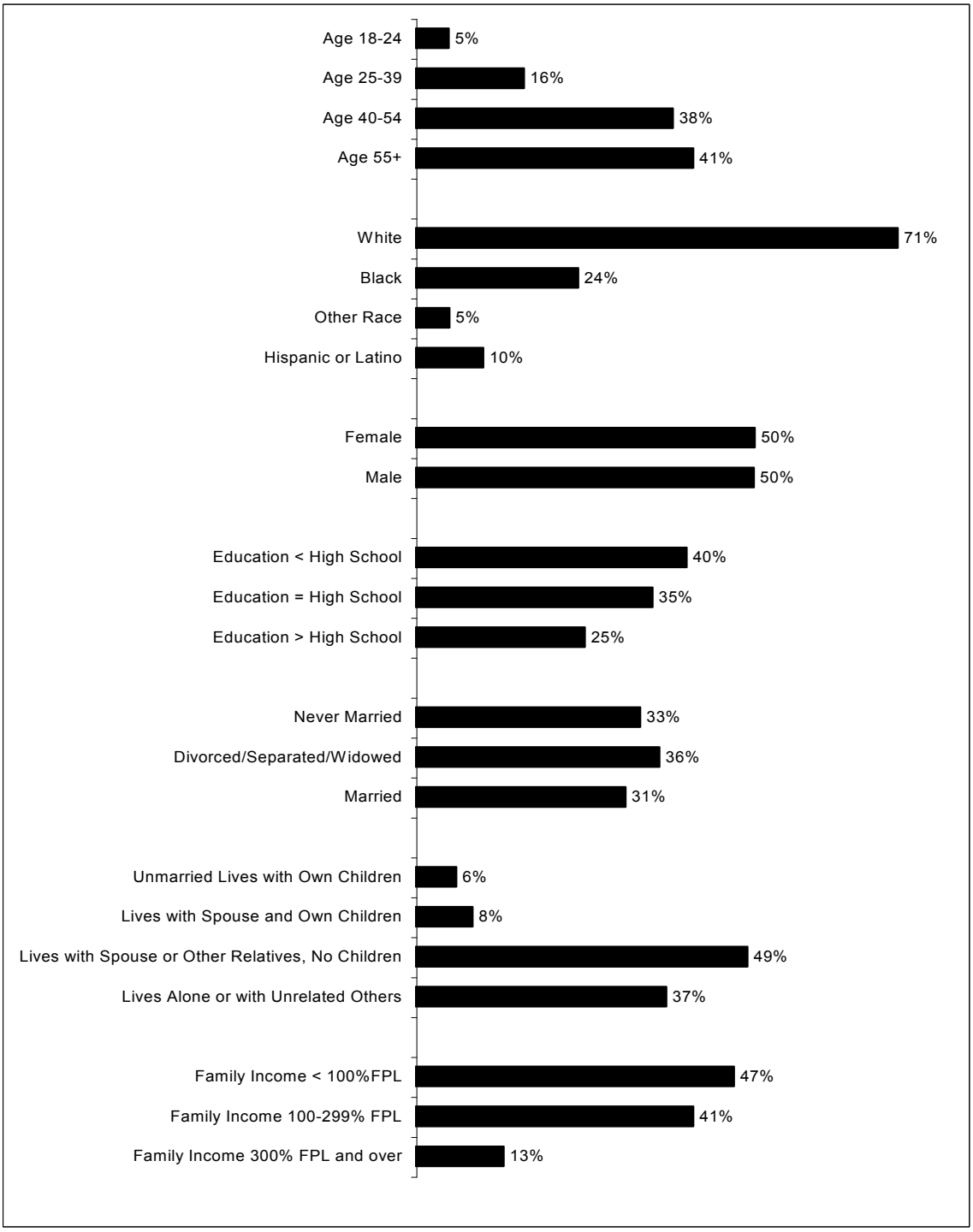
Most disability beneficiaries experienced the onset of their disabling conditions during adulthood; only 24 percent experienced childhood onset (Exhibit II.3). This finding is not surprising given that a majority of working-age beneficiaries receive SSDI benefits and that, in order to qualify, they must demonstrate a solid work history. A large share of all beneficiaries (44 percent) experienced onset of their disabling condition after age 40.

[2] The extremely high rate of low levels of education corresponds with the findings of a previous study that found that, in 1999, 34 percent of SSDI beneficiaries and 54 percent of SSI recipients reported less than a high school education (Martin and Davies 2004). We found similar percentages for the 2004 NBS when we disaggregated beneficiaries by program status (Thornton et al. 2006).

[3] The percentage of disability beneficiaries with less than a high school education (40 percent) is much higher even when compared to the rate in the general population of those age 25 and older who are not in the labor force (26 percent). Those in the labor force are less likely to report less than a high school education (10 percent) (U.S. Census Bureau 2004).

[4] See, for example, Fox, Borba, and Liu (2005); Blackwell et al. (2003); Yasuda et al. (2002); and Krause et al. (2001).

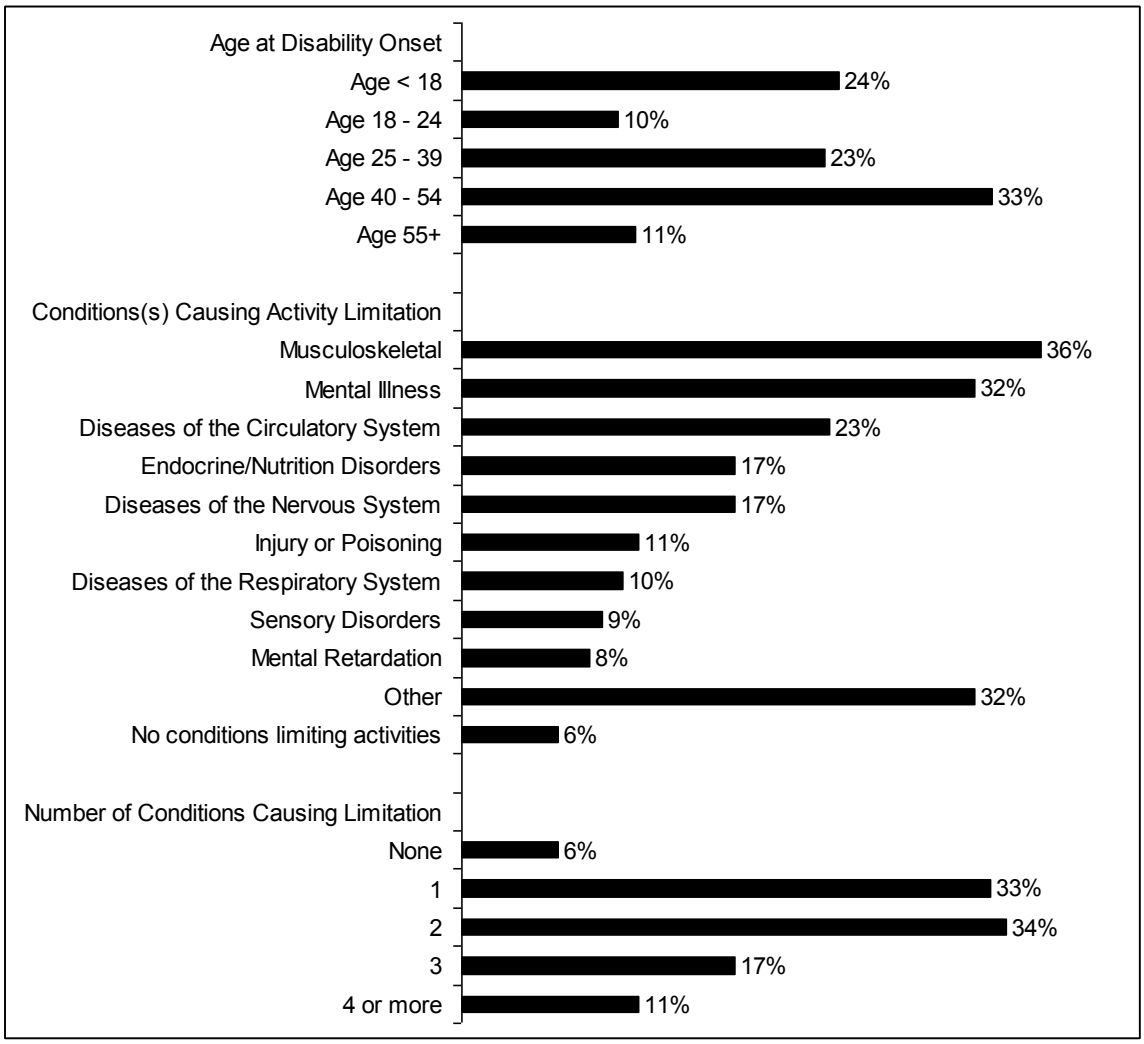
Exhibit II.2. Sociodemographic Characteristics of Beneficiaries



Source: 2005 National Beneficiary Survey.

Notes: The applicable FPL is determined by family size and the ages of family members. In 2005, the FPL for a family of one individual under age 65 was $10,160 per year. Sample size = 4,864.

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



Source: 2005 National Beneficiary Survey.

Notes: Respondents were able to report several reasons for current activity limitations. Sample size = 4,864.

Disability onset later in life is much more common among DI-only beneficiaries than among SSI-only recipients.[5] The large share of beneficiaries experiencing onset after age 40, particularly among DI-only beneficiaries, suggests that many beneficiaries might face barriers to work.

[5] In a previous evaluation report (Thornton et al. 2006), we showed that 65 percent of DI-only beneficiaries and 25 percent of SSI-only recipients report age at disability onset of 40 or older.

While a small percentage of beneficiaries (6 percent) reported no conditions that limit their activities, most (62 percent) reported at least two health conditions that cause limitations (Exhibit II.3).[6] The most commonly reported limiting conditions were musculoskeletal (36 percent) and mental health (32 percent) followed closely by diseases of the circulatory system (23 percent).

The distribution of self-reported conditions generally mirrors the distribution of conditions recorded in SSA administrative records, with the conditions most commonly reported in the survey also the most prevalent in the administrative record (Exhibit II.4). However, respondents reported musculoskeletal conditions much more often relative to how frequently these conditions show up the administrative data. Given that any number of conditions could be reported in the survey data and that only a maximum of two appear in the administrative record (four for concurrent beneficiaries), the percentages for self-reported conditions often exceed those reported in the administrative data. Noteworthy exceptions are the mental illness and mental retardation conditions, for which smaller percentages of survey respondents reported that these conditions limit their activities relative to the conditions' occurrence in the administrative data as the reason for eligibility for disability benefits. When we analyzed the extent to which a respondent's primary diagnosis group in the administrative data concurred with any of his or her self-reported condition groups, we found the rate of concurrence was 72 percent overall. The rates are highest for musculoskeletal conditions and hearing impairments and lowest for infectious/parasitic diseases. We would expect there to be differences between the self-reported reasons for limitation and the diagnosis code corresponding to the primary or secondary reason for disability program eligibility. The former represents the conditions that the beneficiary views as limiting daily activities, whereas the latter represents the most apparent or easily documented condition that meets SSA's disability criteria. The rates of concurrence between the self-reported conditions and those in the administrative record are also affected by the degree to which survey respondents were able to describe their health conditions accurately and the degree to which survey interviewers were able to interpret and code the responses appropriately.

Most beneficiaries reported that they are limited in their ability to perform basic activities, including activities of daily living (ADLs), which involve such fundamental tasks as bathing or dressing, getting around the house, getting into or out of bed, and eating. Basic activities also include instrumental activities of daily living (IADLs), which are less fundamental but equally important and include getting around outside the house, shopping for personal items, and preparing meals (Exhibit II.5). Beneficiaries seem to cluster somewhat at the extremes, with about equal shares reporting no limitations in ADLs and IADLs (27 percent) or limitations in four or more ADLs or IADLs (26 percent).

[6] Administrative data indicate that, among those reporting no limiting conditions at interview, most were awarded disability benefits on the basis of a mental illness (43 percent) or mental retardation (24 percent).

Exhibit II.4. Distributions of Condition Groups in Administrative Data and Self-Reported Survey Data and Rates of Concurrence

Condition Group	Percent with Condition in Administrative Data [a]	Percent Who Reported Condition in the Survey [b]	Percent with Condition in Administrative Data Who Also Reported Condition in the Survey (Concurrence Rate) [c]
Mental disorders	37	31	61
Musculoskeletal	24	37	77
Mental retardation/ learning disability	15	10	46
Endocrine/nutrition	12	17	44
Circulatory system	11	23	74
Nervous system	9	16	65
Injury or Poisoning	5	11	46
Respiratory	4	10	72
Visual impairment	3	6	70
Neoplasms	2	5	63
Infectious/parasitic diseases	2	2	19
Digestive system	2	5	82
Genitourinary system	1	3	59
Hearing impairment	1	2	76
Congenital anomalies	1	3	72
Overall concurrence rate			72

Source: 2005 National Beneficiary Survey.

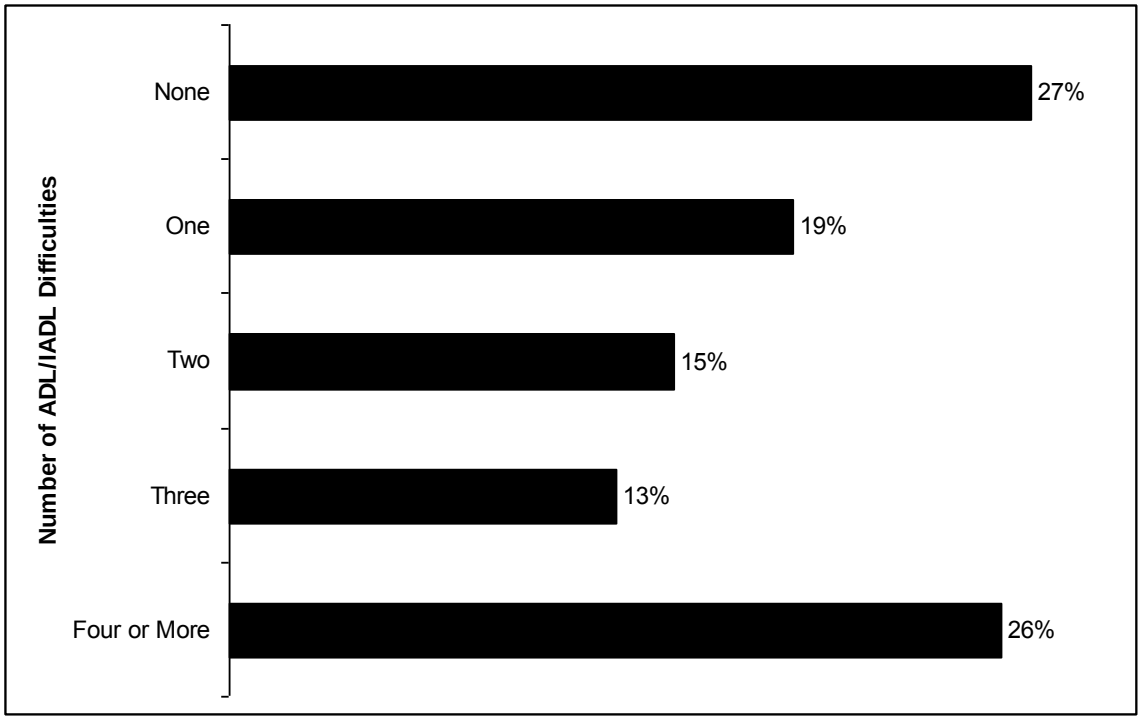
Notes: Analysis includes only sample members with a primary or secondary diagnosis in the administrative data corresponding to one of the 15 condition groups shown. Sample size = 4,637.

[a]Distribution includes primary and secondary diagnoses reported in the administrative data for the sample of NBS respondents matched to administrative data. For concurrent beneficiaries, the conditions may have been reported in the Title II and/or Title XVI record.

[b]Respondents were able to report several health conditions as reasons for current activity limitations.

[c]Concurrence rates were calculated for the broad condition groups rather than for specific ICD-9 diagnosis codes.

Exhibit II.5. Percent of Beneficiaries Having Difficulty with a Given Number of ADLs/IADLs



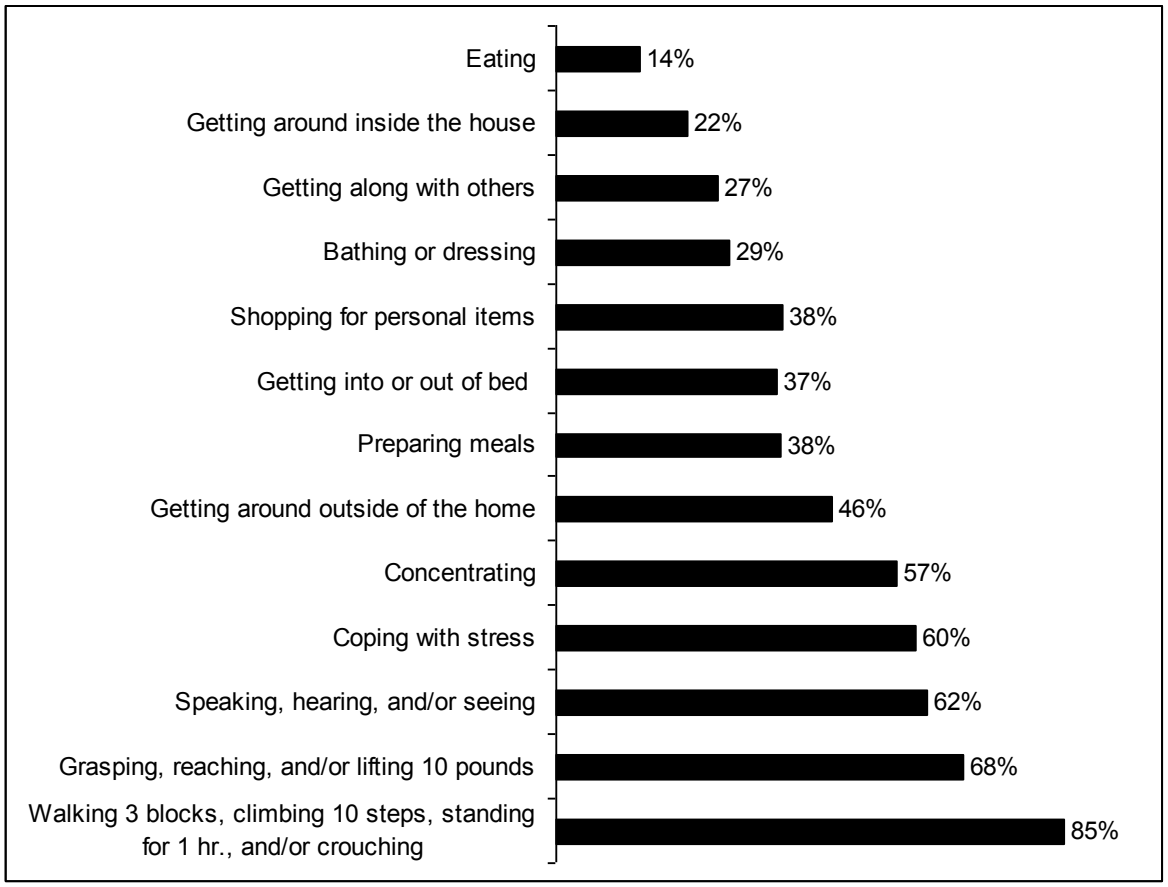
Source: 2005 National Beneficiary Survey.

Note: Sample size = 4,864.

Exhibit II.6 shows the prevalence of difficulties with specific ADLs, IADLs, and other functional activities. The limitations reported most often were functional difficulties with the upper extremities (68 percent) and lower extremities (85 percent). Impairments in sensory and communication functions such as seeing, hearing, or speaking were also common (62 percent) as were difficulties in coping with stress (60 percent) and concentrating (57 percent), two abilities required for most jobs. It is also noteworthy that 85 percent of beneficiaries reported limitations in their ability to get around (walking three blocks, climbing 10 steps, standing for an hour, and crouching), which might affect their ability to commute to and perform a job.

Health conditions may make it difficult for many beneficiaries to pursue employment, particularly if they require frequent treatment for poor or deteriorating health. A large share of beneficiaries reported that their current health is either good or fair (47 percent) (Exhibit II.7). Nearly as many, however, said that their health is poor or very poor (44 percent). Only a small share of beneficiaries reported excellent or very good health (9 percent). When asked about how their current health compares to their health in the previous year, about equal shares indicated that their health was the same (43 percent) or worse (41 percent). Only a small share (15 percent) indicated that their health improved since the previous year.

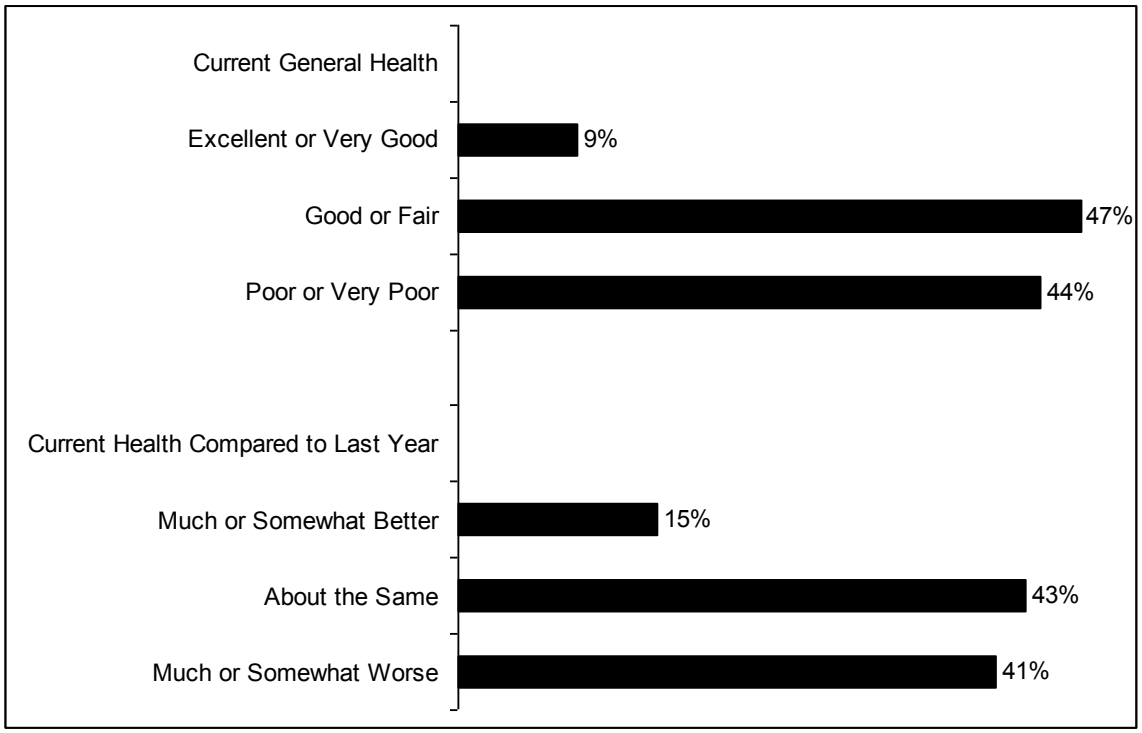
Exhibit II.6. Prevalence of Difficulty in Performing Specific Activities



Source: 2005 National Beneficiary Survey.

Note: Sample size = 4,864.

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



Source: 2005 National Beneficiary Survey.

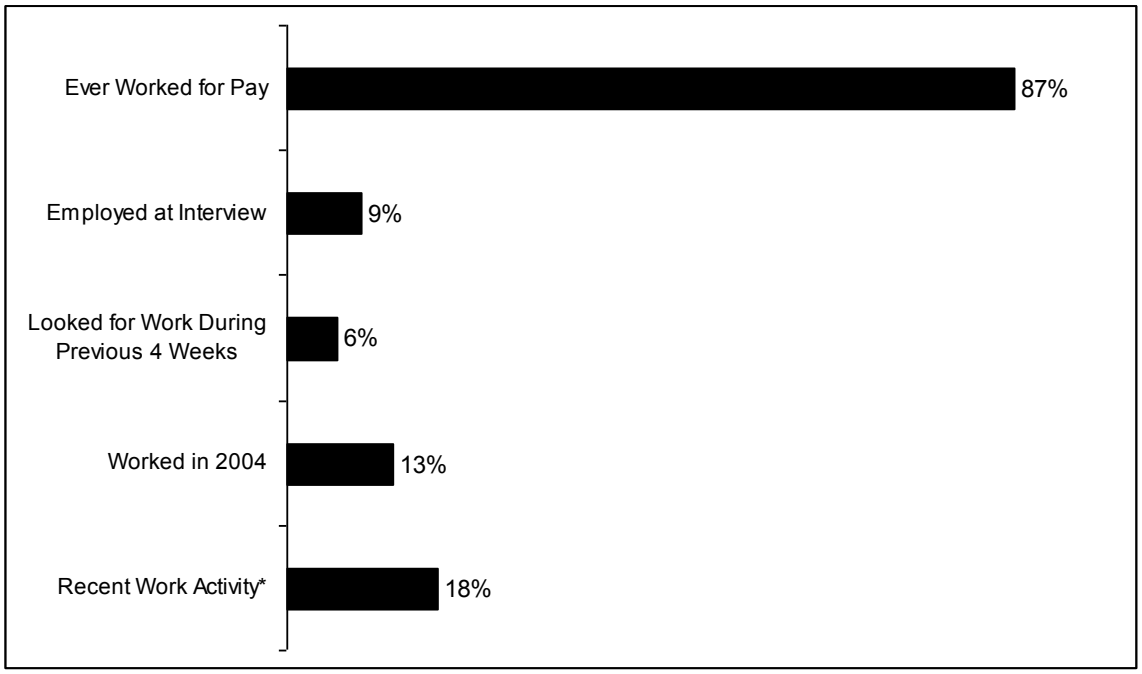
Note: Sample size = 4,864.

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

Most beneficiaries (87 percent) reported that they had worked for pay at some time in their lives. At interview, 9 percent of all beneficiaries were working, and another 6 percent had been searching for a job during the previous four weeks. A somewhat higher share (13 percent) indicated that they had worked for pay for one month or longer some time during the previous year (2004) (Exhibit II.8). While only a relatively small percentage of beneficiaries had recently engaged in or actively sought employment (18 percent among about 10 million working-age beneficiaries at any given time), the percentage nonetheless translates into nearly 2 million beneficiaries.

We identified several personal characteristics that, holding other characteristics constant, were significantly associated with being employed at the time of interview (Appendix Table B.33). Among these characteristics, age stands out as a particularly important determinant of employment; younger beneficiaries were much more likely to be employed at interview relative to older beneficiaries. In addition, those reporting higher

Exhibit II.8. Beneficiary Employment



Source: 2005 National Beneficiary Survey.

Notes Recent work activity defined as being employed at interview, having looked for work during the previous four weeks, or having worked during 2004. Sample size = 4,864.

levels of physical and mental health were more likely to be employed at interview.[7] Receiving any amount of non–SSA benefits and receiving over $500 per month in Social Security benefits were negatively associated with the likelihood of employment at interview.[8] Several characteristics were not significantly associated with being employed at interview after controlling for other characteristics, including a history of high lifetime earnings, length of time on the disability rolls, education level, substance abuse, and all self-reported health conditions causing a limitation except for mental retardation (which was significant and positively associated with employment). It may seem surprising that characteristics such as high past earnings and education (factors that are typically predictive of employment in the general working-age population) are not correlated with employment among disability

[7] Physical and mental health status were measured by the SF-8™ (Ware et al. 2001). Those with SF-8™ physical and mental health summary scores in the lowest 25th percentile for the U.S. adult population were significantly less likely to be working at interview.

[8] The logit models define the variables representing Social Security benefit amounts as the benefits that would be received in the absence of earnings. This is calculated based on the benefit amounts due and on countable earnings information obtained from administrative data. As most beneficiaries are not employed at levels that affect benefits, the value of benefits in the absence of earnings is equal to the amount of benefits due.

beneficiaries. For many beneficiaries, however, particularly DI-only beneficiaries who generally have higher lifetime earnings and education levels relative to SSI-only and concurrent beneficiaries, participation in the disability programs represents a permanent withdrawal from the labor force. High past earnings means a greater opportunity cost will be associated with labor force withdrawal and participation in the SSA disability programs, thus, we would expect that these individuals would have very severe disabilities that prevent their ability to work.

When beneficiaries were asked why they were not working, an overwhelming majority (95 percent) reported that they were impeded by a physical or mental health condition (Exhibit II.9). This response is consistent with the SSDI and SSI eligibility criteria. Other reasons for not working reflect the labor-market challenges facing many people: being discouraged by previous work attempts (30 percent); inability to find a job for which they are qualified (27 percent); the perception by others that they cannot work (27 percent); and the inaccessibility of workplaces (26 percent). Only 12 percent of all beneficiaries indicated that a potential loss of cash or health insurance benefits explained why they were not working, although many more might have cited this reason as an impediment to work if they felt that other barriers could be overcome.

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

Reason(s) for Not Working	Percent of All Beneficiaries Not Working at Interview
Physical or mental condition prevents work	95
Discouraged by previous work attempts	30
Cannot find a job he/she is qualified for	27
Others do not think he/she can work	27
Workplaces are not accessible to people with his/her disability	26
Employers will not give her/him a chance	17
Lacks reliable transportation to/from work	18
Cannot find a job he or she wants	11
Does not want to lose cash or health insurance benefits	12
Is caring for someone else	6
Waiting to finish school/ training program	4
Other	1

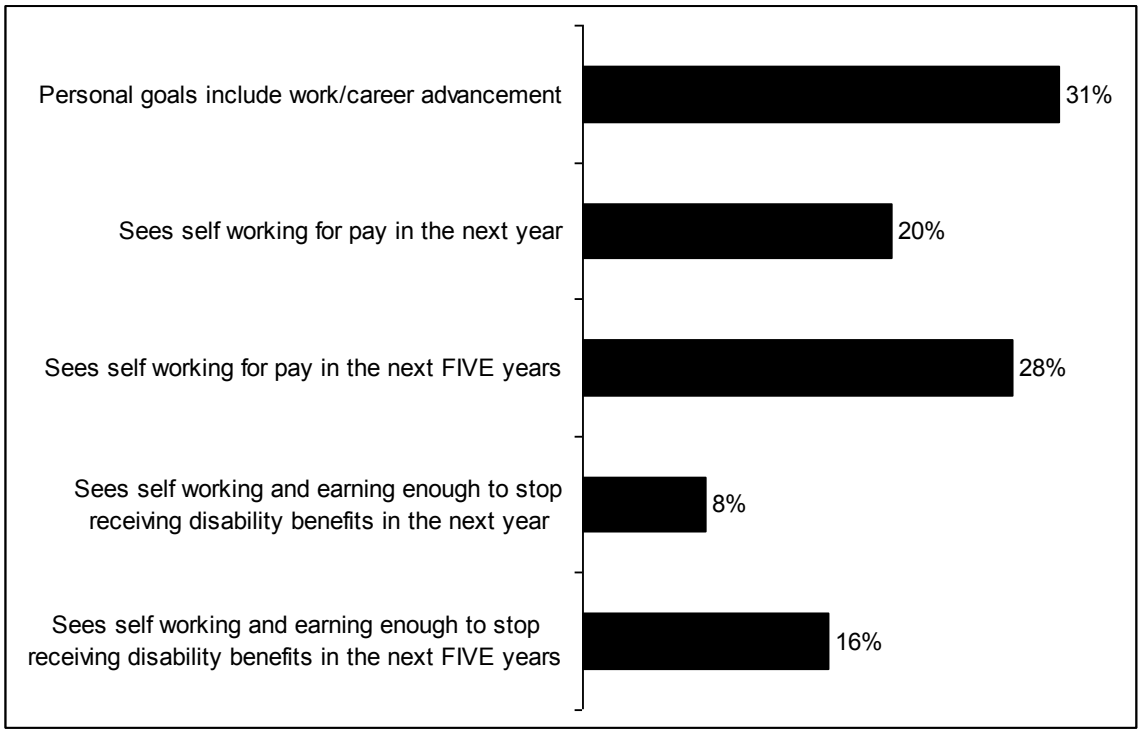
Source: 2005 National Beneficiary Survey.

Notes: Survey respondents were able to give more than one reason for not working, so the percentages sum to more than 100 percent. Sample size = 4,864.

Beneficiaries' employment-related expectations suggest that there may be significant demand for employment-related services. Despite the numerous employment challenges

implied by the beneficiary characteristics described above, a sizeable share of all beneficiaries (31 percent) indicated that their personal goals include getting a job (if not currently working), moving up in a job, or learning new job skills (Exhibit II.10). Overall, 20 percent of beneficiaries see themselves working for pay in the next year. A somewhat higher share (28 percent) expects to work for pay in the next five years. Only 8 percent of all beneficiaries see themselves as able to earn enough to stop receiving benefits in the next year, but a larger share (16 percent) see themselves able to stop receiving benefits within the next five years. Despite the fact that the share of beneficiaries who see themselves working in the next five years and working enough to leave the rolls in five years is small, they represent very large numbers of individuals—about 2.5 million and 1.5 million, respectively. And even if the reported expectations tend to be overly optimistic, the findings imply that a large number of beneficiaries might benefit from services and policies designed to promote employment. If we focus only on beneficiaries who expect to work in the future, 38 percent of those expecting to work in the next year see themselves earning enough to leave the rolls in the next year as well, and 58 percent of those who see themselves working in the next five years expect to earn enough to leave the rolls in that period.[9]

Exhibit II.10. Expectations About Future Employment



Source: 2005 National Beneficiary Survey.

Note: Sample size = 4,864.

[9] Author's calculations based on data shown in Exhibit II.10.

C. USE OF HEALTH, EMPLOYMENT, AND EDUCATION SERVICES

One of TTW's goals is to expand beneficiaries' choices regarding the types of employment-related services to which they have access and the types of providers delivering those services. In theory, TTW should both increase the likelihood that beneficiaries use services and affect the types of services and providers that used. This section describes the use of services, including the share and characteristics of beneficiaries who use services, the reasons they are using services, the types of services used, and reports of unmet service needs. Subsequent chapters focus more specifically on the use of services by TTW participants and the impact of TTW on service use.

1. Service Use in 2004 and Characteristics of Users

A large share of beneficiaries reported that they used services during the previous year. Among all beneficiaries, 34 percent reported using services in 2004 for purposes of improving their ability to work or to live independently (Appendix Table B.13).[10] What is noteworthy is the fact that TTW participants represent only a small fraction (1.6 percent) of all beneficiaries using services in areas where TTW had been operating for a year or longer. Clearly, a large percentage of beneficiaries use services both in the absence of TTW and outside the sponsorship of TTW where TTW is available.

We identified several personal characteristics significantly associated with the likelihood of using services in 2004 after controlling for other characteristics (Appendix Table B.34). All else constant, beneficiaries who used services in 2004 were significantly more likely to report a mental health or nervous system condition or no condition as a main reason for being limited, to have completed education beyond high school, to have a parent who completed education beyond high school, to be under age 55, and to report symptoms of substance abuse. They were also significantly less likely to be Hispanic.

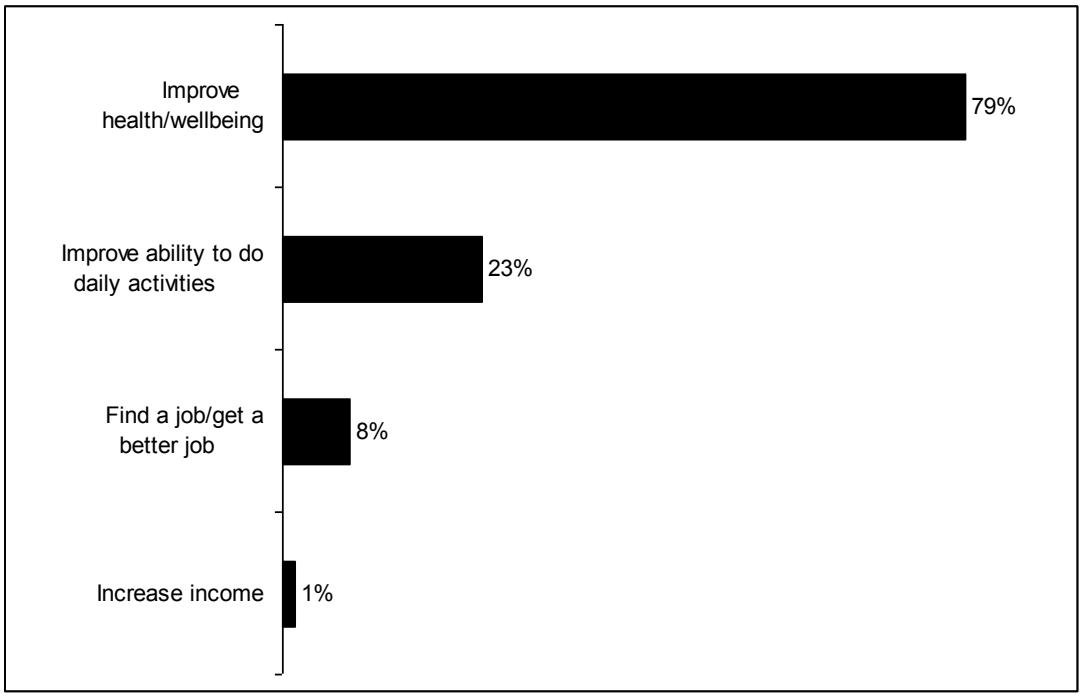
Except for age and parental education, few of the characteristics significantly associated with service use were also significantly associated with the likelihood of employment. The differences in the findings from the analyses of employment and service use likely reflect the fact that many beneficiaries use services mainly to improve health and functioning rather than to secure employment, as discussed below.

[10] The NBS solicited information about a broadly defined set of services that beneficiaries saw as helping them work or live independently. Services included job-search services; medical services; therapy or counseling; and education or other training needed for securing a new job or advancing in a career. The broad definition of services reflects the extremely wide latitude given to ENs and SVRAs to provide services that would help beneficiaries earn their way off the rolls. Throughout this section, "services" reflects the many varied supports that beneficiaries reported using to improve their ability to work or to live independently.

2. Reasons for Using Services and Types of Services

Most beneficiaries who used services in the previous year (2004) reported using them to improve their health or well-being (79 percent) or their ability to engage in daily activities (23 percent). Only a small share of all beneficiaries reported using services for purposes of finding a job (8 percent) or to increase their income (one percent) (Exhibit II.11).

Exhibit II.11. Selected Reasons for Using Services Among All Beneficiaries Who Used Services in 2004

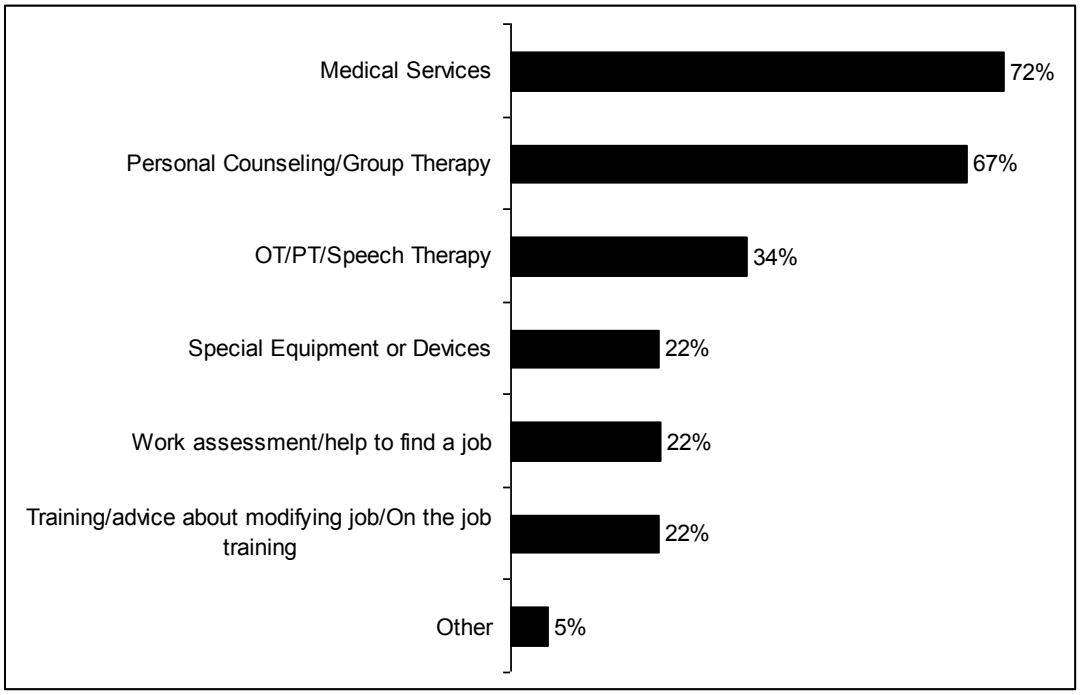


Source: 2005 National Beneficiary Survey.

Note: Sample size = 1,798.

Reflecting the predominance of health-related reasons for using services, the types of services used most often by beneficiaries during the previous year were medical services (79 percent), followed by personal counseling or group therapy (67 percent) and occupational, physical, or speech therapy (34 percent) (Exhibit II.12). Although only a small share of service users indicated that finding a job or increasing income was a reason for seeking services, much larger shares actually used services specifically geared toward employment: 22 percent of service users sought and received on-the-job training and/or advice about modifying a job; and 22 percent sought and received work assessments and/or assistance finding a job.

Exhibit II.12. Types of Services Used in 2004 Among Service Users



Source: 2005 National Beneficiary Survey.

Note: Sample size = 1,798.

3. School Enrollment and Degree-Seeking Behavior

Only a very small proportion (2 percent) of beneficiaries were enrolled in school at interview (Exhibit II.13), of whom most (71 percent) were seeking a degree, license, or certificate.[11] The largest share (50 percent) was working toward an associate or undergraduate degree.

D. UNMET SERVICE NEEDS

All respondents, whether or not they had used any services, were asked whether there were any services, equipment, or supports that they needed in 2004 to improve their ability to work but that they did not receive. About 10 percent of all beneficiaries (roughly 1 million individuals) indicated that they did not receive services they thought they needed during the previous year (Exhibit II.14). Among those indicating an unmet need for services, the most common reasons for not obtaining services were ineligibility for or refusal of services (23 percent), inability to afford services (18 percent), and lack of information about where to obtain services (16 percent).

[11] The other 29 percent of beneficiaries enrolled in school at interview indicated that they were "just taking classes."

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

Enrolled in School at Interview (percent of all beneficiaries)	2
Enrollees Seeking a Degree, Certificate, or License (percent of all enrollees)	71
Degree Types Among Those Seeking a Degree or License (percent of all degree-seeking enrollees)	
GED or high school equivalent	11
Vocational program	13
Associate's or undergraduate degree	50
Graduate degree	9
Other/don't know	17

Source: 2005 National Beneficiary Survey.

Note: Sample size = 4,864 (146 degree-seeking beneficiaries).

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

Did not receive needed services (percent of all beneficiaries)	12
Reason why services were not received (percent among those needing, but not getting, services)	
Could not afford services	23
Lack of information	18
Wasn't eligible/request refused	13
Problems with services/agency	9
Too difficult/confusing	4
Did not try	4
Other	25
Don't know	5

Source: 2005 National Beneficiary Survey.

Note: Sample size = 4,864 (655 beneficiaries with unmet service needs).

E. SUMMARY AND CONCLUSIONS

The survey data suggest that there is potential demand for employment and employment-related services among Social Security disability beneficiaries. Although at any given time only a small share of beneficiaries is employed or actively seeking employment, a substantial number of beneficiaries has set forth the goal of securing employment; in fact, those beneficiaries see themselves working in the future. Many even see themselves earning enough to leave the rolls in the future. In addition, a good share of beneficiaries used services during the previous year to improve their ability to work and to live independently. While most indicated that they used the services primarily to improve their health and functioning, a considerable number received services intended specifically to address employment. Some beneficiaries indicated that they were unable to get needed services for reasons related to a lack of information, inability to afford services, and being ineligible for

services. Even though the percentages of beneficiaries indicating an interest in employment—through either their actions or expectations—represent a minority of all beneficiaries, they translate into millions of individuals, given the size of the federal disability rolls, and thus constitute a potentially large pool of beneficiaries who might benefit from a program like TTW.

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

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

In summary, while many beneficiaries seem unlikely to use TTW-funded services, our overview of beneficiary characteristics and use of services indicates that there is indeed some potential demand for a program like TTW. A substantial share of beneficiaries indicates an interest in employment, and many them have needs and face challenges that a program like TTW could address. Whether there is enough demand for services to support the TTW market will depend on beneficiaries' decisions to assign their Tickets. We turn to those decisions in the following chapters.

CHAPTER III

BENEFICIARY PARTICIPATION IN TICKET TO WORK

Ticket to Work participation rates (the number of Tickets in use divided by the number of Ticket-eligible beneficiaries) measure the extent to which beneficiaries have taken SSA up on its offer to finance employment-support services and successfully found providers to accept their Tickets. The overall participation rate includes participation under all three payment systems, including the traditional payment system that was available before TTW. Assignments under the two new payment systems are of special interest because they represent a clear departure from the past.

Participation rates in the Phase 1 states are of particular interest because the program has been in place for the longest period in those states. As of December 2005, the last month for which we have complete data and one month short of four years since the Phase 1 rollout began, the participation rate in Phase 1 states had risen to 1.8 percent, up from 1.4 percent for the previous year (Thornton et al. 2007).[1] The total participation rate has continued to rise each month since the early months of program rollout, with no indication that growth in participation is over or about to end.

Of course, given that many beneficiaries with assigned Tickets would have enrolled for employment services at SVRAs in the absence of the introduction of TTW, TTW participation rates do not represent an impact of TTW on beneficiary use of SSA-supported employment services. Evidence reported in Chapter XII indicates that the impact of TTW on use of services in Phase 1 states in 2004 might have been less than 10 percent of the December 2004 participation rate but could also have been as high as half that rate.

Although only a very small share of beneficiaries assign their Tickets, this fact by itself does not imply that the program is falling short of the Ticket Act's goals. Indeed, the act specifies a goal of doubling the number of beneficiaries who leave the rolls because they find

[1] Because of lags in the recording of Ticket assignments in SSA's administrative data, participation status is based on December 2005 status from the Disability Control File for May 2006. All other administrative variables used in the participation analysis are based on December 2005 data.

work. As only about one-half of one percent of beneficiaries were exiting because of work when the legislation was passed, that goal could be realized by inducing just one-half of one percent of beneficiaries to assign their Ticket and exit the rolls. The goal could in part be achieved by increases in exits among those who would have sought employment services from SVRAs in the absence of TTW and in part by increases in exits among those who would not have sought employment services in the absence of TTW. Of course, current participation rates do not imply that the program has achieved the act's goals. In fact, evidence presented in Chapter XIII implies that the increase in exits in Phase 1 states fell far short of the act's goal in 2005.

An overwhelming majority of in-use Tickets (i.e., Tickets currently assigned to providers) are assigned to SVRAs (92.9 percent as of December 2005), and most are assigned under the traditional payment system, which is available only to SVRAs (87.7 percent of all in-use Tickets in December 2005). Further, the percentage of in-use Tickets assigned to SVRAs gradually increased after the end of each phase's rollout, along with the percentage assigned under the traditional payment system. These statistics suggest that TTW has had only a small effect on the employment service market for beneficiaries and that SVRAs continue to dominate and rely heavily on the traditional payment system. This point is reinforced by our interviews with several SVRA staff members (discussed in Chapter XI) who report that the agencies have not made major changes in their service offerings or targeting.

Participation rates vary with the characteristics of eligible beneficiaries. In the administrative data, several characteristics are strongly associated with participation rates, which were particularly high among those who entered the SSDI Extended Period of Eligibility (EPE) before TW rollout began, those under age 25, those with sensory impairments (especially hearing), and those residing in Vermont. Participation rates were particularly low for the many beneficiaries age 50 to 64, the small number requesting communications in Spanish, those with no to eight years of education (0.6 percent), and those with back disorders, other musculoskeletal disorders, circulatory disorders, or respiratory disorders.

The NBS provides extensive information on beneficiary characteristics not reported in the administrative data, such as health and functional limitations. We report findings from a multivariate analysis of participation that uses data from the first and second rounds of the NBS. These findings update estimates from an earlier report that were based on the first round of the NBS only (Thornton et al. 2007). The multivariate findings provide evidence of the relationship between participation and each characteristic in the analysis, holding other characteristics constant. In particular, the findings show that those with significant functional limitations, those requiring assistance to perform everyday activities, or those with low mental health scores (based on a battery of health questions) are less likely than others to assign their Tickets. Analysis of the survey data also indicates that, other factors held constant, Ticket users with the following characteristics are more likely than others to use non–SVRA ENs: those with minor children (regardless of marital status), those with low mental health scores, those without a severe activity limitation, and those with relatively low benefits.

The remainder of this chapter presents details on the above findings. Section A reports on statistics on Ticket rollout, including the history of participation rates. We summarize the findings from our analyses of predictors of Ticket participation in Section B, with details reported in Appendices B and C.

A. THE HISTORY OF TICKET PARTICIPATION

This section presents monthly statistics on Ticket mailings, the number of Ticket-eligible beneficiaries, and the extent to which Tickets are in use (i.e., assigned to a provider) during the Ticket rollout period. We begin by summarizing and updating the statistics on Ticket mailings and Ticket-eligible beneficiaries as detailed in Thornton et al. (2007) and then present monthly participation rates (in-use Tickets as a percentage of eligible beneficiaries) by provider type and payment system. We organize the statistics by phase by grouping states according to the year in which rollout started (Phase 1, 2002; Phase 2, 2003; and Phase 3, 2004). To support comparisons across phases, we date months by the number of months since the start of rollout. We also present statistics on deactivations (formal beneficiary withdrawal by providers) and reassignments and conclude by examining state participation rates in December 2005.

1. Ticket Mailings and Eligible Beneficiaries with Tickets

The TTW rollout formally concluded in September 2004, at which time SSA completed its mailing of Tickets to existing Ticket-eligible beneficiaries in Phase 3 states; nearly all mailings after that month went to beneficiaries who became eligible for TTW after rollout concluded (mostly new SSDI and SSI beneficiaries). The Phase 1 rollout ended almost two years earlier, in October 2002, and the Phase 2 rollout ended one year earlier, in September 2003. As of December 2005, SSA had mailed over 11 million Tickets to beneficiaries. Monthly mail statistics through the rollout period appear in Thornton et al. (2007). Since the end of rollout, SSA has been mailing approximately 90,000 Tickets to newly eligible beneficiaries every month.

As of December 2005, TTW counted 9.8 million Ticket-eligible beneficiaries.[2] Of these, about 29 percent were in Phase 1 states, 31 percent in Phase 2 states, and the remaining 40 percent in Phase 3 states.

2. In-Use Tickets by Provider Type

The TTW participation rate is defined as the number of in-use Tickets expressed as a percentage of current Ticket-eligible beneficiaries. At the beginning of each rollout, rates vary substantially from month to month and across phases depending on the following: how quickly Tickets are mailed out (and hence how quickly the participation rate

[2] The number of beneficiaries eligible at the end of the period is lower than the cumulative number of Tickets mailed because of exits from the beneficiary rolls among the working-age population primarily due to mortality or reaching retirement age.

denominator grows) and how providers treat pipeline cases (which affects the numerator). Once the mailings are complete, changes in the rates are gradual because most participants in any one month were participants in the previous month. The number of in-use Tickets can decline only if Tickets are formally deactivated. It is likely that some beneficiaries with in-use Tickets are not actively receiving services, are not employed, or are not otherwise seeking employment, but we do not have complete or up-to-date information on these activities. The 2005 participant survey data indicates, however, that a large majority of participants was employed, receiving services, and/or actively seeking employment at the time of the survey (see Chapters V, VI and VII).

Any comparison of statistics across phases needs to account for the fact that Tickets in Phase 2 and 3 states were initially mailed out more gradually than Tickets in Phase 1 states. For this reason alone, we would expect lower initial participation in the Phase 1 and 2 states.

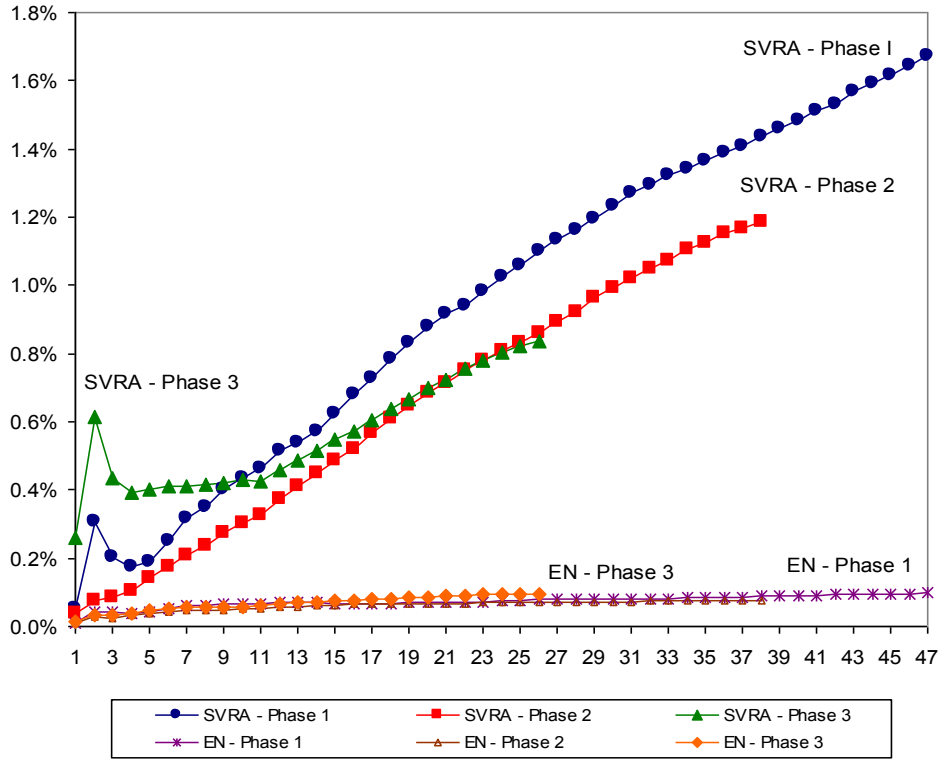
In December 2005, about 126,000 Tickets were in use. In addition, the Phase 1 participation rate reached 1.8 percent, the Phase 2 rate reached 1.3 percent, and the Phase 3 rate reached 0.9 percent.[3] The history of participation rates by phase and provider type (SVRA and EN) is shown in Exhibit III.1. To facilitate comparisons across phases, the exhibit plots monthly rates against the number of months since the start of rollout in the relevant phase.

Participation rates at SVRAs are much higher than EN rates. The Phase 2 and 3 SVRA participation rates are similar as of the most recent month observed for both, and both are lower than the Phase 1 SVRA participation rate during the comparable month. There is remarkably little variation in EN participation rates across phases.

As noted earlier, the more gradual rollouts in Phase 2 and 3 states mean that, other factors equal, early participation rates in those states should be lower than in the Phase 1 states. If the gradual rollouts were the only explanation for the lower rates in these states, then we would likely observe similar differences for ENs, not just for SVRAs. In Thornton et al. (2005), we conducted a detailed analysis of the reasons for the differences, using SSA data matched to SVRA data from RSA. We concluded that the differences can be ascribed to differences in SVRA assignments from pipeline cases, i.e., beneficiaries already enrolled with the SVRA before they received their Ticket; the Phase 2 and 3 SVRAs both obtained far fewer assignments from pipeline cases than the Phase 1 SVRAs. Many Phase 1 SVRAs had been concerned that they would not be eligible to obtain payments for pipeline cases if they did not obtain Ticket assignments, but by the time the Phase 2 rollout started that concern had dissipated.

[3] This estimate is based on reporting through July 2006. Because of the lags in recording all assigned Tickets, we consider the July 2006 data as providing an accurate measure of actual Ticket assignments only through December 2005.

Exhibit III.1. Participation Rates, by Months Since Rollout Start, Phase, and Provider Type Through December 2005



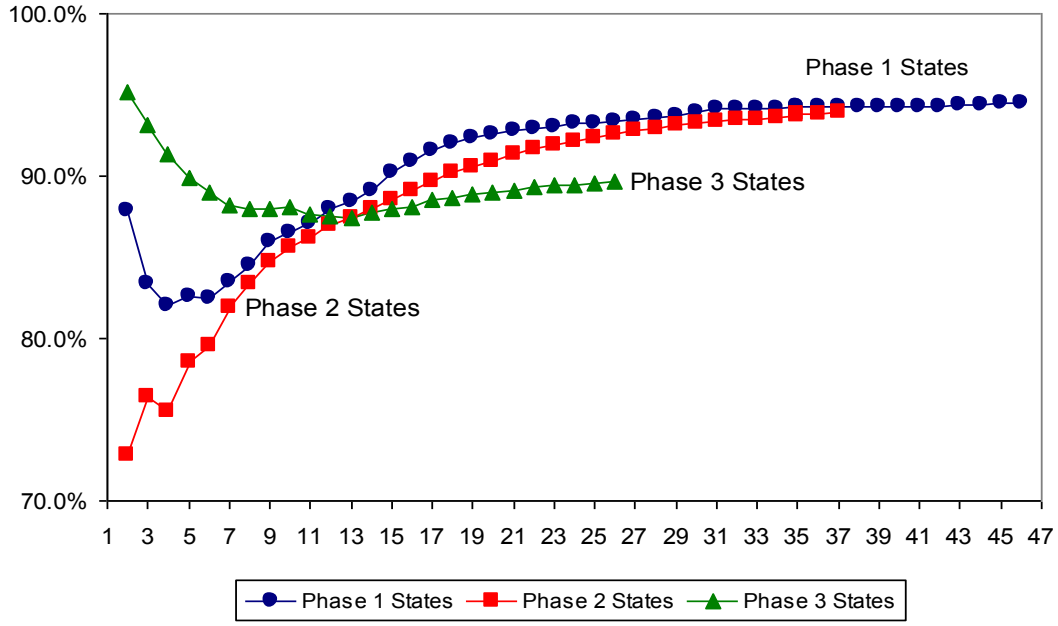
Note: Participation status based on May 2006 Disability Control File.

The matched data also show that SVRAs obtained assignments from only a minority of the beneficiary clients they serve. Although the data are incomplete (because the RSA data are not available until after case closure), it appears that SVRAs obtain assignments only from about 40 percent of new beneficiary clients. It is for this reason that the analysis of the impact of TTW on service enrollment (Chapter XII) considers all SVRA enrollments, not just those with an assigned Ticket.

Participation rates continue to grow within all three state groups for both SVRAs and ENs, in part reflecting the fact that Ticket assignments generally last for many years. It seems likely that the number of new assignments each month will continue to be larger than the number of assignments that are deactivated or terminated, for any reason, in the near future.

Within each of the state groups, participation rates at SVRAs are growing more rapidly than those at ENs. Hence, as illustrated in Exhibit III.2, the percentage of in-use Tickets assigned to SVRAs has been gradually increasing since the end of rollout in each state group and appears to be leveling off at a value that will eventually be greater than 90 percent in all three state groups (as of December 2005, 94.5 percent in Phase 1 states, 93.9 percent in Phase 2 states, and 89.7 percent in Phase 3 states).

Exhibit III.2. Percentage of In-Use Tickets Assigned to SVRAs by Months Since Rollout Start and Phase, Through December 2005



3. In-Use Tickets by Payment Type

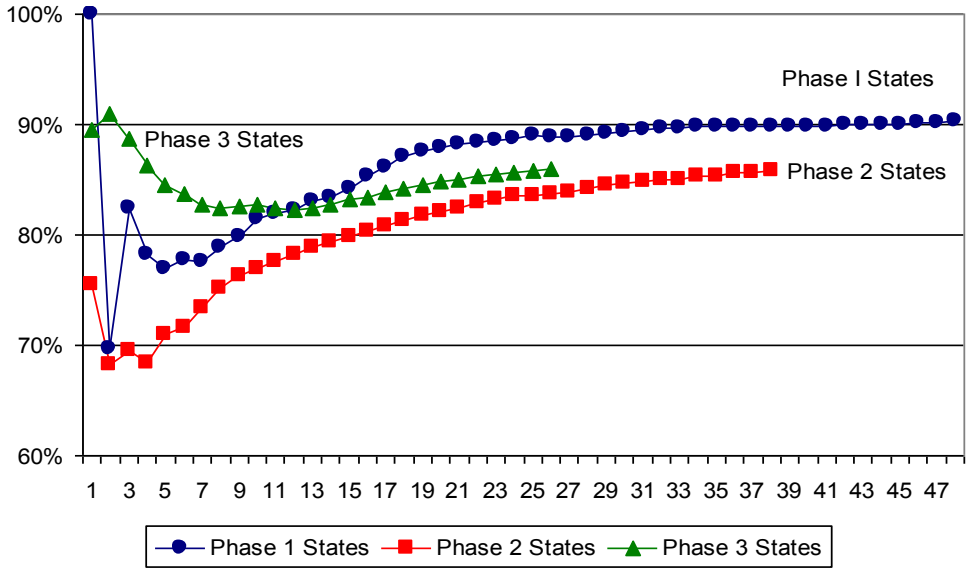
Assignments to the three payment systems (traditional, milestone-outcome, and outcome-only) largely mirror assignments to provider types and reflect not only the fact that SVRAs are predominantly using the traditional system, but that they are the only providers that can do so. Thus, most in-use Tickets have been assigned under the traditional system, necessarily to SVRAs. In December 2005, 90.3 percent of in-use Tickets in Phase 1 states were assigned under the traditional payment system compared to 85.8 percent in Phase 2 states and 86 percent in Phase 3 states (Exhibit III.3).[4] Further, the percentage of Tickets assigned under the traditional system in all three phase groups is gradually increasing.

In addition, a large majority of Tickets assigned in all three phases under one of the new payment systems has been assigned under the milestone-outcome system (as of December 2005, 71.1 percent in Phase 1 states, 76.9 percent in Phase 2 states, and 85.1 percent in Phase

[4] Our earlier estimate was 75.9 percent. Most assignments reported after completion of the extraction of data for the earlier report were to SVRAs.

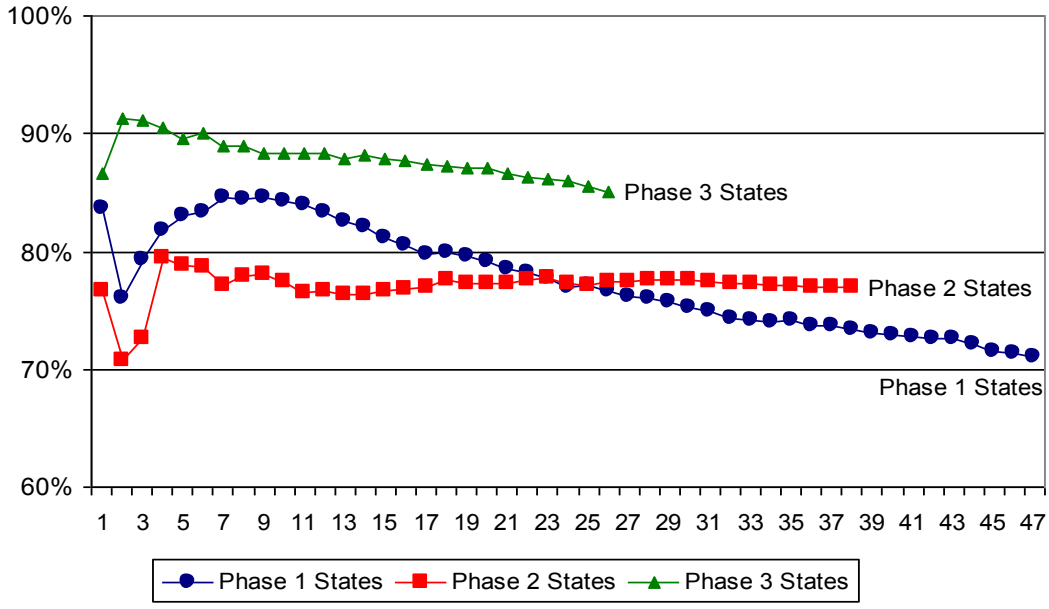
3 states). This percentage is declining in the Phase 1 and 3 states but has remained stable in Phase 2 states (Exhibit III.4).

Exhibit III.3. Percentage of In-Use Tickets Assigned Under the Traditional Payment System by Months Since Rollout Start and Phase Through December 2005



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

Exhibit III.4. Milestone-Outcome Assignments as a Percent of Assignments Under the New Payment Systems



Note: Participation status based on May 2006 Disability Control File.

The use of the new payment systems by SVRAs is gradually decreasing relative to their use of the traditional system. The percentage of SVRA assignments under one of the new payment systems in Phase 1 states gradually declined from 5.5 percent in December 2002 to 4.5 percent in December 2005. Although higher than in Phase 1 states, the percentage in Phase 2 states declined from 9.8 percent in December 2003 to 8.7 percent in December 2005. In Phase 3 states, the percentage declined from 5.7 percent in December 2004 to 4 percent in December 2005. A large majority of Tickets assigned to SVRAs under the new payment systems goes to a small number of SVRAs (see state participation statistics in Section B of this chapter).

4. Deactivations and Reassignments

As in earlier reports, we examined administrative data on deactivations and reassignments to determine whether substantial numbers of beneficiaries with an assigned Ticket are changing providers, formally withdrawing from participation, or being withdrawn. The number of deactivations has been small relative to the number of in-use Tickets since the beginning of the program and continues to be small (fewer than 3 per 1,000 Tickets in use as of December 2004), and reassignments are extremely rare (just 4 per 10,000 in-use Tickets in December 2004). Some interesting patterns, however, depicted in Exhibit III.5, show net deactivations (deactivations net of reassignments) as a percentage of in-use Tickets by phase and months since rollout start.[5]

First, net deactivations are relatively less frequent for Tickets assigned to SVRAs than for Tickets assigned to ENs (0.13 percent versus 1.22 percent in December 2004). Second, net deactivations from ENs for beneficiaries in Phase 1 states were relatively high during months 8 to 15 after the start of the Phase 1 rollout (i.e., October 2002 through May 2003), peaking at 6 percent in March 2003. As discussed in our first report, several large ENs consolidated or terminated operations during that period.[6]

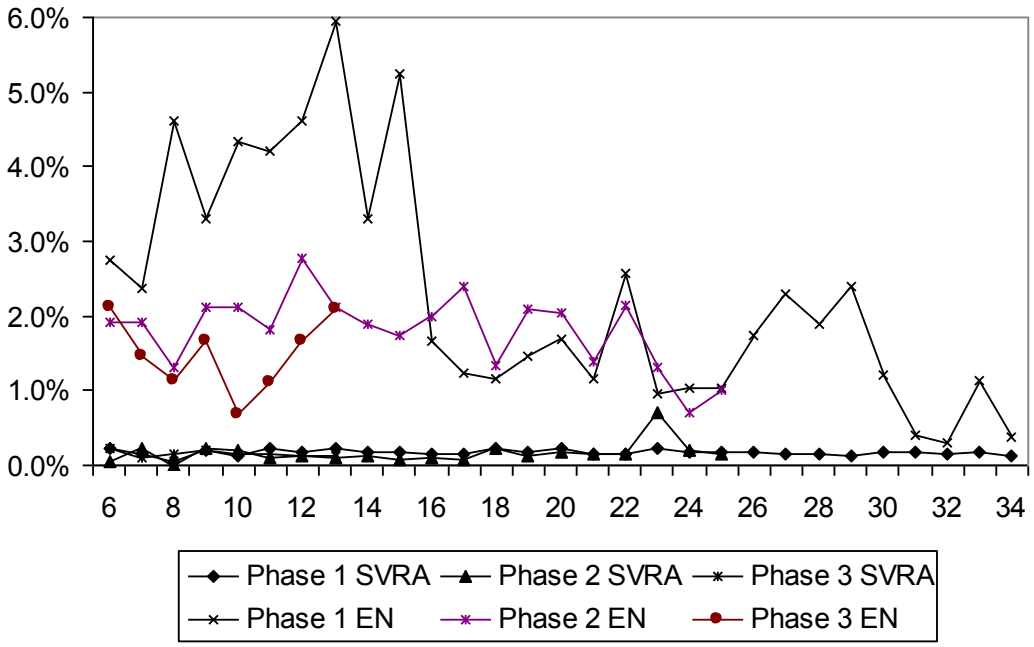
After that period, net deactivations in Phase 1 states hovered around 1.5 percent until month 26 and then increased to around 2 percent for four consecutive months before falling to 1 percent or lower after month 30. The small increase for months 26 through 30 may reflect deactivations initiated by providers as the first cohort of Ticket participants reached the 24-month point in cohort assignments, after which providers must deactivate the Tickets of participants who are not making timely progress. There is no evidence of an increase in deactivations by Phase 1 SVRAs after month 24. Based on our interviews with the Program

[5] We excluded the small number of reassignments from the count of deactivations, but the exhibit would change little with their inclusion. We omitted the first six months of the rollout period because the small number of in-use Tickets early in each phase's rollout leads to large but meaningless variations in net deactivations as a percentage of in-use Tickets.

[6] Based on Maximus data from December 2004, the most extreme case is a provider that had accepted 361 assignments from the start of the Phase 1 rollout through December 2004 but had only 12 assignments in the last month. Two other ENs had at least 100 fewer assignments in December 2004 than the number they had accepted since rollout, and 116 ENs had withdrawn from the program.

Manager, some Phase I SVRAs did begin deactivating Tickets in response to letters mailed by the Program Manager in November 2004 (month 34). The Program Manager reports an initial flurry of deactivations—not evident in the data—-that end in month 35. The Program Manager also reports that, after the initial flurry of deactivations, further requests for timely progress reports went ignored, particularly by Phase 2 and 3 SVRAs, because the consequences for failing to comply were few. No response to the letter is interpreted as affirmation that a beneficiary is making timely progress. In May 2008, SSA issued rule changes to the program that eliminated the timely progress requirement.

Exhibit III.5. Net Deactivations by Months Since Rollout, Provider Type, and Phase



Note: Participation status based on May 2006 Disability Control File. Net deactivations are defined as total deactivations minus reassignments. Statistics before month six of each rollout are not meaningful because of the small number of assignments.

As pointed out in our previous report, we do not know how many in-use Tickets are inactive de facto. Ticket users who halt their return-to-work effort have little motivation to withdraw their Tickets, and, as indicated above, providers have little incentive to take the initiative to do so themselves. Hence, we have to conclude that some—and possibly many—in-use tickets are inactive. It appears, however, that the vast majority of participants is engaged in some form of employment or employment preparation activity. Chapter VII presents tabulations on the employment-related activities and expectations for Ticket participants based on a survey conducted in 2005. As of that time, all but six percent of participants were recently employed, seeking work, or planning to seek work in the not too distant future (Exhibit VII.1).

5. Participation Rates by State

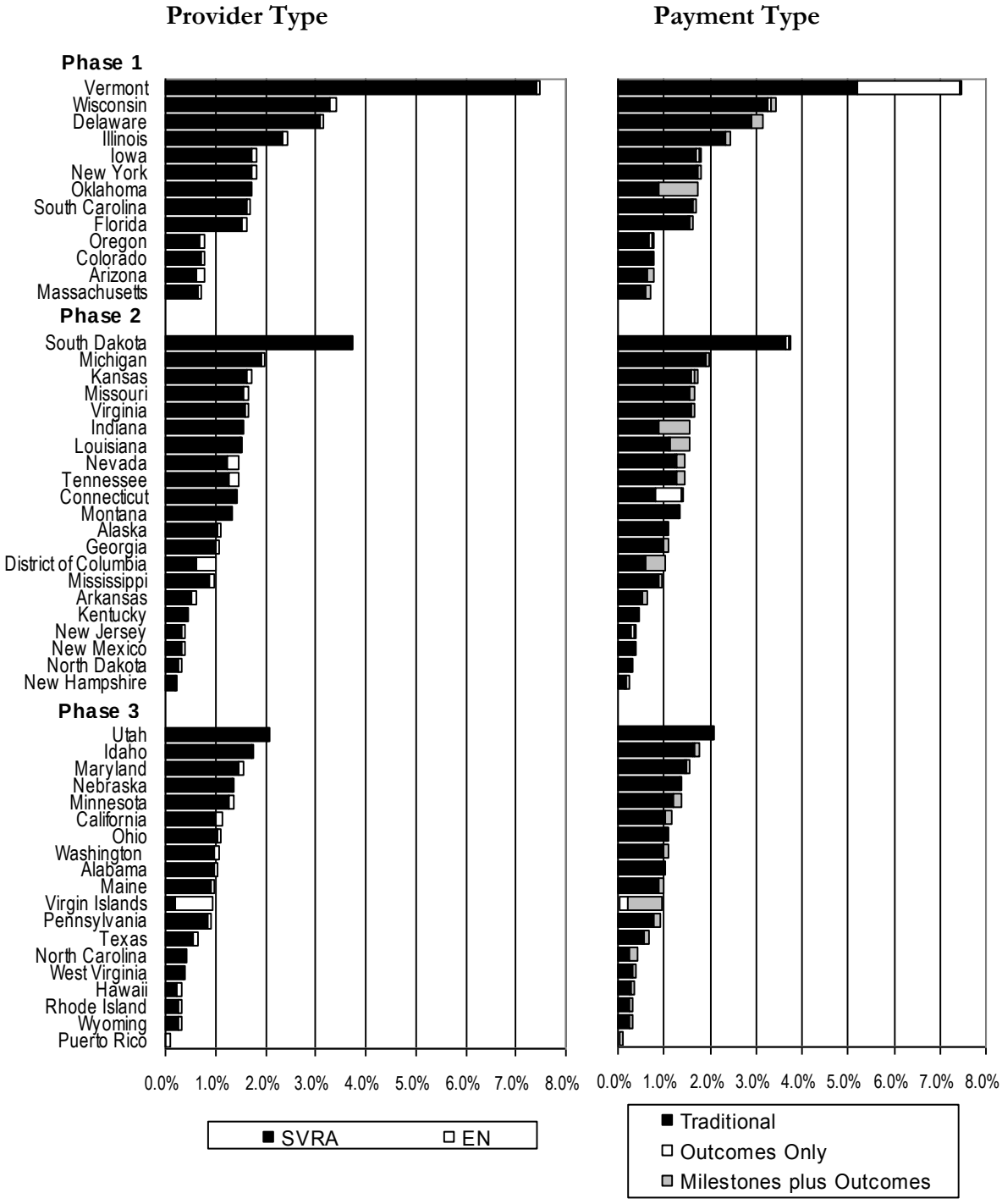
Participation rates continue to vary by state. Some of the variation results from the phased rollout, but variation is high even within phases. Vermont, a Phase 1 state, continues to exhibit the highest participation rate, at 7.7 percent as of December 2005 (Exhibit III.6). In contrast, Massachusetts, a neighbor of Vermont, has the lowest participation rate among Phase 1 states, at 0.7 percent. Among Phase 1 states, Wisconsin and Delaware also have notably high participation rates (3.4 and 3.2 percent, respectively).

South Dakota's participation rate is also especially remarkable: 3.7 percent as of December 2005 and higher than all Phase 1 states except Vermont despite the fact that South Dakota's rollout started almost a year later and was more gradual. Similarly, Utah, a Phase 3 state, has the sixth highest participation rate (2.1 percent) despite a rollout that started two years later than the Phase 1 rollout.

It is apparent from the left side of Exhibit III.6 that variation in state participation rates is largely driven by variation in SVRA participation rates; with few exceptions, a large majority of assignments in each state goes to SVRAs. The most notable exceptions are the Virgin Islands and District of Columbia.

With few exceptions, cross-state variation in participation rates for the traditional payment system is closely related to variation in SVRA participation rates, as is evident in the right side of Exhibit III.6; such variation is not surprising given the preponderant use of the traditional payment system by SVRAs. Vermont again stands out, both because the participation rate of 2.2 percent under the outcome-only payment system, and because all Tickets assigned under this payment system are held by the SVRA. Thus, given the number of eligible beneficiaries in the state, Vermont's SVRA is not only obtaining a particularly large number of assignments but is also accepting a relatively large number of assignments under the payment system with the strongest outcome incentives. Participation under the milestone-outcome system is exceptionally high in Oklahoma (0.8 percent), where the SVRA accepts a relatively large number of beneficiary clients under that system. In the Phase 2 group, milestone-outcome assignments are relatively frequent in the Louisiana and Indiana SVRAs. Milestone-outcome assignments are also relatively frequent in the District of Columbia, but at ENs. The Virgin Islands is the only Phase 3 jurisdiction with an exceptionally high rate of utilization under any new payment system (primarily milestone-outcome), and ENs hold all Tickets assigned under the new payment systems in this jurisdiction.

Exhibit III.6. Ticket Participation Rates by State, Provider Type, and Payment Type, December 2005



Note: Participation status based on May 2006 Disability Control File.

B. PREDICTORS OF PARTICIPATION

In earlier reports (Thornton et al. 2004, 2006, and 2007), we used administrative data to analyze how participation rates vary with beneficiary characteristics. Here, we discuss the most recently available participation rates (December 2005) for a wide variety of groups defined by characteristics measured in the administrative data. The discussion focuses on Phase 1 states because their relatively high participation rates lead to more definitive variation across groups than in the Phase 2 and 3 states. Results for the Phase 2 and 3 states, however, are highly similar, as reported in Appendix C. Comparisons across groups defined by a single characteristic might reflect differences in other characteristics that vary across the same groups (e.g., older beneficiary groups have a different mix of impairments than younger beneficiary groups). Stated another way, univariate comparisons show the extent to which a single characteristic is predictive of participation, *allowing other characteristics to vary*. We also update a multivariate analysis of participation based on the NBS, as reported in Thornton et al. (2007), by pooling data from the second survey round with data from the first round; Appendix B presents details of the updated analyses. The multivariate analysis produces estimates of the relationship between each predictor and participation, *holding other predictors constant*.[7] Below we summarize findings for predictors of overall participation and consider predictors of provider type.

1. Overall Participation

The multivariate analysis of participation demonstrates that it is difficult to identify beneficiaries who are highly likely to assign their Tickets, even when we use characteristics obtained from both the survey and administrative data. The most recent multivariate analysis of NBS data shows that only 4.5 percent of eligible beneficiaries have predicted participation probabilities of 10 percent or higher and that only 0.4 percent have predicted probabilities of 20 percent or higher. These values would be much lower if the analysis used characteristics only from the administrative data.

Age is a strong predictor of participation in both the univariate statistics and multivariate analysis. In December 2005, the Phase 1 participation rate for those age 18 to 40 was 3.6 percent compared to 1.9 percent for those age 40 to 49 and just 0.6 percent for those age 50 or older. The overall participation rate of 1.8 percent reflects the fact that about 45 percent of eligible beneficiaries are age 50 or older, thus accounting for the particularly low participation rate.

Impairment (as determined by SSA) is generally not a strong predictor of participation, except that those with sensory impairments have relatively high participation rates, especially those with hearing impairments. In December 2005, the Phase 1 participation rate for those

[7] In Thornton et al. (2006), we presented a multivariate analysis of participation by using administrative data for March 2004. We have not updated the analysis, but the findings were qualitatively similar to the findings from the recent multivariate analysis of the NBS data. In addition, the univariate administrative statistics from March 2004 are qualitatively similar to those for December 2005.

with hearing impairments was 10.8 percent; for those with speech impairments, it was 4.5 percent; and for those with vision impairments, it was 3.2 percent. The multivariate analysis also shows that sensory impairments are a strong predictor of participation after holding other characteristics constant, but sample sizes were not large enough to produce meaningful results by type of sensory impairment.

In the multivariate analysis, level of education is a strong predictor of participation. For instance, those with more than a high school education are approximately 3.5 times more likely to participate than those with less than a high school education, other factors held constant. Variation in participation rates by education level is lower in the univariate statistics from administrative data (2.0 percent for those with more than a high school education versus 1.1 percent for those with less than a high school education), likely reflecting other factors that vary by level of education.

SSDI beneficiaries are about one-third more likely to participate than SSI-only recipients, holding other characteristics constant. The univariate statistics indicate that concurrent beneficiaries are more likely to participate than SSDI-only beneficiaries, but the findings from the multivariate analysis imply that the difference reflects other differences between the two beneficiary groups that are held constant in the multivariate analysis.

Both the univariate statistics and multivariate analysis indicate that participation rates gradually increase with months on the rolls through at least the first 5 years (60 months).[8] After that, the multivariate analysis suggests that the probability of participation declines, but the decline is not very large. The univariate statistics are more detailed (because of larger sample sizes), and they indicate that the decline in participation rates does not start until the beneficiary has been on the rolls for over 15 years.

Several survey variables were designed to capture the severity of respondents' impairments or health conditions. Beneficiaries unable to perform one or more ADLs or IADLs without assistance were only about half as likely to participate as those with less severe or no ADL or IADL limitations, other factors held constant. Those with a severe functional limitation and those with low scores on a mental health battery were also less likely to participate than others, holding other characteristics constant. These were the only survey variables that were both predictive of participation and not included in the administrative data. We did not find a relationship between participation and a physical health score, obesity, or substance abuse, holding other characteristics constant.

[8] Months on the rolls were measured as months since entitlement month (first month for which benefits are paid), not months since award month (the month when the determination is made). One important reason for low participation rates for those in the first few months since entitlement is that the beneficiaries had not yet received their award, or their Ticket. In the analysis, however, we included only beneficiaries who had been mailed a Ticket.

Several SSA administrative variables are predictive of participation in the univariate analysis but, for technical reasons, were not used in the multivariate analysis.[9] The first of these variables is the language that the beneficiary selected for written communication with SSA. In the Phase 1 states, 4.4 percent of the December 2005 beneficiaries had requested written communication in Spanish, and their participation rate in that month was only 0.7 percent compared to almost 1.9 percent for those who requested communication in English.

The second administrative variable of interest is medical improvement expected (MIE) status. Beneficiaries in MIE status are not eligible for a Ticket before their first Continuing Disability Review (CDR), but they may become eligible if the review determines that they still satisfy SSA's medical eligibility criteria. The Phase 1 participation rate for Ticket-eligible MIE beneficiaries in December 2005 was 2.5 percent, and the participation rate for those formerly but not currently classified as MIE beneficiaries was 2.3 percent compared to 1.7 percent for those never classified as MIE.

The next two variables of interest, which apply to SSDI beneficiaries only, are completion of the Trial Work Period (TWP) and entry into the EPE. Beneficiaries must complete their TWP before they enter the EPE; in fact, a large majority of SSDI beneficiaries successfully completes TWP and enters EPE. Hence, we focus only on EPE statistics.[10] We found that participation rates are much higher for the 10 percent of Ticket-eligible SSDI beneficiaries who entered the EPE than for those who did not (Exhibit III.7).

Exhibit III.7. Ticket Participation Rate for Ticket-Eligible SSDI Beneficiaries by EPE Status and Phase, December 2005

	Participation Rate			% of Ticket-Eligible SSDI Beneficiaries		
	Phase 1	Phase 2	Phase 3	Phase 1	Phase 2	Phase 3
Never entered EPE	1.5	1.1	0.8	88.7	90.3	91.0
Entered in:						
1999 or earlier	5.5	4.2	3.1	7.0	5.8	5.5
2000	5.6	4.3	3.0	1.1	0.9	0.8
2001	4.4	3.4	3.1	0.7	0.5	0.5
2002	4.2	3.0	2.8	0.7	0.6	0.5
2003	8.5	4.3	2.5	0.7	0.6	0.6
2004	10.7	8.5	3.9	0.7	0.8	0.6
2005	12.3	9.8	8.7	0.4	0.5	0.4

Note: Participation status based on May 2006 Disability Control File.

[9] Some variables were not included in part because the number of survey respondents in the categories of interest were too small to produce meaningful results. In addition, the values of three variables–Trial Work Period completion, entry into the EPE, and Section 1619 status–will likely undergo substantial revision as SSA collects and verifies retroactive earnings data.

[10] Appendix C reports TWP statistics.

This is the first time we have analyzed the EPE data by year of EPE entry, and the findings are especially interesting. Most of those entering the EPE in or before 2002 should have completed it by December 2005. They were on the SSDI rolls in December 2005 for one of two reasons: they either (1) earned less than SGA in their last EPE month and all subsequent months or (2) exited the rolls but later re-established SSDI eligibility. It appears that some beneficiaries continue to be interested in obtaining employment services, and perhaps some will exit the rolls as a result of actually getting the services. The number of beneficiaries who entered the EPE in 2002 or earlier and had in-use Tickets in December 2005 is large—almost 22,000, or 18 percent of all participants.

Those who entered the EPE after the first year of their state's rollout (2003 and later for Phase 1, 2004 and 2005 for Phase 2, and 2005 for Phase 3) are more likely to participate in Ticket than those who entered the EPE further in the past (Exhibit III.7). Time of EPE entry might reflect an impact of TTW, but might also reflect the fact that Ticket assignment often triggers an investigation into past earnings, to determine whether the extent to which the TWP and EPE months have already been used. The EPE entry estimate for 2005 will likely increase substantially as SSA completes work investigations that were pending in December 2005.

It is possible that TTW had a positive impact on EPE entry, but that is not evident from these statistics. If TTW had a positive impact, we would expect to see EPE entry for December 2005 beneficiaries to increase in Phase 1 states relative to Phase 2 states in both 2002 and 2003, and to increase relative to Phase 3 states in each year from 2002 through 2004, but no such pattern is apparent. We do observe a distinct, although small, increase in EPE entry in Phase 2 states relative to both Phase 1 and Phase 3 states in 2004, possibly representing an impact of Ticket, but this is the exception rather than the rule among the relevant cross-phase comparisons.

It is perhaps surprising that those who entered the EPE after the program was rolled out in their state have not participated in TTW at even a higher rate. Presumably, they would have been attractive participants from a provider's perspective. It is possible that some, perhaps many, planned to enter the EPE but not earn more than SGA, thus staying on the rolls indefinitely. Such beneficiaries might find TTW less useful and might be less attractive to providers. Lack of awareness of TTW and its associated opportunities might also explain why more EPE entrants did not assign their Tickets.

The final administrative variable applies only to SSI recipients: participation in the Section 1619 work incentive program. Under the program, recipient earnings are reduced by $1 for every $2 earned above a small disregard.[11] The recipient automatically enters the incentive program when earnings exceed SGA per Section 1619(a) rules. When benefits fall to zero, the recipient enters Section 1619(b), which allows the recipient to maintain both Medicaid eligibility and eligibility for future SSI benefits should earnings fall. SSI recipients in

[11] The disregard is $85 for those with no other income and as low as $65 for those with some other income.

Section 1619(b) are not eligible for TTW unless they received their Ticket before they entered 1619(b) status while receiving a positive benefit.

In December 2005, just 0.4 percent of Ticket-eligible SSI recipients were in Section 1619(a) status, and just 1.0 percent of them were in 1619(b) status. Their Ticket participation rates were relatively high: 5.1 and 5.8 percent, respectively, compared to 2.0 for other SSI recipients. It is somewhat surprising that the rate is not higher for those in 1619(b) status because they presumably became eligible for Ticket before they entered 1619(b) status and would also have been attractive participants from the provider's perspective.

In the participation analysis, we included many other variables on participants' characteristics. Several administrative variables had a relationship to participation in the univariate analysis, but the relationships were neither as strong as those reported above nor significant when holding other variables constant in the analysis of administrative data. Findings from the analyses of characteristics from the administrative data are summarized below (participation rates reported are for the Phase 1 states, in December 2005):

- ***Race and Ethnicity.*** Administrative statistics indicate that African Americans participate at a rate that is somewhat higher than the rate for Caucasians (2.1 versus 1.8 percent), but this finding did not hold up in the multivariate analysis. We also found somewhat lower participation rates for Native Americans/Pacific Islanders (1.3 percent) and Hispanics (1.2 percent), but these findings likewise did not hold up in the multivariate analysis.

- ***Gender.*** There is very little difference between participation rates for males and females (e.g., 1.8 versus 1.7 percent), and the difference is smaller after controlling for other characteristics in the multivariate analysis.

- ***Impairment Category.*** There is significant variation across several SSA impairment categories in the univariate analysis, but the multivariate analysis indicates that this variation is largely explained by variation in other characteristics, with the exception of the high participation rates for sensory impairments. Impairment categories with relatively high beneficiary participation rates include major affective disorders (2.2 percent), schizophrenia and psychoses (2.7 percent), other mental (i.e., psychiatric) disorders (2.1 percent), mental retardation (2.5 percent), nervous system disorders (2.2 percent), congenital anomalies (4.3 percent), and injuries (2.4 percent). Disorders with relatively low participation rates include back disorders (0.7 percent), other musculoskeletal disorders (0.9 percent), neoplasm (i.e., cancer) (0.8 percent), endocrine/nutritional disorders (1.1 percent), circulatory system disorders (0.6 percent), respiratory system disorders (0.7 percent), digestive system disorders (1.0 percent), and skin/subcutaneous tissue disorders (1.1 percent). In the multivariate analysis, the variation might be explained by age (the impairment categories with high participation rates are relatively more prevalent among younger beneficiaries than among older beneficiaries while the opposite is true for the impairment categories with low participation rates), the survey's

health/activity/functional limitation status variables, and/or other covariates included in the analysis.

2. Determinants of Provider and Payment Type

We also used the survey data to consider participant characteristics that are predictive of provider type and type of payment system. The number of (unweighted) participants in this sample was 3,091. By design, respondents were approximately uniformly distributed across the three payment types. After we weighted the data to reflect the population from which respondents were drawn, we found that 8.0 percent of participants had assigned their Ticket to an EN, 85.5 percent had assigned their Ticket under the traditional payment system, 11.2 percent had assigned their Ticket under the milestone-outcome system, and 3.3 percent had assigned their Ticket under the outcome-only system. These statistics are comparable to what we observed in the administrative data for Phase 1 in June 2004.[12]

Several characteristics are associated with increased likelihood of assignment to an EN, holding other characteristics constant (Appendix Table B.36). Those relatively more likely to assign their Ticket to an EN include SSI-only recipients: those with relatively low benefits; African Americans; older beneficiaries; those with minor children; and those on the rolls for 12 or fewer months. Those more likely to assign their Ticket to an SVRA, other things constant, include those in SSA's mental retardation, sensory, or other nervous system disorder categories; those with high mental health scores; and those requiring assistance to perform at least one daily activity. Not surprisingly, the same characteristics are associated in a similar fashion with the likelihood of assignment under one of the new payment systems (Appendix Table B.37).

Given assignment under one of the two new payment systems, those participants with the following characteristics are more likely to have assigned their Tickets under the outcome-only payment system: SSDI beneficiaries; those with relatively high benefits; those with a high school or education or above; and those who are married with children (Appendix Table B.38). Participants more likely to have assigned Tickets under the milestone-outcome system, other factors held constant, include those with relatively high levels of non-SSA benefits; African Americans; those with children under age 6; and those with sensory impairments. These findings might reflect participant preferences, the availability of services under the two payment systems in a participant's locality, and provider expectations about the likelihood that a participant will exit the rolls.

[12] Based on administrative data, 6.2 percent of in-use Tickets in Phase 1 states were assigned to ENs in June 2004. The difference between this figure and the percentage reported in the text reflects sampling error. The weighted percentages assigned under each payment system are close to the administrative data figures from the same month (89.3 percent under the traditional payment system; 8.1 percent under the milestone-outcome system; and 2.6 percent under the outcome-only system).

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CHAPTER IV

EXPERIENCES OF TTW PARTICIPANTS: THE PARTICIPATION PROCESS

This chapter presents information on the program-related experiences of TTW participants as reported by participants themselves in the 2005 NBS. The most surprising finding is that most respondents who, according to administrative data, were participants at the time of the survey did not know that they were participants—even after they were asked several probing questions. Based on the 2005 NBS, we estimate that only 33 percent of TTW participants at the time of the survey knew that they were participating in the program.[1]

It is not clear why TTW participants were not aware of their status in the program. TTW is primarily a payment system for service providers, and participants may pay more attention to the provider and relatively little, if any, attention to how a provider is paid—especially if they approached the provider without knowledge of TTW. This explanation is especially plausible for two types of participants: pipeline cases at SVRAs (i.e., participants who started to receive services from SVRAs before they received their Ticket) and new participants whose Ticket was assigned to SVRAs under a simplified procedure that does not require beneficiaries to sign the Ticket assignment form.[2] Bivariate and multivariate analyses of the likelihood that an individual was aware of his or her program participation showed that those who assigned their Ticket to SVRAs were less likely to be aware that they had assigned their Ticket, holding other characteristics constant (Appendix Tables B.14 and

[1] The 2005 NBS asked beneficiaries about their participation experience in TTW when two conditions were met. First, administrative data showed that the beneficiary's Ticket had been assigned in 2004. Second, when asked about TTW, the beneficiary reported that he or she had participated in the program.

[2] For new clients (those who were not already receiving services from the SVRA when they became TTW eligible), SVRAs are permitted to submit a signed Individualized Plan for Employment (IPE) in lieu of a signed Form 1365 (the State Agency Ticket Assignment Form) to assign beneficiaries a Ticket under TTW. IPEs are routinely developed for all SVRA clients, regardless of TTW status. IPEs can also serve as the individual work plan (IWP) under TTW.

B.39). Few other characteristics were predictive of participation awareness.[3] The lack of TTW participation awareness might also reflect the general complexity of the SSA disability programs and the many other public programs in which beneficiaries may be participating. TTW is just one of many inter-related programs that beneficiaries can access for disability-related supports, and for some participants, it may not bear enough significance in their experiences to be remembered specifically by name or intent.

This chapter focuses on the experiences of those who were aware that they were participants (self-identified participants). The NBS asked all such respondents about both their interactions with providers and their satisfaction with services. Of those who first assigned their Tickets in 2004 (the 2004 cohort), the NBS asked more detailed questions about how they assigned their Tickets and about the number of providers they contacted in the process.[4] When interpreting both the findings on these questions and the rest of the material presented in this chapter, readers should recognize that the results might not be representative of the experiences of all participants, just of those who were aware that they were TTW participants when they were interviewed. It is also important to recognize that the findings reflect only the early program experiences in Phase 1 and Phase 2 states, so it is likely that both participants and providers were still learning about and adjusting to the program when they were interviewed.

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

The major findings for self-identified participants follow:

- Most of those who assigned their Ticket in 2004 reported that it was very or somewhat easy to get the program information they wanted, but a substantial share (just under one-fourth) had some trouble getting information.

- Most of those who assigned their Ticket in 2004 and received information about TTW service providers in their area found the information useful, but many (about one-fifth) did not.

- Most of those who assigned their Ticket in 2004 did not know certain basic facts about the program at the time of the interview.

[3] In the multivariate analysis, age, education, time on the disability rolls, having a high level of benefits, and reporting mental retardation as a reason for activity limitation were also predictive of awareness of Ticket assignment status, other characteristics held constant.

[4] Because of concern about poor recall, these questions were not asked of those who first assigned their Ticket prior to 2004.

- A large majority of those who assigned their Ticket in 2004 contacted just one provider; only a very small percentage tried unsuccessfully to assign their Ticket to several providers before finding a provider that eventually accepted it.

- Most participants had positive experiences with their providers, but nontrivial minorities reported negative experiences related to, for example, the availability and usefulness of services.

- About half reported that TTW services were helpful to them in finding or keeping a job, and about the same share reported that they were at least somewhat successful in reaching their work goal.

- Nearly two-thirds expressed satisfaction with TTW overall, but one-third said that they were not satisfied.

- Those who were employed at interview and those with Tickets assigned to SVRAs were significantly more likely to report satisfaction, success, and usefulness associated with TTW relative others, other characteristics held constant.

The remainder of this chapter provides further detail about these findings.

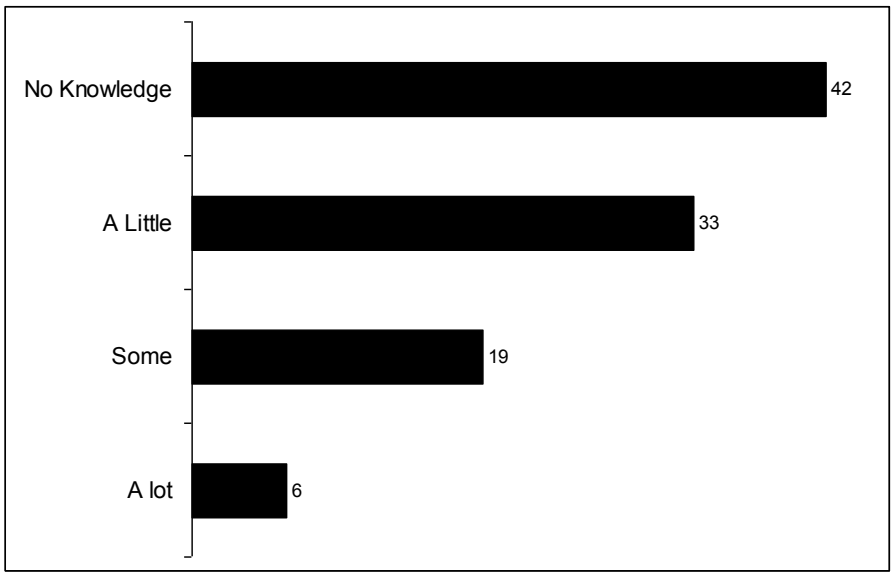
A. INFORMATION SOURCES AND PROGRAM KNOWLEDGE

Most self-identified participants in the 2004 cohort (those who first assigned their Ticket in 2004) reported that they knew relatively little about TTW—its rules, opportunities, and choices—before they entered the program. Forty-two percent said that they knew nothing about the program compared with only six percent who said that they knew a lot (Exhibit IV.1).

This lack of information at program entry did not seem to be a serious issue for many self-identified participants because most of them reported that they were able to get the information they wanted about TTW without much difficulty (Exhibit IV.2). Three-quarters reported that they were able to obtain information very or somewhat easily, and about the same share (78 percent) said that there was no information they needed but could not get when they were choosing an EN.[5] Most participants who obtained information on ENs before assigning their Ticket (76 percent) found the information useful (Exhibit IV.3).

[5] Data are not shown in the exhibit; source was National Beneficiary Survey Question H32.

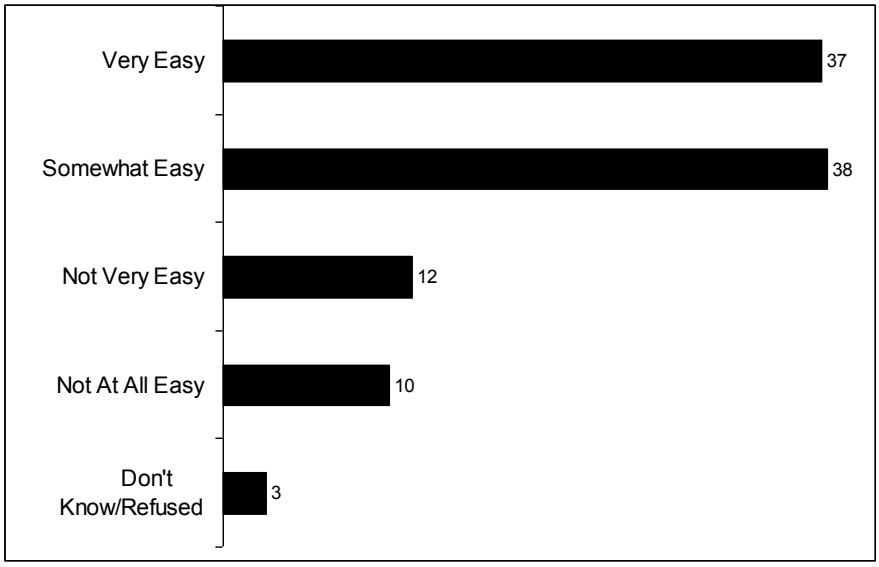
Exhibit IV.1. Extent of Participants' Self-Reported Knowledge About TTW Before They Started to Participate, 2004 Cohort



Source: 2005 National Beneficiary Survey, Question H11.

Notes: Includes only those who self-identified as TTW participants and first assigned their Ticket in 2004. Excludes respondents who required another person to respond on their behalf. Sample size = 445.

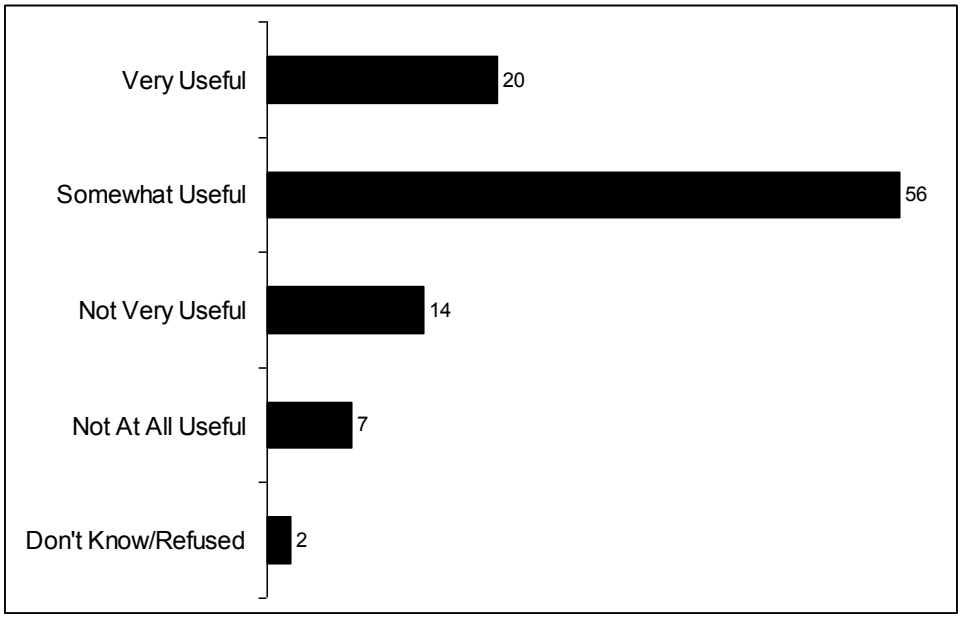
Exhibit IV.2. Participants' Perspectives on Ease of Obtaining TTW Information, 2004 Cohort



Source: 2005 National Beneficiary Survey, Question H8.

Notes: Includes only those who self-identified as TTW participants and first assigned their Ticket in 2004. Sample size = 488.

Exhibit IV.3. Usefulness of Information about Available ENs as Reported by Participants Who Obtained Any Such Information



Source: 2005 National Beneficiary Survey, Question H20.

Notes: Includes only those who self-identified as TTW participants, those who first assigned their Ticket in 2004, and those who obtained information about TTW. Percentages do not sum to 100 because of rounding. Sample size = 161.

Nevertheless, there appears to be some reason for concern about the availability of information in the TTW market because a little over one-fifth of the self-identified participants said that getting information was not easy. About an equal share who received some information on ENs before assigning their Ticket rated the information either not very useful or not at all useful (Exhibit IV.3).

Before or after assigning their Ticket, many self-identified participants in the 2004 cohort were proactive about getting information about TTW from a variety of sources (Exhibit IV.4). The most common source was an SVRA, followed by SSA and a benefit specialist or caseworker. In addition, 29 percent of the 2004 participant cohort received information (without necessarily seeking it out) from some organization or individuals trying to inform them about ENs serving their area—most often through the mail or by speaking with someone in person. In addition, a relatively small share (15 percent) of participants who got information about ENs before assigning their Ticket in 2004 learned about ENs on a website.[6]

[6] Data are not shown in the exhibit; source was National Beneficiary Survey Questions H12 through H19.

Exhibit IV.4. Agencies and Individual Participants Contacted for Information About TTW, 2004 Cohort

Agency or Individual	Percent
SVRA	72
SSA	44
Benefits specialist or caseworker	31
MAXIMUS	25
EN	17
Friend or family member	9
Benefits Planning and Assistance Organization	9
Another agency or organization	7
Independent living center	4
Someone else	2

Source: 2005 National Beneficiary Survey, Question H7.

Notes: Includes only those who self-identified as TTW participants and first assigned their Ticket in 2004. Percentages do not sum to 100 because respondents could identify more than one individual or agency. In addition, categories are not mutually exclusive; for example, a center for independent living may also be an EN. Sample size = 488.

To judge whether the preceding efforts and interactions properly informed participants about TTW, the NBS interviewers read four basic, factual statements about participation in TTW to members of the 2004 cohort and asked them whether they were aware of each before hearing it in the interview. The results were mixed (Exhibit IV.5). A large majority (82 percent) knew that participation was voluntary and not a requirement for keeping their disability benefits. But the fact that nearly 20 percent did not know that the continued receipt of benefits was not dependent on TTW participation raises concern about whether some beneficiaries started to participate under the false impression that they had to do so in order to keep their benefits. In addition, nearly 60 percent of participants did not know that they could unassign their Ticket and reassign it to another provider. Similarly, almost one-third did not know that they could retain their medical benefits while working. Over two-thirds were not aware of the rules governing timely progress.

B. CHOICES REGARDING TICKET ASSIGNMENT

Because beneficiary choice is a major TTW feature, it is important to understand not only the extent to which participants considered the various service providers but also the factors that affected their decision to assign their Ticket to one provider versus another.

Two-thirds of the 2004 cohort of self-identified participants contacted their SVRA in 2004 to assign their Ticket or discuss the possibility of receiving services from the agency. This percentage is much lower than what we found for the 2003 cohort, among which 77 percent of new participants indicated that they contacted their SVRA. Of those who contacted an SVRA in 2004, the great majority (81 percent) tried to assign their Ticket to the agency, and the SVRA accepted Tickets from virtually all (99 percent) such individuals.

Exhibit IV.5. Participant Awareness of Major TTW Features, 2004 Cohort

Fact	Knew (%)	Did Not Know (%)
Participation in Ticket to Work is voluntary, and you do not have to participate to keep your disability benefits.	82	17
You can, during any month, take back your Ticket and give it to another EN or participating provider.	42	57
To remain in the program, you must participate in the activities described in your individual work plan during the first few years and work for three to six months each year during the later years of your participation.	27	71
While you are working, you can keep your Medicaid and/or Medicare benefits.	70	30

Source: 2005 National Beneficiary Survey, Question H10.

Notes: Includes only those who self-identified as TTW participants and first assigned their Ticket in 2004. Rows may not sum to 100 because respondents could refuse to answer or indicate they did not know how to answer. Excludes respondents who required somebody else to respond on their behalf. Sample size = 445.

About 14 percent of participants in the 2004 cohort contacted more than one provider in addition to the one to which they assigned their Ticket (Exhibit IV.6). The number of additional providers contacted by participants ranged from one to 15, but only 3 percent contacted five or more providers.

Exhibit IV.6. Number of Providers Contacted by Participants Before Assigning Their Ticket, 2004 Cohort

Number of Providers Contacted	Percent
One (the provider to which the Ticket was assigned)	86
Two to four	10
Five or more	3
Don't know or refused	1

Source: 2005 National Beneficiary Survey, Questions H21, H26, and H27.

Notes: Includes only those who self-identified as TTW participants and first assigned their Ticket in 2004. Sample size = 488.

Ultimately, a variety of factors led participants to choose a given TTW provider (Exhibit IV.7), but the factors cited most often relate to practicality and convenience. That is, participants already knew about the SVRA or the EN, or they were referred to one or the other, or the provider was conveniently located near the participant.

Exhibit IV.7. Participants' Reasons for Selecting a Provider, 2004 Cohort

Reason	Percent
Closest/only provider nearby	25
Knew about or was referred to provider	24
Most willing to provide services beneficiary wanted	20
Served people with participant's disability/needs	19
Staff were most responsive/courteous/knowledgeable	10
Only provider willing to accept Ticket	8
Wait for services was not too long	2
Provider offered financial compensation	2
Other	10

Source: 2005 National Beneficiary Survey, Question H35.

Notes: Includes only those who self-identified as TTW participants and first assigned their Ticket in 2004. Question refers to the provider to which the Ticket was assigned for the longest period at the time of the interview. Percentages do not sum to 100 because respondents could identify more than one reason. Sample size = 488.

C. INTERACTION WITH TTW PROVIDERS

Most self-identified participants had positive comments about their interactions with the SVRA or EN to which they assigned their Ticket. Among those in the 2004 cohort, a substantial majority agreed or strongly agreed that they had been able to choose the goals designated in their individual work plan (IWP) and that the activities in the plan would help them meet their work goals (Exhibit IV.8).

Exhibit IV.8. Participants' Perspectives on the IWP Developed with Their TTW Provider, 2004 Cohort

Participant Perspective	Agree or Strongly Agree (%)
Participant could choose the goals he/she wanted in the IWP	81
Participant helped develop the IWP	79
Activities in the IWP are likely to help the participant meet his/her work goals	79
EN told the participant that he/she could change the IWP	66

Source: 2005 National Beneficiary Survey, Question H34.

Notes: Includes only those who self-identified as TTW participants and first assigned their Ticket in 2004. Question refers to the provider to which the Ticket was assigned for the longest period at the time of the interview. Sample size = 488.

A substantial majority of self-identified participants agreed or strongly agreed with a variety of positive statements about their provider's staff and services received (Exhibit IV.9). The two items with which the smallest share of participants agreed or strongly agreed had to do with the availability and usefulness of services with respect to meeting their work goals. This reaction might be, in part, a reflection of the fact that participants were still trying to reach their goals rather than of the services themselves.

Exhibit IV.9. Participants' Perspectives on Provider Staff and Services

Staff and Service Characteristics	Agree or Strongly Agree (%)
Staff were courteous	88
Staff could answer participants' questions	85
Staff listened to participants' opinions and concerns	83
Services provided were in participants' IWP	73
Services provided were available to participants when needed	72
EN offered all the services needed to meet participants' work goals	62
EN responded to participants' requests for changes to the IWP	61
Overall, the services helped participants meet their work goals	61

Source: 2005 National Beneficiary Survey, Question H36.

Notes: Includes only those who self-identified as TTW participants. The question is based on the provider to which the Ticket was assigned for the longest period at interview. Sample size = 1,237.

Self-identified participants who worked in 2004 essentially split into two groups with respect to their assessment of services intended to help them find or keep a job (Exhibit IV.10). A little over half described the services as helping somewhat or a lot, but 42 percent said that the services were of little or no help. The latter response does not necessarily imply that the services were inappropriate or poorly planned or delivered; some employed participants may simply have not needed a provider's help to find or keep a job.

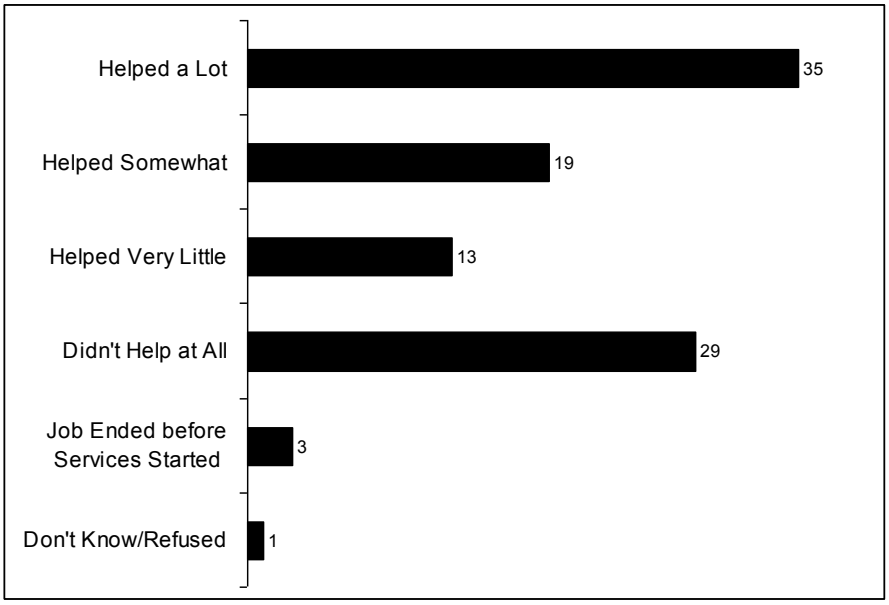
Participants rarely reported that their TTW provider pressured them to make employment choices they did not want to make. Only six percent reported that they had been pressured to take a job that they did not want, and only three percent said that their provider had pressured them to work more hours than desired.[7]

About 20 percent of all self-identified participants reported problems with a TTW provider—primary or otherwise—in 2004. Among this subset of participants, 61 percent cited problems with an SVRA, 16 percent with another EN, and 22 percent with both types

[7] Data are not shown. Percentages are based on Questions H41 and H42.

of providers.[8] The distribution by provider type to some degree reflects the distribution of assignments; we would expect a larger share of problems with SVRAs because more Tickets are assigned to them.[9] The most common problems involved services (45 percent), staff (20 percent), or communication (13 percent).

Exhibit IV.10. Assessment of Degree to Which the Services of the Primary TTW Provider Helped Participants Find or Keep a Job, Among Those Employed in 2004



Source: 2005 National Beneficiary Survey, Question H40.

Notes: Includes only those who self-identified as TTW participants. Primary TTW provider is defined as the one with whom the participant had been signed up for the longest period at the time of the interview. Sample size = 713.

About three-quarters (77 percent) of self-identified participants who experienced problems tried, or had someone else try on their behalf, to resolve the problem. The most common approach taken by either person was to contact the provider by telephone (Exhibit IV.11). Relatively few (about 1 percent) contacted the local Protection and Advocacy for Beneficiaries of Social Security (PABSS) agency.[10] Perhaps participants' problems did not rise to the level at which they felt it was necessary to seek a resolution beyond contacting

[8] Data are not shown. Percentages are based on Questions H46 and H47.

[9] Among participants aware of their status at interview (i.e., the subgroup receiving the survey questions about problems with TTW providers), we estimate that 89 percent had assigned their Tickets to SVRAs.

[10] PABSSs are agencies funded by SSA to protect the legal rights of Social Security beneficiaries and assist beneficiaries with problems they might encounter in dealing with employment service providers, employers, or others when attempting to return to work.

their provider. About one-third (36 percent) said that they were not very or not at all satisfied with the provider's response to their problem. Only 28 percent of those who contacted their provider said the problem had been resolved.[11]

Exhibit IV.11. Approaches to Resolving Provider-Related Problems in 2004 Among Participants Who Experienced Problems

Approach	Percent
Contacted provider by phone	29
Contacted a caseworker or job coach	24
Contacted another state or local agency	22
Contacted provider in writing	9
Contacted SSA by phone	7
Contacted MAXIMUS (the Program Manager) by phone	2
Referred to documents or other information about the provider	2
Contacted local Protection and Advocacy agency	1
Contacted SSA in writing	<1
Other	33

Source: 2005 National Beneficiary Survey, Question H50.

Notes: Includes only those who self-identified as TTW participants and reported problems. Respondents could list more than one approach. Sample size = 179.

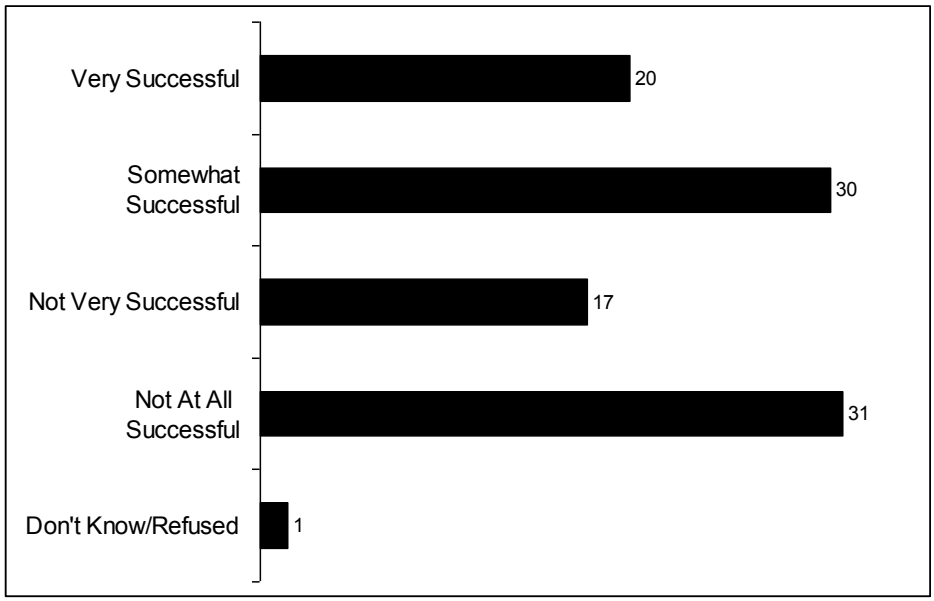
D. Overall Perspectives on Outcomes and Providers

Self-identified participants had mixed views on the degree to which they achieved their employment goals, with half reporting that they were successful (Exhibit IV.12). What is noteworthy is the fact that far more participants said that they were not at all successful (31 percent) than said that they were very successful (20 percent).

A majority of all self-identified participants viewed their overall TTW experience favorably, but the level of dissatisfaction may be considered high. About two-thirds reported that they were very or somewhat satisfied with the program, and about one-third said that they were generally dissatisfied, including nearly one in five (18 percent) who were not at all satisfied (Exhibit IV.13). Although it is possible that the satisfaction level will rise over time, particularly as more participants meet their work goals, there is no firm basis for such a prediction; indeed, the level of satisfaction could drop. Thus, there is at least some cause for concern about how well the program is serving, and being perceived by, participants.

[11] Data are not shown. Percentages are based on Questions H49, H56, and H58.

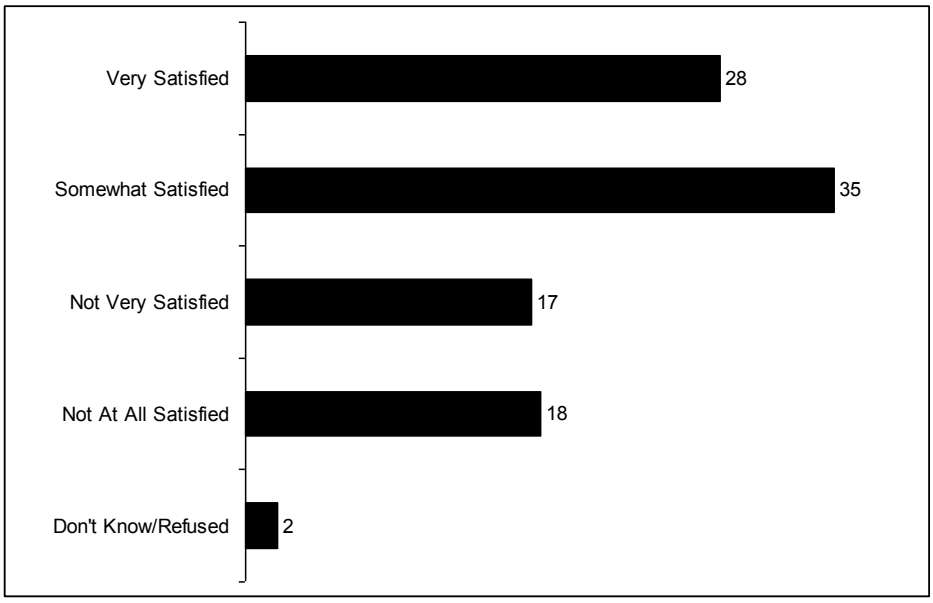
Exhibit IV.12. Participants' Perspectives on How Successful They Have Been in Reaching Their Work Goals Since Participating in TTW



Source: 2005 National Beneficiary Survey, Question H43.

Notes: Includes only those who self-identified as TTW participants. Percentages do not sum to 100 due to rounding. Sample size = 1,237.

Exhibit IV.13. Participants' Overall Satisfaction with TTW



Source: 2005 National Beneficiary Survey, Question H45.

Notes: Excludes respondents who required somebody else to respond on their behalf. Unweighted number of respondents = 1,150.

To investigate the determinants of satisfaction with TTW and participants' assessments of the extent to which TTW was useful in helping them reach their goals, we estimated a set of logit models predicting the likelihood of each of the following: reporting that TTW services were useful in helping them meet their work goals; reporting that they were somewhat or very successful in reaching their work goals since participating in TTW; reporting that they were somewhat or very satisfied with TTW; and among those who held a job during 2004, reporting that TTW services helped them somewhat or a lot to keep or get a job (Appendix Tables B.40 – B.43). A few findings stand out fairly consistently across the four models. First, as might be expected, those who were working at the time they were interviewed in the NBS were significantly more likely to report satisfaction, success, and usefulness associated with TTW relative to those who were not working at interview, other characteristics held constant. Second, in each of the four models, those with Tickets assigned to SVRAs were significantly more likely to report satisfaction, success, and usefulness associated with TTW relative to those with Tickets assigned to ENs, other characteristics held constant. Finally, younger participants and those with mental retardation were significantly more likely to report favorable experiences with TTW relative to others in nearly all models.

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CHAPTER V

EXPERIENCES OF TTW PARTICIPANTS: USE OF SUPPORT SERVICES

Disaility beneficiaries use a broad range of support services to help them work or live independently, including conventional work supports (e.g., training and job- search assistance) and a large volume of health-related services (e.g., medical services, occupational therapy, counseling, and adaptive equipment). Data from the 2005 NBS indicate that 35 percent of all beneficiaries in Phase 1 and 2 states used such services in 2004, a much larger share than the approximately one percent of Phase 1 and 2 participants who had assigned their Ticket at the time of survey sampling. It is apparent that beneficiary demand for such services substantially exceeds the use of services under the TTW program.

Not surprisingly, TTW participants were substantially more likely than the average beneficiary to have used services and to have used them for more hours. They were also more likely than the average beneficiary to report that they were using services to find a job. Interestingly, 52 percent of TTW participants who used services did not report using them to find a job, secure a better job, or increase earnings, and 44 percent did not report using services to change these job-related outcomes. It therefore appears that the objectives of many participants differ from the program objective of increasing earnings to the point at which an individual no longer receives benefits. Moreover, the disparity between participant goals and program goals appears to be widening.

TTW participants who assigned their Ticket to an EN were significantly less likely than those who assigned their Ticket to an SVRA to report receiving any services. Moreover, participants who both assigned their Ticket to an EN and received services reported receiving fewer hours of services, on average, than those who assigned their Ticket to an SVRA. Similarly, EN participants who used services were less likely to report using the services to find a job or secure a better job. This finding seems problematic for ENs, which can generate full TTW payments only if participants earn enough to leave the benefit rolls.

Substantial differences between EN and SVRA participants remain even after controlling for observed differences in their characteristics. This result reflect several factors, including differences:

- In unobserved characteristics and service needs
- In services offered by the two types of providers
- Between the payment systems available to ENs and SVRAs under TTW
- In the availability of other public funding for services
- In the start-up issues experienced by ENs that SVRAS did not encounter in implementing a new program

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

This chapter discusses the preceding findings in detail, documenting our analysis of service use during 2004 for all Phase 1 and Phase 2 beneficiaries based on data from the 2005 NBS. We include findings for all beneficiaries and for those whose Tickets were in use during 2004.[1]

The NBS collected data on a broadly defined set of services that beneficiaries viewed as helping them to improve their ability to work or to live independently. These services included job-search services; medical services; therapy or counseling; and the education or other training needed to secure a new job or to advance in a career. This broad definition of services reflects the wide latitude given to ENs and SVRAs to provide services that would help beneficiaries earn their way off the rolls.

It is important to recognize that the findings for TTW participants reflect *all* services reported by participants, not just those provided or arranged for by the provider holding the respondent's Ticket. The rationale for this approach is that only 33 percent of Ticket participants were aware that they had assigned their Ticket (see Chapter IV). In addition, many participants relied on several providers. Hence, it is not possible to identify the services associated with TTW participation.

[1] Ticket participants are included in the sample for all Phase 1 and 2 beneficiaries but represent only a little over one percent of the sample after weighting.

A. SERVICE USE IN 2004

The demand for services that might be provided by ENs or SVRAs is substantial. According to our findings, approximately one-third of all beneficiaries in Phase 1 and 2 states reported using services in 2004 for purposes of improving their ability to work or live independently (Exhibit V.1).

Exhibit V.1. Service Use by Beneficiaries and TTW Participants in Phase 1 and 2 States, 2004

Beneficiary Subgroup	Percent Using Services in 2004
All Phase 1 and 2 Beneficiaries	35
All Phase 1 and 2 TTW Participants	59*
TTW Participants by Provider Type	
EN	51+
SVRA	60
TTW Participants by Payment Type	
Traditional	59
Milestone-outcome	54#
Outcome-only	62
TTW Participants by Provider and Payment Type	
SVRA traditional	59
SVRA milestone-outcome	60
SVRA outcome-only	71##
EN milestone-outcome	49
EN outcome-only	55

Source: 2005 National Beneficiary Survey.

Notes: Service use encompasses a broadly-defined set of services that beneficiaries viewed as helping them to improve their ability to work or to live independently, including: job-search services; medical services; therapy or counseling; and the education or other training needed to secure a new job or to advance in a career. EN and SVRA assignment and payment system classifications are based on the provider to which a Ticket was assigned for the longest period during 2004. Unweighted sample sizes = 2,909 for Phase 1 and 2 beneficiaries and 3,091 for TTW participants.

* Significantly different from all Phase 1 and 2 beneficiaries at the .05 level, two-tailed test.
\+ Significantly different from TTW participants who assigned a Ticket to an SVRA at the .05 level, two-tailed test.
\# Significantly different from TTW participants who assigned a Ticket to a provider under the outcome-only and traditional payment systems at the .05 level, two-tailed test.
\## Significantly different from TTW participants who assigned a Ticket to an SVRA under the traditional and milestone-outcome payment systems at the .05 level, two-tailed test.

As might be expected, TTW participants were more likely than all Phase 1 and 2 beneficiaries to report using services in 2004 (Exhibit V.1). Among TTW participants, 59

percent used services in 2004 compared with 35 percent of all Phase 1 and 2 beneficiaries. Given that the primary purpose of TTW is to increase access to services and supports to facilitate employment, it is somewhat surprising that the share of TTW participants who assigned their Ticket and used services in 2004 is not greater. As noted in Thornton et al. (2006, 2007), the smaller than expected percentage of TTW participants who reported using services might result from several factors: participants received services in a previous year and then became employed or ceased to participate actively in TTW; they were waiting to receive services in the future; they did not recall receiving services; or they simply did not receive or do not expect to receive any services even though they assigned their Ticket. The relative importance of these reasons cannot be determined from the NBS data.

Among TTW participants, those with Tickets assigned to SVRAs were more likely than those with Tickets assigned to ENs to use services in 2004 (60 versus 51 percent, Exhibit V.1). This finding still holds even after we used a statistical model to control for sociodemographic, programmatic, and health characteristics. The model indicated that, all else constant, TTW participants who assigned their Ticket to an EN, regardless of payment system, were significantly less likely to have received services in 2004 relative to those who assigned their Ticket to an SVRA (Appendix Table B.44). The large difference between those assigned to an SVRA under the outcome-only payment system relative to those assigned to an SVRA under either of the other two payment systems is only marginally statistically significant after controlling for other characteristics.

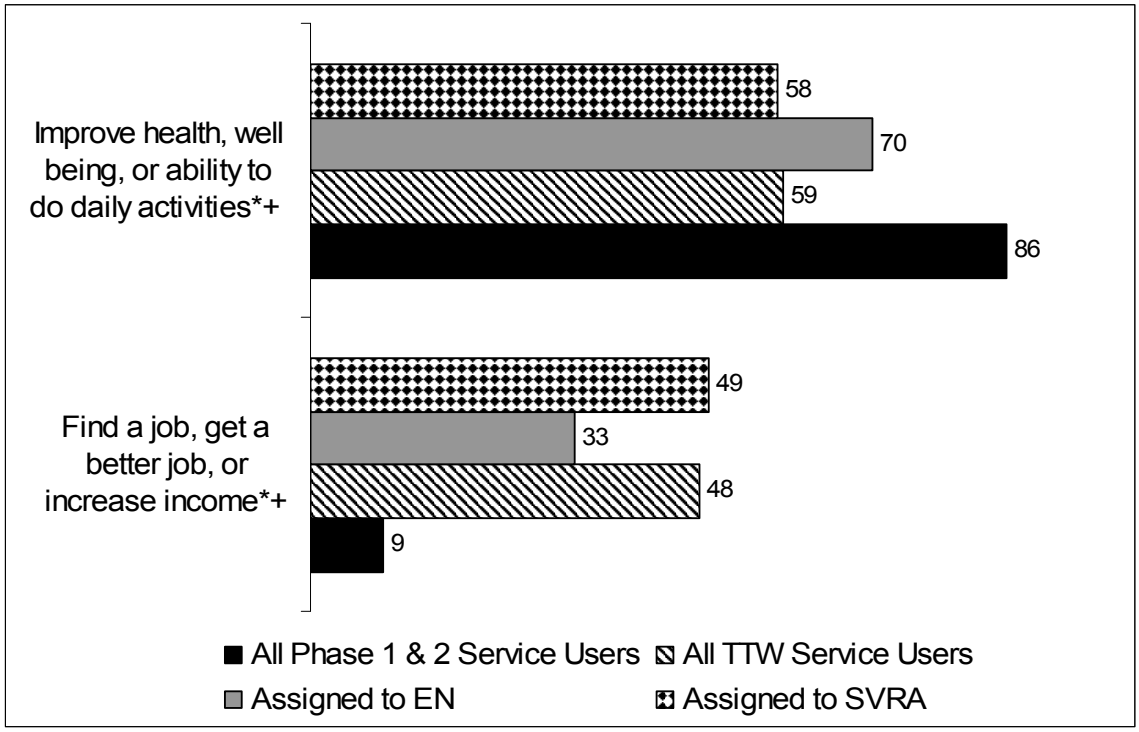
B. Service Users: Reasons for Using Services; Types, Volume, and Usefulness of Services Received

1. Reasons for Using Services

The most common reasons cited by beneficiaries for using services in 2004 were related to improving their health or functioning (see Chapter II). TTW participants, however, appear to differ significantly from other beneficiaries in their rationale for using services. Relative to all Phase 1 and 2 service users, TTW participants were much more likely to report that they were using services to find a job, secure a better job, or increase income (48 percent compared with 8 percent of all Phase 1 and 2 service users), but many did report that they were using services to improve their health, well-being, or ability to do daily activities (59 percent compared with 86 percent of all Phase 1 and 2 service users, Exhibit V.2). Interestingly, among TTW participants who used services in 2004, those who assigned their Ticket to an EN were somewhat less likely than those who assigned their Ticket to an SVRA to report using services to find a job, secure a better job, or increase income (33 percent compared with 49 percent). When we look at the reasons for using services reported by participants by the amount of time the Ticket was assigned to the TTW provider (less than one year versus one year or longer) we find that those whose Tickets have been assigned for less than a year are more likely to report using services for employment-related purposes relative to those whose Tickets have been assigned longer (Exhibit V.3). While true for users with Ticket assigned to both ENS and SVRAs the difference is statistically significant only for those with Tickets assigned to ENs. Fairly large differences between ENs

and SVRAs are still evident when users are categorized by length of time the Ticket was assigned to the provider.

Exhibit V.2. Selected Reasons for Using Services Among Subgroups of Phase 1 and 2 Beneficiaries Who Used Services in 2004 (percent reporting reason)



Source: 2005 National Beneficiary Survey.

Note: EN and SVRA assignment based on the provider to which the Ticket was assigned the longest during 2004. Unweighted sample sizes = 1,065 for Phase 1 and 2 beneficiary service users and 1,743 for TTW participant service users.

* Difference between all TTW service users and all Phase 1 and 2 service users is statistically significant at the .05 level, two-tailed test.

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

Exhibit V.3. Percent of TTW Participant Service Users Reporting Employment-Related Reasons for Using Services in 2004, by Provider Type and Time Ticket Assigned

	TTW Participants Assigned to ENs			TTW Participants Assigned to SVRAs		
	All	Ticket Assigned <12 mo.	Ticket Assigned 12 mo. or more	All	Ticket Assigned <12 mo.	Ticket Assigned 12 mo. or more
% of all TTW participants	8	2	6	92	27	65
% Using services in 2004	51	53	49	60	63	58
Percent of 2004 service users reporting that they used services to find a job, get a better job, or increase income	33+	41*	29	49	54	47

Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on the provider to which the Ticket was assigned the longest during 2004. Time ticket assigned calculated as of December 31, 2004. Unweighted sample size = 1,743 TTW participant service users.

\+ Statistically different from all users with Tickets assigned to SVRAs at the .05 level, two-tailed test.

* Statistically different from users with Tickets assigned for 12 months or longer to the same type of provider at the .05 level, two-tailed test.

2. Types and Volume of Services Used

TTW participants were more likely than other Phase 1 and 2 service users to use services directly related to employment. This finding is consistent with the differences between TTW participants and other service users in terms of reasons for using services (Exhibit V.4).[2] A significantly greater share of TTW participants who used services did so for job training or advice about job modification (61 percent compared with 20 percent of all Phase 1 and 2 service users) and for a work assessment or help in finding a job (58 percent compared with 21 percent of all Phase 1 and 2 service users). TTW participants and all Phase 1 and 2 service users were about equally likely to use various types of medical supports (counseling or group therapy and physical, occupational, or speech therapy), but TTW service users were considerably less likely to report using medical services (51 percent compared with 72 percent). TTW service users who assigned their Ticket to an EN were significantly less likely than those who assigned their Ticket to an SVRA to report using services most directly related to employment (work assessment, help in finding a job, job

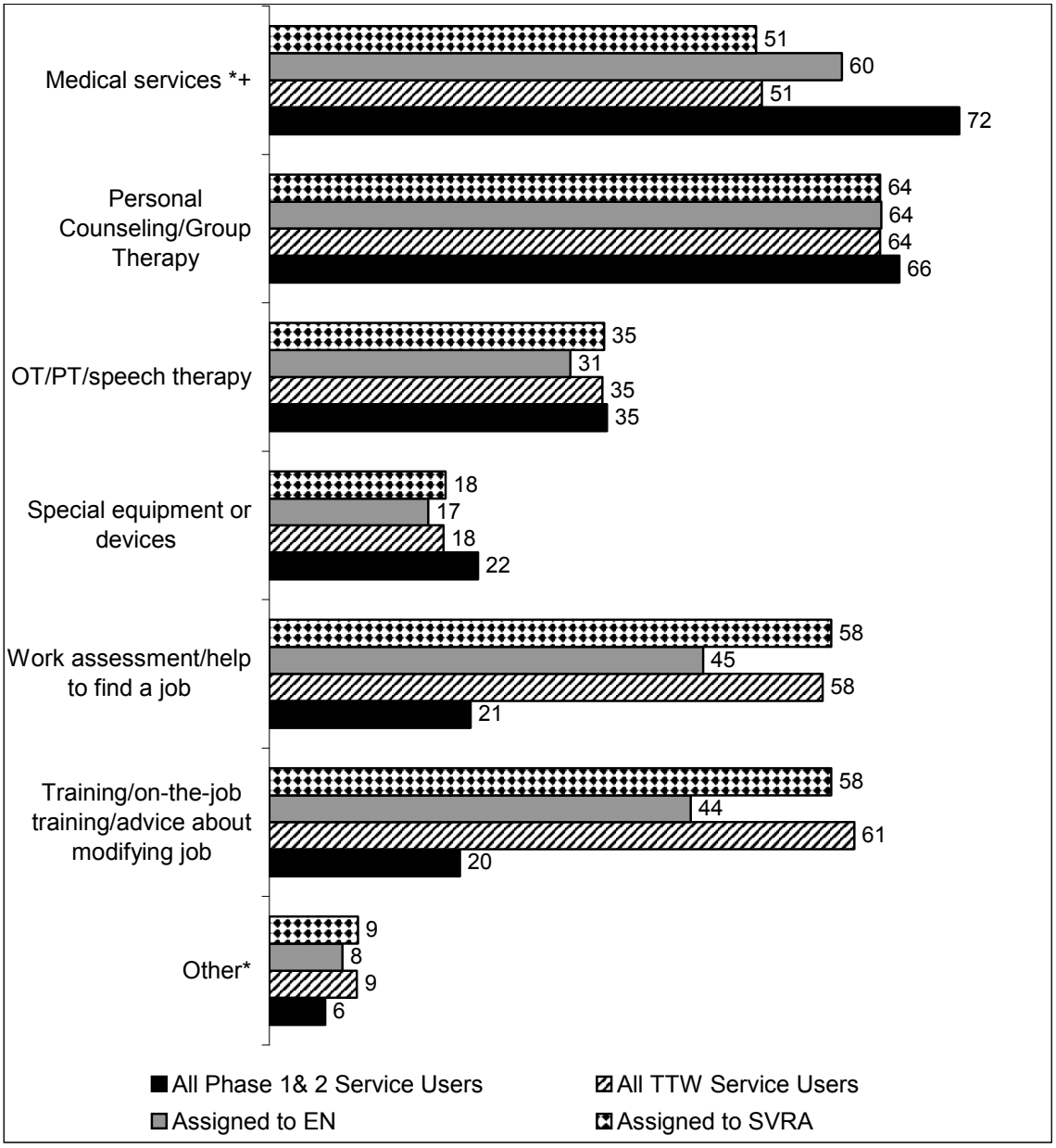
[2] For each provider used in 2004, respondents were asked whether they received any of 12 types of services from the provider; they were then asked an open-ended question about any other services received from the provider.

training, or job modification advice) and were significantly more likely to report using medical services. Looking at the types of services used by the length of time the Ticket was assigned, we again find differences between those who have participated for less than one year and those who have participated for one year or longer (Exhibit V.5). Relative to longer-term participants, new participants who used services in 2004 were significantly more likely to report using services that were directly related to employment. Among new participants, the differences in the shares using employment-related services between ENs and SVRAs are not as marked as among longer-term participants.

In addition to the types of services used by TTW participants, we examined the volume of services used as measured by reported hours of service receipt. The median for all Phase 1 and 2 service users during 2004 was 19 hours (Exhibit V.6). By comparison, the median for TTW participants who used services was about 50 percent higher because participants who assigned their Ticket to an SVRA typically received more hours of service (32 hours) than the median user. The median for users who assigned their Ticket to an EN was nearly the same as the median for all users (18 hours). When we look at service hours by payment type, we find that TTW participants with Tickets assigned under the two new payment systems received significantly fewer hours of services than those assigned under the traditional payment system; however, those under the two new systems do not differ significantly from one another in terms of service hours. This result also holds for those with Tickets assigned to ENs when we look at service hours by provider and payment type. However, among those with Tickets assigned to SVRAs under the outcome-only payment system, the distribution of service hours differs significantly from SVRA participants assigned under the traditional or milestone-outcome payment systems.

In our last report, the findings on the volume of services used in 2003 by TTW participants showed a large difference in the median hours of service use between those with Tickets assigned to ENs and those with Tickets assigned to SVRAs. By comparison, the 2005 NBS data on service use during 2004 indicate that this disparity has narrowed somewhat. The median hours of service use among those with Tickets assigned to ENs increased slightly (from 15 to 18) while the median hours among those with Tickets assigned to SVRAs declined rather sharply (from 49 to 32). The differences from 2003 to 2004 might reflect, to some degree, the declining share of SVRA pipeline cases (i.e., individuals served by the SVRA before the TTW rollout) among those with Tickets assigned to SVRAs. Phase 1 SVRAs were much more aggressive at attempting to obtain Ticket assignments from among those in their existing caseloads who were Ticket holders when TTW was implemented than were Phase 2 SVRAs (see Chapter III); therefore, pipeline cases represented a greater share of TTW participants who assigned their Ticket to an SVRAs in 2003 than in 2004. In 2004, SVRA pipeline cases also represent a smaller share of Phase 1 TTW participants because of new entrants. Part of the decline in median hours of service observed from 2003 to 2004 might be attributable to pipeline cases if those cases were more likely than new enrollees to have received services (perhaps due to time lags between enrollment and service receipt) and if pipeline cases represent a smaller share of TTW participants assigned to SVRAs in 2004 than in 2003.

Exhibit V.4. Types of Services Used in 2004 in Phase 1 and 2 States, by TTW Participant Status and TTW Provider Type



Source: 2005 National Beneficiary Survey.

Note: EN and SVRA assignment based on the provider to which the Ticket was assigned the longest during 2004. Unweighted sample sizes = 1,065 for Phase 1 and 2 beneficiary service users and 1,743 for TTW participant service users.

* Difference between all TTW service users and all Phase 1 and 2 service users is statistically significant at the .05 level, two-tailed test.
+ Difference between service users with Tickets assigned to ENs and users with Tickets assigned to SVRAs is statistically significant at the .05 level, two-tailed test.

Exhibit V.5. Percent of TTW Participant Service Users Reporting the Use of Employment-Related Services in 2004, by Provider Type and Time Ticket Assigned

	TTW Participants Assigned to ENs			TTW Participants Assigned to SVRAs		
	All	Ticket Assigned <12 mo.	Ticket Assigned 12 mo. or more	All	Ticket Assigned <12 mo.	Ticket Assigned 12 mo. or more
% of all TTW participants	8	2	6	92	27	65
% Using services in 2004	51	53	49	60	63	58
Percent of 2004 service users reporting that they received work assessment, help finding job, job training, or job modification advice	58+	76*	50	73	80*	69

Source: 2005 National Beneficiary Survey.

Note: EN and SVRA assignment based on the provider to which the Ticket was assigned the longest during 2004. Time ticket assigned calculated as of December 31, 2004. Unweighted sample size = 1,743 TTW participant service users.

+ Statistically different from all users with Tickets assigned to SVRAs at the .05 level, two-tailed test.

* Statistically different from users with Tickets assigned for 12 months or longer to the same type of provider at the .05 level, two-tailed test.

Exhibit V.6. Hours of Service Use in 2004 Among Service Users in Phase 1 and 2 States, by TTW Participant Status and Provider and Payment Type (Percentages)

Subgroup	25 Hours or Fewer	26-100 Hours	101-500 Hours	Over 500 Hours	Unknown	Median Hours
All Phase 1 & 2 Service Users	56	19	10	9	7	19
All TTW Participant Service Users*	44	23	17	10	7	30
TTW Participants by Provider Type						
EN+	55	20	16	6	3	18
SVRA	43	23	17	11	7	32
TTW Participants by Payment Type						
Traditional	43	23	17	11	7	32
Milestone-outcome#	51	21	15	8	5	19
Outcome-only#	48	26	16	5	4	24
TTW Participants by Payment and Provider Type						
SVRA traditional	43	23	17	11	7	32
SVRA milestone-outcome	46	24	13	11	6	26
SVRA outcome-only##	44	28	20	3	5	30
EN milestone-outcome	55	19	17	6	3	18
EN outcome-only	53	25	12	7	4	20

Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on the provider to which the Ticket was assigned the longest during 2004. Unweighted sample sizes = 1,065 for Phase 1 and 2 beneficiary service users and 1,743 for TTW participant service users.

* Distribution is statistically different from all Phase 1 and 2 service users at the .05 level, chi-square test.

+ Distribution is statistically different from TTW service users with Tickets assigned to SVRAs at the .05 level, chi-square test.

Distribution is statistically different from TTW service users with Tickets assigned under the traditional payment system at the .05 level, chi-square test.

Distribution is significantly different from TTW participants who assigned a Ticket to an SVRA under the traditional or milestone-outcome payment system at the .05 level, chi-square test.

3. Usefulness of Services

Respondents were asked to rate the usefulness of the services they received in 2004 by provider rather than by individual service received from a given provider. Among all Phase 1 and 2 service users, over 90 percent rated the services they received as either very or somewhat useful (Exhibit V.7). A similarly high percentage of those who assigned their Ticket to an SVRA rated their services as useful. A somewhat lower percentage of participants who assigned their Ticket to an EN rated their services as useful (85 percent). It is important to note that TTW participants may have received services from several providers, including services not provided or arranged by TTW providers. The usefulness ratings from TTW participants in Exhibit V.4 include the ratings for all providers used in 2004, not just the EN or SVRA to which the Ticket was assigned. Similar to the findings of

our last report, service users assigned to ENs were significantly less satisfied with their services relative to those assigned to SVRAs.

Exhibit V.7. Beneficiary Ratings of Service Usefulness, Phase 1 and 2 States in 2004, by TTW Participant Status (Percentages)

Rating	All Phase 1 & 2 Beneficiaries	TTW Participants		
		All Participants*	Assigned to EN+	Assigned to SVRA
Average Rating	3.57	3.49	3.38	3.49
Very useful (4)	67	64	56	64
Somewhat useful (3)	25	27	29	26
Not very useful (2)	5	5	8	5
Not at all useful (1)	3	5	6	5
Do not know	1	0	1	0

Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on the provider to which the Ticket was assigned for the longest period during 2004. Average rating computed by assigning a score of 1 to 4 to responses, where 1 is not at all useful and 4 is very useful. Unweighted sample sizes = 1,065 for Phase 1 and 2 beneficiary service users and 1,743 for TTW participant service users.

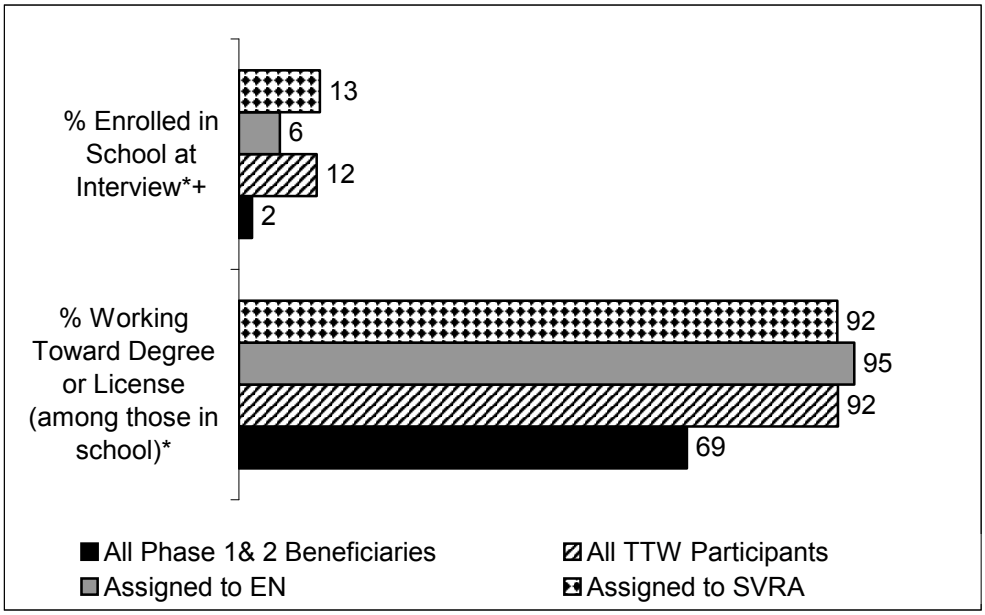
* Statistically different from all Phase 1 and 2 service users at the .05 level, two-tailed test.
+ Statistically different from TTW service users who assigned their Ticket to an SVRA at the .05 level, two-tailed test.

C. SCHOOL ENROLLMENT AND DEGREE-SEEKING BEHAVIOR

Only 2 percent of all Phase 1 and 2 beneficiaries were enrolled in school at interview (Exhibit V.8) compared with 13 percent of all TTW participants who assigned their Ticket to an SVRA. The share of participants enrolled in school who assigned their Ticket to an EN was also larger than the share of all enrolled beneficiaries, but it was about half the size of the share of enrolled participants who assigned their Ticket to an SVRA.

TTW participants who both assigned their Ticket to an SVRA and enrolled in school were much more likely than the average beneficiary enrolled in school to report working toward a degree or license (Exhibit V.8). Furthermore, that degree was more likely to be a postsecondary degree. Participants who both assigned their Ticket to an EN and were enrolled in school were also much more likely than the average beneficiary enrolled in school to be pursuing a degree or license. However, we cannot draw a conclusion about the types of degrees they sought because that information was not reported by a large number of respondents (Exhibit V.9).

Exhibit V.8. Beneficiaries Enrolled in School and Working toward a Degree or License in 2004 in Phase 1 and 2 States, by Selected Subgroups



Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on the provider to which the Ticket was assigned the longest during 2004. Unweighted sample sizes = 2,909 for Phase 1 and 2 beneficiaries (105 enrolled in school),and 3,091 for TTW participants (298 enrolled in school).

* Difference between all TTW participants and all Phase 1 and 2 beneficiaries is statistically significant at the .05 level, two-tailed test.

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

Exhibit V.9. School-Enrolled Beneficiaries in Phase 1 and 2 States Working Toward a Degree or License in 2004, by Degree Type and Selected Subgroups (Percentages)

Degree Type	All Phase 1 & 2 Beneficiaries	TTW Participants		
		All Participants	Assigned to EN	Assigned to SVRA
GED or high school equivalent	12	5	10	5
Vocational program	16	9	3	9
Associate or undergraduate	50	62	45	63
Graduate	12	7	17	7
Other/do not know	10	17	26	17

Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on the provider to which the Ticket was assigned for the longest period during 2004. Unweighted sample sizes = 105 for school-enrolled Phase 1 and 2 beneficiaries and 298 for school-enrolled TTW participants.

D. UNMET SERVICE NEEDS

Survey respondents were asked whether there were any services or supports they needed but did not receive during the previous year that would have improved their ability to work or live independently. An estimated 12 percent of Phase 1 and 2 beneficiaries indicated that, in 2004, they had unmet needs for services, equipment, or supports that would have improved their ability to work (Exhibit V.10). The share of TTW participants who felt the same way was much higher (20 percent). It is probable that those with unmet service needs were more likely to assign their Ticket, perhaps accounting for the elevated rate of reported unmet service needs among TTW participants relative to all Phase 1 beneficiaries. Presumably, participants' unmet needs would have been even higher in the absence of TTW.

In answer to the question about why they did *not* receive needed services, Phase 1 and 2 beneficiaries most commonly cited an inability to afford services, lack of information, and ineligibility for services. By comparison, TTW participants less commonly cited an inability to afford services, but they cited lack of information and ineligibility almost as frequently. A relatively large number of TTW participants cited problems with the services or the provider as a reason for not receiving needed services.

The next chapter examines the employment status of all Phase 1 and 2 beneficiaries, including TTW participants, particularly at the time of the NBS in 2005, and presents information on the job characteristics of those who were employed.

Exhibit V.10. Beneficiaries in Phase 1 and 2 States with an Unmet Need for Services, Equipment, or Supports, and Reasons Why Needed Services Were Not Received in 2004, by Selected TTW Subgroups

		TTW Participants		
	All Phase 1 & 2 Beneficiaries	All Participants	Assigned to EN	Assigned to SVRA
Did Not Receive Needed Services (%)	12	20*	25+	19
Reason(s) Why Services Were Not Received (% of those with unmet service needs)				
Could not afford services/insurance did not cover services	24	17*	13	17
Lack of information	17	13	13	13
Not eligible/request refused	15	12	14	12
Problems with services/provider	9	20*	16	20
Too difficult/confusing	4	5	6	5
Did not try to get services	4	1	2	1
Other	22	30*	30	30
Don't know	5	3	7	2

Source: 2005 National Beneficiary Survey.

Note: EN and SVRA assignment based on the provider to which the Ticket was assigned for the longest period during 2004. Unweighted sample sizes = 2,909 for Phase 1 and 2 beneficiaries (401 not receiving needed services) and 3,091 for TTW participants (655 not receiving needed services).

* Significantly different from all Phase 1 and 2 beneficiaries at the .05 level, two-tailed test.
+ Significantly different from TTW participants who assigned a Ticket to an SVRA at the .05 level, two-tailed test.

CHAPTER VI

EXPERIENCES OF TTW PARTICIPANTS: JOB CHARACTERISTICS OF EMPLOYED PARTICIPANTS

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

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

We used the 2005 NBS data to examine the characteristics of jobs held by TTW participants in Phase 1 and 2 states at interview and compare them to jobs held by all employed beneficiaries in the same states.[1] About one-third of TTW participants were

[1] Some NBS respondents were employed in more than one job at the time they were interviewed. Respondents with several jobs were asked to identify and focus on the job they deemed their "main" job for many of the survey questions. The main job is defined as that in which the respondent works the most hours. This chapter focuses only on the characteristics of the main job.

employed at the time of the interview. Although this employment rate is low relative to the employment rate of the working-age population, it is nearly four times the estimated nine percent employment rate for all beneficiaries in Phase 1 and 2 states, and it could rise as these participants, with support from their providers, continue to pursue their employment objectives. Differences in participants' employment rates by provider type are not statistically significant; however, those who assigned their Ticket under the outcome-only payment system are significantly more likely to be working than those who assigned their Ticket under the other two payment systems.

Job characteristics vary by payment type in the expected direction (i.e., participants assigned to providers operating under one of the new TTW payment systems work more hours and have higher wages than those assigned to SVRAs and operating under the traditional payment system), but we cannot distinguish differences by payment type from differences by provider type. That is, the findings for all employed participants who assigned their Ticket to an SVRA are almost identical to the findings for those who did the same under the traditional payment system (the dominant payment system for SVRAs).[2] There are few statistically significant differences between the results for the two new payment systems. Individuals who assigned their Ticket to providers under the outcome-only payment system have significantly higher wages than those who assigned their Ticket under either of the other two payment systems, and they work significantly fewer hours relative to those who assigned their Ticket under the milestone-outcome payment system. They do not, however, differ significantly in terms of mean monthly pay or the share working above SGA.

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

Employed participants who assigned their Ticket to an EN were also much more likely relative to all employed Phase 1 and 2 beneficiaries to report receiving certain benefits. For instance, 41 percent of the former group said that they received employer health insurance coverage compared with 27 percent of those served by SVRAs. Differences in benefit receipt between employed SVRA participants and all employed Phase 1 and 2 beneficiaries were not statistically significant.

[2] We were unable to conduct meaningful analyses of the sample assigned to SVRAs under the new payment systems. Most participants assigned to SVRAs under the new payment systems were clustered in two specific SVRAs; therefore, any differences will reflect, to a large degree, differences associated with those SVRAs rather than with the payment systems per se.

Observed differences in outcomes between SVRA TTW clients and EN TTW clients might be solely explained by differences in SVRA and EN incentives to serve clients who are likely to exit the rolls because of earnings. Required by law to serve those with the most severe disabilities, SVRAs can tap funds from another source to pay for services if a client does not generate payments under TTW. ENs do not operate under the same requirements and therefore do not have the same level of alternative funding, if they have any at all. Hence, we would expect ENs to be more careful to choose clients who are likely to earn enough to exit the roles; indeed, this selectivity could explain a large share of the difference in earnings and other job characteristics between SVRA and EN clients. This expectation is consistent with findings from a provider interview reported in Livermore et al. (2003). Managers of ENs that have served large numbers of TTW participants said that they screen candidates both for their willingness to work full time and for whether they are likely to be able to work at a job that pays at least $8.00 per hour, as they will need to do to exit the rolls; other personal characteristics are generally irrelevant to these ENs. SVRAs cannot apply the same screen, perhaps indicating why employed participants who assigned their Ticket to an SVRA—versus those who assigned their Ticket to ENs—-were more likely to be in sheltered employment.

However, the higher earnings of EN clients might reflect the fact that, compared with SVRAs, ENs—because of differences in incentives—emphasize the attainment of earnings at a level that will reduce benefits to zero. Unfortunately, it is not possible to tell which of the two explanations holds more often.

We also examined the use of special equipment or assistance at work, employer-provided accommodations, and job satisfaction and found very few substantial differences in these characteristics by provider type or between employed participants and all employed Phase 1 and 2 beneficiaries. One substantive difference across provider types may, however, be relevant to the findings reported above: employed participants who assigned their Ticket to an EN were much less likely than those who assigned their Ticket to an SVRA to use personal assistance at work—presumably because the former are less likely than other participants to need such assistance. We did not, however, find a comparable difference in the use of special equipment.

Findings on accommodations and job satisfaction vary little by participation status or provider type. A little over half of all employed Phase 1 and 2 beneficiaries and TTW participants received employer accommodations, and few reported needing them. Large majorities were satisfied with their jobs, rating them high on a long list of attributes (e.g., receipt of recognition and respect from others). Far fewer employed beneficiaries, however, reported that their jobs had three important attributes: good pay, opportunities for promotion, and good benefits. Although employed TTW participants who assigned their Ticket to an EN earned relatively high pay, they were no more satisfied with their pay than others. Consistent with the findings on benefit receipt, those who assigned their Ticket to an EN as opposed to an SVRA were more likely to report their benefits as good.

All of these findings are presented in more detail below.

A. EMPLOYMENT RATES

About 9 percent of beneficiaries in Phase 1 and 2 states reported that they were employed when interviewed in 2005 (Exhibit VI.1). Almost all of these beneficiaries (96 percent) were not TTW participants at the time, although many may have received SVRA services before the TTW rollout.[3]

While the number of employed TTW participants is small relative to the number of all employed beneficiaries, TTW participants were nearly four times more likely than all Phase 1 and 2 beneficiaries to report that they were working. Their employment rate was also substantially higher than the rate observed for other groups of employment-oriented beneficiaries. For example, the employment rate among beneficiaries who had not assigned their Tickets but who said that they used employment-related services during the previous year was only 10 percent, just slightly above the rate reported by all Phase 1 and 2 beneficiaries (Exhibit VI.1).

In terms of the employment rates of TTW participants by provider and payment type, there is a difference of three percentage points between the employment rate of TTW participants who assigned their Ticket to an EN and those who assigned their Ticket to an SVRA, but the difference is not statistically significant. There is, however, a large and statistically significant difference in the employment rate between those with Tickets assigned under the outcome-only system and those assigned under the other two payment systems. TTW participants under the outcome-only payment system are significantly more likely to be employed at interview.

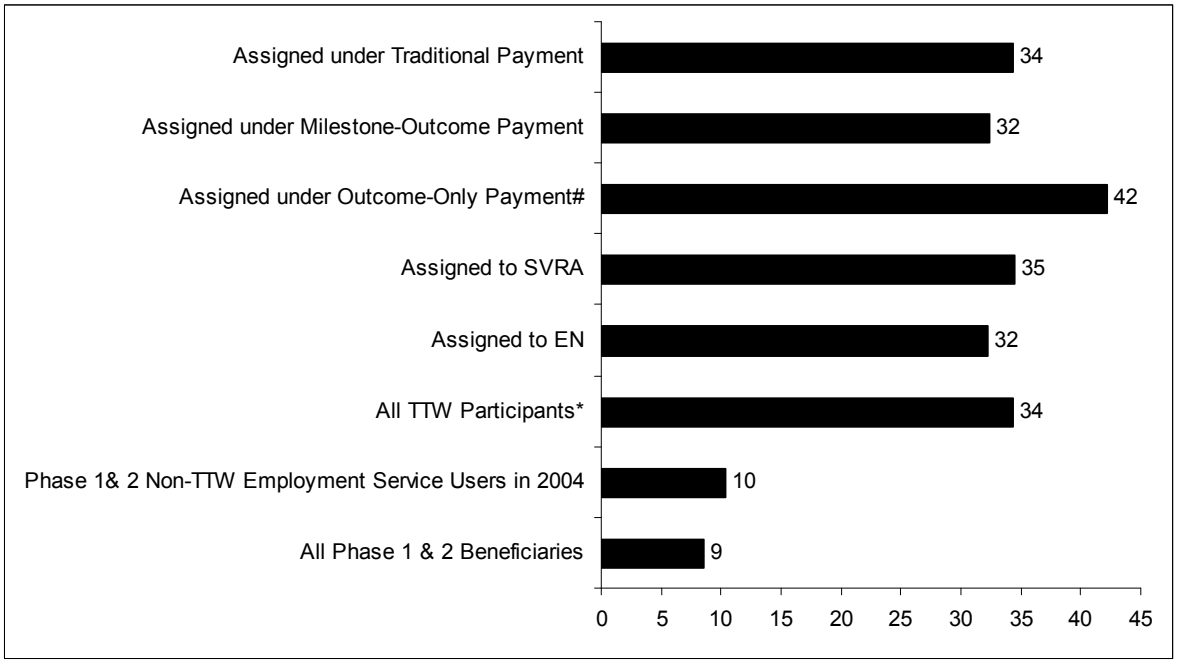
B. HOURS, EARNINGS, BENEFITS, TENURE, SELF-EMPLOYMENT, INDUSTRY, AND OCCUPATION

1. Hours, Wages, and Earnings

On average, employed TTW participants worked about the same number of hours per week as all employed Phase 1 and 2 beneficiaries (23 compared with 22 hours) (Exhibit VI.2). There were, however, significant differences in the hours worked between those who assigned their Ticket to an EN and those who assigned their Ticket to an SVRA. The former worked significantly more hours per week on average (27 compared with 22 hours) and were more than twice as likely to be working full time (43 percent compared with 20 percent).

[3] The TTW participation rate was about one percent, and employed TTW participants represented only about four percent of all employed Phase 1 and 2 beneficiaries (not shown in the exhibit).

Exhibit VI.1. Employment Rates for Selected Subgroups of Beneficiaries in Phase 1 and 2 States



Source: 2005 National Beneficiary Survey.

Note: EN and SVRA assignment and payment type based on the provider to which a Ticket was assigned for the longest period during 2004. Sample size = 3,060 for Phase 1 and 2 beneficiaries and 3,091 for TTW participants.

* Significantly different from all Phase 1 and 2 beneficiaries at the .05 level, two-tailed test.
# Significantly different from TTW participants with Tickets assigned under the traditional and milestone-outcome payment systems at the .05 level, two-tailed test.

The mean hourly wage of employed TTW participants was higher than that of all employed Phase 1 and 2 beneficiaries ($8.04 compared with $6.38). What contributes to a higher mean wage for TTW participants is the fact that they were significantly less likely than all employed Phase 1 and 2 beneficiaries to be working in jobs paying less than minimum wage (15 percent compared with 37 percent). Again, however, the overall statistics mask substantial differences between those who assigned their Ticket to an EN and those who assigned their Ticket to an SVRA; the former had significantly higher mean wages ($10.28 compared with $7.85), were less than half as likely to earn less than minimum wage (6 percent compared with 16 percent), and were about twice as likely to earn at least $8.00 per hour (66 percent compared with 32 percent).

As a result of slightly more hours worked and somewhat higher wages, TTW participants had greater mean monthly earnings than did all employed Phase 1 and 2 beneficiaries ($828 versus $637). Because TTW participants who assigned their Ticket to an EN earned a substantially higher mean hourly wage and worked for more mean hours, they

had significantly higher mean monthly earnings ($1,231) than those who assigned their Ticket to an SVRA ($796). That amount is well above the SGA level ($830 in 2005) that is relevant to payments for providers and to the continued eligibility for a vast majority of beneficiaries, but the means for the other two groups fall below this benchmark.[4] In fact, a majority (55 percent) of employed participants with a Ticket assigned to an EN were earning above SGA at interview, a substantially larger share than among those with a Ticket assigned to an SVRA (31 percent) or among all working Phase 1 and 2 beneficiaries in general (25 percent).

As discussed in the introduction to this chapter, differences in outcomes between SVRA and EN TTW clients might be explained by differences in the EN and SVRA incentives to serve clients who are likely to exit the rolls as a consequence of earnings. ENs operate with much stronger incentives to choose to serve only those beneficiaries likely to earn at levels sufficient to exit the rolls because, unlike SVRAs, they typically lack an alternative funding source for the services they provide. ENs are also better able to be selective in their choice of which beneficiaries to service, as SVRAs are subject to regulations that require them to serve those with the most severe disabilities. The higher earnings of EN clients might also reflect the fact that, in response to differences in incentives, ENs place heavy emphasis on the attainment of earnings at a level that will reduce benefits to zero, regardless of any selection criteria they might apply when deciding whether to accept a Ticket for assignment. It is not possible to tell which of the two explanations holds more often. It is important to note that, given the differences in incentives and likely sorting of certain types of beneficiaries being served by either an EN or SVRA, the findings regarding wages and earnings should not be interpreted to mean that SVRAs are less effective at serving TTW participants than are ENs.

Among TTW participants assigned to providers operating under the three payment systems, those assigned under the outcome-only system had significantly higher mean hourly wages and monthly pay relative to participants assigned under the other two payment systems. Hours worked per week did not differ significantly between participants who assigned their Ticket under the outcome-only system and participants who assigned their Ticket under the milestone-outcome system, but those hours were significantly greater hours worked by participants who assigned their Ticket under the traditional payment system. Moreover, nearly 50 percent of participants who assigned their Ticket under the outcome-only payment system were working and earning above SGA, a substantially greater share relative to those who assigned their Ticket under the other two payment systems.

Nevertheless, the finding on those with Tickets assigned to a provider under the outcome-only payment system should be interpreted in light of an important caveat. About one-third of all employed participants with a Ticket assigned to a provider operating under the outcome-only payment system are assigned to a single EN, AAA-Take Charge. That EN provides only one service; it simply passes through 75 percent of the Ticket payment to the beneficiary when the beneficiary has submitted evidence of employment sufficient to

[4] The SGA level for blind beneficiaries was $1,380 in 2005.

generate a payment. As might be expected, the wages, hours, and earnings of participants with a Ticket assigned to AAA-Take Charge are significantly greater than those of participants assigned to other providers under the outcome-only payment system. For example, the mean monthly earnings of employed participants with a Ticket assigned to AAA-Take Charge are nearly $1,800, and 74 percent of those participants are working above SGA. Mean monthly earnings for other participants with a Ticket assigned to a provider operating under the outcome-only payment system are just $856, and only 33 percent of those participants are working above SGA (see Appendix Table B.21).

It is likely that beneficiaries who selected AAA-Take Charge did so because they require little help in obtaining employment, believe themselves to be capable of working above SGA, and have a strong incentive to do so. Thus, the findings for all participants under the outcome-only payment system are greatly influenced by the substantially different outcomes associated with participants from only one EN who may differ markedly from Ticket participants in general. When we exclude from the analysis those assigned to AAA-Take Charge, we find that those assigned to providers under the outcome-only payment system have significantly higher wages than those under the other two payment systems and work significantly fewer hours relative to those under the milestone-outcome payment system. They do not differ significantly in terms of mean monthly pay or the share of those working above SGA.[5]

2. Employee Benefits

With a few exceptions, TTW participants were more likely than all employed Phase 1 and 2 beneficiaries to report having a given benefit associated with their employment. The differences for several of the benefits are statistically significant (Exhibit VI.3). Like provider-related differences in other job characteristics, there are substantial, statistically significant differences in benefits between participants who assigned their Ticket to an EN and those who assigned it to an SVRA. The EN group was much more likely to report having paid vacation and sick days, health insurance, dental insurance, flexible spending accounts, and pension or retirement benefits.

[5] With respect to the service use outcomes reported by provider and payment type in Chapter V, the percentage of TTW participants assigned to AAA-Take Charge does not appear to influence those outcomes as dramatically as the employment outcomes reported in this chapter. TTW participants assigned to AAA-Take Charge represent a fairly small minority (17 percent) of all TTW participants assigned to ENs who used services in 2004. Hence, general comparisons between SVRAs and ENs with respect to service use are unlikely to be affected. TTW participants assigned to AAA-Take Charge do, however, represent the majority of TTW participants assigned to ENs under the outcome-only payment system who used services in 2004 (65 percent), but their service use outcomes (percent using services and hours of service use) do not differ significantly from TTW participants assigned to other ENs under either payment system.

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

		Employed TTW Participants					
	All Employed Phase 1 & 2 Beneficiaries	All Participants	Assigned to EN	Assigned to SVRA	Assigned under Traditional Payment	Assigned under Milestone-Outcome Payment	Assigned under Outcome-Only Payment
Usual Hours per Week (%)++, ^^							
1 – 10	26	18	12	19	18	16	17
11 – 20	33	37	31	37	37	33	35
21 – 34	19	24	14	24	25	17	17
35 or more	22	22	43	20	20	33	32
Mean Hours per Week	22	23	27+	22	22	25	25
Hourly Wage (%)**,++, ^^^							
< $5.15	37	15	6	16	16	14	7
$5.16 - $7.99	33	51	29	53	53	43	24
$8.00 or more	30	34	66	32	32	43	69
Mean Hourly Wage ($)	$6.38	$8.04*	$10.28+	$7.85	$7.86^	$8.44^	$10.64
Mean Monthly Pay ($)	$637	$828*	$1,231+	$796	$803^	$891^	$1,195
% Earning Above SGA (>$830/ month)	25	32	55+	31	31^	38^	48

Source: 2005 National Beneficiary Survey.

Notes: Provider and payment type assignment based on the provider to which a Ticket was assigned for the longest period during 2004. Sample sizes = 401 for working Phase 1 and 2 beneficiaries and 1,100 for working TTW participants.

* Statistically different from all employed Phase 1 and 2 beneficiaries at the .05 level, two-tailed test.
\+ Statistically different from employed TTW participants with Tickets assigned to SVRAs at the .05 level, two-tailed test.
^ Statistically different from employed TTW participants with Tickets assigned under the outcome-only payment system at the .05 level, two-tailed test.
** Phase 1 and 2 beneficiary distribution statistically different from TTW distribution at the .05 level, chi-square test.
++ EN distribution statistically different from SVRA distribution at the .05 level, chi-square test.
^^Traditional payment distribution statistically different from distribution of those assigned under the outcome-only payment system at the .05 level, chi-square test.
^^^Traditional and milestone-outcome payment distributions statistically different from distribution of those assigned under the outcome-only payment system at the .05 level, chi-square test.

Exhibit VI.3. Benefits Associated with the Main Current Job Among Working Beneficiaries in Phase 1 and 2 States (Weighted Percentages)

	All Employed Phase 1 & 2 Beneficiaries	Employed TTW Participants		
		All Participants	Assigned to EN	Assigned to SVRA
Paid vacation	36	33	46+	32
Sick days with pay	25	23	34+	22
Transportation allowance or discounts	23	11*	9	12
Health insurance	22	28	41+	27
Pension or retirement benefits	17	21	33+	20
Dental insurance	14	22*	35+	21
Long-term disability benefits	7	15*	21	15
Flex health/dependent care spending account	5	9*	15+	9
Free or low-cost child care	2	3	4	3

Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2004. Sample sizes = 401 for working Phase 1 and 2 beneficiaries and 1,100 for working TTW participants.

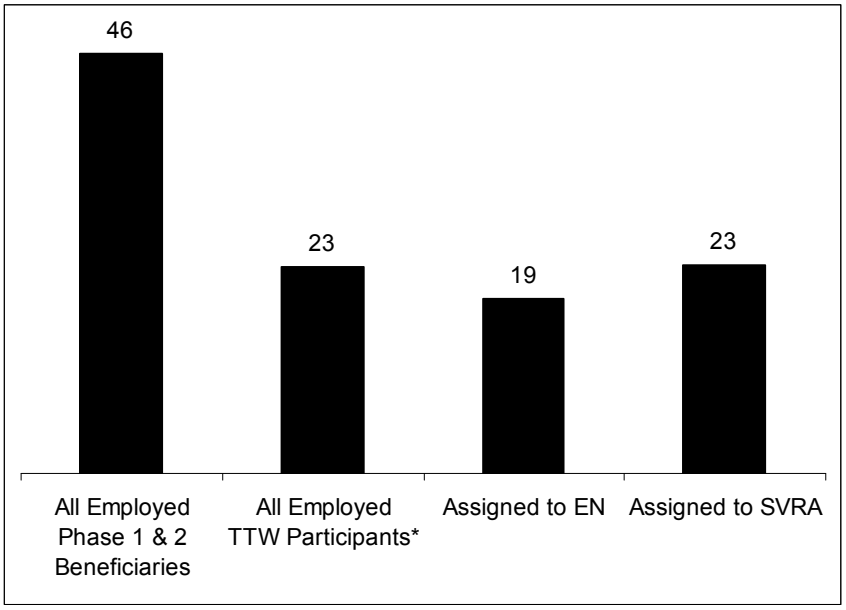
* Statistically different from all employed Phase 1 and 2 beneficiaries at the .05 level, two-tailed test.

+ Statistically different from employed TTW participants with Tickets assigned to SVRAs at the .05 level, two-tailed test.

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

The mean job tenure of employed TTW participants at the time of the interview was half that of all employed Phase 1 and 2 beneficiaries (23 months compared with 46 months) (Exhibit VI.4). The mean job tenure of those who assigned their Ticket to an EN was somewhat shorter than that of their SVRA counterparts (19 months compared with 23 months), but the difference is not statistically significant. Our last report, which reflected data from the early Phase 1 rollout, showed that the difference in job tenure between employed TTW participants who assigned their Ticket to an EN and those who assigned it to an SVRA was significantly larger (17 months compared with 28 months). That report also showed large differences between ENs and SVRAs in the percentage of employed participants who held jobs before Ticket assignment; the more recent data do not show the same large differences (Exhibit VI.5). We conjectured that the Phase 1 differences reflected the fact that, at that time, a large number of SVRA clients were pipeline cases (i.e., individuals served by the SVRA before the TTW rollout). The effects of the Phase 1 pipeline cases on job tenure among employed TTW participants appears to be diminishing. The newer data might also reflect the fact that Phase 2 SVRAs were less aggressive than Phase 1 SVRAs in attempting to assign Tickets from pipeline cases (see Chapter III).

Exhibit VI.4. Months at Current Main Job Among Working Beneficiaries in Phase 1 and 2 States



Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2004. Sample sizes = 401 for working Phase 1 and 2 beneficiaries and 1,100 for working TTW participants.

* Significantly different from all employed Phase 1 and 2 beneficiaries at the .05 level, two-tailed test.

Exhibit VI.5. Job Tenure Relative to Ticket Assignment Tenure Among Phase 1 and 2 TTW Participants Employed at Interview

	Employed TTW Participants		
	All Participants	Assigned to EN	Assigned to SVRA
Job Tenure Longer Than Ticket Assignment Tenure (%)	23	20	23
Months at Job before Ticket Assignment for Those with Job Tenure Longer Than Ticket Assignment Tenure (%)			
<3 months	7	16	6
3–6 months	17	13	18
7–12 months	14	10	14
>12 months	62	62	63

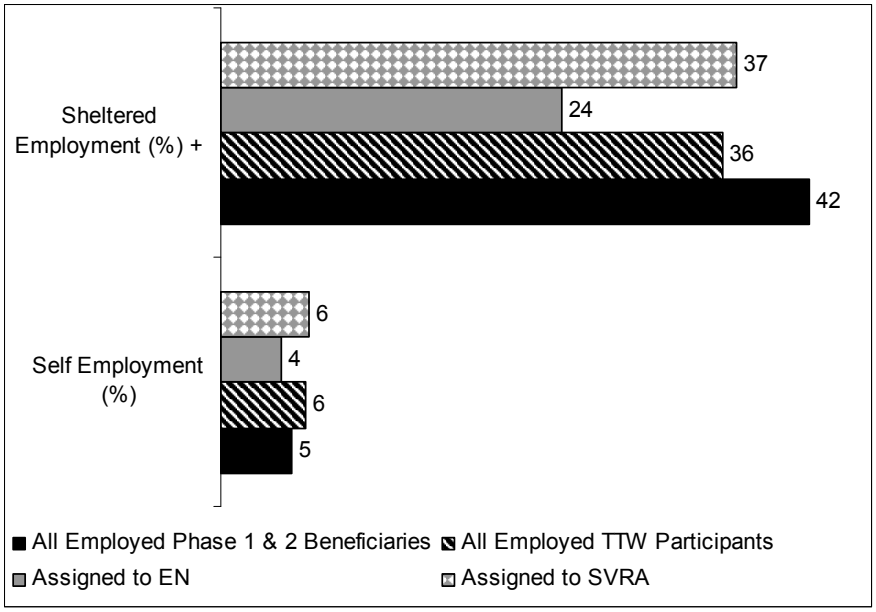
Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on provider to which Ticket was assigned the longest during 2004. Sample size = 1,100.

One important proximate explanation for the differences in pay and employee benefits by provider type is that a larger share of TTW participants served by SVRAs works in sheltered employment (Exhibit VI.6). That share (37 percent) is nearly as high as the share of all employed Phase 1 and 2 beneficiaries in sheltered employment (42 percent). Self-employment is fairly uncommon among all employed beneficiaries and does not appear to differ substantially across groups.

With regard to the types of jobs held by employed beneficiaries, TTW participants differ significantly from all Phase 1 and 2 beneficiaries in their occupation (Exhibit VI.7). TTW participants were less likely to be employed in the transportation and material moving and production occupations and more likely to be employed in administrative support, cleaning and maintenance, food preparation, and sales occupations. To a large extent, these differences stem from the difference in occupations between participants with Tickets assigned to SVRAs and those with Tickets assigned to ENs. Relative to those with Tickets assigned to ENs, those with Tickets assigned to SVRAs are much more likely to be employed in cleaning and maintenance, food preparation, and production occupations. We did not find noteworthy differences in industry by participation status or, among participants, by provider type.

Exhibit VI.6. Sheltered and Self-Employment Among Working Beneficiaries in Phase 1 and 2 States



Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on provider to which a Ticket was assigned for the longest period during 2003. Sample sizes = 401 for working Phase 1 and 2 beneficiaries and 1,100 for working TTW participants.

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

Exhibit VI.7. Occupation and Industry of Working Beneficiaries in Phase 1 and 2 States (Percentages)

	All Employed Phase 1 & 2 Beneficiaries	Employed TTW Participants		
		All TTW	Assigned to EN	Assigned to SVRA
Occupation**, ++				
Transportation and material moving	22	12	11	13
Office & admin. support	10	15	17	15
Building/grounds cleaning & maintenance	13	17	10	17
Food prep & serving	11	15	6	15
Production	14	5	2	5
Sales	5	9	10	9
Personal care & service	3	4	8	4
Other occupation	22	22	35	21
Industry				
Health care & social assistance	49	48	41	48
Retail trade	12	10	10	10
Accommodation & food services	9	8	4	8
Educational services	3	5	5	5
Admin support & waste mgmt/ remediation	3	4	6	4
Other services	5	5	6	5
Other industry	18	19	27	19

Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2004. Sample sizes = 401 for working Phase 1 and 2 beneficiaries and 1,100 for working TTW participants.

** Phase 1 and 2 beneficiary distribution statistically different from TTW distribution at the .05 level, chi-square test.

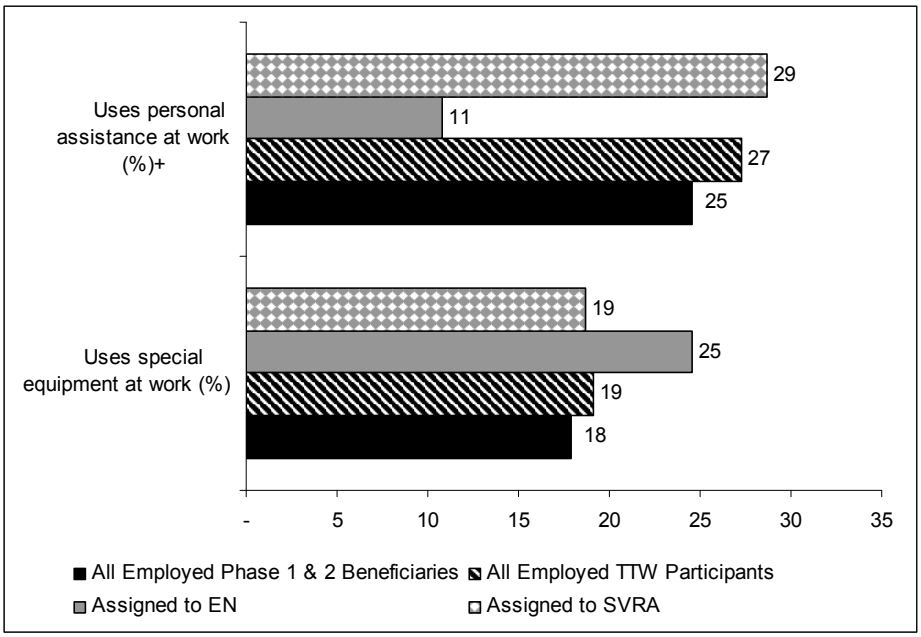
++ EN distribution statistically different from SVRA distribution at the .05 level, chi-square test.

C. Use of Special Equipment or Assistance and Employer Accommodations

Like employee wages and benefits, TTW provider type affected beneficiary use of special equipment or assistance and whether the employer accommodated the beneficiary. Compared with all employed beneficiaries in Phase 1 and 2 states, employed TTW participants were about equally likely to report using both personal assistance at work (27 percent versus 25 percent) and assistive technology at work (19 percent versus 18 percent) (Exhibit VI.8). The overall statistic for the use of personal assistance by TTW participants masks a large difference by provider type. Those who assigned their Ticket to an EN were significantly less likely to report using personal assistance at work (11 percent) than were those who assigned their Ticket to an SVRA (29 percent). Presumably, the difference reflects a difference between the two groups either in the types of health conditions causing

disability and/or in levels of functional impairment. There are no statistically significant differences by provider in the use of assistive technology.

Exhibit VI.8. Use of Special Equipment or Personal Assistance at Work by Working Beneficiaries in Phase 1 and 2 States



Source: 2005 National Beneficiary Survey.

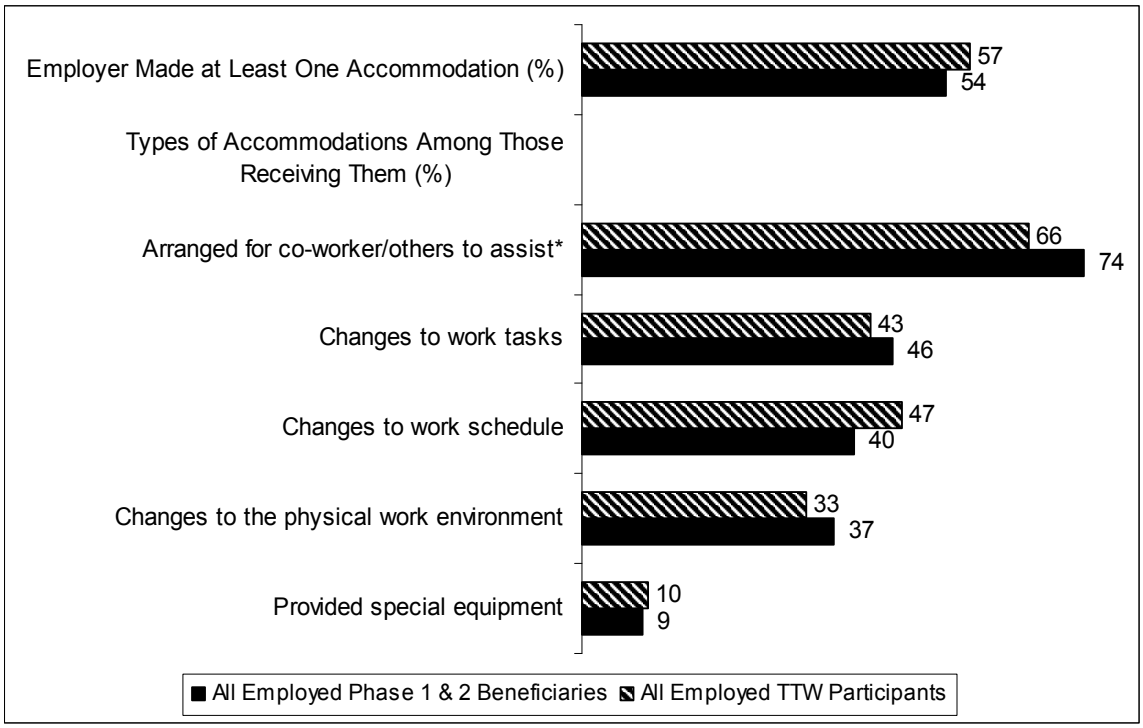
Notes: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2004. Sample sizes = 401 for working Phase 1 and 2 beneficiaries and 1,100 for working TTW participants.

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

Employed TTW participants and all employed Phase 1 and 2 beneficiaries were about equally likely to report that an employer made at least one accommodation (54 percent and 57 percent, respectively) (Exhibit VI.9). The most common type of accommodation was job-specific assistance provided by a co-worker or other person to a TTW participant. We did not find statistically significant differences in accommodations for employed participants by provider type.

Fewer than five percent of all working beneficiaries in Phase 1 and 2 states indicated that changes were still needed to make their workplaces more accessible (Exhibit VI.10). The corresponding percentage for TTW participants is twice that and, though small in absolute values, the difference is statistically significant. The differences by provider type are small and insignificant.

Exhibit VI.9. Employer-Provided Accommodations Among Working Beneficiaries in Phase 1 and 2 States

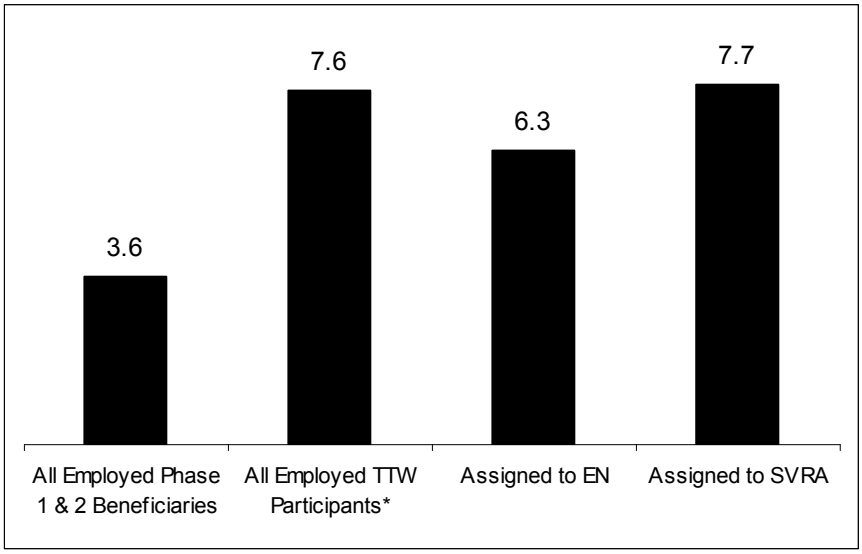


Source: 2005 National Beneficiary Survey.

Notes: Employer accommodation questions were not asked of self-employed respondents. Sample sizes = 401 for working Phase 1 and Phase 2 beneficiaries and 1,100 for working TTW participants.

* Difference between employed TTW participants and all employed Phase 1 and 2 beneficiaries significant at the .05 level, two-tailed test.

Exhibit VI.10. Changes to the Workplace Still Needed Among Working Beneficiaries in Phase 1 and 2 States



Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on provider to which Ticket was assigned the longest during 2004. Sample sizes = 401 for working Phase 1 and Phase 2 beneficiaries and 1,100 for working TTW participants.

* Significantly different from all employed Phase 1 and 2 beneficiaries at the .05 level, two-tailed test.

D. JOB SATISFACTION

When asked how satisfied they were with their jobs overall and with several specific features of their jobs, all respondents reported that they were generally satisfied (Exhibit VI.11). Both groups—Phase 1 and 2 beneficiaries and TTW participants—were particularly likely to report that they were satisfied with the nonmonetary aspects of their job: receiving recognition, a feeling of accomplishment, supportive supervisors and co-workers, and interesting work. They were substantially less likely to be satisfied with the financial aspects of their jobs: pay, benefits, and chances for promotion.

When compared to the general population of U.S. workers based on data from other national surveys, employed beneficiaries appear to be about equally satisfied with their jobs overall. A 2004 Gallup survey found that 89 percent of employed respondents were completely or somewhat satisfied with their jobs—a statistic fairly comparable to the 84 percent of beneficiaries in the 2005 NBS who reported that they were very or somewhat satisfied with their jobs. Although the wording of the satisfaction questions in the NBS is somewhat different from the wording in national surveys, employed beneficiaries, in comparison to workers who responded to national surveys, appear to be less satisfied with certain aspects their jobs. Compared with the findings from other national surveys of

workers in 2004, findings from the NBS show that smaller shares of employed beneficiaries reported that they were satisfied with job security (67 percent compared with 81 percent); pay (55 percent compared with 74 percent); employment benefits (36 percent compared with about 64 percent); and chances for promotion (35 percent compared with 70 percent) (American Enterprise Institute 2005).

Exhibit VI.11. Job Satisfaction Among Working Beneficiaries in Phase 1 and 2 States (weighted percentages)

		Employed TTW Participants		
	All Employed Phase 1 & 2 Beneficiaries	All Participants	Assigned to EN	Assigned to SVRA
Overall, Very, or Somewhat Satisfied with Job	84	81	78	81
Agree/Agree Strongly That:				
Co-workers are friendly and supportive	87	87	92	87
Work gives feeling of accomplishment	87	84	83	84
Supervisor is supportive[a]	86	85	83	85
Receives recognition/respect from others	84	85	92	84
Work is interesting/enjoyable	83	76	78	76
Can work with others/team if desired	80	80	86	79
Can work on own if desired	79	78	78	78
Job security is good/work is steady	67	63	55*	63
There are chances to develop abilities	61	62	63	62
Pay is good	55	53	53	53
There are chances for promotion[a]	38	33	42	32
Benefits are good	36	35	40	35

Source: 2005 National Beneficiary Survey.

Notes: EN and SVRA assignment based on the provider to which a Ticket was assigned for the longest period during 2004. Proxy respondents were not asked job satisfaction questions. Sample sizes = 229 for employed Phase 1 and Phase 2 beneficiaries and 929 for employed TTW participants.

[a] Question not asked of those who were self-employed.
* Significantly different from all employed TTW participants with Tickets assigned to SVRAs at the .05 level, two-tailed test.

For nearly all items, the level of satisfaction did not differ significantly by TTW participation status or provider type. Only perceptions of job security differed significantly between working TTW participants with Tickets assigned to ENs compared to those with

Tickets assigned to SVRAs. Although employed participants who had assigned their Ticket to an EN had relatively higher pay, they were no more satisfied with their pay than either all employed beneficiaries or those who had assigned their Ticket to an SVRA.

The beneficiaries described in this chapter—TTW participants in Phase 1 and 2 states who were working in 2005—are, as a group, perhaps closest to achieving the TTW goals of increased earnings and reduced benefits. The next chapter focuses on beneficiaries who were not attempting to increase earnings or reduce benefits via participation in TTW, and reviews evidence on their interest in pursuing these goals in the future.

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CHAPTER VII

NONPARTICIPATION IN TTW

This chapter reviews the market for employment-support services from the perspective of beneficiaries who do not participate in the TTW program and discusses three factors likely to contribute to nonparticipation. First, only 39 percent of working-age beneficiaries report that their goals include work or career advancement, or see themselves working in the next five years. Thus, most Ticket-eligible beneficiaries do not appear to have concrete work goals or expectations and are therefore unlikely to demand the types of employment-support services that TTW tries to foster. This general absence of employment goals is not surprising, given that all disability beneficiaries have been subject to a rigorous eligibility determination process through which they were found unable to engage in SGA.

Second, most beneficiaries who do have employment goals were not aware of the TTW program at the time of the survey. Specifically, only about 15 percent of all Phase 1 and 2 nonparticipants were both aware of TTW and understood that it was designed to help them secure training or employment services intended to improve their ability to work. Such lack of awareness has limited the extent to which beneficiaries seek out TTW services, although they may nevertheless be referred to an EN or SVRA if they try to obtain services through other channels. Lack of awareness and failure to use services are not, however, unique to TTW. In fact, awareness of TTW generally exceeds that of other SSA work incentives, which is very low among beneficiaries, as is their use of work-related resources.

The third reason for nonparticipation is that a fairly small but still important group of beneficiaries who want to work and who know about TTW reported that they were unable to assign their Ticket. The number of such beneficiaries is a small share of all Phase 1 and 2 beneficiaries—on the order of one percent—but it is approximately the same as the number of participants.

Together, these three factors suggest that, although only a small minority of beneficiaries is likely to value TTW services, the program reaches only part of that minority. For example, nearly 10 percent of all Phase 1 and 2 beneficiaries who had heard of TTW indicated that they might try to participate in the future.

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

may not follow through on their participation plans for a variety of reasons. In fact, research suggests that only a small share of people with disabilities who express an interest in returning to work do so, even when offered extra help (McMahan 1992). Thus, although the potential for participation to increase is clear, it may not do so by the full amount suggested by the survey estimates. Given the preliminary nature of the evidence on nonparticipation and the early stage of TTW development, it would be useful for SSA to look for ways to reach out to nonparticipants in order to determine more accurately how many would use TTW services. There is at least some potential for the program to attract a much larger share of the 39 percent of beneficiaries who have work-related goals or expectations.

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

This chapter explores the above findings in detail, focusing on beneficiaries in Phase 1 and Phase 2 states. We defined TTW participation on the basis of whether a beneficiary in either phase had assigned a Ticket at some time during 2004.[1]

A. EMPLOYMENT-RELATED GOALS

According to the 2005 NBS, there was no significant change in employment-related goals from 2004. Forty-three percent of beneficiaries have employment-related goals as evidenced by the fact that they were working, looking for work, using employment-support services, or reporting concrete employment goals at the time of the interview (Exhibit VII.1). Seen in reverse, however, the results imply that a majority of beneficiaries (57 percent) do not report such goals and are therefore unlikely to have much demand for the employment services provided through TTW. The link between employment goals and TTW participation is illustrated by the fact that 94 percent of beneficiaries who participate in TTW reported an employment-related goal or said that they had recently engaged in employment-related activities.

The fact that most beneficiaries did not report concrete employment goals is consistent with the nature of the SSDI and SSI programs and was incorporated into the design of the TTW program (Mashaw and Reno 1996). The SSDI and SSI programs provide benefits only to people who have gone through a rigorous disability determination process that finds them unable to engage in SGA (for most beneficiaries, this means that they are not expected to be able to earn more than $940 per month under current regulations). Thus, if a large

[1] Our sample includes a small number of beneficiaries who were not Ticket-eligible at the time of the interview. Among the Phase 1 and 2 nonparticipants analyzed in this chapter, 1.2 percent had not been mailed a Ticket by the time they were interviewed. For another 2.7 percent of Phase 1 and 2 nonparticipants, Ticket eligibility at interview could not be determined because the Ticket mail date information was missing from the administrative data.

percentage of beneficiaries worked or had concrete work goals, this could signal problems with the initial disability determination.

Exhibit VII.1. Employment-Related Goals, Expectations, and Activities

Employment-Related Activities, Goals, and Expectations	Percent of Group Reporting Each Employment-Related Goal/Activity	
	All Phase 1 & 2 Beneficiaries	TTW Participants
Working at interview	9	34
Worked in 2004	14	51
Looked for work in past four weeks	6	23
Used services in 2004 for purposes of getting a job or increasing income	3	29
Goals include work/career advancement	32	76
Sees self working for pay in the next five years	29	77
Sees self working and earning enough to stop receiving disability benefits in the next five years	17	48
Any of the above	43	94

Source: 2005 National Beneficiary Survey.

Note: Sample sizes = 2,909 for Phase 1 and 2 beneficiaries and 3,091 for TTW participants.

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

B. AWARENESS OF TTW

Participant demand for TTW services may be a function of whether eligible individuals know about the program and know how to use their Ticket; it is not merely an indication of whether they are interested in work. Absent an awareness of TTW, beneficiaries interested in work may try to obtain employment services without using their Ticket.

In general, it appears that beneficiaries are not aware of the TTW program. The survey indicates that just 26 percent of all Phase 1 and 2 beneficiaries had heard of TTW at the time of the interview even though SSA had mailed a Ticket to all of them. If we consider only those who were both aware of TTW and had employment-related goals, just 14 percent of all Phase 1 and 2 beneficiaries meet both criteria. Thus, for about 85 percent of beneficiaries, the two factors essential to TTW participation were not present: work goals and knowledge of the program.

While a lack of awareness limits direct demand for TTW services, beneficiaries may still be referred to TTW if they seek employment services. For example, beneficiaries who try to obtain services from their state's SVRA may have been enrolled in TTW though the SVRA intake process even if they did not know about TTW beforehand. Nevertheless, the fact that so many beneficiaries did not seem to know about TTW is likely to limit the extent to which they avail themselves of the expanded choices and flexible services made available through TTW.

To better understand the characteristics of nonparticipants who reported being aware of TTW, we estimated a multivariate (logit) model of the likelihood of being aware of TTW. The model indicates whether specific sociodemographic, programmatic, and health characteristics are statistically associated with awareness, holding all other characteristics constant (Appendix Table B.39). Relative to those who were unaware of the program, beneficiaries who had heard of TTW were significantly less likely to be Hispanic or Latino, to be age 55 or older, and to report an activity limitation requiring assistance. Those who had heard of TTW were also more likely to have a high school education or above and to have been on the disability rolls for one to five years. As discussed in Chapter III, some of these factors (age, education, and activity limitation requiring assistance) similarly affect TTW participation, so effects on participation might be attributable, in part, to effects on awareness.

Even when beneficiaries know about TTW, their information is often incomplete. In a manner similar to that described in Chapter IV for self-identified TTW participants, the 26 percent of Phase 1 and Phase 2 nonparticipants who had heard of TTW were asked a set of questions to gauge their knowledge of key program features (Exhibit VII.2). In general, most nonparticipants were unaware of the basic program features queried. If we consider TTW awareness in general along with an awareness of specific program features, it becomes clear that only 14 percent of beneficiaries were aware that TTW is a program designed to improve their ability to work by helping them get training or employment services paid for by SSA (among those who had heard of TTW, 60 percent reported knowing about this basic TTW goal). Even fewer beneficiaries (9 percent) were aware that participants are free to choose a provider from a network of participating service providers. Still fewer knew that TTW providers are not paid unless beneficiaries go to work (4 percent) and that CDRs are waived while they participate (5 percent).

Lack of awareness and use of Social Security work incentives is not unique to TTW. In fact, compared with many SSA work-related programs and incentives, awareness and use of TTW might be considered relatively high (Exhibit VII.3). Only the awareness rate for the SSDI Trial Work Period exceeded the awareness rate for TTW. The relatively high level of awareness of TTW among beneficiaries may be attributable to the relatively recent mailing of the Ticket to all Ticket-eligible beneficiaries. As in TTW, reported use rates for all SSA work incentives hover around one percent with the following exceptions: the Trial Work Period use rate is much higher at 7 percent); the Section 1619(b) use rate is somewhat higher, at 2.6 percent, and the extremely low use rates for impairment-related work expenses and property essential for self-support are extremely low at 0.3 percent each.

Exhibit VII.2. Knowledge of TTW Program Features Among Phase 1 and 2 Nonparticipants

TTW Program Feature	Percent of All Beneficiaries Who Knew of Feature	Percent of Beneficiaries Who Knew About Feature Among Those Aware of TTW
Helps people with disabilities get training/employment services paid for by SSA to improve their ability to work	14	60
Participants are free to choose a service provider from among a network of service providers in the program	9	39
The service provider is not paid by SSA unless the beneficiary goes to work	4	17
For beneficiaries participating in TTW, SSA will not conduct a medical CDR	5	19

Source: 2005 National Beneficiary Survey.

Note: Sample size = 2,843.

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

	Percent of All Beneficiaries to Whom Incentive Applies	
Program/Provision	Aware of Incentive	Used Incentive[a]
SSI Work Incentives		
Plan for Achieving Self Support (PASS)	12	0.9
Earned Income Exclusion (1 for 2)	14	2.2
Property Essential for Self Support (PESS)	5	0.3
Section 1619(b) Continued Medicaid Coverage	15	2.6
Student Earned Income Exclusion[b]	8	1.7
SSDI Work Incentives		
Trial Work Period	39	7.0
Extended Period of Medicare Eligibility	18	1.5
Incentives Applicable to Both SSI and SSDI		
Impairment-Related Work Expenses or Blind Work Expenses (IRWE or BWE)	9	0.3
Expedited Reinstatement	15	1.1
Benefits Planning, Assistance, and Outreach	11	0.9
TTW[c]	26	1.0

Source: 2005 National Beneficiary Survey.

Note: Sample sizes = 3,083 for provisions applicable only to the SSI program; 2,891 for provisions applicable only to the SSDI program; and 4,864 for provisions applicable to both programs.

[a] Self-report of ever using provision.
[b] Awareness and use rates calculated as a percentage of SSI recipients age 25 and under who began receiving benefits before age 22. Sample size = 723.
[c] Awareness and use rates calculated as a percentage of all Phase 1 and Phase 2 beneficiaries. TTW participation rate based on survey sample as of mid-2004.

C. INVOLUNTARY NONPARTICIPANTS

TTW allows providers to choose whom they will serve, thus raising the possibility that some beneficiaries who want services will not be able to find a provider that will take their Ticket. While the new TTW payment systems are intended to give providers a financial incentive to serve beneficiaries, the systems also put providers at risk for the costs of services to beneficiaries who do not earn their way off the rolls. For instance, our interviews with providers (Thornton et al. 2006, 2007) indicate that they screen applicants, particularly with respect to an interest in working at a level that is high enough to reduce cash benefits to zero (and thereby trigger outcome payments to the provider). In addition, the number or service capacity of TTW providers in a beneficiary's geographic area may be limited relative to the demand for services. These two factors clearly demonstrate the potential for involuntary nonparticipation among beneficiaries.

We used the NBS data to develop a narrow and a broad definition of involuntary nonparticipants. The former includes beneficiaries who reported that they were unsuccessful in their attempt to assign a Ticket; the latter includes beneficiaries who reported that they sought information about TTW regardless of their attempts to contact providers or to assign their Ticket. Together, the two definitions probably capture the true involuntary nonparticipation rate for two reasons: the narrow definition excludes beneficiaries who became discouraged before trying to assign their Ticket, and the broad definition includes beneficiaries who may have made only minimal efforts to get information but decided not to pursue TTW services before contacting a provider. As with the other survey findings reported in this chapter, the findings on involuntary nonparticipation pertain to beneficiaries living in Phase 1 and Phase 2 states who were nonparticipants when they were interviewed in 2005.

In general, we found very few involuntary nonparticipants (Exhibit VII.4). In terms of the narrow definition, fewer than one percent of all Phase 1 and 2 nonparticipants were involuntary nonparticipants; that is, they reported that they were unsuccessful in their attempts to assign their Ticket. In terms of the broader definition, the involuntary nonparticipation rate rises to about two percent.

The rate of involuntary nonparticipation increases, however, if we look at not just all Phase 1 and 2 nonparticipants but at three subgroups that make up progressively fewer beneficiaries with progressively higher probabilities of demanding TTW services:

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

Under the narrow definition, involuntary nonparticipation is highest (20 percent) among the smallest and most likely subgroup to demand TTW services: those with employment

goals who were aware of and sought information on the program). Under the broad definition, the involuntary nonparticipation rate peaks at 13 percent among the second subgroup: all TTW-aware nonparticipants with employment-related goals.

Exhibit VII.4. Rates of Unsuccessful Attempts to Assign a Ticket, by Selected Subgroups of Phase 1 and 2 Nonparticipants

	Phase 1 & 2 Nonparticipants			
	All	TTW-Aware	TTW-Aware and Has Work Goals	TTW-Aware, Has Work Goals, and Sought TTW Info
Sample Size	2,843	762	505	65
Estimated Number of Beneficiaries	5,547,464	1,363,679	727,575	91,869
% of all Phase 1 & 2 Nonparticipants	100	25	13	2
	Percent of Column Group			
Aware of TTW	25	100	100	100
Work-related goals, activities, or expectations*	42	53	100	100
Sought information on TTW or tried to participate in 2004	2	10	13	100
Contacted SVRA or EN(s) about services in 2004	1	4	7	52
Unsuccessfully attempted to assign Ticket in 2004	<1	1	3	20

Source: 2005 National Beneficiary Survey.

* Includes Phase 1 and 2 nonparticipants who worked in 2004, were working at interview, or sought work in past 4 weeks; indicated that personal goals included work or career advancement; saw themselves working in next 5 years; or used services in 2004 in order to find a job or increase income.

We also looked at the rates of TTW awareness and involuntary nonparticipation (based on the broad definition) among the approximately 12 percent of Phase 1 and 2 nonparticipants who indicated that they had unmet needs for services during the previous year (Appendix Table B.28). Relative to all Phase 1 and 2 nonparticipants, those with unmet service needs were somewhat more likely to be aware of TTW (29 percent compared with 25 percent) and were about twice as likely to report that they had sought information about TTW or tried to participate in TTW during 2004 (5.1 percent compared with 2.4 percent). This might suggest on the one hand that the inability to participate in TTW contributed to the reported unmet needs, or on the other hand, that TTW is a source of support being sought (albeit unsuccessfully by some) by beneficiaries with unmet service needs.

The characteristics of involuntary nonparticipants (based on the broad definition) suggest that these individuals differ in several respects from TTW participants (Appendix Table B.29). Involuntary nonparticipants were more likely to be SSI-only, age 55 or older,

married, and nonwhite, to have experienced adult onset of disability, and to have been on the disability rolls for a shorter period. They also appear to be in poorer health than TTW participants and to report several ADL and IADL difficulties, particularly with respect to getting around inside and outside the home and performing self-care activities. Among those not working at the time of the interview, a much larger share reported that poor health was the reason for not working.

Involuntary nonparticipants, however, were similar to TTW participants in that, relative to beneficiaries in general, both groups were much more likely to have employment goals as well expectations of working for pay and leaving the rolls in the near future. On the other hand, involuntary nonparticipants were somewhat less likely than TTW participants to have such goals and expectations. Involuntary nonparticipants were also less likely than TTW participants to be working at interview or to have worked during the previous year, but they were equally likely to report at the interview that they looked for work during the previous four weeks (Appendix Table B.27).

The sample of involuntary nonparticipants is small, and it may be too early to draw conclusions. Nonetheless, it appears that, despite similarly strong interests in work, involuntary nonparticipants were more likely than TTW participants to have some characteristics that suggest they face barriers to employment (e.g., poor health, activity limitations, and limited work history as indicated by SSI-only status). Accordingly, providers may be less willing to serve them. However, these same characteristics might also be associated with a more limited ability to navigate the system in a way that results in Ticket assignment. About half of those who sought information about TTW or tried to participate in the program actually contacted a provider about participation, and even fewer attempted to assign their Ticket. Yet, the majority of involuntary nonparticipants never reached the critical point in the process of contacting any providers, suggesting that factors other than provider refusal to accept Tickets may be dampening participation. These factors may include lack of interest, inability to obtain information, inability to navigate the process, and/or lack of providers in their areas.

It is important to note that, while we estimated that only a very small fraction of all Phase 1 and 2 nonparticipants (about one to two percent) were involuntary nonparticipants during 2004, that fraction is large relative to the TTW participation rate of 1.0 percent for the same period. Thus, it is possible that the number of involuntary nonparticipants in Phase 1 and 2 states in 2004, even narrowly defined, was on the same order of magnitude as the number of participants.

D. EXPECTATIONS OF FUTURE PARTICIPATION IN TTW

We assessed potential interest in TTW among nonparticipants by asking 2005 NBS respondents who resided in Phase 1 and 2 states and had heard of TTW but were not participating in the program whether they thought they might participate in the program in the future. Of these respondents, just 35 percent, or 9 percent of all Phase 1 and 2 beneficiaries, answered affirmatively (Exhibit VII.5). The prospects for participation are higher among the subgroup of TTW-aware nonparticipants who indicated that their goals or

expectations include employment; specifically, 57 percent indicated that they planned to try to participate in TTW in the future.

As with TTW awareness, employment goals and expectations differ substantially between those with and without plans to participate in TTW in the future. Relative to those with no plans to participate, those who indicated that they planned to try to participate were substantially more likely to report employment goals (75 percent compared with 23 percent) and to see themselves working in the next five years (69 percent compared with 20 percent) (Appendix Table B.28). Among nonparticipants who indicated no plans to participate in TTW in the future, their primary reason was poor health and/or an inability to work (58 percent).[2]

Exhibit VII.5. Plans for Future TTW Participation, by Selected Nonparticipant Subgroups (weighted percentages)

Subgroup	Percent Planning to Try to Participate in TTW in the Future
All Phase 1 & 2 nonparticipants	9
Phase 1 & 2 nonparticipants aware of TTW	35
Phase 1 & 2 TTW-aware nonparticipants with work-related goals, activities, or expectations[a]	57

Source: 2005 National Beneficiary Survey.

Note: Sample sizes = 2,843 Phase 1 and 2 nonparticipants; 762 Phase 1 and 2 nonparticipants aware of TTW; and 505 Phase 1 and 2 TTW-aware nonparticipants with work-related goals.

[a] Includes Phase 1 and 2 nonparticipants who worked in 2004, were working at interview, or sought work in past 4 weeks; indicated that personal goals included work or career advancement; saw themselves working in next 5 years; or used services in 2004 in order to find a job or increase income.

The interest expressed in future participation in TTW suggests that the program is reaching only a fraction of those who might eventually participate. Many other reasons, however, may explain the failure to follow through on reported plans to participate. In addition, research suggests that only a small share of people with disabilities who say they have plans to return to work do so, even when offered extra help. McMahan (1992) interviewed a sample of Maryland residents with disabilities about their employment status and their desire to work, offered those interested in working an opportunity to be contacted by a job placement service, the Maryland Corporate Partnership (MCP), and to subsequently

[2] Other reasons for indicating no plans to participate in TTW in the future include not knowing about the program (16 percent); already working or in school (4 percent); and no desire to participate (4 percent) (Appendix Table B.29).

schedule an appointment. Among those not working but wanting to work, only 12.5 percent reported that they were interested in hearing from MCP *and* followed through to schedule and keep an appointment for job placement services.

E. TARGETING POTENTIAL TTW PARTICIPANTS

The beneficiaries who are more likely to participate in TTW are those who indicate some interest in employment. Two characteristics bear this out: having goals that include work or career advancement and seeing oneself as working in the next five years. Nearly 80 percent of TTW participants had one or both of these characteristics at the time of the interview. This section describes the subgroup of all beneficiaries with these two characteristics; in our analysis, we assumed that they would be good targets for future SSA, TTW, and other marketing and education efforts related to work incentives.

Among all working-age beneficiaries (all phases), 39 percent, or 3.64 million, indicated that their goals include work or career advancement and/or that they see themselves working in the next five years. Our previous analysis indicated that several characteristics are associated with work goals and expectations but that only two show a particularly strong association with work goals and expectations: age and employment during the previous year while on the disability rolls (Thornton et al. 2007). These findings imply that SSA could reach the largest number of beneficiaries willing to work by targeting TTW marketing and education efforts to younger people and to those who worked while on the rolls during the previous year. For example, based on the estimates shown in Exhibit VII.6, 92 percent of beneficiaries age 18 to 39 who worked in the previous year (subgroup 2B) are likely to participate in TTW because their goals include work or career advancement and/or they see themselves working in the next five years. This group, however, is relatively small, accounting for only 12 percent of those likely to participate in TTW (i.e., those with work goals and expectations).

Yet, those age 18 to 39 who worked in the previous year number only about 0.47 million; therefore, a campaign targeting them could be relatively inexpensive. Looking at the other subgroups, we see that SSA could get the most efficiency out of an information campaign that focused only on beneficiaries under age 50 and/or beneficiaries who worked during the previous year (subgroup 3C). If SSA were to target only this group, it would reach 64 percent of all beneficiaries with work goals and expectations. However, the campaign would need to focus on just under half of the total beneficiary population (4.22 million), making it far less costly than a campaign targeting all beneficiaries.

In addition to age and recent work activity, our previous analysis indicated that time on the rolls was highly correlated with work goals and expectations (Thornton et al. 2007). The findings indicated that those on the rolls for more than one year but fewer than five years were most likely to report work goals and expectations (about 10 to 15 percentage points more likely, all else constant). These findings might suggest that the timing of follow-up promotions for TTW and work incentives should begin about one year after beneficiaries have entered the rolls and continue up until about five years after that point, when, all else constant, beneficiaries might be most responsive to the information.

Exhibit VII.6. Beneficiaries Most Likely to Participate in TTW and Percent of This Population in Selected Subgroups Defined by Age, Work During the Previous Year, and Time on the Disability Rolls

Subgroup		Number of Beneficiaries in Subgroup (millions)	Percent of Subgroup Likely to Participate in TTW[a]	Percent of Those Likely to Participate in TTW[a] in Subgroup	Phase 1 & 2 TTW Participation Rate of Subgroup (%)[b]
1	**By Age**				
1A	Age 18-24	0.45	74	9	12.6
1B	Age 18-39	1.99	66	36	12.2
1C	Age 18-49	4.22	55	64	1.6
2	**By Age AND Worked During Previous Year[c]**				
2A	Age 18-24 AND worked during previous year	0.13	96	3	4.5
2B	Age 18-39 AND worked during previous year	0.47	92	12	4.5
2C	Age 18-49 AND worked during previous year	0.81	87	19	4.3
2D	Worked during previous year (all ages)	1.17	85	28	3.9
3	**By Age OR Worked During Previous Year[c]**				
3A	Age 18-24 OR worked during previous year	0.45	74	9	2.6
3B	Age 18-39 OR worked during previous year	1.99	66	36	2.2
3C	Age 18-49 OR worked during previous year	4.22	55	64	1.6
4	**By Age and 1-5 Years on Disability Rolls**				
4A	Age 18-24 and on rolls 1-5 years	0.20	78	4	3.0
4B	Age 18-39 and on rolls 1-5 years	0.67	73	14	2.3
4C	Age 18-49 and on rolls 1-5 years	1.32	63	23	1.7
5	**By Age and 1-5 Years on Disability Rolls OR Worked During Previous Year[c]**				
5A	Age 18-24 and on rolls 1-5 years OR worked during previous year	1.31	83	30	3.7
5B	Age 18-39 and on rolls 1-5 years OR worked during previous year	1.67	79	37	3.2
5C	Age 18-49 and on rolls 1-5 years OR worked during previous year	2.25	72	44	2.6
6	**All Beneficiaries**	**9.34**	**39**	**100**	**1.0**

Source: 2005 National Beneficiary Survey. Sample size = 4,864.

[a]Those likely to participate in TTW are defined as those with goals that include work or career advancement and/or who see themselves working in the next five years.
[b]Phase 1 and 2 TTW participation rates as of mid-2004, based on survey data.
[c]The "worked during previous year" criterion includes only respondents who reported that they worked during 2004 and had been on the disability rolls for more than 12 months at the time of the interview in 2005.

The above discussion is not intended to imply that all beneficiaries should not have equal access to all work-related information and resources provided by SSA. Rather, it is intended to illustrate that a few observable characteristics are highly correlated with work goals and expectations, and that knowledge of such characteristics might be useful to SSA in targeting work-incentive marketing and information efforts to ensure their effectiveness.

CHAPTER VIII

PROVIDER AVAILABILITY, TICKET ACCEPTANCE, AND TICKET PAYMENTS

A major goal of the TTW program is to increase the supply of service providers that help disability beneficiaries find a job and leave the SSA benefit rolls. To this end, SSA is seeking through TTW to increase overall access to employment services and the degree to which beneficiaries can choose the provider that best addresses their interests and needs. SSA intended the two new payment systems (milestone-outcome and outcome-only) to offer a financial incentive that would induce a wide array of providers to start serving beneficiaries and thereby increase their choice of providers beyond the SVRAs, which had essentially been the only providers who were reimbursed by SSA for helping beneficiaries move into employment. For selected beneficiaries, SSA also offered each SVRA the option of using either of the two new payment systems, thus strengthening the incentive for SVRAs to help beneficiaries earn enough to exit the rolls for an extended period.

This chapter documents our findings on the overall supply of ENs throughout the United States and provides an overview of EN availability and acceptance of Ticket assignments. The findings are based on analyses of administrative data from SSA and the Operations Support Manager (OSM). Readers interested in learning more about the nature of ENs are referred to Thornton et al (2004) and Thornton et al. (2006). Our findings generally substantiate findings documented in those reports.

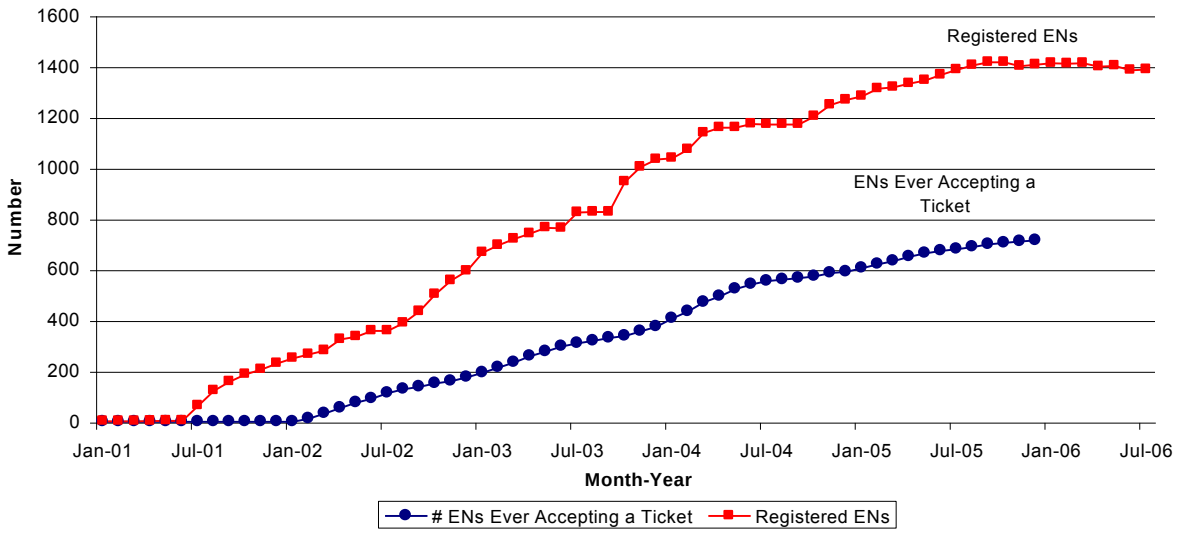
It appears that the TTW program has increased the supply of employment-support providers for SSA beneficiaries in only a limited way. More than 1,300 non-SVRA providers have registered as ENs and now receive payments from SSA, but only about 45 percent of them have accepted a Ticket, and only about 25 percent have accepted five or more Tickets. Most beneficiaries live in large metropolitan areas, and most active ENs are similarly located. In large sections of the country with relatively few beneficiaries, however, there are no ENs at all, or no local EN has taken a Ticket. As a result, while nearly 40 percent of beneficiaries live in counties in which at least five ENs have taken Tickets, there are few of those counties. Almost 80 percent of beneficiaries live in counties with at least one EN that has taken Tickets, leaving over 20 percent of beneficiaries in counties not served by any local ENs that are active in TTW. Interviews conducted for previous reports (see Chapter X of Thornton et al. 2007; Thornton et al. 2004, 2006) indicate that the vast majority of these providers served beneficiaries before they became ENs and have not significantly changed

their operations or their client base in response to TTW. These providers are now eligible for direct payments from SSA, but many would have served interested beneficiaries even in the absence of TTW, in many instances under contract to an SVRA.

A. EN AVAILABILITY

EN availability has remained relatively constant in recent years (Exhibit VIII.1), although problems with recruitment and retention continue. In our previous evaluation report (Thornton et al. 2007), we noted that the number of ENs continued to grow in 2005, reaching 1,362 at the end of June, but the pace of growth had slowed substantially from what it was in 2003. That slower pace in 2004 and 2005 was, according to the OSM, the result of "market saturation" and increasing difficulty in selling what OSM staff report as an "unpopular" program. Our most recent and earlier reports also identified some factors that have made it harder to attract additional ENs into the program: the lackluster financial performance of the initial EN cohort; a growing sense among providers that relatively few beneficiaries pursue employment aggressively enough to leave the benefit rolls, thereby preventing ENs from receiving payment; and the perceived complexity of the program itself.

Exhibit VIII.1. Number of Registered Employment Networks, 2001 Through July 2006



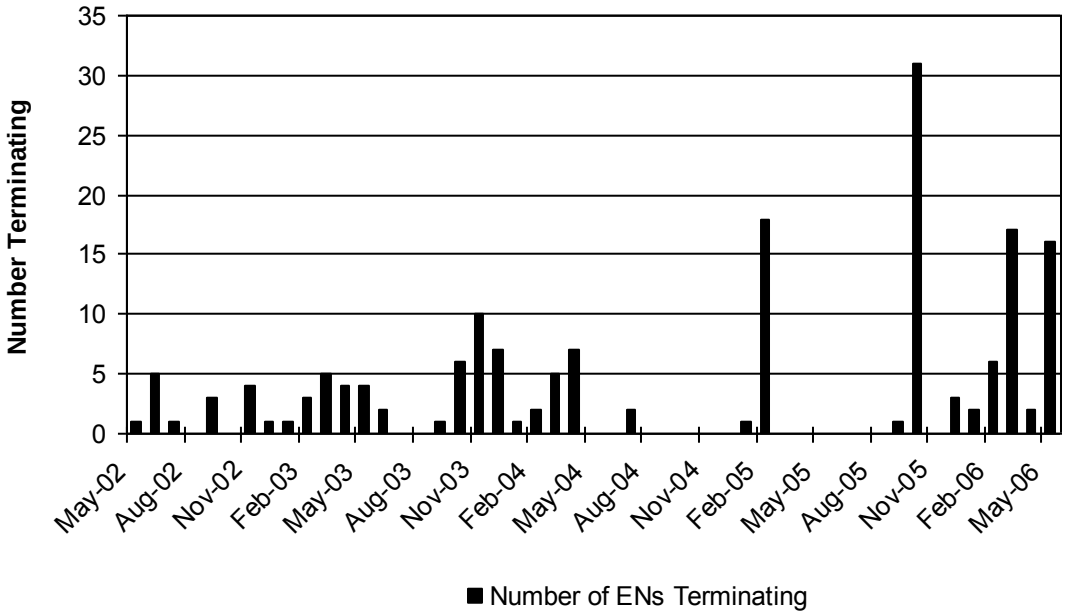
Source: Ticket Research File, EN Provider File, December 2005.

These trends appear to have continued in 2006 and, combined with the delay in finalizing TTW regulations, have stalled the recruitment of new ENs. In May 2006, the number of registered ENs had grown to 1,402, representing an increase of 58, or less than 3 percent during the past year. Although a more modest rate of growth is to be expected after rollout, other factors have combined to demonstrate that provider attraction to the TTW market is weak.

For instance, ENs continue to leave the TTW market. PMRO data for the first five months of 2006 show that, from May 2005 to May 2006, 78 additional ENs had stopped

participating in TTW, bringing the total number of dropouts since program rollout to 172 (Exhibit VIII.2). In addition, in early 2007, contracts for ENs that had enrolled early in Phase 1 came up for renewal. The PMRO contacted these ENs by telephone in January and February 2007 and learned that several opted not to renew their contract, causing the total number of ENs to drop to about 1,300 in April 2007.

Exhibit VIII.2. EN Terminations Over Time



Source: EN Provider File, July 2006.

B. PROVIDER USE OF THE NEW PAYMENT SYSTEMS

The supply of providers willing to accept Tickets under the new payment systems might be substantially lower than suggested by the data on the number of ENs because many existing providers have not accepted Tickets, as noted in previous evaluation reports (Thornton et al. 2007, 2006). Of the ENs formally participating in December 2005, only about 45 percent had accepted any Ticket assignments (Exhibit VIII.1); for all practical purposes, 55 percent of "enrolled" ENs are not actively participating. Only about 5 percent of ENs have accepted 30 or more Tickets (Exhibit VIII.3). Of the 82 SVRAs, all but 10 had accepted at least one Ticket under a new payment system, but only 18 (28 percent) had accepted 30 or more. A small number of providers (8 ENs and 8 SVRAs) had accepted 200 or more Tickets. Thus, assignments under the new payment systems are concentrated in a small number of ENs and SVRAs.

As noted in previous evaluation reports (Thornton et al. 2004, 2006, 2007), ENs and SVRAs showed a strong preference for the milestone-outcome payment system; this preference continued through 2006. The percentage of providers using the outcome-only

system is somewhat higher for SVRAs than for ENs (23 percent versus 18 percent). Although the total amount of revenue that providers would receive under the milestone-outcome system is lower than under the outcome-only system, interviews with providers revealed that they select the former option because they receive payments earlier, and the first few milestone payments are higher than outcome-only payments. (See Chapter IX of Thornton et al. 2007 for a discussion of financial incentives for ENs under the new payment systems and Chapter XI of this report for more information on payments generated by participants.)

Exhibit VIII.3. ENs and SVRAs by Tickets Accepted Under the New Payment Systems, and Payment System Choice, December 2005

	Number of ENs/SVRAs	% of ENs/SVRAs	% Selecting Milestone-Outcome	% Selecting Outcome-Only
		ENs		
No Tickets	862	54.7	78.7	21.4
1 - 4 Tickets	316	20.1	82.3	17.7
5 - 9 Tickets	318	20.2	89.0	11.0
30 - 49 Tickets	34	2.2	88.2	11.8
50 - 99 Tickets	28	1.8	100.0	0.0
100 - 149 Tickets	7	0.4	85.7	14.3
150 - 199	3	0.2	100.0	0.0
200+	8	0.5	87.5	12.5
Total (ALL)	1,576	100.0	82.2	17.8
		SVRAs		
No Tickets	10	15.6	80.0	20.0
1 – 4 Tickets	11	17.2	45.5	54.6
5 – 9 Tickets	25	39.1	84.0	16.0
30 - 49 Tickets	2	3.1	100.0	0.0
50 - 99 Tickets	7	10.9	100.0	0.0
100 - 149 Tickets	1	1.6	0.0	100.0
150 - 199	0	0.0	0.0	0.0
200+	8	12.5	75.0	25.0
Total (ALL)	64	100.0	76.6	23.4

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

C. COUNTY STATISTICS ON THE AVAILABILITY OF ENS

To explore from another perspective both EN availability and the choices available to Ticket-eligible beneficiaries, we looked at the number of counties in which at least one EN had taken a Ticket from a beneficiary residing in the same county. Given that SVRAs serve all counties in a state, the presence of at least one active non-SVRA EN suggests a minimal level of choice. Clearly, this is a very approximate definition of "minimal choice." It can overstate the level of choice because an EN that has taken a Ticket in a county may not accept Tickets from other Ticket-eligible beneficiaries with different impairments or job prospects. It can also understate choice because the few ENs that operate nationwide may be available to accept a beneficiary's Ticket even if they have not previously accepted

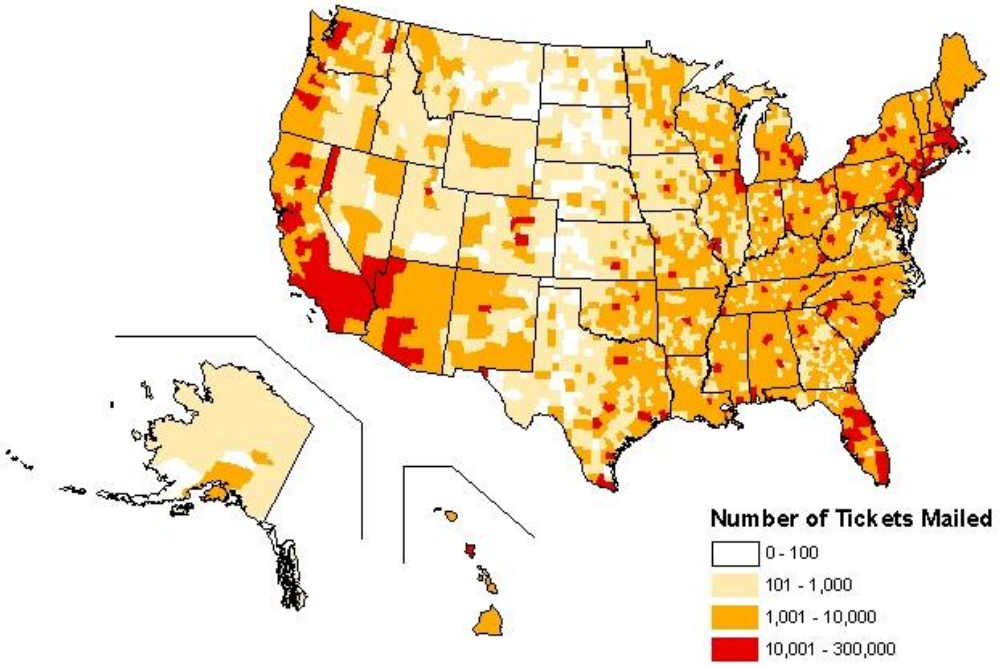
Tickets. Nevertheless, it seems likely that TTW's designers envisioned a level choice that went beyond one local EN and the SVRA.

Exhibits VIII.4 and VIII.5 compare counties in which Ticket-eligible beneficiaries live to counties in which at least one EN had accepted a Ticket. Exhibit VIII.4 shows that between 10,000 and 300,000 Tickets were mailed to beneficiaries residing in counties located along the Pacific Coast and in the Southwest, Florida, New England, the Middle Atlantic States, the Chicago area, and a few other densely populated areas. Exhibit VIII.5 shows that most ENs who have accepted Tickets are located in these areas. However, these exhibits also indicate that Tickets were mailed to many counties in the Great Plains, the Midwest, and the South and, in many of these counties, no ENs accepted Tickets. Comparing the two maps indicates that Ticket beneficiaries in many counties may not have much real choice of provider under TTW.

Exhibit VIII.6 shows that, while large parts of the country account for few or no ENs, nearly 40 percent of Ticket-eligible beneficiaries live in the 130 counties with five or more active ENs. Almost two-thirds of Ticket-eligible beneficiaries have a choice of at least two ENs in addition to their SVRA, up from a little more than half of Ticket-eligible beneficiaries in 2005. Over time, it appears that the EN market has spread, giving more beneficiaries more choice.

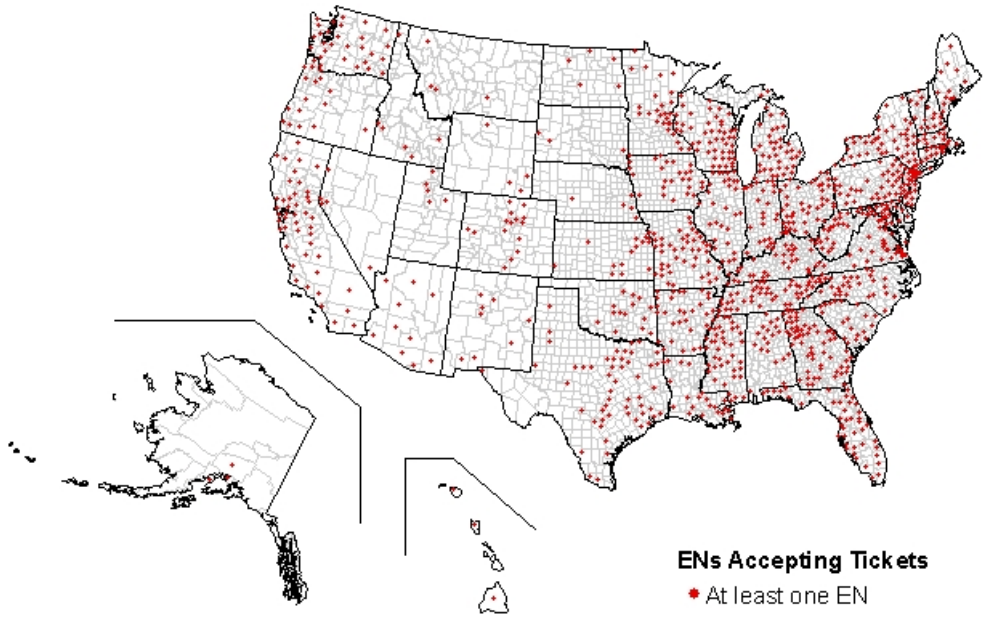
The concentration of the beneficiary population and EN activity suggests that the number of beneficiaries in an area needs to be relatively high before a provider will find it lucrative to participate in TTW. For example, if a county is home to 1,000 beneficiaries, we would expect, on average, that only 10 to 20 would assign their Ticket, given current participation rates. That level of demand is not likely to encourage local providers to participate actively in the TTW market. They may decide to take a Ticket or two as a supplement to their regular operations, but the market for providers in a county is not likely to be very active unless there are 20,000 or more beneficiaries and approximately 200 to 400 participants.

Exhibit VIII.4. Tickets Mailed by County



Source: Ticket Research File, December 2005.

Exhibit VIII.5. ENs Accepting Tickets, by County



Source: Ticket Research File, December 2005.

Exhibit VIII.6. Effective Provider Choice Among Counties

Number of ENs Serving a County	Number of U.S. Counties from Which an EN Has Accepted a Ticket	Percent of U.S. Counties from Which an EN Has Accepted a Ticket	Number of Ticket-Eligible Beneficiaries Living in Counties with Each Level of EN Activity	Percent of Ticket-Eligible Beneficiaries Living in Counties with Each Level of EN Activity
0	2,049	65.2	2,425,870	21.4
1	582	18.5	1,627,216	14.3
2	214	6.8	1,066,364	9.4
3	107	3.4	958,633	8.5
4	59	1.9	746,676	6.6
5 or more	130	4.1	4,518,184	39.8
Total	**3,141**	**100**	**11,342,943**	**100**

Source: Ticket Research File, December 2005.

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CHAPTER IX

EMPLOYMENT NETWORKS' REVENUES AND COSTS

A well-functioning TTW market requires incentives that encourage EN participation. In turn, an EN's willingness to participate depends on the financial return it gets from investing in, or serving, beneficiaries; that is, not-for-profit providers must be able to cover the cost of services while for-profit ENs expect at least a small positive rate of return. In our first evaluation report (Thornton et al. 2004), we documented low EN participation and noted that participating ENs were losing money on TTW operations. The second evaluation report (Thornton et al. 2006) documented analyses based on actual payment data showing that, under the traditional payment system, ENs generally did not receive enough payments to cover the cost of services during the first two years after Ticket assignment. In general, ENs generated revenue from relatively few of the beneficiaries who assigned Tickets, and the revenue was not enough to offset either the typical costs of serving these beneficiaries or the costs of outreach, intake, payment processing, and services for beneficiaries who did not generate any payments. The report noted that, to break even on their TTW operations, ENs would have to generate substantially more revenue beyond that received during the first two years after Ticket assignment.

In response to these findings, SSA developed program changes designed to increase the financial incentive for providers—both ENs and SVRAs—to accept assignments and deliver services under the new payment systems. These changes were issued as final rules in May 2008. We analyzed the likely effects of SSA's changes on the financial outlook for providers in the third TTW evaluation report (Thornton et al. 2007). We identified scenarios under the new rules that would make TTW financially attractive to providers, but concluded that financial incentives for providers to participate would remain weak if future TTW participants behaved in the same manner as the initial participant cohort. In this chapter, we update the third report analysis, using an additional year of data on the initial cohort, as well as data on a second cohort that assigned their Tickets one year later than the initial cohort.

The analysis in this chapter presents several scenarios under the new regulations whereby ENs may earn enough revenue to cover their costs. The third evaluation report

included similar scenarios that are updated here to account for additional information that we now have about participant behavior.

We continue to find that, even with the new rules, TTW will provide, at best, only weak financial incentives for ENs to participate. It seems that ENs delivering a modest level of services would likely operate at a substantial deficit two years after Ticket assignment, unless beneficiaries generate much more revenue under the new payment systems than past participant cohorts. Three years after Ticket assignment, ENs operating under the revised payment system and serving SSDI beneficiaries whose employment behavior parallels what we observed in an early cohort would be able to cover their costs, but revenues would still not cover costs for services to SSI beneficiaries three years after they assigned their Ticket. The absence of any quick return and the uncertainty over subsequent long-term revenue seem likely to discourage EN participation. ENs that do participate are likely either to look for ways to keep costs very low for serving TTW participants or to rely on other revenue streams to subsidize their TTW efforts. They are also likely to direct their efforts to beneficiaries who have relatively low service needs, who are likely to generate payments quickly, or who have already been placed in jobs by an SVRA under the traditional payment system. All of these options are likely to keep overall EN participation in TTW relatively low.

The analysis also indicates that, even though the changes to the TTW payment rules are designed to reduce differences in EN payments for SSI and SSDI beneficiaries, ENs are still likely to focus disproportionately on SSDI beneficiaries. We found that SSDI beneficiaries continue to be more likely than SSI beneficiaries to generate more revenue. Based on the employment patterns observed under the original system, we conclude that the changes to the payment system will mean that SSDI beneficiaries—as opposed to SSI beneficiaries—will be 38 percent more likely to work at levels that result in EN payments and that ENs will receive higher milestone-outcome payments for serving SSDI beneficiaries rather than SSI beneficiaries.

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

A. EN Financial Outlook Under the Original Regulations

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

22 payments for *every* beneficiary who *assigns* a Ticket. However, less than 15 percent of all beneficiaries generated any payment in the first two years after assignment, and those beneficiaries generated only about nine payments each during the two years.

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

1. Framework for Calculating EN Costs

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

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

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

For beneficiaries who work enough to generate a payment, the EN incurs other costs for providing additional counseling or support services that the individual may need to retain his or her job. Furthermore, TTW regulations require ENs to submit pay stubs to the Program Manager as part of the request for payment so that SSA can verify that beneficiaries left the rolls because of work. Therefore, in addition to providing any ongoing support

services, ENs must obtain pay stubs and collaborate with the Program Manager to ensure that all requirements are met so that payment is received without significant delay.[1]

Drawing on available published data and interviews that we conducted with 29 ENs, we estimated the costs for each of the five activities noted above. The second evaluation report presented the estimates in detail. Here, we summarize the costs.

- ***Outreach and Intake Costs***. Based on our interviews with ENs, we estimate that outreach and intake activities cost approximately $826 per accepted Ticket.[2] Much of the cost reflects ENs' reports that approximately 20 initial contacts and then 10 intake assessments are required to generate one assignment. We valued the staff time required for these activities on the basis of published data on the compensation of vocational rehabilitation counselors (Bureau of Labor Statistics 2003).[3]

- ***Initial Services***. We approximated the costs ENs incur to move beneficiaries into employment on the basis of expenditures that median-cost SVRAs reported to close an SSI or SSDI beneficiary's case.[4] Specifically, we used costs of $1,591 per Ticket assigned by SSDI beneficiaries and a slightly higher figure of $1,614 for SSI-only beneficiaries. The costs reflect the mix of services provided to all beneficiaries, even those who do not find work or generate a milestone-outcome or outcome-only payment.[5] The experience of some providers suggests that the estimates may be low; we will return to this issue when we present the overall results. In the absence of data from ENs, however, we used these estimates to reflect the level of cost that an EN might reasonably expect to incur to assist beneficiaries in obtaining employment. While ENs may choose to provide far

[1] ENs may receive payments without submitting beneficiary pay stubs under the Certification Outcome Payment Process (COPP) if the beneficiary is no longer on the rolls and SSA has made outcome-only payments to the EN for the beneficiary. EN staff interviewed for previous reports indicated that extensive communication with SSA and/or the Program Manager often is still necessary to receive payments, even if pay stubs are not required. Further discussion of COPP is provided in Chapter XI.

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

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

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

[5] The tabulations are based on an analysis of inflation-adjusted FY 2002 RSA 911 data on service costs for closed cases in which beneficiaries had signed an Individualized Plan for Employment.

fewer services than implied by this average cost, that cost nevertheless provides a basis for assessing what the ENs' financial performance would be if they tried to provide services comparable to those provided by many SVRAs as they try to move beneficiaries into employment.

- ***Follow-Up Services***. Evidence on the cost of ongoing employment supports for Ticket recipients who have started to work is scant because few of the ENs we interviewed had yet needed to provide such services. Given the low rates at which we observed beneficiaries generating payments, we estimated that follow-up services during the first three years after assignment would cost ENs $53 per accepted SSDI Ticket and $36 per SSI-only accepted Ticket. In the absence of hard evidence, we assumed low costs and estimated that a full-time EN employee could handle the follow-up service needs of about 100 beneficiaries per year, or that about 1 percent of an employee's time would be required to provide ongoing employment support for a beneficiary who had moved into employment. We further assumed that ENs would provide follow-up services only to beneficiaries who began to work and generate a milestone or outcome payment. Furthermore, given that an EN may collect up to 60 outcome payments on a beneficiary who leaves SSA benefits due to work, we assumed that services would continue until the beneficiary stopped generating outcome payments. The higher cost for the DI/concurrent group reflects the fact that ENs are slightly more likely to generate payments for that group than for the SSI group and therefore are slightly more likely to need to provide ongoing employment support to SSDI beneficiaries.

- ***Payment Paperwork and Tracking***. Early in the TTW program, ENs devoted considerable resources to collecting pay stubs and submitting payment requests. We assumed that the associated costs would decline over time as ENs gained experience and as a result of administrative changes made by SSA. We estimated that payment tracking would cost ENs $30 per accepted SSDI Ticket and $21 per accepted SSI-only Ticket over three years. To formulate the $21 estimate, we assumed that each payment (milestone-outcome or outcome-only) obtained by an EN for a beneficiary would require an average of one hour of staff time.[6]

What is noteworthy is that the costs faced by ENs are unlikely to be affected by economies of scale. That is, providers that serve more Ticket holders are unlikely to see benefits in any cost categories because these cost estimates depend on the typical costs associated with each assignment. There is no reason to expect that a larger EN, for

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

example, would be more skilled than a smaller one in outreach services (thus reducing the resources spent on working with clients who do not ultimately assign a Ticket).

2. Provider Experience Three Years After Rollout

Based on evidence for an early cohort of TTW participants, we observed that few beneficiaries who contact an EN actually assign their Ticket and that the likelihood of payment within 36 months is low for beneficiaries who do assign their Ticket. We estimate that, three years after Ticket assignment, an average EN will have spent over $2,000 more per accepted Ticket than it received in payments. Only a small fraction of assigned Tickets generated any payment in the first two years. Those that did generate a payment earned only a small number of payments, on average, in the two years following assignment. Data on payments made to ENs show that each Ticket assigned by an SSI beneficiary generated, on average, only $180 in the first three years and that each Ticket assigned by a SSDI or concurrent beneficiary generated $489 during that period.[7]

Looking at just the milestone-outcome payment system, we found that 16.6 percent of DI/concurrent beneficiaries and 11.8 percent of SSI-only beneficiaries generated a payment to an EN within a year of assigning a Ticket (Exhibit IX.1).[8] For beneficiaries who assigned a Ticket in the second year following rollout, the share of Tickets generating payments in the first 12 months (18.6 percent) was slightly higher for SSDI participants than for the earlier cohort (16.6 percent) while the share of second-year–rollout SSI participants with a payment in the first 12 months (10.1 percent) was slightly lower than for the first cohort (11.8 percent). Nevertheless, for participants in both programs, the rate of payment generation in the second year after assignment was more similar to what was observed for the early cohort. For Tickets assigned in the third year after rollout, the rates were more similar to what was observed for the earliest cohort. Given the apparent similarity in the rate of payment for the three cohorts, this chapter focuses on the three-year experience of the earliest cohort in an effort to understand whether an additional year of revenues under the new rules would cover the EN costs discussed in the earlier evaluation reports. Under the original regulations, a beneficiary must work above the SGA level for one month before generating a milestone-outcome payment. We did not examine the EN experience with outcome-only cases because the number of cases under that payment system is too small to provide enough data on EN and beneficiary behavior.

[7] The estimates in Exhibit X.1 use the CPI-W to adjust the values to July 2005 dollars; this is the only difference between the estimates in this report and those presented in the second TTW evaluation report. The use of 2005 dollars permits us to make comparisons to the new regulations as originally proposed in 2005, and which are based on 2005 dollars. Outcome payments under the milestone-outcome system depend on the number of milestones a beneficiary reaches. The final regulations differ only slightly from the proposed regulations and none of the differences affect the calculations used for the simulations.

[8] Slight differences exist in the number of SSI and SSDI assignments for the first cohort in this chapter versus the comparable numbers reported in the third TTW evaluation report. The differences stem from the use of data for an additional year, during which beneficiaries may have switched from one program to the other.

On average, ENs that accepted Tickets early in TTW were likely to experience a financial loss for the first three years following assignment, and the likelihood of a larger revenue stream in later years appears small. To break even, ENs would have needed to generate an average of over $2,000 in additional payments per accepted Ticket—far more than they received in the first three years (Exhibit IX.2).

To generate approximately $2,500 per Ticket under the original payment rules, ENs must begin to receive payments on more of the Tickets that they accept, and each Ticket must generate more payments. To estimate how many more payments would be required for an EN to break even, we calculated the net revenue provided by each payment after deducting costs for follow-up services and for the paperwork required for payment. Under the assumption that these costs are quite modest, we calculated that an EN could expect a net gain of about $100 for each additional outcome payment received for an SSI-only beneficiary and $210 for each additional outcome payment received for a SSDI beneficiary. At the end of three years, we estimate that ENs have recovered, on average, only about $500 of the $2,500 they have spent per Ticket assignment. Assuming they will net $100 per SSI payment and $210 per SSDI payment, ENs will need to collect 24 more payments per SSI *assignment* and 10 more payments per SSDI *assignment* just to recoup the $2,500 they have spent per Ticket assignment.

Exhibit IX.1. Milestone-Outcome Beneficiary Payment Profile—Types of Payments Generated by Tickets Assigned in First Three Years After TTW Rollout

	DI/Concurrent		SSI	
	Number	Percent	Number	Percent
Tickets Assigned in First Year Following Rollout (February 2002-January 2003)				
Tickets assigned	1,358		600	
Tickets generating any payment in months 0-11	226	16.6	71	11.8
Tickets generating any payment in months 12-23	138	10.2	37	6.2
Tickets generating any payment in months 24-35	85	6.3	20	3.3
Tickets generating any payment in months 0-35	255	18.8	73	12.2
Tickets not generating any payment in months 0-35	1,103	81.2	527	87.8
Tickets Assigned in Second Year Following Rollout (February 2003-January 2004)				
Tickets assigned	1,696		631	
Tickets generating any payment in months 0-11	323	18.6	67	10.1
Tickets generating any payment in months 12-23	189	11.1	42	6.7
Tickets generating any payment in months 0-23	353	20.8	78	12.4
Tickets not generating any payment in months 0-23	1,343	79.2	553	87.6
Tickets Assigned in Third Year Following Rollout (February 2004-January 2005)				
Tickets assigned	2,497		1,053	
Tickets generating any payment in months 0-11	422	16.9	134	12.7
Tickets not generating payment in months 0-11	2,075	83.1	919	87.3

Source: Ticket Research File, December 2005, and MPR tabulations of SSA administrative data.

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

	DI/Concurrent	SSI
Expected Costs per Ticket after 3 years		
Outreach and intake	826	826
Employment services	1,591	1,614
Follow-up services	53	36
Payment tracking	30	21
Total expected costs per Ticket assigned	2,500	2,497
Expected Revenues after Assignment		
Year 1	216	91
Year 2	149	48
Year 3	124	41
Total expected revenues per Ticket assigned	489	180
Difference (revenue – costs)	-2,011	-2,317

Source: Second TTW evaluation report (Thornton et al. 2006).

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

The number of payments needed to break even increases when service costs for the Ticket are compounded with the service costs for Tickets that never generate a payment. To illustrate the magnitude of the change required for an EN to break even, it is instructive to consider a case in which an EN generates subsequent payments only for those beneficiaries who generated a payment during the first three years. For the 19 percent of SSDI beneficiaries who generated a payment during those years, ENs would have to generate an average of 51 more payments per Ticket in order to break even. Given that 12 percent of SSI beneficiaries generated a payment during the first three years, an EN would have to collect 190 more payments for each of these Tickets to recover its service costs. The SSDI scenario is barely feasible and, because the total number of possible outcome payments is 60, the SSI scenario is clearly infeasible. Thus, based on the experience of the Ticket program in Phase 1 states during the first two years, collecting more payments only from those Tickets that generate a payment during the first two years will not suffice. ENs will have to collect payments for more of the Tickets they accept and generate more payments from each Ticket. Furthermore, if our rough approximations underestimate any of the costs (as some providers have indicated), then ENs will need to generate even more payments to offset the higher costs.

B. REGULATORY CHANGES TO THE TTW PAYMENT STRUCTURE

On May 20, 2008, SSA issued final regulations that significantly modified TTW's payment structure.[9] Elements of the new regulations are intended to increase the number of ENs that actively participate in TTW by addressing concerns raised by SVRA and EN officials. These concerns include SVRA requirements to accept Ticket assignments to receive payments from SSA under the cost-reimbursement system, the fact that early milestone-outcome payments do not cover the cost of upfront services, inequities between payments for serving SSI versus SSDI beneficiaries, and ineligibility of beneficiaries for whom medical improvement is expected.

The modifications to the TTW regulations may be divided into three areas: (1) modifications to SVRA participation, (2) modifications to the milestone-outcome and outcome-only payment systems, and (3) eligibility for beneficiaries with a medical condition that is expected to improve. We discuss each topic below, emphasizing issues relevant to each payment system.

1. Modifications in SVRA Participation

The previous TTW regulations required beneficiaries to assign their Ticket to an SVRA so that the agency may receive payments under the traditional, milestone-outcome, or outcome-only payment system. Under the new rules, the SVRA must still accept a Ticket if it wants to be paid under one of the new payment systems, but it need not accept a Ticket in order to receive payments under the traditional payment system. The purpose of the change is to allow an SVRA to deliver to beneficiaries the needed assessment, training, and rehabilitation services that may be too costly for an EN to provide. The beneficiary may then choose to assign his or her Ticket to an EN, which will provide post-employment follow-up services. The beneficiary would thus receive services first from an SVRA and then from an EN. For example, the SVRA could provide initial intensive rehabilitation services, and an EN could follow up by providing the ongoing support many individuals, particularly those with psychiatric and cognitive impairments, need in order to remain employed. The Ticket may be assigned to an EN within 90 days after the SVRA closes the beneficiary's case. The beneficiary's Ticket is considered "in use" such that the beneficiary is protected from initiation of a CDR while receiving services from an SVRA even though the beneficiary has not assigned his or her Ticket.

This change seems likely to induce more cooperation between SVRAs and ENs. It might also have a significant positive effect on SSA payments for some participants.

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

The revised milestone-outcome and outcome-only payment systems parallel the steps beneficiaries take toward achieving self-sufficiency. The new regulations are designed to (1)

[9] 20 CFR Part 411, *Federal Register*, Vol. 73, No. 98, Tuesday, May 20, 2008.

increase overall funding, (2) reduce the differential between milestone-outcome and outcome-only payments, (3) equalize funding for SSDI and SSI beneficiaries, (4) increase milestone-outcome revenues, and (5) shorten the payment time for ENs serving SSDI beneficiaries.

The revised milestone-outcome payment system consists of three phases:[10, 11]

1. ***Phase 1*** represents beneficiaries' initial efforts at employment and is modeled on the trial work period for SSDI beneficiaries. It consists of four milestone payments of $1,042 (totaling $4,168 in 2005 for both SSI and SSDI beneficiaries) that are paid when the beneficiary meets each of the following earnings levels for the first time: (1) earnings over a two-week period that exceed half of a trial work period's monthly earnings (i.e., $295 in 2005); (2) monthly earnings that exceed the trial work period's earnings (i.e., $595 per month) for three months; (3) monthly earnings that exceed the trial work period's earnings for six months; and (4) monthly earnings that exceed the trial work period's earnings for nine months. Phase 1 payments will not be made to an EN for a beneficiary who has received services from an SVRA that receives payments under the traditional payment system for that beneficiary.

2. ***Phase 2*** represents a significant additional step toward self-sufficiency as a result of increased earnings. Phase 2 milestone payments are made when a beneficiary's monthly gross earnings exceed SGA ($830 in 2005); gross earnings before adjustments are used to encourage the use of work incentives during Phase 2. Payments of $184 for SSI beneficiaries may be paid for 18 months; payments of $313 for SSDI beneficiaries may be paid over 11 months, reflecting SSDI beneficiaries' additional work experience before entering the rolls. ENs who serve beneficiaries for whom an SVRA has received payments under the traditional system are eligible for Phase 2 payments, but as noted above, are not eligible for the Phase 1 payments.

3. ***Phase 3*** is the outcome payment period when ENs provide services to support retention of employment after the beneficiary leaves the SSA rolls. Outcome payments are made for SSDI beneficiaries for 36 months and for SSI beneficiaries for over 60 months, providing the additional effect of roughly equalizing total Ticket payments for SSI and SSDI beneficiaries. In addition, once a beneficiary generates an outcome payment, a lump-sum payment may be made for any remaining Phase 1 and 2 milestone payments that have not yet been generated at the point that the beneficiary leaves the benefit rolls.

[10] There is no relationship between these phases and the TTW rollout phases.

[11] Although final regulations were issued in May 2008, this discussion and the EN cost/revenue simulations presented later in this chapter are based on the proposed regulations issued in September 2005, and thus, reflect the trial work period and SGA in effect at that time. The final regulations differ only slightly from the proposed regulations and none of the differences affect the calculations used for the simulations.

Exhibit IX.3 compares payment values for the milestone-outcome system under the original and revised payment regulations.

Exhibit IX.3. Comparison of Original and New Milestone-Outcome Payments (2005 dollars)[a]

		Original Regulations		New Regulations	
Payment Type	Beneficiary Earnings	SSDI Payments	SSI Payments	SSDI Payments	SSI Payments
Milestone					
1	1 month above SGA	295	173		
2	3 months above SGA in a 12- month period	590	347		
3	7 months above SGA in a 12- month period	1,181	694		
4	12 months above SGA in a 15- month period	1,476	867		
Phase 1					
Milestone 1	$295 for 2 weeks of work			1,042	1,042
Milestone 2	$590 per month x 3 months of work			1,042	1,042
Milestone 3	$590 per month x 6 months of work			1,042	1,042
Milestone 4	$590 per month x 9 months of work			1,042	1,042
Phase 2					
Milestones 1–11	Gross earnings >SGA			313	184
Milestones 12–18	Gross earnings >SGA			N/A	184
Total Milestones		3,542	2,081	7,611	7,480
Outcome					
1–36				313	not applicable
1–60		236–295[b]	138–173[b]	not applicable	184
Total Milestones and Outcomes Available		17,702	10,361	18,879	18,520

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

[a] The comparison is shown in 2005 dollars because EN cost/revenue simulations presented later in this chapter are based on our earlier work using the new regulations as proposed in September 2005. The final regulations differ only slightly from the proposed regulations and none of the differences affect the calculations used for the simulations.

[b] The value of these outcome payments varies in the milestone-outcome system because they are adjusted downward to reflect the value of milestone payments made for a Ticket.

The new rules increase the overall amount of money available per Ticket and reduce the differences in payment amounts between SSI-only and SSDI beneficiaries. Providers will receive $8,159 more in total payments for SSI-only beneficiaries and $1,177 more for SSDI beneficiaries, if they manage to help a beneficiary move to zero cash benefit status for work

and remain in that status for a period long enough to receive all the milestone and outcome payments.

The new rules also change the outcome-only payment system. The original system set total payments equal to 40 percent of the average benefits that would have been paid to a SSDI or SSI beneficiary during the five-year period over which TTW outcome payments would have been made. The new system raises the monthly payment to 67 percent of the average benefit, retains the same number of possible payments for SSI beneficiaries, and reduces the number of possible payments to 36 for SSDI beneficiaries. The total amount of payments for the two groups is nearly the same under the new rules because the average monthly benefit is higher for SSDI beneficiaries compared to SSI beneficiaries. For both groups, the total payment amount is higher under the new rules.

3. Expanding TTW Eligibility

The new regulations extend Ticket eligibility to beneficiaries with an MIE designation and who have not had their first CDR. This change increases the pool of eligible beneficiaries by about 60,000, or less than one percent of the total population of TTW-eligibles.[12] In addition, this group may be particularly attractive to ENs because the affected individuals have a higher-than-average probability of returning to SGA and therefore to generate payments for an EN. MIE beneficiaries also have greater incentives to participate because they face a higher probability of losing medical eligibility due to medical improvement. About 5.3 percent of beneficiaries who receive a CDR, or about 26,000 per year, are removed from the roles due to medical improvement.[13] MIEs account for roughly 5-10 percent of all reviews and about 10.5 percent of these reviews result in initial cessation.[14] The new rules did not extend eligibility to 16- and 17-year-olds, as recommended by the Ticket to Work and Work Incentives Improvement Act Advisory Panel.

C. POSSIBLE EFFECTS OF THE REGULATORY CHANGES

The changes to the TTW regulations will both make it easier for ENs to receive a payment on behalf of a TTW beneficiary and allow ENs to receive some payments earlier in a beneficiary's transition to SGA work. Furthermore, the new regulations allow ENs to

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

[13] General Accountability Office. Social Security Disability Programs: Clearer Guidance Clearer Guidance Could Help SSA Apply the Medical Improvement Standard More Consistently. Washington DC, November 2006: Report # GAO-07-08. http://www.gao.gov/htext/d078.html, accessed May 7, 2008.

[14] Social Security Administration. Social Security Disability Insurance Program Worker Experience. June 2005. SSA Pub. No. 11-11543. http://www.ssa.gov/OACT/NOTES/pdf_studies/study118.pdf, p. 12, accessed May 7, 2008. This analysis covers SSDI beneficiaries only; equivalent data on SSI beneficiaries was not available.

accept Tickets from beneficiaries for whom an SVRA received payments under the traditional payment system. Thus, ENs could reduce employment service costs, focus on the provision of follow-up services, and potentially improve a beneficiary's chances of leaving the rolls. ENs will not, however, be eligible for Phase 1 milestone-outcome payments.

This section expands on the second TTW evaluation report (Thornton et al. 2006) and updates the results from the third evaluation report (Thornton et al. 2007) by exploring how EN costs and revenues might change under the new regulations, using three years of post-Ticket assignment data. As explained in the analysis that follows, we found that some ENs may be able to cover their costs under the new payment systems if the beneficiaries they serve exhibit some of the employment behaviors that we assume, while other ENs will continue to struggle to make the program a good fiscal option.

1. Scenarios in Which ENs Could Generate Profits

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

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

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

- An EN could break even if it received all four Phase 1 milestone payments for nearly 60 percent of accepted Tickets.

- An EN that served only SSDI beneficiaries could generate revenue per Ticket accepted of $2,377 if it enabled 30 percent of those beneficiaries to work enough to move off cash benefits ($7,923 times 30 percent). The resultant amount is almost enough to break even, and an EN would cover all of its costs if it could generate just a few outcome payments for those beneficiaries. Payments for SSI-only beneficiaries would be slightly lower, but ENs that serve only those beneficiaries could still break even if they moved at least 30 percent of beneficiaries off cash benefits.

- An EN could break even under a variety of hybrid scenarios whereby it receives Phase 1 milestone-outcome payments for some beneficiaries and outcome-only payments along with the associated lump-sum milestones payment for others. For example, an EN would receive revenues of more than $2,500 per SSI Ticket accepted if:

  - One-quarter of participants generated two Phase 1 milestone payments (EN earns $522 per Ticket accepted)
  - An additional 20 percent of participants generated all Phase 1 milestone payments and six Phase 2 milestone payments (EN earns $1,054 per Ticket accepted)
  - An additional 10 percent of participants left the rolls and generated the full milestone payments and 12 outcome payments (EN earns $969 per Ticket accepted)

- An EN could figure out what would be required to break even under other hybrid scenarios by taking the sum of the percentage of cases for which the EN expects to generate a particular payment multiplied by the size of the payment. If the sum is greater than or equal to the estimated cost, then the EN either breaks even or makes a profit; if not, the EN takes a loss.

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

2. Assessing the Likelihood of an EN Breaking Even

To assess the likelihood that an EN would break even, we first estimated how the new rules would change revenue if beneficiary behavior continued to be what we observed early in the TTW rollout. Given, however, that changes in beneficiary behavior are the ultimate goal of the new regulations, these regulations are intended to give ENs the resources they need to help more beneficiaries achieve more successful outcomes. We therefore assessed the type of changes in behavior that would be necessary for an EN to break even under the new regulations.

We could not use the available payment data to estimate payments under the new system because the new system provides payments for beneficiaries earning too little to generate a payment in the original system. Thus, the new rules should generate more payments to ENs even if there are no changes in beneficiary behavior. To assess the new rules, we used monthly earnings data from the Supplemental Security Record (SSR) on a cohort of SSI recipients who assigned their Ticket to an EN. We followed the cohort over a

36-month period and estimated the milestone and outcome payments that would have been paid under the new regulations, assuming that beneficiaries would continue to behave as they do under the current system. We then used the estimates to assess the types of behavior changes, if any, that are necessary for an EN at least to break even.

Exhibit IX.4 shows the percentage of SSI participants with earnings that would result in a payment had the new rules been in place. It also shows the average number of months after assignment that each payment would have occurred. The estimates show that 39.0 and 18.3 percent of participants would have generated Phase 1 and 2 milestone payments, respectively. On average, these Tickets would have started to generate Phase 2 milestone payments within 13 months of assignment, and many beneficiaries who earned a Phase 2 milestone payment would have generated an additional milestone payment in subsequent months.

In Exhibit IX.4, the far right column shows the revenues that an EN would receive if the new milestone-outcome system rules were applied to the cohort's work behavior (that is, the far- right column shows the product of the first two columns). The average revenue of $1,621 per Ticket is not enough to cover the estimated cost of services of about $2,500 for the 36 months following Ticket assignment. Although this situation represents an improvement over the EN's financial position at two years after assignment (in the third evaluation report, we predicted revenue of $1,090 at 24 months), ENs are still likely to fall far short of covering their service costs for a beneficiary three years after a Ticket is assigned. This suggests that, to break even, ENs must either generate substantial future payments from Tickets or induce a greater change in short-term beneficiary behavior.

Reliable monthly earnings data on SSDI beneficiaries were not available in the SSA data extracts so we could not use earnings data on SSDI TTW participants in the analysis. However, the analysis of TTW payment data showed that the percentage of SSDI beneficiaries who worked at a level resulting in an EN payment was 40.6 percent higher than the comparable percentage for SSI recipients. To approximate the revenue that would result under the new regulations in the case of no behavior change among SSDI beneficiaries, we multiplied by 1.406, the percentage of SSI recipients who both assigned their Ticket and produced a milestone or an outcome payment. We then used the estimates to assess the types of behavior change, if any, that would be necessary for an EN at least to break even under the new rules.[15] The analysis of SSDI Ticket assignees was based on (1) the percentage of SSI Ticket participants with earnings generating each milestone-outcome payment; (2) the assumption that, compared with SSI recipients, SSDI Ticket assignees are 40.6 percent more likely to work at a level that generates a payment; and (3) the higher monthly milestone-outcome payments for SSDI beneficiaries. Phase 2 milestones are paid for 11 months only, at which time beneficiaries enter the outcome payment phase. We assumed that those with earnings above SGA would be eligible for outcome—payments

[15] The estimates assume that each person moves through each milestone-outcome payment sequentially (i.e., no movement directly to outcome-only payments).

Exhibit IX.4. Expected EN Revenue over 36 Months for Serving a Hypothetical SSI Beneficiary Under the Revised TTW Payment System, Based on Behavior Under the Original Rules

Earnings Behavior	Revised TTW Payment (2005 dollars)	Percent of Assignees Generating Payments	Average Month Earnings Level Reached	Median Month Earnings Level Reached	Expected EN Revenue per Assignee (2005 dollars)
Phase 1 Milestone Payments					
$295 for 2 weeks of work	1,042	39.0	13	10	406
$590 per month x 3 months of work	1,042	30.3	15	13	316
$590 per month x 6 months of work	1,042	24.0	18	16	250
$590 per month x 9 months of work	1,042	19.7	20	18	205
Phase 1 Milestone Payments Subtotal					1,177
Phase 2 Milestone Payments— Gross Earnings More than SGA for:					
1 month	184	18.3	21	20	34
2 months	184	17.3	22	20	32
3 months	184	17.0	23	21	31
4 months	184	16.2	23	22	30
5 months	184	14.5	23	22	27
6 months	184	13.8	24	23	25
7 months	184	13.0	25	24	24
8 months	184	12.0	25	24.5	22
9 months	184	11.7	26	25.5	22
10 months	184	11.2	26	26	21
11 months	184	10.7	27	27	20
12 months	184	10.2	28	28	19
13 months	184	9.5	28	28	17
14 months	184	8.7	28	28	16
15 months	184	8.3	29	29	15
16 months	184	7.2	30	29	13
17 months	184	6.5	30	30	12
18 months	184	6.0	31	30	11
19 months	184	5.7	31	31	10
20 months	184	4.8	32	31	9
21 months	184	4.3	32	32	8
22 months	184	3.8	33	33	7
23 months	184	3.3	34	34	6
24 months	184	2.8	34	35	5
25 months	184	2.3	35	34.5	4
26 months	184	1.2	35	35	2
27 months	184	1.0	36	36	2
Phase 2 Milestone Payments Subtotal					**444**
Total Expected Revenue per Assignee					**1,621**

Source: MPR analysis of Ticket Research File data on a cohort of 600 SSI recipients who assigned Tickets to an EN during the first year after TTW rollout.

after the 11 Phase 2 payments. We therefore added the first 16 outcome phase payments to finish out the 36-month period.[16] Exhibit II.5 shows the results of applying the new rules to the estimates of work behavior for a cohort of Ticket assignees under the original rules. The increase in work behavior and the larger Phase 2 monthly milestone payments generate greater revenue for SSDI Ticket assignees compared with SSI Ticket assignees. The last column of Exhibit II.5 shows the revenue resulting from simply changing the payment rules, and the last row shows that, if behavior for the cohort did not change, the resulting revenue would be $2,718 per SSDI Ticket assignee over the 36-month period.

Unlike what we observed for SSI beneficiaries during the 36 months after Ticket assignment, the total expected revenue within three years does cover the EN's total costs. Even though ENs serving these SSDI beneficiaries were still not covering their costs two years after assignment, it appears that the third year after assignment may be a critical turning point for providers serving such beneficiaries. This difference in what we would expect to see for SSI participants is due to both higher payment values and the higher likelihood that a beneficiary will generate a payment if he or she is receiving SSDI benefits.

Exhibit IX.6 shows the hypothetical percentage of costs covered by revenue at specific steps in the new milestone-outcome payment process, based on work behavior under the original rules. For example, the revenue from the first Phase 1 milestone payment from SSI recipients covers, on average, 49 percent of intake costs, 17 percent of intake and employment service costs, and 16 percent of total costs. At the end of the 36-month period, ENs that serve SSI TTW participants may break even by reducing costs to 66 percent of the level used in our analysis (approximately $1,600 per assigned Ticket), increasing revenue by 1.51 times the observed 36-month level or through some combination of reducing costs and increasing revenues. ENs that serve SSDI beneficiaries would not need to change their own behavior or find clients that behave differently. If beneficiary and EN behavior under the revised payment system does not differ from what was observed in the first 36 months following assignment, then ENs may realize a 9 percent rate of return on services to SSDI beneficiaries. However, it is important to note that there is no clear evidence on how the revised payment system may change the behavior of providers, participants, or both. In addition, some providers serving both SSDI and SSI beneficiaries may continue to experience a net loss after two years if the relative share of their service population that comprises SSDI beneficiaries does not generate enough revenue to offset losses from serving the SSI population.

Because we examined only the first three years after Ticket assignment for an early cohort, the analysis provides an incomplete picture of the total revenues that ENs might expect. We used an approach to estimate the number of additional payments after year 3

[16] An alternative assumption is that these people use impairment-related work expenses (IRWEs) or subsidies so that their countable monthly earnings fall below SGA. Under this assumption, we would simply subtract the subtotal of outcome payments from the value of total payments.

Exhibit IX.5. Expected EN Revenue over 36-Months for Serving a Hypothetical SSDI Beneficiary Under the Revised TTW Payment System, Based on Behavior Under the Original Rules

Earnings Behavior	Revised TTW Payment (2005 dollars)	% of Assignees Generating Payments	Expected EN Revenue per Assignee (2005 dollars)
Phase 1 Milestone Payments			
$295 for 2 weeks of work	1,042	54.8	572
$590 per month x 3 months of work	1,042	42.6	444
$590 per month x 6 months of work	1,042	33.8	352
$590 per month x 9 months of work	1,042	27.7	289
Phase 1 Milestone Payments Subtotal			**1,656**
Phase 2 Milestone Payments—Gross Earnings More than SGA for:			
1 month	313	25.7	81
2 months	313	24.3	76
3 months	313	23.9	75
4 months	313	22.8	71
5 months	313	20.4	64
6 months	313	19.4	61
7 months	313	18.3	57
8 months	313	16.9	53
9 months	313	16.5	52
10 months	313	15.8	49
11 Months	313	15.0	47
Phase 2 Milestone Payments Subtotal			**685**
Outcome Payments—Earnings Indicating Benefits Not Payable in:			
Month 1	313	14.3	45
Month 2	313	13.4	42
Month 3	313	12.2	38
Month 4	313	11.7	37
Month 5	313	10.1	32
Mont h 6	313	9.1	29
Month 7	313	8.4	26
Month 8	313	8.0	25
Month 9	313	6.8	21
Month 10	313	6.0	19
Month 11	313	5.3	17
Month 12	313	4.6	15
Month 13	313	3.9	12
Month 14	313	3.2	10
Month 15	313	1.7	5
Month 16	313	1.4	4
Outcome Payments Subtotal			**377**
Total Expected Revenue per Assignee			**2,718**

Source: MPR analysis of the cohort of 600 SSI TTW assignees adjusted to reflect the probability of a payment for SSDI beneficiaries.

Exhibit IX.6. Estimated EN Revenue as a Percent of Costs over 36 Months Based on Behavior Under the Original Program Rules

Employment Outcome	Cumulative EN Estimated Revenue (2005 dollars)	Revenues as Percent of Intake Costs	Revenues as a Percent of Employment Service Costs	Revenues as a Percent of Total Service Costs
SSI TTW Participants				
1 Phase 1 milestone	406	49	17	16
2 Phase 1 milestones	722	87	30	29
3 Phase 1 milestones	972	118	40	39
All Phase 1 milestones	1,177	143	48	47
All Phase 1 and 2 milestones	1,621	196	66	65
SSDI TTW Participants				
1 Phase 1 milestone	572	69	24	23
2 Phase 1 milestones	1,016	123	42	41
3 Phase 1 milestones	1,367	166	57	55
All Phase 1 milestones	1,656	201	69	66
All Phase 1 and 2 milestones	2,341	284	97	94
All Milestones and 4 Outcomes	2,718	329	112	109

Source: MPR calculations based on figures in Exhibits IX.2, IX.4, and IX.5.

that would be required for an EN to break even; the approach is similar to the one documented in the third TTW report (Thornton et al., 2007). We assumed that most payments after the 36-month period would be phase two milestones or outcome payments and that it would cost the EN about $60 per payment to provide ongoing employment support and to process each payment, resulting in a net payment of $253 per month for a SSDI beneficiary and $124 per month for an SSI recipient. An EN serving SSDI beneficiaries under the revised payment system would break even if beneficiary behavior followed past patterns. However, an EN serving SSI recipients would have to receive about 39 additional payments from the 18.3 percent of assignees who earned enough to produce at least one Phase 2 milestone; that seems somewhat unlikely to occur if three years have already elapsed since Ticket assignment.

After examining SSI beneficiary earnings behavior in the SSA administrative data and making some assumptions about probable payments to be generated by SSDI beneficiaries, we can now return to the above scenarios that could result in EN profitability and explore whether a provider could reasonably expect the scenarios to occur.

Generating Four Phase 1 Milestones for Nearly 60 Percent of Tickets. This scenario seems difficult to achieve given the experience of the early SSI cohort, among which slightly more than a third of the cohort earned enough to generate even one Phase 1 milestone payment within three years of assignment. Even for SSDI beneficiaries, about half of whom we would expect to generate the first Phase 1 milestone payment, the likelihood of each successive Phase 1 milestone payment declines substantially.

Moving 30 Percent of Participants into the Outcome Payment Phase. This scenario requires ENs to move participants rapidly into outcome payment status and to collect the lump-sum milestone payment. This means that, for SSI participants, a substantial change in behavior would be necessary given that only 18 percent of SSI Tickets in the early cohort would have generated at least one Phase 2 milestone payment within three years of assignment. In addition, each successive milestone payment after the first in Phase 2 is less likely to occur within three years of assignment. For SSDI participants, the scenario is somewhat more plausible. Our estimates show that about 25 percent of participants would reach a Phase 2 milestone. To collect the total value of all milestones, ENs would have to take additional measures to ensure that beneficiaries move rapidly to zero cash benefits. The cost of the additional measures is unknown, making it unclear whether additional revenues will offset such costs.

Moving Some Beneficiaries to Outcome Payments and Receiving Milestone Payments from Others per the Hybrid Scenario. The hybrid scenario outlined above requires 25 percent of beneficiaries to generate two Phase 1 milestone payments, an additional 20 percent to generate all four Phase 1 milestone payments and six Phase 2 milestone payments, and an additional 10 percent to generate 12 outcome payments. The earnings data we have for beneficiaries do not allow us to make exact calculations about the likelihood that a beneficiary will leave the SSA rolls.

However, with the assumptions we have used to create a rough estimate of the probability of payment, the hybrid scenario seems possible for SSDI beneficiaries. Our estimates show that nearly 55 percent would generate at least one milestone payment, 28 percent would generate all four milestone payments, and about 15 percent would generate 11 months of Phase 2 milestone payments. It is possible that some of the Phase 2 milestone payments could become outcome payments with relatively small changes in earnings.

For SSI beneficiaries, a larger change in EN services, in beneficiary behavior, or in some combination of both would be required for ENs to break even. If the change in EN services results in increased service costs, then even greater changes in behavior may be necessary for an EN to break even.

Other Hybrid Scenarios. To determine what is required to break even, and EN can set targets for certain types of payment types and then calculate the percentage of other types of payments needed to break even. For example, suppose that an EN serving SSI recipients is confident that it can move 20 percent of accepted Ticket holders to outcome payments. The EN wants to know how many other beneficiaries it would have to place into employment to yield at least four milestones, thereby permitting it to break even. If the cost of services per participant is $2,454, then breaking even is expressed as:

- [Percentage of all four milestone-outcome payments x ($4,168)] + [20% x ($7,480)] = $2,454

The equation implies that if at least another 24 percent of beneficiaries achieved all four milestone payments, the EN would break even. Exhibit IX.4 shows that the work behavior of the cohort of SSI recipients who assigned their Ticket cannot meet these targets within 36

months of assignment. Thus, to break even in this period, the EN must either increase the work behavior of beneficiaries or select a mix of beneficiaries likely to reach these targets.

Accepting Tickets Only from Beneficiaries Placed into Jobs by SVRAs. This scenario would involve a new type of EN behavior that is possible under the new regulations but impossible under the original regulations. It is not possible to predict precisely how the modification would affect the behavior of ENs or beneficiaries. However, if ENs accept Tickets from beneficiaries who already hold jobs, it is highly likely that each accepted Ticket would generate a payment and that ENs' initial service costs would be low. In this scenario, an EN that expects to collect payments that can offset its costs must create a service environment in which it is possible for beneficiaries to remain in their jobs and move to zero cash benefits.

If a beneficiary first works with an SVRA to obtain job training and placement services and then relies on an EN for follow-up services, the EN might expect to serve such a beneficiary at a lower cost than if the beneficiary had not worked with an SVRA. In fact, the EN would incur no initial service costs for working with the beneficiary, but it would still need staff for intake, follow-up services, and payment tracking. If we eliminate the initial service costs calculated in our analysis for the third evaluation report and reduce intake costs by half, we would predict that an EN would incur nearly $500 to take a Ticket from a beneficiary and track and process his or her payments for three years after assignment.

The observed employment patterns suggest that the new rules can enable an EN to generate a profit if it serves SSDI beneficiaries placed in jobs by an SVRA. While these rules prevent an EN from collecting Phase 1 milestone payments from these SSDI Ticket holders, it appears possible to cover an average cost of $500 with only two Phase 2 milestones if all or nearly all beneficiaries assigning their Ticket to an EN generate these milestones. However, serving SSI beneficiaries for whom the value of Phase 2 payments and outcome payments is lower may not have similar results. An EN seeking to serve both SSI and SSDI beneficiaries may, however, be able to earn a profit by accepting Tickets from both groups of beneficiaries if they have received SVRA services, with the hope that, after two years, the returns to serving SSDI beneficiaries will offset the small losses associated with serving SSI beneficiaries.

The scenarios above indicate that the revisions to the TTW payment system may make it possible for certain types of ENs that serve some types of beneficiaries to cover their costs. Increased payment values, receiving payments sooner after a beneficiary begins working, and the flexibility to collaborate with an SVRA when serving clients all mean that the revised payment system represents an improved business option for some providers. However, other providers may find it difficult to change their package of services or client mix in a way that permits them to operate profitably. ENs that serve beneficiaries similar to the early cohort of Ticket assignees, for example, may find that, while their financial outlook would improve over the original payment system, short-term deficits would still pose a challenge.

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CHAPTER X

TTW PROGRAM IMPLEMENTATION BY SSA AND THE PROGRAM MANAGER

SSA and its program managers have played a critical role in implementing TTW in a market-based environment. Broadly speaking, they have worked to ensure that both the supply of and demand for employment-service providers is adequate, and to establish an infrastructure for a successful program. More specifically, SSA and the program managers have done the following:

- ***Inform Beneficiaries.*** A well-functioning market requires beneficiaries to understand their options so they can make good choices. SSA and its contractors have informed beneficiaries through Ticket mailings, marketing TTW, conducting work incentive seminar events (WISE), and interacting directly with beneficiaries through SSA field offices and the toll-free Ticket Program Call Center.

- ***Inform Providers.*** A well-functioning market requires potential providers to understand the opportunities for generating revenue from TTW; in particular, ENs must understand the rules for accepting Tickets and getting paid. SSA and its contractors inform providers through mailings, by holding meetings around the country, and by communicating with potential providers through SSA field offices and the OSM telephone center.

- ***Operate an Efficient Payment System.*** A key to sustaining the market for TTW is for SSA to manage the Ticket payment process so that providers have enough of a financial incentive to participate. In particular, payments should be made on time so that providers do not have to carry the full cost of providing services and so that they can forecast their revenue. In addition, the cost of generating payments should leave an EN with net revenues that provide a reasonable return on investment. SSA and its contractors operate the payment system and process payments in light of the complex rules of the DI, SSI, and TTW programs.

- ***Improve the System.*** In passing the Ticket Act, Congress recognized that the initial specifications for TTW may not have been optimal, so the Commissioner was granted authority to make limited modifications to the program. SSA has modified several program rules and has implemented a substantial revision to program operations and the payment systems.

Even as SSA and its contractors have taken these steps, implementing TTW has been a formidable challenge. SSA has distributed Tickets to more than 11 million beneficiaries, processed milestone-outcome and outcome-only payments to ENs, and launched several initiatives, including the WIPA program[1] and expedited reinstatement. The agency and its contractors created new case-processing software called eWork (see section E.3), and trained field staff to answer beneficiary questions about TTW and other work incentives. The agency has contacted over 50,000 employment-service providers and enrolled about 1,300 as ENs. Having met these challenges in just five years, SSA has indeed made a significant accomplishment.

However, the program continues to suffer from core problems, including lack of beneficiary demand, declining EN participation, and, most important, an inadequate payment structure (see Chapters VIII through XIII in Thornton et al. 2007 and Chapters VIII and IX in this volume for a full discussion of these issues). Despite several marketing initiatives targeted in 2005 to beneficiaries and ENs, both the supply of providers and demand for services appears to have waned. The complexity of the market creates little incentive for active participation in TTW. Provider and beneficiary response to the program has been sluggish. Moreover, providers and beneficiaries alike still lack basic information about how the program operates. The payment process is complex, slow, and uncertain, offering little financial incentive for provider participation.

The Ticket Act requires SSA to review and revise program regulations to ensure successful program performance. In May 2008, after thoroughly reviewing the program, SSA issued final regulations that (1) expand eligibility to beneficiaries whose medical condition is expected to improve, (2) alter the SVRAs' role in the program, and (3) substantially change the EN payment schedule (see Chapter IX). SVRAs, ENs, and disability advocacy organizations appeared to support the new regulations, but because of a delay in finalizing the regulatory changes, TTW seems to have stalled.[2] SSA launched marketing initiatives in Spring and Summer 2008, but the tide of low and declining participation is not likely to turn unless the new regulations, and better EN payment schedule in particular, induce more providers to accept Tickets. SSA's major task during the coming year is to implement the new regulations and thus invigorate the program.

This chapter describes TTW implementation from the perspective of the organizations that actually operate the program—SSA and its two contractors, the Operations Support

[1] Formerly the Benefits Planning Assistance and Outreach program.

[2] The regulations were initially proposed in September 2005, and finalized in May 2008.

Manager (OSM) and the Program Manager for Recruitment and Outreach (PMRO). During February and March 2007, we interviewed representatives from SSA's Office of Employment Support Programs (OESP), Office of Systems, Office of Operations, Office of Finance, and Office of Policy Research. In addition, we interviewed staff of the OSM and the PMRO. The chapter also builds on interviews with eight regional and nine field offices conducted for earlier evaluation reports (Livermore et al. 2003; Thornton et al. 2004, 2006, 2007).

The chapter begins by reviewing how SSA has organized the implementation process and then describes efforts to inform beneficiaries about TTW and to encourage provider participation. EN payment-processing issues are discussed. The chapter concludes with a review of SSA's initiatives to improve the program, including the addition of a new help desk to address EN payment issues, enhancements to data system automation, and the adoption of new program regulations.

A. IMPLEMENTATION OVERVIEW

Congress did not allocate funds to SSA specifically to implement TTW. Accordingly, SSA reallocated existing resources and distributed implementation-related tasks throughout the agency to implement the program. OESP took the lead with substantial support from the Office of Systems and Office of Operations and with additional support from several other SSA offices. OESP developed the SSA rules, regulations, systems, and processes for managing the program. Such an undertaking required a tremendous effort because the eligibility and payment rules mean that TTW must interact with every component of the SSI and SSDI programs. OESP administers and oversees contracts with the two Program Managers and other organizations hired to market and implement the program. Since October 2005, OESP has been enrolling providers that want to become ENs and renewing recently expired EN five-year contracts. OESP has also established EN and SVRA help desks to answer eligibility and payment questions from beneficiaries, and it assists with payment processing by referring requests requiring additional documentation to the appropriate field office.

The OSM operates the toll-free Ticket Program Call Center, processes Ticket assignments, and prepares payments for submission to SSA. Until October 2005, a single contractor, called the Program Manager (PM), processed EN applications, marketed TTW to potential ENs, trained ENs, managed the Ticket assignment process, and participated in beneficiary expositions. After that date, SSA split the PM contract into two functions. It awarded the OSM a contract to MAXIMUS for the operations and support components, including the toll-free telephone call center, EN training and technical assistance, EN assignment, and payment processing functions. It awarded the PMRO contract to Cherry Engineering Support Systems, Inc. (CESSI), which is responsible for increasing EN and beneficiary awareness of and participation in TTW.

SSA has designated one staff person within each region as a Regional Ticket Coordinator (RTC) charged with both overseeing Ticket implementation activities at the regional level and reporting to the regional directors. The RTCs serve as the conduit for information from OESP to the field offices, coordinate ongoing training for field office staff, and trouble shoot other

implementation issues. SSA has also hired 51 AWICs, who report to the SSA area directors in each region and work closely with the RTCs. The AWICs respond to requests for information and make presentations at regional and local conferences, train field office staff on e-Work and return-to-work issues, and trouble shoot difficult cases. The field offices respond to beneficiary requests for information about TTW, process earnings reports from beneficiaries and ENs, and work with the DDS on processing requests for expedited reinstatements. SSA has also taken the following steps to improve the program: commissioned a comprehensive evaluation of TTW, solicited advice from two expert panels, produced information to help ENs find operating capital, modified the payment claims process, significantly enhanced the claims-processing system, and issued new regulations specifying broader improvements to TTW.

B. INFORMING BENEFICIARIES

Beneficiaries first learn about TTW when they receive a Ticket mailing, which describes the program and refers them to the toll-free Ticket Program Call Center for more details; the center is operated by the OSM. Given that the TTW participation rate remains low, SSA and the PMRO are marketing the program in new ways, including a major initiative to work with the WIPAs to hold WISE events. The seminars, conducted by the WIPAs, with assistance from the PMRO, will inform beneficiaries about work incentives and introduce them to the ENs. In addition, SSA regional and field offices educate beneficiaries about TTW and other work incentives through the AWICs.

1. Ticket Distribution and Toll-Free Ticket Program Call Center

From TTW's inception to April 2007, SSA had distributed about 11 million Tickets to beneficiaries; about 10 million Tickets remain active. (The rest have been terminated because beneficiaries have died, reached retirement age, or returned to work and exited the SSA benefit rolls for some other reason.) The TTW rollout concluded in October 2004. Since then, Tickets have been issued only to "new accretions," defined as individuals recently determined to be eligible for SSI or SSDI benefits, those whose benefits were originally awarded under the MIE category and have been continued after a CDR, and those childhood cases that have been redetermined and awarded adult benefits under the adult criteria. Once each month, SSA identifies these newly eligible beneficiaries from the Integrated Disability Management System (IDMS) and mails Tickets to them. During calendar year 2007, an average of 67,000 Tickets were mailed each month, depending on the number of applications for SSI and SSDI benefits. Mailings are staggered throughout the month so that the OSM can manage the spikes in call volume generated by the mailings. As they have since the rollout, the mailings include a brief letter with introductory information about TTW, a Ticket, and a brochure explaining the program in more detail and describing ENs, the SVRA, the WIPA program, and the PABSS organization. The brochure was updated in 2005, and the letter is scheduled to be updated in August 2008. The brochure directs interested beneficiaries to contact the OSM by telephone or Internet to obtain contact information for organizations referred to in the brochure. The brochure also informs

beneficiaries that the program is voluntary and waives CDRs while Tickets are in use.[3] The brochure states that the Ticket Program is, "to help you earn enough to be financially independent," (pub. 05-10061) but it does not explicitly state that the program goal is for beneficiaries eventually to leave the SSA rolls.

OSM representatives have reported that the volume of calls made to the toll-free call center has dropped, but not by as much as one would expect, given the drop in volume of Tickets mailed. At the height of the Ticket roll-out during Phase 3 (November 2003 to September 2004) Ticket mailings averaged about 300,000 per month and the Call Center received an average of about 18,000 calls per month. During 2006-2007, between 65,000 and 66,000 Tickets were mailed each month, resulting in between 11,000 and 12,000 monthly calls. For the most part, the callers are new SSI or SSDI beneficiaries who have just received their Ticket and want to obtain more information on TTW and learn how employment might affect their benefits. Call Center staff provide callers with a list of ENs in their area and refer beneficiaries with questions about how earnings will impact benefits to the local WIPA. About 90 percent of callers ask for the information to be sent via e-mail, and 10 percent ask to be mailed a hard copy. Beneficiaries have also asked to have their Ticket reissued; SSA mails about 3,000 reissued Tickets per month.[4] ENs also contact the Call Center when a beneficiary attempts to assign their Ticket to the EN, to find out if that beneficiary's Ticket is assignable; e.g., not already assigned to another agency.

2. Marketing to Beneficiaries

In September 2003, SSA awarded a two-year contract to Fleishman-Hillard to develop a strategic marketing plan. Additionally, Fleishman-Hillard conducted 10 expositions around the country, and created marketing materials to support TTW and other employment-support programs. The materials, which have included posters, brochures, and a day planner for beneficiaries to track progress in finding employment, were distributed at the 10 expositions. In July 2005, SSA pilot tested some of the marketing materials by sending brochures with different messages to particular beneficiary groups to see which type of information elicited the greatest response. The strategic marketing plan was never officially released, and marketing materials were not distributed beyond the expositions and targeted mailing.

Nonetheless, in the month after the first mailing of the brochures, there was a 35 percent increase in the volume of calls to the call center from beneficiaries in states where the materials were distributed. But it was impossible to determine whether the calls were made specifically in response to a mailing/exposition or whether callers ever assigned their Ticket. Thus, the impact of the marketing efforts cannot be evaluated.

[3] SSA conducts periodic reviews of a beneficiary's continuing disability and waives the reviews as long as the beneficiary's Ticket is active.

[4] Although it is not necessary for beneficiaries to present their Ticket when assigning it to an EN, the OSM reports that 3,000 beneficiaries per month request copies to officially present the Ticket to their selected EN.

In fiscal year 2006, SSA awarded a contract to Schulman, Ronca, & Bucuvalas, Inc. (SRBI) to conduct a national telephone survey on beneficiaries' media preferences, information sources, Internet use, mobility outside the home, and relationships with local disability organizations and agencies. The survey data, along with other marketing data already available to SSA from Fleischman-Hillard and other sources, was intended to help the agency develop and distribute marketing materials, and to identify other methods for marketing TTW. SRBI interviewed about 400 "users" and 400 "non-users" in late 2006. Users were defined as beneficiaries who, according to SSA records, had assigned their Ticket, although only 44 percent of such beneficiaries said that they had used TTW. (See Chapters III and V for a full discussion of beneficiary use of TTW and other employment services.) The survey found that:

- There is little difference in how users and non-users said that they would obtain information about an SSA program, the most likely sources of information were the SSA field office or the SSA 800-number.

- Both users and non-users said they preferred network TV, followed by cable and satellite TV.

- Users were significantly more likely than non-users to use the Internet at least weekly, and users were significantly more likely to depend on the Internet to look for employment.

- Non-users tended to leave the house only for major activities, such as grocery shopping or pharmacy and doctor visits, suggesting that they are more impaired than users and less likely to leave home for discretionary activities.

- Users and non-users most often gave three reasons for not using their Ticket: too disabled to work (14 percent and 42 percent), didn't know enough about the program (28 percent and 42 percent), and didn't want or need employment (15 percent and 8 percent).

The report that documents these findings (SRBI 2007) recommends that SSA should do the following:

- Add a TTW message to its toll-free call-waiting rotation and as an option for any calls received at local offices

- Mail a one-page reminder letter about TTW six weeks after the initial letter

- Send additional mailings to beneficiary representative payees highlighting "success stories" and describing employment training opportunities available through the program

- Feature links about TTW on its website, and ask other federal agencies to do the same

- Conduct TTW training at SSA field offices and local agencies

- Target promotional materials to non-users under age 40, who would be more likely to use TTW

Thornton et al. 2007 (Chapter VII) also concluded that SSA could reach the largest number of beneficiaries willing to work by targeting TTW marketing and education efforts to younger beneficiaries, those who have been on the rolls from one to five years, and those who have worked during the previous year while on the rolls. This information may be helpful to SSA if the agency chooses to conduct targeted mailings during implementation of the new TTW Regulations.

The PMRO has developed a new recruitment and outreach plan (approved by SSA in November 2007) that supersedes the Fleishman-Hillard marketing plan. The marketing plan and messages were based on the TTW draft regulations, but because the new regulations were not final, the PMRO developed interim plans and messages based on TTW as it currently operates. The PMRO marketing plan and contract includes attending conferences, making presentations, and developing partnerships between ENs and other employment providers, such as the SVRA and the One-Stop Employment Centers, that can raise the level of EN and beneficiary awareness of and participation in TTW.

The PMRO has made a slight shift in the previous marketing approach. Rather than emphasizing the goal of assisting beneficiaries interested in leaving the benefit rolls, the materials now being reviewed by SSA encourage beneficiaries with *any interest* in employment to contact the WIPA to explore how work will affect their benefits. The point is to sell not just TTW, but the concept of work as well. The ENs and WIPAs are the linchpins in this effort, as they help beneficiaries move through the continuum from considering work, to obtaining training, to seeking work, and finally, to work itself. The message is that SSA provides the supports and safety net for individuals to explore the work options that are right for them.

SSA's WISE seminars, initiated in Spring 2007, give Ticket holders an opportunity to meet with staff of the WIPA, ENs, other employment-support providers, and SSA field offices so they can learn how to assign their Ticket, obtain work supports, and use other SSA work incentives. SSA mails 500 to 600 letters in each WIPA's local area with the expectation that 15 to 20 beneficiaries will attend the seminar. By keeping the number of attendees relatively low, SSA intends to give them the advantage of meeting ENs face to face so that they can get personalized information and support. The WIPAs convene the seminars, and the PMRO assists with promotion and invites local agency representatives to serve as resources and speakers. The PMRO has developed materials on TTW and work incentives that will be presented by WIPA staff. The seminars begin with a brief orientation about TTW and how beneficiaries can overcome barriers to work. WIPA representatives discuss work incentives. EN officials then meet with beneficiaries individually and answer their questions. Separate SSI and SSDI WISE events are sometimes held to explain the work incentives for each benefit (PASS and 1619 provisions for SSI beneficiaries and TWP and EPE for SSDI beneficiaries). (Concurrent beneficiaries attend the SSDI WISE events.) SSA

and the PMRO conducted pilot seminars in five locations during May and June 2007. After evaluating the events, they conducted an additional five seminars in late summer and early fall 2007 and began nationwide implementation in 2008.

At the SSA regional and field office levels, AWICs[5] have been working closely with SSA's public affairs specialists to educate beneficiaries and service providers about TTW and other work incentives. During the first year after each phase of rollout, AWICs we interviewed (Thornton et al. 2004, 2007) said that they were proactive—contacting service providers, advocacy organizations, and other organizations promoting employment—and offered to make presentations at or participate in conferences and other outreach activities. Now that TTW is completely rolled out, AWICs respond to requests as they are invited. They cannot often participate or initiate outreach because the budget for travel and overtime is extremely limited. Still, the types of information AWICs provide and the number of outreach sessions in which they participate is impressive.[6] For example, the AWIC and SSA field office staff in Region 3 participated in 35 outreach events from October through December 2006, providing training on both TTW and SSA's other work incentives for beneficiaries and providers, distributing materials at expositions, and attending community meetings; staff in Region 1 participated in over 20 such events during the same time period.

C. INFORMING PROVIDERS

As TTW was implemented, SSA and the Program Managers developed and refined several marketing approaches aimed at increasing the supply of ENs. The OSM, formerly responsible for recruiting ENs, initiated the City Campaign, which formed community collaborations in cities with the largest concentration of beneficiaries, participated in provider conferences and expositions, and contacted potential ENs by telephone and by mail. The PMRO assumed responsibility for these functions in October 2005 and has continued with some outreach efforts while initiating new activities. The OSM, however, still provides technical assistance and training for ENs. The OSM also continues "Ticket Training Tuesdays," its ongoing training and information sessions, and has released three volumes of the publication, "Inside Employment Networks."

1. Marketing Efforts

The City Campaign was initiated in October 2004 to boost EN interest in TTW in five large metropolitan areas with the greatest concentration of beneficiaries. (See Chapter VIII for numbers of beneficiaries and ENs in various regions.) The PM worked with the National Association of Workforce Boards, and four other strategic partners to form community collaborations to promote TTW. The PM held EN recruitment events in the five cities to

[5] The AWIC position was created in 2003; the employment support representative (ESR) or other staff handled outreach before that date. The pilot ESR position was abolished when the AWIC position was created. See Thornton et al. 2003, Chapter III for a full discussion.

[6] See the OESP Quarterly Reports to the Ticket to Work and Work Incentives Improvement Act Advisory Panel for a list of outreach activities by SSA region.

bring together potential and participating ENs, employers, and community representatives. PM officials responsible for the City Campaign indicated no noticeable improvement in EN enrollment or beneficiary assignment of Tickets in the five cities as a result of the campaign—hardly surprising since the events were held in April to June 2005 and the project was dissolved in September of that year.

To continue the community outreach effort after the City Campaign ended on September 30, 2005, the PM selected eight ENs to serve as "sustainability champions," which offered technical assistance to other ENs and organizations in their region. Contact with the eight ENs in 2006 revealed that they developed publicity materials on TTW, formed partnerships among local agencies, and conducted workshops for potential ENs and for beneficiaries on using a Ticket. In 2007, however, the PMRO contacted some of the eight ENs and found that they were not particularly active. Since then, the PMRO has not followed up with the champions.[7] When we contacted the eight champions in May 2007, only two were accepting Tickets, and only one of them had received a payment. Of the remaining six champions, one of them (a One-Stop Employment Center) was referring all callers to the SVRA; another's phone was disconnected; and representatives from two others said that the paperwork for processing employment plans and obtaining payment was too onerous to make participation feasible. The others could not be reached for comment.

To counteract the perception that TTW is a "dying program," the PMRO marketing efforts are designed to keep existing ENs in the program and bring new organizations on board. For instance, the PMRO is stressing the point that TTW offers new financial resources, an additional pool of clients, and support from the OSM and SSA in the application and payment process. By becoming involved in TTW, employment service providers can form new networks, partnerships, and business relationships. A primary marketing message states, "Over $7 million has been paid to ENs, and you could be getting part of this." Before the new regulations became final, the messages also encouraged organizations thinking about becoming ENs to enroll in TTW so that they would be ready to move forward when the new regulations were implemented.

Through its "Jump Start" initiative, the PMRO is seeking to identify EN approaches that have been successful and to market them to other similar organizations by using a peer-to-peer technique. For example, the PMRO has identified a center for independent living that has become a successful EN and has assisted it in teaching other interested centers about how to replicate its model. The PMRO has also contacted One-Stop Employment Centers and faith-based organizations about helping them to develop business plans for becoming successful ENs; the plan is that lead organizations will teach like organizations how to implement their models. PMRO staff have also made presentations at conferences and workshops on the advantages of becoming an EN, and they plan to publicize TTW at popular community events, such as "A Taste of Chicago."

[7] Responsibility for contacting ENs was turned over to the OSM in February 2008.

The PMRO has also encouraged ENs whose five-year contracts have expired to renew them. About two-thirds of the ENs contacted by the PMRO have done so, according to PMRO officials. In addition, the PMRO has contacted "idle ENs," those that have not accepted a Ticket or have not done so for a long time, encouraging them to become more active. Responsibility for contacting idle ENs or those whose contracts have expires was transferred to the OSM in February 2008.

In addition, the PMRO has been exploring the use of new collaborations among service providers that will be possible under the new regulations. In particular, its Partnership Plus initiative encourages SVRAs, ENs, and other organizations to form partnerships. For example, an SVRA could accept a Ticket, provide intensive services, close the case, and collect the four milestone payments under the milestone-outcome system. The EN would then provide ongoing services and collect outcome payments.[8]

Because some ENs have not renewed their TTW contract and because other service providers are entering TTW at a slower rate, the number of ENs has dropped. From January 2006 to June 2007, SSA awarded 76 contracts but 136 ENs failed to renew their contract. PMRO officials point to several reasons for the lack of interest among ENs in renewing their TTW contract and among service providers in becoming ENs during that period: the EN went out of business; there was new top management not interested in TTW; the organization believed TTW was not financially viable; and the organization wanted to wait until the new regulations were finalized to sign up.

2. Accepting Applications and Providing Training and Technical Assistance to ENs

During the past year, SSA streamlined its EN application process by reducing the application to 60 pages—about half its original size—and reorganizing it so that the substantive information is up front, followed by "boiler plate" contract language. Since September 2005, SSA's OESP established an EN Contract Team to process applications of service providers interested in becoming ENs and renew recently expired five-year EN contracts. The Team helps prospective ENs complete the RFP, reviews EN proposals, and makes contract award recommendations to SSA's Office of Acquisition and Grants. Once the contract is awarded, pertinent information about the EN is forwarded to the OSM to be added to the on-line EN directory. SSA officials estimate that about 70 to 80 new organizations enrolled as ENs from January 2006 through June 2007, although EN participation has decreased by 138 overall during the period because more ENs have dropped out than enrolled.

According to the OSM, training and technical assistance are critical to EN success. Through weekly training sessions called Ticket Training Tuesdays, the OSM provides both

[8] The regulations finalized on May 20, 2008, allow SVRAs and ENs to collaborate in a variety of different ways. SSA will identify a few different models that exemplify best practices that can be replicated by SVRAs and ENs.

types of assistance. Session content varies with EN need and demand, though common topics include the application process, applicant screening, helping applicants find jobs, payment and documentation issues, and SSA work incentives. Ticket Tuesdays often feature telephone presentations from representatives of ENs, who use a "peer to peer" approach to describe best practices. In other Ticket Tuesday sessions, representatives from other governmental organizations make presentations; for example, an SSA field office representative discussed work incentives. About 20 EN representatives participate each week. Training is also provided through an online discussion group with EN staff, in distance-learning courses on the web, and through training materials on CD-ROM. [9]

The OSM devotes the last Ticket Tuesday of each month to EN capitalization. Generally, a representative from a charitable foundation discusses financial resources available to assist ENs in funding employment services. The OSM has also completed a directory of foundations and other funding agencies. This user-friendly directory is divided into sections for the market sectors that participate in TTW; e.g., private nonprofit, faith-based, school system, and for-profit agencies.

The OSM has produced three volumes of "Inside Employment Networks," which highlight ENs that appear to be having some success with TTW and describe the program models, screening processes, and "promising practices" of these ENs. The publications neither define "promising practices" nor do they explain what constitutes a successful EN. Still, they may be helpful for agencies thinking about signing up to be an EN or considering various service alternatives.[10]

Although the OSM has continued to assist ENs with development of IWPs for beneficiaries, and with other aspects of service provision, the OSM has by far devoted most of its technical assistance efforts since 2005 to helping ENs submit documentation so that they can be paid for beneficiaries they have served. Because of the high turnover in EN staff, retraining on payment issues is often necessary. The OSM sometimes processes a single payment and sends it to SSA in 30 minutes; sometimes it takes several hours, depending on the documentation provided by the EN. Although OSM officials said that the payment process is time-consuming, cumbersome, and often frustrating for all concerned, several SSA initiatives (discussed below) have helped to smooth out the procedure.

D. OPERATING AN EFFICIENT PAYMENT SYSTEM

The number of EN requests for payment on behalf of beneficiaries who have begun working at SGA continues to rise. The OSM estimates that there has been a 30 percent increase in payment requests over the past year. At present, more than 23,000 payments have been processed for a total of $7.8 million. (See Chapter XI for additional payment information.)

[9] Face-to-face training is only rarely provided to meet special needs.

[10] The publications are available at www.yourtickettowork.com/marketing_best_practices.

SSA's OESP has launched several initiatives to expedite the payment process. After a successful one-year pilot, SSA made an EN/SVRA help desk permanent in December 2006. Experienced SSA personnel who staff the desk help ENs and SVRAs in resolving issues related to Ticket assignments and payments. Once approved by the OSM, EN payment documentation is submitted to OESP via a digital process rather than by mail or fax, which were used in the past. SSA staff prioritize the EN payment workload, processing both payments with complete documentation (those that include evidence of work and earnings) and requests through the Certification Outcome Payment Process (COPP), which is described in detail just below. OESP officials asserted that, when copies of pay stubs are submitted correctly, it takes less than 30 days for ENs to receive a milestone payment and only slightly longer to receive an outcome payment.

OESP accepts requests for payments that need additional documentation if the EN has appeared to make a "good faith" effort to provide it. To confirm the earnings information, OESP then submits them to the field offices. Delays in processing payment requests still occur at the field offices. The offices must fit earnings-verification activities into schedules that are already filled with application and processing work. The verification process can be very time-consuming because field office staff must obtain copies of pay stubs or other documentation of earnings from beneficiaries or employers, which is exactly what the ENs tried to do and failed. Field office staff must also use that documentation to calculate exactly when the beneficiary earned enough to go off cash benefits in order to determine the month in which TTW payments should start. The field office staff we interviewed pointed out that they have not been allocated additional staff to carry out that function.

Median lag time for earnings months during the first half of 2004 was about seven months for first payments and about nine months for second payments. To speed the payment process and enable ENs to receive payments without submitting beneficiary pay stubs, the OSM implemented COPP in late 2003. ENs may use the process if the beneficiary is no longer on the rolls and SSA has made outcome-only payments for the beneficiary. ENs that used COPP received their payments much faster; over 50 percent of COPP claims were paid within three months or less. But only about 60 ENs have used the process, and only 9 percent of claims for earnings months in the first half of 2004 that met the COPP criteria were actually filed under COPP. (See Chapter XI and Exhibit XI.9 for a full discussion of payment lag times.)

E. ENHANCEMENTS TO SSA'S INTERNAL OPERATIONS AND SYSTEMS

The seeds of a cultural shift appear to be taking root at all levels in SSA. Although the agency's primary mission is to distribute disability and retirement checks to eligible individuals, SSA appears to be integrating return-to-work issues into operations throughout the organization. While OESP has taken the lead in TTW implementation, the Office of Systems and Office of Operations have provided substantial support as well. SSA has designated a full-time RTC in each region to both manage all TTW activities and serve as a liaison between OESP and the field offices. Fifty-one AWICs, located mostly in field offices, train field office staff to implement work incentives, and conduct community outreach on Ticket and other return-to-work issues. Most field offices have a work incentive liaison

(WIL) who serves as the work incentives expert within each Field Office. Numerous enhancements to SSA data collection systems have helped field offices both process work reports and track beneficiary earnings. While all of these systems are in place, attention to employment issues varies somewhat from one field office to another (Thornton et al. 2007). Recent budget constraints appear to be having a serious impact on SSA's efforts to promote return-to-work. For example, requests from AWICs and other SSA staff for travel or overtime pay to attend community events are often denied. For the final evaluation report, we will conduct additional interviews of regional and field office staff to assess the extent to which local offices emphasize employment.

1. Training and Technical Assistance to Regional and Field Office Staff

Since the end of the TTW rollout, field offices have been minimally involved in the program except for verifying wages and determining correct SSI and SSDI payment amounts using SSA's work incentive rules. AWICs and WILs continue to use the interactive video training tapes and provide new and refresher training to field staff on management information systems such as eWork and IDMS (described below) and on processing work reports. The training varies with staff positions: telephone service representatives receive enough training to handle basic questions from beneficiaries, while claims representatives receive more in-depth training.

However, AWICs also need basic and refresher training because of staff turnover and ongoing changes in procedures. National in-person training has not taken place since 2005 because of a lack of funds. Instead, a web-based course of about three days in duration is being used. OESP has provided refresher training via teleconference for Ticket coordinators and AWICs on systems issues, particularly with respect to using eWork, processing earnings reports, and handling requests for expedited reinstatement. For any changes in procedure and protocols, the Ticket coordinator reads the daily "policy net," a daily e-mail that covers agency regulatory and policy changes, and then passes it on to the AWIC, who shares it with field office staff. OESP has recently initiated monthly calls with AWICs to bring them up to date on policy and program changes.

2. Expedited Reinstatement

TTW's Expedited Reinstatement (EXR) provisions, sometimes referred to as "easy back on," allow beneficiaries who have left the rolls for work to have their benefits reinstated without filing a new application if they lose their job because of their disability. The intent of the provision is to quickly restore benefits if a beneficiary's attempt to work failed, thus ameliorating concerns about benefit reinstatement acting as a work disincentive.

The EXR process offers several advantages over filing a new application for SSDI benefits for beneficiaries who have already completed their 36-month EPE and would need to file a new benefits application if they stop working. First, the process permits field office staff to request emergency monthly payments and ensure that funds are available in a few days. This is much sooner than what is available under a new application. Although the five-month waiting period for cash benefits and the two-year waiting period for Medicare are

waived for applicants who file a new application within five years of benefit termination, a new application requires several months of processing time. In contrast, emergency benefit checks under EXR are available almost immediately and can continue for up to six months after EXR application. These emergency funds can therefore bridge any gap between cessation of work and continuation of benefits. Second, beneficiaries need not demonstrate that they have a disability under EXR, as they do in the regular application process. The burden of proof rests with SSA to show medical improvement.

For the above reasons, EXR seems to be an improvement over the previous rules. According to field office staff, however, most SSDI beneficiaries who stop working are still within the 36-month EPE. These beneficiaries are in benefit suspense (they are not terminated until after the end of EPE), so cash benefits are restarted as soon as earnings fall below SGA. Thus, relatively few beneficiaries who cease cash benefits for work (fewer than 10,000 per year according to staff estimates) would have a need for EXR. Moreover, implementing the EXR has been problematic. The application cannot be completed on the web, and the current paper process has proven cumbersome, according to field office staff. The staff first requests the initial application files from the SSA Claims Processing Center and then sends them on to the DDS. Once the application reaches the DDS, making the benefit determination is extremely complex (Thornton et al. 2007). Despite these processing problems, SSA has no plans to automate the EXR process due to tight SSA budgets and the small number of cases qualifying for EXR. The advantages of EXR in practice thus seem considerably smaller than they appear to be on the surface.

3. Systems Automation

SSA had to develop several enhancements to its systems to accommodate TTW. In the absence of special congressional appropriation for TTW implementation, SSA had to fund the implementation out of its administrative budget, which was already feeling pressure as the agency dealt with both rising numbers of disability claims and the government-wide cap on administrative expenses. Therefore, system enhancements have occurred and will continue to occur in stages.

Nevertheless, since the TTW legislation was passed, and particularly in the last three years, SSA has made significant progress in improving its automated systems, especially in the areas of tracking and verifying earnings, administering CDRs, and determining when benefits become zero for EN payment purposes. Before these improvements in automation, most of these functions were performed manually or required the same information to be entered into several data systems.

The web-based initiative known as eWork was fully rolled out to all field offices in November 2004. It automates the documentation of all SSDI earnings information and enables field office staff to enter earnings information only once.[11] eWork then populates all

[11] While this electronic management system is new for DI, the Modernized SSI Claims System, which has similar function for tracking work activity and earnings, has been used for many years.

other relevant administrative data system fields and processes work reports, initiates CDRs, and tracks the number of months remaining in the TWP. It also permits SSA field office staff and telephone service representatives to generate a receipt when a beneficiary reports earnings. When SSI beneficiaries report monthly income, eWork records that information, prints receipts for beneficiaries, and posts a message to the field office that some action, such as a reduction in the monthly payment amount, is needed; all these operations were previously handled manually.

Field office managers, AWICs, and WILs reported that staff have mixed feelings about eWork (Thornton et al. 2007). Those who use it frequently, including AWICs and WILs, view the system favorably, and one staff member even described it as "awesome." Staff members noted that it reduces duplication of data entry, increases accountability by providing beneficiaries with receipts of employment reports, and allows rapid access to case information, such as the number of trial work months used. Field office managers said that less frequent users found eWork difficult, particularly because they did not use it often enough to become proficient. Some managers have solved the proficiency problem by assigning all return-to-work cases to the WIL so that other staff members do not need to learn the system; other managers distribute return-to-work cases among all claims representatives in a field office so that all staff members will learn the system. All field office staff we interviewed for this report wished that eWork could be used to automate SSI as well as SSDI earnings information, but headquarters staff said that such change would be difficult. Systems enhancements will continue, but their nature and timing remain to be determined.

eWork was moved to SSA's central server during the second quarter of 2007. While the integration will have little effect on field offices, it will enable SSA to back up data, provide 24-hour technical support, allow disaster recovery, and increase security.

At the end of June 2005, SSA began working with Lockheed Martin to develop the requirements analysis for the Comprehensive Work Opportunities Support System (CWOSS). CWOSS, which will replace the system owned by the OSM, will track EN applications, Ticket assignments, EN payments, and perhaps eventually, SVRA payments. The first release will transfer Ticket assignment data from the OSM to SSA. Future releases will allow for computing and tracking EN payment data. CWOSS, expected to be fully developed by 2013, will interact with SSA's other Ticket- and disability-related systems to improve Ticket assignment, initiate SSA's verification of work reports, and store EN data. SSA staff expect the system to increase the overall efficiency of TTW administration. CWOSS will be government-owned and comply with Section 508 of the Rehabilitation Act, as amended, which mandates that computer hardware and software be accessible to people with disabilities.

4. Rules and Regulations

SSA continues to develop and issue regulations as mandated by the Ticket Act. On September 30, 2005, SSA proposed regulations that significantly modified TTW's payment structure. The new regulations became final on May 20, 2008.[12] The regulations attempt to address concerns raised by SVRA and EN officials, including SVRA requirements for accepting Ticket assignments in order to receive payments from SSA under the cost-reimbursement system; the insufficiency of milestone payments in terms of covering the cost of up-front services; inequities between payments for serving SSI and SSDI beneficiaries; and the ineligibility of beneficiaries for whom medical improvement is expected (see Chapter IX for further discussion of the changes to the TTW payment systems).

Timely Progress. On August 13, 2007, SSA proposed new regulations to implement the Ticket Act's timely progress requirements. The new regulations became final on May 20, 2008. The Ticket Act requires a series of reviews to be conducted two years after a Ticket is issued to determine whether TTW participants are making "timely progress" toward self-supporting employment. Under the new regulations, timely progress is defined on the basis of the achievement of milestones and outcomes. The new regulations also define participation in an education program as making timely progress, and they simplify and streamline the process of determining whether a Ticket user is making such progress. So long as beneficiaries are determined to make timely progress, their assigned Tickets are considered to be in use. Because of the complexity of administering the timely progress reviews, SSA suspended the timely progress reviews until the new regulations were adopted. (See Thornton et al. 2007, Chapter XII, for further discussion of timely progress reviews.) Exhibit X.1 compares the original and revised definitions of timely progress.

Continuation of Benefits Final Rules. The final rules on continuation of benefits (also known as the 301 regulation) were published in the *Federal Register* on June 24, 2005, and took effect on July 25, 2005 (70 FR 36494). The rules provide that, if a medical CDR is conducted with a beneficiary who is participating in an approved plan of rehabilitation, including the IWP under TTW, benefits will continue until the beneficiary completes the program. The regulations make it clear that the benefits of TTW participants will not be terminated on the basis of a medical improvement in a disability.

EXR Final Rules. The final rules on EXR, which interpret Section 112 of the TTW legislation, were published in the *Federal Register* on September 30, 2005, and took effect on October 31, 2005 (20 CFR Part 404). (See Section E.2. above for a fuller description of the EXR.)

Referral of Eligible Beneficiaries to Agencies Other Than SVRAs. Before the Ticket Act was passed, SSA was required to refer all beneficiaries to an SVRA for rehabilitation services. The TTW legislation repealed this requirement and substituted referral to an EN "or another program of vocational services, employment services, or other

[12] 20 CFR Part 411, *Federal Register*, Vol. 73, No. 98, Tuesday, May 20, 2008.

support services" under TTW (Section 1615). SSA has finalized regulations that repeal the SVRA referral but has not drafted new regulations on referring beneficiaries to SVRAs and ENs.

Exhibit X.1. Original and Revised Definitions of Timely Progress

Original Regulations	Revised Regulations
Years 1 and 2: Active participation in an IWP; at the end of two years, successful completion of 24-month progress review	**Year 1:** 3 months of work at Trial Work Period level, completion of 24 post-secondary credit hours or 50% of a vocational program **Year 2:** 6 months of work at Trial Work Period level, completion of 50 postsecondary credit hours or a vocational program
Year 3: 3 months of earnings at SGA and expectation of continued employment	**Year 3:** 9 months of earnings at SGA or completion of 70 postsecondary credit hours
Year 4: 6 months of earnings at SGA and expectation of continued employment	**Year 4:** 9 months of earnings at SGA or completion of 100 postsecondary credit hours
Year 5 and beyond: 6 months of work at a level precluding payment of SSDI and SSI benefits and expectation of continued employment	**Year 5:** 6 months of work at level precluding payment of SSDI and SSI benefits or completion of 4-year degree **Year 6 and beyond:** 6 months of work at level precluding payment of SSDI and SSI benefits

F. SUMMARY

Although SSA has made noteworthy progress in implementing TTW, core problems continue to persist. Beneficiary demand is low or nonexistent, EN participation is dropping off, and most important, the TTW payment structure is inadequate. Providers and beneficiaries alike lack basic information about how the program operates; moreover, despite several initiatives by SSA and the Program Managers, the payment process remains complex, slow, and uncertain, giving providers little financial incentive to participate.

That said, such obstacles are not unusual for a relatively new program. The final regulations SSA issued in May 2008 both alter the way in which SVRAs participate in the program and substantially change the EN payment schedule in order to address the dysfunctional payment structure, which according to ENs, is the most pronounced problem. Given the delay in finalizing the regulations, SSA will face an uphill battle if it wishes to invigorate the TTW program.

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CHAPTER XI

EMPLOYMENT-SUPPORT PAYMENTS

SSA payments to agencies that assist beneficiaries in returning to work are of substantial interest for several reasons. First, total payments are a direct measure of the resources that SSA is devoting to the support of employment services for beneficiaries. Second, the percentage of payments made under the new payment system shows the relative contribution of the new system to total payments. Third, changes in the composition of total payments made to employment support services over time may indicate SSA's success in building or enhancing the market system for these services.

This chapter describes payments made to employment-support service providers under various arrangements, including the traditional payment system and the new milestone-outcome and outcome-only payment system. We also discuss payment lag times (i.e., the duration from the month in which payment is earned to the month in which payment is made), a major factor affecting payment estimates and TTW market operations under the new payment system. The analysis is based on administrative data from SSA and the OSM.

Total payments by SSA to employment-support service providers have increased gradually over the past two decades, but with greater variability since 1999. There has been a substantial decline since 1999, although there was a sharp increase in 2002, just as TTW was first rolled out in the Phase 1 states. Although TTW might have contributed to this decline because of differences between the new and traditional payment systems, the timing of the decline across the Phase 1, 2, and 3 states does not show the pattern we would expect if TTW were a major cause of the decline. Reimbursements to SVRAs under the traditional payment system continue to account for the largest share of SSA employment-support spending, but payments under the new system have been increasing steadily since TTW rollout.

More ENs are being paid, but only 23 percent of all ENs, or about half of those that accepted a Ticket, have received a payment. Payments received by ENs almost doubled from July 2005 to September 2006, reaching a cumulative total of $4.9 million, but remain both very low relative to the number of Tickets assigned and highly concentrated among the few ENs that have accepted large numbers of Tickets. For Tickets assigned for at least nine quarters, ENs had received a cumulative total of just over $300 per assignment, on average.

This figure is low because many assignments did not generate a payment. Of these Tickets, only 13.8 percent generated at least one payment.

A large majority of Tickets assigned to each SVRA is assigned under the traditional payment system. As of September 2006, however, all but 10 of the 64 SVRAs had accepted at least one Ticket under one of the new payment systems.[1] Total payments to SVRAs under new systems reached $1.2 million at that time.

Large majorities of ENs and SVRAs have chosen the milestone-outcome payment system, and far more Tickets have been assigned under that system than under the outcomes-only system. By the end of the ninth quarter after assignment, however, cumulative payments per assignment were higher under the outcome-only system than under the milestone-outcome system ($292 versus $248), and the data suggest that this difference will become more pronounced over time. Although a larger share of milestone-outcome versus outcome-only assignments has generated at least one payment, outcome-only assignments are much more likely to generate several payments.

The long lag between the earnings month (the month in which a beneficiary earns enough to generate a payment) and the payment month (the month in which the provider receives payment from SSA) provides some explanation for the low number of payments received under the new system. The median lag time for first payments on an assignment is seven months. In 25 percent of first-payment cases, however, lag time exceeds 12 months. Though not ideal, these medians reflect an improvement in the lag time relative to the lag time when the program was first rolled out.

The median lag for second and later payments is about nine months and has not improved since the program's first year despite SSA's efforts to shorten the lag time, especially for Tickets that have already generated several payments. We do not know the extent to which these lag times represent the time before the earnings are reported to the provider, the time the provider takes to file the payment claim, or the time it takes the OSM and SSA take to process the claim. SSA's efforts to address lag time have focused on its own role in the payment process. In 2006 and 2007, SSA made several additional enhancements to speed up the process, including some targeted to helping providers submit claims.

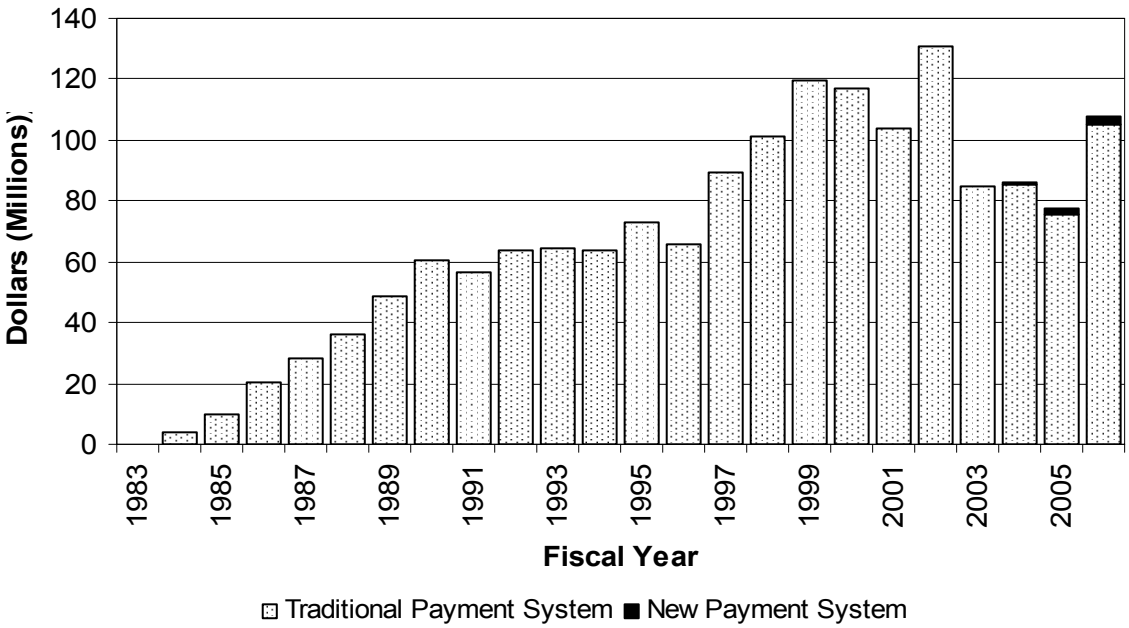
This chapter examines the history of SSA payments to ENs (Section A), assesses the connection between the TTW rollout and the volume of payments under the traditional system by examining the history of payments by rollout phase (Section B), presents findings from our analysis of payments under the new systems (Section C), and reviews findings on payment lag (Section D).

[1] The number of SVRAs exceeds the number of states because many states have separate agencies for people with severe vision impairments.

A. PAYMENT RECEIPT UNDER ALL PAYMENT SYSTEMS

After nearly a decade of stagnation, SSA payments for employment supports grew rapidly from FY1996 to FY1999 (Exhibit XI.1). After FY1999, however, payments declined almost continuously to FY2005, with the exception of a sharp spike in FY2002. Although payments increased substantially in FY2006, total payments in that year were far lower than pre-TTW payments. In FY2006, SSA paid providers a total $108 million under the traditional and new payment systems, which is nine percent below the inflation-adjusted figure for FY2000.

Exhibit XI.1. SSA Total Payments for Employment Supports, FY1983–FY2006



Source: Data on payments made under the traditional payment system come from Vocational Rehabilitation Reimbursement System Data, 2006. Payments under the new systems were tabulated from the September 2006 extract of the Disability Control File.

Note: All values are in inflation-adjusted 2006 dollars. The Consumer Price Index for urban wage earners was used to adjust for inflation.

Since TTW rollout started, payments under the new payment systems have constituted only a small percentage of total SSA payments for employment-support services. The vast majority of payments continue to be made to SVRAs under the traditional payment system.[2]

[2] As described in Chapter I, each SVRA can choose between the traditional payment system and one of the two new payment systems. Hence, the presumption is that, for most clients, SVRAs expect to obtain more revenue under the traditional system than under the new systems. Most SVRAs behave as if they think their selected new payment system will rarely generate more revenue than the traditional payment system.

ENs can only use the new payment systems, though the choice between the milestone-outcome or the outcome-only system is theirs to make. Hence, the bulk of payments under the new systems go to ENs.

The decline in payments after 2000 could reflect several factors, including factors external to TTW that might affect the demand for services as well as differences between the new payment systems and the traditional payment system. The most obvious independent factor is the recession of 2001-2002; presumably, job opportunities for beneficiaries who obtained SVRA services declined and therefore reduced the number of beneficiaries who would generate payments under the traditional system. Variation in claims-processing times and backlogs related to state and federal administrative resources available to file and process claims could also have a significant impact on year-to-year variation in claims paid.

SSA's implementation of TTW, which started in 2002, might have contributed to the decline in payments after 2002 for at least three reasons:

- First, if the new payment system simply displaced the traditional payment system without changing the beneficiaries served, a short-term decline in total payments might result (as payments under the new system are spread out over a longer period) followed by an increase in total payments. If this factor were important, however, we would expect increases in the magnitude of payments under the two new systems by FY2006 to be much larger than they have been.

- Second, the more stringent performance incentives in the new payment system would presumably reduce the likelihood that a given beneficiary would generate a payment. SVRAs, however, may circumvent the stringent incentives by using the traditional payment system, but ENs may not.

- Third, TTW changed the traditional payment system in a way that could reduce the likelihood of reimbursements for SVRA clients who would otherwise generate reimbursements. In particular, TTW required SVRAs to obtain their clients' Tickets. Initially, SVRAs were very concerned that payments under the traditional system would be lost if they failed to obtain clients' Tickets; for this reason, the SVRAs in Phase 1 states obtained Tickets from many clients who enrolled for services before the Ticket rollout started (see Chapter III). Based on interviews with the SVRAs, however, such concern dissipated after Phase 1 rollout.

Of these three reasons, the second seems most likely to have played a role in the decline of payments. The evidence presented in the next section, however, suggests that the economy or other external factors played the dominant role.

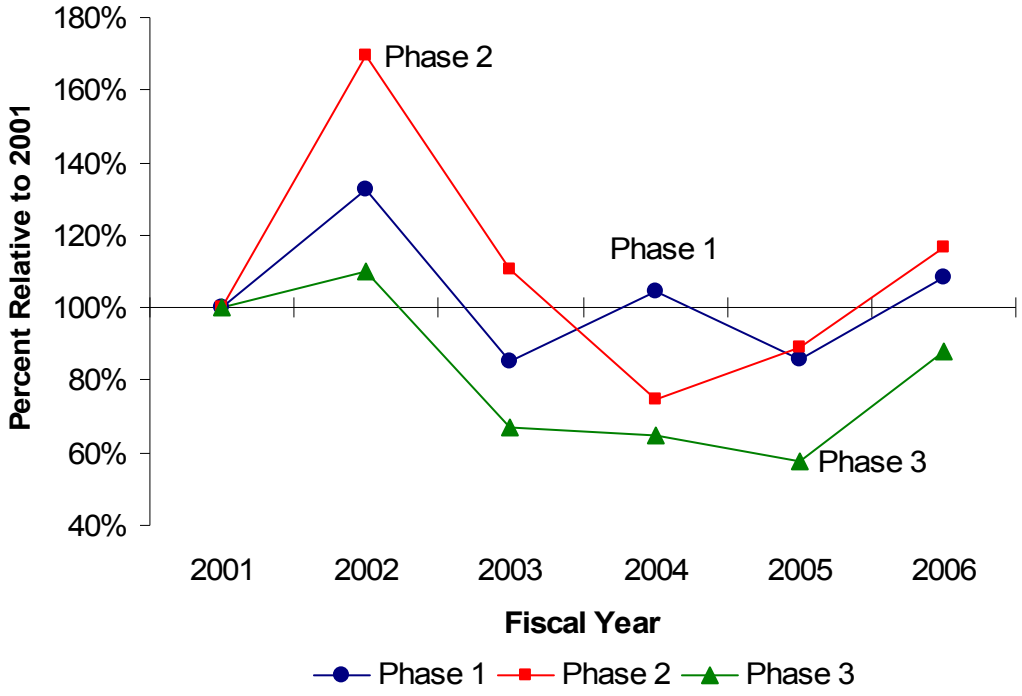
B. CLAIMS PAID UNDER THE TRADITIONAL PAYMENT SYSTEM

At the national level, the decline in payments made under the traditional system coincides with Ticket rollout, which would be consistent with the hypothesis that the TTW

implementation caused the decline. Reimbursements were up sharply in FY 2002, and the rollout began in February 2002. Given that the fiscal year ends in September and the fact that it takes substantial time to process reimbursements under the traditional system, claims paid in 2002 were primarily for cases in the pipeline before the rollout. Many claims might have been generated by SVRA clients who found jobs during the end of the strong economic expansion of the 1990s. Reimbursements fell in 2003, the first year in which substantial numbers of TTW participants could be expected to generate claims for payments under the traditional system.

If the rollout of TTW was a major cause of the decline, however, we would expect the timing of the decline to vary across states, depending on their respective rollout phases. However, the timing of the decline across phases appears to be unrelated to the timing of the rollout (Exhibit XI.2). The number of claims paid fell in all three phases in 2003 despite the fact that the Phase 2 rollout occurred in 2003, and the Phase 3 rollout occurred in 2004. Whatever caused the long-term decline in claims paid appears to have had a proportionately larger effect in the Phase 3 states than in the others, and we know of no reason that TTW would have had a proportionately larger negative effect on payments made under traditional system in Phase 3 states than in the others. Hence, it is difficult to ascribe the decline in reimbursements to the TTW rollout. A more likely explanation is that the weaker economy during the early part of this period reduced the number of clients achieving the earnings levels required to generate payments under the traditional system.

Exhibit XI.2. Claims Paid to SVRAs Under the Traditional Payment System by Phase, FY2001–FY2006



Source: Traditional payment statistics come from SSA VRRMS reports.

Notes: TTW was rolled out in Phase 1 states in 2002, in Phase 2 states in 2003, and in Phase 3 states in 2004; Appendix A provides details. All values are in inflation-adjusted 2006 dollars; the implicit price deflator was used to adjust for inflation.

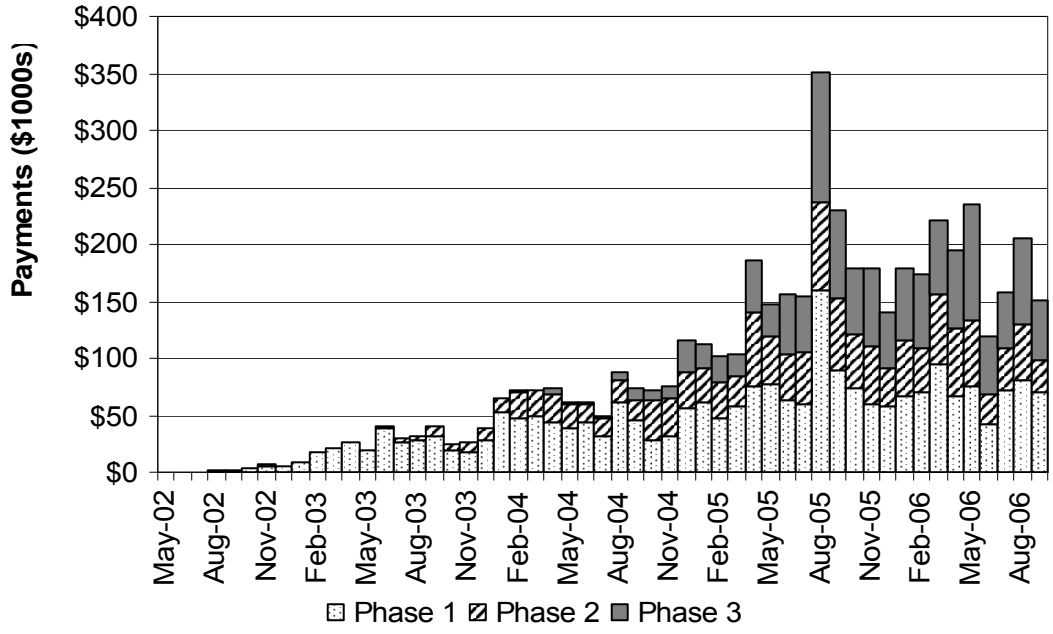
C. Payments Under the New Payment System

SSA payments for employment supports under the new payment systems make up a small but growing percentage of the total payments since TTW was rolled out. These payments constituted just 2.6 percent of all payments in FY2006.

1. Payments Received Through September 2006

As of September 2006, a cumulative total of about $4.9 million in milestone and outcome payments had been made to 370 ENs (or about 52 percent of ENs accepting Tickets) for Ticket holders who had returned to work. As shown in Exhibit XI.3, SSA now pays out approximately $150,000 per month under the new payment systems, although month-to-month variation is substantial.

Exhibit XI.3. Claims Paid to ENs Under the New Payment Systems, by Phase and Month, 2002–2006



Source: EN payment data as of September 2006.

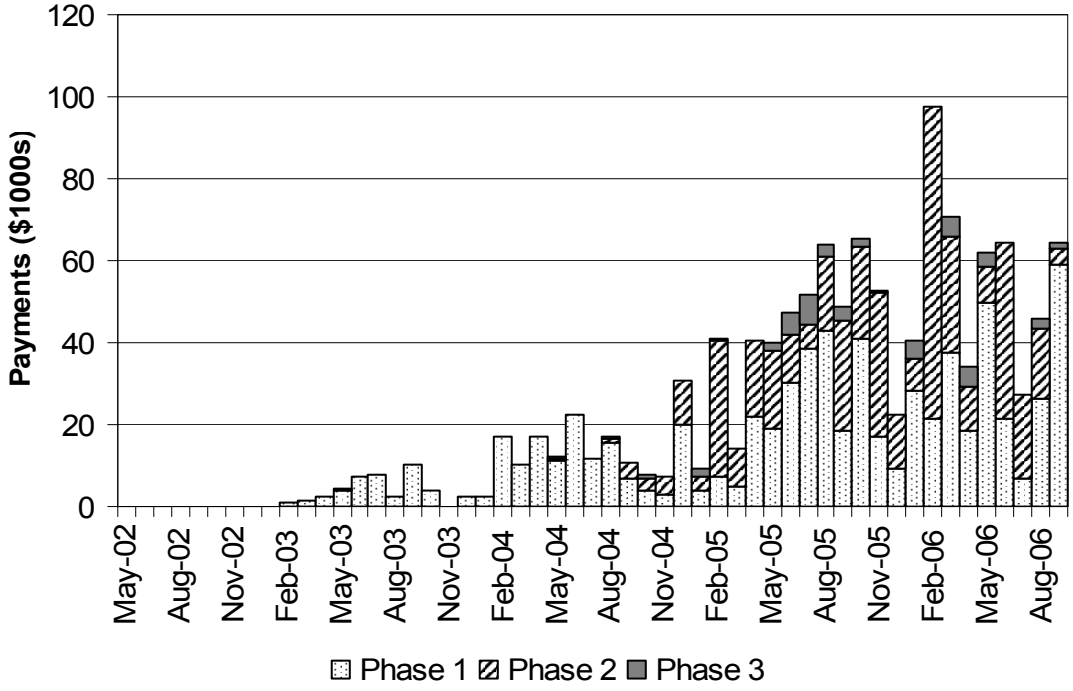
The growth in the amount of payments within each phase reflects the phased rollout. That is, most payments made under the new payment systems before 2005 were for participants residing in Phase 1 states. More recently, however, payments for participants in Phase 2 and 3 states have grown substantially, surpassing those for participants in Phase 1 states. Payments for participants in Phase 3 states are as high as those for participants in Phase 2 states despite the later rollout because the beneficiary population in Phase 3 states is about 50 percent larger than the populations in the Phase 1 and Phase 2 states. In the future, we would expect payments on behalf of participants in Phase 3 states to surpass those for participants in each of the other groups of states by approximately 50 percent just because of the relative size of the beneficiary populations. It also appears that payments to ENs for participants in Phase 1 and 2 states have leveled off.

By September 2006, SSA paid $1.2 million to SVRAs for claims under the new payment system (Exhibit XI.4), bringing total payments under the new system to $6.1 million.[3] Most payments to SVRAs went to agencies in Phase 1 states. Payments to SVRAs in Phase 2 and 3 states lag behind even after adjusting for the timing of the rollout. Although payments in Phase 3 states are similar in magnitude to those in Phase 1 states during a comparable period

[3] These statistics do not include payments made to SVRAs under the traditional payment system.

after the rollout start, we would expect them to be higher because the number of beneficiaries in Phase 3 states is about 50 percent greater than the number of beneficiaries in Phase 1 states. Although we expect payments to SVRAs in Phase 3 states to grow in the future, it is not clear that payments to SVRAs in the Phase 1 and 2 states will do the same.

Exhibit XI.4. Claims Paid to SVRAs Under the New Payment Systems, by Phase and Month, 2002–2006



Source: SVRA payment data as of September 2006.

2. Payment Distributions

Although TTW had been operating for four years by September 2006, only 45 percent of ENs had accepted a Ticket by that date, and only 21 percent had received a payment (Exhibit XI.5). Almost 85 percent of SVRAs had accepted at least one Ticket under a new payment system, but 45 percent had accepted fewer than 10 Tickets, and only 40 percent had received a payment.

Exhibit XI.5. Claims Paid to ENs or SVRAs Within the New System, FY 2002–FY 2006

Provider Category	% of ENs/ SVRAs in Category	% of ENs/ SVRAs in Category Receiving Payments	% of Tickets with Payments	Payment Amount: Mean for ENs/ SVRAs with Payments	Payment Amount: Mean for All ENs/SVRAs in Category	Payment Amount: Per Ticket with Payment	Payment Amount: Per Ticket Assigned
ENs							
Number of Assignments							
0	54.7	0.0	0	0	0	0	0
1 or more	45.3	45.7	14.5	15,053	6,873	2,658	385
1–4	20.1	26.6	16.5	3,502	931	2,603	430
5–9	10.1	42.1	13.8	4,986	2,101	2,352	324
10–14	4.4	59.4	13.9	6,678	3,968	2,381	331
15–24	4.4	73.9	16.2	8,345	6,168	2,076	337
25–49	3.5	72.7	13.2	13,719	9,977	2,268	298
50–99	1.8	92.9	13.3	21,763	20,208	2,358	314
100–499	1.1	94.1	17.9	104,234	98,102	2,523	452
500+	0.1	100.0	8.0	797,356	797,356	6,229	498
All ENs	**100.0**	**20.7**	**14.5**	**$15,053**	**$3,114**	**$2,658**	**$385**
SVRAs							
Number of Assignments							
0	15.6	0.0	0.0	0	0	0	0
1 or more	84.4	46.1	6.3	75,511	26,517	2,765	174
1–4	17.2	9.1	7.4	9,065	824	4,533	336
5–9	14.1	0.0	0.0	0	0	0	0
10–14	12.5	25.0	6.1	6,200	1,550	2,067	127
15–24	10.9	28.6	2.2	6,869	1,962	4,579	100
25–49	4.7	0.0	0.0	0	0	0	0
50–99	10.9	57.1	3.1	11,332	6,476	3,022	93
100–499	4.7	33.3	0.3	1,173	391	587	2
500+	9.4	100.0	7.8	187,744	187,744	2,927	230
All SVRAs	**100.0**	**38.9**	**6.3**	**$75,511**	**$22,374**	**$2,765**	**$174**

Source: Ticket Research File, December 2005, and EN payment data as of September 2006.

Note: Includes only payments under the two new systems.

Payment amounts per provider also remain relatively low (Exhibit XI.6). Among providers that had collected a payment under a new payment system, only 23 percent of ENs and 21 percent of SVRAs collected more than $5,000. A few ENs (12 percent) have received substantial payments from TTW: 45 collected a total of $20,000 or more. Only six SVRAs, or 8 percent of those that accepted a Ticket under a new payment system, had collected $20,000 or more.

Exhibit XI.6. Distribution of New System Payments to ENs and SVRAs, by Phase: May 2002–September 2006

Total Value of EN/SVRA Payments	Number of ENs/SVRAs				Percentage of ENs/SVRAs with Assignments
	Phase 1	Phase 2	Phase 3	All Phases	
ENs					
$1 to $999	28	20	28	76	10.6
$1,000–$4,999	33	42	53	128	17.9
$5,000–$9,999	20	28	21	69	9.7
$10,000–$14,999	11	8	15	34	4.8
$15,000–$19,999	9	4	5	18	2.5
$20,000–$34,999	11	3	5	19	2.7
$35,000–$49,999	5	1	1	7	1.0
$50,000+	8	6	5	19	2.7
Total	**125**	**112**	**133**	**370**	**51.8**
SVRAs					
$1 to $999	2	2	4	8	11.1
$1,000 to $4,999	3	2	2	7	9.7
$5,000 to $9,999	4	1	3	8	11.1
$10,000 to $14,999	0	0	1	1	1.4
$15,000 to $19,999	0	0	0	0	--
$20,000 to $34,999	1	0	0	1	1.4
$35,000 to $49,999	0	1	0	1	1.4
$50,000 or more	2	2	0	4	5.6
Total	**12**	**8**	**10**	**30**	**41.7**

Source: Ticket Research File, December 2005, and EN payment data as of September 2006.

Note: Includes national ENs and multi-state ENs serving beneficiaries in different phases.

A few ENs receive a particularly large share of all payments to ENs primarily because they hold an inordinately large share of all Tickets, not because their clients generate higher average payments. Revenue per assigned Ticket (including Tickets with no payments) for the largest ENs is only modestly larger than that for ENs with fewer assignments (last column of Exhibit XI.5). Factors affecting variation in provider payment per assigned Ticket include the local environment, the provider's ability to help beneficiaries achieve earnings objectives, other resources available to the provider or its clients, provider's selectivity (i.e., the extent to which a provider selects clients with high earnings prospects), the provider's choice of payment system; and the proportion of clients who are paid under the SSI-only payment schedule rather than under the higher SSDI schedule.

SVRA payment revenue under the new payment systems is also highly concentrated (bottom half of Exhibit XI.5). In fact, the four SVRAs that had accepted 500 or more Tickets during this period (May 2002-September 2006) received 79 percent of SVRA payments under the new payment system. As with ENs, the primary determinant of SVRA revenue is the number of assignments, not payment per assignment.

Payment per assignment for SVRAs is less than half that for ENs ($175 versus $385). Differences might reflect differences in the capabilities of one versus the other, but they likely reflect differences in selectivity as well. That is, the typical EN might be more selective in acceptance of Tickets than the typical SVRA. Evidence consistent with differences in selectivity is presented in the next section.

3. The Dynamics of Payment Receipt

Under the new payment systems, providers expect that a Ticket assignment will gradually generate revenue over a long period. Exhibit XI.7 provides information on the average experience of providers for the first nine quarters after assignment for Tickets that were assigned by the end of December 2004 (the most recent Tickets for which we have nine quarters of post-assignment payment data). Of all assignments in this sample, only 15.5 percent had generated at least one payment by the end of the ninth quarter. Those that did generated payments generated an average of 6.5 payments, with an average cumulative value of $2,241. When this amount is averaged over all assigned Tickets, the result is only $257. The payment data indicate that cumulative payment amounts will continue to increase after the ninth quarter. The mean over all assignments increased by $53 from the seventh to eighth quarter and by $47 from the eighth to ninth quarter.

Mean payment amounts were initially lower under the outcome-only payment system than under the milestone-outcome system, but the former eventually surpassed the latter. At the end of the ninth quarter, the mean for payments under the milestone-outcome system was $248 versus $292 for payments under the outcome-only system. It appears that the small difference in mean payments at the end of the ninth quarter will grow substantially over time. It is also noteworthy that Tickets assigned under the outcome-only system are less likely than Tickets assigned under the milestone-outcome system to generate at least one payment. However, Tickets that do generate a payment under the outcome only system generate substantially more payments on average. After the first year or so, mean quarterly payments under the outcome-only system increase relative to mean quarterly payments under the milestone-outcome system.

Exhibit XI.7. Cumulative Payments Under the New Payment Systems by Quarter After Assignment, for Tickets Assigned by December 2004

	Quarter Since Assignment								
	1	2	3	4	5	6	7	8	9
Number with at Least One Payment									
Milestone-outcome	0.2	2.0	4.4	6.8	8.4	9.6	10.7	11.6	12.3
Outcome-only	0.0	0.1	0.6	1.6	2.3	3.5	4.9	6.4	8.3
Total	0.1	1.6	3.6	5.7	7.1	8.3	9.5	10.5	11.5
Payments per Ticket with Payments									
Milestone-outcome	1.4	1.5	1.9	2.5	3.0	3.6	4.2	5.1	5.8
Outcome-only	0.0	2.5	3.6	4.3	6.0	7.1	7.8	9.7	10.7
Total	1.4	1.5	2.0	2.6	3.2	3.9	4.6	5.7	6.5
Cumulative Amount per Ticket with Payments									
Milestone-outcome	$407	$468	$656	$866	$1,093	$1,309	$1,546	$1,820	$2,013
Outcome-only	$0.0	$798	$969	$1,245	$1,849	$2,334	$2,592	$3,203	$3,531
Total	$407	$473	$666	$888	$1,144	$1,399	$1,660	$1,996	$2,241
Cumulative Amount per Ticket Assigned									
Milestone-outcome	$1	$9	$29	$59	$92	$126	$165	$211	$248
Outcome-only	$0	$1	$6	$20	$42	$81	$126	$205	$292
Total	$1	$8	$24	$51	$82	$117	$157	$210	$257

Source: Ticket Research File, December 2005, and Disability Control File (DCF) payment data as of September 2006.

Notes: Sample includes all Tickets assigned under a new payment system by December 2004. Payment includes only those made within nine quarters after the assignment month.

Cumulative payments per Ticket at the end of nine quarters vary substantially by payment system and payment Title as well as by provider type (Exhibit XI.8). Within each payment system and Title cell, mean payments per assigned Ticket were lower for SVRAs than for ENs. The exception is the cell for the small number of SSI-only recipients who assigned their Ticket under the outcome-only system. These differences primarily reflect differences in the percentage of Tickets generating at least one payment, rather than differences in mean payments for Tickets with payments. This finding is consistent with the hypothesis that the SVRAs are typically less selective than ENs in accepting Tickets under the new payment systems.

Exhibit XI.8. Cumulative Payments Received on Tickets Assigned under the New Payment Systems Nine Quarters after Assignment, by Provider and Payment Type

	Provider Type and Payment Type					
	ENs			SVRAs		
	Total	DI	SSI-Only	Total	DI	SSI-Only
Percent with at Least One Payment						
Milestone-outcome	15.2	17.4	9.9	6.6	6.8	5.9
Outcome-only	8.0	8.8	4.3	8.7	9.0	5.7
Total	13.8	15.5	9.1	7.1	7.4	5.9
Payments per Ticket with Payments						
Milestone-outcome	5.8	5.6	6.8	5.7	5.4	6.4
Outcome-only	11.9	12.2	9.1	8.9	8.7	11.3
Total	6.5	6.4	7.0	6.6	6.5	6.8
Payment Amounts per Ticket with Payments						
Milestone-outcome	$2,027	$2,193	$1,309	$1,947	$2,205	$1,230
Outcome-only	$3,924	$4,145	$1,927	$2,916	$2,943	$2,484
Total	$2,248	$2,438	$1,360	$2,217	$2,449	$1,329
Payment Amounts per Ticket Assigned						
Milestone-outcome	$308	$381	$129	$128	$151	$73
Outcome-only	$315	$367	$84	$255	$266	$141
Total	$309	$378	$123	$156	$182	$79

Source: Ticket Research File, December 2005, and DCF payment data as of September 2006.

Note: Sample includes all Tickets assigned under a new payment system by December 2004. Payments include only those made within nine quarters after the assignment month.

D. PAYMENT LAG TIME

As mentioned, payment lag time affects the statistics for payments under the new payment systems as well as the dynamics of payment receipt. Under the new payment systems, payment lag time is defined as the number of months from the month in which a beneficiary has enough earnings to generate a payment ("earnings month") to the month in which a provider receives payment ("payment month"). This interval consists of the time it takes for:

- The provider to obtain all earnings documentation from the beneficiary
- The provider to submit a payment claim to the OSM
- The PMOS to process and submit the information to SSA
- SSA to verify documentation (if necessary) and pay the provider

However, we can provide statistics only on total payment lag time because SSA administrative payment records include just two dates for each payment: the earnings month and the payment month. Nonetheless, the statistics on total lag time are revealing in terms of the extent to which providers must wait for payments under the new payment systems after participants earn enough to generate a payment. The statistics also indicate whether lag time is declining as ENs, the OSM, and SSA gain experience. Lag time estimates for recent periods have a downward bias because pending payments do not appear in the data at all. Hence, we focused on periods for which we expected the number of pending payments to be very small as a share of the total.

The following statistics reflect the payment lag on all claims paid on behalf of participants in Phase 1 states by September 2006 for earnings months in two periods: February 2002 through June 2002 (all claims with earnings months in the first six months of 2002, when TTW was launched) and for the first half of 2004 (i.e., two years later). We assumed that all claims for these months were paid by September 2006; it is possible, however, that some payments will have been made for these periods after September 2006 and that such payments would have affected our results.[4] We excluded payments for participants in Phase 2 and 3 states so as not to confound the statistics with the introduction of new states and providers after 2002. We divided the claims into three groups: first claims, which can take longer to process if SSA needs to examine historical earnings or other factors that might affect eligibility, second and later claims that do not meet the COPP criteria, which SSA introduced in 2003 to speed up processing time; and second and later claims that do meet the COPP criteria even if they were not processed under COPP. Only claims that are outcome claims and are the fourth or later claims processed for an assignment may be filed under COPP.[5]

For earnings months in the first half of 2004, 51 percent of payments for first claims were made within seven months after the earnings month (i.e., the median lag time was just under 7 months), 75 percent were made within 12 months, and 90 percent were made within 18 months (top section of Exhibit XI.8). For second and later claims not satisfying the COPP criteria, the corresponding values were, respectively, 9, 14, and 19 months (middle section of Exhibit XI.9). For second and later months satisfying the COPP criteria, the values were, respectively, 7, 13, and 18 months (bottom section of Exhibit XI.9). Thus, after earnings high enough to generate payments, providers that served Phase 1 participants typically waited for more than half a year to receive payment, and in about 10 percent of cases, they waited 18 months or longer. Second and later were not generally paid more quickly than first claims; in fact, it appears that lag times for the former were slightly longer.

[4] We do not have information on pending payment claims. As all pending claims will have longer payment lags than those observed, holding the earnings month constant, once pending claims for any group of claims are paid, the median and other percentiles will automatically increase.

[5] COPP enables ENs to receive payments without submitting beneficiary pay stubs. ENs may use the process if the beneficiary is no longer on the rolls and SSA has previously made outcome-only payments for that beneficiary. Only a few ENs have used the process because most ENs' beneficiaries do not meet the above requirements.

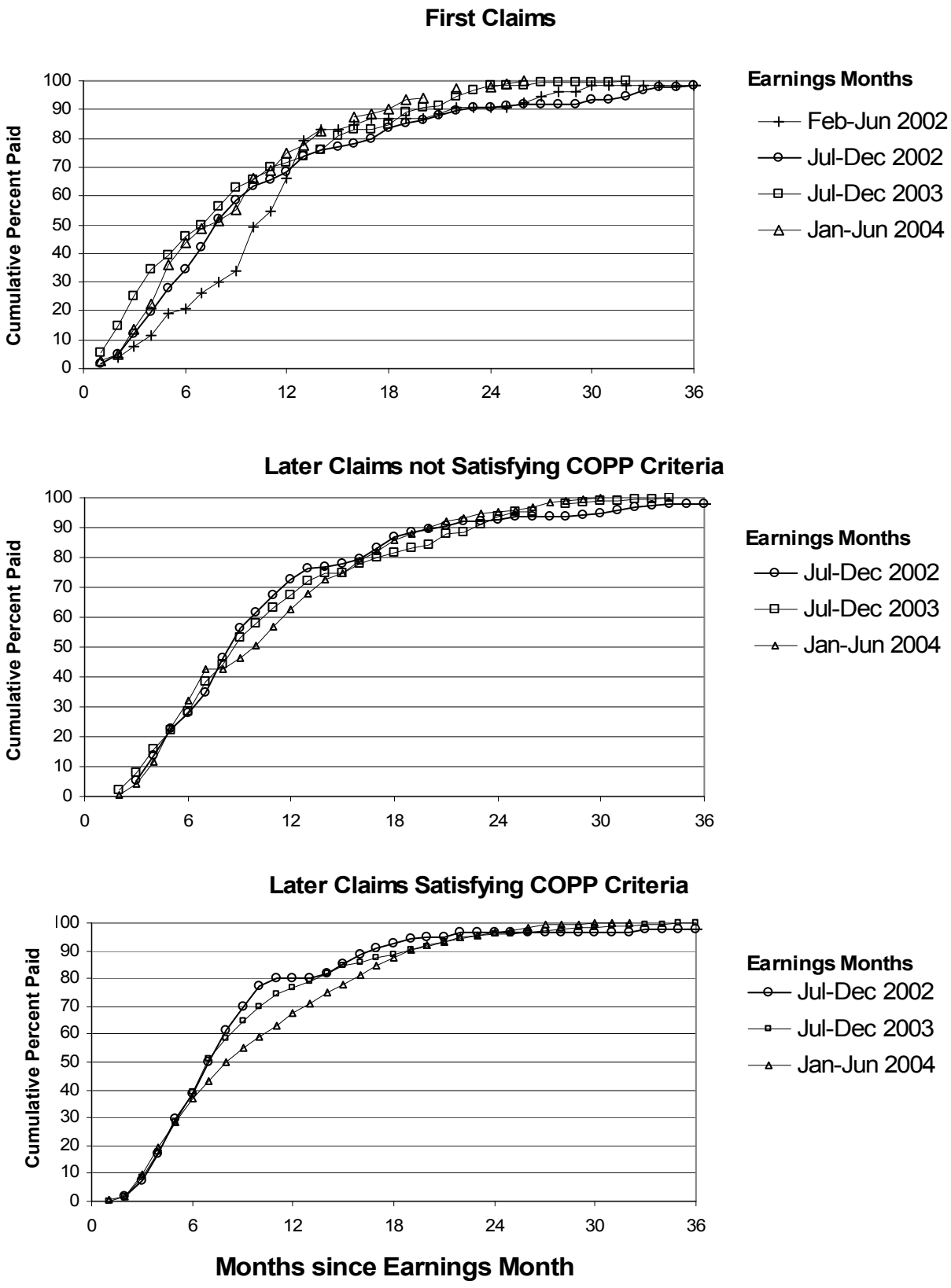
Lag times for first claims based on earnings in the first half of 2004 were substantially shorter than those for first claims based on earnings in either the first or second half of 2002 (top panel). Since 2002, there has been little change in the lag time for second and later claims that did not meet the COPP criteria (middle panel), and the lag time for claims meeting the COPP criteria have, if anything, increased (bottom panel). For instance, the median lag for claims satisfying the COPP criteria was seven months for earnings months in the first half of 2004 compared with six months for earnings months in the second half of 2002.

Thus far, it appears that providers have not used COPP enough to have had a noticeable impact on lag time statistics or to have offset the effects of other factors that might be increasing lag times. Only 9 percent of claims for earnings months in the first half of 2004 that met the COPP criteria were actually filed under COPP. Claims processed under COPP typically had a much shorter lag time than claims that met the COPP criteria but were not processed under COPP. Over 50 percent of the COPP claims were paid within 3 months of the earnings month (compared with over 7 months for claims meeting COPP criteria but not filed under COPP). Another 28 percent of COPP claims were paid within 5 months, and all were paid within 10 months.

In summary, while SSA has clearly shortened the payment lag on claims for first payments, the statistics do not indicate a reduction in payment lag for second and later claims. Lag times for claims based on earnings during the first half of 2004 were often noticeably long. Claims filed under COPP are an important exception, but, so far, their number is small as a share of all claims. Irrespective of the underlying causes, payment lags undermine any incentives in the new payment systems for providers to serve more beneficiaries. To address this issue, it is likely that SSA will have to process claims faster and make it easier for ENs to document their claims.

In conclusion, our analysis of the TTW market from the ENs' perspective—and from the beneficiary's perspective noted in previous Chapters—makes it clear that the overall level of activity in the TTW market is very low relative to the number of beneficiaries eligible for the program and that such activity is not likely to increase substantially in the near future in the absence of a significant stimulus. Even so, it is possible that the impacts of TTW on service use, earnings, and benefit receipt are large enough to be substantively important; indeed, the historical evidence indicates that very few beneficiaries have left the rolls because of work. The next chapter examines the evidence for such impacts.

Exhibit XI.9. Lag Times for Selected Earnings Months in Phase 1 States

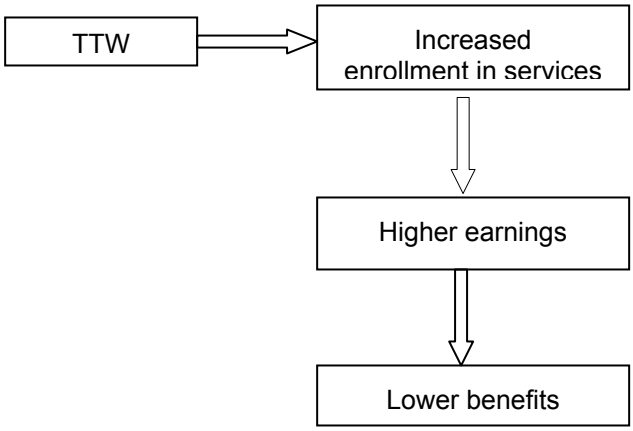


CHAPTER XII

TTW OUTCOMES AND IMPACTS

The impacts of the TTW program on beneficiary outcomes are expected to emerge over time as beneficiaries search for the right service provider, participate in rehabilitation and employment-service programs, transition to employment, and ultimately become less dependent on federal benefit programs (Exhibit XII.1). We would expect to see the initial TTW impacts on both enrollment in services and service delivery as beneficiaries assign their Ticket and/or become more aware of the service options in their area. Any impacts on earnings and benefits are expected to emerge later primarily for two reasons: earnings increases are not likely to occur for some time after Ticket assignment, and SSDI benefits will not be reduced until earnings have exceeded the SGA level for as long as 12 months.

Exhibit XII.1. Anticipated Impacts of TTW on Service Enrollment, Earnings, and Benefit Amounts of Ticket-Eligible Beneficiaries



This chapter extends the TTW impact results from the third evaluation report (Thornton et al. 2007) in two ways. First, it uses newly available data on enrollment in services, and second, it examines the potential to estimate impacts on subgroups as proposed in Stapleton and Livermore (2002). The new enrollment data allowed us to estimate the impact of TTW over a longer period than was possible in the third report. The subgroup analysis allowed us to examine the potential for identifying TTW impacts on employment

and benefits in that it was based on states identified as being similar in terms of pre-program characteristics assumed to be related to the use of TTW. Therefore, the similarities between the Phase 1 and Phase 3 states in the subgroup analysis have the potential to diminish the influence of differences in earnings and benefits trends that led to inconclusive net impact estimates of these outcomes in the third evaluation report (Thornton et al. 2007).

As we did in the third report, we focus on the following outcomes:

- Enrollment in employment services provided by SVRAs and ENs
- Annual earnings
- SSDI and SSI benefit payments

We examined several approaches to estimating impacts by using non-experimental models originally suggested in Stapleton and Livermore (2002). We have concluded that the strongest approach was to estimate a multivariate model that compares outcomes of beneficiaries in states where TTW had already been phased in with outcomes of beneficiaries in states where TTW had not yet been implemented. We estimated the model by using administrative data on five million beneficiaries with disabilities. The data, obtained from SSA and other federal agencies, include information on service enrollment, program benefits, and SSA-covered earnings.

TTW had a small, positive impact on SVRA service enrollment and a somewhat larger impact on total service enrollment. We estimate that the impact on total enrollment falls between 0.2 and 0.4 percentage points in the year of Ticket mailing, and between 0.2 and 0.7 percentage points in the year following Ticket mailing. These estimates translate to a projected nationwide impact of between 12,000 and 20,000 in the rollout year and between 9,100 and 35,100 in the post-rollout year.

The projected impact on enrollment at non-SVRA ENs in the post-rollout year is just 3,100, reflecting the proportion of Phase 1 Ticket-eligible beneficiaries who assigned their Ticket to non-SVRA ENs in 2003. Hence, the projected nationwide impact of TTW on enrollment at SVRAs in the post-rollout year is between 6,000 and 32,000.

The findings from the analysis of matched states are consistent with the aggregate total service enrollment findings. We also find, however, that the size of estimated impacts on service enrollments varies considerably across states. Further, the size of the estimated impact is not closely related to the Ticket participation rate, which only captures those service enrollees who have assigned their Ticket.

In the third evaluation report, we found no compelling evidence that TTW increased beneficiary earnings or reduced benefits during the first two years of rollout. The impact estimates for individual states serve to reinforce this conclusion. At best, we found inconclusive evidence of positive impacts on earnings in the states where participation impacts appear to have been the largest, and no evidence of negative impacts on benefits in any states.

Our impact findings for all outcomes are consistent with (1) the relatively small but growing TTW participation rates, (2) the small number of TTW participants who have worked at a level that results in either a milestone or outcome payment at the end of the year following TTW rollout in Phase 1 states, (3) the expectation that net impacts would take time to emerge, and (4) the expectation that changes in service enrollment would occur before the receipt of earnings or benefits. The relatively modest impact on service enrollment in the year of TTW rollout in Phase 1 and Phase 2 states (0.1 to 0.4 percentage point) is consistent with the TTW participation rate, which was 0.6 percent at the end of the year in Phase 1 states and 0.4 percent in Phase 2 states.[1] The estimates in the year following rollout in Phase 1 states are consistent with the growing participation rate—which increased to 1.1 percent by the end of that year. Given the anticipated timing of impacts and the relatively small impact on service enrollment, it is not surprising that we found no compelling evidence of impacts on earnings and benefit amounts at this early stage.

The remainder of this chapter describes the approach to estimating impacts originally suggested by Stapleton and Livermore (2002) (Section A), reviews the data sources and econometric model used to estimate impacts (Sections B and C), presents detailed impact estimates and trends in key outcomes (Sections D, E, and F), and concludes with a discussion of directions for examining impacts in future reports (Section F). Appendix D provides more detailed estimates for each model presented in this chapter.

A. APPROACH TO ESTIMATING IMPACTS

The major challenge in estimating impacts when beneficiaries are not randomly assigned to program and control status lies in selecting a credible comparison group. As a framework for the impact analysis documented here, we used one of the approaches summarized by Stapleton and Livermore (2002) in their design report on estimating impacts for the TTW evaluation. Their proposed approaches exploited variation over time in the rollout (pre-post design) and across states (contemporaneous comparisons) in the three phases of TTW rollout. Their approach to estimating impacts requires SSA and RSA administrative data. Indeed, these data were the only viable option for estimating impacts, given the absence of pre-TTW survey data and the prohibitive costs of collecting enough survey data to identify meaningful contemporaneous differences in outcomes across states.

Of the approaches proposed by Stapleton and Livermore (2002), we determined that a longitudinal fixed effects model was the strongest. This approach measures impacts as the differences in the values of the outcome measures for the treatment group (beneficiaries who were eligible for TTW and living in states where TTW had already been rolled out) and the contemporaneous values for the comparison group (beneficiaries who were eligible for TTW but were living in states where the program had not yet been rolled out), after controlling for characteristics in the pre-rollout year. Our strategy allows each source of identification—cross-state, pre-post, and within-period cross-person—to play a role where

[1] The net impact estimates are less than the TTW participation rates because some TTW participants may have enrolled in SVRA services in the absence of the TTW program.

the relative influence of each is allowed to be determined by the data. Given both the data and the nature of TTW implementation, the model gives us the best chance to reduce bias from individual confounding factors, such as beneficiary motivation and severity of impairment, as well as annual factors that might affect outcomes in all states.

B. DATA DESCRIPTION

We used administrative data from several SSA and RSA administrative data sources to develop a multi-year longitudinal file for the purpose of generating impact estimates. We selected an initial sample of all Ticket-eligibles from these files and stratified them by nine age and program groups. We then used this sample to generate impacts of TTW on annual service enrollment, earnings, and benefit amounts.

1. Administrative Data Include Several SSA and RSA Administrative Data Files

The SSA and RSA administrative data sources include the TRF, which contains SSA program administrative data on the full population of working-age SSI and SSDI beneficiaries; SSA's Summary Earnings Records (SER), which contains annual earnings data for all workers who pay Social Security taxes; and the RSA-911 case service report, which contains data on closed SVRA cases.[2] The TRF file used in this analysis contains longitudinal data on approximately 17 million beneficiaries age 18 through 64 with disabilities who participated in the SSI or SSDI program at any time from 1994 through October 2004. The SER provides person-level historical data on Social Security–taxable earnings for each year from 1937 to the present, which was current to the end of calendar year 2003 at the time the analysis was conducted. The RSA-911 file is updated annually by RSA to include each SVRA case that closed, as reported by state agencies, during the most recent federal fiscal year.

One important aspect of the file construction is that measures of service enrollment from RSA data available for the 2001–2003 period may not represent all service enrollment throughout that period. The reason is that RSA data pertain to case closures rather than to enrollment. Some beneficiaries who enter an SVRA do not have their case closed for three or more years. In contrast, the lag in obtaining SSA earnings and benefit amount outcomes is shorter, which results in a complete description of these outcomes through 2003.

2. Sample Includes Most TTW-Eligibles Age 19 to 58, Stratified by Age and Program Subgroups

The analysis sample included beneficiaries with disabilities age 19 to 58 who would have been eligible for TTW when the program was rolled out in 2002. The sample covered a three-year period beginning in 2001 (pre-TTW) and ending in 2003 (the year before TTW was implemented in Phase 3 states). If a beneficiary was determined to be eligible in at least one month during a calendar year, that beneficiary was considered eligible for that year in the

[2] In accordance with the Internal Revenue Service/SSA data agreement, MPR researchers did not access earnings data with personal identifiers.

longitudinal file. We included an upper-age restriction to ensure that all beneficiaries were under age 60 at the end of the two-year period for which we had data (that is, through 2003). Our findings in Chapter III indicate that participation declines substantially with age. Therefore, the predicted TTW impacts on service enrollment, earnings, and benefit amounts should also diminish with age. For those over age 58 in 2002, we assumed that any TTW impacts were far too small to be detected. We have no reason to expect that the program would have negative impacts on older participating beneficiaries and thus counter any positive impacts for younger beneficiaries or pull overall impacts into negative territory.

We excluded several groups of beneficiaries for various reasons. For instance, we excluded beneficiaries ineligible for TTW, new beneficiaries, and those who moved from a state in one phase group to a state in another phase group. The only adult beneficiaries who were ineligible for TTW were (1) those designated as MIE who had been on the rolls for less than three years and had not yet had a continuing disability review and (2) former child SSI recipients awaiting adult redetermination. We also excluded individuals who were new beneficiaries at the beginning of the rollout by requiring that all beneficiaries in our sample have 12 full months of benefits in 2001. We made that decision because, for that group of beneficiaries, it would have been difficult to measure base-year earnings and benefit amounts.[3] Finally, we excluded beneficiaries who had moved from a state in one phase group to a state in another phase group during the window of our sample because we used "phase residence" as a proxy for access to TTW.

Our decision to estimate impacts by using TTW-eligibles as opposed to just beneficiaries who assigned a Ticket is important for two reasons. First, it is not possible to determine which members of the comparison group would have participated in TTW had they been eligible during the analysis period. Second, the small share of eligible beneficiaries who assigned their Ticket by the end of the analysis period (1.0 percent in Phase 1 states and 0.4 percent in Phase 2 states; see Chapter III) might understate program impacts. The presence of TTW might have increased beneficiaries' participation in employment services regardless of whether they used their Ticket to do so. For example, the process of rolling out TTW and training SSA staff might have led to a general change in attitude among SSA staff, providers, advocacy organizations, and others such they could have more aggressively promoted return-to-work activities (for example, encourage use of work incentives, refer beneficiaries for related work services) to all beneficiaries, including those who did not assign a Ticket.

To account for differences in anticipated impacts on outcomes across subgroups, we followed the approach suggested by Stapleton and Livermore (2002). That is, we stratified

[3] For example, it is likely that many new beneficiaries, especially SSDI beneficiaries, will have at least some reported annual earnings according to the SER, although we cannot determine what portion of such earnings pre- or post-date benefit receipt. Stated another way, new beneficiaries could have received substantial base-year earnings before enrolling in the program, potentially introducing measurement error in our earnings impacts of TTW in later years. In addition, we expect that the impacts on new beneficiaries will differ from those on existing beneficiaries. For these reasons, we plan to estimate impacts separately on new and existing beneficiaries in future analysis.

the sample by nine age-program groups based on age and program titles in the year of Ticket mailing in Phase 1 states; the age categories were 19 to 39, 40 to 49, and 50 to 58, and the program title groups, which are mutually exclusive, are DI-only, SSI-only, and concurrent (SSDI and SSI) beneficiaries.[4] As noted, impacts should be larger among younger beneficiaries because they have higher employment rates and Ticket assignment rates relative to older beneficiaries. Impacts could, however, vary by program title because work incentives and participation rates differ across the SSI and SSDI programs (Titles XVI and II), though other differences, including age, education, work experience, and income, make it difficult to predict whether impacts should be larger for one program group or another.

3. Outcome Measures Include Annual Measures of Service Enrollment, Earnings, and Benefit Amounts

We assessed TTW's impact on annual measures of SVRA-only service enrollment, two measures of total (SVRA and EN) service enrollment, benefit amounts, and earnings (Exhibit XII.2).[5] The SVRA-only measure is of interest because it can help us assess whether TTW had any impact on either inducing or crowding out SVRA enrollment by beneficiaries. This impact could be negative because some beneficiaries who, under TTW, received services only from ENs after rollout would have enrolled for services at an SVRA in the absence of TTW. On the other hand, the impact could be positive if TTW stimulated enrollment at SVRAs. The estimate of the impact on SVRA enrollment might also be downwardly biased if TTW rollout increased the number of Phase 1 SVRA enrollees not included in the RSA data available for the analysis because their cases were still open.

The first total service enrollment measure (upper bound) captured SVRA and EN participation as measured in the RSA-911 and/or TRF data files. Under this measure, beneficiaries were classified as enrolled for services if they either had a Ticket assigned to a provider during that year, or had an open SVRA case some time during the course of that calendar year. Impact estimates based on this measure include impacts on services provided by the private rehabilitation market, not just those provided by SVRAs. In years before TTW rollout in a phase group, a beneficiary was counted as enrolled for services in a calendar year only if he or she had an open case at an SVRA in at least one month as measured in the RSA-911 data. In the first rollout year for Phase 1 (calendar year 2002), a beneficiary was considered to be enrolled in services if, in at least one month, he or she had an open SVRA case and/or a Ticket assigned to an EN or SVRA as measured in the RSA-911 and/or TRF data files.

[4] We excluded those over age 58 in 2002 because beneficiaries nearing retirement age have relatively fewer prospects for using TTW to return to work.

[5] We also examined three supplemental outcome measures—annual employment status, annual benefit receipt, and an indicator from SSA administrative records of beneficiaries who left the SSI and SSDI programs because of work (left cash benefits due to work). These measures are more restrictive than the core measures of benefit and earnings outcomes shown in Exhibit XII.2. We did not find any significant impacts on any of these outcomes during the two years of TTW rollout.

Exhibit XII.2. Summary of Outcome Measures for the Impact Analysis from SSA and RSA Administrative Data Sources

Outcome Measure	Data Source	Definition
SVRA-only service enrollment	RSA-911	The beneficiary was an open SVRA case in at least one month of the year. Includes cases only from the RSA-911 file.
Total (SVRA and EN) service enrollment (upper bound)	RSA-911 and TRF	The beneficiary was an open SVRA case in at least one month of the year or had an actively assigned Ticket to an SVRA or EN some time during the year in either the RSA-911 or TRF. Includes SVRA cases from the RSA-911 or TRF.
Total service enrollment (lower bound)	RSA-911 and TRF	The beneficiary was an open SVRA case in at least one month of the year according to the RSA-911 file only or had an actively assigned Ticket to an EN some time during the year in the TRF.
Annual earnings	SER	Total covered earnings from employment over the year adjusted to 2004 dollars using the Consumer Price Index for urban workers, CPI-W (Bureau of Labor Statistics, *Consumer Price Index for Urban Wage Earners and Clerical Workers, http://data.bls.gov/cgi-bin/surveymost?cw)* to account for inflation.
Annual benefit amount	TRF	The total combined SSDI and SSI benefit amount over the year adjusted to 2004 dollars using the Consumer Price Index for urban workers, CPI-W. We modified the benefit amount variable so that its values in 2002 and 2003 are fixed at 2001 levels unless the beneficiary was employed at some time during the analysis period.

We refer to impact estimates based on the first total service enrollment measure as upper bound estimates because we were concerned that they include an upward bias related to the change in the method used to count SVRA enrollees and, to a lesser extent, EN enrollees after the rollout. In 2002 and beyond, Phase 1 beneficiaries who enrolled for services by assigning their Ticket to an SVRA would be counted as enrolled even if their SVRA case remained open, whereas before the rollout, such cases would not be counted because they would not be observed in the available data (i.e., only closed cases are observed before 2002). Thus, impact estimates based on the first total service enrollment measure might capture increases in measured enrollment that reflect only changes in measurement that coincided with the rollout. This measure might also miss some beneficiaries who used non-SVRA rehabilitation service providers before rollout in each phase. However, we believe that the bias associated with services received from providers other than SVRAs before TTW is minimal in view of a finding from our process analysis that suggested that the vast majority of ENs had not served beneficiaries before the rollout, except possibly under contract to provide services to SVRA clients (Thornton et al. 2004).

To balance the potential upward bias, we created a second total service enrollment variable (lower bound), which measured SVRA participation on the basis of the SVRA-only measure and added beneficiaries who had assigned a Ticket to an EN during at least one month in the calendar year.[6] We used this measure to generate the lower-bound impact estimate because it assumes that all Tickets assigned to SVRAs that do not yet appear in the RSA-911 data files are not caused by the introduction of TTW; rather, SVRA enrollment is just observed sooner because the TTW data system is able to identify SVRA cases before they are closed. The same measure also assumes that, before TTW, beneficiaries tended not to enroll in employment services delivered by private providers. The qualitative findings documented in the first Ticket evaluation report suggest that the latter assumption is reasonable (Thornton et al. 2004).

We measured the benefit amount from the TRF and modified it for the purpose of estimating impacts. We generated the benefit amount as the sum of the federal SSI amount paid and SSDI benefit amount due in a year and adjusted the values to reflect January 2004 real dollars.[7] We then modified the adjusted benefit amount measure so that its values in 2002 and 2003 were fixed at 2001 levels unless the beneficiary was employed at some time during the analysis period. The modification was necessary because benefit amounts can vary for several administrative reasons (for example, overpayments or changes in state supplement payment rules for SSI) that are unrelated to TTW but could influence impact estimates.

Finally, earnings were based completely on information from the SER and included the amount of earnings from Social Security–covered employment received during a year. As with the benefit amount measure, we adjusted earnings to reflect January 2004 real dollars.

C. ECONOMETRIC MODEL FOR ESTIMATING IMPACTS

Our model for estimating impacts uses a 2002 TTW-eligible cohort of beneficiaries to track changes in outcomes from before TTW rollout began in 2001 to the end of the Phase 2 rollout in 2003. During this period, Phase 1 and 2 states had implemented TTW and Phase 3 states had not (Exhibit XII.3). The rollout was gradual within each phase. Accordingly, during the first rollout year, beneficiaries residing in each phase's states were eligible for only

[6] Unlike the upper-bound measure, the lower-bound measure did not include open SVRA cases measured in TRF in any month of 2002.

[7] The amount paid represents the benefit actually received by the beneficiary in a particular month, and the amount due is the amount that SSA is scheduled to pay the beneficiary. The benefit amount paid and amount due may differ if there are changes in the beneficiary's status. For example, if SSA retroactively adjusted a beneficiary's record for an overpayment due to excess earnings, the amount due will be less than the amount paid. In later months, collection of overpayments will reduce amounts paid relative to amounts due. We would have preferred to use the amount-paid variable for both SSI and SSDI because it accurately captures SSA's benefit-cost experience. At the time of our analysis, however, the SSDI benefit amount paid was not available. The implication for the measurement of this outcome is likely to be limited given that the differences between the amount-paid and amount-due variables in SSDI are usually relatively small.

part of the year. The estimated coefficients from our model represent an impact per TTW-eligible.

Exhibit XII.3. TTW Implementation Schedule

Year	Phase 1 States	Phase 2 States	Phase 3 States
2003	Year after Ticket mailing	Year of Ticket mailing	Before TTW rollout
2002	Year of Ticket mailing	Before TTW rollout	Before TTW rollout
2001	Before TTW rollout	Before TTW rollout	Before TTW rollout

Using this approach, we estimated impacts as the differences in the values of the outcome measures for the treatment group (TTW-eligibles living in states where TTW had already been rolled out) and in the contemporaneous values for the comparison group (TTW-eligibles living in states where the program had not yet been rolled out), after controlling for characteristics (including earnings and benefits) in the pre-rollout year.

Except in the case of one outcome variable, we used the following fixed-effects longitudinal model to isolate TTW impacts from other possible influences on outcomes for eligible beneficiaries that might vary across the treatment and comparison groups:

$$Y_{icsy} = a_i + b_s + c_y + \delta X_{cy} + \lambda_1 T1_{sy} + \lambda_2 T2_{sy} + \varepsilon_{icsy}$$

where:

Y_{icsy} = outcome for individual i in county c in state s during year y (use of employment and training services; benefit receipt and amount; and employment and earnings)

a_i = individual (observed and unobserved) fixed effects for individual i

b_s = state (observed and unobserved) fixed effects for state s

c_y = time fixed effects for year y

X_{cy} = unemployment rates in county c in year y

$T1_{sy}$ = mailing-year TTW treatment indicator in state s in year y

$T2_{sy}$ = year after mailing TTW treatment indicator in state s in year y (earnings and benefit amount equations only)

ε_{icsy} = unobserved disturbance term for individual i in county c in state s in year y

The key coefficients of interest in the model are λ_1 and λ_2, which represent impacts in the year of the Ticket mailing and in the year after the Ticket mailing, respectively.[8] We

[8] The impact estimates in the year of Ticket mailing, represented by λ_1, reflect differences from 2001 to 2002 in Phase 1 states relative to Phase 2 and 3 states, and differences from 2002 to 2003 in Phase 2 states relative to Phase 3 states. The impact estimates in the year after Ticket mailing, represented by λ_2, use the

present impact estimates for each outcome, then use the estimates to project effects for all TTW eligible beneficiaries. The impact estimates provide information on the impacts of TTW in 2002 and 2003 on beneficiaries who were eligible for Ticket in both years (i.e., those in Phase 1 states) or 2003 only (i.e., those in Phase 2 states), and the projections are for the effects of TTW on all beneficiaries who were eligible for Ticket when it was first rolled out in their state during their state's rollout year and the following year.

For one outcome variable, the lower-bound service enrollment measure, we used a hybrid method to produce the impact estimates. Recall that this variable is the sum of SVRA enrollments measured in the RSA-911 data and the number of in-use Tickets at non-SVRA ENs; Tickets in use at SVRAs are not counted unless they are also reflected in the RSA-911 data. By definition, the impact of TTW on this outcome is the sum of the impact on SVRA-only service enrollment and the impact on in-use Tickets at non-SVRA ENs. The SVRA-only service enrollment estimate, based on the model above, is used to estimate the impact on the first component of this measure, and the percentage of beneficiaries in treatment states with in-use Tickets at non-SVRA ENs is used to estimate the impact on the second component. The justification for the latter component is that the percentage of beneficiaries in comparison states with in-use Tickets at non-SVRA ENs is, by definition, zero.

Sample Size. The sample for each of the nine age-program groups was very large, ranging from a minimum of 193,000 (concurrent beneficiaries age 50 to 58 in 2002) to 1.3 million (DI-only beneficiaries age 50 to 58 in 2002). Across all of the groups, the total sample was 5 million beneficiaries. Appendix D presents sample sizes for each estimation model.

Credibility of Estimates. For each model estimated, we assessed the credibility of the estimates by checking the extent to which they were consistent with our expectations about impacts for the nine age-program groups and with our results from descriptive analyses on overall TTW participation rates (see Chapter III). The aggregated estimates provide a general summary of findings relative to the full caseload, and the age-program estimates provide detailed information on subgroups of policy interest. We expected the estimated impacts to be small relative to the overall caseload, relatively larger for younger beneficiaries, and close to zero for older beneficiaries. Moreover, given the direct and relatively immediate relationship between TTW and service enrollment, we expected to find larger impacts on service enrollment during the first year relative to the impacts on earnings and benefits.

Robustness of Findings. For each model estimated, we tested the robustness of our findings by comparing our impact estimates with those produced by applying the same empirical model for several pre-TTW cohorts, as described by Heckman and Hotz (1989). We estimated models for two pre-TTW cohorts (1998 and 1999 cohorts) for which we have data on all outcomes. In each case, we estimated the model over a three-year period that

(*continued*)
difference from 2001 to 2003 in Phase 1 states relative to Phase 3 states. There is no comparison group in the year after Ticket mailing for Phase 2 states because TTW was fully implemented in all states after 2003.

started with the cohort year and ended before the rollout. We presumed that the impact estimate for the earlier cohorts would be zero because the program was not yet available. Non-zero estimated impacts on outcomes for any of the early cohorts would suggest that impact estimates from the rollout period reflect differences in outcome trends across Phase 1, 2, and/or 3 states in the pre-TTW period. The results of these tests for robustness are discussed below.

D. IMPACTS ON SERVICE ENROLLMENT

The impacts on service enrollment apply to beneficiaries age 19 to 58 in 2002 who had been receiving SSA disability benefits for at least one year. This section presents estimates for the SVRA-only service enrollment measure and the two upper- and lower-bound total service enrollment measures.

1. Estimated TTW Impacts on SVRA-Only Service Enrollment Are Positive, but Small

Our impact findings for the SVRA-only service enrollment measure indicate that TTW had small positive, statistically significant impacts on the number of people served by SVRAs in the year of rollout and that the program had a small impact in the year after rollout. Our estimates for all Ticket-eligible beneficiaries are 0.17 percentage point in the year of TTW rollout and 0.12 percentage point in the year following rollout (Appendix Table D.2). For purposes of comparison, 4.8 percent of all beneficiaries residing in the comparison states used for the rollout year estimates were enrolled for services at SVRAs.

The analysis of the impact of TTW on SVRA-only service enrollment presented in our third evaluation report (Thornton et al. 2007) found no statistically significant impact in the rollout year. The new estimates of the rollout-year impact differ. The reason for the difference is that the new estimates reflect SVRA enrollments not observed in the RSA-911 closure data that were available for the last report. It appears that the absence of those closures in the earlier data obscured a small positive impact. It might also be that the above impact estimate for the post-rollout year would be larger if an additional year of RSA-911 data had been available at the time we produced the estimate.

The impact estimates for SVRA-only enrollment are distinctly different from the estimates obtained by applying the same model to earlier cohorts, suggesting that they reflect real impacts, and are not just artifacts of historical trends. The pseudo rollout year estimates are 0.01 percentage point for the 1999 cohort and -0.04 percentage point for the 1998 cohort. The pseudo post-rollout year estimates are -0.15 percentage point for the 1999 cohort and -0.17 percentage point for the 1998 cohort. Only the latter two values are statistically significant, and they are opposite in sign from the corresponding impact estimates. These findings suggest that the SVRA-only impact estimates for the year after rollout may understate the impact of TTW.

2. Estimates by Age and Program Group Indicate That TTW Had Positive Upper-Bound Impacts on Total Service Enrollment

Detailed upper-bound estimates of total service enrollment show that TTW had statistically significant impacts on total service enrollment (Exhibit XII.4).[9]

Exhibit XII.4. Upper-Bound Impact Estimates on Total Service Enrollment for Ticket-Eligible Beneficiaries Age 19 to 58 in the Year of Ticket Mailing, by Age and Program Group

	Percentage Points			
Total Service Enrollment	Net Impact ($\lambda 1$)	Mean Outcome for Comparison Group in 2002	Mean Outcome for Treatment Group in Year of Ticket Mailing in 2002	Percentage Difference
SSDI-only 19-39	0.6*	8.4	9.0	7.7
SSDI-only 40-49	0.5*	4.5	4.9	10.4
SSDI-only 50-58	0.3*	2.0	2.3	13.3
SSI-only 19-39	0.5*	8.2	8.7	6.7
SSI-only 40-49	0.5*	3.2	3.7	14.7
SSI-only 50-58	0.2*	1.5	1.8	15.4
Concurrent 19-39	0.6*	10.5	11.1	5.5
Concurrent 40-49	0.5*	5.5	6.0	9.3
Concurrent 50-58	0.3*	2.9	3.2	9.5
Total	**0.4***	**4.8**	**5.2**	**8.7**

Source: Tabulations of econometric estimates based on linked TRF and RSA-911 longitudinal data files.

Notes: The net-impact estimates ($\lambda 1$) are regression coefficients from separate econometric analyses for each age-program group. Sample sizes for this exhibit appear in Appendix Table D.1. The mean outcomes for the comparison groups are service enrollment rates based on the RSA-only measure for the year of Ticket mailing (2002), and the mean outcomes for treatment groups are the RSA-only measure plus the net-impact estimate. The net impact estimate is the difference between the two means apart from rounding. The percentage impact is the impact estimate divided by the mean comparison group outcome. The samples for the age-program groups range in size from 193,000 to 1.3 million.

* Impact estimate statistically significant at the .01 level.

[9] The comparison means presented in the exhibit represent only SVRA service use. It is possible that the means understate service enrollment because the RSA data files include service enrollment only for cases that were closed, accounting for the last year for which we had data at the time of the analysis. The difference in means for treatment and comparison beneficiaries is the impact estimate. In some cases, rounding created small differences between the impact estimate and the difference in means.

The impacts of TTW on total service enrollment are positive in all age-program groups and generally larger among younger beneficiaries. The impact estimates for beneficiaries age 19 to 39 imply an absolute increase of 0.5 percentage point (SSI recipients) to 0.6 percentage point (DI-only and concurrent beneficiaries) in enrollment in SVRA and/or EN services during the year of Ticket mailing. In contrast, the estimated impacts for the two older groups of beneficiaries are smaller, ranging from 0.2 percentage point (concurrent beneficiaries age 50 to 58) to 0.5 percentage point (SSI-only recipients, SSDI beneficiaries, and concurrent beneficiaries age 40 to 49). The larger impacts among younger beneficiaries are consistent with both the higher TTW participation rates for this population and the larger SVRA participation rates for the comparison group (third column of Exhibit XII.4). In general, there are no large differences in impacts on service enrollment across program categories within each age group.

The magnitude of the impacts ranges from 0.2 to 0.6 percentage points, indicating a small increase in overall service enrollment in each of the age-program groups. The largest point estimate is for DI-only beneficiaries age 19 to 39, and the smallest is for SSI recipients age 50 to 58. The largest impact relative to the 2002 service enrollment value is a 15.4 percent change for SSI recipients age 50 to 58 (from 3.2 to 3.7 percent).

The impacts in the year following Ticket mailing in Phase 1 states (2003) grew among all age-program subgroups and follow a pattern that is similar to the impacts during the year of Ticket mailing (Exhibit XII.5). The impact estimates are largest for DI-only beneficiaries age 19 to 39 in 2002 (1.4 percentage points) and smallest for SSI-only recipients age 50 to 58 in 2002 (0.3 percentage point). The largest impact relative to the 2003 service enrollment value is a 27 percent change for SSI-only recipients age 40 to 49 (from 2.6 to 3.3 percent).

Exhibit XII.6 summarizes our estimates of the upper bound total service enrollment impacts of TTW on individual Ticket-eligible beneficiaries. It shows the implications of those estimates for TTW-eligible states and for the full caseload. The first row presents impacts during the year of Ticket mailing. We estimated a 0.4 percentage-point increase in service enrollment (from 4.8 to 5.2 percent) in Phase 1 and 2 states, which translates to an increase in service enrollment of 11,900 beneficiaries in Phase 1 and 2 states during the first rollout year. Based on this estimate, the projected impact translates to an increase in the upper-bound impact on service enrollment of 20,000 beneficiaries across all three phases in their respective rollout years.

The second row in Exhibit XII.6 shows that the estimated net-impact is a 0.7 percentage point increase in service enrollment in Phase 1 states in the year following Ticket mailing, representing an 19.1 percent increase in service enrollment in 2003 (3.8 to 4.5 percent). The estimates translate to a projected increase in service enrollment in Phase 1 states of 10,000 beneficiaries. Assuming that a similar impact will occur in Phase 2 and 3 states, the projected impact among all beneficiaries is an increase in service enrollment of 36,100 beneficiaries. This projection would be higher if another year of RSA-911 data were available for the analysis, as the additional data would increase estimated enrollment in the comparison states for the year after rollout.

Exhibit XII.5. Upper-Bound Impact Estimates on Total Service Enrollment in Year Following Ticket Mailing (2003) for Ticket-Eligible Beneficiaries Age 19 to 58 in 2002, by Age and Program Group

	Percentage Points			
Total Service Enrollment	Net Impact ($\lambda 2$)	Mean Outcome for Comparison Group in 2003	Mean Outcome for Treatment Group in Year after Ticket Mailing	Percentage Change
SSDI-only 19-39	1.4*	6.7	8.2	21.3
SSDI-only 40-49	0.8*	3.6	4.3	21.4
SSDI-only 50-58	0.4*	1.5	1.9	26.1
SSI-only 19-39	1.1*	6.5	7.6	17.2
SSI-only 40-49	0.7*	2.6	3.3	27.3
SSI-only 50-58	0.3*	1.2	1.5	26.5
Concurrent 19-39	1.3*	8.6	9.9	14.8
Concurrent 40-49	0.7*	4.4	5.1	15.2
Concurrent 50-58	0.3*	2.2	2.5	14.3
Total	**0.7***	**3.8**	**4.5**	19.1

Source: Tabulations of econometric estimates based on linked TRF and RSA-911 longitudinal data files.

Notes: The net-impact estimates ($\lambda 1$) are regression coefficients from separate econometric analyses for each age-program group. Sample sizes for this exhibit appear in Appendix Table D.1. The mean outcomes for the comparison groups are service enrollment rates based on the RSA-only measure for the year of Ticket mailing (2002), and the mean outcomes for treatment groups are the RSA-only measure plus the net-impact estimate. The net impact estimate is the difference between the two means apart from rounding. The percentage impact is the impact estimate divided by the mean comparison group outcome. The sample sizes for the age-program groups range from 193,000 to 1.3 million. The smaller service enrollment outcomes in 2003 relative to 2002 may be partly due to the fact that enrollment data are not recorded in the RSA-911 data file until a case is closed, and some cases may take more than two years to close.

* Impact estimate statistically significant at the .01 level.

Exhibit XII.6. Summary of Upper Bound Total Service Enrollment Impact Estimates for Ticket-Eligible Beneficiaries Age 19 to 58 in 2002 and Implications for the Full Caseload of Beneficiaries Age 19 to 58 in 2002

Total Service Enrollment	Impact	Mean Outcome for Comparison Group	Mean Outcome for Treatment Group after Ticket Mailing	Percentage Impact	Projected Increase in Number of Beneficiaries Age 19-58 in Service Enrollment	
	Percentage Points				States with TTW	All States
Year Ticket was mailed (Phase 1 and 2 states)	0.42	4.8	5.2	8.4	11,900	20,000
Year after Ticket was mailed (Phase 1 states only)	0.73	3.8	4.5	19.1	10,100	35,100

Source: Results based on impact estimates in Exhibit XII.4.

Notes: The impact (column 1) is the weighted average of all age-program group impacts. Results for enrollment in services pertain to the year in which Tickets were mailed. The weight for an age-program group is its proportion of the nationwide caseload of ongoing beneficiaries with disabilities age 19 to 58 in 2002. The mean outcome value for the comparison group (column 2) is the weighted average over all age-program groups of the RSA-only service use measure. The mean outcome value for the treatment group (column 3) is the weighted average over all age-program groups of the regression-adjusted mean of each outcome. The percentage impact (column 4) is the impact (column 1) divided by the mean of the comparison group (column 2). The projection for the Phase 1 states only (column 5) is the weighted average individual-level impact (column 1) multiplied by the beneficiary population in those states (1.44 million beneficiaries). The projection for the national caseload (column 6) is the weighted average individual-level estimates (column 1) multiplied by the 5 million beneficiaries with disabilities.

Most of the projected upper bound impact represents increased enrollment at SVRAs, because the percentage point impacts on enrollment at other ENs in each year are just a fraction of the corresponding upper bound impact. As there are no enrollments at other ENs in the absence of TTW, the impact on enrollment at other ENs in a year is measured by the number of enrollments at other ENs. Findings from the participation analysis (see Chapter III) indicate that just 0.068 percent of Phase 1 TTW-eligible beneficiaries had Tickets in use at non-SVRA ENs by the end of 2002, and just 0.073 by December 2003. These values are equal to just 16 and 10 percent of the upper bound point estimates for the rollout year and post-rollout year, respectively. They imply that the projected national upper bound impact for the post-rollout year includes 32,000 enrollments at SVRAs and 3,100 enrollments at other ENs.

The impact for measured total enrollment might be less in the Phase 2 and 3 states than in the Phase 1 states. Evidence presented in Chapter III indicates that the Phase 1 SVRAs

were more aggressive in their efforts to obtain Ticket assignments from beneficiary enrollees than SVRAs in the Phase 2 and 3 states. That does not imply, however, that the impact on *actual* total enrollment would be less; presumably SVRA efforts to obtain assignments from enrollees had little direct impact on the number of enrollees, if any. Early on, measured total enrollment is less than actual total enrollment, but as time passes and closures occur, measured total enrollment catches up with actual total enrollment as more closure data become available. If the difference between measured and actual enrollment is initially larger in Phase 2 and 3 states than in Phase 1 states, the impact on measured enrollment will initially be lower in these states, but will eventually catch up.

The results for the age groups are consistent with expectations. The larger impacts are generally concentrated among younger beneficiaries in all program groups, and the smaller impacts are for older beneficiaries. The magnitude of the impacts (less than one percentage point) is consistent with the 1.1 percent participation rate as of March 2004 in Phase 1 states.

3. Sensitivity Analysis

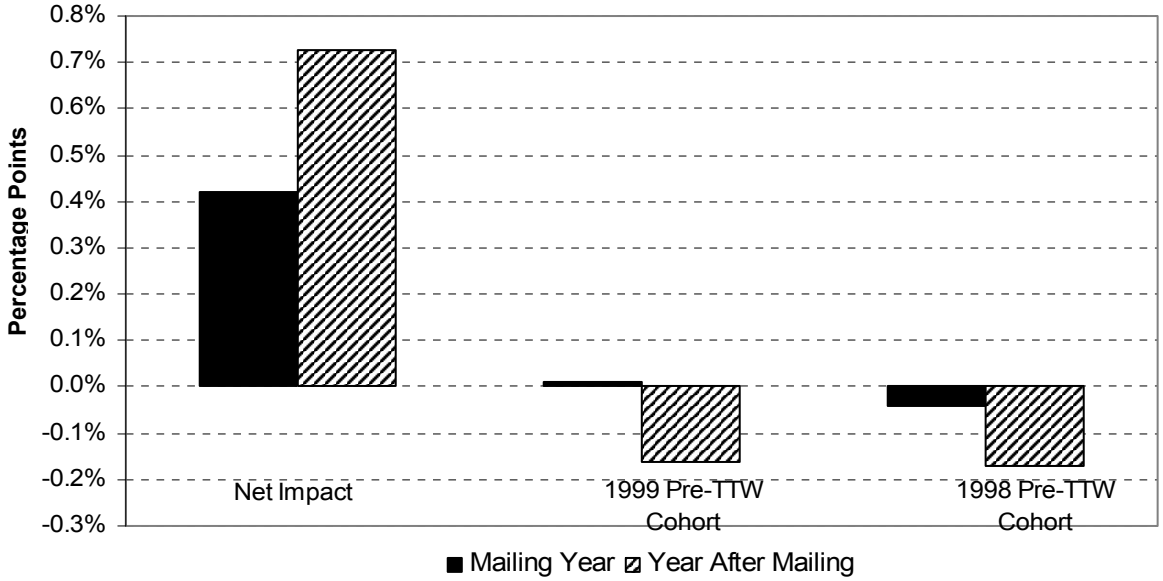
Our confidence in the estimates of total service enrollment is further bolstered by the results of applying our model to earlier cohorts: our impact findings are distinctly different from observed differences in pre-TTW cohorts. As shown in Exhibit XII.7, the results indicate that, before the TTW rollout, the 1998 and 1999 cohorts living in the treatment group states experienced service enrollment trends that were similar to those in these cohorts who resided in other states. The pseudo impact estimates for each of these two cohorts is much less than 0.05 percentage point in absolute value in the rollout year (psuedo-TTW mailing year). In the second year (pseudo-TTW year after rollout), both estimates are negative, but less than 0.2 percentage point in absolute value. The pseudo impact estimates for each age-program subgroup were also small or statistically insignificant (see Appendix D). These results stand in contrast to the results for the net impact estimates based on the 2001 cohort. Hence, the sensitivity tests indicate that trends in service enrollment changed appreciably across states only after rollout, thereby affirming our above impact estimates.

4. Lower-Bound Estimates

We generated a lower-bound estimate of TTW's impact on total service enrollment by excluding cases of Tickets assigned to SVRAs that were not observed in the RSA-911 data. As discussed earlier, exclusion of these cases addresses a possible bias created by the change in the service enrollment measure from the pre-rollout to post-rollout period.

The lower bound estimates are obtained by adding the impact estimates for SVRA-only enrollment to the percentage of Ticket-eligible beneficiaries with in-use Tickets assigned to non-SVRA ENs in the relevant year. Findings from the participation analysis (see Chapter III) indicate that just 0.068 percent of Phase 1 TTW-eligible beneficiaries had Tickets in use at non-SVRA ENs by the end of 2002, and just 0.073 by December 2003. Adding these figures to the corresponding estimates for impacts on SVRA-only enrollments yields lower-bound estimates of 0.24 percentage points in the rollout year and 0.19 percentage point in the following year.

Exhibit XII.7. Impact Estimator for Upper Bound Service Enrollment Applied to Three Beneficiary Cohorts



Source: Tabulations of econometric estimates based on linked TRF and RSA-911 longitudinal data files.

Notes: The 2001 cohort is the one used for the impact estimates, and the results shown for that cohort are the impact estimates. Results for the two earlier cohorts apply the same specification to data from the period immediately before TTW, as if the program were rolled out in those years. Hence, we would expect the impact estimates for these cohorts to be zero. Coefficient estimates and sample sizes for the age-program groups exhibit appear in Appendix D, Table D.1.

Exhibit XII.8 summarizes our lower-bound estimates of the impacts of TTW on total service enrollment. In both years, the lower-bound impact estimates represent a 5.0 percent increase in overall service enrollment. These estimates translate to an increase in service enrollment of 7,100 beneficiaries in Phase 1 and 2 states during their respective rollout years. This translates to a projected increase in service enrollment of almost 12,000 beneficiaries across all three phases in their respective rollout years, or 60 percent of the upper bound projection. In the year following rollout, the projected impact for all states is smaller, about 9,100 or 26 percent of the upper bound projection. As the projected impact on enrollment at non-SVRA ENs is 3,100 in the post-rollout year (as derived in the previous section), the lower-bound projection of 9,100 includes an estimated 6,000 enrollments at SVRAs.

Exhibit XII.8. Summary of Lower-Bound Impact Estimates on Total Service Enrollment for Ticket-Eligible Beneficiaries Age 19 to 58 in 2002 Based on Alternative Service Enrollment Measures, and Implications for the Full Caseload of Beneficiaries Age 19 to 59 in 2002

Service Enrollment	Impact	Mean Outcome for Comparison Group	Mean Outcome for Treatment Group After Ticket Mailing	Percentage Impact	Projected Increase in Number of Beneficiaries Age 18-57 Enrolled in Services	
	Percentage Points				TTW- Eligible States	All States
Year of Ticket mailing (Phase 1 and 2 states)	0.24	4.8	5.0	5.0	7,200	12,000
Year After Ticket mailing (Phase 1 states)	0.19	3.8	4.1	5.0	2,600	9,100

Source: Results based on calculated impacts using alternative service enrollment estimates and assumptions for use of private rehabilitation services described in Section B.3.

Notes: The impact (column 1) is the weighted average of all age-program group impacts. Results for enrollment in services pertain to the year in which Tickets were mailed. The weight for an age-program group is its proportion of the nationwide caseload of ongoing beneficiaries with disabilities age 19 to 58 in 2002. The mean outcome value for the comparison group (column 2) is the weighted average over all age-program groups of the regression-adjusted mean of each outcome. The mean outcome value for the treatment group (column 3) is the weighted average over all age-program groups of the regression-adjusted mean of each outcome. The percentage impact (column 4) is the impact (column 1) divided by the mean of the comparison group (column 2). The projection for TTW states only (column 5) is the weighted average individual-level impact (column 1) multiplied by the beneficiary population in those states. The projection for the national caseload (column 6) is the weighted average individual-level estimates (column 1) multiplied by the 5 million beneficiaries with disabilities.

E. SUBGROUP ANALYSES

The TTW evaluation design report described the potential for using the design of TTW's phased rollout to estimate TTW impacts at the state level, through the use of specific Phase 3 comparison states matched to specific Phase 1 states (Stapleton and Livermore 2002). The rationale for this approach is that cross-state comparisons for well-matched pairs of Phase 1 and Phase 3 states would be less likely than comparisons for all Phase 1 and Phase 3 states to be confounded by differences in the economic and policy environments. SSA identified 12 characteristics that were assumed to be related to the use of TTW services

and used these characteristics in its selection of states for each phase of the TTW rollout.[10] The process resulted in 10 pairs of Phase 1 states matched to Phase 3 states according to the degree of similarity along the 12 characteristics.

We applied our econometric model for estimation to each pair of states, as well as to the two groups of states combined. Results based on the combined state groups appear in Exhibit XII.9. The estimated impacts on total service enrollment are larger than the estimates based on analysis of data for all states and phases: 0.6 percentage points in the year of Ticket mailing (versus 0.4 in the full analysis) and 1.1 percentage points in following year (versus 0.7 in the full analysis). The results from the pre-TTW program tests indicate that estimates do not reflect historical variation, again consistent with our findings from the full analysis.

In general, net-impact estimates on annual earnings and annual benefits paid are small and, for some of the age-program subgroups, not statistically significant.[11] Across all age-program groups, the estimates for both earnings and benefits paid are negative and significant in both years. As impacts on earnings are expected to be positive, and negative impacts on benefits logically follow only from positive impacts on earnings, the interpretation of these estimates as impacts is problematic. Significant coefficients from the analysis of the pre-TTW period for the 1998 cohort (right-hand side of Exhibit XII.9) suggest that the impact estimates for the matched states are reflective of other factors for which the matching of these states has not adequately controlled.[12] These findings are similar to those based on all states as presented in the third TTW report (Thornton et al. 2007).

We also produced impact estimates for each pair of matched states. Even though we have not found evidence of positive earnings impacts or negative benefit impacts from comparisons between the two groups of states, combined, individual pairs are interesting for a variety of reasons. To illustrate those findings here, we focus on results for beneficiaries in the youngest of the three age groups (ages 19 to 39) in the year after mailing. We choose the youngest group because it is apparent from the aggregate estimates presented previously, as well as from the detailed state estimates, that enrollment impacts for the youngest age group are consistently much stronger than for any other age group. Hence, earnings and benefit impacts are likely easiest to detect for this age group. We focus on the year after Ticket mailing because we would expect any impacts on earnings and benefits to be larger in that year than the Ticket mailing year. In general, the detailed results for other age-year groups are qualitatively similar, but quantitatively smaller–especially for the oldest age group. To

[10] SSA identified states for the first phase of TTW rollout and then selected a corresponding Phase 3 state for each Phase 1 state based on the 12 characteristics. SSA selected these characteristics because they were expected to be good predictors of TTW use.

[11] Appendix Table D.3 presents all of the age-program estimates for the matched-state analyses.

[12] The benefits-paid measure is not limited to changes in benefits due to work. Benefit payments may change for other reasons; for example, SSI payments may be reduced due to unearned income from other sources.

support the interpretation of the estimates, which are based on the 2001 beneficiary cohort, we also present estimates for the two pre-Ticket cohorts, 1998 and 1999.

Exhibit XII.9. Summary of Impact Estimates and 1998 Pre-Program Tests Using 10 Phase 3 States Matched to 10 Phase 1 States

	2001 Impact Estimates for TTW-Eligibles Age 19 to 58 in 2002		Pre-Program Test Using 1998 Pre-Program Estimates for Pseudo-TTW eligibles Age 19 to 58 in 1999	
Outcome Measure	Mailing Year (λ1)	Year Following Mailing (λ2)	Pseudo-TTW Mailing Year (λ1)	Pseudo-W Year Following Mailing (λ2)
Total service enrollment	0.6*	1.1*	-0.1*	-0.2*
Earnings	-$16.06*	-$19.44*	$19.00*	$16.87*
Benefits paid	-$37.72*	-$54.63*	-$16.67*	-$8.18*

Source: Tabulations of econometric estimates based on linked TRF and RSA-911 longitudinal data files.

Notes: The net-impact estimates (λ1 and λ2) are regression coefficients from separate econometric analyses for each age-program group. Full sets of coefficient estimates and sample sizes for this exhibit appear in Appendix D, Table D.3.

* Impact estimate statistically significant at the .01 level.

As with the aggregate estimates, there is considerable evidence of impacts on total service enrollment from estimates for individual state pairs, but it is also apparent that the impact is not uniform across states. For the youngest age group, the point estimates for the year after Ticket mailing for all Title groups are positive in seven of the ten state pairs (Exhibit XII.10). A large majority of the positive estimates are statistically significant, whereas only one of the negative estimates is for DI-only beneficiaries in Delaware (see Appendix Table D.4A). Further, the estimates based on the 2001 cohort are large in magnitude, and more consistently positive, than those based on the earlier cohorts. The estimate for DI-only beneficiaries in Delaware is again an exception; the estimate for the 1998 cohort is negative and even larger in magnitude than the estimate for the 2001 cohort, suggesting that the 2001 cohort estimate reflects something other than introduction of TTW.

The total enrollment impact estimates for Wisconsin and Oregon are particularly large. When aggregated over all age and Title groups, the Wisconsin estimate for the year after mailing is 3.8 percentage points. This estimate is surprisingly large given that Ticket enrollment in Wisconsin at the end of the same year was only 2.7 percent (Chapter III and Appendix C). Of course, it is possible that activities associated with the Ticket rollout in Wisconsin increased beneficiary SVRA enrollment without Ticket assignments, but the magnitude of the point estimate relative to the Ticket participation rate makes us hesitant to interpret the estimate as solely reflecting the impact of TTW. We are similarly reluctant to interpret the Oregon estimates as reflecting the impact of TTW alone, as Oregon's participation rate at the end of the same year was only 0.6 percent. Further, for concurrent

beneficiaries in the 1998 Oregon cohort, the impact estimate is even larger than the estimate for the 2001 cohort.

High TTW participation rates are not necessarily indicative of a large impact of TTW on service enrollment. The total enrollment impact estimates for the two states with the largest TTW participation rates in the year after Ticket mailing, Vermont (5.6 percent) and Delaware (2.8 percent), are generally insignificant and sometimes negative. Although there might have been an effect in these states, our methodology is not able to detect the effect when we use Maine and Rhode Island, respectively, as the comparison states.

In summary, the detailed findings do suggest that TTW had a substantial impact on total service enrollment in many, but not all, states by the year after Ticket mailing. They also show that the Ticket participation rate in a state is not a reliable indicator of the impact of TTW on service enrollment. Detailed results for SVRA-only service enrollment are quite similar, but somewhat smaller in magnitude, as to be expected.[13]

The earnings impact estimates for individual state pairs provide no consistent evidence of an impact. For the youngest age group in the year after Ticket mailing, the estimates are as likely to be negative as they are positive, including those that are statistically significant (Exhibit XII.11 and Appendix Table D.4B). Only one state, Oregon, has positive estimates for all three Title groups, but only the estimate for the SSI-only group is statistically significant. It is also apparent from the estimates for earlier cohorts that other important factors are captured in the impact estimates. The variability in the earlier cohort estimates casts considerable doubt on the interpretation of the estimates from the 2001 cohort. At the same time, however, for both of the states with the largest estimated impacts on total enrollments, they suggest that the impact estimates for earnings understate the true impact. For Wisconsin, the impact estimates for the earlier cohorts are generally more negative than the estimates for the 2001 cohort, suggesting that the introduction of TTW reduced the extent to which the earnings of beneficiaries in Wisconsin were falling behind those of beneficiaries in Minnesota. For Oregon, several of the coefficients for earlier cohorts are also negative, making the uniform positive coefficients for the 2001 cohort all the more distinctive.

The benefit impact estimates for individual state pairs similarly provide no consistent evidence of an impact (Exhibit XII.12). For the youngest age group in the year after Ticket mailing, only four of the point estimates are statistically significant, and all of those are positive, opposite our expectation (Appendix Table D.4B). It is also apparent from the estimates for earlier cohorts that factors other than Ticket have a substantial influence on these estimates.

Overall, the individual state estimates reinforce the conclusion that TTW has had a positive impact on service enrollment, but no measurable impact on earnings or benefits. They also show that impacts on service enrollment vary substantially across states, and that

[13] Detailed results for SVRA-only enrollment and for all ages appear in a memorandum to SSA.

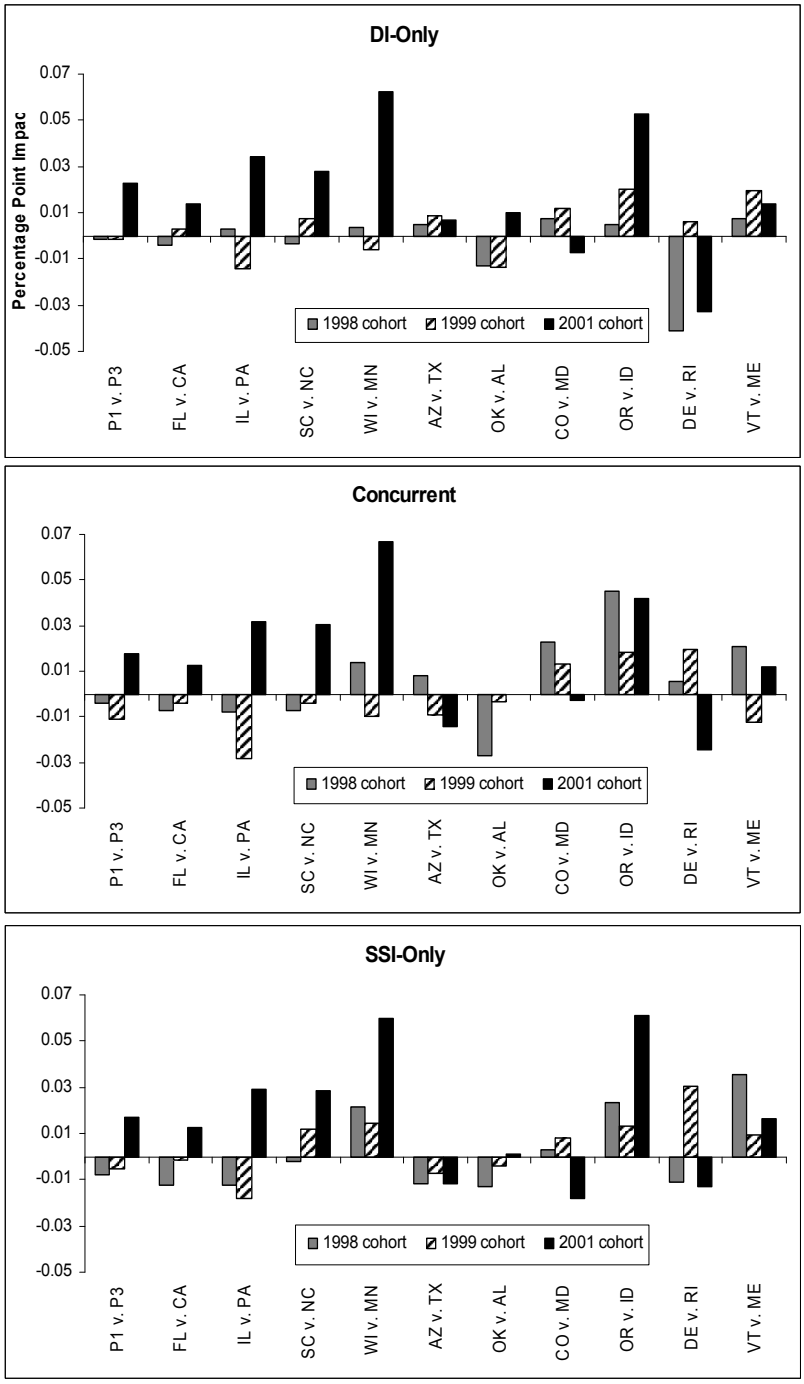
variation in participation rates across states is not closely related to variation in enrollment impacts. The evidence from the states with the largest estimates for impacts on service enrollment, Wisconsin and Oregon, are consistent with positive impacts on earnings, but must be considered as weak evidence because of the considerable variation in the earnings estimates across states and cohorts. We find no evidence of negative benefit impacts, even in these two states.

F. CONCLUSIONS

The opportunities for generating additional, longer-term impact estimates or estimates on additional outcomes are limited because TTW was rolled out across the nation sequentially as opposed to being implemented all at once. Extending our estimation methods would therefore mean making untestable assumptions about variation in the size of impacts across phases 1, 2, and 3 (for example, impacts in each year after rollout are constant across the three phases). It will also continue to be difficult to distinguish between true impacts and historical differences in trends across the three phases. Finally, as described in detail in Appendix D, the potential for alternative methods for estimating impacts as originally outlined in Stapleton and Livermore (2002), including historical cohort and propensity score matching methods, are not likely to produce results that SSA and Congress can have confidence in, given what we now know.

To obtain additional information on TTW outcomes, we plan to track service enrollment, earnings, TTW payments, and benefits at the national and state level. We will do the same for other outcomes that are likely to be sensitive to TTW, such as the number of beneficiaries who leave the rolls because of work and participation in SSA work incentive programs, including the SSI Section 1619 program, the SSDI TWP, and the SSDI EPE. Trends in these outcomes will provide descriptive information that policymakers can use to assess the extent to which TTW and many other initiatives are performing as intended. Of particular interest will be the question of whether there has been an increase in the percentage of beneficiaries who leave the rolls because of work that approaches the half percentage point increase described in the Ticket Act. Although we cannot distinguish between the impact of TTW and the confounding effects of other factors, the tracking of outcomes can still inform policymakers and other stakeholders about the extent to which outcomes are moving in the desired direction.

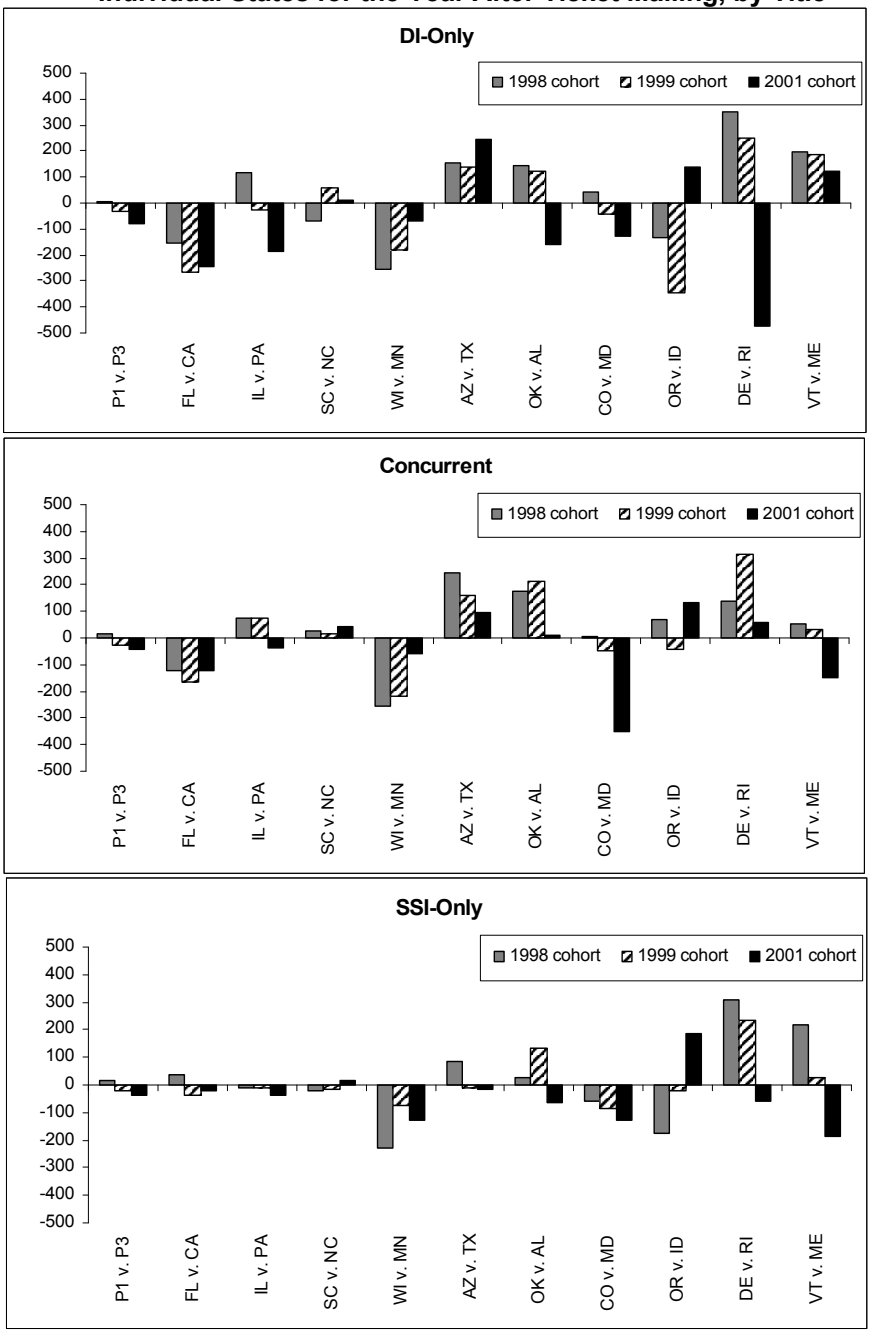
Exhibit XII.10. Total Service Enrollment Impact Estimates in Individual States, Beneficiaries Age 19 to 39, by Title, Year After Ticket Mailing



Source: Econometric estimates based on linked TRF and RSA-911 longitudinal data files.

Notes: Values for the 2001 cohort are net-impact estimates in the year after Ticket mailing for the Phase 1 state (first state in pair), using the Phase 3 state (second state in pair) as the comparison group. Coefficient estimates and sample sizes for this exhibit appear in Appendix D, Table D.4A.

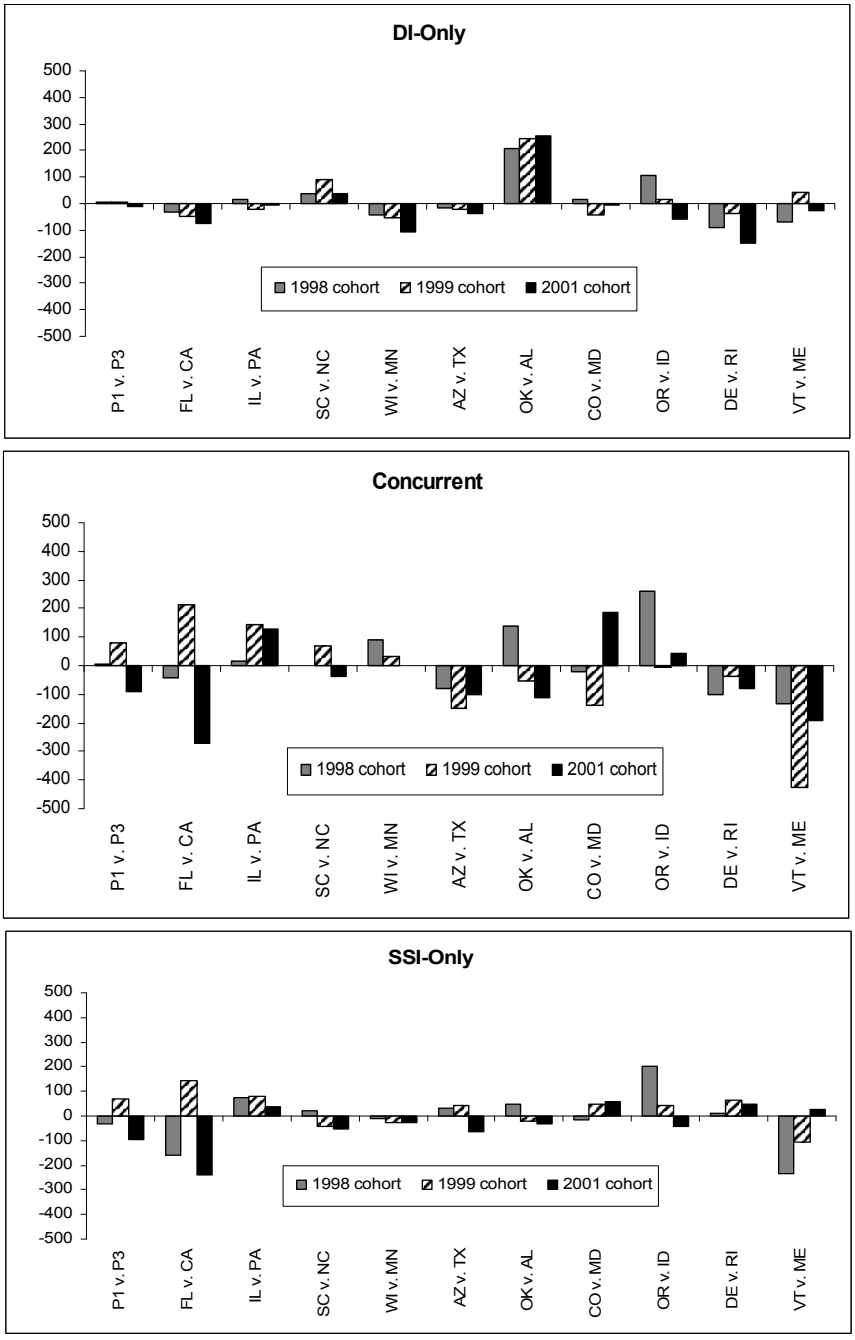
Exhibit XII.11. Mean Annual Earnings Impact Estimates for Beneficiaries Age 19 to 39 in Individual States for the Year After Ticket Mailing, by Title



Source: Econometric estimates based on linked TRF and RSA-911 longitudinal data files.

Notes: Values for the 2001 cohort are net-impact estimates in the year after Ticket mailing for the Phase 1 state (first state in pair), using the Phase 3 state (second state in pair) as the comparison group. Coefficient estimates and sample sizes for this exhibit appear in Appendix D, Table D.4B.

Exhibit XII.12. Mean Annual Benefit Impact Estimates for Beneficiaries Age 19 to 39 in Individual States for the Year After Ticket Mailing, by Title



Source: Econometric estimates based on linked TRF and RSA-911 longitudinal data files.

Notes: Values for the 2001 cohort are net-impact estimates in the year after Ticket mailing for the Phase 1 state (first state in pair), using the Phase 3 state (second state in pair) as the comparison group. Coefficient estimates and sample sizes for this exhibit appear in Appendix D, Table D.4B.

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CHAPTER XIII

OUTCOME PAYMENTS AND MONTHS OFF THE ROLLS BECAUSE OF WORK

This chapter presents findings from the analysis of two monthly indicators for whether TTW participants left the rolls because of work. The first indicator is outcome payments, which apply to participants who assigned their Ticket under the new payment systems only. Under both new systems, outcome payments are made only when a participant receives no SSDI or SSI payment as a consequence of earnings; in essence, the participant has exited the rolls, at least temporarily, and is on the path to formal exit because of work. Hence, if outcome payments are made in all months in which such participants are off the rolls because of work, the payments provide a good measure of whether participants have left the rolls because of work.

The second indicator—"left due to work (LDW)"—is based on administrative information that indicates whether benefits have been suspended or terminated because of work. MPR and SSA worked together to develop the LDW variable, which is based on a complex set of data available from SSA administrative records. It can measure months off the rolls because of work for participants under all three payment systems, as well as for non-participants. We used the LDW data to assess the extent to which Phase 1 participants were off the rolls because of work in each of the first three years of TTW.

Of the participants under the new payment system whom we have observed the longest (those who assigned their Tickets in the first half of 2002), only 16.8 percent had generated at least one outcome payment by September 2006. Those who assigned their Ticket under the outcome-only system were less likely to generate at least one payment than were those who assigned their Ticket under the milestones-outcome system. However, 91 percent of those generating payments under the outcome-only system generated at least 12 payments by September 2006, compared to just 38 percent of those generating payments under the milestones-outcomes system.

The payment amounts generated by SSDI beneficiaries who generate payments under the outcome-only system have been substantial, and they are growing. For the first cohort, about 75 percent of these participants generated payments of $5,000 or more, and about 25 percent generated payments of $10,000 or more. However, these participants represent a mere 1.3 percent of those who assigned their Ticket in the first half of 2002.

Surprisingly, outcome payments were not made in a significant share of months (24 percent) for which the LDW variable indicates that participants under the new payment system were off the rolls because of work. In a small fraction of these cases, a milestone payment was made instead. It appears to us that much of the remaining discrepancy reflects deficiencies in the LDW indicator, rather than failure of providers to receive payments they would be entitled to if earnings had been documented and payment claims filed. We also found that the LDW indicator does not show that a participant is off the rolls because of work in a significant fraction of months (22 percent) in which participants received outcome payments. It also seems likely that this finding reflects deficiencies of the LDW indicator; SSA uses a rigorous process to document earnings and determine that a beneficiary is not eligible for a benefit payment before making, so it would be surprising if such a large share of outcome payments were made in error.

We analyze the LDW indicator despite its deficiencies because it is the best indicator currently available in the TRF to determine if participants under the traditional payment system are off the rolls because of work. We also use the comparison of the LDW indicator to outcome payments for Tickets assigned under the new payment systems to assess the accuracy of the LDW statistics for Tickets assigned under the traditional payment system.

The Ticket Act cites the substantial projected savings to the government of just a half percentage point increase in permanent exits from the rolls because of work. The findings from the analysis of the outcome payment and LDW data imply that impacts through the end of 2004 were, at most, just a fraction of that half percentage point mark, even if we make the most optimistic assumption about what the LDW statistics imply for the number of months off the rolls because of work. Furthermore, we have to conclude that the program's impact on participant exits will not reach the half percentage point soon unless three things happen: participation increases to well above the level reached in Phase 1 states by the end of 2005, participants' earnings increase substantially, and/or TTW somehow induces a large number of exits among non-participants.

Several important methodological issues related to the analysis of payment data are discussed in Section A, including a comparison of outcome payment and LDW statistics. Section B presents outcome payment and LDW statistics on Tickets assigned in the first three years of TTW. The Tickets under the new payment systems had been assigned long enough so that by September 2006, we could both estimate how many participants are likely to ever generate payments and start to see how the number of payments is likely to increase with time. For all participants, we can start to see (1) how many will ever leave the rolls for at least one month because of work and (2) how long they will be off the rolls. In Section C, we zoom in on the first three years of TTW and use the statistics to develop upper-bound estimates for TTW's impact on program exits because of work in those years.

A. METHODOLOGICAL ISSUES

1. The Payment Process

The analysis in this chapter exploits the fact that payments under the new payment system are indicative of earnings attained by participants. However, the connection between earnings and payments is tenuous at best. Earnings generate payments only if a provider files a payment claim, and then only after the payment process is completed. Although providers have a strong incentive to file claims for months in which beneficiaries achieve required earnings, earnings might not be reported to the provider quickly, if at all. Even after a provider files a claim with the PM, several months may elapse before the PM and SSA complete the payment process. As reported in Chapter XI, the median payment lag (i.e., the duration from earnings month to payment month) during the study period was seven months for first claims and nine months for later claims. As a result, payments made as of any date can substantially understate the number of months in which participants earned enough to generate payments.

We have no data on the extent to which providers have not filed claims for which they might be eligible. Although providers have indicated that obtaining earnings documentation is problematic, they have not suggested that the failure to obtain earnings data has prevented them from filing enough claims. Our working assumption is that the number of payments will be a reasonably accurate reflection of the number of months in which participants earned enough to generate payments once enough time has passed for those payments to be made.

Given the substantial payment lag, we limited the analysis to Tickets assigned by December 2004, but we examined payments made through September 2006.[1] Thus, we observed payments made for at least 21 months up to as many as 53 months after assignment (counting the assignment month). Even with the expected lag in payment processing, it seems likely that enough time had passed for us to observe which beneficiaries who assigned their Ticket to an EN (or SVRA acting as an EN) during the first two years will have generated at least one payment.

In addition, we divided the early participants into six assignment cohorts, according to the six-month period in which they assigned their Ticket (Exhibit XIII.1). By comparing payment statistics from the first cohort to each of the later cohorts, we are able to assess the extent to which payment statistics change with time as well as the extent to which the experiences of the later cohorts are similar to those of the first cohort. The number of beneficiaries in each cohort and their state of residence reflect the TTW rollout schedule. We also classified participants by payment system and "payment title" (i.e., SSDI or SSI). The

[1] The bulk of payments appear in the administrative files shortly after the payments are made, but a few do not. For instance, the September 2006 extract used here includes data for 32 payments made in 2004 that were not in a February 2005 extract. That number represents just 1.1 percent of all payments made in 2004 (based on the September 2006 extract).

latter is of interest because payments for SSDI beneficiaries are higher than payments for SSI-only beneficiaries. Participants who receive both SSDI and SSI (i.e., concurrent beneficiaries) are in the SSDI category for payment purposes.

Exhibit XIII.1. Number of Participants Under the New Payment Systems, by Assignment Cohort, Payment System, and Payment Title

		Number of Participants						
			Payment System and Payment Title					
			Milestone-Outcome			Outcome-Only		
Cohort	Month of First Assignment	Total	Total	DI	SSI	Total	DI	SSI
1	Feb-Jun 2002	1,020	849	581	268	171	135	36
2	July-Dec 2002	1,781	1,505	1,063	442	276	229	47
3	Jan-Jun 2003	2,130	1,650	1,163	487	480	415	65
4	July-Dec 2003	2,616	1,975	1,422	553	641	557	84
5	Jan-June 2004	3,836	3,189	2,256	933	647	531	116
6	July-Dec 2004	3,301	2,709	1,907	802	592	506	86
Total		14,684	11,877	8,392	3,485	2,807	2,373	434
Percent of Total		100.0	80.9	57.2	23.7	19.1	16.2	3.0

Source: Analysis of the 2005 TRF.

Notes: Rows 1 through 4 of this exhibit appear in Thornton et al. (2007), Exhibit XIII.1. Small changes in the numbers reported reflect data revisions.

By December 2004, 14,684 beneficiaries had assigned a Ticket under a new payment system. Most of these Tickets (12,248, or 83.4 percent) were still classified as in-use as of that month. Almost 81 percent of these Tickets were assigned under the milestones-outcome system, and over 73 percent were assigned by SSDI beneficiaries. Only 3 percent of the Tickets were assigned under the outcomes-only system by SSI-only beneficiaries.

The payment analysis in Section B considers all payments made as of September 2006 for Tickets assigned under a new payment system in December 2004 or earlier. Some of these payments were made for earnings months after 2004. Their utility with respect to assessing potential impacts is limited because the payment data for earnings months after 2004 are far from complete. Therefore, to support the analysis of the potential impact of TTW on months off the rolls because of work, we present statistics on payments for earnings months before December 2004 only, for which payment data are essentially complete (see Section C). Furthermore, the latter analysis incorporates payments for Phase 1 participants only, as we focus on the impact of TTW in the Phase 1 states.

2. Traditional Payment System

The payment data analyzed here cover only the Tickets assigned under the two new payment systems. As of December 2004, Tickets in use under these systems represented only 13.7 percent of the 88,972 in-use Tickets. A comparable analysis is not possible for Tickets assigned under the traditional system because of fundamental differences between the traditional and the new systems. For instance, it is possible for providers to file a viable claim under the milestones-outcome and outcome-only systems as soon as they can document that a participant has achieved earnings above SGA even while that participant is still receiving services. However, providers can file a viable claim under the traditional system only after a participant has earned above SGA over a nine-month period, and only after the SVRA has formally closed the case. Hence, our findings on outcome payments pertain only to a minority of Ticket participants, namely, those who assigned their Ticket under one of the new payment systems.

3. The LDW Indicator

It is instructive to compare the LDW indicator to the data on outcome payments for TTW participants. For the new payment systems, we can determine the extent to which beneficiaries are classified as LDW in earnings months that generate outcome payments, as we would expect them to be, and, conversely, the extent to which outcome payments are made for months in which the participant is classified as LDW.

We compared LDW and outcome payment statistics for participants in the first assignment cohort between their first assignment month and December 2004 (Exhibit XIII.2). The unit of analysis is the "beneficiary-month;" i.e., each month for which each participant's Ticket is assigned represents one observation. We stopped the observation period in December 2004 to ensure that essentially all outcome payments based on earnings in all beneficiary-months in the sample already appear in the payment data. The payment data include all payments made through September 2006. We also excluded months in which the LDW code clearly indicated that benefits had been terminated for some reason other than work, primarily attainment of the full retirement age, death, or medical recovery. Months coded as "other" in Exhibit XIII.2 are months in which the LDW indicator is somewhat ambiguous as to whether a participant was off the rolls because of work.

We found that outcome payments were not made in nearly half (936, or 46 percent) of the 2,018 months in which the participant's LDW category is suspended or terminated because of work. We have not had an opportunity to fully investigate the reasons for the large number of other discrepancies. Our preliminary investigation suggests that many reflect deficiencies in the LDW indicator.[2]

[2] We have identified several potential problems with the LDW indicator related to differences between SSI and DI, differences between benefits paid and benefits due, and the updating of administrative records. We are investigating ways to improve the indicator.

Exhibit XIII.2. Comparison of Left Due to Work Indicator and Outcome Payment Statistics for Tickets Assigned Before July 2002, by Payment System

Left Due to Work	Outcome Payment	New Payment Systems		Traditional Payment System		Total	
		Number	Percent	Number	Percent	Number	Percent
All	All	32,615	100	112,038	100	144,653	100
	No	31,182	95.6	112,038	100	143,220	99
	Yes	1,433	4.4	-	0	1,433	1
Yes		2,018	6.2	3,908	3.5	5,926	4.1
	No	936	2.9	3,908	3.5	4,844	3.3
	Yes	1,082	3.3	-	0	1,082	0.7
No		28,276	86.7	101,334	90.4	129,610	89.6
	No	28,239	86.6	101,334	90.4	129,573	89.6
	Yes	37	0.1	-	0	37	0
Other		2,321	7.1	6,796	6.1	9,117	6.3
	No	2,007	6.2	6,796	6.1	8,803	6.1
	Yes	314	1.0	-	0.0	314	0.2

Source: Analysis of data from the 2005 Ticket Research File linked to payment data from the September 2006 Disability Control File extract.

[a]The Left Due to Work category "Yes" indicates that the benefits were suspended or terminated because of earnings, the category "No" indicates the beneficiary was eligible for benefits (i.e., in current pay status), and the category "Other" indicates that benefits were terminated or suspended for an indeterminate reason.

[b]A "Yes" in the outcome payment column for a month means that an outcome payment was made, and a "No" means the opposite.

Conversely, we find that the LDW indicator indicates benefit suspension or termination because of work in a large majority of the 1,433 months for which outcome payments were made (1,082, or 76 percent). In a substantial minority of those months, however, the LDW indicator implies that the beneficiary was not eligible for benefits for a reason that was not determinable (314 months, or 22 percent of the total) or was eligible for payment (37 cases, or 3 percent). Thus, in a very large majority of the months with outcome payments the LDW indicator correctly identifies that benefits are suspended or terminated, but in a substantial minority of cases it fails to attribute suspension or termination to work. We suspect that this difference reflects deficiencies of the LDW indicator in most cases.

Taken together, the LDW and outcome payment statistics suggest an upper bound for the number of months in the sample for which participants under the new payment systems were off the rolls because of work – the number in which they either generated outcome payments, or were counted as suspended or terminated because of work, or both: 2,369.

That is 65 percent higher than the number of outcome payments made and 17 percent higher than the number of months LDW is coded as suspended or terminated because of work. Although we believe that the number of outcome payments is likely the most accurate measure of how many months these participants were off the rolls because of work, we cannot yet rule out the possibility that the true number is as much as 65 percent larger. We use this analysis to support the "most optimistic scenario" analysis presented in the last section of this chapter.

Outcome payments are not made to participants under the traditional payment system, so the LDW indicator is the only way to measure the extent to which these participants were off the rolls because of work. That indicators tells us that participants who assigned their Ticket under the traditional payment system in our sample were off the rolls in 3.5 percent of the sample months, compared to 6.2 percent of the months for participants who assigned their Ticket under the new payments systems.

According to the LDW indicator, participants in the first cohort who assigned their Ticket under the traditional payment system were off the rolls because of work in 3.5 percent of the 112,038 beneficiary months in the sample, compared to 6.2 percent for the participants under the new payment systems. We use the ratio of these two figures, 1.77, to support the analysis in the last section of this chapter.

B. TICKETS ASSIGNED IN THE FIRST THREE YEARS

1. Findings for the First Assignment Cohort

Findings for the first assignment cohort reveal a great deal about the extent to which TTW participants are earning enough to leave the rolls (Exhibit XIII.3). For the 1,020 beneficiaries in this cohort, 16.8 percent generated at least one payment. For those who generated at least one payment, the mean number of payments for Tickets with payments was 13.2, the mean total payment for Tickets with payments was $3,853, and the mean total payment for all Tickets was $646. Although the percent of assignments in this cohort with at least one payment is not likely to increase substantially in the future, the other statistics are likely to rise as additional payments are made. As the last line in the table indicates, there has been a substantial increase in the payments generated by the first assignment cohort since our last report (Thornton et al., 2007), which was based on payments through July 2005. The total value of payments for this cohort has increased 59 percent over 14 months.

Findings for the first assignment cohort also shed light on some other important features of payments. Those who assigned their Ticket under the milestone-outcome system were substantially more likely to generate payments than those who assigned their Ticket under the outcome-only system. A likely explanation for this result is that a beneficiary must earn enough to be ineligible for benefit payments before a payment can be made under the outcome-only system, whereas payments under the milestone-outcome system are normally made even if a beneficiary remains eligible for benefits. We also found that SSDI beneficiaries who assigned their Ticket are more likely than SSI-only beneficiaries to generate payments, perhaps reflecting differences in marketable skills, in the amount a participant

must earn before benefits are reduced to zero, or in provider incentives from one payment system to the next.

Exhibit XIII.3. Payment Statistics for the First Assignment Cohort

Payment Title and System	Number Assigned	Payments by September 2006				
				Tickets with Payments		
		Number with Payments	Percent with Payments	Mean Number of Payments	Mean Total Payment Amount	Mean Total Payments for All Assigned Tickets
All Participants	1,020	171	16.8%	13.2	$3,853	$646
Milestone-outcome	849	149	17.6%	12.0	$3,521	$618
Outcome-only	171	22	12.9%	21.5	$6,103	$785
SSDI	716	131	18.0%	12.6	$4,143	$758
Milestone-outcome	581	118	20.3%	11.7	$3,832	$778
Outcome-only	135	13	9.6%	21.1	$6,969	$671
SSI Only	304	40	13.2%	15.1	$2,901	$382
Milestone-outcome	268	31	11.6%	13.0	$2,335	$270
Outcome-only	36	9	25.0%	22.2	$4,851	$1,213
		Comparison to Statistics through July 2005				
All Participants	1,011	147	14.5	9.7	$2,800	$407
% change	1%	16%	16%	36%	38%	59%

Source: Analysis of the September 2006 DCF data for beneficiaries who assigned their Ticket under the new payment systems between February and June 2002. The "statistics through July 2005" are from Exhibit XIV.2 in Thornton et al. (2007), and reflect assignment and payment statistics through July 2005.

Of all beneficiaries in the first assignment cohort who generated payments, those who assigned their Ticket under the outcome-only system generated more payments and larger payments, on average than those who assigned their Ticket under the milestone-outcome system, holding payment title constant. When Tickets assigned under the outcome-only system are averaged over all participants who assigned Tickets (i.e., including those with zero payments), Tickets assigned under the outcome-only system generated fewer payments than Tickets assigned under the milestone-outcome system; mean payment amounts were about the same. The payment differential could change if outcome-only assignments continue to generate more payments than do milestone-outcome assignments. Indeed, this is likely to be the case because the maximum number of milestone payments is four, and some assignments that have already generated payments under the milestone-outcome system are not likely to generate outcome payments.

Mean payment amounts for SSI-only beneficiaries who generated payments were lower than for SSDI beneficiaries, holding payment type constant. For the first assignment cohort, the percent of SSI-only beneficiaries assigning a Ticket under the outcome-only system that generated at least one payment was 2.5 times higher than the corresponding share for SSDI beneficiaries (25.0 versus 9.6 percent). The finding is surprising because the Section 1619A

program, which automatically applies to SSI beneficiaries, has the effect of increasing the earnings threshold at which benefits for SSI recipients fall to zero to an amount above the threshold for SSDI (i.e., the SGA level) unless the beneficiary has substantial other income. However, the finding does not hold for later assignment cohorts. For instance, for the second cohort (those assigning Tickets from July through December 2002), none of the 49 SSI-only beneficiaries who assigned their Ticket under the outcome-only system generated a payment by September 2006 compared with 5.5 percent of the corresponding 235 SSDI beneficiaries.

The percent of participants generating outcome payments and the distribution of the payments are of interest for two reasons: they tell us something about the extent to which participants under the new payment systems are exiting the rolls for at least one month *and* about the extent to which those who exit remain off the rolls. Only 10.2 percent of participants under the new payment systems generated at least one outcome payment by December 2005, 42 to 47 months after they first assigned their Tickets (top panel of Exhibit XIII.4). Of those who generated at least one outcome payment, however, almost half (48.3 percent) generated a year's worth of outcome payments (i.e., 12 monthly payments, not necessarily for consecutive months), and a significant share (14.4 percent) generated two years' worth of outcome payments. These statistics also show that those generating at least one outcome payment under the outcome-only system typically generated more outcome payments than those with at least one outcome payment under the milestone-outcome system. This is not surprising, given that as many as four milestone payments might be made before an outcome payment is made.

If accurate, the LDW data for the first assignment cohort imply that the outcome payment data substantially understate the extent to which participants under the new payment system left the rolls because of work for at least one month (bottom panel of Exhibit XIII.4). According to the data, 17.3 percent of participants under the new payment system saw their benefits suspended or terminated for at least one month because of work. The LDW data also suggest that those who exited for at least one month because of work have typically spent fewer months off the rolls than suggested by the outcome payment data. This fact is likely related to the as yet unknown reason why many outcome payments have not been reported for a significant share of the months in which the LDW codes indicate that participants were off the rolls because of work.

The LDW data also allow us to compare the experience of participants under the traditional payment system to that of participants under the new payment systems. According to the LDW, a much smaller share of participants under the traditional payment system exited the rolls for at least one month during by December 2005 than did participants under the new payment systems (10.4 versus 17.3 percent). It is also noteworthy that the distribution of months off the rolls for those exiting for at least one month under the traditional payment system is quite similar to the corresponding distribution for under the milestone-outcome system; that is, 41 percent of the former group and 43 percent of the latter group were off the rolls for 12 months or longer. Those exiting for at least one month under outcome-only system were much more likely to have been off the rolls for a long period (e.g., 51 percent were off the rolls for 12 months or longer). We have not yet

examined the extent to which these differences are explained by (1) differences in how long it takes participants to exit the rolls because of work after they have assigned their Ticket or (2) differences in how long participants stay off they rolls after exit. Nor have we examined the extent to which SSDI participants who exit the rolls for at least one month because of work stay off the rolls once their EPE ends.

Exhibit XIII.4. Distributions of Outcome Payments and Months Left Due to Work by December 2005 for the First Assignment Cohort

		New Payment Systems			Traditional Payment System
	All Payment Systems	Total	Milestone-Outcome	Outcome-Only	
Participants	4,532	1,020	849	171	3,512
Months with Outcome Payments					
Percent with one or more	2.3	10.2	9.8	12.3	0.0
> 0	100.0	100.0	100.0	100.0	-
> 3	88.6	88.6	89.2	85.7	-
> 6	75.7	75.7	74.7	81.0	-
> 12	48.3	48.3	44.6	66.7	-
> 18	31.7	31.7	31.3	33.3	-
> 24	14.4	14.4	14.5	14.3	-
> 30	3.0	3.0	3.6	0.0	-
Months Left Due to Work					
Percent with 1 or more	11.9	17.3	16.6	20.5	10.4
> 0	100.0	100.0	100.0	100.0	100.0
> 3	73.3	75.0	73.0	82.9	72.5
> 6	61.3	63.6	61.7	71.4	60.2
> 12	42.2	44.3	42.6	51.4	41.2
> 18	17.8	19.9	21.3	14.3	16.8
> 24	8.9	8.5	9.2	5.7	9.1
> 30	2.6	2.3	2.8	0.0	2.7

Notes: Based on analysis of the September 2006 DCF. Includes months after Ticket assignment through December 2005 only.

2. Later Assignment Cohorts

This section compares the payment experience of later assignment cohorts to that of the first assignment cohort.[3] In making the comparison, we considered the time from

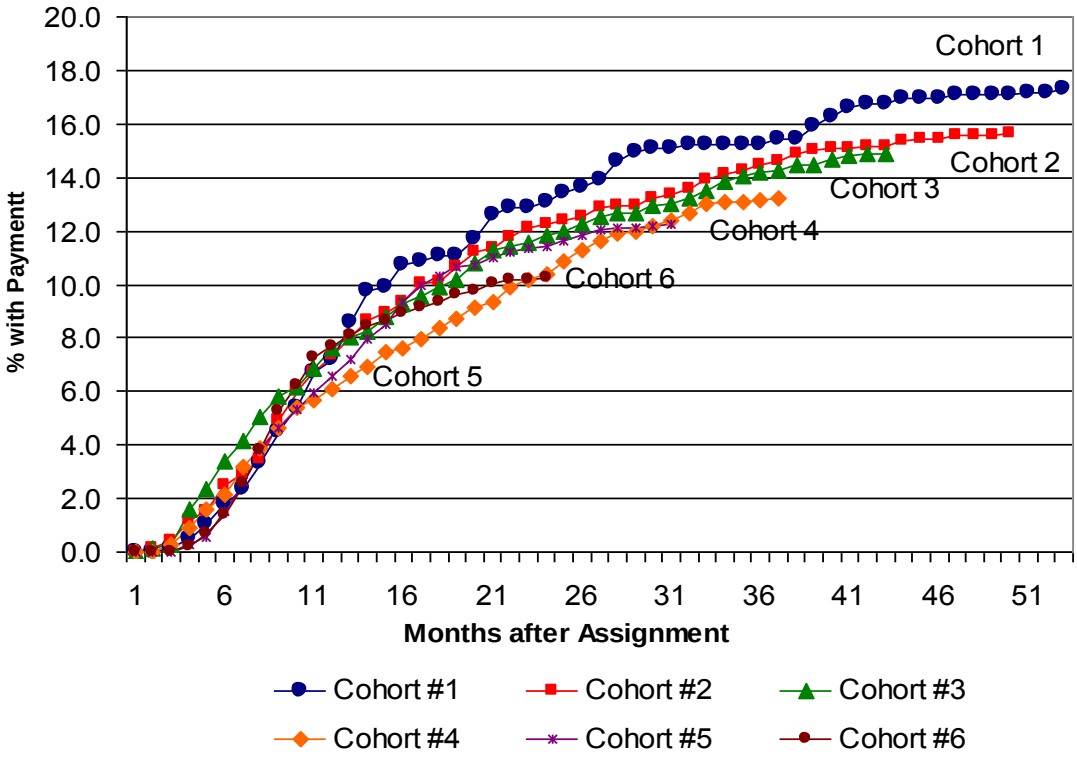
[3] We have not conducted a parallel analysis of the LDW indicator.

assignment month to payment month, so the statistics in this section are for the percent of Tickets generating at least one payment by month since first assignment for each of the four cohorts. We then considered the distribution of payments generated and total amount paid, by cohort.

a. Percent Generating Payments

For beneficiaries in the first assignment cohort under the milestones-outcome system, the percent generating at least one payment rose fairly rapidly over the first 12 months after assignment and then more slowly through the end of the observation period, including one first payment in the 53rd month (Exhibit XIII.5). For beneficiaries in later cohorts, the trend is similar over the first 12 months, but after that, the percent generating at least one payment was much lower for as long as we observed this cohort.

Exhibit XIII.5. Percent Generating First Payment Under the Milestone-Outcome System, by Months Since Assignment and Assignment Cohort



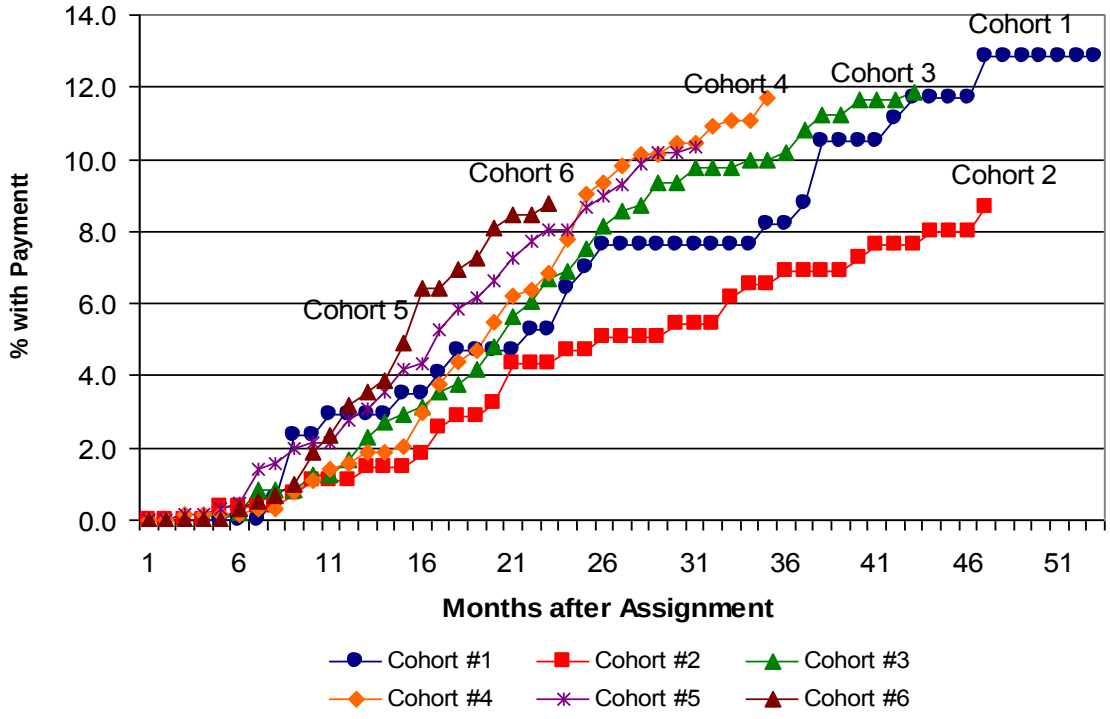
Source: Analysis of the September 2006 DCF data. Based on assignments made by December 2004 and on payments made through September 2006.

That pattern suggests that the share of the later cohorts with at least one payment at 53 months will be a few percentage points below the share observed for the first cohort, which was 17.6 percent. We do not know the reason for this decline, but it is noteworthy that it is not necessarily the result of either a decline in provider performance or because more recent cohorts are less able to generate at least one payment. One possible explanation stems from

the fact that the most recent cohorts are a mix of beneficiaries in all three rollout phases, whereas the first cohort (as well as most of the second cohort) is from Phase 1 states. Hence, it might be that the decline in the share of assignments generating at least one payment reflects differences in experience across phases.

The first payment experience for participants who assigned their Ticket under the outcome-only system differs from that of those who assigned their Ticket under the milestone-outcome system (Exhibit XIII.6). As mentioned, the share of beneficiaries in the first assignment cohort who assigned a Ticket under the outcome-only system *and* who generated payments by September 2006 was smaller than the corresponding share who assigned their Ticket under the milestone-outcome system (12.9 versus 17.6 percent). That difference reflects the differences between the two payment systems.

Exhibit XIII.6. Percent Generating First Payment Among Beneficiaries Assigning Tickets Under the Outcome-Only System by Months Since Assignment and Assignment Cohort



Source: Analysis of the September 2006 DCF data. Based on assignments made by December 2004 and payments made through September 2006.

For example, first payments under the milestone-outcome system are easier to generate because milestone payments do not require earnings at a level that would reduce benefits to zero. If a SSDI beneficiary has earnings above SGA but has not completed the Trial Work Period and the three-month grace period, or if an SSI-only recipient has earnings above SGA but not high enough to reduce benefits to zero under Section 1619a, then no outcome payment will be generated. Also, the processing time for first payments under the milestone-outcome system should be shorter than under the outcome-only system because in order for

the latter to happen, SSA must verify that benefits have been reduced to zero. For these reasons, it is not surprising that essentially no payments were generated under the outcome-only system in the first five months after assignment, whereas some payments were generated under the milestone-outcome system. Moreover, while the percent of assignments under the milestone-outcome system with at least one payment rose only very slowly after the first 15 months, the same percent of assignments under the outcome-only system continued to rise substantially, albeit erratically, through month 36 and beyond.

In contrast to the findings from the milestone-outcome analysis above, the percent of outcome-only assignments generating at least one payment was higher for the later cohorts than for the first cohort during months in which both could be observed. For instance, findings on the last three cohorts suggest that by month 53, the share of assignments generating at least one payment will be several percentage points higher than in the first cohort. However, the second cohort is an important exception to the increases observed for the later cohorts; it appears that the percentage of this cohort generating at least one payment by month 53 will be substantially lower than for the first cohort. One possible explanation for the cross-cohort pattern is the timing of the economic recovery from the 2001 recession. Another is that a very large share of participants in the second cohort is from the state of New York, in part because the number of beneficiaries in that state is large and in part because New York delayed its rollout relative to other Phase 1 states. The other possible explanations for the increases observed in the later cohorts do not address the results for the second cohort. Other possible reasons include providers becoming more proficient in service delivery, providers becoming more selective in accepting Tickets based on a Ticket holder's likelihood of generating outcome payments, and variation in provider experience across phases coupled with the change in the composition of cohorts from one phase to the next.

b. Number of Payments Generated

The number of payments generated is an indicator of the extent to which participants sustain high earnings over a long period. Furthermore, four payments represent an especially important benchmark for Tickets assigned under milestone-outcome system because the number of payments cannot exceed four unless benefits are reduced to zero because of earnings (i.e., unless at least one outcome payment is generated).[4]

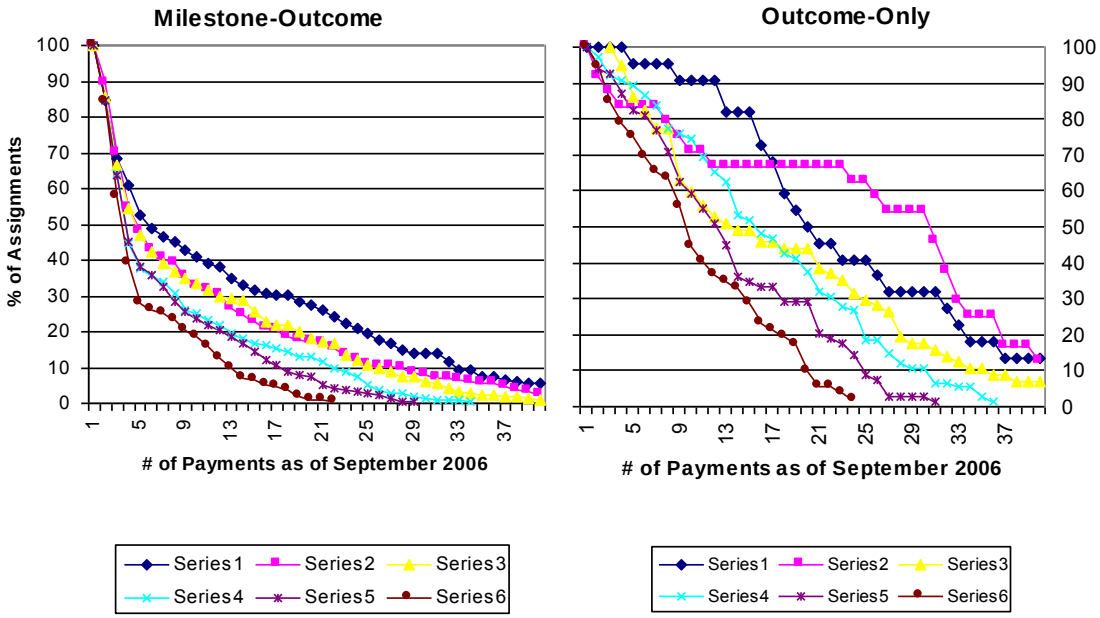
Exhibit XIII.7 shows the number of payments generated through September 2006 for beneficiaries who generated at least one payment under the two new systems, by assignment cohort. The share of assignments that generated at least a given number of payments in later cohorts is generally lower than the corresponding share for earlier cohorts because Ticket assignment in the later cohorts' were observed for a shorter period. As time passes, however, two things could happen. First, the trend for each cohort could shift upward at every

[4] Some participants who assigned their Ticket under the milestone-outcome system generated outcome payments before generating four milestone payments. Hence, not all payments for the large share of assignments with four or fewer payments are milestone payments.

payment level except zero. Second, the magnitude of the shifts will diminish to zero at low payment levels but might continue to be substantial at higher payment levels for many years because it takes at least 60 months to generate 100 percent of all possible payments.[5]

The distribution of assignments differs markedly from one payment system to the other. A large majority of assignments that generate payments under the outcome-only system do so over a sustained period while only a minority of assignments generating payments under the milestone-outcome system do the same. For the first assignment cohort, 91 percent of assignments generating at least one payment under the outcome-only system had generated at least 12 payments by September 2006, 41 percent had generated at least 24 payments, and 18 percent had generated at least 36 payments. The corresponding figures for the milestone-outcome system are just 38 percent, 21 percent, and 7 percent, respectively. Also under that system, only 52 percent of assignments that generated payments generated more than four payments (i.e., more than the maximum number of milestone payments).

Exhibit XIII.7. Number of Payments for Assignments with Payments, by Payment System and Assignment Cohort



Source: Analysis of the September 2006 DCF data. Based on assignments made by December 2004 and payments made through September 2006.

[5] This statement can be confirmed by comparing the trends for the first four cohorts to the corresponding trends in Exhibit XIII.5 of Thornton et al. (2007), which show the same information for these cohorts 14 months earlier.

b. Payment Amounts

Payment amounts are of interest because they represent SSA's programmatic (i.e., nonadministrative) expenses for TTW and provider revenue. Variation in payment amounts across cohorts reflects variation in the number of payments, as shown in Exhibit XIII.7, and variation in the payment system and payment title. Exhibit XIII.8 shows the distribution of total payment amounts for Tickets both assigned by December 2003 and generating payments, by assignment cohort, payment system, and payment title. The exhibit does not show the distribution of payments generated by SSI participants under the outcome-only system because so few Tickets generated payments in that group for each cohort (e.g., just nine for the first cohort). Each graph shows the percent of Tickets with payments that generated at least the amount indicated on the horizontal axis.

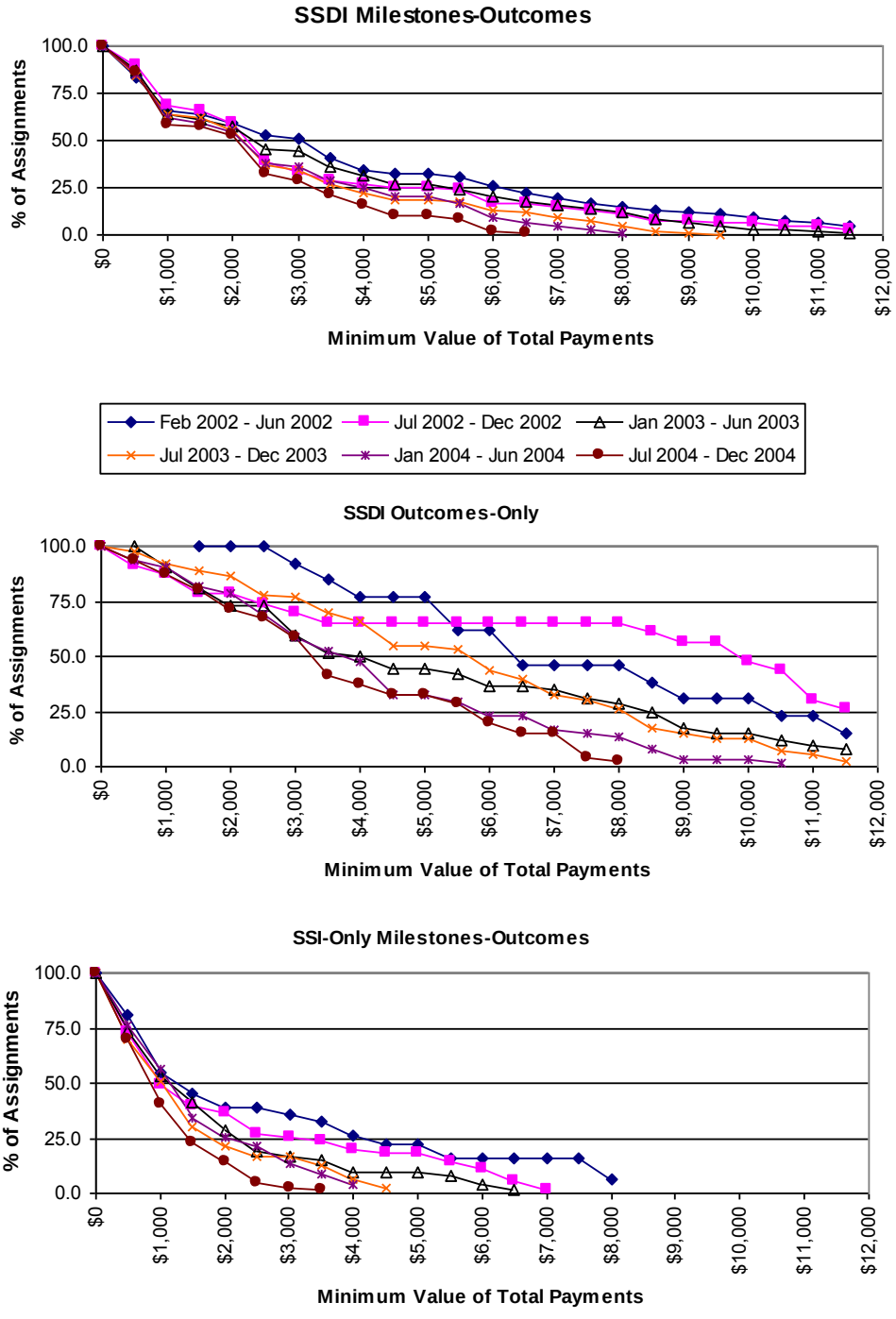
For the first cohort, about 50 percent of the SSDI milestone-outcome assignments that generated payments had generated at least $3,000 in payments by September 2006, up from at least $2,000 14 months earlier (see Thornton et al. 2007); about 25 percent had generated payments of $6,000 or more, up from $4,500 14 months earlier. The corresponding amounts for SSDI outcome-only assignments are considerably higher: about 50 percent had generated at least $6,000, up from $4,500 14 months earlier, and about 25 percent had generated $10,000 or more, up from $6,000 14 months earlier. The corresponding amounts for SSI milestone-outcome assignments are much lower: about 50 percent of SSI milestone-outcome assignments in the first cohort had generated payments of at least $1,500, essentially unchanged from the median 14 months earlier; and about 25 percent had generated payments of $4,000 or more, up from $3,000 14 months earlier.

As time passes, we expect the distribution of both the number of payments and the payment amounts of the later cohorts to become more similar to those of the first cohort; as a result, a larger share of Tickets for all cohorts will generate high payments. This is especially true for Tickets assigned by SSDI beneficiaries under the outcome-only system, a group that appears most likely to generate additional outcome payments. Note that the second cohort in this payment category has exceeded the first cohort in terms of the percent with relatively high payment amounts; for example, about 50 percent generated $10,000 or more (compared to $6,000 for the first cohort), and about 25 percent generated $11,500 or more. It is too early to know whether later cohorts will also be likely to surpass the first cohort in a similar fashion or whether the current pattern reflects some unknown idiosyncratic feature of the second cohort.

C. MONTHS OFF THE ROLLS BECAUSE OF WORK FOR PHASE 1 PARTICIPANTS

This section presents upper-bound estimates of the number of months in which TTW participants were off the rolls (i.e., not in current pay status) because they worked in the first three years of the program: 2002, 2003, and 2004. We derived these estimates from two sets of findings:

Exhibit XIII.8. Total Payments for Assignments with Payments, by Payment System, Payment Title, and Assignment Cohort



Source: Analysis of the September 2006 Disability Control File data. Based on assignments made by December 2004 and payments made through September 2006.

Results of an analysis of outcome payments for participants in Phase 1 states under the new payment systems, based on earnings months through December 2004 (described below).

- Results from the participation analysis (Chapter III) and the analysis of the relationship between outcome payments and LDW indicator (Section A of this chapter).

We did not extend the analysis to 2005 because many payments for earnings in 2005 were probably not in the payment data extract available for this analysis; the extract was drawn in September 2006. Statistics on outcome payments for earnings months in 2002 through 2004 appear in Exhibit XIII.9.

SSA made 4,023 outcome payments on behalf of Phase 1 participants in 2002, 2003, and 2004. That number of payments is equivalent to 335 beneficiaries being off the rolls for a full year (hereafter "zero-benefit-years") because of work—28 in 2002, 117 in 2003, and 191 in 2004. In Section A.3 of this chapter, the comparison of months with outcome payments to LDW months suggests that the number of outcome payments is too low as an estimate of the number of months off the rolls because of work, because the LDW variable indicates that participants under the new payment systems were off the rolls because of work in many months when outcome payments were not made. Although we believe that the difference primarily reflects deficiencies of the LDW variable, for this analysis we use the "upper bound" assumption that participants were off the rolls because of work in any month for which either an outcome payment was generated or LDW is coded as suspended or terminated because of earnings. The comparison of LDW months to months in which outcome payments were made for the sample analyzed in Section A.3 implies that, for every outcome payment made for participants under the new payment systems, there were 1.65 months in which either an outcome payment was made or LDW indicated benefit suspension or termination because of earnings. We obtain an upper bound for the number of zero-benefit years rolls because of work by multiplying the zero-benefit years based on outcome payments alone by the same ratio. The upper bound estimate is 46 zero benefit-years in 2002, 193 in 2003, and 315 in 2004, for a total 553 zero-benefit-years over TTW's first three years.

The above figures pertain only to the small minority of participants who assigned their Ticket under the new payment systems. Because outcome payments are not made under the traditional system, we cannot use them to directly infer months off the rolls because of work. We do, however, have LDW data for these participants. The analysis of outcome payment and LDW statistics in Section A.3 determined that, for the sample considered, the proportion of months in which participants under the traditional payment system were off the rolls because of earnings was 56.4 percent of the proportion for participants under the new systems. This finding is roughly consistent with findings from the participant survey, which indicate that, at the time of the interview, participants who assigned their Ticket under the traditional payment system were somewhat less likely to be working than were participants who assigned their Ticket under the new payment systems; they were also much less likely to have earnings above SGA (Chapter VI).

Exhibit XIII.9. Assignments with Outcome Payments, Number of Payments, and Zero-Benefit Years, Phase 1 States, by Payment Title, Payment Type, and Year, 2002 – 2004

Payment Title and Type	Year			Total	
	2002	2003	2004	Number	Percent
Tickets with Outcome Payments					
SSDI					
Milestones-Outcomes	49	125	151	204	49
Outcomes-Only	9	44	87	92	22
Total	58	169	238	296	71
SSI-only					
Milestones-Outcomes	36	61	67	101	24
Outcomes-Only	4	11	19	20	5
Total	40	72	86	121	29
Total					
Milestones-Outcomes	85	186	218	305	73
Outcomes-Only	13	55	106	112	27
Total	98	241	324	417	100
Number of Outcome Payments					
SSDI					
Milestones-Outcomes	178	700	1,134	2,012	50
Outcomes-Only	25	246	613	884	22
Total	203	946	1,747	2,896	72
SSI-only					
Milestones-Outcomes	47	51	37	135	3
Outcomes-Only	107	365	406	878	22
Total	20	89	140	249	6
Total					
Milestones-Outcomes	285	1,065	1,540	2,890	72
Outcomes-Only	45	335	753	1,133	28
Total	330	1,400	2,293	4,023	100
Zero-Benefit Years Based on Outcome Payments					
SSDI					
Milestones-Outcomes	15	58	95	168	50
Outcomes-Only	2	21	51	74	22
Total	17	79	146	241	72
SSI-only					
Milestones-Outcomes	4	4	3	11	3
Outcomes-Only	9	30	34	73	22
Total	2	7	12	21	6
Total					
Milestones-Outcomes	24	89	128	241	72
Outcomes-Only	4	28	63	94	28
Total	28	117	191	335	100

Source: Analysis of the September 2006 Disability Control File data. Based on payments made through September 2006.

Note: Zero-benefit years are calculated as the number of outcome payments divided by 12.

For every participant who assigned their Ticket under a new payment system, 2.15 participants assigned their Ticket under the traditional payment system by the end of 2002, 3.84 by the end of 2003, and 5.13 by the end of 2004. For a first approximation, it seems reasonable to assume that the number of zero-beneficiary years because of work for participants under the traditional payment system in each year was the corresponding number for participants under the new payment systems x 2.15 x 0.564. Hence, the upper bound estimate for the number of zero-benefit years because of work for participants under the traditional payment system in 2002 is 56 (= 46 x 0.564 x 2.15). The corresponding upper bounds for 2003 and 2004 are 418 and 911, respectively.

Combining the upper bound estimates for the new and traditional payment systems yields an upper bound estimate of 102 zero-benefit years because of work for all Phase 1 participants in 2002, 611 in 2003, and 1,226 in 2004, for a total of 1,939 over three years. The growth in these estimates is explained partly by the growth in the number of participants (13,604 in December 2002; 28,112 in December 2003; and 40,038 in December 2004) and partly by the fact that, with the passage of time, the average participant spent more months off the rolls because of work. The latter explanation reflects the fact that few participants are likely to earn enough to leave the rolls immediately after they have assigned their Ticket, in part because it takes time to increase their earnings and in part because of SSA's other work incentives (i.e., the TWP and grace period for SSDI beneficiaries, and Section 1619(a) for SSI beneficiaries). A strengthening labor market from 2002 to 2004 might also have contributed to growth in the number of months off the rolls because of work.

The upper bound estimate for the *number* of zero-benefit years because of work is also an upper bound of TTW's *impact* on the number of zero-benefit years because of work for Phase I participants from 2002 through 2004. Even if participants achieved as many zero-benefit years because of work as the upper bound estimates indicate, TTW's true impact on zero-benefit years because of work is likely to have been considerably smaller than the estimates themselves because presumably some participants would have been off the rolls in some months because of work in the absence of TTW. Although the impact analysis of service use in Chapter XII indicated that TTW did increase service use, it also implies that a large majority of participants who assigned their Ticket under TTW would have obtained services under the traditional payment system in the absence of TTW—perhaps including essentially all participants who actually assigned their Ticket under the traditional payment system. For such individuals, TTW's impact would presumably be zero unless services received under the TTW program are more likely to lead to zero benefit months because of earnings than the services that would have been delivered absent the program.

The upper bound estimate for the number of zero-benefit because of work in 2004 (1,226) is less than 0.1 percent of the monthly average number of Ticket-eligible Phase 1 beneficiaries in that year (2.71 million). Hence, even if this estimate solely reflects TTW's impact, such an impact would be well below the half percentage point increase in terminations because of work cited in the Ticket Act itself:

> "If only an additional one-half of one percent of the current Social Security Disability Insurance and Supplemental Security Income recipients were to cease receiving benefits as a result of employment, the savings to the Social Security Trust Funds and to the Treasury in cash assistance would total $3,500,000,000 over the work life of such individuals, far exceeding the cost of providing incentives and services needed to assist them in entering work and achieving financial independence to the best of their abilities." 42 USC 1320b-19, Section 2(b)(12)

It is at least possible that the impact of TTW on exits because of work is larger than that indicated by the upper-bound estimate for participants, but only if TTW had an impact on nonparticipant exits because of work. Although possible, it seems unlikely that TTW induced a significant number of nonparticipating beneficiaries to exit the rolls because of work. Administrative actions, undertaken in part to facilitate use of TTW, might have induced some non-participants to exit the rolls. These include SSA's efforts to reduce the post-entitlement workload backlog and to improve the process for reporting and validating earnings. The Agency's efforts to provide benefit counseling might also have induced some non-participants to exit the rolls. More broadly, the beginnings of a cultural shift at SSA toward greater support for beneficiary efforts to seek work and become more financially independent could be having a positive impact on exits by nonparticipants. Yet, even if the number of such exits is large, it might be a mistake to attribute them to TTW.

When future data become available, we expect to find that the number of zero-benefit years because of work will increase for Phase 1 participants after 2004. We already know that the number of Phase 1 participants increased by 27 percent from December 2004 to December 2005, and we expect continued growth in the proportion of months that participants are off the rolls because of work. However, even if the number of months off the rolls because of work doubled in 2005, as it did in 2004, the result would still represent less than 0.15 percent of eligible beneficiaries

Thus, we have to conclude that, as TTW is currently configured, its impact on participant exits in 2004 was at most just a fraction of the half percentage point mark. It is evident that TTW will not achieve a half percentage point increase in exits because of work in 2005 or soon thereafter unless participation increases dramatically or the proportion of months in which participants are off the rolls because of work grows rapidly.

CHAPTER XIV

TTW PARTICIPATION BY BENEFICIARIES IN ADEQUACY-OF-INCENTIVES GROUPS

In passing the Ticket Act, Congress acknowledged that providers might be unwilling to accept Tickets from some beneficiaries because the TTW performance-based payment system might not cover the cost of services. Policymakers were particularly concerned that, from a provider's perspective, payments would not be enough to cover services for beneficiaries who want to work but need long-term or expensive services, or those who are less likely to work at a level that will result in a payment. As part of an effort to address this concern, Congress required SSA to study the adequacy of the incentives for providers to serve the following four groups of beneficiaries:

Group 1: Beneficiaries who require ongoing support and services to work

Group 2: Beneficiaries who require high-cost accommodations to work

Group 3: Beneficiaries who work but earn a subminimum wage

Group 4: Beneficiaries who work and receive partial cash benefits

We refer to these groups as Adequacy of Incentives (AOI) groups.

This chapter updates the information from the previous report and presents findings from an analysis of data from the 2005 NBS on the characteristics and TTW participation behavior of the AOI groups. In addition, we discuss our findings on service use and unmet service needs among AOI group members.

As in previous chapters, this chapter focuses on beneficiaries in Phase 1 and 2 states for two reasons: (1) beneficiaries in Phase 3 states did not have enough time to use their Tickets at the time the 2005 NBS was fielded, and (2) the 2005 NBS TTW sample does not include Phase 3 participants. The third round of the NBS will include Phase 3 TTW participants in the NBS participant sample.

The NBS data show that 67 percent of all beneficiaries fall into one of the four AOI groups. This high percentage is consistent with the expectations of the Ticket to Work

Adequacy of Incentives Advisory Group (2004) and with findings from administrative data used in earlier reports. It also reflects the definition of disability used to administer the Social Security disability programs (Adequacy of Incentives Advisory Group 2004). In fact, a large share of beneficiaries is classified as having primary impairments that have been shown to be associated with the characteristics of the AOI groups (see: Salkever 2003; Wehman and Revell 2003): mental illness, mental retardation or other developmental disabilities, or musculoskeletal conditions.

The vast majority of AOI group members are in AOI Group 1 or Group 2, and one third are in both. TTW participation rates for these two groups are essentially the same as for non-AOI beneficiaries, but those who participate are more likely than non-AOI beneficiaries to have their Tickets assigned to SVRAs under the traditional payment system. One reason for the latter might be that fewer beneficiaries in these two AOI groups report employment-related goals and expectations at a level that would generate TTW outcome payments, making them less attractive clients to ENs, which can only use the new payment systems. This finding might also reflect other factors, such as the mandate that SVRAs have to serve those with the most significant disabilities, the access SVRAs to other federal and state funds, and the abilities they have developed to meet that mandate.

The NBS data show that a very small share of beneficiaries falls into AOI Group 3 and Group 4, in part reflecting the low employment rate among all beneficiaries. A relatively large share of Group 4 members reports employment goals and expectations that would result in outcome payments. Consistent with this finding, Group 4 members are four times more likely than non-AOI members to participate in TTW. By definition, Group 4 members have decided to engage in work that does not necessarily pay below minimum wage, so it is not surprising that they would be more likely to obtain employment services. Like Group 1 and Group 2 TTW participants, Group 3 and 4 TTW participants are more likely than non-AOI TTW participants to have assigned their Tickets to SVRAs under the traditional payment system, most likely for similar reasons.

While participation in TTW is the first step a beneficiary might take toward leaving the disability rolls, it is important to emphasize that Ticket assignment does not necessarily indicate successful use of services or certainty of benefit suspension or termination because of work. Future analyses will assess the longer-term outcomes of service use for the AOI beneficiaries.

The next section describes the criteria used to define the AOI groups based on the survey data and provides an overview of how beneficiaries are distributed across AOI groups. We then compare the characteristics of beneficiaries in each AOI group and assess their levels of TTW participation relative to non-AOI beneficiaries. We also examine the service use and unmet service needs of AOI group members. Lastly, we consider the types of providers they assign their Tickets to and the payment systems under which the Tickets are assigned. Although the findings indicate that TTW providers are no more unwilling to accept Tickets from AOI beneficiaries than from non-AOI beneficiaries, we also found evidence providers are less able to serve AOI beneficiaries adequately. This is especially true for those in Groups 1 and 2, who might require more intensive or long-term support to

become employed. These two groups participate in TTW at a low rate and are more likely than others to have assigned their Ticket to an SVRA and under the traditional payment system. Few who said they tried to assign their Ticket failed to do so, but relatively large numbers of those who did assign their Tickets reported unmet service needs.

A. NBS: AOI DEFINITIONS AND OVERVIEW OF AOI GROUPS

This report is the second in which NBS data were used to identify beneficiaries in AOI groups. We identified members of AOI Groups 1 and 2 by using the functional and health status measures in the NBS. As noted, AOI Groups 1 and 2 are not mutually exclusive. The NBS data also allowed us to define Group 3 (works at subminimum wage) on the basis of actual monthly wages reported. We defined AOI Group 4 (works and receives partial cash benefits) by using primarily the administrative data, which directly identify benefit amounts.

More specifically, we used the NBS data as described below to identify beneficiaries in the four AOI groups:[1]

Group 1: Beneficiaries Who Require Ongoing Support and Services to Work. We define AOI Group 1 as beneficiaries with service use or a level of functioning that suggests a frequent need for personal assistance or job coaching and/or a tendency to be able to work only episodically. The group includes beneficiaries who satisfy at least one of the following criteria:

1. The need for assistance from another person, such as an interpreter or attendant

2. The need for assistance from another person with at least three ADLs or IADLs and/or the presence of at least three severe physical limitations

3. The need for assistance from someone at work or the need to discuss employment goals with a job coach

4. The need for the assistance of a proxy respondent to complete the survey due to poor memory, confusion, not knowing how to answer, or another mental condition

5. Poor mental health defined as a mental health summary score (based on the SF-8™)[2] in the bottom decile for the U.S. population

[1] See Appendix E in Thornton et al. (2007) for a summary of the survey data classification criteria, descriptive statistics, and comparison to the AOI group classification methods using administrative data.

[2] SF-8™ is a trademark of QualityMetric, Inc.

6. Alcohol use, drug use, or treatment that points to a substance abuse or dependence problem

The first four criteria are directly related to the need for personal assistance to perform daily tasks or activities. The fifth and sixth criteria are based on a large body of research showing that persons with mental health or substance abuse problems represent "hard-to-employ" populations.[3] Job retention is a major issue for members of Group 1. Successful employment programs emphasize the need for ongoing supports and services to maintain employment.

Group 2: Beneficiaries Who Require High-Cost Accommodations to Work. We defined AOI Group 2 as beneficiaries who indicated a potential need for high-cost accommodations. The group includes beneficiaries who reported that they:

1. Currently use or formerly used an accommodation at work
2. Need to use assistive technology
3. Have a severe sensory limitation and/or require assistance or a proxy to complete the survey due to a hearing or speech problem
4. Use mobility aids
5. Have mobility limitations that make it difficult to get around both inside and outside the home

The definition of what does and does not constitute the need for a high-cost accommodation is somewhat controversial. Some studies simply have used the price of a specific accommodation or assistive technology without considering the potential high costs that may be associated with integrating the accommodation into the workplace.4 Consideration of the broader costs of integrating accommodations into the workplace would appear to be critical to supporting the TTW's employment goals.

Group 3: Beneficiaries Who Work but Earn a Subminimum Wage. Survey responses to questions about wage, salary, and hours worked at a beneficiary's primary and other jobs provided the basis for calculating an hourly wage rate for each job. If the wage

[3] Dion et al. (1999) present a review of the literature that shows the close link between (1) substance abuse and difficulty finding and keeping a job, and between (2) poor mental health and keeping a job. The report also reviews successful employment programs for individuals with such problems.

[4] See Delaire (2003) for a useful summary of the issues associated with measuring costs of accommodations.

rate was less than the 2005 federal minimum wage of $5.15 per hour at all of a respondent's reported jobs, then we classified the respondent as a member of AOI Group 3.[5]

Group 4: Beneficiaries Who Work and Receive Partial Cash Benefits. Group 4 consists of beneficiaries who received SSI benefits in the month before their interview (based on both administrative data and self-reports) and had self-reported earnings in that month. DI-only beneficiaries are not included in Group 4 because they are not eligible for partial cash benefits.

As shown in the top panel of Exhibit XIV.1, 67 percent of all Phase 1 and 2 beneficiaries fall into at least one of the four AOI groups. The largest shares of beneficiaries fall into both Group 1 (59 percent) and Group 2 (28 percent), accounting for about one-third of the 72 percent of beneficiaries in the AOI groups. Only very small shares of beneficiaries fall into Group 3 (3 percent) and Group 4 (3 percent). The bottom panel of Exhibit XIV.1 shows the distribution of beneficiaries in one group only, those in at least Groups 1 and 2, and those in some other combination of AOI groups. A fairly large share of all beneficiaries (21 percent) fall into both Groups 1 and 2. The distribution of Phase 1 and 2 TTW participants across AOI groups generally mirrors the distribution of all Phase 1 and 2 beneficiaries across the AOI groups.

1. Characteristics of AOI Group Members

We present selected beneficiary characteristics by AOI group in Exhibit XIV.2. Each group has characteristics that differ in some respects from those of beneficiaries not in any of the AOI groups. Relative to non-AOI beneficiaries, members of all AOI groups are significantly more likely to: have less than a high-school level of education, have experienced childhood onset of disability, report mental retardation as a reason for limitation, have worked during the previous year, and be working at interview. In addition, members of all AOI groups except Group 2 are, on average, younger, but have been on the rolls significantly longer, relative to non-AOI beneficiaries.

A few additional differences between non-AOI beneficiaries and members of specific AOI groups are worth noting:

- **Groups 1 and 2.** Relative to non-AOI beneficiaries, Group 1 and 2 members are significantly more likely to report being in poor or very poor health, and

[5] Although many state minimum wage rates are higher than the federal minimum wage, we use the federal minimum wage to define those in AOI Group 3, thereby recognizing that the AOI group is defined in federal legislation pertaining to a federal program and that neither administrative nor survey data indicate the state in which wages were earned. Among the 13 Phase 1 states and 20 Phase 2 states, where the vast majority of the Phase 1 and 2 survey respondents resided at time of interview in 2005, eight Phase 1 states (Delaware, Florida, Illinois, Massachusetts, New York, Oregon, Vermont, and Wisconsin) and four Phase 2 states (Alaska, Connecticut, District of Columbia, and New Jersey) had minimum wage rates in 2005 that exceeded the federal level, ranging from $5.70 to $7.35 per hour.

significantly less likely to see themselves earning enough to leave the disability rolls in the next five years.

- **Groups 3 and 4.** While all AOI groups are significantly more likely to report having experienced childhood onset of disability and to report mental retardation as a reason for limitation, members of Groups 3 and 4 do so at rates that are much higher relative to other beneficiaries. Relative to non-AOI beneficiaries, Group 3 and 4 members are also significantly more likely to be white and non-Hispanic/Latino, be in at least fair health, and see themselves working for pay in the next five years. Although significantly more likely to see themselves working in the next five years, they are significantly less likely to report that their personal goals include work, learning new skills, or career advancement.

Exhibit XIV.1. Distribution of All Phase 1 and 2 Beneficiaries and TTW Participants Across AOI Groups

AOI Group(s)	Percent of All Phase 1 and 2 Beneficiaries	Percent of TTW Participants
All AOI	67.1	66.9
All non-AOI	32.9	33.1
All Group 1	59.2	59.5
All Group 2	27.8	26.9
All Group 3	2.8	1.8
All Group 4	2.7	3.8
Group 1 only	36.5	37.2
Group 2 only	6.8	6.6
Group 3 only	0.5	—
Group 4 only	0.4	0.6
Groups 1 and 2	20.7	20.2
All other combinations	2.2	2.2

Source: 2005 National Beneficiary Survey.

Note: Group 1 = needs ongoing supports; Group 2 = needs high-cost accommodations; Group 3 = works at subminimum wage; Group 4 = works and receives partial benefits. Sample size = 2,909.

Exhibit XIV.2. Selected Characteristics of Phase 1 and 2 Beneficiaries, by AOI Group

	Non-AOI	AOI	Group 1	Group 2	Group 3	Group 4	Groups 1 and 2
Unweighted Number	906	2,003	1,802	797	115	159	636
Weighted Number (in millions)	1.85	3.78	3.33	1.56	0.16	0.15	1.17
Weighted Percent of Phase 1 and 2 Beneficiaries	33	67	59	28	3	3	21
Title (%)							
SSDI-only	61	54##	53##	60	51##	0##	58
Concurrent	13	16##	16##	14	28##	52##	15
SSI-only	27	30##	31##	27	21##	48##	27
Mean Months Since Initial Award	140	154**	158**	149	237**	203**	158**
Mean Age in Years	50	49**	48**	49	42**	36**	48**
Male (%)	51	48	46*	51	55	58	49
Race and Ethnicity (%)							
White	70	71	70	75	88##	73##	74
African American	26	25	25	22	10##	26##	22
Other race	4	5	5	4	2##	1##	4
Hispanic or Latino	8	8	8	5*	2**	4**	5*
Education (%)							
Less than high school diploma	34	43##	45##	40##	64##	53##	43##
High school diploma	41	30##	30##	29##	27##	35##	28##
More than high school	25	26##	25##	31##	9##	12##	29##
Marital Status and Living Arrangement (%)							
Lives alone or with unrelated others	36	37##	37##	36##	63##	40#	37##
Lives with spouse/relatives, no children	47	51##	51##	52##	33##	50#	52##
Lives with spouse and own children	10	7##	6##	6##	2##	5#	5##
Unmarried, lives with own children	6	6##	6##	6##	1##	6#	5##
Income as Percent of Federal Poverty Level							
<100	45	48	50#	43	55	47	45
100–299	40	40	38#	44	36	39	41
300+	16	12	12#	14	9	14	14
Childhood Disability Onset (%)	17	26**	27**	25**	72**	76**	28**
Self-Reported Reason(s) for Limitation (%)							
Mental illness	29	31	33	21**	29	29	23*
Mental retardation	3	10**	10**	8**	45**	38**	10**
Musculoskeletal	36	37	37	39	25	17**	39
Sensory disorders	7	9	9	14**	11	12*	13**
General Health							
Excellent/very good	8	10##	10##	11##	29##	40##	11##
Good/fair	57	43##	42##	42##	66##	52##	40##
Poor/very poor	35	48##	49##	48##	6##	8##	49##
Worked in 2004 (%)	11	15**	14*	15*	93**	89**	15*
Working at Interview (%)	4	11**	10**	11**	100**	95**	13**

	Non-AOI	AOI	Group 1	Group 2	Group 3	Group 4	Groups 1 and 2
Goals Include Work/Learning New Skills/Career Advancement (%)	8	6	5	5	0**	3**	2*
Sees Self Working for Pay in Next 5 Years (%)	31	28	27	27	77**	73**	25**
Sees Self Working Enough to Stop Disability Benefits in Next 5 Years (%)	20	15**	14**	14**	12	20	11**

Source: 2005 National Beneficiary Survey. Sample size = 2,909.

* Statistically significant difference from all Phase 1 and Phase 2 non-AOI group members at the .10 level, two-tailed test.

**Statistically significant difference from all Phase 1 and Phase 2 non-AOI group members at the .05 level, two-tailed test.

Distribution differs significantly from that of all Phase 1 and 2 non-AOI group members at the .10 level, chi-square test.

Distribution differs significantly from that of all Phase 1 and 2 non-AOI group members at the .05 level, chi-square test.

2. TTW Awareness and Participation Among AOI Group Members

As shown in Exhibit XIV.3, the TTW awareness and participation rates among all Phase 1 and 2 beneficiaries in each of the four AOI groups is about the same as the rate for all non-AOI beneficiaries. Among AOI groups, Group 4 beneficiaries had a significantly higher rate of participation than the non-AOI group. Only Group 1-only beneficiaries had a significantly lower rate of participation relative to the non-AOI group. Awareness of TTW does not appear to be related to participation rates. For example, Group 4 members had the highest TTW awareness (36 percent) and participation (4.4 percent) rates, but Group 3 members had the lowest awareness rate (17 percent) and second-highest participation rate (1.2 percent) of all the AOI groups. Group 1 and 2 members had greater TTW awareness rates than Group 3, but lower participation rates.

To further explore the factors associated with TTW participation, we specified a multivariate (logit) model (Appendix Table B.46). This model tests whether differences in TTW participation between AOI and non-AOI beneficiaries are statistically significant after controlling for sociodemographic and program-related characteristics unrelated to AOI status but likely to affect TTW participation. The model includes variables that reflect AOI group status and excludes variables that directly reflect current health and functional status because a variety of health-related criteria were used to define AOI Groups 1 and 2. The following factors were found to be significantly and positively associated with TTW participation: entitlement to DI, being under age 55, having a high-school level of education or higher, and living alone. The following factors were found to be significantly and negatively associated with TTW participation: being on the rolls for more than 12 months, having a high SSDI primary insurance amount (PIA), and having high levels of other, non-SSA benefits (more than $500 per month). Relative to non-AOI beneficiaries and holding

other things constant, membership in Groups 2 and 4 significantly increases the odds of TTW participation (odds ratio of 1.6 and 3.8, respectively). The likelihood of TTW participation among members of Groups 1 and 3 does not differ significantly from that of non-AOI beneficiaries after holding other things constant.

Exhibit XIV.3. TTW Awareness and Participation Rates Among Phase 1 and 2 Beneficiaries, by AOI Group

AOI Group	TTW Awareness (%)	TTW Participation Rate (%)
All Phase 1 and 2 Beneficiaries	25.5	0.98
All AOI	25.4	0.99
All non-AOI	25.6	0.96
All Group 1	25.6	0.91
All Group 2	24.7	1.13
All Group 3	16.6	1.23
All Group 4	36.1	4.43**
Group 1 Only	26.0	0.73**
Group 2 Only	24.6	1.42**
Group 3 Only	0.0[a]	1.29
Group 4 Only	38.2	5.24**
Groups 1 and 2	24.9	1.01
All Other Combinations	25.3	3.04**

Source: 2005 National Beneficiary Survey.

Note: Sample size = 2,909.

[a] No sample members categorized as Group 3 Only were aware of TTW, however, the unweighted sample size for this group was extremely small (N=12).

* Statistically significant difference from the non-AOI group at the <0.10 level, two-tailed test.
**Statistically significant difference from the non-AOI group at the <0.05 level, two-tailed test.

3. TTW Nonparticipation Among AOI Group Members

To further understand the variation in TTW participation across AOI groups, we investigated the following: involuntary nonparticipation (attempting but not being able to assign a Ticket); seeking information about TTW; and TTW awareness. The findings (shown in Exhibit XIV.4) indicate only one statistically significant difference between AOI group members and non-AOI beneficiaries: Group 3 members were significantly less likely to report an unsuccessful attempt to assign a Ticket. In general, involuntary nonparticipation rates were very low; less than 0.5 percent among nonparticipants in both the AOI and the non-AOI populations. TTW information-seeking behavior and TTW awareness also did not differ significantly between AOI and non-AOI nonparticipants.

Exhibit XIV.4. TTW Awareness, Information Seeking, and Rates of Unsuccessful Attempts to Assign a Ticket Among Phase 1 and 2 Nonparticipants, by AOI Group

	All Non-Participants	All Non–AOI Non-Participants	All AOI Non-Participants	Group 1	Group 2	Group 3	Group 4	Groups 1 and 2
Unweighted number	2,843	881	1,962	1,769	781	113	143	624
Weighted number	5,547,464	1,808,655	3,738,809	3,302,716	1,546,790	156,839	134,615	1,155,772
Weighted % of all non-participants	100.0	32.6	67.4	59.5	27.9	2.8	2.4	20.8
				Percent of Column Group				
Aware of TTW	24.6	24.1	24.8	25.1	24.2	16.4	31.5	24.4
Sought information on TTW or tried to participate in 2004	2.4	1.9	2.6	2.5	2.5	1.1	4.5	2.3
Contacted SVRA or EN(s) about services in 2004	0.9	0.8	0.9	0.7	0.8	0.4	2.8	0.5
Unsuccessfully attempted to assign Ticket in 2004	0.3	0.1	0.4	0.4	0.3	0.0*	1.8	0.4

Source: 2005 National Beneficiary Survey.

Note: Sample size = 2,843.

* Statistically significant difference from the non-AOI group at the <0.10 level, two-tailed test.
**Statistically significant difference from the non-AOI group at the <0.05 level, two-tailed test.

4. Service Use Among TTW Participants in AOI Groups

Although AOI beneficiary use of any services during the previous year did not differ significantly from use by use by non-AOI beneficiaries, use of specific services did (Exhibit XIV.5). Relative to non-AOI beneficiaries, Group 1 and 2 members were significantly more likely to use special equipment or devices and occupational, speech, and physical therapy services. Group 1 members were also significantly more likely to use personal counseling and group therapy, and Group 3 members were significantly less likely to use those services. Group 4 members were significantly more likely to use services specific to employment: training/on-the-job training, advice about modifying a job, work assessment, and help finding a job. Beneficiaries who were members of both Groups 1 and 2 were also significantly more likely to use services related to work assessment and help finding a job.

Exhibit XIV.5. Use of Medical, Educational, and Employment Services Among Phase 1 and 2 TTW Participants, by AOI Group

	All TTW Participants	Non-AOI	All AOI	Group 1	Group 2	Group 3	Group 4	Groups 1 and 2
All (unweighted no.)	3,091	1,141	1,950	1,563	866	77	290	566
All (weighted no.)	54,725	17,529	37,196	29,959	17,579	1,938	6,144	11,750
Any Service Use (unweighted no.)	1,743	621	1,122	921	478	46	178	326
Any Service Use (weighted no.)	32,240	10,634	21,606	17,686	9,885	1,038	3,682	6,699
Any Service Use (weighted %)	59	61	58	59	56	54	60	57
Medical Service (%)								
Personal counseling/ group therapy	64	61	65	67*	57	39*	66	60
Occupational/physical/speech therapy	35	30	37*	37*	40**	29	34	45**
Special equipment or devices	18	12	21**	19**	34**	23	9	32**
Medical procedure	51	52	51	52	45	35*	42	45
Employment Services								
Training/on-the-job training/advice about modifying job	61	59	62	63	63	58	70*	65
Work assessment/help in finding a job	57	53	59	60	60	57	72**	62*

Source: 2005 National Beneficiary Survey. Sample size = 3,091.

*Statistically significant difference from the non-AOI group at the <0.10 level, two-tailed test.
**Statistically significant difference from the non-AOI group at the <0.05 level, two-tailed test.

Service-use patterns for each AOI group line up with the group's definition. Generally, members of Group 1 and 2 (those who need ongoing support and high-cost accommodations) used medical services at a higher rate than did any other AOI group. In

particular, they had the highest rate of using occupational, physical, and speech therapy as well as special equipment or devices use and medical procedures. Group 4 members (work and receive partial benefits) used employment services at a higher rate than any other AOI group. In general, Group 3 members (work at subminimum wage) used medical and employment services at a lower rate than did any of the other AOI groups.

Among those who reported using services, the distribution of total service hours did not differ significantly between AOI and non-AOI beneficiaries (Exhibit XIV.6). The lack of statistical significance might in part be due to the small sample sizes for some groups. In particular, there is a very large difference in median service hours between Group 3 members and non-AOI beneficiaries, but this large difference is not statistically significant because the unweighted sample size for Group 3 is extremely small (77). Beneficiary assessments of the usefulness of the services they received also did not differ significantly between AOI and non-AOI group members.

Exhibit XIV.6. Intensity and Usefulness of Services Among Phase 1 and 2 TTW Participants Who Used Services in 2004, by AOI Group

	All TTW Participants	Non-AOI	All AOI	Group 1	Group 2	Group 3	Group 4	Groups 1 and 2
Any Service Use (unweighted no.)	1,743	1,141	1,951	1,563	866	77	290	566
Any Service Use (weighted no.)	32,240	10,634	21,606	17,686	9,885	1,038	3,682	6,699
Hours of Service Use (%)								
25 hours or less	43.7	45.8	42.7	40.3	42.9	60.6	48.4	38.6
26-100 hours	22.7	20.9	23.6	25.3	21.8	11.4	19.0	24.3
101-500 hours	16.8	17.3	16.6	16.3	19.1	5.0	12.0	19.0
Over 500 hours	10.2	10.9	9.9	10.5	7.8	12.3	12.4	8.3
Unknown	6.5	5.1	7.2	7.6	8.3	10.7	8.1	9.9
Median hours	30.0	27.0	32.0	36.0	30.0	5.0	24.0	39.0
Service Usefulness (%)								
Very useful	63.7	66.2	62.5	61.8	63.3	67.2	70.3	61.9
Somewhat useful	26.5	24.5	27.5	27.8	28.2	24.8	24.4	29.3
Not very useful	4.7	3.3	5.4	5.5	5.0	3.3	3.5	5.0
Not at all useful	4.6	5.6	4.2	4.5	3.2	2.5	1.7	3.3
Do not know	0.4	0.4	0.4	0.4	0.4	2.3	0.1	0.5

Source: 2005 National Beneficiary Survey.

Notes: No statistically significant differences in service use hours or usefulness ratings between any of the AOI groups and the non-AOI group, as measured at the <.10 level. Sample size = 1,743.

B. PROVIDER AND PAYMENT TYPES AMONG TTW PARTICIPANTS IN AOI GROUPS

Exhibit XIV.7 shows the distribution of provider and payment types associated with TTW participants in the various AOI groups. Compared with non-AOI group members,

AOI group members participating in TTW were significantly more likely to assign their Ticket to an SVRA than to an EN. AOI group members were also significantly more likely to assign their Ticket under the traditional payment system.

The differences in provider and payment types between TTW participants categorized as AOI and non-AOI are greatest for members of Groups 3 and 4. While the differences may be related to the adequacy of TTW payment incentives, a variety of reasons may explain the difference in the distribution of providers and payment types. One possible explanation is that Groups 3 and 4 consist of individuals who were working at the time of the interview and decided to use SVRA services before the rollout in Phase 1 and 2 states. Another is that many Group 3 members may be participating in supported or sheltered employment programs frequently sponsored by SVRAs, and thus, are earning subminimum wages.

Exhibit XIV.7. Distribution of Phase 1 and 2 TTW Participants Across AOI Groups, by Provider Type and Payment System

	Provider Type		Payment System		
	EN Participants	SVRA Participants	Traditional	Outcome-Only	Milestone-Outcome
Number (unweighted)	1,265	1,826	1,082	938	1,071
Number (weighted)	4,378	50,347	46,771	1,801	6,152
% of TTW Participants (weighted)	8.0	92.0	85.5	3.3	11.2
Distribution by AOI Group (%)					
All non-AOI	9.6	90.4	83.8	4.3	11.9
All AOI	7.0**	93.0**	86.2**	2.8**	11.0**
All Group 1	7.0**	93.0**	86.2**	2.8**	11.0**
All Group 2	6.8**	93.2**	86.5**	2.7**	10.8**
All Group 3	3.5**	96.5**	88.5**	1.7**	9.8**
All Group 4	5.2**	94.8**	88.3**	1.6**	10.1**
Groups 1 and 2	6.5**	93.5**	86.3**	2.5**	11.1**

Source: 2005 National Beneficiary Survey.

Notes: Provider type and payment system are based on the provider to which the Ticket was assigned the longest during 2004. Sample size = 3,091.

**Statistically significant difference from the corresponding non-AOI group at the 0.05 level, two tailed test.

Relative to TTW participants who were non-AOI beneficiaries, TTW participants in AOI Groups 1 and 2 were significantly more likely to report having unmet service needs (Exhibit XIV.8). The rates of unmet service needs differed somewhat by TTW provider and payment type. Among those with Tickets assigned to ENs, only Group 3 members and beneficiaries who were members of both Groups 1 and 2 were significantly more likely to report unmet service needs relative to non-AOI beneficiaries. Among those assigned to SVRAs, only members of Groups 1 and 2 were significantly more likely to report unmet needs relative to non-AOI beneficiaries, but members of Group 4 were significantly less

likely to do so. Findings are very similar for those with Tickets assigned under the traditional payment system. Among those with Tickets assigned under the outcome-only payment system, AOI Group 1 and 2 members were significantly more likely to report unmet service needs relative to non-AOI beneficiaries. No statistically significant differences were found for AOI group members with Tickets assigned under the milestone-outcome payment system.

Exhibit XIV.8.Unmet Need for Services Among Phase 1 and 2 TTW Participants, by AOI Group, Provider Type, and Payment System

		Provider Type		Payment System		
AOI Group(s)	All TTW Participants	EN Participants	SVRA Participants	Traditional	Outcome-Only	Milestone-Outcome
	Percent Reporting an Unmet Need for Services during Previous Year (2004)					
All Phase 1 and 2 TTW Participants	19.6	25.3	19.5	19.5	23.6	22.8
All Non-AOI	15.7	22.6	15.4	15.2	17.8	21.5
All AOI	21.4**	26.9	21.4**	21.4**	27.8**	23.5
All Group 1	21.3**	28.5	21.3**	21.4**	29.1**	23.8
All Group 2	24.5**	31.6	24.3**	24.5**	30.6**	26.1
All Group 3	14.5	54.3*	13.1	13.6	29.2	20.7
All Group 4	11.1	30.3	10.2*	9.7*	29.1	21.7
Groups 1 and 2	24.9**	39.2**	24.2**	24.6**	36.3**	27.7

Source: 2005 National Beneficiary Survey.

Notes: Provider type and payment system are based on the provider to which the Ticket was assigned the longest during 2004. Sample size = 3,091.

* Statistically significant difference from the corresponding non-AOI group at the <0.10 level, two-tailed test.

**Statistically significant difference from the corresponding non-AOI group at the <0.05 level, two-tailed test.

CHAPTER XV

CONCLUSIONS AND IMPLICATIONS

SSA has made steady progress in its efforts to improve the implementation of the Ticket-to-Work program, but continuing operational difficulties threaten to compromise program success.

A. KEY FINDINGS RELATED TO MARKET OPERATION

Overall, the basic features of the TTW market are functioning, but significant trouble spots persist. Data for June 2007 indicate that 171,533 beneficiaries have assigned their Ticket.[1] More than 1,200 ENs are currently approved, including SVRAs in all states and the District of Columbia. Payments are being made to ENs under the new payment systems: by mid-June 2007, 26,090 milestone or outcome payments totaling $7.1 million had been made on behalf of 3,069 TTW participants. Nevertheless, the program has yet to meet expectations. Participation rates are low in light of survey data that indicate an unfulfilled demand for employment services. The PMRO has had difficulty in recruiting new providers, and many ENs have let their contract with SSA expire; as a result, there were 200 fewer providers in June 2007 than in fall 2006. Participation data show that two-thirds of current providers have not yet accepted a Ticket.

SSA is trying to strengthen the TTW market and foster changes in beneficiary and provider behavior by revising the regulations that determine how the market works. These efforts have been underway almost since the beginning of the program in 2002. They were also anticipated by the authorizing legislation, which included provisions for the SSA commissioner to assess the program as it rolled out, make changes that would help achieve program goals more effectively (or recommend changes for which legislation would be required). Some solutions tried by SSA—such as producing information to help ENs find operating capital and introducing a streamlined payment claims process—have not had a measurable effect. Recognizing the need for more sweeping revisions, SSA published a set of

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[1] http://www.yourtickettowork.com/selftraining/Inside_Ticket_Summer_2007.pdf (accessed August 22, 2007).

proposed TTW regulations on September 30, 2005. These new regulations became final on May 20, 2008.

Our analysis of these regulations indicates that they would substantially improve financial incentives for ENs, although many might continue to struggle financially unless they had complementary sources of funding. It also appears that the new regulations could substantially reinvigorate TTW, but the very long delay in finalizing them has left the market to flounder. Almost three years elapsed between the first publication of the proposed regulations in September 2005 and the publication of the final regulations in May 2008.[2] During this period, more ENs have essentially withdrawn from the TTW market, recruitment of new providers has stalled, and a general sense that the program is not working prevails. As a result, TTW seems to have lost its early momentum, and that loss might have diminished the chance that the new regulations will quickly put the program back on the path toward the vibrant market envisioned in the legislation.

1. Beneficiary Demand for Employment Services

TTW participation remains low but continues to grow. As of December 2005 (the last month for which we have complete data), beneficiary demand for TTW services, as measured by the rate at which beneficiaries assign their Tickets, continued to rise. In Phase 1 states the participation rate had risen to 1.8 percent, up from 1.4 percent for December 2004 (Thornton et al. 2007). Participation rates have continued to rise—albeit slowly—in Phase 1 states since the early months of program rollout. Participation rates in Phase 2 and 3 states, though lower, are rising as well. This trend primarily reflects the later rollout, but it is also indicative of fewer SVRA assignments from pipeline clients; beneficiaries appear to have assigned their Ticket to ENs in Phase 2 and 3 states at rates on par with assignments to SVRAs in Phase 1 states at comparable points after rollout.

Beneficiaries' reported employment goals suggest growth potential for TTW. The survey data suggest that demand for employment and employment-related services among Social Security disability beneficiaries is much greater than the early TTW experience suggests. Although only a small share of beneficiaries is employed or actively seeking employment at any given time, substantial proportions of beneficiaries have not only set goals that include work but also see themselves working in the future. In fact, 16 percent expect to earn enough to leave the rolls within five years—approximately 1.5 million beneficiaries. There is no getting around the fact that age, poor and deteriorating health, extreme functional limitations, and prolonged detachment from the labor force make program exit through work highly unlikely for a large majority of beneficiaries. A substantial minority, however, say they believe that exit through work is an achievable goal.

Self-reported expectations about exit due to work are much higher than historical rates for actual exits due to work. According to SSA estimates, only half of one percent of beneficiaries exited the rolls due to work before TTW. The difference between this rate and

[2] Additional rules, first published in August 2007, are also included in the May 2008 notice.

the 16 percent expected rate might largely reflect unrealistic optimism on the part of survey respondents or their limited of awareness of the barriers and disincentives that deter beneficiaries from realizing their goals. The survey findings indicate, for example, that many beneficiaries lack reliable transportation, find the workplace inaccessible, or are discouraged from working by others.

Nevertheless, the positive work expectations of many beneficiaries give TTW a basis on which to build. A major goal of SSA's recent program changes is to increase EN and beneficiary participation. If ENs and SVRAs become more aggressive in addressing barriers to employment in response to the regulatory changes, more beneficiaries may well participate in TTW. One group that might be brought into TTW under the new regulations is the population of beneficiaries whose attempts to assign their Ticket have been unsuccessful. Although the estimated number of such beneficiaries is small as a share of all beneficiaries, the survey data suggest that they may outnumber current TTW participants.

Outreach might stimulate substantial TTW participation, especially among recently employed beneficiaries under age 55. About 40 percent of survey respondents who had not assigned their Ticket indicated some interest in future TTW participation, yet prior to interview only about one-quarter of them were aware of the program. Of course, many reasons explain why survey self-reports of future participation and employment plans are not borne out, as documented in earlier research. Nonetheless, TTW could attract a larger share of the approximately 40 percent of beneficiaries with an interest in employment. For example, the new payment regulations would enable ENs to receive substantial payments for beneficiaries who work at moderate levels; this change may enable ENs to serve people who would not earn enough to trigger outcome payments in the short term, but who might achieve that level of earnings after an extended period. Outreach is likely to be more effective and efficient when targeted to those most likely to have work goals and expectations—particularly recently employed beneficiaries under age 55.

Many beneficiaries, especially TTW participants, already use services to support their employment efforts, including traditional employment-support services and health-related services. Data from the 2005 NBS indicate that 35 percent of all beneficiaries in Phase 1 and 2 states used these services in 2004, a much larger share than the approximately one percent of Phase 1 and 2 beneficiaries who had assigned their Ticket by the time they were sampled for the survey. Services included not only conventional work supports (for example, training and job-search assistance) but also a wide array of health-related services (for example, occupational therapy, counseling, and adaptive equipment), which beneficiaries see as enhancing their ability to work or to live independently. Administrative data also indicate more service use than implied by TTW participation rates. For example, our analysis of the impact of TTW on SVRA enrollment found that four to five percent of beneficiaries in the Phase 2 and 3 comparison states had open SVRA cases during 2002 and 2003 (Exhibit XII.8).

Despite widespread use of services among all beneficiaries, TTW participants were substantially more likely than the average beneficiary to have used services, and those participants who availed themselves of services did so for more hours and were more likely

than the average beneficiary to report that they were using services to find a job. Interestingly, however, 52 percent of service-using participants did not report using the services to find a job or to get a better job, which suggests that many participants' goals differ from the program objective of increasing earnings to the point at which an individual no longer receives benefits. Participants were more likely to assign their Ticket to an EN if they had low benefits, were African American, had minor children, or had been on the rolls for a year or less. Those with mental retardation, sensory or other nervous system disorders, severe mental health problems, or in need of assistance to perform a daily activity were more likely to assign their Ticket to an SVRA than to an EN. Not surprisingly, these characteristics are similarly associated with the likelihood of assignment under one of the new payment systems.

Participants who assigned their Ticket to an EN received fewer services than those who assigned their Ticket to an SVRA; they were less satisfied with the services they received. In addition, participants who assigned their Ticket to an EN were significantly less likely than those who assigned their Ticket to an SVRA to report receiving any services (including services from outside TTW). Moreover, even when participants using ENs reported that they received services, they tended to report fewer hours of services received, on average, than those who assigned their Ticket to an SVRA. Similarly, EN participants who used services were less likely to report that they used services to find a job or a better job. This pattern does not bode well for ENs, which can generate full TTW payments only if participants earn enough to leave the benefit rolls. We also found that participants who assigned their Ticket to an EN as opposed to an SVRA were less likely to report that the services were useful, more likely to report unmet service need, and more likely to report problems with services and providers as the reason for unmet need.

The differences in service use, unmet need, and satisfaction with services between beneficiaries who assigned their Ticket to an EN and those who assigned their Ticket to an SVRA may reflect underlying differences in the two populations. However, differences in the service provision rules or survey timing issues could partly explain this as well. Nonetheless, in addition to the differences in characteristics noted above, we observed large differences in the employment outcomes of the two groups. While about one-third of each group was employed at interview, the mean hours, wages, and monthly earnings of those who assigned their Ticket to an EN significantly exceeded the mean hours, wages, and monthly earning of those who assigned their Ticket to an SVRA.

Unmet demand for employment services still exists among the total beneficiary population, which includes TTW participants and nonparticipants. However, the demand for and use of services does not necessarily relate to a beneficiary's interest in or ability to work at a higher level. The recent changes to the TTW program may be able to chip away at some of the barriers to service use and employment, thus increasing beneficiary participation in both.

2. The Supply of Employment Services

Our last report (Thornton et al. 2007) concluded that the high percentage of Tickets assigned to SVRAs and the high percentage assigned under the traditional payment system appear to have limited the extent to which TTW represents a dramatic break from the past. More recent data reinforce our conclusion. An overwhelming majority of in-use Tickets are assigned to SVRAs (93 percent as of December 2005), and most are assigned under the traditional payment system, which is available to SVRAs only (88 percent of all in-use Tickets in December 2005). In fact, these statistics substantially understate the role of SVRAs in providing employment services to beneficiaries because SVRAs do not obtain Tickets from more than half of the SSDI/SSI beneficiaries they serve. We also found that the share of Tickets assigned to SVRAs is gradually increasing, as is the share assigned under the traditional payment system.

As discussed below, there is little evidence to suggest that TTW has either expanded the number of private providers serving beneficiaries or substantially changed the way that public or private providers serve beneficiaries. Given the payment experience to date, it appears that the new payment systems are not rewarding enough to induce a substantial change in provider behavior; nor are they likely to become so unless they change dramatically.

TTW has not yet substantially expanded the number of private providers that serve beneficiaries or substantially changed service delivery. It appears that TTW has only partially met its goal of increasing the supply of rehabilitation providers available to serve SSA beneficiaries. On a positive note, by April 2007, more than 1,300 non-SVRA providers were registered as ENs and may now receive payments from SSA when they successfully serve beneficiaries. However, only about 45 percent have accepted a Ticket, and only about 25 percent have accepted five or more Tickets. Also, the EN enrollment rate has slowed, and the EN dropout rate is increasing; about one-third of ENs whose contracts ended have decided not to re-enroll.

Further, interviews conducted for previous reports (Chapter X of Thornton et al. 2007; Thornton et al. 2004, 2006) show that the vast majority of current ENs served beneficiaries before they became ENs and have not significantly changed their operations or client base in response to TTW. This finding is consistent across providers that have been operating as ENs in Phase 1 states since 2002 and as providers in Phase 2 and 3 states; many of the latter became ENs only recently. Several ENs said that they would have served interested beneficiaries even without TTW, in many instances under contract to an SVRA. For the most part, these ENs did not see TTW as providing them with substantial new financing or recruitment opportunities.

Change in SVRA service delivery has been limited. SVRA interviewees to date have indicated that TTW has not changed the way they provide services to beneficiaries, except that many now pay more attention to benefits planning by either referring clients to the local WIPA or doing the planning themselves. They continue to report that TTW administration is onerous and that they are taking steps to reduce the burden.

SVRAs also report that their budgets are particularly tight. Some have been forced to place beneficiaries on waiting lists despite the potential for payment under TTW. As with private providers, they see TTW not as a promising new opportunity to generate revenue but as an added burden.

The original TTW payment systems provided little financial incentive for ENs to participate actively in the TTW market. Fewer than half (48 percent) of ENs that have accepted Tickets have received any payments. As of late 2006, payments were highly concentrated among a few ENs; only 19 percent have received $50,000 or more. Long waits and complicated paperwork exacerbate the payment problem. Changes made by SSA in 2006 and 2007 to assist ENs with enrollment and payment processing may improve lag times in the future, but this report's payment analysis does not address payment claims for earnings during those years. The experience of SVRAs that have accepted Tickets under the new payment system is similar. Even though payments are gradually increasing, the cost analysis in Chapter IX suggests that few providers are likely to find TTW financially attractive unless SSA significantly boosts revenue per assigned Ticket.

The number of employment-service providers has decreased, and the method of service delivery has changed little. Providers find that TTW is cumbersome and not conducive to financial gain. Changes to procedures and regulations may improve providers' assessment of TTW in time if those changes make TTW sufficiently financially attractive for providers to offer the types and extent of services that beneficiaries need and want.

3. SSA Support for TTW Market Operations

Total payments by SSA to employment-support service providers have increased gradually over the past two decades, but with greater variability since 1999. The general decline in employment-support payments since 1999 does not seem attributable to TTW rollout. Reimbursements to SVRAs under the traditional system continue to account for the vast share of SSA employment-support spending, although payments under the new system have been increasing steadily since the TTW rollout.

SSA has completed TTW rollout and continues to address trouble spots in program administration, especially payment speed and complexity. It appears that changes in SSA's administrative procedures have triggered a shift toward an SSA culture that is more supportive of return to work, but recent budget constraints appear to be seriously compromising SSA's efforts to promote return to work. Efforts to market the program to providers and beneficiaries have not been measurably successful.

The composition of SSA payments to providers of employment services has not changed dramatically since the advent of TTW, but the overall volume of payments has generally decreased. Although TTW might have contributed to this decline because of differences between the new and traditional payment systems, the timing of the decline across the three phases does not show the pattern we would expect if TTW were a major factor. It is more likely that external economic trends explain the downturn.

SVRAs continue to select the traditional payment system for the vast majority of clients. Several SVRAs that once accepted a Ticket under one of the new payment system are no longer doing so. As of September 2006, all but 10 of the 64 SVRAs had accepted at least one Ticket under a new payment system, and total payments to SVRAs under the new systems had reached $1.2 million.

The number of ENs receiving payments was increasing, but only 23 percent of all ENs have received a payment, or about half of those that accepted a Ticket. Payments received by ENs almost doubled from July 2005 to September 2006, reaching a cumulative total of $4.9 million, but they remain very low relative to the number of Tickets assigned, and are highly concentrated among the few ENs that have accepted large numbers of Tickets. Only 14 percent of EN-assigned Tickets had generated at least one payment.

One reason for the low number of payments received under the new system is the long lag time between the earnings month and payment month. The median lag time for first payments is 7 months, and 25 percent of first-payment cases had lag times in excess of 12 months. Nonetheless, the medians for first payments reflect a shortening of the lag time relative to what it was when the program was first rolled out. Lag times for second and higher-order payments tend to be even longer, except for the relatively small share of payment claims filed under the expedited payment process. The slow payment process continues to be a major factor affecting both payment estimates and TTW market operations under the new payment system. However, we do not know what part of the process is driving the lag since we do not know what the lag times are for each component part. This is an important qualifier, because SSA has little or no ability to shorten the time from the earnings month to the month in which the EN submits a claim.

SSA completed the TTW rollout and is attempting to address remaining trouble spots, especially payment speed and complexity. In October 2004, SSA had mailed Tickets to all of the approximately 10 million Ticket-eligible beneficiaries. SSA is now mailing Tickets only to those who first met Ticket-eligibility requirements after the rollout was completed (mostly new adult beneficiaries).[3] Altogether, SSA had mailed over 12 million Tickets by June 2007; 10 million recipients are still eligible to use their Ticket.

SSA has aggressively addressed the early implementation problems. Having reduced the backlog of "post-entitlement" work—mostly verification and recording of earnings reports—the agency has made it easier to rapidly verify Ticket eligibility and process payment requests. SSA also streamlined the EN application process, established an EN help desk, and automated its earnings tracking and verification systems. The agency also introduced an expedited process for outcome payments following the initial payment. So far, however, providers have not used the expedited process enough to make a difference in the average processing times. The median time from the earnings month to the payment month for claims generated by earnings in the first half of 2004 continued to be seven to nine months, depending on the type of claim.

[3] http://www.ssa.gov/work/Ticket/ticket_info.html (accessed August 22, 2007).

Changes in administrative procedures appear to have started a cultural shift in SSA that makes the agency more supportive of return-to-work. SSA staff members interviewed for this report suggested that a culture shift within SSA is making the agency more supportive of return-to-work than it was in the years before TTW. It appears that the shift stems from the fact that many employees who serve beneficiaries with disabilities are learning about and have become more extensively involved in efforts to improve and document beneficiary earnings. Many received training on TTW and, more broadly, on the SSDI and SSI work incentive features; many have been introduced to and are using new data systems that track employment and other post-entitlement outcomes; and many were involved in the concerted effort to clear the post-entitlement workload backlog.

Congress has recently pushed the agency to focus on reducing the backlog of pending disability determinations. As a result, the extra resources that had been used to promote return-to-work efforts appear to have been redirected. It is therefore not clear that the shift in the attitude toward beneficiary employment will be sustained.

Past efforts to further increase the supply of providers were not successful. As part of a post-rollout push to stimulate demand for services get more providers to join the TTW market, SSA and the two Program Managers turned to a new marketing campaign. Although the Program Manager initiated a recruitment campaign in five localities, the effort appears to have had little impact on EN recruitment as of late September 2005.

SSA's new regulations offer ENs enhanced financial incentives. Our analysis of the new regulations suggests that some ENs would be able to generate positive returns under the new regulations if they carefully target their recruitment and service delivery efforts. In particular, ENs would have a strong financial incentive to accept Tickets from beneficiaries who were initially moved into jobs by SVRAs. The more generous milestone payments, made possible by the new regulations, would encourage ENs to help more beneficiaries secure jobs that provide a starting point for long-term employment. Thus, the new regulations might induce providers to participate more actively in the TTW market and expand beneficiaries' overall employment efforts.

B. IMPACTS OF TTW ON BENEFICIARY BEHAVIOR

It is safe to say that TTW has probably sparked a small, relatively rapid increase in beneficiary enrollment in employment services. Early impact results for beneficiary earnings and benefit receipt are inconclusive, however. Differences in trends for the latter outcomes across the early and late rollout states could not be distinguished from differences in trends that existed prior to TTW. As a result, it is not possible to tell whether TTW had an effect on these outcomes, whether the findings just reflect SSA's strategy of rolling out TTW first in the states that were most well prepared for this major programmatic change, or whether the findings are accounted for by other unidentified factors that were having differential effects on outcomes in the early and later rollout states in advance of TTW. Based on administrative statistics for outcome payments and suspensions or terminations because of work, future impacts are likely to be larger than any impacts in the first two years, but they are not likely to be as strong in the near future as the impacts that Congress envisioned.

We estimate that TTW increased service enrollment in Phase 1 and 2 states by as much as 0.7 percentage point in its second year, or 19 percent of the enrollment rate we would have expected in the absence of the program. When projected to the second year for all states, this increase represents over 35,100 beneficiaries, including 32,000 enrolled at SVRAs and 3,100 enrolled at other ENs. The projected second-year impact on service enrollment is higher than the projected first-year impact of approximately 20,000, a hopeful sign of a larger impact in later years.

It is possible, however, that some of the estimated impact reflects the effect of TTW on how service enrollment is measured. Prior to TTW we could only observe beneficiary enrollment for SVRA services after the beneficiary's SVRA case was closed. Now, however, we can identify beneficiary enrollment before case closure if the SVRA receives the beneficiary's Ticket. Even if the effect of the change in measurement on the impact estimates were as large as it could possibly be, however, the estimated impact of TTW on enrollment remains positive, albeit much smaller, representing just 9,100 beneficiaries nationally in the second year, including 6,000 enrolled at SVRAs and 3,100 enrolled at other ENs. Consistent with expectations, the size of the estimated impact was much larger for younger beneficiaries than for older beneficiaries. There is little variation in estimated impact by beneficiary Title (SSDI-only, SSI-only, and concurrent).

Any impact of TTW on beneficiary earnings and benefits in the first two years of the program (2002-2003) was too small to detect with any degree of confidence. If TTW had any success in increasing beneficiary earnings or reducing benefit receipt, those effects were masked by differences between states in employment and benefit-receipt trends that pre-dated TTW, along with the underlying variation in beneficiary outcomes from state to state and over time.

It is possible that impacts on earnings and benefits will increase in the third year after the rollout and later. There are three reasons to expect some increase First, with time, some beneficiaries who participated in TTW in those two years are likely to increase their earnings and exit the rolls due to work. Second, participation rates continued to grow after 2003. Third, growth in the economy after 2003 likely provided better employment opportunities to some participants. Impacts on SSDI benefit receipt, especially, are likely to take a long time to develop, because SSDI beneficiaries must complete the TWP and the three-month grace period before they lose their benefits—a period of 12 months if they have not used any TWP months before assigning their Ticket.

Nonetheless, impacts on TTW participants are not likely to double the rate of permanent exits due to work from the pre-TTW level of approximately half a percentage point. The Congressional "findings" in the Ticket Act itself indicate that even such a small increase in exits would generate billions in benefits savings over the work life of the beneficiaries. The trends we observed in TTW payment data led us to conclude that TTW's impact on participant exits will not reach the Ticket Act's benchmark unless participation increases to well above the level in Phase 1 states observed during the analysis period, which ended in 2004, or unless participants, on average, have their benefits suspended or terminated for many more months than they have to date.

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

It will become increasingly difficult to attribute future earnings increases and benefit declines specifically to TTW, even if they occur. The phased rollout created an opportunity to estimate the effect of TTW by comparing beneficiary behavior between states with and without TTW. Once TTW was rolled out nationwide in 2004, however, such comparisons were no longer possible. As a result, future evaluation efforts will probably not be able to separate the effects of TTW on earnings and benefit outcomes from the effects of other confounding factors, including other efforts to improve employment outcomes for people with disabilities (for example, the Medicaid Buy-in). Future evaluation efforts will focus on tracking TTW performance measures such as overall beneficiary work effort, use of employment-support services, program exits due to work, TTW payments, and beneficiary earnings, but will not be able to specifically attribute any improvements to TTW.

While beneficiaries in the AOI groups defined by Congress have generally demonstrated lower-than-average participation rates in TTW, other factors—such as age, education, and the presence of children under age six living in the household—seem to play a greater role than the nature of the individual's disability in shaping participation patterns. In passing the Ticket Act, Congress acknowledged that providers might be unwilling to accept Tickets from some beneficiaries because the TTW's performance-based payment system may not cover service costs. As part of an effort to address such a concern, Congress required SSA to conduct a study of TTW participation among four groups of AOI beneficiaries:

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

Data from the 2005 NBS show that 67 percent of all beneficiaries fall into one of the four AOI groups, and most of the 67 percent falls into Groups 1 and 2. The high percentage of AOI members is consistent with the expectations of the Ticket to Work Adequacy of Incentives Advisory Group, with research findings based on the administrative definitions for the AOI groups used in earlier TTW evaluation reports, and with the definition of disability used in administering Social Security disability programs.

Although the findings on TTW participation indicate that providers are equally willing to accept Tickets from AOI and non-AOI beneficiaries, overall, we found some evidence for providers' concern about their ability to serve AOI beneficiaries adequately or to induce them to participate in TTW. This observation applies especially to those in Groups 1 and 2, who might require more intensive or long-term support if they are to secure employment. Their participation rates are relatively low, and they are more likely than others to have assigned their Ticket to an SVRA under the traditional payment system. Although these groups had low involuntary nonparticipation rates, those in the groups whom we interviewed reported greater unmet service needs than those in other AOI groups.

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

C. THE FUTURE OF THE TTW MARKET

Assessing the progress and future of TTW depends fundamentally on program expectations. On the surface, those expectations seem modest. The Ticket Act indicated that the program would be successful if it could increase the rate at which beneficiaries exit the rolls due to work from 0.5 percent to 1.0 percent. These seemingly small numbers, however, represent a substantial change for the SSI and SSDI programs, which support some 10 million people with conditions and impairments that, according to SSA, have prevented them from engaging in substantial gainful activity. For these programs, the observed rate of exits due to work has persisted at below 0.5 percent for years, even in the face of numerous programmatic and economic changes (Berkowitz 2003; Social Security Administration 2006; Newcomb et al. 2003).

Furthermore, the changes sought by TTW seem large when viewed from the perspective of SSA operations, which have historically focused on paying benefits appropriately and efficiently, not on supporting return-to-work. TTW has required SSA to train staff in more than 1,300 field offices and to institute an entirely new service to help beneficiaries understand how work affects their benefits. Long-term SSA administrators have described the process of implementing TTW as comparable to launching the entire SSI program in 1974.

The changes expected of TTW are enormous when considered from the perspective of the employment-service providers, who have operated for many years in a cost-reimbursement system and are now being asked to continue in a riskier performance-based payment system. Many providers operate as nonprofits and may therefore be poorly positioned to find the working capital required to sustain TTW operations when the payments they receive for moving a beneficiary into successful employment are spread over five years. Newer providers may be hesitant to enter the market until they can clearly see

ways to enroll enough beneficiaries to make TTW an attractive option compared with other service markets in which they could participate (such as acting as a subcontractor to an SVRA). All providers are likely to be concerned about how to navigate TTW's complex reporting requirements.

Finally, TTW does not directly address what some regard to be the most significant barrier to return-to-work for SSDI beneficiaries: 100 percent loss of benefits once monthly earnings have exceeded the substantial gainful activity level for a sufficient period (i.e., the "cash cliff").

Given all of these factors, it would have been surprising if TTW had produced dramatic changes in its first three years of operation (2002 through 2005). Not only did the program roll out gradually, but beneficiaries, providers, and operations staff clearly need time to respond to the new market. For example, SVRAs generally need more than two years to move a beneficiary into employment, and many beneficiaries have taken months to initiate services by assigning their Ticket. Thus, any changes resulting from the program are likely to emerge slowly.

Some lessons, however, have surfaced more quickly. In particular, it appears that the milestone-outcome and outcome-only systems provide little financial incentive for providers to participate in the TTW market. Fortunately, the Ticket Act accords the SSA Commissioner the authority to modify the payment rules and other aspects of the market in order to make it more efficient.

SSA used that authority when it issued new payment regulations. As noted, our review of the new regulations suggests that providers that carefully target and deliver services will have a much better chance of covering their costs and earning a profit under the new payment systems. Thus, the new rules may breathe new life into the TTW market, particularly if SSA can roll them out in a way that convinces providers to give the market another chance.

Regardless of how the new regulations play out, TTW marks an important step toward more widespread employment and greater self-sufficiency for people with disabilities. The field continues to learn about the best methods for helping people with disabilities understand and improve both their opportunities and their potential. And we are still identifying ways to integrate TTW into other employment initiatives. For example, at least one EN uses outcome payments to pay a wage subsidy to its SSDI beneficiary clients; that is a share of outcome payments to cushion the beneficiary's landing from the "cash cliff". Employers could potentially act as ENs and use outcome payments to subsidize or pay for accommodations.

In addition, overall progress toward increasing the employment of people with severe disabilities, including SSI and SSDI beneficiaries, means greater acceptance of the idea that many such individuals can successfully support themselves if they get employment assistance. Indeed, SSA has advanced that idea simply by mailing Tickets, recruiting new providers, training its staff, and improving how it tracks beneficiary employment. The challenge now is to build on these efforts and to sustain the policy, programmatic, and

market momentum that could bring people with disabilities into the economic and social fold of American life.

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APPENDIX A

TICKET TO WORK TIMELINE AND ROLLOUT PHASE

Table A.1. Ticket To Work Program Implementation and Evaluation Timeline

Time Period	Implementation Activity or Milestone
	1999
December 17	Ticket Act enacted, establishing Ticket to Work Program
	2000
Throughout Year	SSA Office of Employment Support Programs (OESP) begins to develop principal policies and rules in consultation with SSA deputy commissioners
August to December	Draft Notice of Proposed Rule Making negotiated with the Office of Management and Budget
September 29	The Program Manager contract was signed with MAXIMUS, Inc.
November 13	Selection of 13 Phase 1 states announced
December 28	Notice of Proposed Rulemaking published, starting the 60-day public comment period
	2001
Throughout Year	Recommendations for resolving major issues raised by public comment on the Notice of Proposed Rulemaking were considered by deputy commissioners
February 26	Notice of Proposed Rulemaking public comment period ended. SSA received comments from over 400 interested parties, including federal, state, and local agencies; employers; organizations and advocates for people with disabilities, rehabilitation service providers, disability beneficiaries; and others.
April 13	Request for Proposals on EN contracts were published
October to December	Draft final Ticket to Work regulations published
	2002
February	Selection of Phase 2 and 3 state announced
February 5	Phase 1 begins. Tickets were released to 10 percent of the eligible beneficiaries in Phase 1 states

Table A.1 *(continued)*

Time Period	Implementation Activity or Milestone
April	Tickets were released to an additional 20 percent of the eligible beneficiaries in the Phase 1 states
May	Tickets were released to an additional 30 percent of the eligible beneficiaries in the Phase 1 states
June	Tickets were released to the final 40 percent of the eligible beneficiaries in the Phase 1 states
November	Phase 2 begins. Tickets were distributed gradually. Ten percent of the Tickets were mailed each month from November 2002 through September 2003 (no tickets were mailed in December).
	2003
May 29	Contract was awarded to Mathematica and Cornell for the Evaluation of the Ticket to Work Program, Part A
May 29	Contract was awarded to Mathematica and Cornell for the Evaluation of the Ticket to Work Program, Part B, Survey Data Collection
June	National Beneficiary Survey sample was drawn for Round 1
October	Participant sample was drawn for Round 1
November	Phase 3 begins. Tickets were distributed gradually. Ten percent of the Tickets were mailed each month from November 2003 through September 2004 (no tickets were mailed in December).
	2004
February 24	National Beneficiary Survey, Round 1 data collection began
June	National Beneficiary Survey sample was drawn for Round 2
September 30	National Beneficiary Survey, Round 1 data collection ended
	2005
February 7	National Beneficiary Survey, Round 2 data collection began
June	National Beneficiary Survey sample was drawn for Round 3
September 30	Notice of Proposed Rulemaking was issued: Amendments to the Ticket to Work and Self-Sufficiency Program
September 30	National Beneficiary Survey, Round 2 data collection ended
	2006
May	Request for Application was issued for the former Benefits Planning Assistance and Outreach (BPAO) Program, renamed the Work Incentives Planning and Assistance (WIPA) Program
September 30	Work Incentives Planning and Assistance Program awards were granted
October	Second request for Application issued for the WIPA Program

Time Period	Implementation Activity or Milestone
October	Contract was awarded to CESSI to be the new Program Manager for Recruitment and Outreach (PMRO)
	Contract was re-awarded to Maximus to be the Operations Support Manager (OSM)
	2007
March	Second round of WIPA awards granted
June	Contract was awarded to Mathematica for the Process Evaluation of the WIPA Program
July/August	Contract was awarded to VCU for providing technical assistance and training to the Work Incentives Planning and Assistance Program grantees
August 13	Notice of Proposed Rulemaking was issued: Improvements to the Ticket to Work and Self-Sufficiency Program
	2008
May 20	Final Amendments to the Ticket To Work and Self-Sufficiency Program issued
July 21	New TTW regulations became effective

Source: SSA documents and MPR interview with SSA staff

Table A.2. States and Territories Included in Each Phase of TTW Implementation

Phase 1: 13 States		
Arizona	Iowa	Oregon
Colorado	Massachusetts	South Carolina
Delaware	New York	Vermont
Florida	Oklahoma	Wisconsin
Illinois		
Phase 2: 20 States + the District of Columbia		
Alaska	Kentucky	New Hampshire
Arkansas	Louisiana	New Jersey
Connecticut	Michigan	New Mexico
District of Columbia	Mississippi	North Dakota
Georgia	Missouri	South Dakota
Indiana	Montana	Tennessee
Kansas	Nevada	Virginia
Phase 3: 17 States + the U.S. Territories		
Alabama	Ohio	American Samoa
California	Pennsylvania	Guam
Hawaii	Rhode Island	Northern Mariana Islands
Idaho	Texas	Puerto Rico
Maine	Utah	Virgin Islands
Maryland	Washington	
Minnesota	West Virginia	
Nebraska	Wyoming	
North Carolina		

Source: www.ssa.gov/work/ticket_states_announcement.html, accessed August 19, 2003.