

Advantage 2000 Consultants, Inc.

SSA PROPOSES REVISIONS TO AGE CATEGORIES FOR DISABILITY DETERMINATIONS

On November 4, 2005 the Social Security Administration (SSA) announced a Notice of Proposed Rulemaking to change Federal Regulations on adjudicating disability benefit applications. They are proposing a revision to the definitions of the age categories used as one of the criteria in determining disability under Title II (SSDI) and Title XVI (SSI). The rule under consideration can be found at SSA 20 CFR Parts 404 and 416.

Disability decisions by SSA involve a Sequential Evaluation process. If an individual is determined to have a severe impairment, but it does not meet or equate the severity required in SSA's published "Listings", then they turn to Medical-Vocational guidelines.

The Medical-Vocational guidelines consider an individual's age, education, prior work experience and residual functional capacity. The guidelines are broken down into rules that will direct a finding of disabled or not disabled based on these considerations.

What is SSA proposing? They propose a two-year increase to each age category currently used to determine SSDI

AGE CATEGORY	
Current Rules	Proposed Rules
<ul style="list-style-type: none"> Younger Individual 	
Age 18 - 49	Under Age 52
<ul style="list-style-type: none"> Younger Individual, illiterate or Unable to communicate in English 	
Age 45 - 49	Age 47 - 51
<ul style="list-style-type: none"> Closely Approaching Advanced Age 	
Age 50 - 54	Age 52 - 56
<ul style="list-style-type: none"> Advanced Age 	
Age 55 - 64	Age 57 or older
<ul style="list-style-type: none"> Closely Approaching Retirement Age 	
Age 60 - 64	Age 62 or older

eligibility based on Medical/Vocation factors.

What is the basis for the proposal? SSA maintains the proposal is in response to significant changes in public health conditions in the United States. They claim that advances in medical treatment and health-care have provided longer life expectancies and more healthy years for millions of Americans. SSA cites the Census Bureau and AARP as their primary sources for the data leading to these conclusions. The proposal also cites several studies of adults over the age of 65.

SSA claims that economic and social changes have increased opportunities for individuals with disabilities to participate in the workforce. They cite U. S. Department of Labor, Bureau of Labor Statistics data projections indicating job growth will occur in non-physically intensive occupations such as computer operators or service providers.

What does this mean for the private insurance carriers and state-funded disability programs? If the proposed rules are adopted, we anticipate that more individuals will be denied SSDI benefits on the basis that they are capable of performing other work. This would mean that LTD carriers will be paying larger benefit amounts to their disability claimants for longer periods of time. They will be paying more claimants full disability payments without the

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SSA Age Change Proposal Continued...

Mary L. Garrett

**Director of Program
Management**



benefit of the SSDI offsets. There would be increased liability for the Trust Funds for state and local employee benefit plans.

The private insurance carriers may have to take a look at how they are pricing the policies they are selling based on this consideration. The Policy Holders may be looking at increased premiums. State and local bodies will have to consider how they are going to fund the increased cost of benefits offered to their members.

What does this mean for disabled individuals Advantage 2000 Consultants is serving nationwide? If this proposal is enacted, then many more disabled individual's claims will be denied at the initial and reconsideration levels. This would necessitate a greater number of appeals before an Administrative Law Judge. The Office of Hearings and Appeals (OHA) is already running at a serious backlog on Hearings. Also, the proposal does not address those individuals of lower education and low skilled past work history. These individuals statistically have a higher incidence of disability at a younger age. The negative impact of the proposal would more likely to be felt among minority groups than others.

Our experience and research has shown that although health indicators such as life expectancy and infant mortality may have improved for most Americans, minorities experience a disproportionate burden of preventable disease, death and disability compared with non-minorities.

Apparently, the Department of Health and Human Services (HHS), must have reached the same conclusion. Otherwise, they would not have created the Office of Minority Health (OMH). The creation of

the OMH was a result of the *Report of the Secretary's Task Force on Black and Minority Health*, which revealed large and persistent gaps in health status among Americans of different racial and ethnic groups.

The Centers for Disease Control and Prevention (CDC) created its own (OMH) which is charged with improving the health of racial and ethnic minority populations [American Indian & Alaska Native (AI/AN), Asian American, black or African American, Hispanic or Latino, and Native Hawaiian and other Pacific Islander (NHOPI)], and with reducing health disparities among Americans of all racial and ethnic backgrounds.

These minority populations will only continue to grow, widening this gap in disease and disability statistics between the groups. Recent reports from the Centers for Disease Control (CDC) Office of Minority Health (OMH), the United States has become increasingly diverse in the last century. According to the 2000 U.S. Census, approximately 30% of the population currently belongs to a racial or ethnic minority group. The Census Bureau projects that by the year 2100, non-Hispanic whites will make up only 40% of the U. S. population.

In February 2004, Secretary Tommy Thompson created the HHS Council on Health Disparities to coordinate and unify HHS actions on disparity issues. The Council will ensure that HHS contracts, conferences, grants, and initiatives are aligned with the goal of enhancing and expanding the Department's role in reducing health disparities, including striving for racial and ethnic parity in the health professions.

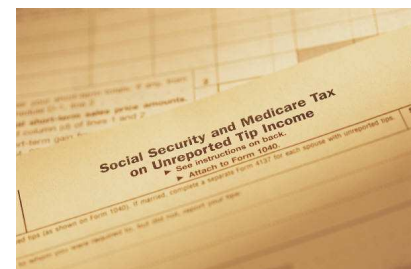
Who would not be affected by this proposal? The proposal would not affect the other rules dependent upon age, such as the age at which an individual can qualify for early retirement benefits or for Medicare as a retired individual. They are not proposing to change the rules under part 404 of the SSA regulations for statutorily blind individuals who are age 55 or older. Those rules are mandated by the Social Security Act and therefore may not be changed without action by Congress.

How can I find out more information about this proposal? The link below will take you to a Notice of Proposed Rulemaking by the Social Security Administration in today's Federal Register.

<http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/05-21975.htm>

Did You Know?

For those persons retiring before the start of monthly benefits in 1940, a single lump-sum payment was made. Ernest Ackerman, the first recipient, worked one day under Social Security, earned \$5, and paid a nickel in payroll taxes. His lump-sum was equal to 3.5% of his wages—so he got 17 cents.





With: Jeff Fields
Customer Relations Manager

Social Security Disability Insurance Factors of Entitlement

What exactly does it take for someone to gain entitlement to Social Security Disability Insurance (SSDI) benefits? That's pretty simple – right? Sometimes a review of the fundamentals can shock us into realizing what we have forgotten or may never have really known or understood about something to begin with. I recently had an occasion to revisit the SSDI “Factors of Entitlement” (FOE) and I was surprised at the simple things I give little credence to and tend to ignore.

For the record, the Social Security Factors of Entitlement to SSDI are that the claimant must:

- Be Fully Insured
- Be Disability Insured (20/40)
- Be “Disabled” according to Social Security Rules
- Be less than Normal Retirement age at the time the disability occurred
- Serve a 5 month waiting period
- File an application

Sounds pretty simple, but I'm sure a few folks are scratching their head as they read this. Most of us have heard all of this at some point and may not have really understood its significance or even what some of it means exactly. I will do a quick overview of each FOE in this article, but some of these will require a full *Vantage Point* Tech Talk article to cover fully. I will do that over the next few issues.

Fully Insured: This one will require a separate article to cover fully. For this and Disability Insured, one must know what a Quarter of Coverage (QC) is. A QC is a “credit” counted toward one's insured status when they earn money and pay FICA tax. It is a specific amount of earnings and changes each year. In 2005 a QC is added to the Social Security earnings record if a person earns \$920. Up to 4 QCs may be earned in any calendar year. It is important to note that for every primary benefit received from the Social Security Administration, being “Fully Insured” is a FOE. It requires a specific num-

ber of QCs based on a given situation. As a quick rule of thumb (and excluding those under age 31), take the person's age at the time of disability and subtract 22 from it. The resulting figure is the number of QCs needed to be considered “Fully Insured” at the time a disability occurs.

Disability Insured (20/40): The short story on this one is that it requires an applicant to have worked and had sufficient earnings to produce QCs on the record for 20 out of the last 40 calendar quarters (5 out of the last 10 years), starting from the date of disability onset. A review of the earnings record over the 10 year period just prior to the onset of the disability will give you what you need. The 20 quarters do not have to be consecutive - any 20 quarters in that 40 quarter period will suffice.

Continued next page

SSDI—Factors of Entitlement Continued...

Disabled: The definition of “Disability” according to SSA is: “The inability to engage in Substantial Gainful Activity (SGA) by reason of a medically determinable physical or mental condition that has lasted or is expected to last 12 months or result in the death of the applicant.” There are a lot of issues and sub issues hidden in that small statement... SGA, Medically Determinable, etc... We will look at this in more detail in a later article.

Less than Normal Retirement age: As we know, the Normal Retirement age is gradually increasing to age 67 from age 65 for those born in 1938 or later. When an individual becomes entitled to a disability benefit from SSA, they are essentially receiving their Normal Retirement age benefit at that point. If the beneficiary remains on benefit until they reach their Normal Retirement age, the benefit simply changes to a retirement benefit and they are no longer subject to periodic medical reviews. Also – any Workers’ Compensation or Public Disability offsets are removed from the retirement benefit. No additional action is necessary on the part of the beneficiary. The benefit simply changes over after their

birth month.

Waiting Period: This sounds pretty simple but it can complicate the Date of Entitlement (DOE) to SSDI benefits especially when one considers the 12 month retroactive limitation. A Beneficiary must serve the 5 month waiting period before benefits are paid. That’s a 5 full calendar month count. If the date of disability is on the 1st of a given month, that month may be counted in the 5 months. If not, that month does not get counted. Example... Disability onset is January 1st, 2005 – the DOE would be June 05. Date of disability is January 2nd, 2005 – the DOE is July 05. We will look at this in more detail in a separate Tech Talk article.

File an Application: Why does that have to be said? It must be remembered that benefits from SSA are not automatic. This is the one FOE that is universal to every benefit paid by SSA – including dependents. It is also the one FOE that can most directly affect the LTD Administrator. Combined with the 12 month retroactive limitation on benefit payment and the waiting period, failure to file an application for SSDI benefits will result in a loss of benefits. If an application for SSDI is not filed within 17

months of the onset of a disability, the retroactive benefits payable will begin to erode. One month of retroactive benefit is lost for every month past the 17th month of disability.

As with anything, the fundamentals are where we seem to lose the edge at times. We may be performing our job at a high level, but sometimes we need to go back to the basics and refresh our skills. The SSA FOEs to SSDI are a great place to start. More to follow along these lines in future *Vantage Point* Tech Talk articles... Stay tuned!



FUN FACT

In 1977 the SSA benefit formula was changed for future beneficiaries in an attempt to correct an error. Those born between 1917 and 1921 were phased in over a five year period. In general, these individuals known as the Notch Babies, received higher benefits than those who were born after them, but LOWER benefits than those born before them. Notch Babies felt they were treated unfairly.

SOCIAL SECURITY NEWS RELEASE

Monthly Social Security and Supplemental Security Income benefits for more than 52 million Americans will increase 4.1 percent in 2006.

Social Security and Supplemental Security Income benefits increase automatically each year based on the rise in the Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)*, from the third quarter of the prior year to the corresponding period of the current year. This year's increase in the CPI-W was 4.1 percent.

The 4.1 percent Cost-of-Living Adjustment (COLA) will begin with benefits that more than 48 million Social Security beneficiaries receive in January 2006. Increased payments to 7 million Supplemental Security Income beneficiaries will begin on December 30, 2005.

Medicare Part B premiums will increase from \$78.20 in 2005 to \$88.50 in 2006. It is important to note that no individual's Social Security benefit will decrease as a result of the 2006 Medicare Part B premium increase. By law, the Part B premium increase cannot be larger

Social Security Announces 4.1 Percent Benefit Increase for 2006

than a beneficiary's COLA increase.

Some other changes that take effect in January of each year are based on the increase in average wages. Please refer to "The Numbers at a Glance" chart on this page for more information or contact Jeff Fields, Customer Relations Manager.

THE SSA NUMBERS AT A GLANCE

QUICK CHART	2006	2005
COLA	4.10%	2.70%
Quarter of Coverage	\$970	\$920
Retirement Test: At FRA	\$33,240	\$31,800
Retirement Test: Under FRA	\$12,480	\$12,000
SGA Test Amount: Non-Blind	\$860	\$830
SGA Test Amount: Blind	\$1,450	\$1,380
Trial Work Services	\$620	\$590
Full Retirement- Attains 62 in	66 Yrs.	66 Yrs.
Medicare Part B	\$88.50	\$78.20
Taxable Earnings	\$94,200	\$90,000
SSI Federal: Individual	\$603	\$579
SSI Federal: Couple	\$904	\$869

EMPLOYEE SPOTLIGHT

This month's Employee Spotlight falls on Brian Callanan, Advantage 2000's Information Technology Manager.

Brian grew up just a few miles from A2k's headquarters in the St. Louis metro community of Mehlville. He earned a Bachelor of Science degree in Information Technology from Fontbonne University, St. Louis and a Master's Degree in IT from DePaul University, Chicago.

Before joining Advantage 2000 in April, 2004, Brian worked in various IT positions for Motorola, Mastercard and the Maritz Corporation. He joined Advantage 2000 as a Programmer-Analyst and was soon promoted to IT Manager.

Brian met his future wife, Malinda, when they shared restaurant employment in 1999. They were married in July of 2004. Malinda has finished her student teaching and is cur-



Brian Callanan
Information
Technology Manager

rently working as a Teacher Aide for the 1st grade at Andrews Academy in Creve Coeur, MO. The Callanan household has enjoyed one recent addition, Jay, a Lab-Beagle mix from an Illinois rescue shelter.

Brian's off duty time includes assisting his younger brother, Steve, a promising college Quarterback prospect, with his recruiting efforts. Brian enjoys all kinds of sports and drama and action movies.

Brian's duties include overall systems management, database design and programming. His contributions include development of web based data stores and reporting functions for our client companies. Here at A2k we especially recognize him for his patience with user support issues and his quick responses to special development and modification requests.

A HELPING HAND...

In the spirit of caring and sharing, Advantage 2000 Consultants rushed to provide aid to those families whose lives were shattered as a result of hurricane Katrina. Richard C. "Pete" Smith committed a company contribution to the Red Cross. In addition, he offered a company match to employee donations associated with the effort. In one week, Advantage 2000 was able to raise \$5100 in cash to aid the hurricane victims.

In addition to the cash contributions, we gathered hundreds of items including food, personal hygiene products, toys, books, games and clothing. These were donated to housing shelters in the affected areas.

Advantage 2000 is proud to remain active in charitable and community minded efforts like this and the various groups we work with each year. We feel it benefits everyone if the suffering of a needy child or a struggling parent can be eased with the generosity of others. We are happy to share in that endeavor.

