

# **PROCEEDINGS OF THE EMPLOYMENT NETWORK (EN) SUMMIT**

## **SUMMARY OF WORK GROUP RECOMMENDATIONS**

*REPORT PREPARED FOR THE:*

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



*PREPARED BY:*

**GINA A. LIVERMORE, PHD  
CORNELL CENTER FOR POLICY RESEARCH  
WASHINGTON, DC  
[WWW.CCPR.CORNELL.EDU](http://WWW.CCPR.CORNELL.EDU)**

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## EXECUTIVE SUMMARY

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

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

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

The major recommendations developed by the work groups for improving provider participation in TTW include the following:<sup>1</sup>

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

- shorten the length of the payment period and provide larger payments early in the payment period, including an initial payment at job placement;
- base payments on an average of Supplemental Security Income and Social Security Disability Insurance benefit levels, rather than having a separate payment calculation base for each program;
- reduce the difference in total payments between the milestone-outcome and outcome-only payment systems;

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<sup>1</sup> A number of additional, secondary recommendations were also developed by the work groups and are presented in the body of the report.

- provide payments for partial success, as defined as earnings at a point or points less than necessary to reduce program benefits to zero;
- honor payments to ENs in cases where beneficiaries are determined to be in overpayment status after Ticket assignment; and
- allow providers to choose between the outcome and milestone-outcome payment systems on a case-by-case basis.

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

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

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

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

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

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

***Enhance beneficiary knowledge through expansion of benefits advisement resources.*** SSA, in conjunction with Federal partners, should support the expansion of the number and quality of benefits advisement outlets. The concept of “benefits advisement outlets” goes beyond the current activities conducted by BPAOs to include peer-to-peer consultation and the involvement

of other local entities that act in advisory or information resource capacities to beneficiaries. An expansion of benefit advisement resources would include expansions in the number of the BPAO benefit specialists, but would also include activities to expand the number of non-BPAO benefit advisement outlets. SSA would provide the means for non-BPAO entities to access appropriate training and ongoing TA to ensure high-quality benefit advisement activities.

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

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

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

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

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

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

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

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

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

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

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

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





## I. INTRODUCTION

Public testimony and the “word on the street” suggest that many beneficiaries respond when they receive a Ticket to Work, but often are unable to find an Employment Network (EN) that will accept their Tickets. Although as of May 2003, there are approximately 800 authorized ENs, just over 200 are accepting Tickets. The limited participation of providers to date has many causes related to the payment system, the complexity and administrative burden of the program, and a lack of knowledge on the part of providers about how to operate successfully under the program.

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

The Panel issued a general Call for Participation to identify a small number of content experts with experience in some aspect of the current issues facing ENs and potential EN providers. Although Summit participants were limited to a group of selected experts, the public was welcome to attend and to provide input. The Panel’s Selection Committee chose participants based on content expertise, program/project relevance, and to achieve broad geographic, ethnic, and stakeholder representation. Participating experts included a wide range of TTW stakeholders, including service providers and beneficiary Ticket holders. A list of Summit participants is provided as *Attachment A* to this document.

After an introductory plenary session where participants were provided background information (see *Attachment B*) and instructions, participating experts were divided into five work groups to consider issues and develop specific recommendations in five topic areas:

- Finance and Payment;
- Technical Assistance and Training;
- Marketing and Collaborative Relationships;
- Operating a Successful EN; and
- Recruiting Non-Traditional ENs.

The recommendations developed by the work groups are summarized in this report. They are organized around each of the five topic areas. The discussion and recommendations for each topic area are presented as follows: First, background information and the primary issues associated with the topic are discussed. Next, the essential recommendations of the work group are presented. The essential recommendations represent, in the view of the work group

participants, the most critical actions that need to be undertaken to enhance EN participation and ensure the survival of TTW. In the final subsection of each topic area, other secondary issues and recommendations discussed by the work groups are presented.

***The recommendations presented in this report reflect the opinions and discussions of the Summit participants, and do not represent the official opinions or recommendations of the Panel.*** It is the Panel's intention to use the recommendations developed at the Summit to inform future deliberations and any official recommendations to the President, Congress and/or the Commissioner of SSA. The Panel is committed to seeking global solutions to the limited participation of ENs. Panel members believe that thriving ENs are critical to the success of TTW and will lead to more beneficiaries achieving self-sufficiency through work.

## **II. FINANCE AND PAYMENT**

### **A. Background**

The purposes of this work group were: 1) to discuss the adequacy of the EN payment system and offer recommendations for modifications if deemed necessary; and 2) to consider options for EN capitalization.

Members of the Finance work group identified a number of issues and challenges related to the EN payment system and the financing of TTW services that they believe are negatively affecting the success of TTW.

First, TTW is a new program and represents a new way for providers to operate. For most traditional providers, TTW represents a significant change in their business practices, with the primary change being related to the payment system. Many traditional providers have relied on funding from state vocational rehabilitation (VR) agencies and other sources that, while outcome-based in some respects, typically are fee-for-service arrangements that allow them to finance services up-front and over shorter time periods. TTW represents a payment structure that is wholly based on outcomes and is extended over a long period. For many providers, such a payment structure is not a good fit with their financial systems, the types of services they provide, and/or the outcomes they expect to achieve with their traditional clients.

Work group members believe that many of the current ENs lack the knowledge base or business expertise required to make TTW successful. Most providers are trying to operate as "business as usual" even though TTW represents a significant departure from their traditional business models. Work group members also note that providers cannot invest a lot of time in developing the required business expertise. Most are small organizations, and those that are for-profit entities have difficulty justifying the allocation of resources to endeavors that are not immediately billable. In addition, given the way in which services have been provided in the past, the disability community has had limited interaction with the business and foundation communities, which could offer resources to help providers achieve success under TTW.

A second major issue is that the payment structure is simply inadequate to induce providers to participate. Profit margins under the current EN payment system appear extremely slim and cannot be realized for many years. One work group member noted that estimates developed for

his employment service organization indicate that the cost/revenue breakeven point under TTW is two and one-half years for DI beneficiaries and approximately four years for SSI recipients. This work group member also indicated that, given the expected costs and risks of serving TTW participants, an EN should expect a 20-30% return to justify investment in serving this clientele. As the current payment system appears to yield low margins at considerable risk, ENs are not in a position to seek capitalization funding from banks or foundations. In addition, it is a very complicated program to attempt to explain to potential funding sources.

Third, providers currently operate in a climate of federal/state/local cost shifting. ENs not only need to have expertise operating in the business community, they also need to navigate the complexities of other government funding sources and know how to form partnerships with agencies that can provide complementary resources.

Work group members believe that, because of the above issues, small non-profits in particular need upfront assistance in order to actively participate in TTW in any substantial way. They note that it is important to distinguish the upfront capitalization of ENs from “getting someone else to pay upfront.” If TTW is to become a viable program, ENs must become self-sustaining. A system where ENs are forced to rely on outside funding sources in order to serve Ticket clients will not be viable in the long run.

A final issue discussed by work group participants is that the payment system appears to preclude equitable beneficiary participation in TTW. The outcome-based reimbursement structure encourages ENs to serve beneficiaries who are the easiest to place in employment (a process often referred to as “creaming”). Some work group members believe that, because the program design and rationale is based on potential benefit savings, there may be room to amend the payment system in a manner that encourages more equitable participation and still achieves savings. In particular, immediate savings to the program are experienced when SSI recipients go to work, which should be reflected in the payment structure to ENs.

## **B. Essential Recommendations**

### **1. Reform EN Payment System**

To address the concerns that the current EN payment system is inadequate to induce providers to actively participate in TTW, an essential recommendation of the Finance work group focused on reforming the EN payment system. The recommendation consists of the following key components:

- Shorten the length of the payment period and provide larger payments early in the payment period, including an initial payment at job placement;
- Base payments on an average of Supplemental Security Income (SSI) and Social Security Disability Insurance (DI) benefit levels, rather than having a separate payment calculation base (PCB) for each program;
- Reduce the milestone penalty, that is, reduce the difference in total payments between the milestone-outcome and outcome-only payment systems;

- Provide payments for partial success, as defined as earnings at a point or points less than necessary to reduce program benefits to zero;
- Honor payments to ENs in cases where beneficiaries are determined to be in overpayment status after Ticket assignment; and
- Allow providers to choose between the outcome and milestone-outcome payment systems on a case-by-case basis.

The reasons behind the specific recommendations warrant further discussion.

***Shortened payment period and larger payments early on.*** The primary benefit of shortening the length of the payment period and providing larger payments early on is that it would reduce the risk to providers by allowing them to recoup their costs more quickly and with less uncertainty. Forcing providers to wait a period of 60 or more months to recoup full payment introduces a significant source of risk. Over time, more and more factors outside of the control of the EN will affect the likelihood of the beneficiary's employment (e.g., changes in health status, living arrangements, labor market dynamics). With outcome payments structured such that equivalent amounts are obtained over an extended payment period, there is no recognition of the typically greater investment required upfront by providers, nor of the increased risk to providers as time progresses.

Reducing the length of the period will also reduce the EN burden of tracking earnings, reduce the beneficiary burden of providing earnings information, and reduce the risk of ENs losing contact with beneficiaries who may not require long-term services. In addition, a reduced payment period may make it easier for SSA to resolve payment disputes among multiple ENs, as there would be a shorter period over which SSA must make assessments regarding the relative contribution to employment of each EN, thereby making it easier to directly link provider services to beneficiary engagement in employment.

***Use of a single PCB.*** The rationale behind the recommendation to utilize a single PCB and basing it on a combined average of SSI and DI benefit levels is to provide a greater incentive for providers to serve SSI recipients. Currently, the SSI PCB and potential long-term payments for SSI recipients are substantially lower than for DI beneficiaries. This, combined with the fact that SSI recipients must work at higher levels than DI beneficiaries to trigger outcome payments, and the fact that SSI recipients have generally poorer employment histories and education levels, may make SSI recipients undesirable candidates for TTW from the provider perspective. While providing greater incentives for providers to serve SSI recipients might be argued from an equity standpoint, it also may make economic sense given the current structure of SSI and DI work incentives. SSA experiences an immediate \$1 of benefit savings for every \$2 of earnings above \$85 per month from SSI recipients who go to work. For DI beneficiaries, SSA will not experience benefit savings until earnings (net of impairment-related work expenses, subsidy, and unincurred business expenses) exceed \$800 per month and the completion of a nine-month trial work period.

A single PCB does not, however, recognize the higher benefits, and higher potential savings to SSA from return to work, associated with DI beneficiaries. It is clear, however, that the current

payment structure does not acknowledge the immediate savings to SSA when SSI recipients return to work, and provides less incentive for ENs to serve SSI recipients. While a single PCB for both SSI and DI might provide more equal incentives to serve both types of beneficiaries, such incentives might also be created by other means, the specifics of which will depend upon whether equity considerations or savings to SSA are of paramount interest.<sup>2</sup>

**Reduced milestone penalty.** The rationale behind this recommendation was that it is the simplest, most expedient method for moving additional funds upfront, into the milestone payments. Although a 15% differential could be justified on the basis that providers under the current outcome-only system bear more risk (while SSA bears more risk under the current milestone-outcome system) work group members were not aware of any actuarial data used to establish this figure and viewed the figures as primarily intended to discourage use of the milestone system. Work group members believe that the 15% differential is too high and seems primarily punitive. They note that without a more significant investment in the milestone payments there will be no working Ticket system. Increased milestone payments could be achieved in other ways, for example, by increasing the overall investment from 40% to 50%, investing the additional funds in the milestones, and maintaining the 15% differential between the two payment systems.

**Payments for partial success.** There are social benefits to beneficiaries working other than simply savings to SSA. The existence of these other benefits (e.g., reduced reliance on other social programs, payment of taxes, psycho-social benefits) justifies some payment to ENs for assisting beneficiaries to gain and maintain employment, even if earnings do not reduce SSI and/or DI benefits to zero. In addition, (and as noted previously) SSA experiences immediate savings when SSI recipients return to work, and ENs should be permitted to share in that savings for their efforts. In the example modified payment system developed by the work group and presented below (*Exhibit 1*), milestone and early outcome payments are made to ENs when beneficiaries work at specified earnings levels, regardless of the impact on benefits.

**Honor EN payments when beneficiaries are found to be in overpayment status.** One requirement for Ticket eligibility is that the beneficiary be in cash benefit status. If SSA has not conducted work continuing disability reviews (CDRs) or SSI financial redeterminations in a timely manner, it is possible that it will issue Tickets to beneficiaries who are already working and are, in actuality, ineligible for TTW. SSA policy regarding Ticket assignments made by beneficiaries found retroactively to be ineligible for TTW because of past work has not been established. Only two scenarios appear possible, however: either SSA invalidates the Ticket assignment, or SSA honors it. If SSA invalidates the Ticket assignment retroactively, then the EN working with the beneficiary will not be eligible for payments and will have borne the cost of providing services up to the point where the Ticket assignment was determined invalid. A

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<sup>2</sup> Work group members did not suggest specific alternatives, however, they note that the small reduction in DI payments over the long-term is mitigated by other suggested modifications to the payment system, primarily, the reduction in the milestone payment penalty, the distribution of payments over a shorter period, and higher payments up front. The consensus of the work group was that the advantage of front-loading the payments (and associated reduced risk) outweighed the small reduction in potential DI payments that, under the current system, would be collected during the last 20 months of the 60-month payment period.

policy such as this places even greater risk on ENs than the current risk associated with TTW's outcome-based reimbursement system. If SSA honors the Ticket assignment in such cases, then SSA will be paying ENs for beneficiaries ineligible to assign Tickets. Anecdotal reports indicate that SSA has, to date, taken both types of actions. The recommendation for SSA to honor payments to ENs in all cases where the Program Manager has previously indicated that the Ticket is valid and assignable seems the reasonable course. ENs should not bear the burden for the past failures of beneficiaries to report earnings, or of SSA to process them. SSA may, however, need to develop procedures for screening and ensuring Ticket eligibility prior to assignment for cases where beneficiaries are, or have recently been, engaged in work.

***Allow case-by-case selection of payment system.*** Presumably, SSA has structured, and will continue to structure, both the outcome and milestone-outcome payment systems such that they will yield a net savings to SSA after all costs are considered. If this is indeed the case, then there appears to be no reason why SSA should not allow ENs to select a payment mechanism on a beneficiary-by-beneficiary basis. Restricting ENs to one payment system or the other for all clients they serve may cause them to limit the types of services they provide and the types of beneficiaries they serve to those that they believe will be the most lucrative under the selected payment system. Under the current payment structure, so few ENs have elected the outcome payment system that the point may be moot. If SSA were to significantly modify both payment systems, however, it may become a non-trivial issue. For example, a modified milestone-outcome system might be intended to support beneficiaries requiring intensive upfront services and less intensive ongoing services, while a modified outcome payment system might be intended to support beneficiaries requiring a moderate level of services over a long period. Allowing ENs to choose the payment mechanism on a case-by-case basis would permit a given EN to serve both types of beneficiaries.

### ***Example of a Modified Payment System***

For illustration purposes, members of the Finance work group developed a specific example of how the EN milestone-outcome payment method might be modified in a manner consistent with their recommendations for payment reform. The example is depicted in ***Exhibit 1***. For comparison purposes, the actual milestone-outcome payment structure is presented in ***Exhibit 2***.

### **Exhibit 1. Example Modified Milestone-Outcome Payment Structure**

Milestone Payments	Work Activity Level	% of APCB*	Payment
Job Placement	TWP - \$570/Mo Gross	34%	\$223
1 Month	TWP - \$570/Mo Gross	100%	\$655
3 months	TWP - \$570/Mo Gross	122%	\$799
7 Months	TWP - \$570/Mo Gross	170%	\$1,114
12 Months (5 above SGA)	SGA - \$800/Mo Gross	200%	\$1,310
	<b>Total of 5 Milestone Payment Available</b>		<b>\$4,101</b>
Outcome Payments			Monthly Payment
Months 1-6	SGA - \$800/Mo. Gross	60%	\$393
Months 7-12	SGA - \$800/Mo. Net	50%	\$328
Months 13-40	SGA - \$800/Mo. Net	30%	\$197

\* Average Payment Calculation Base (APCB) is estimated for illustrative purposes to be \$655 = (SSI PCB+SSDI PCB)/2.

In this example, five milestones (instead of four) are paid, with one occurring at job placement.<sup>3</sup> Both milestones and outcomes are based on an Average Payment Calculation Base (APCB) rather than on separate PCBs for SSI and DI beneficiaries. Each milestone after the first is paid at a higher percentage of the APCB than under the current payment structure. In addition, the first four milestones are paid based on employment outcomes that are below the SGA level (at the trial work period amount, currently \$570). The fifth milestone is paid when gross earnings exceed the SGA level (currently \$800).

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<sup>3</sup> The “at placement” milestone is paid if gross earnings are expected to exceed \$570 per month, as the earnings will not have accrued at that point in time.



**Exhibit 2. Current Milestone-Outcome Payment Structure**

Milestone	Must occur after the date on which the beneficiary first assigns a Ticket and before the first Outcome payment month	% of PCB*	SSI Ticket-Holder	SSDI Ticket-Holder
1	1 calendar month above the SGA threshold	34%	\$167	\$279
2	3 calendar months above the SGA threshold in a 12-month period	68%	\$334	\$557
3	7 calendar months above the SGA threshold in a 12-month period	136%	\$668	\$1,114
4	12 calendar months above the applicable SGA threshold amount in a 15-month period	170%	\$835	\$1,393
	<b>Total of the 4 Milestone Payments Available</b>		<b>\$2,004</b>	<b>\$3,343</b>
<b>+60 (reduced) Outcome Payments</b>	The beneficiary receives no Federal DI or SSI disability-based benefits based on work or earnings. Each Outcome Payment the EN receives will be reduced by an amount equal to 1/60 <sup>th</sup> of the total Milestone Payments made to that EN with respect to the same Ticket.	34%	Depending on the number of milestones achieved, outcome payments could range from <b>\$134-\$279</b>	

\*The PCB is based on the cash disability benefits SSA paid in the prior calendar year. The formulas are updated annually. PCBs for 2003 are: \$819 for SSDI and \$491 for SSI.

Outcome payments under the example system are paid as a percentage of APCB that start out higher in the early outcome months, then are reduced over time. The first six outcome payments are made based on the beneficiary achieving earnings that exceed the SGA level. Subsequent outcome payments are paid if net earnings are above SGA after applying the relevant work incentive provisions.<sup>4</sup> The total period of outcome payments is equal to 40 months (rather than 60). The outcome payments in *Exhibit 1* assume that all milestones were paid. If only some, or none, were paid then each outcome payment would be increased by an amount equal to 1/40<sup>th</sup> of the unpaid milestone amounts. Although not explicitly depicted in *Exhibit 1*, the example reflects a reduction in the difference between total potential milestone-outcome and outcome-only payments from 15% to 5%.

## 2. Conduct a Study of EN Capitalization Sources

It is not costless for providers to begin to provide services to Ticket holders. ENs incur non-trivial administrative costs developing the initial capacity to serve Ticket holders. They also incur the costs of providing services, but given the structure of the EN payment system, must recoup those costs and any return on their investments over a rather prolonged period of time. Many providers simply lack the means to invest in providing services to Ticket holders. To address the concern that traditional sources of provider capitalization are very limited, and the fact that some capitalization is necessary for ENs to operate in any substantial way under the

<sup>4</sup> This creates an 18-month, or longer, period during which there is no penalty to the EN if the beneficiary uses SSI or DI work incentive provisions. The work group recommended equalizing the earnings threshold for outcome payments between SSI and DI. Outcome payments would be paid when the worker's net earnings are above SGA for both SSI and DI, rather than under the current system where an SSI recipient is subject to a higher work standard. This method results in a reduction in the SSI cash benefit that is greater than the outcome payment, but may not reduce SSI payments to zero. For DI beneficiaries, benefits would be reduced to zero when the conditions for an outcome payment are met.

TTW payment system, the second essential recommendation of the Finance work group is for SSA to initiate a study of potential sources and models of EN capitalization. Such a study would include the following components:

- Conduct an exploratory analysis of existing potential sources of EN capitalization. The analysis might include:
  - developing an inventory of potential sources (including: foundations; government and non-government grant and loan programs; third-party payers such as Medicaid, state mental health, developmental disability, and vocational rehabilitation agencies; and other sources);
  - exploring the likelihood that these sources might be used by ENs or specific types of ENs for capitalization funding, including identification of: specific instances where such activities have been successful in analogous settings; the most promising capitalization vehicles; and potential obstacles or challenges to the use of specific sources. The explorations would include high-level negotiations between SSA and other entities, such as the Small Business Administration, to develop loan products that would meet the needs and circumstances of ENs; and
  - developing a plan for addressing any obstacles to the use of the most promising capitalization sources.
- Conduct demonstrations of the most promising capitalization models to test their effectiveness, and compare the demonstration sites to comparable EN sites operating without the capitalization intervention.
- Package and disseminate the findings of the study in manner that will be of immediate and practical utility to ENs or potential ENs seeking capitalization funding. The information could be disseminated via a national technical assistance and resource center established for ENs by SSA.
- Develop the means for SSA to continue to foster collaborative relationships with the organizations and entities identified in the study.

Members of the Finance work group recommend that the study be conducted over a two-year time frame, with the exploratory and planning activities being conducted during the first year, and an actual demonstration of promising models being conducted during the second year. SSA has already initiated an EN Capitalization Project through its contract with MAXIMUS. The project encompasses much of the first component of the recommendation noted above. Members of the Finance work group believe, however, that the subsequent steps of demonstrating and proving potential models on a small-scale basis, disseminating useful information to ENs, and continuing to foster collaborative relationships with funding entities are additional critical steps.

It should be noted that the recommendation for SSA to study the capitalization issue cannot be considered separately from issues of payment reform. The purpose of identifying capitalization sources is to help providers find the means to support start-up investments necessary to participate in TTW. The purpose is *not* to identify on-going complementary funding that would

subsidize services to Ticket holders, the absence of which would prevent those services from being provided. Hence, the EN payment system must offer a viable rate of return to justify capitalization. If ENs cannot present a reasonable financial model to potential funders that demonstrates an acceptable return over time, it is unlikely that any funders will be willing to capitalize ENs. An important component of any demonstrations conducted would be the development of an EN financial model or models, and assessment of how demonstration and comparison ENs perform within the context of those models.

### **C. Other Issues and Recommendations**

The Finance work group discussed several other recommendations and issues:

**Same Payment Terms for state VR and non-state VR ENs.** Members of the work group recommended that SSA consider standardizing the payment terms for all ENs, regardless of whether or not they are state VR agencies. This would either mean allowing non-state VR ENs the cost-reimbursement options, or restricting state VR agencies to the EN payment system options.

**Technical Assistance to ENs.** Members of the work group recommend that SSA establish a national technical assistance (TA) and resource center for ENs. The TA provided to ENs would include: business planning and financial model development; assistance with grant writing and other means of identifying capitalization resources; and assistance with leveraging and combining funding from existing sources.

**Active Outreach to Stakeholders.** Members of the work group recommend that SSA conduct and support more active outreach to program stakeholders for purposes of informing stakeholders about the program and establishing clear expectations. SSA should support the development and dissemination of consistent and tailored informational materials targeted to funders, businesses, financial institutions, and service providers.

**Beneficiary Work Incentives.** Members of the work group note that the work incentive provisions in the disability programs are ineffective, complex, different for different types of beneficiaries, cause delays in payments to ENs, and create incentives for ENs to serve or not serve particular individuals. A recommendation of the work group is for SSA to re-examine its system of work incentives, and take a more simplified and direct approach. The approach suggested was for SSA to provide beneficiaries a direct financial incentive to return to work, independent of EN payments. For example, as an alternative to the complex system of work incentives, funds generated from reductions in benefit payments due to employment would be set aside in escrow and used for beneficiary incentive payments.

**RSA and Medicaid Funding.** Although no specific recommendations were developed, members of the work group discussed the issue of Rehabilitation Services Administration (RSA) and Medicaid funding, the existing confusion over how they can or cannot interact with SSA payments to ENs, and the question of ultimately, which federal agency will be responsible for funding long-term employment services.

### **III. TECHNICAL ASSISTANCE AND TRAINING FOR ENs**

#### **A. Background**

The purpose of this work group was to consider the need for and types of training and TA that would benefit ENs, and how training and TA might be delivered.

Work group members noted several issues related to the availability of TA, training, and information for ENs. In general, there appears to be a significant lack of these types of resources for ENs, which in turn, is undermining the success of TTW. Work group members note that the existing TA and training resources appear to be non-uniform, piecemeal, uncoordinated, and of varying quality.

MAXIMUS has developed and provided training modules to ENs, but they are insufficient because they only cover the administrative and procedural aspects of EN participation. Other training and information disseminated by provider associations or other organizations generally offer only very basic “Ticket 101” types of information. Existing training and TA resources are also limited because they are: biased towards the goals of the sponsoring organizations; do not reflect an awareness of other existing resources; do not identify and share best practices; and fail to address the diversity of EN organizations and the beneficiaries they serve.

Work group members note further that the primary reason for the above limitations of TA and training resources for ENs is simply due to a lack of funding. The Ticket Act requires SSA to fund activities that enhance beneficiary knowledge and awareness of work incentive provisions and issues related to Ticket to Work. The Ticket Act, however, does not specifically require SSA to devote resources to developing the capabilities of providers to operate as ENs under TTW. There appears to be an implicit assumption in the legislation that if the government puts forth the EN reimbursement system, qualified providers that are willing and able to serve Ticket holders will materialize. Early experiences with the program indicate, however, that providers are not serving substantial numbers of Ticket holders. This is in part due to a great need for TA and training on how successful ENs operate under TTW. Areas where ENs appear to lack adequate information and training identified by members of all five Summit work groups include:

- SSA disability program work incentive provisions;
- Ticket to Work program rules and procedures;
- Developing and operating a successful business plan under the EN payment system, and obtaining initial funding to invest in providing TTW services;
- Forming strategic partnerships and accessing complementary resources to serve Ticket holders; and
- Best practices regarding EN operations such as identifying and screening candidates, educating beneficiaries about the program, forming relationships with employers or other entities, blending funding streams, tracking earnings, and submitting claims for payment.

## **B. Essential Recommendations**

The members of the TA and Training work group developed three inter-related recommendations that center around SSA establishing a national TA, training, and information dissemination system for ENs. The recommendations encompass many of the issues and recommendations raised by other work groups and noted elsewhere in this report. Making TA and training resources available to ENs was considered a high priority by most Summit participants, as evidenced by the recommendations of all five work groups. All work groups identified several important areas where TA and training were necessary for providers to be successful under TTW and where a coordinated system for information dissemination to ENs would be beneficial.

### **1. Establish a National Technical Assistance, Training, and Information Dissemination System**

To address the need for training and information among ENs, employers, and other groups that might be involved in the employment-related activities of people with disabilities, members of the TA and Training work group recommend the establishment of a national, coalesced TA, training, and information dissemination system or center. Such a system or center would have the following features:

*All Federal agencies affected by and involved in TTW would collaborate to develop a national leadership forum.* These entities would include components from within SSA, the Departments of Education, Labor, Health and Human Services, and the Small Business Administration. The work group believes it is important to include all major Federal partners so that the training and TA activities fully encompass the roles and perspectives of these agencies in supporting the employment of people with disabilities.

*The system would develop and deliver a core curriculum on the supply-side aspect of TTW.* The core curriculum would include training on regulations, work incentives, partnership models, financial models, business planning, market research, and best practices with respect to candidate screening, service models, and tracking earnings. The core curriculum and other training products would be developed based on initial and ongoing assessments of the needs of existing ENs and other TTW stakeholders.

*The system would seek to expand EN awareness of and offer referrals to new and existing sources of decentralized support.* Examples of such support include regional and localized TA and training, access by toll-free phone number and web, and business-to-business support.

*The TA and training system would be monitored for quality, and its impact on ENs and the success of TTW would be periodically assessed.* As with any funding stream, the money spent on this endeavor should be periodically evaluated for its effectiveness.

### **2. Conduct an EN Needs Assessment**

As part of the effort to establish a TA and training system for ENs, SSA would initially fund a needs assessment that would identify the types of resources and materials required by ENs. In addition to seeking the input of ENs, the assessment would include SSA seeking the input of its

Federal partners, and the input of representatives of major disability organizations that have a potential stake in the TA and training system. Based on the findings of the needs assessment, SSA would determine the appropriate TA and training products to be developed, and the most appropriate means for developing and disseminating them.

### **3. Develop an EN Membership Organization**

A complementary recommendation of the work group is that an EN membership association be formed, or that a coalition of professional organizations that represent ENs be formed. Specific details for how this might occur were not developed, but work group members believed that the development of such an organization or coalition would be facilitated and enhanced by the activities of a national TA and training system for ENs. This recommendation was also offered by the work group on Operating a Successful EN. The rationale for establishing an EN association is discussed further in *Section V.B.4* of the report.

## **IV. MARKETING AND COLLABORATIVE RELATIONSHIPS**

### **A. Background**

The purposes of this work group were to consider: 1) how beneficiary targeting, marketing, screening, and recruitment might be more effectively accomplished; and 2) how effective, cooperative relations between ENs and state VR agencies might develop.

Work group members discussed the experiences of many ENs in having to address the lack of information about and awareness of TTW among beneficiaries. Beneficiary misunderstandings about TTW have resulted in a substantial burden on ENs to explain the program in the process of responding to inquiries from beneficiaries and screening for appropriate candidates. ENs have reported that beneficiaries believe: that Tickets may be instantly exchanged for jobs; that ENs are required to accept their Tickets; that ENs are required to provide funding for VR services that the beneficiary wants; and that beneficiaries are often surprised to learn that ENs only want to accept Tickets from those who want to earn enough to lose all cash disability benefits. ENs spend a lot of time explaining the program and dispelling these and other misconceptions.

Work group members also raised the issue of conflicts of interest that might arise if an entity acts both as an EN and in a benefits advisement capacity as a Benefits Planning, Assistance, and Outreach (BPAO) grantee. In a number of instances, organizations acting as BPAOs are also state VR agencies, ENs, and Protection and Advocacy for Beneficiaries of Social Security (PABSS) programs. A conflict of interest may arise because it could be to the advantage of the state VR agency or EN acting as a BPAO to identify individuals contacting the BPAO who may be viewed as “excellent candidates” for Ticket assignment, and encourage or otherwise persuade these individuals to assign their Tickets to the EN/BPAO entity. A conflict of interest might also arise because the EN/BPAO entity may have an incentive to provide inaccurate or misleading information and guidance to a beneficiary regarding his or her benefit situation and options because the EN/BPAO entity’s payment under TTW is contingent on a beneficiary moving into non-pay status. For example, the EN/BPAO entity may be unlikely to share information or promote use of work incentives or other options that would lengthen the time that the beneficiary stays in cash payment status. Work group members note the importance of a beneficiary’s right

to accurate and understandable information for purposes of making informed and personally appropriate choices. Given the complexity of the current disability programs and systems for obtaining return-to-work assistance, beneficiaries often experience difficulty obtaining information and developing an understanding of the consequences of their choices.

Work group members also discussed how TTW added a new element to the relationships between state VR agencies and ENs that are also current vendors to state VR agencies. TTW establishes a mechanism under which non-state VR agency ENs might directly obtain both SSA funding and beneficiary clients without the intermediary involvement of the state VR agency, creating a competitive situation. At the same time, state VR agencies may be concerned about protecting the important source of funding historically generated through SSA's cost reimbursement program. While state VR agencies may be the entities in the best position to support ENs under TTW, it may not be in their best interests to do so. Work group members note that EN/VR partnerships are important to the success of TTW; however, due to the above factors, such partnerships are unlikely to occur unless they generate more revenue in the system and achieve better outcomes.

The importance of consumer choice under TTW was also discussed. Members note that the beneficiary must be an equal partner in the process. In particular, some members of the work group believe that the current policy regarding state VR agency Ticket assignments violates the principle of consumer choice. Under the current policy, state VR agencies may automatically take a Ticket assignment if a new state VR client has signed an Individual Plan for Employment (IPE), even if the client has not signed an Individual Work Plan (IWP) and consented to assign the Ticket to the state VR agency.

## ***B. Essential Recommendations***

### **1. Enhance Beneficiary Knowledge through Expansion of Benefits Advisement Resources**

To address the issue of educating and informing beneficiaries and their influencers, members of the work group recommend that SSA, in conjunction with Federal partners, support the expansion of the number and quality of benefits advisement outlets. Work group members note that what they refer to as "benefits advisement outlets" goes beyond the current activities conducted by BPAOs to include peer-to-peer consultation and the involvement of other local entities that act in advisory or information resource capacities to beneficiaries. An expansion of benefit advisement resources would include an increase in the number of the BPAO benefit specialists, but would also include activities to expand the number of non-BPAO benefit advisement outlets. The goal would be for consumers to have access to benefits information at whatever point they interface with the system. Benefits information would be more widely available and could be provided directly by social service agency staff, ENs, and other entities serving people with disabilities. SSA would provide the means for non-BPAO entities to access appropriate training and ongoing TA to ensure high-quality benefit advisement activities.

While acknowledging the possibility and potential danger of conflict of interest among state VR agencies, ENs, and PABSS programs also serving as BPAOs, work group members believe that SSA policy should not specifically prohibit an organization from fulfilling a dual role. Rather, as

a component of this recommendation, work group members support the establishment of a BPAO code of ethics, as well as practice or certification standards. With the number of individuals and entities that provide benefits planning information growing, the importance of standardizing practices and ensuring that high quality information and service are provided becomes more essential.

## **2. Develop Marketing Resources and Materials**

To further address the issue of educating and informing beneficiaries and their influencers, and the burden on ENs to educate and screen beneficiaries, members of the work group recommend that SSA support more marketing and educational activities around the Ticket, and work supports in general. Such activities might be conducted directly by SSA, such as public service announcements or newsletters to beneficiaries developed by SSA regional offices.

SSA might also issue RFPs for grants to organizations to conduct beneficiary outreach and Ticket education on a regional level. These grants would fund organizations to engage in the following types of activities:

- Develop marketing strategies and tools in collaboration with state and local partners, including the input of beneficiaries, their influencers, ENs, and other governmental and non-governmental organizations serving people with disabilities. The tools developed would address the concerns of beneficiaries;
- Develop strategies for joint marketing activities among local ENs and other partners, such as joint orientation sessions and other informational forums for beneficiaries and their families. The purpose of these activities would be to develop ways to centralize some of the functions ENs are required to undertake in order to achieve economies of scale and reduce the costs to individual ENs;
- Provide information to beneficiaries about the Ticket, as well as other local resources;
- Identify and disseminate information about successful models and best practices with respect to marketing to beneficiaries and screening for appropriate candidates;
- Conduct and disseminate market research information to inform the above activities;
- Provide the means to share information across regions; and
- Evaluate and monitor the effects of marketing activities.

## **3. Assess Policies Related to State VR Reimbursement and Relationships with ENs**

Work group members agree that establishing collaborative VR/EN relationships will be beneficial to TTW. Given the current manner in which the program operates, however, forming collaborative VR/EN relationships is a challenge. Work group members believe that the fundamental policies under TTW need to be reassessed in light of existing funding streams and



provider relationships. The group proposes several principles that might guide the process of amending policies in a manner that will promote VR/EN collaborations:

- VR/EN relationships should be equitable, long-term financial joint ventures with shared risk and responsibility, and therefore all policies and funding mechanisms should promote full and equitable participation of state VR and non-state VR ENs.
- VR/EN agreements must be flexible and adaptable, and not developed on the basis of one-size-fits-all. VR/EN agreements should be collaboratively developed to reflect the principles of shared risks and responsibilities.
- Beneficiary participation should be voluntary and based on informed choice.

The work group provided examples of how the above principles might be translated into practice:

- Explore possibilities for allowing beneficiaries to use state VR services under a cost-reimbursement system, and subsequently permit use of the Ticket with an EN.
- Implement guidelines to govern VR/EN agreements. Such guidelines might include the following:
  - Not allowing state VR agencies to require ENs to reimburse them for services unless the EN receives payments from SSA for a specific beneficiary.
  - Not allowing state VR agencies to require ENs to reimburse them over and above the cost of services provided to a beneficiary, when the EN has not recouped its costs.
  - Encouraging state VR agencies to allow ENs to keep a portion of the Ticket payments immediately, rather than requiring ENs to fully reimburse them for all service cost prior to being allowed to retain any Ticket payments.
- Assess the policies articulated in the Transmittal 17 amendment to SSA's VR Provider Handbook, particularly those related to the requirements of Ticket assignments to VR agencies. In order to ensure informed consumer choice, automatic Ticket assignments should not be permitted. Work group members believe that the cornerstone of TTW is consumer choice and control of employment services. The current SSA guidance to VR agencies appears to violate this principle. SSA should review the policies and operational guidance contained in Transmittal 17 to insure that these procedures protect a beneficiary's right to informed choice. Specifically, procedures should be revised, if necessary, so that an individual will not have his or her Ticket assigned to a State VR agency without his or her knowledge and consent.

## **V. OPERATING A SUCCESSFUL EN**

### **A. Background**

The purposes of this work group were to: 1) identify and develop solutions to the most important operational challenges affecting EN success; and 2) identify best practices and other means that might improve EN chances for success.

Members of the work group identified a number of issues experienced by ENs that appear to undermine their ability to operate successfully. The work group classified the issues into two broad categories: payment issues and EN infrastructure issues.

With respect to payment issues, work group members note that ENs have full responsibility and administrative burden for tracking earnings, and that this responsibility has been essentially transferred from SSA to ENs. They do not believe that ENs should be forced to do all earnings development. This, combined with the fact that beneficiaries have no incentive to cooperate with ENs (as they do with SSA), places a considerable burden on ENs. In addition, once benefits cease, beneficiaries are no longer required to report earnings to SSA. There appears to be neither a stick nor a carrot associated with reporting earnings to ENs. In the absence of pay stubs, alternative sources of evidence are slow to manifest and the documentation necessary is extensive. In addition, requiring beneficiaries to report earnings is demeaning and acts as a constant reminder of their dependence. Requiring them to report earnings to both the EN and to SSA is duplicative.

Work group members also note that the payment turnaround time is very slow. Different rules for DI and SSI complicate the issue and, from the EN perspective, the process is difficult to understand. In addition, current work incentive provisions can significantly delay payment to ENs under the current outcome payment structure requiring benefits to be zero.

With respect to EN infrastructure, work group members note that provider staffing and infrastructure are generally not tied to Ticket activities. TTW is a new type of program with a reimbursement system foreign to many providers. A pay-for-performance business model is very different from the past operating procedures of most traditional providers. ENs are challenged to understand how to maximize resources to achieve performance milestones, and most are not approaching the program from a strategic or business model perspective.

Work group members also note that ENs are still in the early process of learning about what works under TTW. To a large degree, providers are doing this in isolation because there is not a good system of communication across ENs. There is no systematic technical assistance for ENs and many are “reinventing the wheel” because they lack the means to identify and share best practices. The legislation appears to assume that the knowledge and skills required to operate a successful EN are already in place, and that the only training needed is related to program rules and procedures. Because ENs are currently without a collective organization, they lack not only the ability to share resources and knowledge, but also a voice to influence policy and make changes in the program.

Other infrastructure issues noted include the fact that, while many successful ENs are working in partnerships, this is a very different way of operating for most agencies. The logistics of forming partnerships and collaborative relationships is unknown to many ENs and can seem daunting.

Finally, because beneficiaries lack an understanding of the program and of what services might be available, ENs are often required to engage in an extensive education process. Initial screening and education of beneficiaries is labor intensive and may be too burdensome for small providers to undertake on their own.

## **B. Essential Recommendations**

### **1. Simplify EN Earnings Reporting and Payment Requirements**

To address the many concerns about the long-term earnings tracking ENs must undertake to receive payment, the work group recommends that SSA simplify the earnings reporting requirements in the following manner:

- Once a beneficiary attains zero cash benefit status, ENs should not be required to continue reporting earnings.
- Develop and apply rules for basing EN payments, after benefits have been reduced to zero, on estimates of beneficiary work activity in a manner similar to how benefit payments are made to SSI recipients.
- Develop the means for SSA to utilize existing sources of data on earnings for purposes of EN payment, and thereby accept more of the burden of proof of earnings. SSA should develop ways to utilize earnings information contained in state Unemployment Insurance and Office of Child Support Enforcement data systems for purposes of EN payments. While these sources only provide quarterly earnings information, payment rules based on quarterly earnings data could be developed by SSA.
- Develop methods for expedited full or partial EN payments based on presumptive eligibility, with retroactive verification of payment eligibility. Expedited payments could be made under specific circumstances or indicators determined by SSA to be correlated with high probabilities of a claim meeting the payment requirements.

Work group members believe these recommendations to be among the most important of all derived from the Summit. The fundamental issue is that if ENs do not believe that they will be paid, or will experience tremendous difficulty in seeking payment, they will not be willing to participate in the program. Work group members emphasized that these recommendations need to be implemented immediately. SSA does not have the time to study the issue or slowly test and phase in new procedures. The agency needs to take action immediately to ensure the survival of the program.

## **2. Assess and Revise SSA Employment-Related Policies and Procedures**

To further address the concerns related to EN claims for payment, earnings tracking, and evidence requirements, the work group recommends that SSA undertake a comprehensive assessment of the employment-related policies and procedures governing the disability programs. Specific suggestions proposed include:

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

Members of the work group believe it important to address the issues of earnings processing and beneficiary overpayments because they have a direct effect on the success of an EN. Untimely processing of earnings due to cumbersome or inefficient processes leads to lengthy delays in EN payment. In addition, TTW participants who receive overpayment letters may become discouraged and discontinue their work attempts, which in turn, eliminates the EN’s ability to receive payments for services it may have provided to the beneficiary.

Members of the work group believe that SSA should engage in a complete overhaul of the work incentive provisions and work reporting requirements. They suggest that SSA convene a task force to address post-entitlement issues in a manner that takes into consideration the whole system supporting return to work. The task force would identify the major issues, develop and implement solutions, and be accountable for reporting on the progress of the initiative and impacts of the modifications. Members of the work group suggested that this be accomplished over a two-year timeframe. They also suggested that SSA convince Congress to appropriate the needed administrative funds by demonstrating that the administrative costs associated with such an endeavor would be more than offset by the expected reductions in benefit overpayments if the initiative is successful.

## **3. Develop Case Status Tracking Software**

To further facilitate payments to ENs, the work group recommends that SSA fund the development of a case tracking software that can be used by ENs to administer TTW. SSA would fund the development of the software and make it available to ENs free of charge. The software would be designed to assist ENs in all of the administrative functions required of TTW, such as Ticket assignments, earnings tracking, payment requests, form generation, and the monitoring of pending actions. The software would reduce the administrative burden on ENs, and would also improve the information submitted to MAXIMUS, thereby reducing the administrative burden on the Program Manager.

Members of the work group suggested that the basic software be developed by, or in close consultation with, MAXIMUS. This will ensure that it is developed in a manner that will meet the administrative requirements of the Program Manager.

#### **4. Establish an EN Consortium**

To address the need for ENs to have a collective voice in setting program policies, the work group recommends that a national organization to represent ENs be established.<sup>5</sup> The work group recognizes that the formation of such a group would require some initial start-up funding and was not specific about how that funding might be obtained. SSA could facilitate the process by providing some initial start-up funding, perhaps in the form of small contracts to existing provider organizations to provide TA and training to their members, as well as to conduct outreach and information dissemination to non-member ENs. The organizations would also be required to collaborate and share existing expertise and resources for purposes of supporting and representing ENs. The organization(s) would subsequently maintain on-going operations through membership dues and TA contracts from members, SSA, or other organizations.

SSA could also facilitate the process, through its contract with MAXIMUS, by establishing a web-based EN bulletin board system for sharing ideas and information, and by providing other means for ENs to interact, form relationships, and share best practices (newsletters, conferences, and on-line resources). As noted previously, an EN consortium might occur as a natural outgrowth of a national TA and training system for ENs, which would include these sorts of activities.

Work group members acknowledge that this recommendation may be difficult to implement but believe it important for SSA to provide the means for ENs to obtain training and TA, and to provide a forum for ENs to voice concerns and make suggestions about how the Ticket program might be improved. These activities might be developed through explicit SSA support of an EN consortium, or might develop naturally as an outgrowth of other SSA activities designed to support ENs, such as the development of a national technical assistance center (a recommendation discussed previously), and the provision of opportunities for ENs to interact and share best practices.

#### **C. Other Issues and Recommendations**

Members of the work group articulated several other recommendations:

***Compensate ENs for all employment outcomes.*** Work group members recommend that the payment system be reformed such that ENs are compensated for partial success. The work group did not further develop the recommendation, as recommendations related to payment reform were being developed by the Finance and Payment work group. A similar recommendation was developed by that group (see *Section II.B.1*).

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<sup>5</sup> This recommendation was also offered by the work group on TA and Training.

**Enable access to accurate data on the status of beneficiaries.** Work group members thought it important for SSA to develop the means to provide ENs with accurate information regarding the status of beneficiaries *before* assigning Tickets, with respect to trial work periods, impairment related work expenses, PASS plans, and other work incentive provisions the beneficiary may be utilizing and which affect the likelihood of EN payment. Work group members suggested that Benefits Planning Query (BPQY) information be made available to ENs upon demand prior to developing an IWP with the beneficiary.<sup>6</sup>

**Conduct consumer outreach and education.** Work group members indicated that more consumer outreach and education was necessary to address the current lack of beneficiary knowledge and awareness of the program. The work group did not fully develop this recommendation, as it was being developed by the work group on Marketing and Collaborative Relationships, but offered suggestions for additional outreach and education efforts, including: consumer-staffed orientation sessions; peer-to-peer consultation; provision of better informational materials from SSA (e.g., a clearer description of TTW in the materials sent with the Ticket); and the development of a (free) subscription newsletter for beneficiaries that describes, in a positive and upbeat manner, what is happening with respect to the employment of beneficiaries around the country .

**Enhance EN educational materials and activities.** Work group members offered several suggestions for enhancing EN educational activities: establishing a central knowledge base for ENs; developing an EN Newsletter available on-line; posting examples of EN collaborative efforts; and establishing an ongoing vehicle for sharing best practices.

## **VI. RECRUITING NON-TRADITIONAL ENS AND EXPANDING EN CAPACITY**

### **A. Background**

The purposes of this work group were to consider: 1) how entities that have not traditionally provided employment services to disability beneficiaries (employers, insurance companies, staffing agencies) might be recruited to play important roles in TTW, as ENs or otherwise; and 2) how the role and activities of traditional providers might be enhanced to expand their participation in TTW.

Members of the work group discussed the issue of insufficient provider participation in TTW, both that many participating ENs are not taking Tickets and that many non-traditional providers, the participation of which is intended by TTW to expand beneficiary choice, are not

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<sup>6</sup> The BPQY is a feature of the Modernized Return to Work (MRTW) software used by some SSA field offices. The BPQY function of MRTW allows easy access to information about SSDI beneficiary work, earnings, and benefit status. The query pulls the necessary information from SSA's administrative records. While some of the work incentive-related information on record is often incomplete and outdated (due to delays in work CDR processing and other reasons), it is considered to be better than having no information at all. It is expected that the information will be more up to date as SSA continues to enhance its administrative systems. BPAO staff, ENs, and others familiar with the BPQY have begun requesting and making use of the BPQY information in assisting their clients with benefits planning and TTW issues, however, as use of MRTW is optional, not all SSA field offices use the software, and thus, cannot respond to requests for the information from ENs or others.

participating. As of mid-May 2003, only 224 of 781 authorized ENs had accepted any Tickets, and the majority of non-state VR agency ENs that had accepted Tickets had accepted only a small number (10 or fewer). Like the members of the work group on Operating a Successful EN, members of this work group note that the TTW payment system and the administrative burden associated with tracking earnings make the program unattractive to providers. In addition, the fact that ENs risk losing the Ticket and associated revenue after investing in a beneficiary makes provider participation in TTW undesirable.

Work group members also note that many non-traditional ENs are likely daunted by the application process and program complexity. The EN RFP is 95 pages in length and may appear complicated to non-traditional ENs unfamiliar with Federal procurement procedures. Work group members also believe that much of the material contained in the RFP is unnecessary, as it is irrelevant to many potential ENs. The complexity of the RFP and the operational complexity of the program are significant deterrents to the participation of non-traditional ENs.

With respect to traditional providers participating as authorized ENs but not accepting Tickets, work group members believe that many providers do not know how to connect with businesses and are inexperienced at forming productive partnerships with other entities. Members of the work group believe that these are critical elements for success under TTW. ENs must understand the needs of employers and how to fill them, and in order to achieve that, they must know how to successfully interface with the business community. Other types of strategic alliances are also necessary for ENs to leverage additional expertise and resources available in the community.

Finally, work group members discussed the fact that some federal programs providing employment services to people with disabilities are not permitted to act as ENs, and this too limits the types of participating providers. These include programs under the Veterans Administration (VA), Temporary Assistance to Needy Families (TANF), and Housing and Urban Development (HUD). In addition, VR programs operated by Tribal nations are subject to different rules and circumstances than state VR agencies under TTW. Although both are governed by Title I of the Rehabilitation Act and are subject to the same compliance standards enforced by RSA and the Code of Federal Regulations, Tribal VR programs:

- are not automatically qualified as ENs, as are the state VR agencies;
- are not permitted to participate in SSA's cost reimbursement program, as are state VR agencies; and
- are often restricted in their ability to form collaborative relationships with state agencies that might be advantageous in the process of serving TTW clients. Because most Tribes in the U.S. have government-to-government relationships with the Federal government, state governments do not have legal access to many Tribal Nations, and vice-versa.

## **B. Essential Recommendations**

### **1. Identify Models/Best Practices and Conduct Demonstrations**

To address the concerns that traditional providers are neither skilled at forming strategic alliances nor experienced at making connections with employers and discerning their labor needs, members of the work group believe it important for SSA to identify and/or build a working model of how TTW can be successful. The model should appeal to both employers and beneficiaries. If a successful model or models cannot be identified and promulgated, then the program will not survive for any length of time. The recommendation of the work group is for SSA to create a series of pilots, with the purposes of demonstrating how strategic alliances and various service models can be successful at identifying and developing best practices. While successful models might develop on their own over time, SSA support of model pilots will “jump-start” the establishment of best practices.

Work group members believe that strategic alliances are an essential component to successful EN models and to an EN expansion strategy. The alliances must include the expertise of key stakeholders: beneficiaries, service providers, employers, government, and other community organizations. Work group members also note that model alliances must support and complement the roles of the BPAOs, P&As, and other entities supporting people with disabilities.

Work group members thought that the pilot projects might be developed in the following manner:

- SSA would identify and recruit specific entities to participate in model pilots to prove that specific collaborations or business models are successful under TTW.
- Initial grants from SSA would be provided to support different types of models. Some examples include:
  - ENs made up of local partnerships between local government, community colleges, employers, and social service agencies;
  - ENs that are large disability insurers, or that are collaborating with disability insurers;
  - ENs that promote self-employment; and/or
  - Identifying three to five existing best-practice ENs for further study.
- The pilot projects would be short-term, tailored to the local area, include a variety of EN ownership models, and would demonstrate how strategic alliances and/or specific business practices can be used to operate successfully under TTW.

This recommendation of the work group is similar to a recommendation of the Finance work group regarding EN capitalization models and demonstrations. This recommendation essentially expands upon the previous recommendation by seeking to identify successful operating models and best practices beyond initial capitalization. Both work groups note that any information on



successful alliances, business models, and best practices developed must be disseminated in some systematic and user-friendly way to ENs, and thus, underscore the need for a system of TA, training, and information dissemination to ENs.

## **2. Change Rules and Regulations**

To address the concerns that some program procedures are burdensome and/or daunting to ENs and that some rules preclude the participation of specific entities, work group members recommend that the program rules be amended to achieve the following:

***Simplify EN earnings reporting procedures.*** Specific suggestions were not offered, as this recommendation was developed in further detail by the work group on Operating a Successful EN.

***Improve the EN payment system*** by clarifying funding stream relationships and increasing payment to encourage EN participation. Again, specific suggestions were not offered, as this recommendation was developed in further detail by the Finance and Payment work group.

***Simplify and customize the EN RFP*** and application process. As noted above, the 95-page RFP is intimidating to many non-traditional ENs that may not have extensive experience responding to federal government procurement requests. Work group members also believe that much of the material contained in the RFP is irrelevant to many potential ENs, particularly those that would be considered non-traditional ENs, and that the RFP can be simplified.

***Establish a dispute resolution process for ENs to protect their investments in beneficiaries.*** Work group members believe that the current dispute resolution process is vague and not well-established. A stronger process that more seemingly protects ENs from the consequences of “EN switchers” will make the program appear less risky and more attractive to providers.

***Address Tribal Nation sovereignty issues.*** Tribal VR should be permitted to participate in TTW in a manner similar to state VR agencies, that is, have automatic eligibility to operate as an EN and be subject to the same reimbursement rules. Tribal-specific information and materials should also be developed to assist Tribal VR agencies in understanding how they might interface and form partnerships with other entities.

***Permit participation by Federal entities.*** Amend the rules to allow Federal VA, HUD, and TANF employment programs to act as ENs.

## **C. Other Issues and Recommendations**

Work group members developed two other recommendations that relate to the provision of TA and training.

***Training on how to connect with businesses.*** Building successful partnership models with local businesses and including the employer perspective (employer labor demand) in the services provided to Ticket holders is a key component to the potential success of ENs. How to understand the needs of employers and fill them, and what ENs need to do to successfully interface with the business community are required, but many traditional ENs lack this

knowledge. Work group members recommend that a training curriculum be developed and offered to ENs. The curriculum should encompass how to interface with employers; how to view employers and beneficiaries as customers; how to stay current about market demand and the labor skills needed by local employers; and developing an understanding of the differences between small, medium, and large business, their cultures and regulatory environments related to hiring.

***Tools for potential ENs.*** Work group members recommend that tools and resources for purposes of EN recruitment be developed. These might be both generic in nature, as well as customized to different types of entities (rural providers, employers, insurers). The tools would include example business plans, form templates, information about existing local resources, and information about other ENs in the area.

## **ATTACHMENT A: SUMMIT PARTICIPANTS**

### **Finance and Payment**

Jean Argoff, Disability Funders Network  
Steve Bell, The Urban Institute  
Gloria-Rubio Cortes, Community Technology Foundation of California  
Thomas Dunleavy, Proprietor of Disability Innovations  
Thomas Golden, Cornell University  
Dan O'Brien, Oklahoma Department of Rehabilitation Services  
Anita Pilch, Social Security Administration  
Crisann Schiro-Geist, University of Illinois – Champaign/Urbana  
Sandra Smith, MAXIMUS  
John Vickroy, Beneficiary  
Sarah Wiggins Mitchell, Panel Member  
Stephen Zwirn, Work Search Organization

### **Technical Assistance and Training**

Valerie Aguilar, Work Incentives Education Project, Legal Services of Northern California  
Cheryl Bates-Harris, National Association for Protection and Advocacy Systems  
Katie Beckett, Panel Member  
Susanne Bruyere, Cornell University  
Bruce Growick, Ohio State University  
Jennifer Jones, Alaska Works Initiative  
Katsumi Kenaston  
Jamie Kendall, NISH, National Industries for the Severely Handicapped  
Sue Tracy  
Terry Martin, MAXIMUS  
Suzanne McKinley, Beneficiary

### **Marketing and Collaborative Relationships**

Sherry Ollenburg Becker, NIVC Services  
Leroy Bell, Beneficiary  
Dan Betts, MAXIMUS  
Ralph Childers, Iowa Division of Vocational Rehabilitation  
John Coburn,  
John Finch, COVA  
John Halliday, Connecticut Bureau of Rehabilitation Services  
Joe Hickman, Social Security Administration  
John Kregel, Virginia Commonwealth University  
Diane Lauer, Goodwill Big Bend  
David Miller, Panel Member  
Annette Reichman, Rehabilitation Services Administration  
Barbara Shipley, Fleishman Hillard

### **Operating a Successful EN**

Cathy Bates, Beneficiary  
Amy Clinton, Independence Center  
Jan Cohen, Business Planning Consultant  
Judi Drew, Ohio State University  
Gretchen Evans, Goodwill Industries of Central Arizona

Andrea Harles, I-NABIR  
Randall Shannon, Fedcap Rehabilitation Services  
Linda Thiem, Rehabilitation Consultant  
Michael Zambonato, Social Security Administration  
Bryon McDonald, Panel Member  
Mary Satterfield, MAXIMUS  
Kathleen Wilson, Small & Associates, Inc.

**Recruiting Non-Traditional ENs**

Kitti Barth, Governor's Committee on Employment of People with Disabilities, Nevada  
Libby Child, Panel Member  
Kevin Foster, Motorola  
Megan Juring, California Workforce Investment Board  
Jeffrey Klare, Equality Staffing  
Martin Mettee, Social Security Administration  
Jill Nelson, Cerebral Palsy Research Foundation of Kansas, Inc.  
Nancy Lou Norman, Beneficiary  
Patricia Owens, Consultant  
Susan Prokop, Paralyzed Veterans of America  
Grant Revell, Virginia Commonwealth University  
Steve Gregg, S.T. Gregg & Associates  
Ruth-Ellen Simmonds, The Associated Blind, Inc.

**Other Participants**

***Organizers***

Steve Start, Panel Member  
Susan Webb, Panel Member  
Lisa Eckman, Social Security Administration  
Marie Strahan, Social Security Administration  
Bernard Wixon, Social Security Administration  
Robin Toliver, CESSI

***Presenters***

Gina Livermore, Cornell University  
Mary Satterfield, MAXIMUS  
Linda Smith, Social Security Administration

***Facilitators***

James Wiegel  
Cheryl Kartes  
George Packard  
Sherwood Shankland  
Jane Stallman

**ATTACHMENT B: PRESENTATIONS**

- 1. Early EN Experiences with Ticket to Work: Findings from the Phase 1 Process Evaluation**

**Presented by Gina A. Livermore, Cornell University**

- 2. Characteristics of Disability Beneficiaries**

**Presented by Linda J. Smith, Social Security Administration**