An Evolving Partnership:

The Role of the State Vocational Rehabilitation Agencies in the Implementation of the Ticket to Work Program

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Executive Summary

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

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

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

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

Most SVRAs view the TTW program as a direct threat to their economic viability. As stated previously, the SSA VR cost reimbursement program accounts for approximately 5% of the SVRAs' client services budget. They feel the intent of the program is to divert these funds to non-VR entities, thereby decreasing their ability to meet the needs of individuals with disabilities applying for their services. Many of their actions are designed to minimize competition for those funds by restricting the number of ENs and maximizing the percentage of beneficiaries assigning Tickets to the SVRA.

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

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

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

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

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

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

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

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

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

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

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

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

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

An Evolving Partnership:

The Role of the State Vocational Rehabilitation Agencies in the Implementation of the Ticket to Work Program

Introduction

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

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

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

The seemingly conflicting purposes have created confusion on the part of SVRAs. SVRAs are central to the implementation of the TTW and are asked to continue to serve beneficiaries through the SSA VR Cost Reimbursement program, participate in the Outcome or Outcome-Milestone payment system, and collaborate with Employment Networks (ENs). Simultaneously, the legislation seems to encourage SVRAs to give up the “monopoly” they currently possess on SSA reimbursements to employment providers and allow private and other public vendors to directly provide services and supports to beneficiaries. The legislation requires the SVRAs to actively participate in the program while at the same time asking SVRAs to stand aside as new competitors enter the employment service marketplace.

SVRAs have responded to TTW in various ways. Some agencies clearly see the program as an important opportunity to increase the capacity and improve the quality of employment services available to beneficiaries in their states. At the same time, some SVRAs are skeptical of the program's potential for success and are confused about how best to participate in the program. All SVRAs planning for implementation of TTW in their state consider questions such as:

- Will the TTW program significantly reduce the amount of funds our agency receives each year through the SSA VR Cost Reimbursement program?

- What will be the cost of program participation in terms of staff development and training, marketing the Ticket program to clients, responding to clients interested in participating in the program, communicating with the Program Manager (PM), modifying client tracking and other databases, and other related activities?

- Would the use of the new TTW payment mechanisms (Outcome and Outcome-Milestone) increase the amount of reimbursement flowing to the SVRA?

- What should be the relationship between the SVRA and other ENs in the state? How should that relationship be reflected in formal VR-EN agreements, as required by TWWIIA?

This paper describes and analyzes the role of SVRAs in the current and future implementation of TTW. Section I provides an overview of the current SSA VR Reimbursement Program, under which SSA reimburses SVRAs over $100 million annually for services provided to over 10,000 beneficiaries each year. The current reimbursement program provides a context for understanding the actions of SVRAs during the initial stages of Ticket implementation. Section II summarizes SSA guidelines for SVRA participation in the TTW Program. Section III describes SRVA TTW implementation activities in areas such as preparation for Ticket rollout, selection of EN payment systems, staff development activities, program operations, program marketing activities, program administration, and relationship with Benefits Planning, Assistance and Outreach (BPAO) programs. Section IV analyzes the SVRA efforts to date to design and implement VR-EN agreements. Section V offers a number of recommendations to improve program outcomes.

Section I: The SSA VR Reimbursement Program

Since 1981, the SSA has reimbursed SVRAs for services provided to SSA beneficiaries that result in specified employment outcomes. The SSA VR Reimbursement Program replaced an earlier block grant program and was designed to improve program outcomes and accountability. Under the Cost Reimbursement program, the state Disability Determination Program applies a set of criteria to individuals awarded SSI or SSDI benefits. Those individuals who appear to be possible candidates for rehabilitation are referred to the SVRA. SSA beneficiaries referred to the SVRA must participate in the program or risk benefit suspension. Although legally binding, this requirement is seldom enforced. The program also allows beneficiaries to apply on their own.

Under the program, SSA reimburses SVRA for the “reasonable and necessary” costs of providing rehabilitation services to an eligible beneficiary. In order for the SVRA to receive reimbursement, the services must have resulted in the individual obtaining employment achieving earnings at the Substantial Gainful Activity (SGA) level for nine consecutive months. In general, the SVRA is reimbursed if the following criteria are met:

- The individual served must have been a disability beneficiary at the time the services were provided;
- The services must have contributed to the beneficiary's employment at the SGA level (for a minimum of nine consecutive months);
- The services must be determined to meet the standards of reasonable and necessary; and
- There must be estimated savings to the trust or general funds as a result of the person going to work and coming off the benefit rolls.

When a SVRA believes a beneficiary has achieved the earnings criteria, it submits a payment claim to SSA. States are reimbursed for the actual costs of providing direct services, and administrative and tracking costs are reimbursed based on cost formulas. State agencies are responsible for submitting evidence to SSA to document that the individual has obtained employment and has earnings exceeding SGA for nine consecutive months. Few states track beneficiary earning through direct contact with the beneficiary. Virtually all states rely on administrative data provided by the State Unemployment Insurance (UI) database. SSA has developed a multi-tier process of reviewing claims that may require data from other administrative sources.

The SSA VR Reimbursement program is a large effort that has increased in size and cost over the past decade. Table 1 illustrates the number and percent of claims allowed, and reimbursement amounts for VR claims submitted to SSA from 1983 to 2002 (SSA 2002a). Both the number and percentage of claims allowed have risen dramatically over the past decade. In Fiscal Year 02, for example, nearly 12,000 individuals were served by the program, at a cost to SSA of over $130 million. As a result of the recent program growth, many states view the SSA VR reimbursement program as a major source of revenue for the SVRA.

Table 1
SVRA Claims and Payments from 1983 - 2002

FY	Claims Received	Claims Processed	Claims Allowed	% Claims Allowed	$ Allowed	Average Cost
1983	3,626	1,813	110	6%	$216,000.00	$1,964
1984	7,739	4,990	2,202	44%	$4,094,000.00	$1,859
1985	4,912	5,019	2,645	53%	$9,850,000.00	$3,724
1986	6,649	6,482	3,693	57%	$20,195,373.61	$5,469
1987	8,092	7,414	4,469	60%	$28,087,991.71	$6,285
1988	11,032	9,361	5,092	54%	$36,456,373.31	$7,160
1989	11,267	9,762	5,828	60%	$48,740,569.44	$8,363
1990	10,222	12,539	7,330	58%	$60,245,992.53	$8,219
1991	12,300	11,004	6,032	55%	$56,593,433.25	$9,382
1992	10,567	11,510	6,269	54%	$63,692,774.80	$10,160

Table 1
SVRA Claims and Payments from 1983 - 2002

1993	10,774	10,817	6,154	57%	$64,467,871.54	$10,476
1994	10,297	10,599	5,653	53%	$63,462,164.00	$11,226
1995	10,590	10,148	6,238	61%	$72,733,912.87	$11,660
1996	11,859	8,922	6,024	68%	$65,480,627.30	$10,870
1997	14,410	12,339	8,337	68%	$89,200,347.05	$10,699
1998	13,099	14,154	9,950	70%	$103,037,127.54	$10,355
1999	15,292	15,634	11,124	71%	$119,922,258.48	$10,780
2000	13,583	15,170	10,215	67%	$116,990,049.59	$11,453
2001	12,556	11,225	8,194	73%	$103,798,189.18	$12,668
2002	11,786	13,952	10,521	75%	$131,014,755.14	$12,453

SSA has indicated that the TTW program subsumes the traditional Cost Reimbursement program. Many SVRA representatives believe that the Cost Reimbursement and TTW program should be viewed as parallel programs that can and should operate simultaneously. However the relationship between the two programs is defined, it is clear that TTW is designed as an alternative to the traditional SSA VR Reimbursement Program. While SVRAs are able to continue to serve beneficiaries in the traditional program, TTW offers SVRAs the choice between alternative performance criteria (SGA for nine consecutive months versus zero cash benefit for up to 60 months), as well as alternative payment structures (Cost Reimbursement versus Outcome or Outcome-Milestone).

As indicated in Table 2, the average payment in the 33 states and the District of Columbia participating in the Round 1 and Round 2 TTW rollout ranged from $4,976 in Vermont and $5,933 in Colorado to $15,657 in Virginia and $16,370 in Louisiana. In virtually every state, the average payments are well below the maximum payment for SSDI beneficiaries under either the Outcome only or Outcome-Milestone payments systems, and in two-thirds of the states they are below the corresponding figures for SSI recipients. However, it is important to keep in mind that different payment criteria are in place for the two programs. Beneficiaries whose employment and earnings may generate Cost Reimbursement payments for an SVRA may not meet the more stringent payment criteria of the TTW program.

The extent to which the SVRAs rely on funds provided through the SSA VR Cost Reimbursement program cannot be overstated. Cost Reimbursement accounts for approximately 5% of all case service monies available to the SVRAs and represent a crucial source of revenue during a period of extreme budget pressures in many states. Table 2 shows the numbers of claims and reimbursement amounts for FY 2002, both allowed and pending, for the 34 Round 1 and Round 2 SVRAs. A “pending claim” is one that has been submitted to SSA for payment, but has not yet been verified and allowed by SSA. Nearly two-thirds of the 34 Round 1 and Round 2 SVRAs received over $1 million in reimbursement during FY 2002. In the Round 1 and Round 2 states, total reimbursements ranged from $0 in North Dakota and less than $300,000 in Alaska, Delaware and Montana to over $4 million in Florida, Georgia, Illinois and New York, with many states having a large number of additional claims pending.

The flexibility SVRAs have in the use of SSA VR Cost Reimbursement monies makes the program especially valuable to SVRAs. These monies are viewed as “program income” funds and a complete set of rules governs their use. However, the SVRAs have considerable flexibility in using these funds when engaging in activities designed to further the mission and goals of the Rehabilitation Act. In a number of states, funds generated through the program are devoted entirely to case services. These funds expand the overall number of individuals served by the SVRA and prevent the agencies from having to invoke “order of selection” and place individuals on waiting lists. In other states, funds generated through the reimbursement program are used for funding Centers for Independent Living (CIL) program or administrative functions such as computer system upgrades.

Table 2
FY 2002 SSA VR Cost Reimbursement Program
Round 1 and Round 2 Ticket States

State	Claims Allowed	Total Reimbursement	Average Reimbursement	Number Pending	Total Reimbursement Pending
Alaska	16	278,185	17,386	8	98,192
Arizona	126	1,644,871	13,054	34	447,273
Arkansas	48	385,171	8,024	9	72,732
Colorado	81	480,639	5,933	93	756,177
Connecticut	141	1,506,394	10,684	7	115,093
Delaware	36	280,917	7,803	8	43,173
District of Columbia	22	293,833	13,356	12	178,149
Florida	457	4,418,267	9,667	126	1,615,917
Georgia	542	6,828,684	12,599	257	3,474,828
Illinois	542	4,933,187	9,101	110	1,385,402
Indiana	203	2,503,865	12,334	60	647,284
Iowa	158	1,166,492	7,382	15	74,616
Kansas	74	1,192,073	16,109	52	724,011
Kentucky	174	1,681,304	9,662	45	609,286
Louisiana	46	753,060	16,370	74	1,428,135
Massachusetts	237	1,981,364	8,360	124	1,051,366
Michigan	383	3,189,126	8,326	406	3,529,422
Mississippi	76	886,275	11,661	8	101,758
Missouri	164	1,490,888	9,090	52	611,578
Montana	21	275,451	13,116	8	42,393
Nevada	81	751,299	9,275	61	1,053,077
New Hampshire	51	433,596	8,501	46	373,027
New Jersey	200	1,694,873	8,474	13	104,832
New Mexico	131	1,004,661	7,669	12	85,874
New York	605	6,739,584	11,139	225	2,312,581
North Dakota	0	0	0	0	0

Table 2 FY 2002 SSA VR Cost Reimbursement Program Round 1 and Round 2 Ticket States					
Oklahoma	136	1,739,138	12,787	70	1,155,849
Oregon	49	399,236	8,147	21	158,423
South Carolina	83	797,853	9,612	24	241,380
South Dakota	61	547,003	8,967	29	329,816
Tennessee	215	1,984,791	9,231	34	363,970
Vermont	135	671,683	4,975	92	399,206
Virginia	90	1,409,101	15,657	9	288,785
Wisconsin	187	1,596,338	8,536	36	388,111

The crucial role of the Cost Reimbursement program in SVRA efforts to meet the needs of individuals with disabilities applying for urgently needed services provides a background against which to analyze SVRA TTW implementation efforts. Current Reimbursements are an important source of program income, and SVRAs have moved rapidly to maintain this resource. The urgent need to maintain this funding source affects each SVRA's actions related to TTW marketing, payment system selection, relationships with ENs, and other components of the program.

Number of Tickets Assigned – Since the initial rollout of the TTW program in 2002, over 80% of all Ticket assignments have been made to SVRAs. The number of total Tickets assigned to both SVRAs and other ENs in each state is identified in Table 3. As clearly illustrated in Table 3, SVRAs are serving a very small percentage of Ticket eligible individuals in their states, even in combination with other ENs. In virtually every state, the number of Tickets assigned represents less than 1% of all Tickets mailed to individuals in the state.

Table 3
Ticket Assignments Through August 1, 2003

State	Number of Ticket Assignments	Ticket Assignments to SVRAs	Number of Tickets Mailed to Beneficiaries
Alaska	24	20	11,089
Arizona	94	274	115,116
Arkansas	517	46	101,874
Colorado	341	315	97,507
Connecticut	210	194	72,337
Delaware	451	438	25,047
District of Columbia	55	38	15,705
Florida	1150	748	541,209
Georgia	233	176	217,603
Illinois	3930	3703	368,778
Indiana	114	81	143,997
Iowa	599	541	81,961

Table 3
Ticket Assignments Through August 1, 2003

Kansas	89	64	53,512
Kentucky	170	452	191,376
Louisiana	442	406	151,687
Massachusetts	605	513	228,406
Michigan	1149	1056	271,204
Mississippi	247	140	121,609
Missouri	288	226	160,672
Montana	67	66	21,261
Nevada	174	87	42,061
New Hampshire	17	9	27,533
New Jersey	205	144	164,964
New Mexico	30	28	48,080
New York	5775	5414	687,119
North Dakota	10	9	11,490
Oklahoma	980	969	123,608
Oregon	251	183	101,947
South Carolina	1204	1159	174,980
South Dakota	164	162	15,502
Tennessee	609	440	193,773
Vermont	315	247	21,270
Virginia	315	231	167,097
Wisconsin	1708	1601	152,619

Section II: SSA Guidelines for Vocational Rehabilitation Agency Participation in the Ticket to Work Program

The SSA guidelines for implementing the TTW program within SVRAs are contained in Transmittal 17 of the Vocational Rehabilitation Providers Handbook, Chapter 12 (Social Security Administration, 2002). Transmittal 17 was issued seven months after the February 2002 start of Phase 1 of the Ticket mailings to the first thirteen states. The September 3, 2002 issuance of Transmittal 17 provided the first authoritative, written SSA guidance to SVRAs and non-VR ENs on Ticket management policies and practices. This Section of the paper summarizes key guidance contained in Transmittal 17 on the implementation of the TTW program with SVRAs, including the relationship between VR and non-VR ENs in responding to SSI and/or SSDI beneficiaries who are eligible for the TTW. Table 4 summarizes guidance provided to SVRAs from SSA regarding "pipeline" and "new cases."

Prior to detailing the SSA guidelines for the participation of SVRAs in the Ticket program, we will review some basic parameters governing beneficiaries' use of the TTW. Beneficiary participation in the Ticket program is voluntary. The Ticket holder can decide to not use the Ticket at all. The Ticket holder can assign a Ticket to an SVRA as the EN of record or can assign the Ticket to a non-VR EN. If the beneficiary meets SSA eligibility guidelines for reassigning the Ticket, the beneficiary at any time can retrieve his or her Ticket from the VR or non-VR EN to which it has been assigned and reassign the Ticket to another VR on non-VR EN (Section 12.1B)[1]. A beneficiary cannot assign a Ticket to more than one EN at a time but can have contact with multiple VR and non-VR ENs and other service providers in the formulation of employment plans and goals (Section 12.1C).

Overview of SSA Guidelines for Participation by SVRAs in the Ticket Program

SSA has developed payment guidelines for VR agencies for three categories of beneficiaries - **non-Ticket cases**, **pipeline cases**, or **new cases.**

Non-Ticket Cases are beneficiaries who are not eligible for the Ticket. A SVRA can claim a Cost Reimbursement payment in a non-Ticket case when all SSA guidelines for eligibility for such payments are met (12.2C1-2).

The key SSA guidelines for Ticket assignment and payments vary considerably for pipeline and new cases. The guidelines are summarized as follows.

Issues in the Use of Transmittal 17 Guidelines for the Ticket to Work

Assignment guidelines for new cases set up the potential for limiting beneficiary choice in use of the Ticket. The guidelines allow SVRAs to submit a signed IPE for an individual who has not in fact agreed to assign his/her Ticket to the SVRA. Once VR submits the signed IPE for a Ticket holder with an assignable Ticket, that SVRA is now the EN of record with Maximus. If at some future point the beneficiary wants to assign his/her Ticket to an EN other then the SVRA currently holding this Ticket, the beneficiary will have to initiate a reassignment request to Maximus. However, if the SVRA is already eligible to receive a payment under the Ticket program for this beneficiary, the value of the Ticket for reassignment is potentially limited.

Table 4
SSA Guidance to SVRAs Regarding Pipeline and New Cases

Definition	*Beneficiary first becomes eligible for TTW **after** developing and signing an Individualized Plan for Employment (IPE) with a SVRA.* There are two primary situations in which a pipeline case occurs: 1. The IPE is developed and signed before SSA implements the TTW program in a state. SSA is using a staggered mail-out schedule for release	*Beneficiary first becomes eligible for a Ticket **before** the beneficiary and a representative of VR sign an IPE.* With new cases, the beneficiary and VR representatives signature on an IPE indicates that: 1. The beneficiary has decided to use the TTW to obtain services from the SVRA (if the TTW is assignable); and 2. The SVRA has found the

[1] References in this paper using the term “Section” refer to contents of SSA Transmittal 17 of the Vocational Rehabilitation Handbook.

Table 4
SSA Guidance to SVRAs Regarding Pipeline and New Cases

	of Tickets, and many beneficiaries receive their TTW well after the first set of Tickets is mailed. However, the date on which the first set of Tickets are mailed in a state is used by SSA to identify the date it implements the TTW program in a state for purposes of identifying pipeline cases. 2. The IPE is signed by a beneficiary after SSA implements the TTW program but the beneficiary does not get a ticket initially because SSA classifies the beneficiary's disability as one that SSA expects to medically improve, and SSA has not conducted the first medical review (Section 12.2A1).	beneficiary eligible for VR services (Section 12.2 B1).
Assignment of Ticket	The only acceptable proof that a beneficiary has agreed to assign a Ticket to VR is a Form SSA-1365, State Agency Ticket Assignment Form, with the beneficiary's signature and date block completed on the form. The SVRA submits the SSA-1365 form to Maximus, the Program Manager (PM) for TTW. The effective date of the Ticket assignment is the first day that: • The beneficiary is eligible to assign the TTW, and SSA Form 1365 is signed by the beneficiary and the SVRA (Section 12.3 B4-5).	A completed SSA-1365 form with the beneficiary's signature and date is sufficient proof that the beneficiary has agreed to assign the TTW to a SVRA. However, if the beneficiary does not sign the SSA-1365 form, the unsigned form can be submitted along with the front and last page if both the beneficiary and representative of the SVRA sign the IPE. The effective date of the assignment of the TTW is the first day that: • The beneficiary is eligible to assign the TTW; and • The IPE is signed by the beneficiary and the SVRA (Section 12.3 A4-5). The effective date of Ticket assignment for a new case eligible to assign his/her Ticket is the date that the beneficiary (or the beneficiary's representative) and a representative from the SVRA sign the IPE (Section 12.3A5).

<table>
<tr><th colspan="3">Table 4
SSA Guidance to SVRAs Regarding Pipeline and New Cases</th></tr>
<tr><td>Ticket Payments</td><td>The beneficiary has three options in a pipeline case (Section 12.2A2):

1. Assign the TTW to the SVRA,
2. Assign the TTW to an EN,
3. Not assign the TTW to any provider.

If the beneficiary assigns the Ticket to a SVRA, VR can use either the Cost Reimbursement payment option or its elected Outcome or Outcome-Milestone payment system (12.2A3).

If the beneficiary who is a pipeline case does not assign the TTW to VR, VR can only use the Cost Reimbursement payment option. SSA will pay the SVRA only if VR meets the payment requirements under the Cost Reimbursement payment system before SSA makes a payment to an EN to whom the beneficiary has assigned the TTW, assuming that EN meets the requirements for payment under the TTW program (Section 12.2A4)</td><td>For <u>new cases</u> eligible to assign/reassign their Tickets, SVRAs generally have a choice of payment options. Unless SSA has already made a payment under a beneficiary’s Ticket, the SVRA may choose to be paid under the Cost Reimbursement system or under its elected EN payment system (Outcome or Outcome-Milestone) (Section 12.2B3). Also, an SVRA may not receive payments from SSA for a new case if the beneficiary is not eligible to assign/reassign his/her Ticket because that Ticket is assigned to another non-VR EN (Section 12.2B2).</td></tr>
</table>

Payment guidelines potentially limit SVRA use of Cost Reimbursement option. There are situations under the TTW where an SVRA can receive a Cost Reimbursement payment for serving a pipeline case and a subsequent payment to an EN under a Ticket payment option can also be made. Two examples of these situations are provided in Table 5The same dual payment possibility does not exist for new cases. The following two examples taken from Transmittal 17 describe situations where Cost Reimbursement and subsequent Ticket payments can be made for the same beneficiary.

<table>
<tr><th colspan="2">Table 5
Pipeline Payment Scenarios</th></tr>
<tr><th>Pipeline Payment Example #1</th><th>Pipeline Payment Example #2</th></tr>
<tr><td>A beneficiary begins receiving services from a SVRA in August 2001.

• In August 2002, the beneficiary becomes eligible for a Ticket but</td><td>A beneficiary begins receiving services from a SVRA in August 2001.

• In August 2002, the beneficiary becomes eligible for a Ticket but decides not to assign</td></tr>
</table>

decides not to assign the Ticket the SVRA. • In September 2003, the beneficiary goes to work and completes a continuous period of Substantial Gainful Activity (SGA) in May 2004. • In July 2004, The SVRA submits a claim for reimbursement. For example 1, SSA will approve the SVRA's Cost Reimbursement claim because the Ticket was never assigned to another provider. The payment to the SVRA **does not represent a payment with respect to the beneficiary's Ticket**. Thus, if the beneficiary subsequently chooses to assign the Ticket to an EN or a SVRA and is eligible to do so, **then that provider may qualify for payments under the TTW program.**	the Ticket the SVRA. • In February 2003, the beneficiary assigns the Ticket to an EN. • In March 2003, the beneficiary begins to work. • In March 2004, the SVRA submits a Cost Reimbursement claim for a continuous period of SGA that the beneficiary completed in December 2003. For example 2, SSA will base its decisions on whether to approve the SVRA's Cost Reimbursement claim based on the specific point in time when the EN might first qualify for a payment: • If the EN first qualifies for a payment in or before December 2003, then **SSA will deny the SVRA claim and pay the EN's claim. This is because the payment to the EN represents a payment with respect to the Ticket**. If the EN first qualifies for a payment after December 2003, then **SSA will approve the SVRA's Cost Reimbursement claim. The payment to the SVRA does not represent a payment with respect to the beneficiary's Ticket.** Thus, SSA may subsequently pay the EN for any payment for which it may qualify under the TTW program (Section 12.2A4).

The SSA distinction for when the SVRA can be paid and cannot be paid for a pipeline case is critically important, as illustrated by the preceding examples. For **new cases**, SSA cannot make payments for the same Ticket to an SVRA under the Cost Reimbursement program and to another EN under one of the elected payment systems (Outcome or Outcome-Milestone). If SSA makes a payment to a SVRA under Cost Reimbursement for a new case, no payment can be made under the same Ticket to an EN under its elected payment system. A payment made under an elected payment system precludes a payment being made under Cost Reimbursement for the same Ticket (Section 12.7C1). SSA will pay the EN that first meets the payment requirement guidelines for the Ticket when it gets payment claims for Cost Reimbursement and an elected payment option for the same Ticket (Section 12.7C2).

Overall, the payment guidelines for the SVRA for the TTW have raised the concern that changes in the rules guiding the Cost Reimbursement Program resulting from SSA's implementation of the TTW program are not consistent with the underlying legislative authority and intent of

TWWIIA. The following testimony from Peter Baird of the Connecticut Bureau of Rehabilitation Services is representative of the concerns held by many VR representatives. This testimony was submitted in writing on September 26, 2002 to the House Committee on Ways and Means, Subcommittee on Social Security, at its Public Hearing on TWWIIA.[2]

> SSA has subsumed the traditional cost-reimbursement system under the TTW program for all new cases. SSA has verbally cited that the basis for this opinion can be found in Section 101(b) of the TTW legislation. We do not believe that this is the intent of the legislation, and we are unaware of any authority SSA has to subsume the cost-reimbursement system under the TTW, thereby making reimbursement contingent upon ticket assignments. We also believe that the provisions allowing reimbursement for non-Ticket holders and for pipeline cases demonstrate that the reimbursement program is in fact separate from the Ticket program.

Summary of SSA Guidelines for SVRA Participation in the TTW Program

In addition to the guidance summarized above, the SSA TTW guidelines in Transmittal 17 for SVRAs provide procedures for actions such as a beneficiary requesting that a Ticket be reassigned or unassigned, documentation of earnings, limitation on payments to more than one EN, and handling disputes with Ticket beneficiaries. The intent of this paper is to detail those areas of guidance that have the major impact on SVRAs' response to date to the TTW program. The intent also is to bring attention to controversial areas that appear to be influencing the general SVRA response to the Ticket. These areas include the guidelines that allow Ticket assignment to VR for new cases without the documented knowledge and approval of the beneficiary. Also, a critically important controversy still exists that questions the legislative authority for SSA to "subsume" the Cost Reimbursement program under the TTW; this issue includes questioning of the SSA policy that payments cannot be made for new cases under the same Ticket for Cost Reimbursement and an EN-elected payment system.

Section III. TTW Implementation Strategies

Many SVRAs have spent considerable time and resources to plan and implement services under TTW (Livermore, et al., 2003). SVRAs assigned staff to administer the program, develop implementation procedures and regulations, train staff to work with the PM, ENs, BPAOs and beneficiaries in new ways, and prepare data collection strategies and systems. As initial information on TTW became available, SVRAs began to assess the programmatic and budgetary impacts of the program and prepare for program implementation. The following section describes the activities of the 13 states involved in the initial Ticket rollout that began in February 2002. Emphasis is placed on states' preparation for TTW rollout, selection of an EN payment system, TTW implementation procedures, modifications to service delivery, and administrative procedures.

[2] Peter Baird's testimony was submitted as written supplement to verbal testimony given to the Committee by Daniel E. O'Brien of the Oklahoma Department of Rehabilitation Services.

Preparation for TTW Rollout and SVRA Implementation Activities

TTW Rollout - SVRAs used a number of strategies to prepare for the Ticket rollout. Among the 13 first-round states, several SVRAs were initially very excited about the Ticket program and had expressed an interest in being part of the initial rollout. Other states were less enthusiastic about the beginning of the program. States that initially embraced the TTW program felt that they possessed a strong state infrastructure, including the presence of Medicaid Buy-in programs, strong benefits planning networks, State Partnership Initiative projects, DOL Work Incentive Grants, and high quality service delivery systems that would enable them to effectively operate the program. SVRAs in other states expressed concern about the possible success of TTW and their ability to implement the program successfully.

In some instances, SVRAs openly questioned the basic principles underlying TTW and expressed concern that the program would actually make it more difficult for them to provide services to SSA beneficiaries. Specifically, some SVRA representatives felt strongly that SSA should not work directly with private vendors under TTW, arguing that this approach created a competitive atmosphere between the SVRAs and potential ENs. Many SVRAs were also concerned that the implementation of the program would overwhelm the ability of SVRAs to respond to anticipated demand. Many SVRAs were concerned that the release of the Ticket would literally result in tens of thousands of SSA beneficiaries contacting SVRAs in a very short period of time. Several SVRAs indicated that they felt additional financial resources should be allocated to the states to enable them to prepare for Ticket implementation.

While planning activities for TTW are underway in virtually every SVRA, the largest amount of information is available on those states that participated in the first-round Ticket rollout. Table 6 illustrates the types of activities the SVRA completed prior to Ticket rollout, including attendance at national and regional meetings, establishment of state implementation teams, EN payment system selection, staff development, information systems modifications, and communication with potential ENs prior to developing a VR-EN agreement. Each of these activities is briefly summarized below.

Table 6 **SVRA Activities Prior to TTW Rollout**
Participation in National Meetings and Technical Assistance from SSA and the PM – National meetings held jointly by SSA, the Rehabilitation Services Administration (RSA) and the PM provided SVRAs with initial information regarding TTW.
Development of State-Specific TTW Implementation Teams – In most states, planning for TTW implementation was a collaborative effort that included, in addition to SVRA personnel, representatives from many partnering agencies.
Creation of Staff Development Training Programs – Some states focused their training on a small cadre of specialized TTW counselors and central office staff, while others trained the entire counselor cohort, as well as receptionists or front-line staff in local VR offices or One-Stop Centers.
Regional Conference Calls – In several SSA regions, regularly scheduled regional conference calls provided information to all SVRAs in the region about changing regulatory guidance, initial state implementation efforts, the role of various members of the TTW implementation effort (e.g.

Table 6 SVRA Activities Prior to TTW Rollout
BPAOs, Protection and Advocacy for Beneficiaries of Social Security (PABSS) programs, FOs, etc.), and interactions with the PM.
Changes to Automated Systems – TTW requires SVRAs to make changes to automated case records in order to obtain information required to track TTW status, benefit status, or wage information.
EN Outreach Efforts –Many SVRAs conducted provider forums and took other actions designed to communicate their implementation plans to their existing providers and in some instances encourage these organizations to become ENs.

Most SVRAs have taken an aggressive, proactive approach to TTW implementation. Actions have focused on insuring that agencies would be able to continue their activities under the current SSA VR Cost Reimbursement program, training staff and preparing agency infrastructure for program rollout, developing VR EN agreements that are advantageous to the SVRAs, and encouraging organizations in their state to become ENs.

SVRA Implementation Strategies - States have used a wide variety of strategies to implement TTW. Most of these approaches are intended to maintain tight state level control as the agency acquires experience with the new program, maximize service consistency through centralized decision-making at the state level, reduce training costs, and limit administrative burden on local counselors. Most SVRAs have elected to concentrate administrative functions at the state level. However, several states are shifting administrative responsibility to local counselors as the program evolves. A summary of the specific approaches used by various states is provided in the Table 7 below.

In summary, it is very apparent that the implementation of the TTW program has created a significant administrative burden on SVRAs. The agencies have responded to this burden in a number of ways. In many instances, control is maintained at the state level, with local counselors responsible only for plan development and communication with the TTW beneficiary. In other states, local counselors are also responsible for explaining the TTW program to interested beneficiaries, communicating with the program manager, and documenting beneficiary earnings. While the number of contacts for information has in many instances fallen far short of expectations, SVRAs have incurred considerable costs during program start-up and implementation.

Table 7 SVRA Ticket Implementation Strategies
Centralized TTW Units – Several states attempted to centralize TTW activities within a state-level unit in order to maintain service consistency, reduce training costs, and minimize administrative burden on counselors.
Call Centers – Several state SVRAs developed call centers or statewide 800 numbers. However, calls actually received by the SVRAs fell far short of the number expected, and for the most part call centers have been scaled back or eliminated. In most states, calls to a central office are assigned to a specific individual or the TTW unit.

Table 7 **SVRA Ticket Implementation Strategies**
Centralized Ticket Unit with Referral to Local VR Offices -. In several states, the centralized TTW unit is responsible for responding to inquiries from Ticket holders, conducting training, developing TTW policies and submitting reimbursement requests to the PM. After initial communication, a Ticket holder is referred to a local office for Ticket assignment, IWP development, and other administrative functions.
Single Ticket Coordinator – In a surprising number of states, SVRAs have assigned all administrative functions to a single Ticket coordinator.
Regional Ticket Counselors – At least two states have identified specialized Ticket Counselors in regional or local offices, who are responsible for directly serving TTW beneficiaries, while simultaneously providing assistance and support to other counselors.
Decentralized Implementation Approaches – A few states have attempted to assign all responsibility for TTW administrative activities to local counselors. Even in these states, however, local counselors must frequently obtain approval from regional or central office staff prior to serving an individual under the EN payment structure.

Selection of EN Payment System

When the SVRA elects to serve an individual under the EN option, it must select between the Outcome or Outcome-Milestone option (Huynh & O'Leary, 2003). Few states completed comprehensive financial analyses prior to selecting a payment option. Most SVRAs made this determination based on their prior experience with Milestone, or "pay for performance" payment mechanisms, and an analysis of information provided by SSA, the PM, or CSAVR.

States that have selected the Outcome system have reportedly done so because the system can potentially generate a larger total payment amount than the Outcome-Milestone program. This may lead to an increased emphasis on post-employment services for SSA beneficiaries, and the system is much simpler for local counselors to understand and administer.

In contrast, SVRAs that have chosen the Outcome-Milestone payment system feel that this option may enable them to receive partial reimbursement for individuals who may be able to meet the employment criteria for one or more milestones, but who may experience significant difficulties retaining employment for the lengthy period of time necessary to generate full compensation under the Outcome system.

The Oklahoma SVRA is one of the agencies that have elected to serve significant numbers of individuals under the Outcome-Milestone option. The decision regarding whether to serve an individual under the cost reimbursement or the Outcome-Milestone option is based on a clinical assessment of the likelihood that the individual may meet the criteria for one or more milestones, but may not meet the criteria necessary to generate a payment under the cost reimbursement system. Specifically, an experience rehabilitation staff member in the state's Ticket Unit attempts to determine the likelihood that the individual will enable the agency to meet various payment criteria based on the disability characteristics of the individual, their prior employment experiences, and their anticipated case service costs. In general, the EN payment system is selected for clients with anticipated service costs less than $5,000, and cost reimbursement selected for all others, since the average cost reimbursement for individuals in the state is over $12,000.

Regardless of the payment system selected, it should be remembered that virtually all states are relying on the existing SSA VR cost reimbursement system for the vast majority of beneficiaries served. While some states have expressed an interest in exploring the Outcome-Milestone option for some individuals, very few states outside of Oklahoma are electing to serve beneficiaries under either EN option.

Marketing VR Services to Beneficiaries

In general, SVRA marketing efforts have focused extensively on contacting Ticket holders in their existing caseloads, referred to as "pipeline cases," and encouraging them to assign their Ticket to the agency. Fewer resources have been devoted to contacting Ticket holders not already on VR caseloads.

Pipeline Cases - SVRAs attempted to contact individuals on existing caseloads through mass mailings and outreach by individual counselors. Examples of these activities are provided below.

- Over half of the SVRAs in first-round states completed mass mailings to SSI/DI beneficiaries on their existing caseloads. These mailings explained the TTW program and requested that the beneficiary contact a central Ticket telephone number or the individual's VR counselor.

- Several SVRAs actually initiated mailings to clients prior to the official TTW rollout, in order to inform clients of the Ticket program and make them aware that they would soon be receiving a Ticket in the mail. The Iowa SVRA included former clients in its mass mailing efforts. This targeted marketing approach would seem to have merit for consideration by other states. Former VR clients may be working, but not at levels that might reduce cash benefits to zero. Alternatively, former clients may no longer be employed, but might be eligible for the Ticket. They may wish to use the Ticket to help them reenter the labor force.

- Other states have relied on individual counselors to get in touch with beneficiaries on their individual caseloads. These outreach activities required counselors to call or otherwise contact existing clients, describe the Ticket program, explain the procedure for assigning the Ticket to the SVRA, and potentially convince the individual that Ticket assignment is in his or her best interest. The task has required an extensive amount of time and effort on the part of individual counselors, leading to concern on the part of many SVRAs that the TTW has created a large administrative burden on states. In addition, SVRAs and individual rehabilitation counselors have expressed concern that VR staff is "forced" under TTW to contact existing clients and solicit their Ticket assignment. From the perspective of the SVRA, this situation may place the counselor in an awkward position and change the relationship between the counselor and the beneficiary.

New Cases – While SVRAs have aggressively recruited individuals currently on their caseloads and solicited Ticket assignment from them, very little effort has been made to market their services directly to Ticket eligible individuals in their state. In most instances, SVRAs simply respond to inquiries from Ticket holders who became aware of the SVRA from the PM or other sources. In some instances, SVRAs report speaking with thousands of beneficiaries, and devoting considerable resources to this effort. Many SVRAs would like to receive additional information on beneficiaries not presently on their caseloads that would enable them to target their outreach and marketing activities. However, many SVRAs express extreme ambivalence about marketing directly to SSA beneficiaries, fearing that the individuals they contact may be extremely ill or otherwise not appropriate for VR services.

SVRA personnel have repeatedly expressed frustration over the personnel and fiscal resources required to explain the basic components of the TTW program to beneficiaries who contact them by phone, mail, or in person. SVRA staff membersrepeatedly describe individuals who contacted the agency believing things such as:

- The Ticket entitled them to an immediate job;
- The Ticket program was not voluntary;
- They would immediately lose benefits if they did not immediately assign their Ticket to an EN; or
- The Ticket could be directly exchanged for cash.

The SVRAs clearly feel that the responsibility for explaining the basic provisions of TTW should fall to the PM or the BPAO, rather than the SVRA. While acknowledge the extreme difficulties involved in explaining a complex program to large numbers of individuals, the demand faced by SVRAs creates a significant administrative burden and increases the SVRAs' overall program costs.

From a basic efficiency perspective, SVRAs might be better off providing limited information about the TTW program itself, referring potential callers to the PM, BPAO, or other program for basic information. However, the role of the SVRA is distinctly different from that of other ENs. SVRAs are public entities, with a mandate to provide services to SSA beneficiaries, and therefore have an obligation to provide information and referral services to all individuals who contact them. For example, individuals not interested in immediately obtaining employment may be referred for independent living services. Individuals not interested in full-time employment may still be served through various programs operated by the agency through its basic Title I program.

BPAO Involvement in VR Marketing and Recruitment

The rollout of the TTW program in February 2002 led to a major effort on the part of SVRAs to developed collaborative relationships with local BPAO programs. BPAOs are integrally involved in explaining the TTW program to beneficiaries who are either current SVRA clients, or are considering application to the SVRA (Kregel & Head, 2003). SVRAs are beginning to rely significantly on BPAOs to provide beneficiaries basic information on the TTW, as well as inform the beneficiary of the impact of employment and increased earnings on disability benefits and health care coverage.

The BPAO projects have proven to be a significant resource for SVRAs during initial Ticket implementation. SVRAs are learning the value of understanding work incentives and providing accurate and complete information to beneficiaries throughout the Ticket process. In many states, agencies are developing close working relationships with local BPAOs. In other states, particularly those with limited BPAO capacity, SVRAs are attempting to expand benefits counseling services in their state by vendoring benefits counselors as a Title I VR service, or training specialized staff in the delivery of benefits planning services.

It is important to note that in a number of states the SVRA also serves as the SSA funded BPAO program for the state. In three of the Round 1 states (Illinois, Massachusetts, and South Carolina) and in six of the Round 2 states (Connecticut, Georgia, Mississippi, Missouri, New Mexicom and North Dakota), the SVRA also provides BPAO services. This dual role for the SVRA has the potential to create a significant conflict of interest for the SVRA operated BPAO program. Since the willingness of beneficiaries to assign their Tickets to the SVRA has significant financial implications for the agency, concerns have been raised that the BPAO may encourage all Ticket eligible individuals to assign their Ticket to the SVRA, as opposed to other ENs in the state. SSA funded BPAO cooperative agreements require an organization serving both as a BPAO and an EN to provide assurances that the BPAO is free to operate independently without any inappropriate influence. BPAOs violating conflict of interest guidelines would face significant legal, administrative, and ethical problems.

While allegations of inappropriate actions on the part of SVRAs serving as BPAOs have been raised, little direct evidence is available to document the extent or severity of the problem. However, it is extremely important that SVRAs, SSA, BPAOs staff, and ENs continually monitor these situations where the potential for conflict of interest remains high. It is imperative that beneficiaries are fully informed regarding all available ENs in their state or community, and that decisions regarding Ticket assignment and EN selection are made without inappropriate influence.

Impact of TTW on SVRA Service Activities

It appears that the initial rollout of TTW has had only a limited impact on SVRA service delivery. For the most part, SVRAs indicate that they are serving beneficiaries with characteristics and backgrounds similar to those individuals served in the past (Wehman & Revell, 2003). However, there are emerging indications that TTW is beginning to affect VR services in a number of ways, including (1) an increased emphasis on the delivery of post-employment services; (2) an increased awareness and use of benefits planning and assistance; and (3) the changing nature of the relationship between the counselor and the beneficiary.

- Some SVRAs indicate that serving beneficiaries through TTW may lead to an increased emphasis on the delivery of follow-along services that will enable an individual to retain employment for an extended period of time. VR has always been a time-limited program that restricted the ability of SVRAs to provide a complete range of post-employment supports. The TTW program may enable SVRAs to devote additional resources to ensuring that individuals are able to maintain employment as long as they desire to work.

- Many SVRAs are beginning to recognize the need for accurate and responsive benefits planning and assistance services to complement the employment supports provided by the agency. SVRAs are developing close working relationships with local BPAOs. In addition, they are beginning to develop their own capacity to provide those services by training counselors and identifying vendors who can deliver this service to beneficiaries.

The TTW program requires rehabilitation counselors to speak with beneficiaries already on the rolls, as well as all new beneficiaries applying for services, to explain the TTW program to them and encourage them to assign their Ticket assignment to the SVRA. Some SVRAs are concerned that introducing these issues into the counseling process might distract the counselor and the beneficiary from focusing on key issues that affect an individual's opportunity to become employed. However, most agencies and counselors feel strongly that this approach is necessary to maximize beneficiary choice and control in the Ticket assignment and IWP development.

Section IV: Analysis of VR-EN Agreements

When a beneficiary assigns a Ticket to a non-VR EN, the EN must have an agreement in effect with the SVRA in order to refer the beneficiary to VR for services. Both parties prior to the initiation of any referrals must sign the VR-EN agreement. The agreement must contain the terms and conditions under which the SVRA will provide services to a beneficiary when the beneficiary is referred by the EN for services. Example items to be addressed in the agreement include:

- Procedures for making referrals and sharing information that will assist in providing services.
- Description of the financial responsibilities of each party to the agreement.
- The terms and procedures under which the EN will pay the SVRA for providing services.
- Procedures for resolving disputes under the agreement.

(20 CFR 411.400, .405, .410., and .420)

The VR-EN agreements for the 13 states that were involved in the Phase 1 rollout of the TTW are quite varied, particularly in the area of payment arrangements. This section reviews the payment arrangements specified in agreements between VR and ENs for payments made by SSA under the TTW program in the Phase 1 states. The agreements address a number of key areas, such as:

1. Determining how payments made by SSA under the Ticket program are shared. Cost sharing arrangements determine the extent to which VR recoups its service costs expended on behalf of a beneficiary, as well as how payments will or will not be shared after VR recoups it costs;

2. Determining what constitutes a VR service costs that VR will attempt to recoup through sharing of Outcome or Outcome-Milestone payments. In some of the agreements, the definition of VR costs includes administration and tracking costs. In other agreements, VR costs are limited to case service expenditures;
3. Determining the impact of incentive payments by VR to a partner EN for support services provided by that EN to a beneficiary to help that individual successfully maintain SGA and terminate SSA cash benefits;
4. Determining if VR will share any of its Cost Reimbursement dollars with partner ENs in instances where VR is the Ticket holder.

Summary of Payment Conditions Contained in VR-EN Agreements under the TTW Program

SVRAs are taking a variety of approaches to framing their agreements with ENs under the TTW program. Some of the key differences among these agreements include the following:

- The VR-EN agreements vary in terms of the relative financial risk placed on the SVRA and the EN. This reflects the varying degrees to which the SVRAs: a) have sought to encourage provider involvement in TTW activities in their states, b) have attempted to maintain SSA reimbursement levels at or above those received prior to the initiation of TTW, and c) have been willing to provide services to SSA beneficiaries in instances in which SSA might not fully reimburse the agency for its costs.

- Virtually all the VR-EN agreements attempt to ensure that VR is reimbursed for all monies expended for services when an EN holds a beneficiary's Ticket. The terms of the agreements vary in the extent to which they are favorable to ENs.

- In the vast majority of agreements, VR assumes some of the risk of service delivery. In these agreements, the SVRA is only reimbursed when the EN begins to receive reimbursement from SSA, and may not be completely reimbursed for services provided if the individual stops working. To our knowledge, in only one instance (Delaware) does the VR-EN agreement state that the SVRA must be reimbursed for the costs of services even if the EN stops receiving payments before the agency is fully reimbursed.

- In some agreements, the EN must completely reimburse the SVRA for all service costs before being able to keep any of the reimbursement payments. In other agreements, the EN and the SVRA share reimbursements proportionately until the SVRA is fully reimbursed.

- In most agreements, the SVRA is only reimbursed up to the amount of its actual costs. In at least two agreements, the SVRA continues to share in EN reimbursement even after all costs have been recouped.

- Most agreements provide that VR will only be reimbursed for purchased services. In at least one agreement, VR will also be reimbursed for administrative and counseling costs.

In some states, a large number of ENs have signed agreements with the SVRA. In a number of other states, however, few ENs have signed agreements. In a small number of states, there are no agreements in place. We do not have complete information regarding the number of signed EN agreements in each state. Nonetheless, the relative lack of signed agreements in many states may indicate that (1) ENs do not see a need to enter into agreements with SVRAs, (2) ENs do not view the terms of the agreements as favorable to them, or (3) the SVRA is not aggressively encouraging ENs to sign the agreements.

It should be noted that in virtually every state, the VR-EN agreement was developed by the SVRA and then submitted to ENs to accept or reject. In a few instances, ENs or groups of ENs were formally or informally involved in the agreement development process. However, based on the experiences in the states to date, SVRAs are developing one agreement for all ENs in the state (as opposed to individually negotiated agreements, allowed under TTW), as well as prescribing the content of the agreements.

Critical Issues with the Current Structure of SVRA-EN Agreements

Some of the key differences among agreements are indicative of the critical issues that need to be addressed for the TTW program and SVRAs to be more effective partners in assisting SSA disability beneficiaries meet the earnings targets established by the Ticket. A summary of these key issues is as follows:

Funneling All Tickets to the SVRA: States such as Massachusetts and Vermont are creating partnerships with ENs where all Tickets are assigned to VR for Ticket holders who will utilize VR services. This arrangement has implications for the Ticket holder in terms of placement of the Ticket with a chosen EN. From the VR perspective, these agreements are designed to encourage EN partners to participate in the TTW program. The agreements establish funding incentives for the EN partners by making VR funds available to a partner EN for services it provides during the early months of employment where very limited funds are available through the TTW funding mechanisms. However, this arrangement has implications for the Ticket holder in terms of restricting the individual's freedom of choice to place his/her Ticket with a chosen non-VR EN.

Limiting Access to VR Services: Some agreements set up situations where VR clients who have assigned their Tickets to a non-VR EN have limitations placed on the services VR will provide. In instances where a VR client has assigned his/her Ticket to a non-VR EN, the SVRAs in states such as New York and Colorado will not pay for services available through the EN (as indicated on that EN's application to the PM). Under these agreements, VR clients who have assigned their Ticket to a non-VR EN have restrictions placed on the services SVRAs will purchase for them as compared to other clients. Under the Arizona agreement, case management and counseling services, services normally a part of a VR Individual Plan of Employment, become the responsibility of the EN. This stance by VR can possibly be explained as an effort to meet similar benefits requirements in the Rehabilitation Act since the EN Ticket holder has the potential to collect funds from SSA for beneficiaries who meet Ticket payment guidelines. However, the factor that drives availability of VR services is placement of the Ticket. From a Ticket holder's perspective, the restrictions on access to VR services when the Ticket is turned over to a non-VR EN limits choice and potentially adversely affects that person's access to needed employment services.

Limiting Access to the Ticket as a Potential Source of Follow-along Funding: In many of the agreements, there is an effort to share funding on a set or negotiated percentage basis while VR is recouping its costs, then the EN can retain all additional Ticket payments. This arrangement sets up an ongoing funding stream to be used by the EN to provide ongoing support services to help job retention. However, some SVRAs (Iowa, for example) force the EN to pay VR all of its Ticket income until VR has recouped its costs. States such as Iowa continue to take payments under the Ticket program after VR has recouped its costs. This approach restricts the EN's ability to cover its costs in providing needed ongoing support services, therefore jeopardizing the employment stability necessary for the individual to stay eligible for Ticket payments to the ENs.

Limiting the Funds Going to non-VR ENs: The basis for VR establishing its costs varies from state to state. Some states (i.e. Oregon) appear to base costs just on case service dollars expended; others (i.e. New York) include administrative and tracking costs. The formula used to establish the cost liability the SVRA assigns to the EN when VR seeks to recoup its cost can have substantial impact on the final total. States that require ENs to provide reimbursement for administrative and/or counselor related costs potentially create situations where the EN will refuse the Ticket. In these instances, the projected potential cost liability is viewed as too big a disincentive to overcome.

Potential Risk to the Stability of Funding for a Ticket Holder after VR Case Closure: The structure of the agreements can have a critical impact on choice and access to services. States such as VT and MA make payments to its partner ENs as long as Ticket payments are being received. Ticket payments under the EN elected payment options involve up to 60 monthly payments when payment criteria are met (and longer for situations where the milestone option is used). Income SVRAs receive through the TTW program, both through Cost Reimbursement or EN payment, is considered Program Income by RSA under the Rehabilitation Act and must be managed under the rules of the Rehabilitation Act. Payments by VR to an EN after VR has closed the case of the Ticket holder who is the basis for these payments may raise potential issues under the RSA program income rules.

Balancing Risks: Illustrations from One State

In general, VR-EN agreements are developed for a number of purposes, including (1) encouraging beneficiaries to assign their Ticket to SVRA, and (2) if beneficiaries elect to assign Tickets to a non-VR EN, insure that the SVRA will be reimbursed for all services provided, and (3) if beneficiaries elect to assign Tickets to a non-VR EN, attempt to offset the financial risks for ENs who sign and implement a agreement with the SVRA. An examples from Arizona, a Round 1 rollout state, illustrates how VR-EN agreements can be used to balance financial risks across partners.

Arizona Rehabilitation Services Administration (ARSA) – ARSA has developed a VR-EN agreement that creates both an equitable distribution of any SSA Ticket payments that may be received, as well as balance risks across the SVRA and ENs. In contrast to many other SVRAs that have crafted VR-EN agreements that minimize financial risk to the state agency, the Arizona agreement attempts to protect the cooperating ENs from the considerable financial risks that occur when an EN is unable to recoup payments from SSA until the SVRA is reimbursed for all service expenditures on behalf of the individual beneficiary. For example:

Some state VR-EN agreements require the EN to reimburse the SVRA for all VR service expenditures before the EN retains any SSA reimbursement dollars. This approach minimizes risks to the SVRA, but provides little incentives to ENs to participate in the program. In other states, the VR-EN requires ENs to share all Ticket payments equally with the SVRA until the agency has been reimbursed for all service costs. This reduces the EN's incentive to participate in the program, unless the costs to the EN, relative to the SVRA, are far less than 50% of the total service costs. In at least one state, the initial VR-EN agreement required ENs to reimburse the SVRA for all service costs immediately, even before the EN had begun to receive Ticket payments from SSA. This approach transfers all risks to the EN, and minimizes the likelihood that ENs will participate in the program.

In contrast, the Arizona VR-EN agreement requires the SVRA and the EN to jointly determine the total costs of services (from both the SVRA and the EN) that will be provided to the beneficiary. When the EN begins to receive Ticket payments from SSA, those payments will be split proportionally between the two entities until the SVRA has been reimbursed for the costs of all services.

The Arizona VR-EN agreement, which is similar to agreements found in at least four other states, seems to have a number of advantages.

- **SVRA Perspective –** The Arizona approach allows the SVRA to enroll and serve a client who it might otherwise not serviced. The EN assumes responsibility for many functions normally performed by the SVRA, such as completion of initial assessments, developing the IWP, and delivering all counseling and case management services. The likelihood that the SVRA will be able to claim a VR "closure" for the individual is dramatically increased, since the EN will have a huge financial interest in insuring that the individual retain employment until he or she meets the RSA case closure criteria.

- **EN Perspective –** A potential EN benefits extensively when collaborating with the ARSA. The agency will provide funding for a variety of different services that will improve the likelihood of positive employment outcomes for the beneficiary, thereby enhances the chances that the EN will receive Ticket payments from SSA. The fact that the EN is partially protected from financial risk may increase its willingness to serve individuals in the Ticket program that may otherwise be viewed as too difficult or expensive to serve. Since the EN will retain a significant portion of each Ticket payment, and will only be required to share a portion of the payment with the SVRA until the agency is reimbursed for the cost of services, it is likely that (1) the EN will begin to see a relatively quick return on investment, thereby improving its cash flow, and (2) the EN will not "lose" exorbitant amounts of money on any single individual.

- **Beneficiary Perspective –** The Arizona VR-EN agreement may also have significant advantages for the beneficiary. Specifically, the terms of the agreement may make it more likely that the EN will refer a Ticket holder to VR, thereby allowing the beneficiary the complete array of services available to the SVRA. In contrast, if the SVRA were to require all Ticket payments to be transferred to agency until all its costs are recouped, ENs may be very reluctant to refer beneficiaries to the agency. This might have the effect of denying the beneficiary access to services, to which he or she is entitled, that might greatly increase his or her chances for employment success. The ARSA VR/EN agreement seems to reduce the likelihood that ENs will fail to take advantage of available VR services and maximizes the opportunities for individuals who might not otherwise benefit from VR services. Another key advantage of this approach from the beneficiary's perspective is that both the SVRA and the EN have a strong incentive to maximize the individual's long-term employment success in order to obtain all possible Ticket payments. The beneficiary will benefit from a situation in which the SVRA has a significant incentive to provide post-employment services, reopen the individual's case, or otherwise assist the EN in supporting the individual.

Summary of SVRA Activities Related to ENs

The relationship between SVRAs and ENs has been one of the most controversial aspects of TTW implementation. While implementation varies considerably across states, a number of trends have consistently emerged during implementation of the program.

First, SVRAs in many instances have viewed the participation of ENs in the TTW program to be a significant threat to the SVRA's existing cost reimbursement. A major source of concern expressed by VR agencies has focused on a potential situation where the SVRA spends extensive funds on services to an individual, who then assigns or reassigns the Ticket to a non-VR EN. If this were to occur in large numbers, the SVRAs fear a significant loss in SSA revenue. The TTW regulations attempt to equitably address this situation, but many SVRAs remain frightened that the Ticket poses a substantial threat to their already stressed financial situation.

Second, it must be noted that SVRAs in a number of states have devoted considerable resources to fostering the development of ENs and attempting to equitably share the risks and rewards inherent in the Ticket program. What some SVRAs view as a threat to their financial viability, other states for as an opportunity to provide VR services to a group of individuals that have previously not benefited from those services. Innovative strategies have evolved around: EN recruitment (including recruitment of non-traditional providers); favorable VR-EN agreements; modifying existing SVRA milestone payment system to better align them with the TTW objectives; and assisting ENs in earnings tracking and documentation.

Third, the structure of a state's VR-EN agreements has a dramatic impact on the number of ENs participating in the TTW program. Factors such as (1) when the EN must begin to repay the SVRA for services, (2) when the EN can begin to retain a portion of Ticket payments, and (3) whether the EN is required to reimburse the SVRA over and above the actual amount expended for services can have a dramatic impact on whether potential ENs in a state will find the program economically viable.

Fourth, while some SVRAs have proactively tried to encourage the development of traditional and non-traditional ENs in their state, others have been less willing to work collaboratively with ENs. A small number of states have not signed any agreements with ENs and other agreements seem to require that the SVRA be the Ticket holder in order for the beneficiary to receive VR services.

Relationships between SVRAs and ENs continue to evolve. It should be remembered that it is still very early in the Ticket implementation process. It is still too soon to determine whether the universe of employment service providers for SSA beneficiaries will be expanded through the TTW program. In some instances the SVRAs have been aggressively promoting the expansion of service providers. In other instances, however, it seems clear that the primary goal of SVRA actions has been to maintain the existing SSA VR cost reimbursement program and minimize competition from other entities.

Section V: Recommendations

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

Most SVRAs view the TTW program as a direct threat to their economic viability. As stated previously, the SSA VR cost reimbursement program accounts for approximately 5% of the SVRAs’ client services budget. They feel the intent of the program is to divert these funds to non-VR entities, thereby decreasing their ability to meet the needs of individuals with disabilities applying for their services. Many of their actions are designed to minimize competition for those funds by restricting the number of ENs and maximizing the percentage of beneficiaries assigning Tickets to the SVRA.

SVRAs also feel that TTW has created a considerable administrative burden on them (Livermore, 2003). Explaining the program to beneficiaries, contact existing clients to solicit Ticket assignment, explaining the program to beneficiaries applying to VR for the first time, interacting with the PM, and documenting earnings for individuals served under the EN payment option all require considerable resources that the SVRA has not had to previously expend.

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

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

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

SSA's goal is to create a system of ENs that is responsive to the diverse array of employment support needs and interest of beneficiaries interested in utilizing the TTW as a component of an employment plan. SVRAs must continue to provide mandated services to beneficiaries, while not engaging in practices that restrain the development of ENs in their states. This paper has analyzed current SVRA-EN relationships and identified a number of the factors that are currently limiting the number and diversity of non-VR ENs active under the Ticket program. Some of the most critical factors identified include:

TTW as a Perceived Financial Threat to SVRAs through Reduction of Program Income Received from SSA: For a number of years, SVRAs have been reimbursed by SSA for costs associated with serving eligible SSA beneficiaries. The TTW program, with the alternative payment options established for non-VR ENs holding the Ticket, sets up a program where VR is at risk for not being reimbursed by SSA for costs that it has traditionally collected under the Cost Reimbursement program. A number of SVRAs in the Ticket rollout states have developed EN partner agreements that limit SVRA financial involvement in services that can be provided by a non-VR EN Ticket holder and set up aggressive payment schedules through which the ENs would reimburse the SVRA for costs associated with the SSA beneficiary who assigns his/her Ticket to this EN. These agreements are a strong disincentive to ENs taking Tickets.

TTW as a High Risk Payment Arrangement for Non-VR ENs: During the period from initial contact between the Ticket holder and the EN and the point that the Ticket holder has sustained employment at an income level high enough to eliminate SSA cash benefits, the Outcome and Outcome-Milestone payment systems allow for very limited payments to ENs. ENs therefore assume the financial risk for the planning, job development, and initial job support service costs under the Ticket program. To cover these upfront costs, ENs can turn to SVRAs, but as pointed out above, SVRA involvement incurs its own financial demands on the ENs in terms of repayment commitments for services provided. Therefore, non-VR ENs have been hesitant to accept Tickets from individuals whose service plans require monetary outlays beyond the risk tolerance of the EN.

TTW Payment Structure as a Disincentive to Choice of ENs for Beneficiaries Seeking to Use Their Ticket: From the view point of the SSA beneficiary seeking to use his/her Ticket, there are a number of factors working against choice of ENs. ENs are hesitant to take Tickets; an SVRA as an EN has a time limited service system that does not provide for the support potentially needed by the SSA beneficiary to retain and potentially advance in employment over time. For new cases, current SSA policy allows SVRAs to use the presence of an IPE as the basis for Ticket assignment, even if the Ticket holder has not agreed to that assignment.

The current TTW policy structure on assignment of Tickets, on balance, has not effectively blended the potential benefits of the front end funding and support services available through SVRAs for those individuals who need these services with the follow along support services available through the ENs. The current TTW policy has created a variety of tensions in the SVRA and EN relationship that interferes with a cooperative arrangement based on the services needs and interests of the Ticket holder. Some SSA beneficiaries can benefit from SVRA participation. The Ticket policy structure should be revised to facilitate that involvement when needed and to help support those Ticket holders who do not need/desire SVRA involvement to a receptive EN. The following recommendation sets-up an SVRA/EN partnership system that allows the TTW program to actually build an EN base and maintain support continuity over the life of an individual beneficiary's TTW.

Advantages of Allowing Both Cost Reimbursement and EN Payments - The current Ticket payment rules place SVRA agencies in a defensive position to protect a major source of income provided by the Cost Reimbursement Program. If SVRA could get Cost Reimbursements AND an EN could get Ticket payments for those individuals who utilize SVRA services, SVRAs would be more likely to help cover financially the upfront costs that are a high financial risk for ENs. Also, the EN would have the security of knowing that costs associated with post-VR support provided to the beneficiary could be covered through the ongoing payments it would collect through the Ticket without the necessity to pay substantial sums back to SVRA for costs incurred.

The Cost Reimbursement and EN payment systems could run as parallel programs for a period of time until the EN base and EN payment system are established. Then the Cost Reimbursement system could be substantially reduced. This approach would facilitate a SVRA/EN partnership where the SVRA could get reimbursed for its costs and then hand off the case to an EN for follow-up, and the EN would receive the Outcome payments through the Ticket. The funding security this approach would foster for the ENs would position them better financially to accept Tickets from individuals who do not utilize SVRA services. This approach would also eliminate the tension around consumer choice created by the policy in Transmittal 17 for new cases whose Tickets can be assigned without a signed Form SSA-1365.

A potential component of this policy revision would be an extension for SVRA cases of the time of employment prior to closure. Currently there is a minimum 90 days of employment before a SVRA client can be considered potentially eligible for case closure. With the alternative payment provisions under the TTW program having limited payment potential during period from 90 days to 270 of employment, a part of a revised Cost Reimbursement arrangement with SVRA could be to extend the period of SVRA service support to a minimum of 180 days of employment for those individuals for whom the SVRA will seek Cost Reimbursement. This approach seeks to further balance the risk-reward considerations for financial involvement in the Ticket program among SSA, SVRAs, and ENs and to create a system that maximizes incentives for EN involvement, thus improving the opportunity for choice of ENs by Ticket holders.

This recommended policy change for the Ticket basically eliminates assignment of the TTW as an issue for SVRAs. It is built on the precedent established for pipeline cases where SVRA can receive Cost Reimbursement for an eligible case and an EN can receive subsequent payments under the TTW if that Ticket is assigned to an EN. This policy allowance for pipeline cases should be extended also to new cases. The strength of the TTW as a funding resource is the potential for funding support over a period of 60 months of employment. SSA policy needs to be revised in a way that allows the Ticket to be an ongoing source of funding support even if the SVRA is involved and collects payment for its initial involvement.

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

The TTW regulations require the development of VR EN agreements in situations in which the beneficiary has assigned the Ticket to the EN and the beneficiary seeks services from the SVRA. The regulations prescribe the scope of the VR EN agreements, but they do not define their content. SVRAs are free to develop VR EN agreements in which the EN has no financial liability to the SVRA after delivery of services, but they are not required to do so. As a result, all VR EN agreements require the EN to reimburse costs incurred in the delivery of services by the SVRA.

If a beneficiary assigns his or her Ticket to an EN, and as a component of the IWP the EN refers the beneficiary to the local specialized transportation office for paratransit services, or the State Medicaid agency for personal assistance services at the worksite, or the local mental health center for therapy services, the EN is not required to reimburse these agencies for the costs of services provided by these public entities. If a local mental health center receives funding from the State Mental Health Authority, and uses those funds to provide employment supports to an SSDI beneficiary who has assigned his Ticket to the center, or if a community rehabilitation program (CRP) uses State Developmental Disabilities funds to provide supported employment services to an SSI recipient who has deposited her Ticket with the CRP, these ENs do not have to reimburse the State agencies for the services provided.

It is only when the EN refers the beneficiary to the SVRA that it is required to reimburse the State agency for the cost of services. This creates a tremendous disincentive for ENs, which are struggling to find economically viable business models under which to operate the Ticket. The fact that the monies that must be repaid to SVRAs may constitute 25% - 50% of the total Ticket reimbursement to the EN makes a huge difference in an EN’s ability to be able to successfully participate in the Ticket program.

From the perspective of the SVRA, when an EN refers a beneficiary to the agency for services, those services are provided through Title I monies, which are a combination of Federal monies matched with State funds. If an individual is served through these monies and meets the RSA criteria for successful closure, the SVRA is able to submit this individual as a successful closure for purposes of Federal reporting. If the individual fails to meet RSA closure criteria, the SVRA is not able to report a successful rehabilitation, but the agency does not “lose” money in the same sense that an EN would if it expended a similar amount of funds, but was unable to recoup any of those funds through Ticket payments.

SSA beneficiaries are presumed to be eligible for SVRA services. The SVRAs are required by the Rehabilitation Act to provide services to beneficiaries. If the individual achieves employment outcomes that meet or exceed criteria in the Rehabilitation Act, the SVRA will receive a successful closure for services and is able to report this closure to RSA. Allowing ENs to seek SVRA services for Ticket holders without the requirement to reimburse the SVRA will dramatically reduce the financial risks for ENs and encourage their participation in the TTW program.

If ENs were not required to reimburse SVRAs for services delivered under a VR EN agreement, then the payments received by SSA represent a premium, or supplement to the funds received from other sources. In this situation, the EN has a significant financial incentive to participate in the program, since financial risks have been minimized and any funds received through the Ticket program are over and above funds provided by other agencies.

SVRAs are currently able to develop VR EN agreements in which ENs would not be required to reimburse the SVRA for services provided. However, no state has developed such an agreement, and to do so would have a sizable economic impact on the SVRA. It is not the intent of this recommendation to reduce the amount of case service funds available to SVRAs by 5%. Rather, its intent is to promote the implementation of the TTW program in a way that will allow ENs to economically participate in the program. Just as SVRAs are not responsible for the successful implementation of the TTW, SSA and the TTW program is not responsible for solving the fiscal programs faced by SVRAs.

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

While the SSA VR Reimbursement Program has been in operation for over 20 years, very little is known about whether the program has achieved its intended purpose. The evaluation should focus on (1) the effect of the program on beneficiary earnings and benefit status, (2) the effect of the program on SSA net costs for beneficiaries served by SVRAs, and (3) the appropriate role, if any, for the program in relation to the TTW program.

Impact on Beneficiaries – Over the past several years the program has reimbursed SVRAs for over 10,000 cases each year at an annual cost to SSA of over $100 million. However, the long-term impact of the program on beneficiaries has not been studied in detail. SVRAs are reimbursed under the program when the beneficiary has been employed at SGA for nine consecutive months. An outcome evaluation should be conducted to determine whether individuals employed at SGA for nine consecutive months remain employed for extended periods of time and reduce or eliminate their dependence on SSA benefits. A comprehensive evaluation should focus on beneficiary characteristics, program costs, net outcomes, and potential recidivism within the VR program (Kregel & Dean, 2002).

Net Savings to SSA – A longitudinal net outcome study should be conducted to determine whether the program has resulted in net savings to SSA. SSI recipients working at the level of SGA for nine consecutive months will almost always see significant reductions in the monthly benefit amount, but not necessarily an elimination of benefits. SSDI beneficiaries working at this level will not necessarily experience a reduction in monthly benefits payments. It is simply unknown whether the program has resulted in increased expenditures or savings for SSA. A net outcome evaluation would determine the return SSA receives on its $100 million per year investment in SVRAs.

Role in Relation to TTW – It is not clear at the present time whether Congress and SSA intend to continue to operate both the SSA VR Reimbursement Program and TTW, eliminate the Reimbursement program and "fold" it into TTW, or modify the Reimbursement program to make more consistent with the goals of TTW. From the perspective of many ENs, the SSA VR Reimbursement Program provides SVRAs an "unfair advantage" when competing with both public and private ENs. ENs would like the opportunity to serve beneficiaries under the Reimbursement program model – others have suggested that the Reimbursement program be extended to One Stop Career Centers or other appropriate entities. However, Congress and SSA cannot make informed decisions in these matters if they are unaware of the outcomes generated by the program and the net costs of operating the program. A comprehensive evaluation will enable Congress and SSA to make decisions about the future of the program based on objective information.

A comprehensive evaluation of the Cost Reimbursement program would address all these issues. If an evaluation concluded that the Cost Reimbursement program generated net savings for SSA, Congress and the agency might consider modifying the stringent performance criteria in the TTW program to realize the cost savings generated through the Reimbursement program. For example, SSA might consider making cost reimbursement available to all ENs, as opposed to just SVRAs. If, on the other hand, the Cost Reimbursement program fails to generate significant savings, Congress and SSA can carefully weigh this information as they consider the future of the program

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

Payments received through the SSA VR Reimbursement Program are treated by SVRAs as program income. The agencies must use these funds to further the purposes of the Rehabilitation Act. However, SVRAs seem to possess some degree of flexibility in allocating the funds for a variety of purposes. Many SVRAs indicate that this funding source is critical as they strive to continue to provide high quality services to clients during this period of fiscal crises in a number of states. Without these funds, a number of SVRAs report that they might be forced to invoke "order of selection" and deny rehabilitation services to individuals in urgent need.

In addition to direct client services, some SVRAs indicate that these monies help finance CILs, automation improvements and other important functions. All these functions are appropriate and critically important to the SVRAs. However, the extent to which SSA VR Reimbursement monies are used for functions other than providing direct services to beneficiaries is unclear. A collaborative study of the role of these funds in providing services to beneficiaries should be the first step in determining if changes in the program are needed.

From SSA's perspective, it would seem that SSA VR Reimbursement monies should be used to fund direct services for beneficiaries. However, it is not clear how this occurs in practice, since most beneficiaries are already presumptively eligible for SVRA services funded through Title I monies. If the SVRA uses SSA monies to offset the Title I expenditures for a beneficiary, this would theoretically increase the amount of Title I funds available for all SVRA clients, including those who are not SSA beneficiaries. A detailed study of these program income monies, designed and implemented with the assistance of the SVRAs, should provide both SSA and RSA a clear picture of the role of the SSA VR Reimbursement Program in the overall Federal financing of SVRAs.

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

The SSA VR Reimbursement Program should expand the number of SSA beneficiaries served by SVRAs, improve their employment outcomes, and result in an overall savings to the SSI and SSDI programs. The evaluation studies recommended above will determine whether the program achieves its intended purposes and identify the role the program plays in the overall funding of SVRAs. Based on this information, SSA and RSA can work with states to craft policies that reiterate the overall intent of the program and insure that reimbursement funds are used to provide direct services to beneficiaries.

At the same time, any changes to the program must take into account both the short-term and long-term funding of SVRAs. SSA VR Reimbursement Program funds are a significant resource for many SVRAs. Maintaining these funds is a high priority for SVRAs, and the sudden elimination or significant reduction of these funds will jeopardize some SVRA's ability to provide rehabilitation services to individuals (including beneficiaries) urgently in need of assistance and support.

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

Transmittal 17 allows SVRAs to submit a unsigned copy of Form SSA 1365 and the front and back pages of a signed IPE as documentation that a beneficiary has assigned his or her Ticket to the SVRA. This policy allows SVRAs to potentially accept Ticket assignments from individuals who potentially:

- May be unaware that they are eligible and have received a Ticket;

- May be unaware that their Ticket has been assigned to the SVRA;
- May not have been informed that signing the IPE will result in automatic Ticket assignment;
- May have explicitly indicated that they do not want to assign a Ticket to the SVRA, or do not wish to assign a Ticket at all at this time.

The current policy regarding SVRA new cases clearly violates the basic principle of informed choice for beneficiaries that is one of the major tenets of TTW. Revised policies should be developed and immediately implemented to insure that beneficiaries are fully aware of the TTW program, are aware of the effect of program participation on their benefit status and health care coverage, are able to select among ENs, and make an informed and independent decision about assigning their Ticket. Ticket assignment should be completely separate from the development of an IPE with an SVRA, and an individual's assent to one program should not be considered consent for participation in the other.

Ticket holders who are not currently on SVRA caseloads who approach an SVRA for services should have the following options:

- Assign their Ticket to the SVRA;
- Receive services from the SVRA, but assign their Ticket to an EN;
- Not assign their Ticket to the SVRA or an EN – retain their Ticket for assignment at a later date;
- Unassign their Ticket from the SVRA or an EN and reassign it to another TTW provider.

The TTW program is built on the notion of beneficiary choice and empowerment. Beneficiaries should determine whether they wish to assign their Ticket and take advantage of the services and supports available through the program. Beneficiaries must be allowed to choose to assign their Ticket, select an available EN, and identify the support services necessary for employment. Any policy that intentionally or unintentionally limits beneficiary choice to should be carefully examined to make certain that the principle of informed choice is not violated.

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

In general SVRAs feel that SSA has done a good job of designing and implementing TTW within the restrictions inherent in the legislation. SVRAs indicate that the PM is knowledgeable, responsive and helpful. Yet, several implementation regulations have posed significant problems for SVRAs, reducing program effectiveness and efficiency. Among these issues are the difficulties involved in dealing with "pipeline" cases, documenting earnings, and access to information on Ticket holders.

- During the initial stages of Ticket rollout, SVRAs are required to contact all Ticket holders on their caseloads to request that the beneficiary assign his or her Ticket to the SVRA. This requirement has been difficult for some SVRAs, who have devoted considerable resources to this effort. While the completion of Form SSA-1365 seems reasonable and appropriate, SSA should work with SVRAs to streamline this process as much as possible.

- When streamlining these procedures, SSA should retain the requirement that SVRAs complete and submit a signed Form SSA-1365 as documentation that the individual has assigned his or her Ticket to the agency. A beneficiary's signature is the best method of documenting that he or she has made an informed choice related to Ticket assignment.

- When selecting the Outcome or Outcome-Milestone payment option, SVRAs encounter the same difficulties as non-VR ENs in terms of documenting beneficiary earnings. SSA should consider alternative approaches to earnings documentation in order to reduce the administrative burden on SVRAs.

- SVRAs would benefit from additional information on Ticket holders as they attempt to market their services and recruit Ticket holders. The principles of confidentiality of information and consumer choice must be protected throughout the TTW program. However, SVRAs would benefit from all information readily available about beneficiaries their state in order to maximize the effectiveness of their recruitment and marketing activities. SSA should be sensitive to the notion that information that is available to some ENs, but not other, gives some ENs an unfair competitive advantage. At the same time, SSA should make available to SVRAs and other ENs all information that can legally and feasibly be provided. For example, SVRAs should have full and unrestricted access to all information previously available through their State Data Exchange (SDX) program.

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

Under the Federal-State rehabilitation program, a "comparable benefits" are defined as "*services and benefits that are – Provided or paid for, in whole or in part, by other Federal, State, or local public agencies, by health insurance, or by employment benefits…*" The interpretation by RSA of the comparable benefit concept in relation to the Ticket is critically important for the future growth of the program. If RSA interprets the provision to mean that any service that the EN indicates it is able to provide in its application to the PM should be considered a comparable benefits, and the SVRA is not required to assist in the delivery of that service, it will have a serious, negative impact on the financial viability of non-VR ENs and limit their participation in the program.

While RSA has interpreted the TTW program to be a comparable benefit under applicable regulations, it is in no way clear that the TTW is "comparable" to the other programs cited in the regulations. Specifically, the TTW program is not a cost reimbursement program. SSA is not funding or purchasing "services or benefits" from ENs. Rather, the TTW payments may be viewed as a premium or supplement provided to ENs for prioritizing SSA beneficiaries and delivering necessary services and supports.

RSA has provided guidance to SVRAs in the application of the comparable benefit concept to the TTW. "*Should the individual seek services both from an SVRA and a non-VR agency EN, then the SVRA may view the services provided by the EN as a comparable service and benefit under section 101(a)(8) of the Rehab Act and 34 CFR 361.53. Yet the SVRA should not discontinue all services to the individual unless it is clear (not "assumed") that the individual intends to receive all necessary services through that EN.*"

The initial guidance provided by RSA to SVRAs on comparable benefits should be carefully considered by a broad group of stakeholders and modified to insure that the interpretation of comparable benefit does not unnecessarily limit the ability of beneficiaries to seek services from non-VR ENs. For example, the following questions should be addressed:

1. Are services that an EN indicates it can provide in its application to the PM considered a comparable benefit?

2. Are services needed by a beneficiary that are not provided by an EN considered to be a comparable benefit in situations where the services are paid for by the SVRA?

3. Is the rationale that a VR agency can charge an EN for administrative costs, including counseling and guidance, based on the definition of comparable benefits?

4. Is the rationale that the SVRA can collect from an EN a share of Ticket payments over the amount it has expended on a beneficiary based on the definition of comparable benefits?

5. Is the rationale that the SVRA can collect payments from an EN, prior to that EN collecting Ticket program payments from SSA, to reimburse VR for its expenditures for a beneficiary, based on the definition of comparable benefits?

RSA and SSA should immediately begin to work collaboratively with SVRAs and other key stakeholders to address these issues. While interpretation of the Rehab Act and guidance to SVRAs is the sole responsibility of RSA, policies should be formulated in close coordination with SSA to insure maximum beneficiary participation in the program.

In situations in which the EN holds a beneficiary's Ticket, virtually all VR-EN agreements require the EN to reimburse the SVRA for the costs of all services, sometimes before the EN is able to keep any portion of the Ticket payments. In a small number of states, the VR-EN agreement requires the EN to continue sharing a portion of Ticket payments, even after the SVRA has been fully reimbursed for costs of services. SSA should cap the amount of Ticket payments ENs are required to share with SVRAs at the total amount of direct services funded by SVRAs on behalf of Ticket holders.

In addition to the issues pertaining to comparable benefits discussed above, guidance is needed from RSA regarding other allowable activities related to the TTW under the Title I program. SVRAs need answers to the following questions:

1. Is an SVRA allowed to refuse to provide services to beneficiaries who have assigned their Tickets to an EN, even if the EN does not have an assigned VR-EN agreement?

2. Is an SVRA allowed to use Title I funds and/or other funds to pay a stipend to beneficiaries, who could then use the funds to secure the services and supports they require to maintain employment?

Such issues are complex and require coordinated responses to provide SVRAs maximum flexibility, while maintaining programming accountability. SSA and RSA should jointly address these and other Title I issues.

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

While the TTW is still in its early stages, available information strongly suggests that SSA should begin to consider modifications to the existing program structure. Concerns are mounting about the number of ENs availability to beneficiaries considering Ticket assignment, the increasing number of ENs that are “inactive” and not accepting Tickets, and the relatively small number of beneficiaries that assigned Tickets to non-VR ENs.

SSA should reassess the role of the SVRAs in furthering the goals of TTW. Should SSA continue to work collaboratively with RSA and the SVRAs to operate a system under which the SVRAs play the dominant role in accepting Ticket assignments and serving as a financial intermediary between SSA and the ENs? Should SSA consider the elimination or modification of the SSA VR Reimbursement Program and treat SVRAs like all other ENs, with no special status that allows it to serve individuals under cost reimbursement, or choose a payment method for each specific beneficiary? While the program remains in its infancy, initial data clearly documents that the program has had very limited success in expand the array of vocational options and support services available to beneficiaries. SSA should carefully consider a number of alternatives and take immediate action as necessary to maintain beneficiary interest in the program.

Summary

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

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List of Acronyms

ARSA	Arizona Rehabilitation Services Administration
BPAO	Benefits Planning, Assistance and Outreach
CIL	Centers for Independent Living
CRP	Community Rehabilitation Program
CSAVR	Council of State Administrators of Vocational Rehabilitation
EN	Employment Network
IPE	Individualized Plan for Employment
PABSS	Protection and Advocacy for Beneficiaries of Social Security
PM	Program Manager
RSA	Rehabilitation Services Administration
SDX	State Data Exchange
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SVRA	State Vocational Rehabilitation Agencies
TTW	Ticket to Work
TWWIIA	Ticket to Work and Work Incentive Improvement Act
UI	Unemployment Insurance
VR	Vocational Rehabilitation