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## **Evaluation of the Ticket to Work Program**

**Implementation Experience  
During the Second Two Years  
of Operations (2003-2004)**

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## ACRONYMS

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The following acronyms are used throughout this report.

ADL	Activities of daily living
AOI	Adequacy of incentives
AWICs	Area work incentives coordinators
BMI	Body mass index
BPAO	Benefits Planning Assistance and Outreach Program
CATI	Computer-assisted telephone interview
CAPI	Computer-assisted personal interview
CPI-W	Consumer Price Index for Urban Wage Earners and Clerical Workers
CDR	Continuing disability review
COPP	Certification outcomes payment process
DI	Disability Insurance (under Title II of the Social Security Act)
DOL	U.S. Department of Labor
EN	Employment network
EPE	Extended period of disability
IADL	Instrumental activities of daily living
IDMS	Integrated Disability Management System
IWP	Individual work plan
JWOD	Javits Wagner O'Day program

MIE	Medical improvement expected (as determined by SSA)
NBS	National Beneficiary Survey
NPRM	Notice of proposed rule making
OAG	Office of Acquisitions and Grants
PABSS	Protection and Advocacy for Beneficiaries of Social Security Program
PSU	Primary sampling unit
SGA	Substantial gainful activity
SSA	Social Security Administration
SSI	Supplemental Security Income (Title XVI of the Social Security Act)
SVRA	State vocational rehabilitation agency
RSA	Rehabilitation Services Administration
TTH	Ticket to Hire
TTW	Ticket to Work
VR	Vocational rehabilitation
WIL	Work incentive liaison

## EXECUTIVE SUMMARY

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The Ticket to Work and Self-Sufficiency program (TTW) was established to put disability beneficiaries on the road to economic self-sufficiency by improving not only their access to rehabilitation and employment services but also the quality of those services. Historically, very few beneficiaries in either of the Social Security Administration's (SSA) disability programs—Disability Insurance (DI) and Supplemental Security Income (SSI)—leave the rolls as a result of having found work. Yet it seems possible to improve on this experience because many people with medical conditions that would make them eligible for disability benefits do in fact work, and advances in technology and rehabilitation techniques make it feasible for many people with very severe disabilities to find and hold a job.

TTW changed the prevailing disability policy in two main ways that were expected to help more beneficiaries leave the disability roles as a result of employment. First, it changed the way the SSA pays for employment services. Under the traditional payment system, the agency reimbursed a state vocational rehabilitation agency (SVRA) for the costs it incurred, up to a limit, if a beneficiary served by the SVRA had earnings equal to at least the substantial gainful activity level (currently set at \$830 per month for most individuals) for nine months. Under TTW, however, SSA pays SVRAs and other service providers through two new payment systems—"milestone-outcome" and "outcome-only"—that provide full payment only after a beneficiary has exited cash benefit status by reason of higher earnings for 60 months. This policy change gives service providers a stronger incentive to help beneficiaries secure long-term employment.

Second, TTW gave beneficiaries more service providers to choose from by greatly expanding the types of organizations that could be paid by SSA for helping beneficiaries find work. A wide variety of public and private providers, called "employment networks" (ENs), may now compete directly with SVRAs to serve disability beneficiaries interested in returning to work. Given the new payment incentive described above, these providers are motivated to serve beneficiaries who seem most willing and able to work at an earnings level that would take them off of cash benefits, and who could benefit from the services the EN is most adept at providing.

TTW was implemented in three phases. In Phase 1, which began in February 2002, the program was rolled out in 13 states across the country. Phase 2 began in November 2002 and extended the program to an additional 20 states plus the District of Columbia.

In Phase 3, which began in November 2003, TTW was implemented in the remaining 17 states and U.S. territories. At the end of the rollout in September 2004, SSA had mailed Tickets to more than nine million beneficiaries, who are now free to seek services from an EN or an SVRA, or not to seek services at all.

This report, the second from the Ticket to Work Evaluation, provides an interim look at the program during its second two years of operation, 2003–2004, in order to facilitate the program refinement process. The report draws primarily on information collected or compiled during 2004, including SSA administrative records; a national survey of disability beneficiaries; and interviews with SSA staff, the Program Manager, and representatives of ENs and SVRAs. The report examines beneficiary participation in TTW, beneficiary characteristics and outcomes, the implementation activities of SSA and the Program Manager, and the roles that SVRAs and ENs are playing in the program. It also examines two broad policy issues that are central to the design and success of TTW: whether and the extent to which financial incentives are strong enough to encourage ENs to serve disability beneficiaries, and the extent to which the program is reaching beneficiaries who may need more intensive supports or assistance to succeed in the work force. Finally, the report focuses on operations in Phases 1 and 2. It does, however, provide some implementation information about the Phase 3 rollout, which was in progress when data for this report were collected, but most of the report's statistics pertain only to Phases 1 and 2.

## **MAJOR FINDINGS AND CONCLUSIONS**

Overall, we found that SSA has successfully implemented the TTW program as designed, but some limitations inherent in the design have become apparent and will need to be addressed.

One limitation is the low rate of participation in TTW. Even in the Phase 1 states, where the program has operated the longest, just 1.1 percent of beneficiaries have assigned their Ticket to a provider. This participation rate reflects, in part, the paradox inherent in TTW: Its goal is to promote work among a group of individuals judged to be incapable of substantial employment, which is the very basis for receiving disability benefits from either the DI or SSI program. In reality, the vast majority of beneficiaries will not attempt to secure a job once they are on the rolls. For instance, only about 2.5 percent of any enrollment cohort will ultimately leave the rolls due to work, and less than 0.5 percent of all beneficiaries on the rolls at a point in time eventually leave due to work (Newcomb et al. 2003; Berkowitz 2003). Nevertheless, our findings from the TTW evaluation surveys suggest that many more beneficiaries express interest in returning to work and leaving the benefit rolls. Thus, it seems that TTW has some unfulfilled potential and that it would be worthwhile to investigate ways to increase beneficiary participation.

The second limitation is the relatively low rate at which service providers actively participate in TTW. While more than 1,100 providers had registered as ENs by June 2004, 60 percent of them have not yet accepted any Tickets, and the program manager reports that it has become increasingly difficult to recruit more ENs. Our analysis suggests that this low participation rate is at least partially a result of the structure of TTW payments, which does

not appear to create a financial incentive for providers to recruit and serve beneficiaries beyond what they can fund with their other revenue streams. Furthermore, interviews with SVRA staff indicate that their agencies are becoming less aggressive in pursuing Tickets than they were early in the program rollout. Without active participation by ENs and SVRAs, TTW cannot achieve its goals of increasing beneficiaries' use of employment-assistance services and expanding the range of service choices available to them. Further program refinements may be warranted if greater provider participation is to be encouraged.

Congress envisioned this kind of mixed success in the early stages of the program when it passed the Ticket to Work and Work Incentives Improvement Act (Ticket Act). Specifically, the legislation provided for the commissioner to assess the program as it rolled out, making changes that would help to achieve program goals more effectively (or recommending changes when legislation would be required). As we prepared this report, SSA had used its Ticket Act authority to propose new regulations that seek to strengthen the financial incentives for providers to participate actively in TTW (SSA 2005). SSA has also launched an analysis of ways to increase beneficiary awareness of and participation in TTW. Future evaluation reports will examine how these efforts are helping TTW to reach its full potential.

Beyond these general observations about the TTW design, seven key findings, presented below, emerged from our analysis of TTW operations in this second two years (2003–2004).

### **Now that TTW has been rolled out, program administrators are focusing on ongoing operations**

In September 2004, SSA had mailed Tickets to all eligible beneficiaries who were on the rolls when TTW began in their state. Approximately nine million beneficiaries are now eligible to use their Ticket. In the future, SSA will focus on mailing Tickets to newly eligible beneficiaries, facilitating Ticket assignments to ENs and SVRAs, and paying providers on behalf of beneficiaries who have achieved specified employment outcomes. In addition, SSA continues to refine TTW operations, pursue revisions to Ticket regulations, and enhance its broader effort to encourage and support the return to work by beneficiaries. The Program Manager has implemented all systems needed to operate TTW and has recruited more than 1,200 ENs. At present, the greatest challenges to sustaining the program include recruiting and retaining more ENs, continuing to help them complete the payment paperwork accurately, and otherwise make the payment process more efficient.

### **Beneficiary participation continues to grow but remains very low**

Although the beneficiary participation rate in Phase 1 and 2 states has increased steadily since mid-2002, it was just 1.1 percent and 0.6 percent in these states, respectively, in March 2004. (Given that Phase 3 had not completely rolled out when this report was prepared, participation only in Phases 1 and 2 is covered.) The participation rate is different for different groups of beneficiaries, but people with hearing impairments in Phase 1 states participate at the highest rate, which is just under 6 percent. Somewhat surprisingly, preliminary evidence suggests that participation may be higher than average in the four

groups of beneficiaries that Congress identified as most likely to have trouble getting services in the performance-based TTW environment—those who (1) require ongoing support and services, (2) need high-cost accommodations, (3) earn a subminimum wage, and (4) work and receive partial cash benefits. The findings concerning these individuals, however, may reflect imperfections in the process used to identify them through administrative data. In our next report, we will identify them by using beneficiary survey data, which is likely to give us a more accurate picture of participation.

### **SVRA participation remains strong but appears to have fallen off somewhat in recent months**

Although SVRAs have about 90 percent of all the Tickets that have been assigned, they now seem to be seeking out Tickets less aggressively than they did when the program was first rolled out. Phase 1 SVRAs are obtaining fewer assignments than they obtained a year or so earlier, and the assignment rates for Phase 2 SVRAs are well below those of the Phase 1 SVRAs at the comparable point in the TTW rollout. SVRAs were initially concerned about recouping their costs because they believed that many beneficiaries would assign their Ticket to an EN after receiving extensive services from the SVRA. As this concern has diminished, SVRAs may have relaxed their efforts to obtain large numbers of Ticket assignments.

In addition, there has been a drop in the percentage of SVRAs' disability beneficiaries whose cases are being closed because beneficiaries have secured competitive employment. The reasons for this decline, however, are unclear. The slow economy during the observation period might explain the trend, but there was no comparable decline for SVRA clients who were not SSA beneficiaries. Given that payments to SVRAs under the traditional payment system also fell during the same period, we can tentatively conclude that efforts by SSA and SVRAs to promote better employment outcomes among disability beneficiaries have not achieved their intended effect. We will address this issue more fully in the next evaluation report through the use of more detailed data on beneficiaries' use of SVRA services.

### **Provider interest in TTW is waning**

While many ENs continue to take Tickets, their enthusiasm for TTW appears to be waning. The number of ENs has grown very slowly. Some have officially withdrawn from the program, others have stopped accepting Ticket assignments, and approximately 60 percent have no assignments at all. The Program Manager reports that recruiting ENs, which was always "a hard sell," is now "almost impossible."

ENs contacted recently cited the same issues as those cited by ENs contacted two and three years ago. In their eyes, TTW is financially risky, few beneficiaries are interested in going off cash benefits, the payment process is cumbersome, and a poor economy is making it difficult to find good jobs for beneficiaries.

Their view of the financial incentives provided by TTW is supported by our analysis of the ENs' costs and revenues, which suggests that ENs that relied solely on TTW payments would have lost money after two years of operation. While this does not mean that they would lose money in the long run, it does indicate that ENs must begin to see some possibility for dramatic improvement if they are to continue to participate actively in TTW. Without their participation and willingness to take the risks inherent in a performance-based payment system like the one used in TTW, it will not be possible to test the program completely. If ENs can use other sources of funding to cover most of their costs, the financial picture improves, but treating TTW merely as a supplemental funding source is likely to limit its ability to achieve one of its main goals—to greatly expand the number and variety of providers who will assist beneficiaries.

SSA has addressed some issues connected with the payment process, but these changes have yet to have a substantial impact. As of August 2004, only 11 payments had been processed under the Certification Outcomes Payment Process, which is intended to simplify and expedite the payment process. Meanwhile, SSA continues to face the high costs—in both time and effort—associated with manually processing payments. This is true largely because of the sheer complexity of both program rules and many factors that are external to TTW.

### **There is little evidence that TTW has prompted a substantial change in the delivery of services to beneficiaries**

For the large majority of Ticket holders, the service environment has essentially remained unchanged by the introduction of TTW. SVRAs, which have the vast majority of Ticket assignments and have chosen the traditional payment system for nearly all of them, typically report that they have not changed the mix or intensity of their services. Nevertheless, a few noteworthy changes have occurred. Some SVRAs report that their staff now have a better appreciation for the complexity of SSA's program rules and work incentives, and for the issues facing beneficiaries when they attempt to work. In addition, some SVRAs are trying to ensure that beneficiaries receive accurate information on how employment will affect their financial and health care benefits, either by referring them to local Benefits Planning Assistance and Outreach programs (BPAOs) or by increasing their own capacity to provide such services.

### **National Beneficiary Survey results suggest that TTW may have unrealized potential**

Survey data indicate that TTW may have not yet reached many of the individuals who might benefit from the program. About 9 percent of disability beneficiaries were working when we interviewed them, and 15 percent report that they expect to leave the rolls for work in the next five years, while only one percent have assigned their Tickets. Although the potential presence of untapped demand may be encouraging, caution is warranted. History suggests that the survey respondents' expectations are much too optimistic, since less than one percent of beneficiaries have left the rolls for work in the past. Furthermore, it will be difficult for substantially more beneficiaries to assign their Ticket if providers remain reluctant to actively participate in the program. The challenge facing SSA as it tries to

improve TTW, therefore, is to find the mix of outreach, services, and incentives that will encourage not only providers to participate but also more of the beneficiaries who see themselves leaving the rolls because of work to assign their Ticket and successfully earn their way to financial self-sufficiency.

### **Observed trends in beneficiary outcomes are consistent with TTW's having a small effect on beneficiary behavior**

We compared data for Phase 1 TTW participants and nonparticipants in the 12 months before and 15 months after Tickets were mailed to determine whether participant outcomes after the receipt of a Ticket tended to diverge from outcomes observed for nonparticipants. Such a difference in trends would be consistent with, but not necessarily the result of, an effect of TTW. For SSI beneficiaries, the trends in outcome measures for participants before and after Ticket mailings differ from the trends observed for nonparticipants in ways that are consistent with the new program having, to some extent, promoted employment and program exit. The trends suggest that TTW may have slightly increased the proportion of SSI beneficiaries who receive zero benefits and who combine zero benefits with substantial employment. The differences also suggest that the average benefit amount for SSI beneficiaries who participate in TTW decreases slightly as a result of TTW. For DI beneficiaries, the patterns of outcome measures during the postmailing period for participants and nonparticipants differ only slightly and therefore provide weaker evidence that TTW produced its intended effects.

These findings are tenuous for several reasons. Most important, we know from the survey results that many TTW participants are motivated to find work and, as a group, they would probably be more successful than nonparticipants in the labor market even if Tickets had never been mailed. Because our preliminary analysis of outcome trends is based on simple analytic techniques that do not fully control for such motivational differences, these early findings ultimately may not be substantiated by the evaluation's more rigorous analyses, still to be conducted and which will more fully control for the influence of such differences.

### **Changes are needed if TTW is to realize its potential**

The latest findings from the evaluation reinforce the perception that while there are some reasons to be cautiously optimistic about the program's future, substantial changes may soon be needed to both boost its limited momentum and realize its potential as an effective conduit from the disability rolls to work. Making the program financially more attractive to providers is critical, and doing so will mean assessing the payment systems and how providers can help beneficiaries move more quickly to financial self-sufficiency (after this report was drafted SSA proposed substantial changes to the TTW payment system to encourage ENs to participate more actively). It is also clear that beneficiaries must be made more aware of the program, since only about a third of them report knowing about TTW (or something like TTW). In any event, moving quickly on both fronts is key to ensuring that providers and beneficiaries sustain enough interest in the program such that it is given a fair test during its early years.



# CHAPTER I

## INTRODUCTION

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The Ticket to Work and Self-Sufficiency program (TTW) has been rolled out across the country with a mix of operational achievement and unfulfilled potential. As of September 2004, SSA had implemented all aspects of the program nationwide, including mailing Tickets to more than 10 million beneficiaries. In addition, more than 85,000 beneficiaries have used their Ticket to obtain employment assistance by assigning it to a service provider. Nevertheless, enrollment remains very low: just over one percent of eligible beneficiaries are using their Ticket. Also, interest in TTW among service providers appears to be waning; it has become increasingly difficult to recruit new providers, and most registered providers are not accepting Tickets.

Despite this disappointing news, it appears that there is still untapped potential to help beneficiaries find work and become more economically self-sufficient. Participation rates in TTW have risen continuously, albeit slowly, since the early months of the program, and they have yet to level off. Evidence from the first round of the National Beneficiary Survey, completed in October 2004, suggests that the program has not yet reached even 10 percent of the beneficiaries who aspire to earning their way off the rolls in the next two years. Also, there are small pockets of success within the program, including some participant subgroups that participate at rates well above average and some providers who are generating profits from their TTW operations.

This kind of mixed success in the early stages of the program was envisioned by Congress when it passed the Ticket to Work and Work Incentives Improvement Act (Ticket Act). Specifically, the legislation provided for the Commissioner to assess the program as it rolled out, making changes that would help to achieve program goals more effectively (or recommending changes when legislation would be required).

This report, the second in a series from the Ticket to Work Evaluation, provides an interim look at the program during its second two years of operation, 2003 – 2004, in order to facilitate the program refinement process. The report focuses on operations in Phases 1 and 2 states. It contains some implementation information about the Phase 3 rollout, which was in progress when data for this report was collected, but most of the report's statistics pertain only to Phases 1 and 2. The analyses reported here draw primarily on information collected or compiled during 2004, including SSA administrative records, a national survey

of disability beneficiaries, and interviews with SSA staff, the Program Manager, and representatives of ENs and SVRAs. It uses this new information to examine the program from the perspective of TTW-eligible beneficiaries (Chapters II through IV), service providers (Chapters V and VI), and SSA (Chapter VII). Also examined are two broad policy issues that are central to the design and success of TTW: the extent to which TTW gives providers a strong financial incentive to serve disability beneficiaries (Chapter VIII) and the extent to which TTW seems to be including the full range of beneficiaries, particularly those who may need more intensive supports or assistance to succeed in the labor market (Chapter IX). Overall conclusions and recommendations are presented in the final chapter.

## **A. BACKGROUND ON TICKET TO WORK AND ITS IMPLEMENTATION**

The TTW program, together with a few other initiatives created by the same legislation, represents a new approach to an old problem.<sup>1</sup> The problem is that while many persons with disabilities work, relatively few who receive disability benefits from SSA ever leave the rolls as a result of working, and even some who want to work may not do so—or may not succeed in the workplace—for a variety of reasons.

Disability beneficiaries who want substantial employment may face four barriers. First, the Supplemental Security Income (SSI) and Disability Insurance (DI) programs have policies that reduce or offset the financial gain from employment by reducing benefits as earnings increase. This lowers, in net terms, the incentive to pursue gainful employment. Second, beneficiaries may have a limited understanding of not only the provisions designed to encourage and reward work, but also the services available to help them find a job and keep it. Third, beneficiaries may have neither the skills nor the attitudes that would increase their chances of succeeding in the workplace; or they may require certain accommodations to help them overcome impairments and remain productively employed. Fourth, employers may misunderstand beneficiaries' abilities or even discriminate against such individuals.

The Ticket Act provided a new means to help beneficiaries address these barriers and become employed and financially self-sufficient. In particular, it introduced a new financing system for service providers that added two payment options to the traditional system that SSA has used to pay state vocational rehabilitation agencies (SVRAs) for rehabilitation services provided to beneficiaries. The traditional system reimburses an agency's costs, up to a limit, if a beneficiary's earnings reach at least the substantial gainful activity level (currently set at \$830 per month for most beneficiaries) for 9 months in a 12-month period. Both of the new payment options try to give providers a stronger performance incentive insofar as they require a beneficiary earn enough so that they no longer receive cash benefits for 60 months before the provider receives full payment. Of the two new systems, the first option, the "outcome-only" system, provides higher payments but only when the desired outcome is achieved, i.e., when a beneficiary leaves the rolls because of work. The other new option,

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<sup>1</sup> Readers interested in more extensive background information on the TTW program or the evaluation should see the initial evaluation report (Thornton et al. 2004) or the preliminary process analysis (Livermore et al. 2003).

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the “milestone-outcome” system, provides smaller outcome payments but can also provide up to four larger payments while a beneficiary is still receiving benefits if the beneficiary achieves specified earnings targets, or “milestones.”<sup>2</sup>

In addition to the new payment system, TTW also greatly expanded the types of organizations that SSA will pay to support beneficiaries’ job search efforts. In addition to SVRA’s, these organizations include a range of public and private providers, called employment networks (ENs), that have signed a contract with SSA to offer work-related services. In addition, TTW gives service providers and beneficiary’s considerable flexibility to choose the services that will be provided. In fact, providers and beneficiaries must agree on an individualized work plan before a Ticket can be put into use. This plan could, in theory, include a wide array of services designed not only to help beneficiaries overcome barriers related to their knowledge of the service system and the labor market but also to address their need for new or enhanced job skills as well as employer misperceptions of their abilities.

Service delivery in TTW is constrained, however, by two main factors: the providers’ desire to limit service expenditures to a level that fits within the payments they expect to receive and their assessment of whether the services they can provide are likely to result in a beneficiary leaving the rolls. In fact, providers can refuse to serve beneficiaries whom they think are not likely to trigger outcome payments because they are not likely to leave the rolls. Beneficiaries who want to work only at an earnings level that would enable them to retain part or all of their benefits will generally not be attractive clients to providers operating in the TTW system.

Finally, the Ticket Act addressed some of the SSI and DI program features that may discourage work efforts. First, while beneficiaries are using their Ticket, they are not subject to continuing disability reviews (CDRs), which are recurring checks to determine whether they remain medically unable to work. Second, for long-term DI beneficiaries, starting to work will no longer trigger a medical disability review (even for those not participating in TTW). Third, an expedited reinstatement policy gives beneficiaries a five-year period after they leave the disability rolls for employment, during which their benefits (and any associated health insurance) will be reinstated, without a new application, should they go back on cash benefits. Fourth, Medicare coverage for DI beneficiaries who return to work was extended substantially, from 39 months under earlier rules to 93 months at present, and when that period ends, beneficiaries will be able to purchase Medicare coverage. Finally, the Ticket Act made it easier for states to establish programs that allow persons with disabilities to purchase Medicaid coverage on a sliding-fee basis; at present, about 30 states have these Medicaid Buy-In programs (White et al. 2005).

After the Ticket Act was passed, TTW was rolled out in three phases. In Phase 1, which began in February 2002, the program was made available in 13 states across the

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<sup>2</sup> After this report was drafted, SSA proposed changing these payment options (SSA 2005). These changes will be examined further in future evaluation reports.

country. Phase 2 began in November 2002 and extended the program to an additional 20 states plus the District of Columbia. Phase 3, which began in November 2003 and ended in September 2004, rolled out the program in the remaining 17 states and U.S. territories. At present, new beneficiaries in all states are sent a Ticket when they become eligible for the program. Appendix A gives a complete timeline for TTW and lists the states included in each phase.

## **B. OVERVIEW OF THE EVALUATION AND THIS REPORT**

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

1. Did TTW significantly reduce dependence on SSA benefits through increased beneficiary employment and earnings?
2. What was the impact of TTW on earnings, employment duration, SSA benefits, and beneficiary income?
3. Did TTW produce net SSA program costs or savings? How much? What are the costs and benefits of the TTW program to SSA?
4. Did TTW produce net social costs or benefits? What were the social costs and benefits of the TTW program?
5. Who did and did not participate in TTW?
6. What groups were adequately served under the TTW program and what groups were underserved?
7. What aspects of the program improved or reduced program success?

The evaluation will address these questions in five annual reports. The initial evaluation report, completed in February 2004, and this report focus on program operational issues, primarily the rollout and the participation by beneficiaries and providers (questions 5, 6, and 7). Future reports, scheduled for early 2006, 2007, and 2008, will cover these issues as well but will focus primarily on the effects of TTW on beneficiary employment and self-sufficiency, and program benefits and costs (questions 1 through 4).

## **C. DATA SOURCES FOR THIS REPORT**

This report is based on a diverse range of data sources.

- ***SSA Administrative Records.*** Many of the program statistics in this report were completed using the Ticket Research File that we developed using extracts

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from several SSA administrative databases. This research file contains data on the more than 15 million disability beneficiaries who received benefits since 1996. We use it to analyze trends in SSI and DI participation, Ticket assignments, beneficiary employment and earnings, and payments to ENs and SVRAs. Appendix B provides background on these data along with some supplemental detailed tables.

- ***National Beneficiary Survey.*** We used data provided by the almost 7,500 beneficiaries who responded to the National Beneficiary Survey to examine their knowledge of TTW and their expectations about work. The survey, which was fielded between February and October 2004, included a group of approximately 1,000 beneficiaries who assigned their Ticket in 2003, and we used their responses to examine their participation in and satisfaction with TTW. A more extensive analysis of the survey data will appear in the next evaluation report (scheduled for early 2006). Appendix C summarizes the survey methodology and provides some supplemental tabulations.
- ***Rehabilitation Services Administration (RSA) Data.*** We used public use files from RSA to analyze trends in beneficiary participation in vocational rehabilitation. We will examine these trends in more detail using individual-level data from SSA linked to individual-level data from RSA and document them in future reports.
- ***Interviews with Providers, the Program Manager, and SSA Staff.*** Qualitative information on program implementation and provider operations was obtained through interviews with officials from 29 current ENs; 10 former ENs; 8 SVRAs; 14 organizations that considered becoming ENs but decided against it; SSA staff in the central, regional, and field offices; and the Program Manager. These interviews, conducted during the summer of 2004, supplement dozens of similar interviews conducted for the initial evaluation report in 2003 and for the preliminary process analysis in 2002.

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## CHAPTER II

### BENEFICIARY PARTICIPATION IN TICKET TO WORK

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Participation rates for beneficiaries who are eligible for TTW have continued to rise each month since early in the program rollout, although they remain low in absolute terms. As of March 2004, the participation rate in Phase 1 states had risen to 1.1 percent, up from the 0.7 percent we reported for August 2003 in the initial evaluation report. Participation rates vary somewhat among subgroups and states, with some small groups participating at rates up to 5 percent.

While these findings are mildly encouraging, they are counterbalanced by the early data from Phase 2 states, which suggest that participation rates were lower for those states than for the Phase 1 states at a similar point in the TTW rollout. These lower rates are entirely due to lower participation at SVRAs; Phase 2 participation at ENs is essentially the same as in the Phase 1 states at a comparable number of months after the beginning of the rollout. SVRA closure statistics indicate that the lower SVRA participation in Phase 2 states is not due to a decline in the number of beneficiaries served. Instead, we attribute the lower Phase 2 rates to three other factors. First, SSA distributed Tickets more gradually in Phase 2 states than in Phase 1 states to ease the burden of the rollout on providers. Second, it appears that the Phase 2 SVRAs are being less aggressive than the Phase 1 SVRAs initially were in obtaining Ticket assignments. Third, the Phase 1 states may differ systematically from those in Phase 2 because of the way SSA selected them. Specifically, SSA selected states for Phase 1 on the basis of their readiness for rollout and then selected Phase 3 states to match the chosen Phase 1 states. Phase 2 states were those that remained after this process and therefore are likely to differ from the matched Phase 1 and 3 states. The evaluation team will continue to track this issue as additional information becomes available, paying particular attention to changes in SVRA services provided to disability beneficiaries before and after the TTW rollout.

The overwhelming majority of Tickets continues to be assigned to SVRAs. As in August 2003, approximately 90 percent of assigned Tickets are with SVRAs. As noted in the initial evaluation report, this pattern suggests that TTW does not yet represent a dramatic break from the past. Instead, its progress so far represents the introduction of new choices and incentives whose ultimate effect will depend on the eventual level of participation and the extent to which ENs and SVRAs offer newer and more effective services.

Only a few beneficiary characteristics predict whether they participate with different types of providers or with providers using different TTW payment systems. Further, even for those having all of the characteristics that have a positive association with participation, the participation is low—under 10 percent. Groups that are more likely to assign their Tickets to ENs rather than SVRAs include older beneficiaries, new beneficiaries, and DI beneficiaries in their extended period of eligibility. Groups that are more likely to assign their Tickets to SVRAs include younger beneficiaries, those who require communication from SSA in some form other than written English or Spanish, and those with hearing impairments. As a rule, SVRAs accept very few assignments under either of the new payments systems, although there are two significant exceptions among Phase 1 states (Oklahoma and Vermont) and another two among Phase 2 states (Connecticut and Louisiana).

This chapter extends the findings presented in our initial evaluation report through March 2004 (the initial report included data through August 2003). The chapter incorporates data elements that were not available to us for the earlier report and presents additional analyses. We therefore summarize the findings from the more recent analysis, focusing on how old findings have changed and on findings that are completely new. The major sections present updated rollout and participation statistics as well as analyses of how participation rates vary among beneficiary subgroups and of how provider and payment type vary with beneficiary characteristics. More extensive statistics appear in Appendix B.

## **A. ROLLOUT STATISTICS**

### **1. Ticket Mailings and Eligible Beneficiaries with Tickets**

As of March 2004, SSA had mailed over 7.3 million Tickets to beneficiaries. By design, the schedule for the Phase 2 and 3 mailings was slower and more uniform than the schedule for the Phase 1 mailings (Figure II.1). The change was made in response to the difficulties experienced by providers and others in Phase 1 states in handling the large number of beneficiary inquiries generated by the mailings.<sup>1</sup>

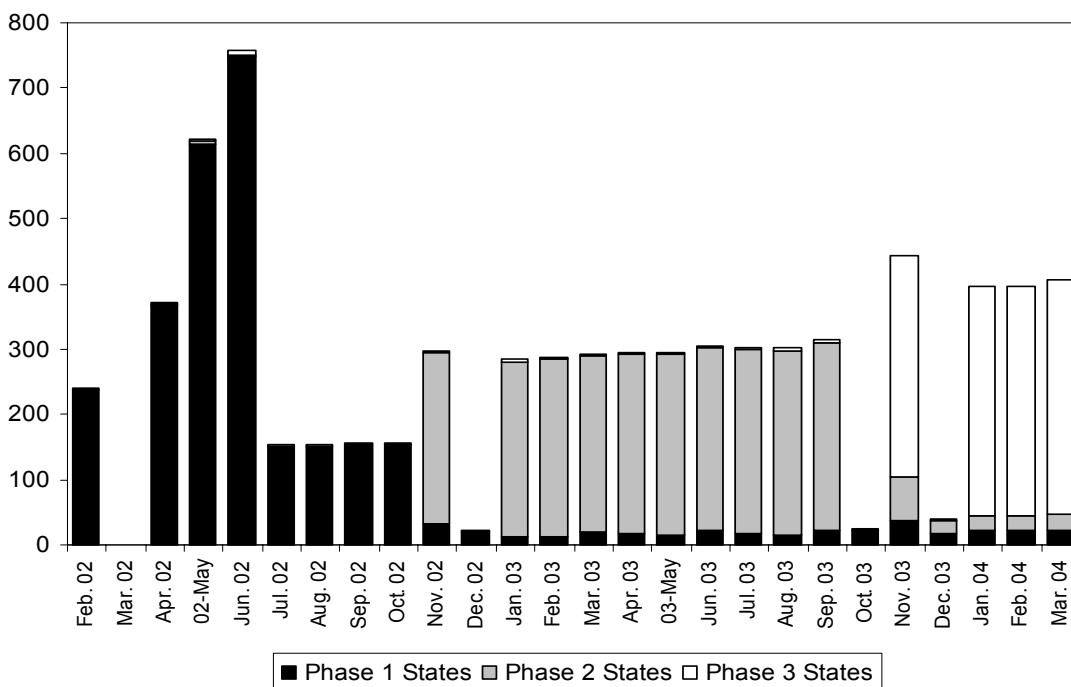
As of March 2004, there were 2.64 million eligible beneficiaries in Phase 1 states and 2.79 million in Phase 2 states. The Phase 3 data through March 2004 imply that approximately 3.5 million beneficiaries were selected to receive tickets, so approximately nine million Tickets were to be mailed by the end of the TTW rollout in September 2004 (by March 2005 more than 10 million Tickets had been mailed).

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<sup>1</sup>See Appendix A for the rollout schedule and a list of states by phase.



**Figure II.1. Ticket Mailings, by Month and Phase (in thousands)**

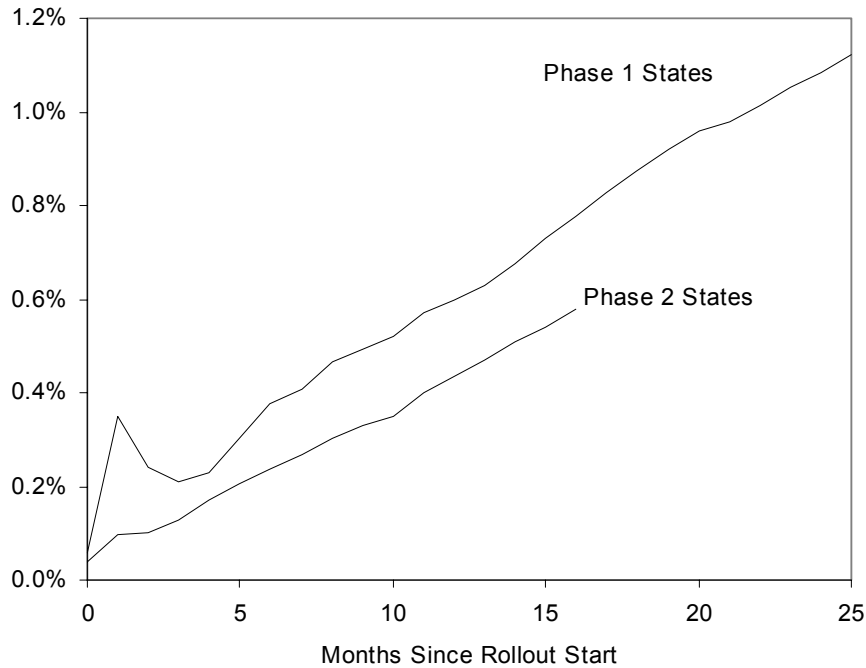


Source: January 2005 extract from SSA's Disability Control File.

## 2. Participation Rate

The TTW participation rate is defined as the number of “in-use” Tickets (i.e., Tickets assigned to providers) as a percentage of current Ticket-eligible beneficiaries. By March 2004, 52,270 Tickets were in use (by March 2005 more than 85,000 Tickets were in use). Over half of these Tickets were held by beneficiaries residing in Phase 1 states, reflecting the rollout schedule. As documented in our initial evaluation report, the participation rate in Phase 1 states was only 0.74 percent as of August 2003. We have revised this August 2003 estimate upward to 0.88 percent, based on more recent data that show that the reporting of assignments is often delayed by several months. By March 2004, the rate was still low in Phase 1 states, but the increase has continued, reaching 1.12 percent (Figure II.2).<sup>2</sup>

<sup>2</sup>This March 2004 estimate is based on reporting through mid January of 2005.

**Figure II.2. Participation Rate, by Months Since Rollout Start and Phase**

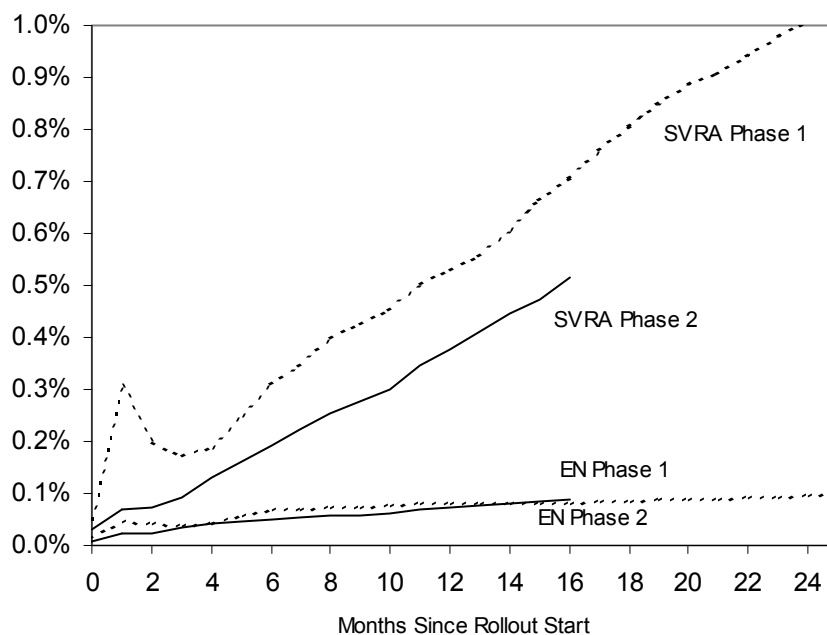
Source: January 2005 extract from SSA's Disability Control File.

The participation rate in Phase 2 states is low (0.6 percent) but still rising. It appears to be on a track that is well below that of the participation rate in the Phase 1 states. Figure II.2 shows the number of months since the first rollout month (the zero month) on the horizontal axis. Because the Phase 2 rollout began nine months after the beginning of the Phase 1 rollout, the calendar month corresponding to any point in the Phase 2 series is nine months after the calendar month for the corresponding point in the Phase 1 series. When trends in participation are compared in this way, it is clear that the participation rates in Phase 2 states are substantially lower than in Phase 1 states at the same stage of the rollout.

### 3. Participation by Provider Type

In addition to the overall participation rate, the participation rates at each of the two provider types (ENs and SVRAs) are also an important indicator of program success. As in the initial evaluation report, we again note that the vast majority of in-use Tickets were assigned to SVRAs. There is, however, an important difference between the Phase 1 and 2 states. The participation rate in Phase 2 SVRAs is substantially lower than the participation rate in Phase 1 SVRAs at the comparable point in the rollout (Figure II.3); in fact, the lower Phase 2 SVRA participation rate entirely accounts for the lower overall participation rate. In contrast, beneficiaries participate at ENs in Phase 2 states at essentially the same rate that we observed for Phase 1 states in the comparable month. As a result, the percentage of in-use Tickets assigned to SVRAs in Phase 2 states is 88.7 percent, compared with 91.4 percent in Phase 1 states as of the 16th month.

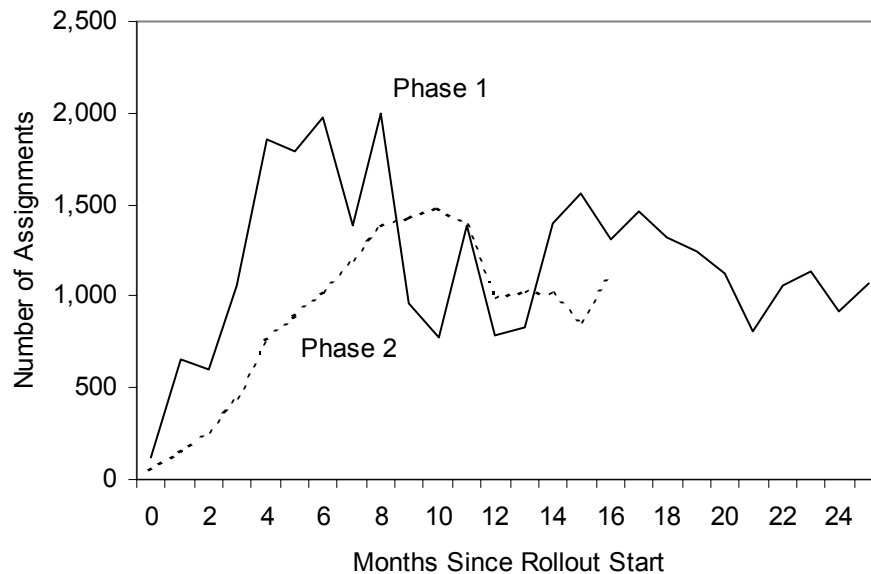
**Figure II.3. Participation Rates, by Months Since Rollout Start and Provider Type**



Source: January 2005 extract from SSA's Disability Control File.

Holding months since the beginning of the rollout constant, we would expect the participation rate to be lower in Phase 2 states than in Phase 1 states because the Phase 2 rollout was more gradual; on average, beneficiaries in Phase 2 states received their Tickets later in their rollout than did beneficiaries in Phase 1 states. If that were the only reason for the difference between the SVRA rates in the two phases, we would expect the difference to eventually diminish after month 11 when the initial mailings for Phase 2 were completed. Instead, the difference appears to have become wider over the last few months we can observe.

Statistics on first assignments (i.e., number of beneficiaries who assign their Ticket for the first time) by provider type make it more apparent that the gap between assignments at the Phase 1 and Phase 2 SVRAs is not likely to narrow soon, because first assignments at Phase 2 SVRAs have already dropped to the same level as those at Phase 1 SVRAs (Figure II.4). First assignments at Phase 2 SVRAs were initially lower than at Phase 1 SVRAs, and they peaked later, reflecting the more gradual Ticket mailing schedule. The decline of first assignments at Phase 2 SVRAs from month 9 to month 16 looks remarkably similar to the decline in Phase 1 states from month 17 to month 25. Because the Phase 2 rollout began 9 months after the Phase 1 rollout, these two periods are essentially contemporaneous (i.e., the same calendar months).

**Figure II.4. First Assignments at SVRAs, by Months Since Rollout Start and Phase**

Source: January 2005 extract from SSA's Disability Control File.

Although Ticket assignment data show that fewer Tickets were assigned to Phase 2 SVRAs than to Phase 1 SVRAs at a comparable point in that rollout, other administrative data from SSA and the RSA, along with findings from our interviews of eight Phase 2 SVRAs, indicate that the Phase 2 SVRAs were serving beneficiaries at rates comparable to the rates for the Phase 1 SVRAs. What appears to be different is that the Phase 2 SVRAs were initially much less aggressive than the Phase 1 SVRAs in obtaining Ticket assignments from the beneficiaries they served.

The RSA data are based on individual case records submitted by SVRAs to RSA in each fiscal year for all cases closed (i.e., cases officially completed) in that year—the RSA 911 data. These data (top section of Table II.1) show that the numbers of DI/SSI beneficiaries age 18 to 64 exiting the Phase 1 and 2 SVRAs are quite similar from FY2001 (before the Phase 1 rollout) through FY2003. The first of these years precedes the Phase 1 rollout, and the last year encompasses the Phase 2 rollout (from November 2002 through September 2003).

SSA data on payments to SVRAs under the traditional payment system (from SSA's Vocational Rehabilitation Reimbursement Management System, VRRMS) also show that the number of cases for which SSA made payments to Phase 1 and Phase 2 SVRAs under this system is quite comparable for the year before the Phase 2 rollout (FFY2002) and the rollout year (FY2003) (middle section of Table II.1).

**Table II.1. SVRA Statistics on Services Provided to SSA Beneficiaries**

Period	Phase 1	Phase 2	Phase 2 as % of Phase 1
<b>Case Closures per Month (based on RSA 911 data)</b>			
FY2001	4,025	3,922	97%
FY2002	4,119	4,035	98%
FY2003	4,357	4,278	98%
<b>Traditional Payment Cases Paid per Month (based on SSA VRRMS data)</b>			
FY2001	191	144	75%
FY2002	253	244	96%
FY2003	163	159	98%
<b>New SVRA Assignments per Month (based on SSA January 2005 Disability Control File)</b>			
Months 14-16	1,418	997	70%
Months 23-25	1,044	NA	NA

The Ticket data show, however, that Phase 1 SVRAs received an average of over 1,400 assignments per month in months 14 to 16 after the start of their rollout, compared to just under 1,000 for Phase 2 SVRAs in the comparable period (bottom section of Table II.1). The difference is all the more remarkable because the more rapid rollout in the Phase 1 states means that the Phase 1 SVRAs had, on average, more time to obtain assignments from “pipeline” cases (i.e., existing beneficiary clients) before months 14 to 16.<sup>3</sup> The Ticket data also show that new assignments per month to the Phase 1 SVRAs fell to almost the same level by months 23 to 25.

Based on these statistics and on interviews of SVRA staff, it appears that the SVRAs are serving many beneficiaries without obtaining Ticket assignments. It appears that either there has been a decline in SVRA’s perceived value of obtaining Tickets assignments and/or an increase in the perceived cost of obtaining assignments. That is, it seems that SVRAs view the cost of processing the paperwork for many beneficiary clients as exceeding the expected benefits.

The SVRAs do not expect to receive payments from SSA for many of their beneficiary clients under any payment system. This is not surprising given that in FY2001, before TTW, the number of cases for which SSA made payments was only about five percent of the number of beneficiary closures.<sup>4</sup> In fact, given the number of cases generating payments

<sup>3</sup>The more rapid rollout is likely an important cause of the large number of assignments to Phase 1 SVRAs in months 4 through 7.

<sup>4</sup>Compare the FY2001 SSA cases paid per month in Table II.1 to the number of beneficiary closures per month in the same year.

before Ticket, it is perhaps surprising that the Phase 1 SVRAs obtained so many assignments initially—the number obtained per month in months 14 to 16 was almost nine times as large as the number of cases per month for which SSA made payments in FY2001, the fiscal year preceding the initial TTW rollout.

It is possible that the total number of beneficiaries obtaining services from the Phase 2 SVRAs has declined markedly since the Phase 2 rollout began, but so far, we do not have quantitative or anecdotal indication of such a decline. (Because the RSA statistics are for closures and SVRA service delivery can take many months or even years, it will be some time before we can generate statistics on the post-TTW rollout entry of SSA beneficiaries into SVRA services, including those whose Tickets are not assigned to the SVRA.) As shown in Table II.1, the number of SVRA closures in the Phase 1 states did not fall after the introduction of TTW in FY2002, and we have no reason to expect that they fell in the Phase 2 states either.<sup>5</sup> Moreover, if the Ticket rollout were the cause of the drop in the number of cases for which SSA made traditional payments in FY2002, we would expect the drop to be later in Phase 2 states than in Phase 1 states; instead it is contemporaneous. The RSA data suggest a different proximate cause: a decline of similar magnitude in the percentage of beneficiary clients who are competitively employed<sup>6</sup> in all three state groups.<sup>7</sup> One possible explanation of this decline is the weak economy. Interestingly enough, the percentage of non-beneficiary clients closed as competitively employed did not decline in the same period.<sup>8</sup> This might suggest that some factor other than the economy was responsible for the decline for beneficiaries. It also might be that competitive employment of beneficiary clients is more sensitive to the decline in the economy because beneficiaries have a means of support that is not available to nonbeneficiaries, or because beneficiaries have more severe disabilities than nonbeneficiaries.

Federal officials and SVRA representatives we spoke with also said it is unlikely that TTW was responsible for the reduction in payments under SSA's traditional payment system. Because the average SVRA client receives services for 25 months (Gilmore 2004), it

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<sup>5</sup>Because statistics for total closures might mask a decline in closures for beneficiaries who entered SVRA programs recently, we also tabulated the number of closures in each year for beneficiaries found eligible for SVRA services in the same year. We did not find evidence of a decline in such closures for either Phase 1 or Phase 2 states. We also checked the RSA 911 data to see if the number of closures for beneficiaries might have declined relative to those for non-beneficiaries from FY2001 to FY2003, and found virtually no relative change in the Phase 1 states and a relative, but small *increase* for beneficiaries in the Phase 2 states.

<sup>6</sup>Competitive employment excludes employment at sub-minimum wages and employment in sheltered workshops.

<sup>7</sup>As discussed in Chapter VI, in Phase 1 states, the percentage of beneficiary clients aged 18 to 64 who SVRAs closed to competitive employment dropped from 29.6 percent in FY2001 to 26.1 percent in FY2003. For Phase 2 states, the comparable drop is from 29.8 percent to 24.4 percent, and for Phase 3 states it is from 30.9 percent to 26.1 percent.

<sup>8</sup>For all non-beneficiary clients, the percentage competitively employed at closure increased from 33.3 percent in FY2001 to 34.0 percent in FY2003, compared with a decline from 29.8 percent to 25.6 percent for all beneficiary clients.

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is likely that almost all the claims submitted in FY2002 and even FY2003 came from beneficiaries who began receiving services before TTW.

Staff in four of the eight SVRAs we spoke with did suggest that their agencies were serving fewer beneficiaries than in the past. Some attributed the decline to factors external to SSA programs (e.g., inadequate SVRA resources and changes in state mental health agency policy). None suggested that TTW had a direct effect on the number of beneficiaries served, but two indicated that the elimination of referrals from the Disability Determination Services to their agencies had a negative effect. Any such effects are not likely to be captured in the closure data reported above, but we will continue to track this issue in subsequent evaluation reports.

Other information obtained in these interviews was also consistent with the hypothesis that the Phase 2 SVRAs, having observed the Phase 1 experience, were simply less aggressive about assigning Tickets because of the administrative burden and low payment probabilities. Respondents at the eight SVRAs all said that they received Ticket assignments from only 20 to 50 percent of beneficiaries they served. They also uniformly said that TTW had added administrative requirements to serving individuals under the traditional payment system that were burdensome. For instance, SVRA central office staff and local rehabilitation counselors spent a substantial amount of time explaining the program to beneficiaries, encouraging them to assign their Tickets to the SVRA, and ensuring that beneficiaries made an informed choice in making a Ticket assignment. As one respondent explained:

“The only difference [introduced by TTW] is that reimbursement issues are more visible to the local counselors now than previously. Reimbursement issues used to be handled largely without their knowledge; they focused just on services. Now counselors are more aware of the reimbursement system. For example, they think about the point at which a certain outcome will lead to payment. Counselors are generally questioning of their role of encouraging Ticket assignments and processing Ticket related paperwork. They view it as an extra step that really does not give anything of benefit to consumers.”

Given these comments and the closure statistics above, it seems plausible that the Phase 1 SVRAs accepted many Ticket assignments from beneficiaries who were very unlikely to generate payments, that they now are not bothering to take Ticket assignments from similar clients, and that the Phase 2 SVRAs have learned from the Phase 1 experience.

The Phase 2 SVRAs may also respond to TTW differently from the Phase 1 agencies because of underlying differences in their employment support infrastructure. SSA selected states for Phase 1 that were judged to be most ready for rollout (Stapleton and Livermore 2002). Readiness was judged using factors such as whether the state already had employment promotion programs for people with disabilities (such as a Medicaid Buy-In or a project in the State Partnership Initiative), the strength of the disability advocacy community, and the strength of the provider community including the SVRA and Department of Labor one-stop sites. SSA also considered administrative factors such as whether a state was a Disability Redesign prototype state or had been recommended by the SSA regional commissioner. Once the Phase 1 states were selected, a matching set of states

was selected for Phase 3. This matching process was used to enable the evaluation to compare beneficiary outcomes for states that were similar except for the availability of TTW. A result of this process was that the Phase 2 states tend to differ from the Phase 1 and 3 states with respect to the intensity and duration of their programs to support employment for disability beneficiaries. Those differences, in turn, may at least partially account for the apparent different levels of interest in TTW. The evaluation will be able to assess the effect of these differences better once the data on Phase 3 assignment rates is available.

#### **4. In-Use Tickets by Payment Type**

In the initial evaluation report, we noted that most in-use Tickets were assigned under the traditional payment system, necessarily to SVRAs. Based on updated data, 87.7 percent of Tickets in the Phase 1 states were assigned under the traditional payment system as of August 2003.<sup>9</sup> That figure rose slightly by March 2004, to 88.6 percent.

A larger percentage of in-use Tickets have been assigned under the two new systems in the Phase 2 states than were assigned under those systems in Phase 1 states, but this difference is only a reflection of the lower number assigned to SVRAs. The participation rates associated with each of the two new payment types in Phase 2 states are somewhat higher than the corresponding rates in Phase 1 states at comparable points in their rollouts (Figure II.5).<sup>10</sup> In March 2004 (month 16 for the Phase 2 states), the participation rate for the two new payment systems combined was .115 percent in the Phase 2 states compared with .101 percent in the Phase 1 states in the comparable month.

#### **5. Deactivations and Reassignments**

We also examined administrative data on deactivations and reassignments to determine whether substantial numbers of beneficiaries who have assigned their Tickets are changing providers or formally withdrawing, or being withdrawn, from participation. What we found in the initial evaluation report continues to be true: reassignments rarely occur, and deactivations are also very low—typically 0.5 percent of assigned Tickets in each month, with no substantive difference between the Phase 1 and 2 states.

We do not know, however, how many in-use Tickets are effectively inactive. Ticket users who stop their return-to-work effort entirely have little motivation to withdraw their Tickets. Providers are to deactivate Tickets if beneficiaries are not making timely progress at the 24-month review, but almost no Tickets had been assigned for that long during the period considered. While some providers have unassigned Tickets of inactive clients prior to the 24-month mark, others have not done so, either because they did not know they could

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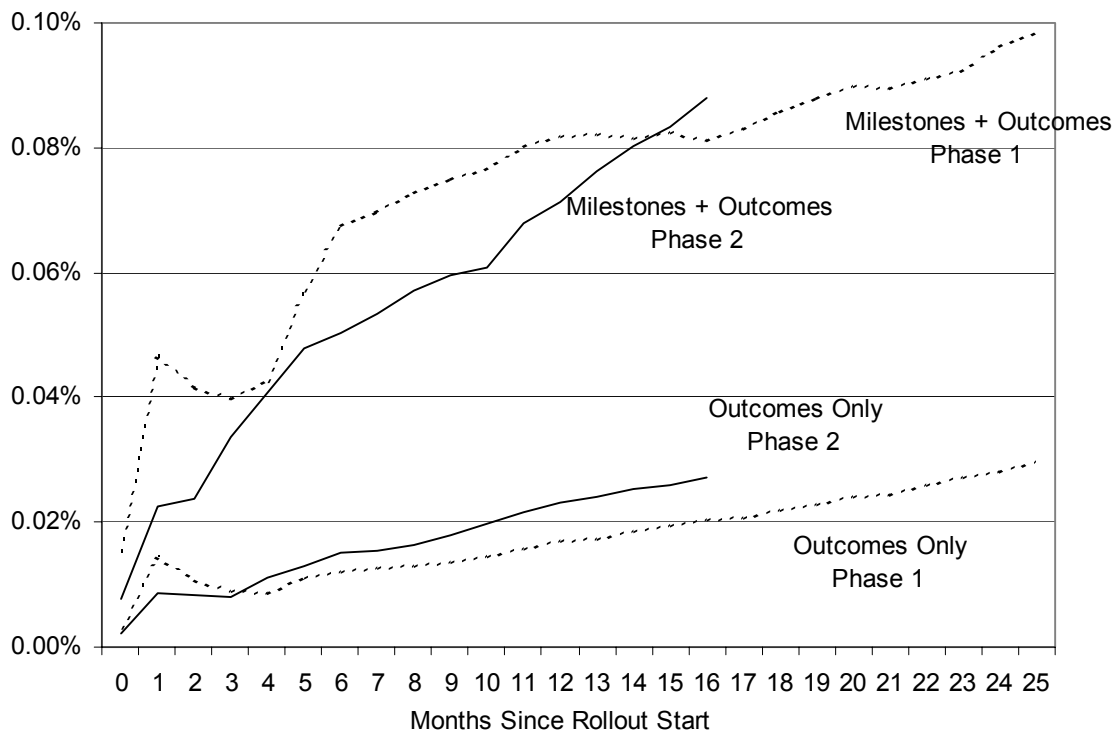
<sup>9</sup>Our earlier estimate was 75.9 percent. Most assignments reported after the extraction of data for the initial evaluation report were to SVRAs.

<sup>10</sup>The participation rate for a specific payment system is defined as the number of Tickets in-use under that payment system divided by total eligible beneficiaries.



or because they wanted to avoid the administrative costs of processing deactivations even if warranted.

**Figure II.5. Participation Rates for the New Payment Systems, by Months Since Rollout and Phase**



Source: January 2005 extract from SSA's Disability Control File.

## B. PREDICTORS OF PARTICIPATION

This section updates the analysis of how the participation rate varies with beneficiary characteristics.<sup>11</sup> The statistics presented here show the bivariate relationship between the participation rate and each characteristic. These statistics are useful for determining differences in participation rates among groups that could be targeted using data available to SSA. However, some of these relationships reflect relationships between participation and other characteristics that co-vary with the specific characteristic examined in the bivariate analysis (e.g., age and Title). Findings from a multivariate analysis (which are presented later in this section) net out these various interrelationships and indicate how participation is related to specific characteristics when other characteristics are kept constant. We report primarily statistics for Phase 1 states. Bivariate statistics for the Phase 2 states are very similar.

<sup>11</sup>Back-up tables for the figures in this section appear in Appendix B.

All of the statistics in this section pertain to March 2004 and are based on SSI and DI program data matched to an April 2004 extract from SSA's Ticket MI Universe File. These data differ from those used for the earlier analysis in this chapter, which were extracted in January 2005 from SSA's new Disability Control File, mostly because of delayed reporting of Ticket assignments.<sup>12</sup> The more recent data show that about 10 percent of in-use Tickets in Phase 1 states in March 2004 had not been reported as assigned as of April 2004. Due to time and resource constraints, we did not update the analysis below. But we have no reason to think that the relationships reported here would be qualitatively different from those in updated data; most of the participation rates reported for specific groups would presumably be on the order of 10 percent higher, however.

### **1. Months Since the Ticket Mail Date**

One of the most obvious predictors of assignment is the number of months since the Ticket mail date, which confirms findings in the initial evaluation report. As of March 2004, 25 months had elapsed since SSA mailed the first Tickets. The beneficiaries included in that first mailing had the highest participation rate, 1.33 percent. Those beneficiaries who were sent Tickets in the previous month had the lowest rate, 0.21 percent. The participation rate rises steadily throughout the observed range, showing no evidence of abating in the near future.

### **2. Concurrent Beneficiaries**

We previously reported that participation rates for concurrent beneficiaries are somewhat higher than for DI-only or SSI-only beneficiaries, with the latter two groups participating at about the same rates. The same is true in the current findings: the 13 percent of Phase 1 eligible beneficiaries who were concurrent beneficiaries had a participation rate of 1.53 percent in March 2004, compared with 0.93 percent for DI-only beneficiaries and 0.98 percent for SSI-only beneficiaries.

### **3. Age**

As with the initial analysis, the current analysis shows that the participation rate is highest for the youngest eligible beneficiaries and declines with age. This too continues to be true. In March 2004, the Phase 1 participation rate for the relatively small share of eligible beneficiaries in the youngest age group, 18 to 24, was 2.79 percent, compared with just 0.16 percent for the oldest age group, 60 to 64. The participation rate for all those 50 to 64 years old is only 0.4 percent.

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<sup>12</sup>The more recent data also incorporate minor changes in (1) the definition of a beneficiary's state for purposes of assigning Phase and (2) the classification of beneficiaries by program (i.e., Title).

#### **4. Primary Impairment Category**

The initial evaluation report indicated that participation rates vary substantially by primary impairment category, and the updated findings are very similar. Beneficiary groups in Phase 1 states with March 2004 participation rates that were at least half a percentage point above or below the overall value of 1.0 percent are shown in Table II.2. As indicated by the statistics in the second column, some of these groups are very large, but others are quite small. Also, while some participation rates are high relative to the overall average, for example, the rate for those with hearing impairments (5.9 percent) is almost six times the overall participation rate, they are not high in an absolute sense. Impairment categories containing relatively large numbers of beneficiaries and participation rates above the 1.0 percent average rate include schizophrenia/psychoses/neuroses (1.5 percent), major affective disorders (1.3 percent), nervous system disorders (1.3 percent), and mental retardation (1.2 percent). The impairment category with the largest percentage of beneficiaries, musculoskeletal (16 percent of beneficiaries) has the third lowest participation rate (0.5 percent).

#### **5. Race and Ethnicity**

Hispanic beneficiaries participate at a lower rate than other racial/ethnic groups (0.7 percent in Phase 1 states), and the rate for those requesting that SSA send them all written information in Spanish is even lower, 0.4 percent. African Americans participate at a higher rate (1.3 percent in Phase 1 states). Participation rates for whites, Asians/Pacific Islanders, and Native Americans are very close to the overall rate.

#### **6. Time Since Disability Program Entry**

As documented in the initial evaluation report, the participation rate in Phase 1 states increased with time from the point of entry into a disability program up through month 24 and then is stable through 120 months (10 years) before declining somewhat. A different finding emerged from our analysis of more recent data. Participation rates are lower than average for those who have been on the rolls for six or fewer months (.77 percent), the rate rises to 1.00 percent for those on the rolls from seven to 12 months, and there is no substantial variation with additional months on the rolls.

#### **7. State of Residence**

Like our initial analysis, the recent analysis shows that participation rates vary substantially across the Phase 1 states, although even the highest rate as of March 2004 rate (2.3 percent for Vermont) was low (top of Figure II.6). The lowest rate, 0.4 percent, was in Oregon.

Participation rates also vary substantially across Phase 2 states (bottom of Figure II.6). As of March 2004, South Dakota had the highest rate (1.6 percent,) and New Hampshire had the lowest (0.1 percent).

**Table II.2. Beneficiary Groups with High or Low Participation Rates in March 2004, Phase 1 States**

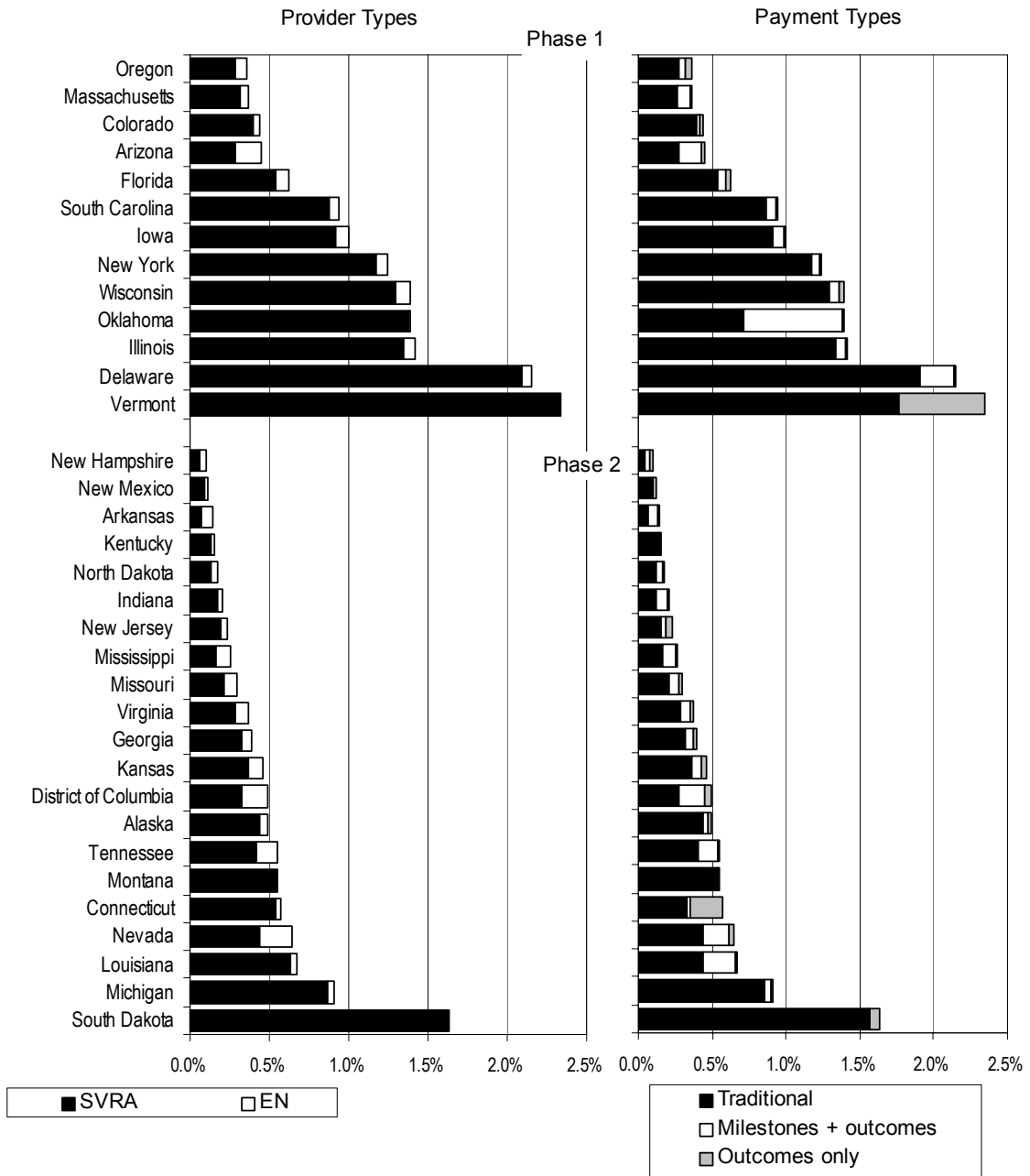
Participation Rate at Least 1.5 Percent			Participation Rate No More than 0.5 Percent		
Beneficiary Groups	Participation Rate	Percent in Group	Beneficiary Groups	Participation Rate	Percent in Group
<b>Age</b>					
18–24	2.8%	5.9%	50–64	0.3%	31.7%
25–29	2.1	4.5			
30–39	1.7	15.1			
<b>Primary Impairment</b>					
Hearing	5.9	0.9	Respiratory impairment	0.4	2.5
Speech	2.3	0.1	Circulatory impairment	0.5	6.9
Congenital anomaly	2.0	0.4	Musculoskeletal	0.5	16.4
Visual	1.7	2.0			
Schizophrenia/psychoses/neuroses	1.5	7.6			
<b>State of Residence</b>					
Vermont	2.3	0.7	Arizona	0.5	5.0
Delaware	2.2	0.8	Colorado	0.4	3.1
			Massachusetts	0.4	7.4
			Oregon	0.4	3.3
<b>Other</b>					
13–16 years of schooling <sup>a</sup>	1.5	17.4	1–8 years of schooling <sup>a</sup>	0.3	16.7
Concurrent	1.5	13.0	SSA mailed Ticket 0 to		
Work incentive participation			6 months ago	0.3	3.4
Section 1619(b) (SSI)	3.1	0.3	Spanish preferred	0.4	4.3
Section 1619(a) (SSI)	2.4	0.4			
Extended period of eligibility (SSDI)	2.3	0.4			

Source: Ticket Research File.

Note: "Beneficiary groups" are groups of Ticket-eligible beneficiaries defined by the characteristic indicated; "participation rate" is the percentage of the group in Phase 1 states with in-use Tickets in March 2004; and "percent in group" is the percentage of eligible beneficiaries having the indicated characteristic.

<sup>a</sup>The education statistics are based on the relatively small share of Ticket-eligible beneficiaries for which education is reported in the administrative data (38.6 percent).

**Figure II.6. Ticket Participation Rates in Phase 1 and Phase 2 States, by State, Provider Type, and Payment Type, March 2004**



Source: Ticket Research File.

In all Phase 1 and Phase 2 states, a large majority of Tickets were assigned to SVRAs (left side of Figure II.6). Indeed, in Vermont and South Dakota, all in-use Tickets were assigned to SVRAs, and both of these states had the highest participation rates in their respective phase. Assignment rates for ENs were relatively high in Arizona, Tennessee, and Nevada. Similarly, a large majority of Tickets were assigned under the traditional payment system in all Phase 1 and 2 states. Participation under the milestone-outcome system was exceptionally high in Oklahoma, and participation under the outcome-only system was exceptionally high in Vermont, where the SVRA accepts a relatively large number of beneficiary clients under that system. We also found that the number of Ticket assignments increased at least to some extent in Phase 1 SVRAs from August 2003 through March 2004. No Phase 1 state experienced a very substantial change in the number assigned to ENs.

## **8. Use of Work Incentive Programs**

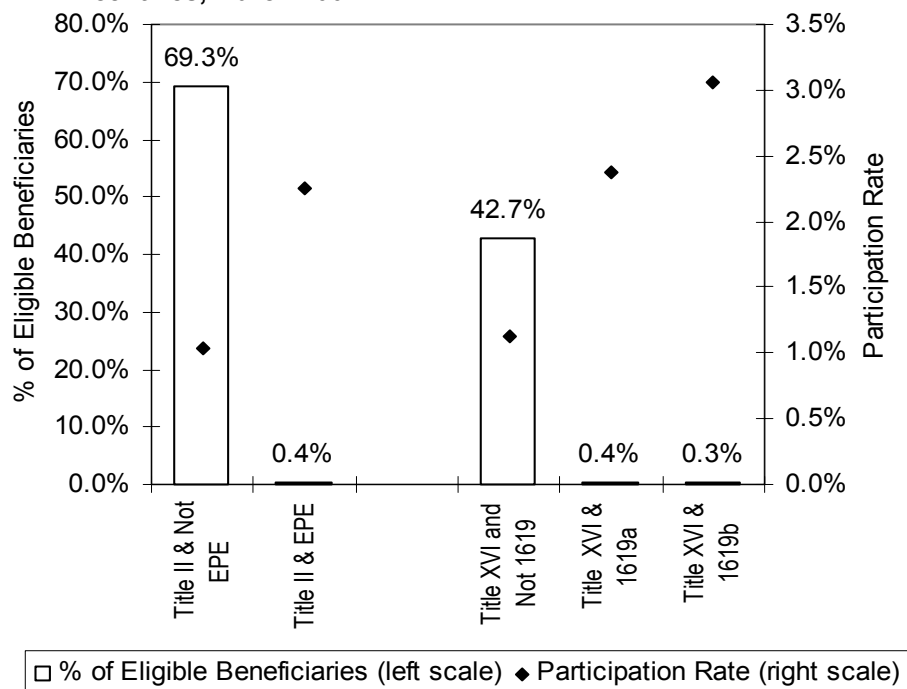
We also found that TTW participation was higher than average for beneficiaries using two SSA work incentive programs. In particular, the Phase 1 participation rates were considerably higher for the 0.4 percent of Ticket eligible beneficiaries who were DI beneficiaries in their extended period of eligibility (EPE) on their mail date (Figure II.7).<sup>13</sup> Phase 1 rates were also higher for the 0.7 percent of Ticket-eligible beneficiaries who were SSI recipients and in the Section 1619b programs on their mail date than for other beneficiaries—over 3 percent of those in Section 1619b participants.

These beneficiaries were all working when the Ticket was rolled out, and some may have been close to leaving the rolls. In fact, the 1619b participants were not receiving an SSI benefit on their Ticket mail date, although they presumably were getting benefits on the earlier Ticket selection date, and the DI beneficiaries in EPE status had only a limited number of months remaining in which they would be able to collect benefits if their earnings fell below the substantial gainful activity level. Given the circumstances of the 1619b participants, it is perhaps surprising that their participation rate was not even higher. That is not true, however, for those in 1619a status who continue to receive cash payments.

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<sup>13</sup>Information on participation in another component of the DI work incentives, the Trial Work Period, status was not available for this report.

**Figure II.7. Ticket Participation Rates in Phase 1 States, by Use of Other Work Incentives, March 2004**

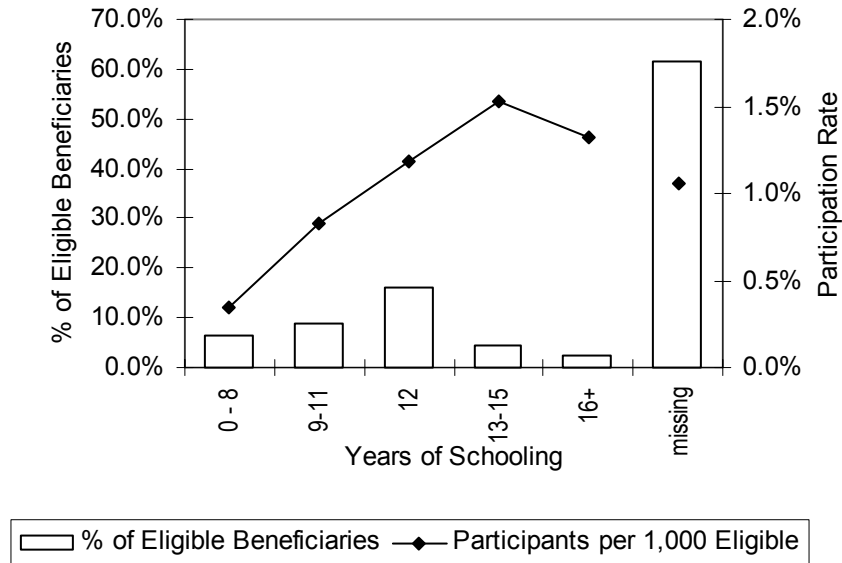


Source: Ticket Research File.

## 9. Education

The analysis of the relationship between education and participation rates is new as of this report. We had correctly anticipated that participation rates would be positively related to education. However, as a beneficiary's education often plays no direct role in the administration of the disability programs,<sup>14</sup> the administrative data on education are incomplete; we found that education information was missing for 61 percent of eligible beneficiaries in Phase 1 states. But even so, we found a substantial positive relationship between education and the participation rate for those with education data (Figure II.8). The statistics show that those with the highest participation rate have 13 to 15 years of schooling (i.e., completed some post high school education but less than four years). The data also show, however, that only 12 percent of eligible beneficiaries with reported education are in this category.

<sup>14</sup>While education is a consideration at step five of the medical eligibility determination process (ability to do any other work), it is not relevant to eligibility for those allowed at a lower step, and does not play any other role in the administration of the program.

**Figure II.8. Ticket Participation Rates in Phase 1 States by Education, March 2004**

Source: Ticket Research File.

## 10. Allowance Level

The Beneficiaries who were awarded disability benefits only after appealing an initial denial to an administrative judge participate at a lower rate than those awarded benefits on the basis of their initial application.<sup>15</sup> In Phase 1 states, the participation rate for the former group is 0.63 percent, compared with 1.20 percent for the latter.

## 11. Other Predictors of Participation

We also examined the relationship between participation rates and several other characteristics not reported on above. We were particularly interested in determining whether “newly eligible” beneficiaries—those who became eligible for Ticket after the rollout began in their state—would participate at different rates than “existing eligible” beneficiaries—those eligible when the rollout began in their state. We found that newly eligible beneficiaries were participating at rates that were just slightly lower than existing eligible beneficiaries—a difference that reflects the lower participation rate for those whose Tickets had been mailed up to six months earlier. We also found no substantive difference by sex.

<sup>15</sup>For purposes of this analysis we include people who are awarded benefits at the reconsideration level along with those awarded benefits based on their initial application.



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## 12. Multivariate Analysis of Participation

We extended the bivariate analysis of factors correlated with beneficiary participation by considering how all factors together are related to beneficiaries' participation decisions. This multivariate approach lets us assess how well we can predict participation on the basis of measured characteristics. It also lets us assess the extent to which any specific factor is related to participation once we control for the effects of other beneficiary characteristics that may be correlated with that factor. For example, the multivariate analysis lets us assess whether the bivariate finding that concurrent beneficiaries participated at a higher rate than DI-only or SSI-only beneficiaries is really due to the fact that concurrent beneficiaries tend to be younger than other beneficiaries (younger beneficiaries also participate at higher rates).

Overall, we found that each characteristic that has a substantial bivariate relationship with the participation rate, as described above, also has a substantial relationship with the participation rate after accounting for co-variation with other characteristics. In fact, the bivariate and multivariate relationship between participation and each characteristic is almost the same for many characteristics. A few exceptions are noteworthy, as discussed below. The characteristics included in this analysis are title, sex, age, attainment of Ticket eligibility after the initial selection date, race, ethnicity, education, monthly benefit, months since initial DI or SSI award, language preference, level of allowance, participation in the EPE, Section 1619a or Section 1619b during the ticket mail month, primary impairment, state of residence, and a series of county characteristics (enumerated later). Details of the specification appear in Appendix B. Variables were defined as they were in the bivariate analysis.

One important finding from this analysis is that it is very difficult to predict which beneficiaries participate from characteristics that are observed in administrative data. Only about one percent of the variation in participation can be accounted for by all of the characteristics used in this analysis.<sup>16</sup> Further, even when we use all of the characteristics as predictors, the highest estimated probability of participation is less than 10 percent, and only one percent of beneficiaries has a predicted probability of 4.4 percent or higher. Because many beneficiaries do participate, we would have expected that some beneficiaries would have had a high predicted participation probability if our model had been accurate. The low predicted probabilities suggest that other unmeasured factors, such as the nature/severity of their impairment, social supports, and personal motivation, play an important role in beneficiaries' decisions.

After other characteristics are controlled for, the relationship between Title and participation changes. DI-only and concurrent beneficiaries participate at almost identical rates, and the participation rate for all DI beneficiaries is 0.2 percentage points higher than for SSI-only beneficiaries.

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<sup>16</sup>This statement is based on the value of the adjusted R<sup>2</sup> from the regression of the participation indicator on all of the characteristics (1.2 percent).

Adjustments for all other characteristics increased the participation rate for New York relative to that for other Phase 1 states by about 0.5 percentage points. The apparent reason for the difference is the delay in the rollout in New York combined with the strong positive relationship between participation and the number of months since the Ticket mail date; compared with their counterparts in other Phase 1 states, New York beneficiaries have had less time, on average, to assign their Tickets.

Controlling for other factors strongly affects the differences between both racial/ethnic groups and language preference groups. African American beneficiaries still participate at higher rates than white beneficiaries, and Hispanic beneficiaries participate at lower rates, but the differences between the groups are smaller. The difference between participation rates of those who prefer to communicate in Spanish and those who prefer to communicate in English is also smaller after controlling for other factors, but it remains substantial (0.3 percentage points versus the unadjusted difference of 0.8 percentage points). Hispanic ethnicity and a preference for the Spanish language are obviously connected. Together, the model estimates imply that Hispanics who prefer that SSA communications be in Spanish participate at a rate that is 0.4 percentage points lower than that of whites who prefer English, holding other factors constant.

After other factors are controlled for, the participation rate for those with 16 or more years of schooling is slightly higher than the rate for the 13- to 15-year group. Thus, one or more other factors that are correlated with education appear to explain why the participation rate for the 16+ group is lower than for the 13-to-15 group (see Figure II.8).

Variation in participation rates among impairment categories changes substantially after controlling for other beneficiary characteristics, particularly for categories that have relatively low participation rates. We conjecture that the changes are mostly due to co-variation between impairment category and age, and the strong relationship between age and participation. Before adjustment, the two categories with the lowest participation rates are respiratory system and circulatory system, both categories that are relatively more common for older beneficiaries. After adjustment the lowest two are blood/blood-forming diseases and mental retardation. Both of the latter categories have above-average participation rates before controlling for other variables—about 1.2 percent for each. The change for mental retardation is particularly striking, because this category is large (11.6 percent of beneficiaries in this analysis). Thus, although beneficiaries with mental retardation are participating at an above average rate, after controlling for their age and other factors they are participating at a rate that is well-below average.

After controlling for other factors, we still found that those who received their benefit allowance only after appealing an initial denial beyond the reconsideration level were less likely to participate than those who received their allowance at the initial determination level, but the difference is smaller than the simple bivariate difference (0.25 percentage points versus 0.48). We also found that some of the difference in the rates for those participating in the other work incentive programs (EPE for DI and Section 1619 for SSI) and those not participating in the other programs are considerably smaller, albeit still substantial, after other factors are controlled for.

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As mentioned, the bivariate analysis indicates that beneficiaries who received their benefit allowance in the six months before March 2004 are less likely than others to participate, and that participation rates vary little with duration of time on the rolls for those who received their allowance earlier. In the multivariate analysis, we experimented with a simple model that had only one category for those on the rolls for 24 months or more and accounted for a possible interaction between those on the rolls for less than 24 months and those enrolled in DI. The purpose of the experiment was to capture the possibility that some DI-only beneficiaries might refrain from participating in TTW until they were entitled to Medicare (that is, until they had completed the two-year waiting period). Using the model, we found that those on the rolls for 7 to 23 months as of March 2004 participated at a rate that was only slightly higher than the rate for those who received their award at any point up through six months. We also found that DI-only beneficiaries were just slightly less likely than SSI beneficiaries to participate. We plan to examine this issue further in the future with more detailed statistical models.

We also included a variety of county characteristics<sup>17</sup> in the multivariate analysis to examine whether these characteristics are predictive of participation after controlling for beneficiary characteristics and state of residence (see Appendix B). The results indicate that, most county characteristics individually have very little predictive power after individual characteristics are controlled for. We also found that the results are difficult to interpret because of correlations between the numerous county characteristics. In the future, we will develop models in which county variables are treated in a way that makes the results easier to interpret.<sup>18</sup>

### **C. PREDICTORS OF PROVIDER AND PAYMENT TYPE**

For our earlier report, we found that provider and payment type for in-use Tickets vary with age. We continue to find, in both Phase 1 and 2 states, that older beneficiaries are more likely than younger beneficiaries to assign their Tickets to ENs and to use one of the new payment systems. For example, in March 2004, 13.0 percent of Phase 1 beneficiaries age 60 to 64 with in-use Tickets had assigned their Tickets to ENs, 21.0 percent of which were assigned under one of the new payment systems; the corresponding percentages for those 18 to 24 years old were 3.4 and 7.9 percent, respectively.

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<sup>17</sup>The variables are: population density, population loss between 1990 and 2000, percent African American, percent non-white, percent Hispanic, percent of populations living in households with income below the poverty line, percent of employment in manufacturing, the unemployment rate, another low employment index, an urban/rural index, the percentage of workers using public transit, a housing stress index, and a low education index.

<sup>18</sup>There are several possible reasons for the low predictive power of individual county characteristics. One is that they are highly correlated with individual characteristics already captured by other variables—especially the state indicators, as well as race, education, and possibly others. Another is that they are highly correlated with each other across counties, making it difficult to separate the predictive power of any one from the others. Agodini et al. (2002) found similar results in an evaluation of the State Partnership Initiative. We will explore these explanations further in future analyses.

In general, provider and payment type do not vary much with other beneficiary characteristics, or characteristics of their county. A few exceptions are noteworthy. In Phase 1 and Phase 2 states, Ticket participants who were new eligibles (i.e., first became eligible for Ticket only after the start of the rollout) are somewhat more likely than existing eligibles to use ENs (15.0 percent versus 11.6 percent); relatively few participants requiring communication from SSA in some form other than written English or Spanish assigned their Tickets to ENs (5.6 percent); participants with hearing impairments are much less likely than others to use ENs (2.1 percent); and DI participants in their EPE are more likely than other DI participants to use ENs (18.7 percent versus 7.6 percent).

## CHAPTER III

### BENEFICIARY CHARACTERISTICS AND EMPLOYMENT PERSPECTIVES

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As part of the TTW evaluation effort, we are conducting the National Beneficiary Survey for four years beginning in 2004. The first round of the survey was administered to a nationally representative sample of approximately 6,500 working-age SSI and DI beneficiaries and to a sample of approximately 1,000 TTW participants who assigned their Ticket while residing in a Phase 1 state. The survey was fielded from February through October 2004.<sup>1</sup> This chapter presents some very preliminary findings from that round of data collection.

*The preliminary nature of these findings must be emphasized* because when these analyses were conducted, we had not yet imputed values for missing data, verified the survey responses with administrative data, or developed the final sampling weights. While we do not expect the substance of the preliminary findings to change after the final survey data are analyzed, the specific statistics are likely to be different.

The survey questionnaire solicited a variety of information from beneficiaries, including their sociodemographic and health characteristics, their awareness and use of SSA work incentive provisions, their employment experiences, and their income sources and living arrangements. In discussing our findings in these areas, we focus not only on TTW participants and all beneficiaries who were employed at interview but also on how these two, rather small, subgroups of beneficiaries compare to all working age Social Security disability beneficiaries.<sup>2</sup> Findings for the two overlapping subgroups will contribute to our understanding of which and how many beneficiaries work, and the impact of TTW on employment. In some instances, we also present descriptive statistics for beneficiaries by program (SSI-only, DI-only, and concurrent). The statistics presented below are preliminary and descriptive in nature, intending only to provide a preview of the survey data. In our

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<sup>1</sup>Further information about the design and administration of the National Beneficiary Survey is contained in Appendix C.

<sup>2</sup>The Phase 1 TTW participants in the survey sample are representative of 0.2 percent of all beneficiaries. Beneficiaries employed at interview represent 8.8 percent of all beneficiaries. See Appendix Table C.6.

next report, we will conduct more in-depth analyses using multivariate methods to more rigorously assess the factors affecting employment and TTW participation, as well as other issues associated with the implementation of TTW.

The preliminary findings indicate that TTW participants differ in many respects from beneficiaries in general; they are younger, more educated, and healthier than other beneficiaries. While they also share many of the characteristics that make employed beneficiaries also different from beneficiaries in general, TTW participants and employed beneficiaries do differ in some respects. For instance, TTW participants are younger than all employed beneficiaries. They are also less likely to be white, to be receiving DI only, to report mental retardation as a reason for activity limitation, and to have private health insurance. But they are more likely to live alone and to rely on food stamps. Relative to all beneficiaries, TTW participants are, as we might expect, more likely to have used employment-related services and to be employed. Finally, TTW participants have higher expectations about working in the future, compared not only with all beneficiaries but also with beneficiaries who were employed at interview.

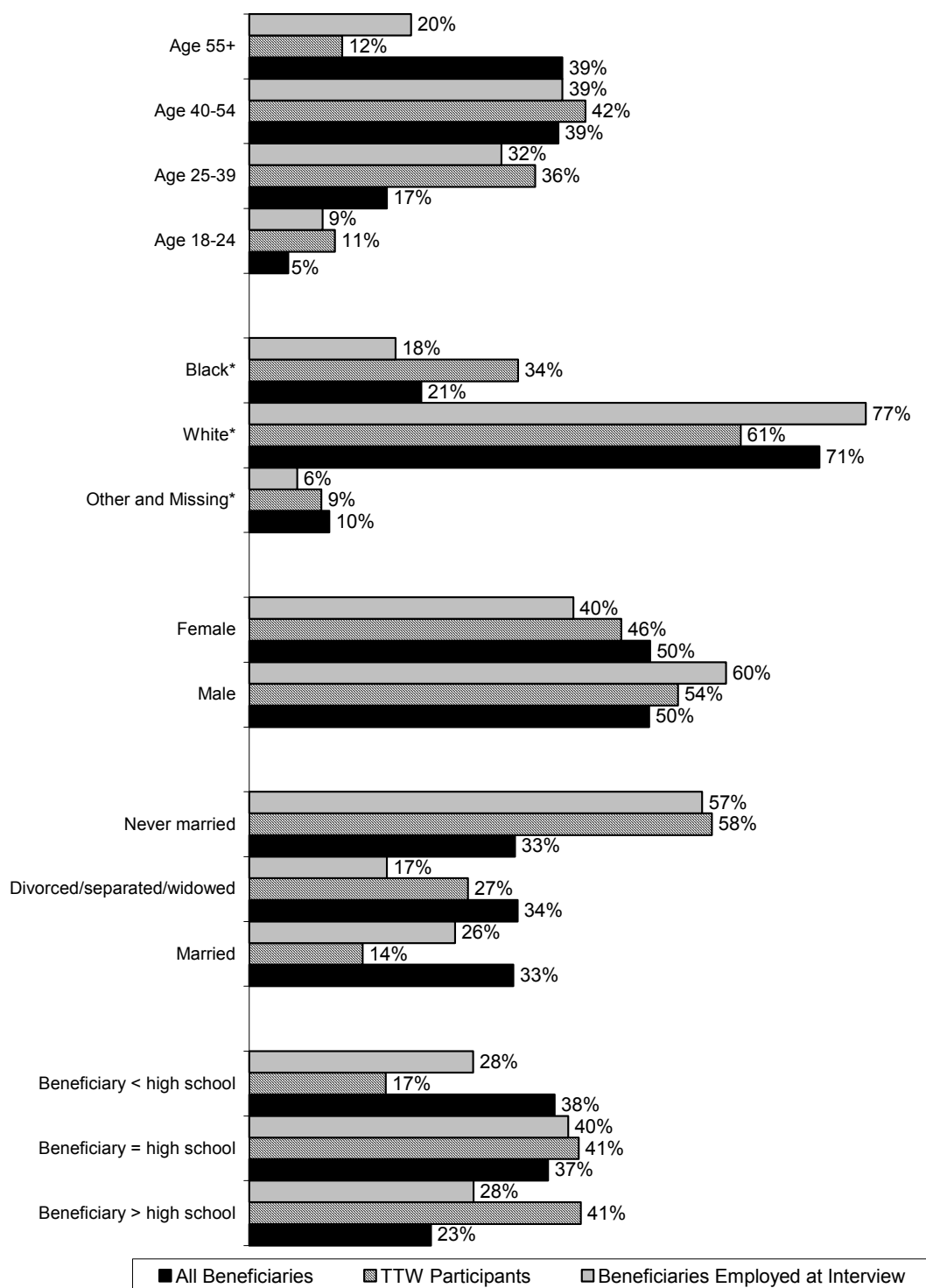
## **A. SOCIODEMOGRAPHIC AND HEALTH CHARACTERISTICS**

### **1. Sociodemographic Characteristics**

With few exceptions, TTW participants are similar to beneficiaries employed at interview but different in many respects from beneficiaries overall (Figure III.1). TTW participants and employed beneficiaries are more likely than the general population of working-age Social Security disability beneficiaries to be male, younger than age 40, and to have higher levels of education. They are less likely to be married and over age 55. While similar in the ways that they differ from beneficiaries in general, TTW participants do differ from those employed at interview in several respects: they are less likely to be white (61 percent compared with 77 percent), more likely to have schooling beyond high school (41 percent compared with 28 percent), and are less likely to be married (14 percent compared with 26 percent).

Household composition and living arrangements are important characteristics because they can affect both the desire and capacity to seek rehabilitation services and employment. While the three groups we compared are similar in these respects, TTW participants are somewhat more likely to live alone but less likely to live with their children if they have children (Figure III.2). Across all groups, only a small percentage of beneficiaries (about five percent) have children under the age of six.

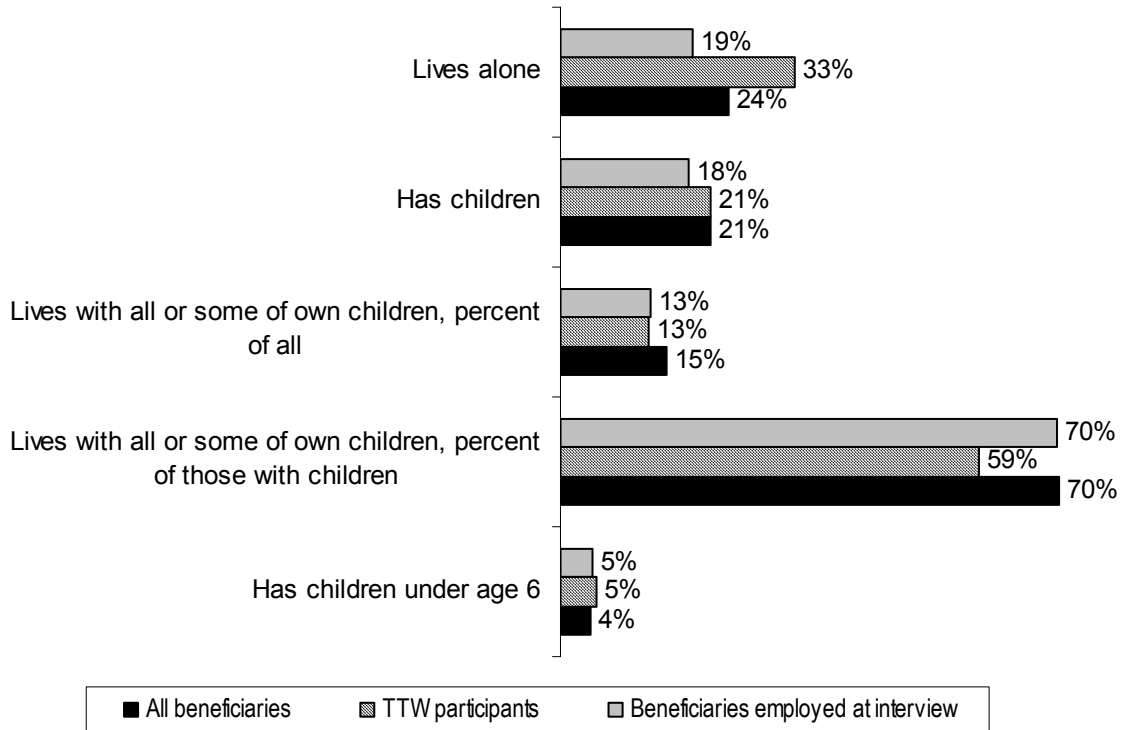
**Figure III.1. Sociodemographic Characteristics of Working-Age Beneficiaries, by TTW and Employment Status**



Source: 2004 National Beneficiary Survey.

\*Multiple responses are possible.

**Figure III.2. Living Arrangements and Children of Working-Age Beneficiaries, by TTW and Employment Status**



Source: 2004 National Beneficiary Survey.

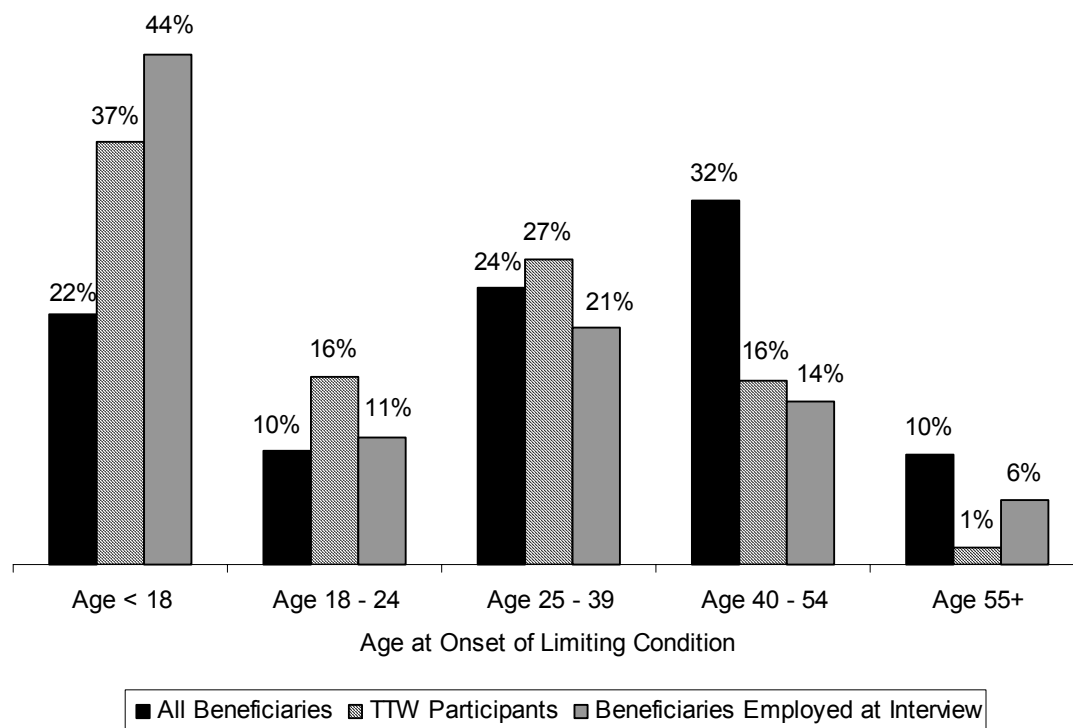
Note: Own children defined as biological, adoptive, and/or foster care children of the respondent who are under age 18.

## 2. Impairment and Health Status

TTW participants and beneficiaries employed at interview differ from all Social Security disability beneficiaries in terms of the reported age at onset of the physical or mental health condition causing disability (Figure III.3). TTW participants and employed beneficiaries are more likely to have experienced the onset of the limiting condition(s) during childhood (i.e., before age 18) and are substantially less likely to have experienced the onset at or after age 40. For 22 percent of beneficiaries, childhood marked the onset of the limiting health condition, compared with 39 percent and 44 percent of TTW participants and employed beneficiaries, respectively. While just over 40 percent of all beneficiaries first experienced the limiting condition(s) at age 40 or older, the same is true for only 17 percent of TTW participants and 20 percent of employed beneficiaries.



**Figure III.3. Age at Onset of Limiting Health Condition(s) of Working-Age Beneficiaries, by TTW and Employment Status**



Source: 2004 National Beneficiary Survey.

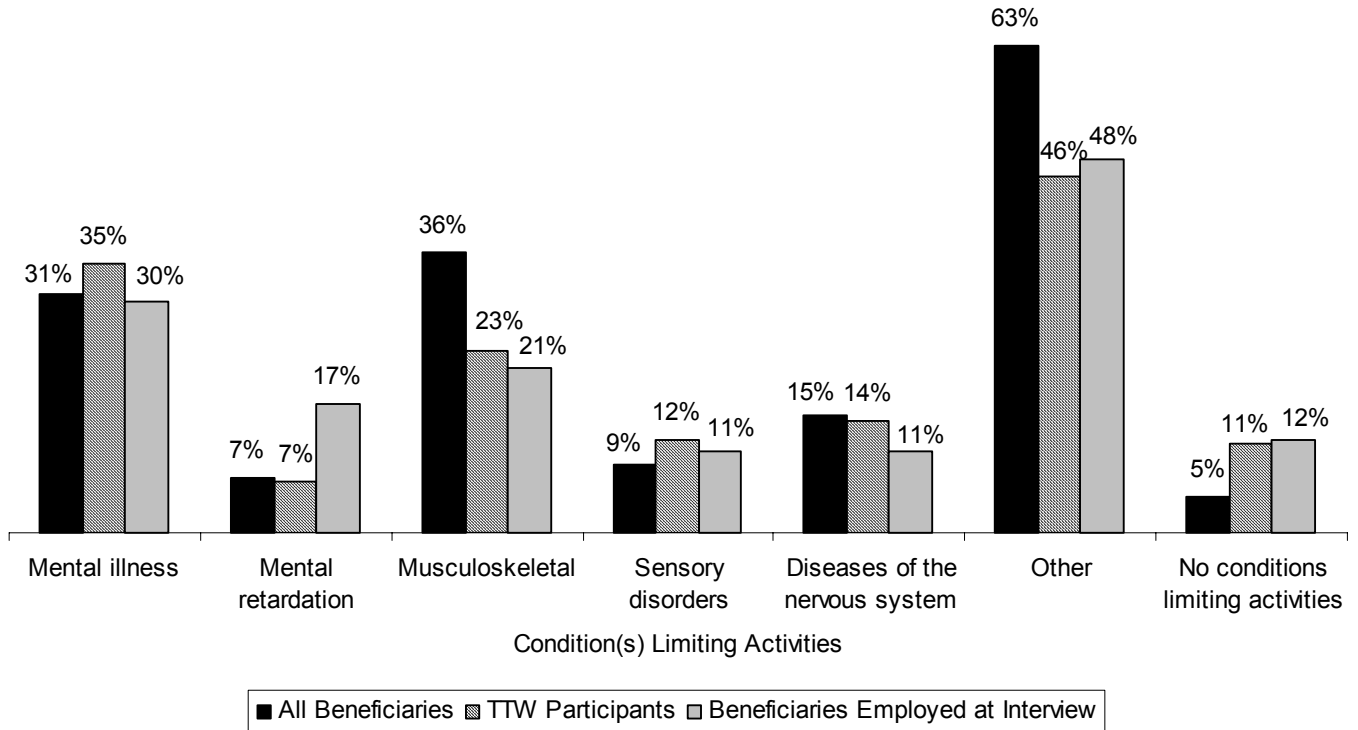
TTW participants and employed beneficiaries differ in some respects from all beneficiaries in terms of the health conditions they report as underlying their disability (Figure III.4). Relative to all beneficiaries, the two subgroups are less likely to have reported a musculoskeletal condition as a limiting condition (about 22 percent compared with 36 percent of all beneficiaries), but they are about twice as likely to have reported that no health condition limits their activities (about 11 percent compared with 5 percent of all beneficiaries). Mental retardation was more frequently reported as a limiting condition among those employed at interview (17 percent) relative to TTW participants and all beneficiaries (7 percent).

By a variety of measures, TTW participants and employed beneficiaries appear to have substantial health and functioning challenges, yet they also tend to be in better health than the general population of disability beneficiaries. Specifically, TTW participants and employed beneficiaries are:

- More likely to have reported their general health as being excellent or very good (24 percent of TTW participants and 28 percent of employed beneficiaries compared with only 10 percent of beneficiaries overall) (Figure III.5).

- Less likely to have reported not only difficulty performing specific activities but also having fewer limitations in activities of daily living (ADL) and instrumental activities of daily living (IADL)<sup>3</sup> (Figures III.6 and III.7). About half of TTW participants and 45 percent of employed beneficiaries reported that they have no ADL or IADL limitations, compared with 27 percent of all beneficiaries.

**Figure III.4. Condition(s) Causing Activity Limitation of Working-Age Beneficiaries, by TTW and Employment Status**

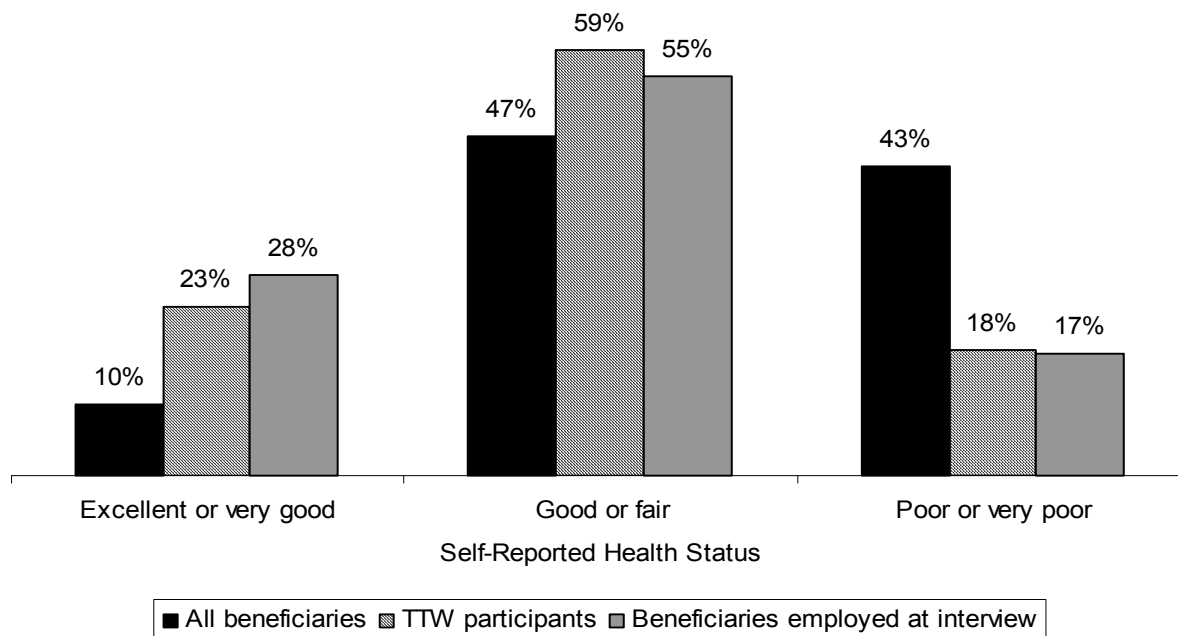


Source: 2004 National Beneficiary Survey.

Note: Respondents could report multiple reasons for current activity limitations.

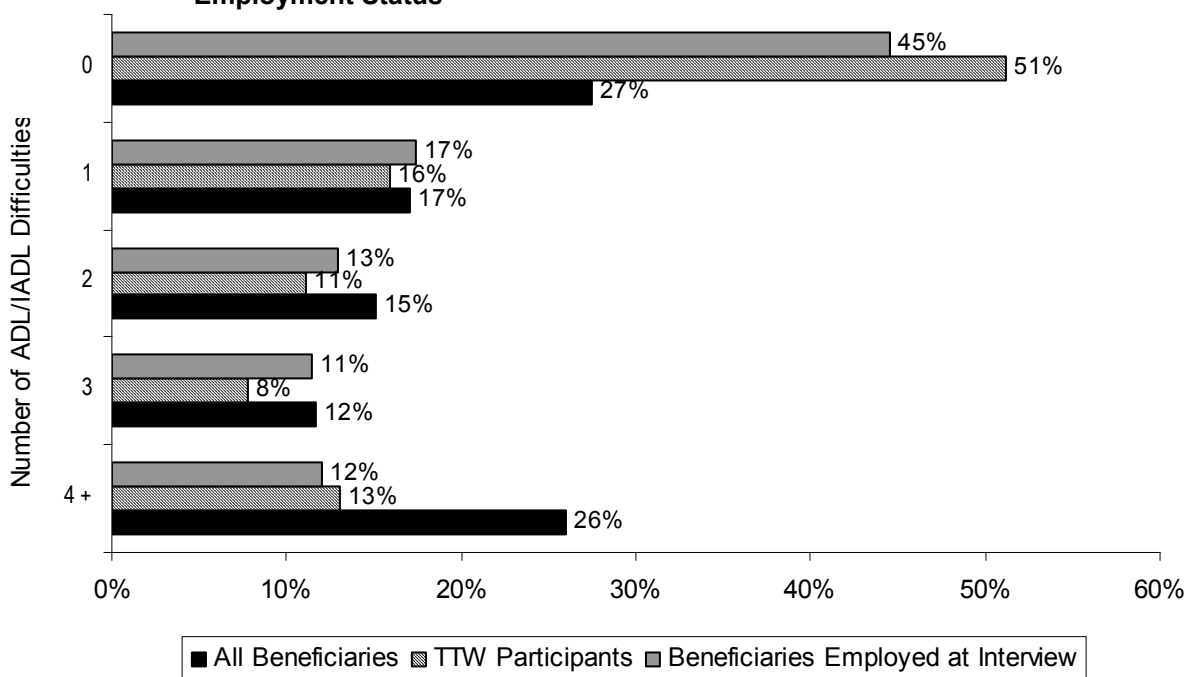
<sup>3</sup>ADLs include: bathing or dressing; getting around the house; getting into or out of bed; and eating. IADLs include: getting around outside of the home, shopping for personal items, and preparing meals.

**Figure III.5. Health Status of Working-Age Beneficiaries, by TTW and Employment Status**



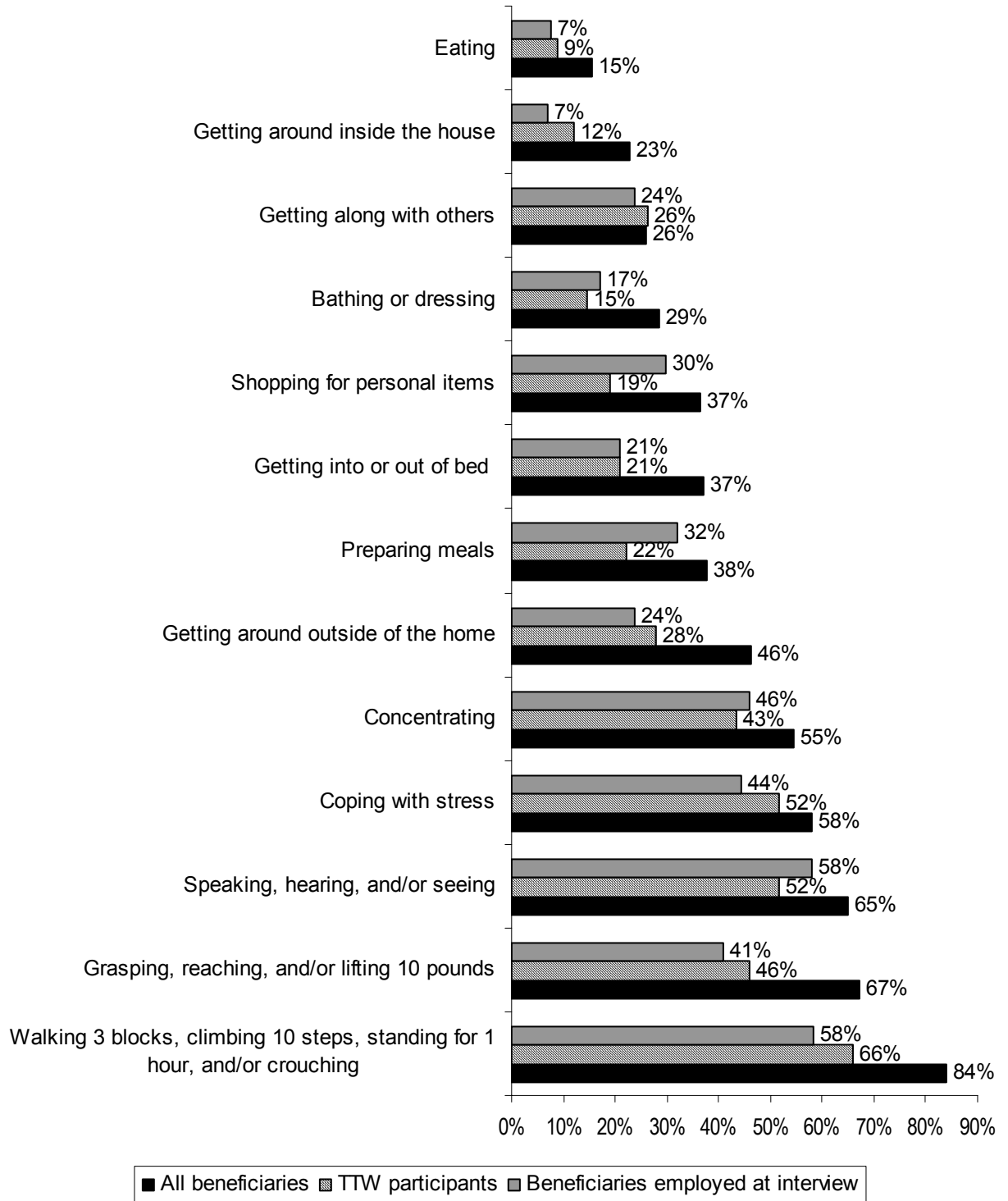
Source: 2004 National Beneficiary Survey.

**Figure III.6. Number of ADL/IADL Difficulties of Working-Age Beneficiaries, by TTW and Employment Status**



Source: 2004 National Beneficiary Survey.

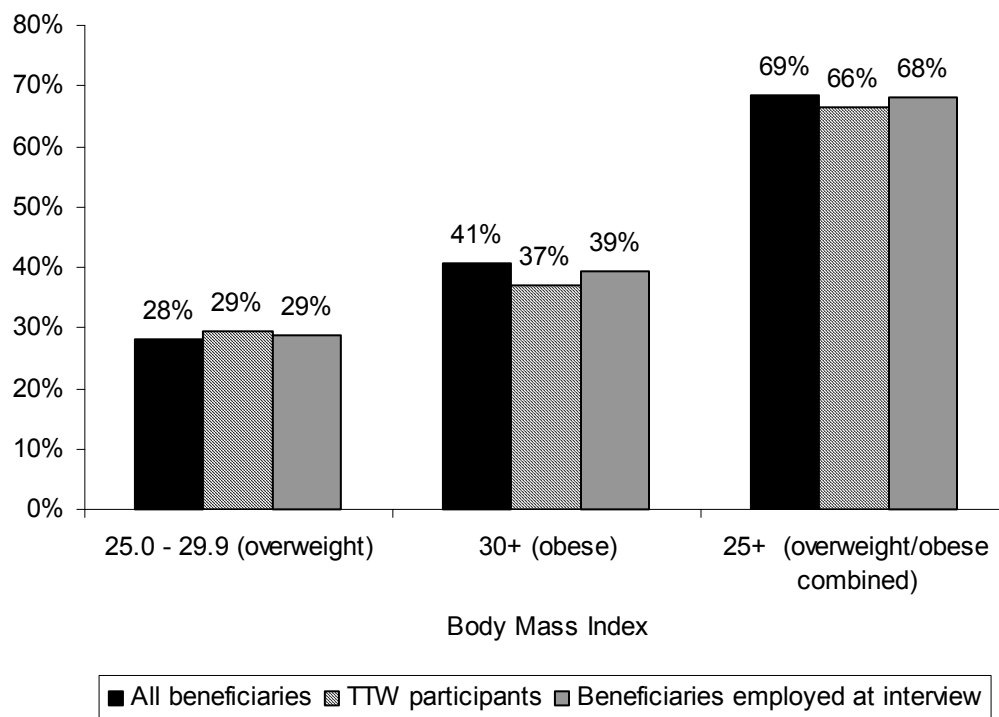
**Figure III.7. Prevalence of Difficulty Performing Specific Activities of Working-Age Beneficiaries, by TTW and Employment Status**



Source: 2004 National Beneficiary Survey.

Obesity is an important risk factor for a number of chronic diseases that can lead to disability, such as diabetes, heart disease, stroke, arthritis, and certain types of cancers. It has also been shown to affect work productivity and long-term disability.<sup>4</sup> As such, it may be an important health indicator related to TTW participation and employment activity. To assess the prevalence of obesity among disability beneficiaries, height and weight information collected in the survey are used to compute the body mass index (BMI). BMI appears to have no relationship to employment status or TTW participation (Figure III.8). By this measure, 41 percent of all disability beneficiaries are obese, and another 28 percent are overweight. While the prevalence of obesity among disability beneficiaries is somewhat higher than among the general adult population (31 percent), the overweight and obesity rates combined are similar (66 percent for the general adult population compared with 69 percent for all disability beneficiaries).<sup>5</sup>

**Figure III.8. Body Mass Index of Working-Age Beneficiaries, by TTW and Employment Status**



Source: 2004 National Beneficiary Survey.

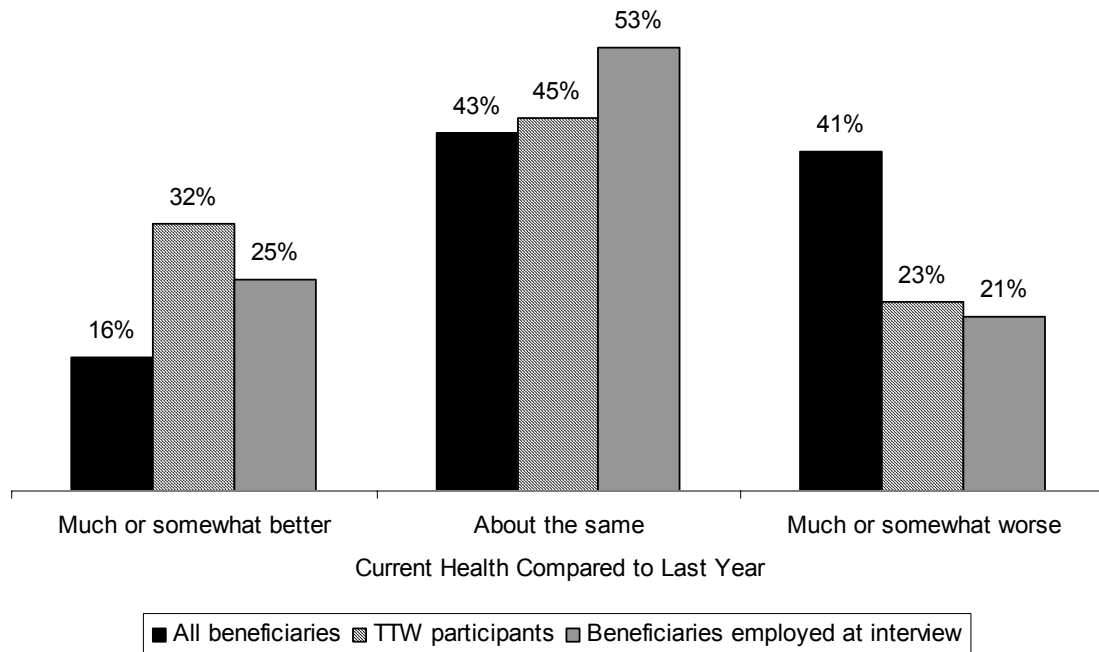
Overall, about 16 percent of beneficiaries reported that their current health is much or somewhat better than it was at the same time last year (Figure III.9). Employed beneficiaries

<sup>4</sup>See Wolf (2002) for a summary of studies of the effects of obesity on productivity.

<sup>5</sup>See Hedley et al. (2004) for U.S. prevalence estimates of overweight and obesity based on data from the National Health and Nutrition Examination Survey (NHANES).

are more likely than all beneficiaries to have reported an improvement in health (25 percent compared with 16 percent), and TTW participants are even more likely to have reported an improvement (32 percent compared with 16 percent). TTW participants and employed beneficiaries are about equally likely to have reported that their current health had become worse than it was at the same time last year (23 and 21 percent, respectively) but at a rate that is about half that of all beneficiaries (41 percent).

**Figure III.9. Current Health Compared with Last Year of Working-Age Beneficiaries, by TTW and Employment Status**



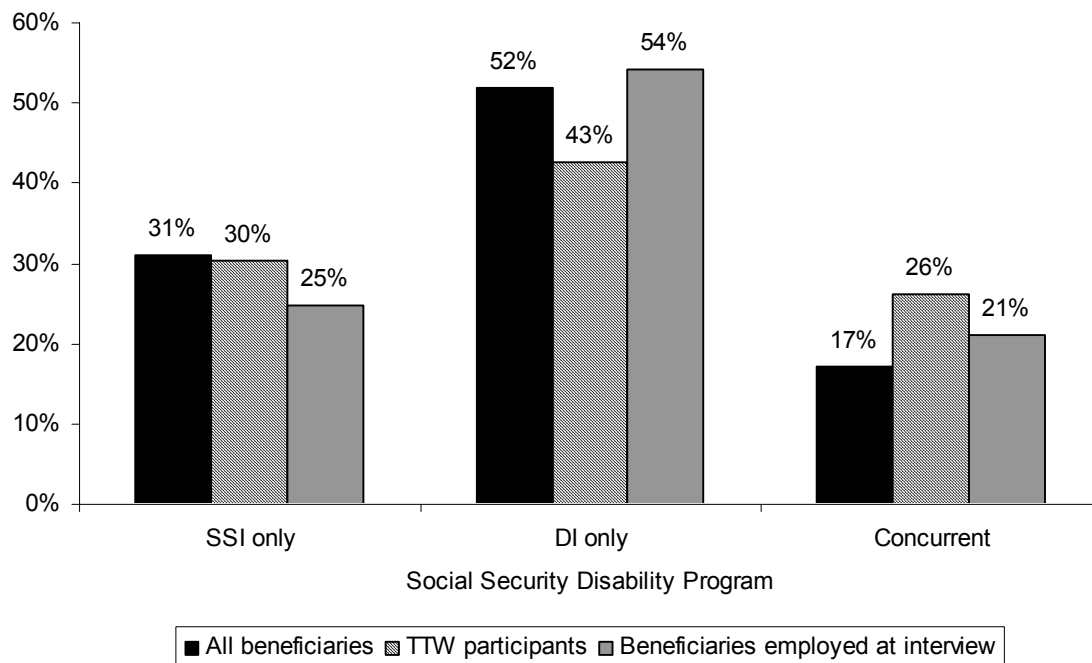
Source: 2004 National Beneficiary Survey.

## B. SOURCES OF INCOME AND OTHER ASSISTANCE

### 1. Program Participation and Income Sources

TTW participants and employed beneficiaries differ somewhat from all beneficiaries in terms of Social Security program status (DI-only, SSI-only, or concurrent) (Figure III.10). Relative to all beneficiaries, a smaller proportion of TTW participants are DI-only (43 percent compared with 52 percent), and a larger proportion are concurrent beneficiaries (26 percent compared with 17 percent). These findings are consistent with findings from the analyses of administrative data reported in Chapter II. Among employed beneficiaries, a smaller proportion are SSI-only (25 percent compared with 31 percent of all beneficiaries), and slightly higher proportions are DI-only and concurrent relative to all beneficiaries.

**Figure III.10. Disability Program Status of Working-Age Beneficiaries, by TTW and Employment Status**



Source: 2004 National Beneficiary Survey.

Disability beneficiaries receive cash and near-cash assistance (e.g., food stamps as well as energy and housing assistance) from a variety of sources (Table III.1). A few of these sources, however, are reported more or less frequently by certain groups of beneficiaries, but in ways that might generally be expected:

- Earnings.** A smaller proportion of employed beneficiaries reported receiving Social Security benefits in the month before the interview (86 percent compared with 95 percent overall), which is likely a reflection of the impact of their earnings on eligibility for cash benefits; 95 percent of those employed at interview had earnings in the previous month, compared with only 9 percent of all beneficiaries. A substantial proportion of TTW participants also indicated that they had earnings in the prior month (31 percent).
- Pensions and Private Disability Insurance.** DI-only beneficiaries are much more likely than concurrent and SSI-only recipients to have reported receiving income from pensions (15 percent compared with one percent or less) and private disability insurance (8 percent compared with one percent); this finding reflects the fact that DI-only beneficiaries are more likely to have substantial work histories.

**Table III.1. Income and Program Participation Among Working-Age Beneficiaries**

Sources of Income and Assistance	All	SSI-only	DI-only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
Social Security	95%	92%	97%	98%	95%	85%
Food Stamps	23	38	9	35	31	9
Earnings	9	7	9	11	31	95
Pensions	8	0	15	1	2	5
Private disability insurance	5	1	8	1	2	3
<b>Other Sources</b>						
Public cash assistance or welfare	4	7	1	6	6	3
Veteran's benefits	3	1	6	2	1	2
Workers' compensation	2	0	3	0	1	1
Unemployment insurance	0	0	0	0	1	0
Other	5	4	6	5	5	6

Source: 2004 National Beneficiary Survey.

- **Food Stamps and Other Public Assistance.** SSI-only and concurrent beneficiaries are much more likely than DI-only beneficiaries to receive food stamps (a little over one-third of SSI-only and concurrent beneficiaries receive food stamps, compared with only nine percent of DI-only beneficiaries), reflecting the fact that both SSI and food stamps are means-tested programs available only to those with a very low income. This pattern holds for other public sources of cash assistance and welfare, although the rates of receipt are lower overall. A rather large proportion of TTW participants (31 percent) also reported receiving food stamps.

Other sources of income are not nearly as prevalent as those noted above for any of the beneficiary groups. In general, up to about six percent of all beneficiaries receive income from Workers' Compensation, the Veterans' Administration, unemployment insurance, or other sources.

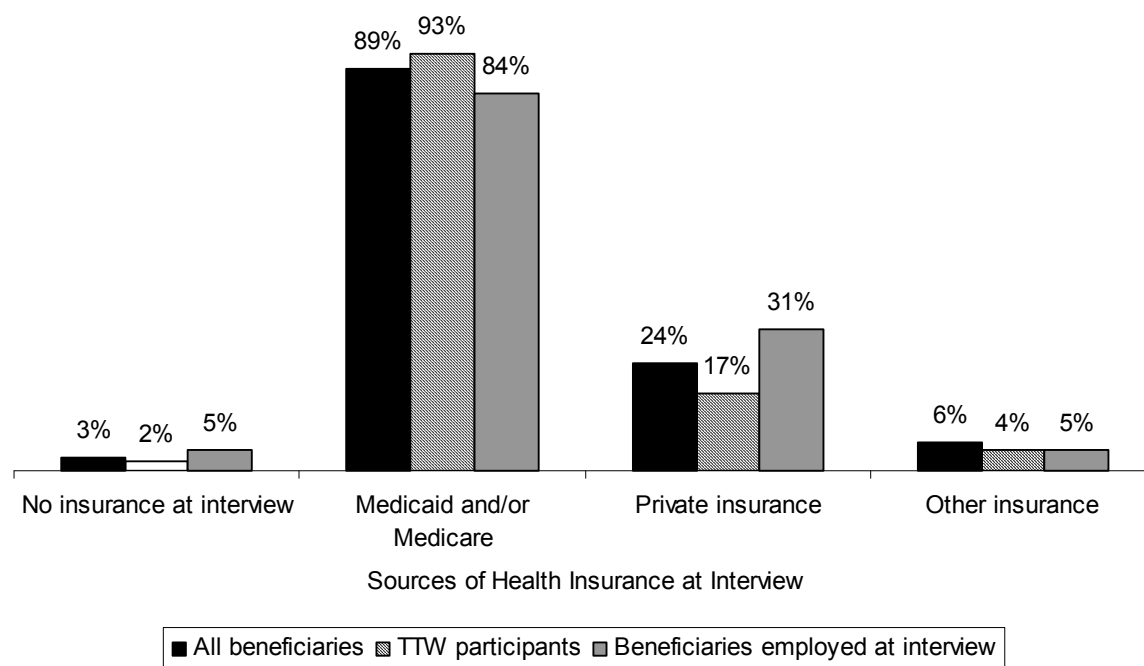
## 2. Health Insurance

Only a very small share of beneficiaries (three percent) reported that they had no health insurance at the time of interview (Figure III.11). The share that reported having no coverage is somewhat higher among SSI-only and beneficiaries employed at interview (five percent), and somewhat lower among DI-only and TTW participants (two percent) (Appendix Table C.12). The reported rate of uninsurance among SSI-only recipients might be artificially elevated because of some confusion related to health insurance coverage. For instance, some SSI-only beneficiaries appear to have trouble distinguishing between



Medicare and Medicaid, and as a result, seem to have under-reported Medicaid coverage.<sup>6</sup> This may be the case for other beneficiaries as well. For this reason, we have combined Medicare and Medicaid coverage in the preliminary statistics illustrated in Figure III.11.

**Figure III.11. Health Insurance Status at Interview of Working-Age Beneficiaries, by TTW and Employment Status**



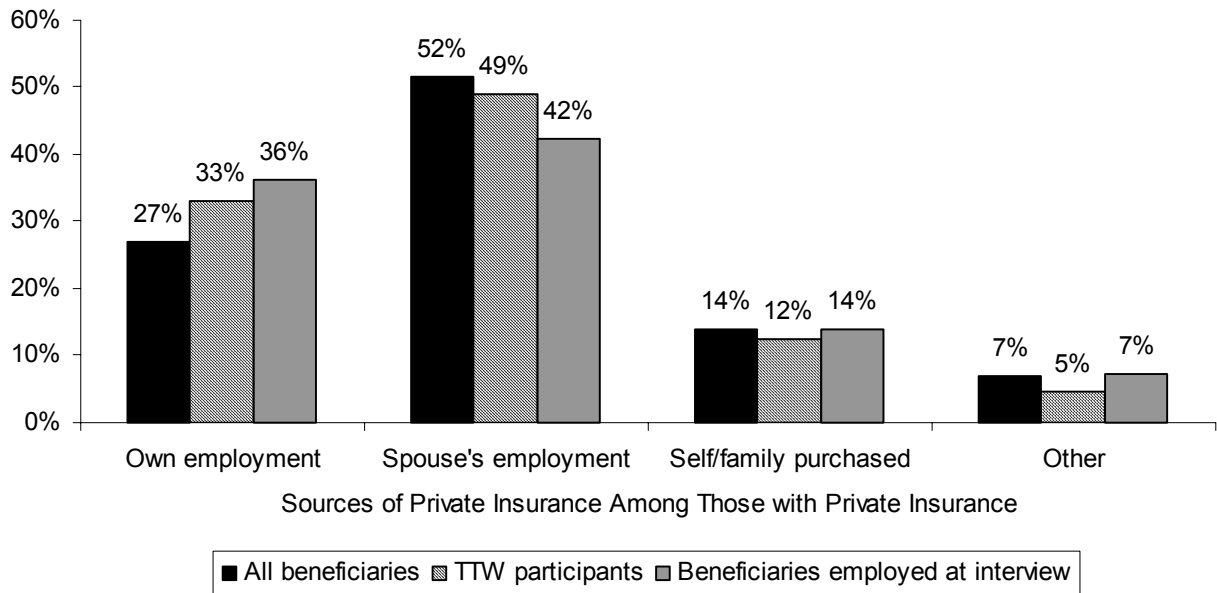
Source: 2004 National Beneficiary Survey.

Overall, 24 percent of beneficiaries reported having private health insurance coverage at interview (Figure III.11). The percentage is much greater among DI-only beneficiaries (40 percent) and beneficiaries employed at interview (31 percent) (Appendix Table C.12). TTW participants reported having private coverage at a substantially lower rate (17 percent) but at a higher rate than SSI-only and concurrent beneficiaries (6 percent). For all beneficiaries with private insurance, spouses are the most common source of the coverage (Figure III.12). DI-only beneficiaries, TTW participants, and those employed at interview are much more likely than concurrent and SSI-only beneficiaries to have reported that they obtained private

<sup>6</sup>Only 83 percent of SSI-only recipients report Medicaid coverage at interview. Given Medicaid eligibility rules, this seems low, even taking into consideration the fact that some SSI-only recipients in Section 209(b) states are ineligible for Medicaid, or may have to apply separately for Medicaid and fail to do so. In addition, about 21 percent of SSI-only recipients report having Medicare coverage. Given Medicare eligibility rules and the age range of our sample members, this percentage seems erroneously high. It is possible that for some respondents, program status changed between the time of sampling and interview, or was assigned incorrectly. We will verify program status at interview using administrative data and further investigate the issue in future analyses.

coverage through their own employer (29 to 36 percent compared with 14 and 17 percent, respectively) (Appendix Table C.12).

**Figure III.12. Sources of Private Coverage Among Those with Private Insurance of Working-Age Beneficiaries, by TTW and Employment Status**



Source: 2004 National Beneficiary Survey.

## C. USE OF EMPLOYMENT SERVICES AND AWARENESS OF TTW

### 1. Employment Services

A little over half of all working-age beneficiaries have used some type of employment service since they became disabled (Table III.2).<sup>7</sup> An even higher proportion of TTW participants and those employed at interview reported that they used employment services (85 percent and 64 percent, respectively). Among all beneficiaries, mental health services were used more commonly than any other type of service (about 50 percent). TTW participants are much more likely to have reported receiving employment-related training (44 percent) and education (34 percent) since the onset of disability compared with all beneficiaries (about 17 percent for both service types).

Twenty-eight percent of all beneficiaries reported that they received services in 2003 (Table III.2). Compared with all beneficiaries, TTW participants and those employed at interview are much more likely to have reported using services in 2003 (55 percent and 37

<sup>7</sup>Employment services are defined as services intended to improve ability to work and/or live independently.

percent, respectively). When asked about the reasons for using services in 2003, TTW participants are much more likely than all beneficiaries to have reported “finding a job or better job” (54 percent compared with 10 percent). TTW beneficiaries are also much less likely than all beneficiaries to have reported “to improve health” (47 percent compared with 75 percent) as a reason for service use in 2003. When asked if there were any services or supports needed but not received in 2003, TTW participants are twice as likely as all beneficiaries and those employed at interview to have reported an unmet need for services (21 percent compared with 10 percent).

**Table III.2. Service Use Since Becoming Disabled Among Working-Age Beneficiaries**

	All Beneficiaries	TTW Participants	Beneficiaries Employed at Interview
Ever Used Services	53%	85%	64%
Service Types Ever Used Among Users			
Mental health therapy/counseling	54	50	54
Medical services to improve functioning	51	36	37
Education/schooling	18	34	29
Training for new skills/job/career	17	44	33
Used Services in 2003	28	55	37
Reason(s) for 2003 Service Use Among Users			
Improve health	75	47	58
Improve ability to do daily activities	26	24	27
Find a job/get a better job	10	54	25
Gain access to specific program/service	6	8	6
Outside pressure to participate	4	3	4
Increase income	2	6	5
Avoid a continuing disability review	1	1	0
Other	40	36	42
Services/supports needed in 2003 but not received	10	21	10

Source: 2004 National Beneficiary Survey.

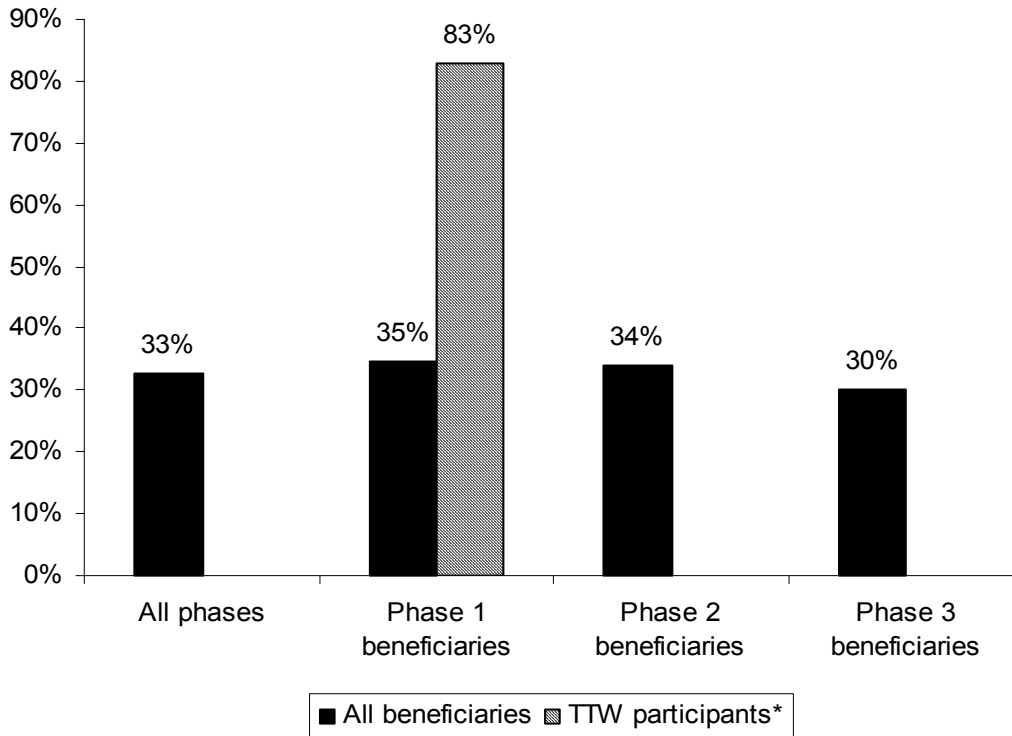
## 2. Awareness of TTW

Overall, one-third of working-age Social Security disability beneficiaries have heard of TTW or a program like TTW (Figure III.13). This finding does not differ substantially by program implementation phase. For example, beneficiaries in Phase 3 states are only somewhat less likely to report being aware of the program relative to those in Phase 1 or Phase 2 states (30 percent compared with 35 percent in Phase 1 states and 33 percent in Phase 2 states).

Somewhat surprisingly, only 83 percent of TTW participants reported being aware of the program despite extensive probing by the interviewer. It should be noted that we determined whether a beneficiary was in the TTW participant group on the basis of TTW administrative data available when the survey sample was drawn. It therefore appears that a

sizable percentage of TTW participants (17 percent) are not aware of the program and thus not aware that they are participating in it.

**Figure III.13. Heard of TTW or a Program Like TTW Among Working-Age Beneficiaries**



Source: 2004 National Beneficiary Survey.

Note: TTW participants are defined as those participating in TTW at the time the survey sample was drawn. Only Phase 1 participants are included in the TTW participant sample for the first round of the survey.

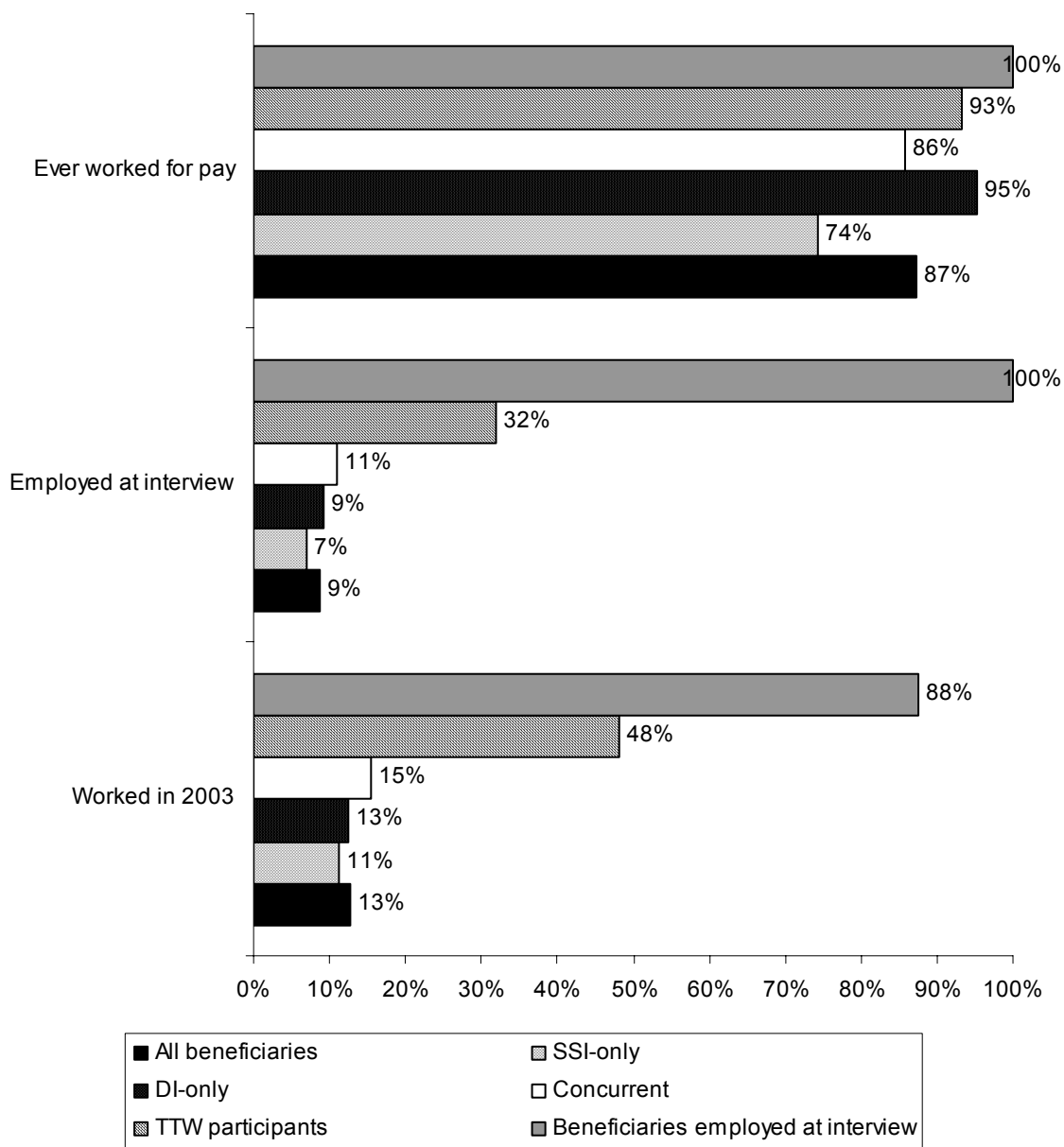
## D. EMPLOYMENT AND EXPECTATIONS ABOUT EMPLOYMENT

### 1. Employment

Most working-age beneficiaries (87 percent) reported that they worked for pay at some time in their lives (Figure III.14). As expected, SSI-only recipients have the lowest rates of

ever working for pay (74 percent), and DI-only beneficiaries have the highest (95 percent).<sup>8</sup> Among TTW participants, 93 percent reported ever working for pay.

**Figure III.14. Employment Among Working Age Beneficiaries**



Source: 2004 National Beneficiary Survey.

<sup>8</sup>It is possible that some DI-only beneficiaries have never worked if they are receiving benefits based on a parent’s or spouse’s work history, which can be the case for disabled adult children and disabled widow(er)s meeting DI eligibility requirements.

Overall, 9 percent of working-age beneficiaries were employed at the time of interview (Figure III.14). The employment rate among SSI-only recipients (7 percent) is somewhat lower than for DI-only and concurrent beneficiaries (9 and 11 percent, respectively). Relative to all beneficiaries, TTW participants are approximately three times as likely to have reported that they were employed at interview (32 percent).

The same general pattern of employment can be seen with respect to those beneficiaries who report that they worked for pay for one month or longer at any time during the previous year (2003), although more beneficiaries report working in the prior year at the time of the interview (Figure III.14). Overall, 13 percent of beneficiaries reported that they worked during 2003. Forty-eight percent of TTW participants reported that they worked in 2003, and 88 percent of all beneficiaries employed at the time of the interview reported that they worked in 2003.

The beneficiaries who were not employed at interview cited a number of reasons for not working (Table III.3). Not surprisingly, an overwhelming majority (96 percent) reported that a physical or mental health condition prevents them from working. Other reasons frequently reported include being discouraged by previous work attempts (30 percent), inaccessibility of workplaces (28 percent); inability to find a job for which they are qualified (27 percent), and the perception by others that they cannot work (27 percent). Only 11 percent of all beneficiaries indicated that a potential loss of cash or health insurance benefits was a reason for not working, with the proportions being somewhat lower for DI-only beneficiaries (9 percent) and somewhat higher for SSI-only and concurrent beneficiaries (about 13 percent).

**Table III.3. Reason(s) for Not Working Among Working-Age Beneficiaries Who Were Not Working at the Interview**

	All Beneficiaries	TTW Participants
Physical or mental condition prevents work	96%	75%
Discouraged by previous work attempts	30	50
Workplaces are not accessible to people with his/her disability	28	35
Cannot find a job he/she is qualified for	27	54
Others do not think he/she can work	27	27
Employers will not give her/him a chance	18	41
Lacks reliable transportation to/from work	18	30
Cannot find a job he/she wants	13	37
Does not want to lose cash or health insurance benefits	11	19
Is caring for someone else	6	8
Waiting to finish school/ training program	4	23
Other	2	4

Source: 2004 National Beneficiary Survey.

Note: Survey respondents were able to give more than one reason for not working, so the percentages sum to more than 100 percent. Additional related information is presented in Appendix C, Table C.15.

With few exceptions, the share of TTW participants indicating a *particular* reason for not working substantially exceeds the share of all beneficiaries reporting the reason for not working. The exceptions include the following: TTW participants are much less likely than all beneficiaries to have reported that a health condition prevents them from working (74 percent compared with 95 percent) and are about equally likely as other beneficiaries to have reported that caring for someone else (6 to 8 percent) and that others do not think they can work (27 percent) prevent them from working. TTW participants were almost six times as likely as all working-age beneficiaries to say that waiting to finish school or a training program kept them from working.

## 2. Employment Goals and Expectations

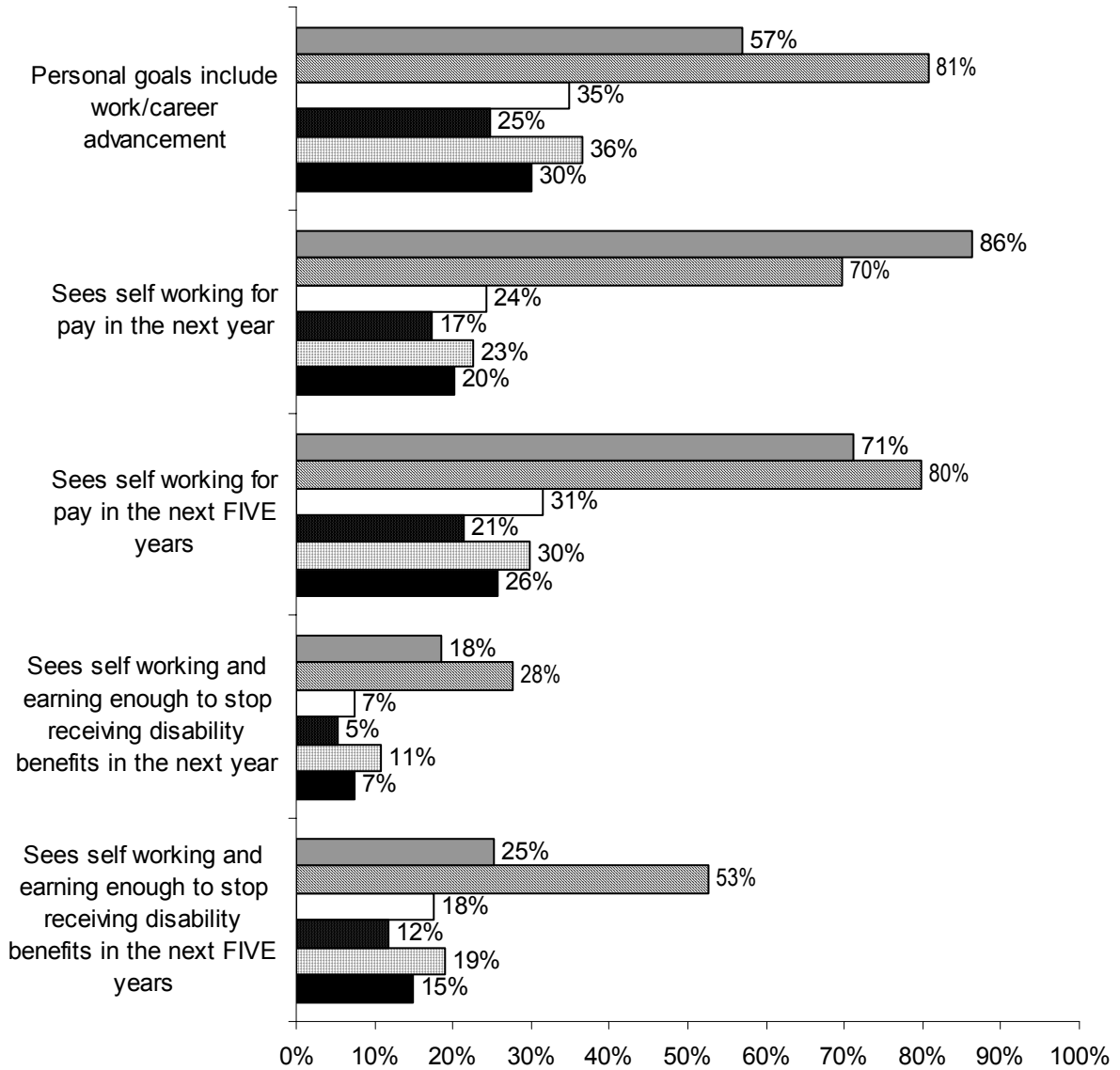
We assessed beneficiaries' employment goals and expectations in terms of the measures shown in Figure III.15. As shown, only 30 percent of all beneficiaries indicated that their personal goals include getting a job (if not currently working), moving up in a job, or learning new job skills. As we might expect, a large majority of TTW participants (81 percent) reported that their personal goals include these employment-related activities. By comparison, 57 percent of all beneficiaries employed at interview reported that their personal goals include moving up in a job or learning new job skills.

Only 20 percent of all beneficiaries see themselves working for pay in the next year. A somewhat higher share (26 percent) see themselves working for pay in the next five years. In general, DI-only beneficiaries are less likely than SSI-only and concurrent beneficiaries to see themselves working in the future. In contrast, a majority of TTW participants and employed beneficiaries see themselves working in the next year and in the next five years. Among TTW participants, 70 percent see themselves working in the next year, and 80 percent see themselves working in the next five years. Among employed beneficiaries, however, 86 percent see themselves working in the next year, but only 71 percent see themselves working in the next five years. The difference between TTW participants and employed beneficiaries in terms of the direction of their expectations over five years may be partly connected to the fact that 20 percent of employed beneficiaries are age 55 or older, whereas just 12 percent of TTW participants are that age (shown in Figure III.1). The difference may also be a function of greater optimism about employment among TTW participants who are not yet working, relative to employed beneficiaries whose expectations are influenced by the realities of their current work experiences.

Overall, 7 percent of beneficiaries see themselves earning enough to stop receiving benefits in the next year, and 15 percent feel the same way about the next five years (Figure III.15). Focusing only on beneficiaries with future work expectations, among those expecting to work in the next year, 37 percent see themselves earning enough to leave the rolls in the next year, and among those who see themselves working in the next five years, 58 percent see themselves earning enough to leave the rolls in that time frame. While employed beneficiaries and TTW participants appear to be more optimistic than beneficiaries in general, a greater proportion of TTW participants than employed beneficiaries see themselves earning enough to stop receiving benefits. Specifically, 28 percent of TTW beneficiaries and 18 percent of employed beneficiaries see themselves earning enough to

leave the rolls in the next year, 53 percent of TTW beneficiaries and 25 percent of employed beneficiaries see themselves earning enough to leave the rolls in the next five years.

**Figure III.15. Expectations About Future Employment**



■ All beneficiaries ■ SSI-only ■ DI-only □ Concurrent ■ TTW participants ■ Beneficiaries employed at interview

Source: 2004 National Beneficiary Survey.



## E. SUMMARY

TTW participants represent a very small percentage of all working-age disability beneficiaries and appear to be different from all beneficiaries in a number of ways. They are younger, healthier, less likely to be married, and have higher levels of education.

TTW participants also share many of the characteristics that make employed beneficiaries different from beneficiaries in general. TTW participants and employed beneficiaries do differ, however, in many respects. The former are younger and less likely to be white, DI-only, and to have private health insurance; but they are more likely to live alone, report mental illness as a condition causing activity limitations, and to rely on food stamps.

As expected, the percentage of employment and rehabilitation service users among TTW participants is much higher than among all beneficiaries but perhaps not as high as one might expect. The rather small percentage of TTW participants who reported using services in 2003 (55 percent) might be the result of a number of factors: they received services in 2002 and subsequently either became employed or ceased to actively participate in TTW; they were waiting to receive services in the future; they do not recall receiving services; or they simply have not received any services even though their Tickets were assigned. It is interesting that TTW participants were twice as likely as other beneficiaries to indicate that there were services and supports that they needed in 2003 but did not receive. This finding may reflect a greater desire to receive services rather than a limited availability of services, but it also might be that beneficiaries who are unable to obtain services by other means are more likely to participate in TTW.

As a group, TTW participants clearly differ from all working-age beneficiaries in terms of employment goals and expectations. A number of factors indicate that TTW participants are more inclined to work:

- Among TTW participants who reported using services in 2003, most (54 percent) indicated that finding a job or a better job was a reason for using services, compared with only a small share (10 percent) of all beneficiaries.
- Nearly one-third of TTW participants were employed at the time of the interview, and nearly half had worked at some point in 2003.
- Among all beneficiaries who were not working at the time of the interview, those who were also TTW participants were less likely to report that a health condition prevents them from working and much more likely to report many other employment-related reasons for not working, including being discouraged by previous attempts to work; inability to find a job that he/she wants or for which he/she is qualified; and waiting to finish school or a training program.
- A large majority of TTW participants indicated that their personal goals include work and career advancement, and that they see themselves working for pay in the

next year and in the next five years. Only a minority of all beneficiaries say the same about working in the next year or in the next five years.

Although TTW participants clearly have employment-related aspirations, many still do not see themselves earning enough to lose eligibility for disability benefits. And while the future appears to be brighter in the eyes of TTW participants, the statistics do not bode well for ENs, which will receive outcome payments only when a TTW participant has earned enough to reduce cash benefits to zero. If TTW participants realize their expectations, then providers will receive outcome payments on only a little over one in four Ticket holders within one year and on one in two Ticket holders within five years. Recall, though, that participants include those whose Tickets are assigned under the traditional payment system, under which providers are paid even if clients are still receiving benefits as long as they have earnings at the substantial gainful activity level for nine months. It might be that beneficiaries who have assigned their Ticket under one of the two new payment systems are substantially more likely to expect to eventually lose their benefits because of earnings. As discussed in Chapter VIII, however, the actual program experience in the first few years does not stack up against the expectations of TTW participants in terms of earnings sufficiently high to reduce benefits to zero. Far fewer than one in four TTW participants has generated outcome payments during their first year of participation, and based on the analyses in Chapter VIII, the low rate of payment generation makes it even more likely that providers will incur net financial losses under the program.

As noted in the introduction to this chapter, the findings are preliminary and intended only to provide a preview of the survey data. The survey data are a rich source of information about the employment and TTW-related experiences of beneficiaries. As we further clean and fully analyze the survey data, we will develop a more complete picture of the characteristics of TTW participants and beneficiaries who attempt to work, and we will gain a better understanding of their employment-related experiences.

## CHAPTER IV

### EARLY OUTCOMES FOR TICKET RECIPIENTS

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The principal objective of the Ticket to Work program is to move SSI and DI recipients into employment and off the beneficiary rolls. This chapter presents findings from our initial analyses of outcomes for Ticket recipients that directly pertain to this objective: benefit receipt, benefit amount, and employment. We report on these outcomes both before and after Tickets were mailed. However, even though we restricted the analysis to the Phase 1 states where TTW was rolled out first, the follow-up period was relatively brief—we have data on beneficiaries for at most 15 months after Tickets were mailed. This timeframe may be too brief to observe meaningful changes in outcomes for participants. For example, prior studies indicate that the average SVRA client receives services for 25 months (Gilmore 2004). Findings are presented for all Ticket recipients and separately for Ticket participants (beneficiaries who assigned their Tickets to ENs or SVRAs) and nonparticipants (beneficiaries who received Tickets but did not assign them).

Some of the most interesting findings presented in this chapter are from comparisons of outcomes between TTW participants and nonparticipants. Outcomes were often different for these two groups even before Tickets were mailed. Some of these differences persisted virtually unchanged in the postmailing period, while others changed substantially. Whether the latter occurred because of TTW is an open question that will be addressed in future reports under this evaluation.

The previous two chapters reported that Ticket participants are distinguished by a number of characteristics—they are younger, have more education, and are less likely to be married than Social Security disability beneficiaries in general. Our analysis of outcomes revealed that participants are distinctive in other dimensions as well. For most of the year before TTW was rolled out in Phase 1 states, the beneficiaries who ultimately received and assigned their Tickets were more likely than nonparticipants to have zero benefits and to be substantially employed. Following the rollout, there were only small changes in benefit receipt and employment among all Ticket recipients; however, employment and program exits did appear to increase slightly among beneficiaries who assigned their Tickets relative to those who did not, at least among SSI beneficiaries. These small differences may have been the result of several factors, including the documented differences between the two groups

in their characteristics, levels of impairment, and attitudes toward work. They also may have been partly a result of the TTW program itself. At this time, we are reporting just the differences without making firm judgments about what caused or influenced them. Our next report will attempt to identify the causal factors and, in particular, to assess TTW's influence. Nevertheless, the observed differences in outcomes between participants and nonparticipants after Tickets were mailed are at least consistent with the principal objective of TTW, and it is hard to imagine that the program could have its intended effects without generating these sorts of differences.

### A. TARGET POPULATION AND OUTCOME MEASURES

On January 12, 2002, SSA selected from its beneficiary rolls all individuals in Phase 1 states who satisfied the Ticket eligibility criteria.<sup>1</sup> SSA mailed Tickets to these beneficiaries on a staggered schedule beginning in February 2002 and ending in October of that year.<sup>2</sup> Beneficiaries who became Ticket eligible after the initial selection date were mailed a Ticket soon after achieving eligibility but no earlier than if they had been eligible on that date. We conducted separate program-specific analyses of the 1,511,299 DI beneficiaries and the 940,876 SSI beneficiaries who were selected by SSA on January 12, 2002<sup>3</sup> and were still alive and under age 65 at the end of the analysis period, 15 months after Tickets were mailed.<sup>4</sup> These beneficiaries constituted the target population for our analysis. Included among them were 11,565 DI recipients and 7,757 SSI recipients who had assigned their Tickets.

This chapter describes time trends in three key outcomes for DI and SSI beneficiaries: (1) the receipt of zero benefits, (2) the receipt of zero benefits combined with substantial

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<sup>1</sup>To be eligible for TTW, a disabled individual must be at least 18 years old and less than 65 years old and receiving a positive DI or SSI benefit. The disability may be either permanent (improvement is not expected) or nonpermanent (improvement is either expected or cannot be accurately predicted). Two small groups, accounting for about six percent of those satisfying the former criteria, are ineligible: (1) SSI beneficiaries who had been entitled to benefits under the childhood regulations but who have very recently turned 18 and have not undergone the process to determine whether they are disabled under the adult eligibility criteria and (2) SSI or DI beneficiaries for whom medical improvement was expected at the time of benefit award but who have not passed at least one medical continuing disability review.

<sup>2</sup>Readers who would like more information on the rollout of TTW can consult Thornton et al. 2004, Chapter III.

<sup>3</sup>We do not present findings for the Phase 1 beneficiaries who became eligible for TTW after January 12, 2002 ("newly eligibles"), for three reasons. First, many of them were mailed Tickets after the initial group of Ticket eligibles, so fewer months of postmailing data on outcomes are available for them. Second, newly eligibles differ dramatically from existing eligibles in the pre-mailing values of the outcome measures, so we were reluctant to analyze both groups together. Third, there are only about 10 percent as many newly eligibles as initial eligibles; consequently, the numbers of newly eligible Ticket participants are small (1,131 DI and 844 SSI). Thus, summary measures of outcomes would be much less reliable when computed on newly eligible participants than when computed on existing-eligible participants.

<sup>4</sup>The requirements that beneficiaries be alive and under age 65 at the end of the analysis period ensure that the trends in outcomes presented in this chapter do not reflect the influence of the attainment of age 65—when many beneficiaries stop receiving disability benefits and begin receiving retirement benefits—or of death.

employment, and (3) the combined SSI and DI disability benefit amount. The time covered ranges from 12 months before the Tickets were mailed to either 6 months or 15 months after they were mailed.<sup>5</sup> We selected these outcomes because they are useful indicators of whether TTW has been successful in moving beneficiaries into employment and off the rolls, and they will be the focus of the evaluation in future reports.

## **B. OUTCOMES BY PROGRAM**

This section describes outcomes before and after Tickets were mailed for all Ticket recipients who satisfied the criteria to be included in the analysis, as noted in the previous section. Findings are presented separately for DI and SSI beneficiaries.<sup>6</sup> Section C presents outcomes for the same Ticket recipients, but the findings are further disaggregated by whether or not they were TTW participants by virtue of having assigned their Tickets to ENs or SVRAs.

### **1. Zero Benefits**

We classified individuals as being in “zero benefit status” (or receiving “zero benefits”) if they were not eligible for disability benefits under either the DI or the SSI program. If TTW is successful in terms of its principal objective, then we would expect it to increase the incidence of zero benefits among Ticket recipients.

Before Tickets were mailed, the incidence of zero benefits among those in the target population who ultimately received them was falling. This was an artifact of the Ticket eligibility criteria. Individuals who were mailed Tickets had varying benefit starting dates in the months leading up to the mailing date, with all of them being on the rolls as of the January 12, 2002, selection date. Among those who were selected, a few were no longer receiving positive benefits when their Tickets were subsequently mailed. Figure IV.1 shows that 1.2 percent of DI recipients and 2.2 percent of SSI recipients were in zero benefit status in the Ticket mail month. Under TTW program rules, these individuals were prohibited from assigning their Tickets until they returned to positive benefit status. Twelve months earlier, 3.1 percent of DI beneficiaries and 3.8 percent of SSI beneficiaries were in zero benefit status.

Outcomes after Tickets were mailed are central to the evaluation of TTW. If TTW is effective in moving beneficiaries off the program rolls, then we would expect the percentage of Ticket recipients in zero benefit status to increase following the mail month. Figure IV.1 shows that the percentage of both DI and SSI beneficiaries in zero benefit status did, in fact, increase after the mail month, but the increases were small. During the 15 months after Tickets were mailed, the proportion of SSI recipients with zero benefits increased by 1.5

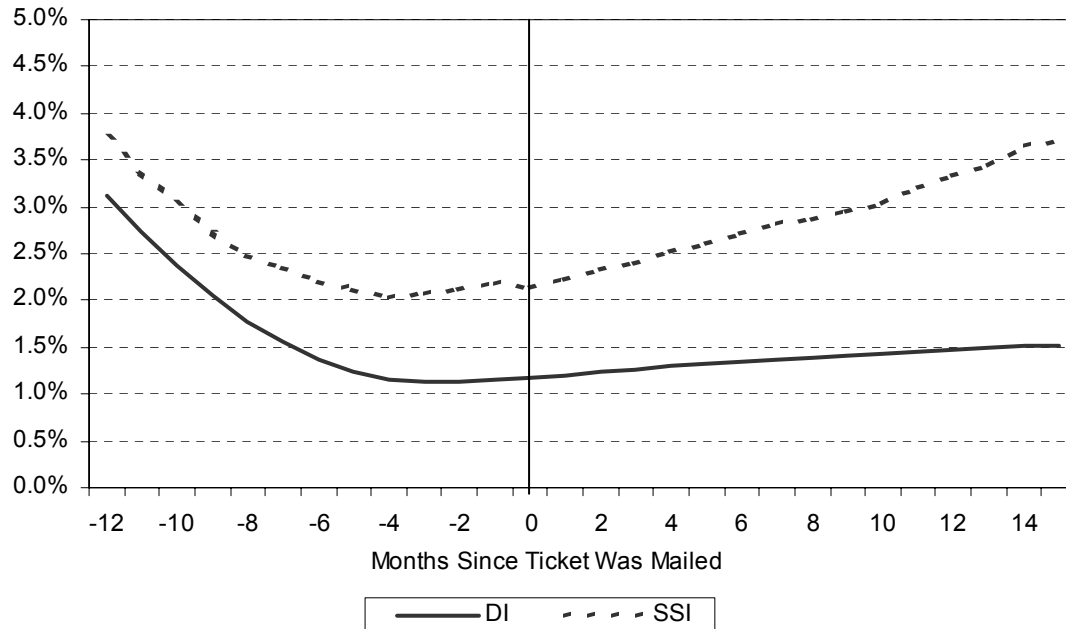
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<sup>5</sup>The postmailing follow-up period is shorter for employment outcomes based on data from SSA summary earnings records, which are posted only after a considerable time lag.

<sup>6</sup>Concurrent beneficiaries, who were receiving DI and SSI benefits, were included in the DI analysis and the SSI analysis.

percentage points to 3.7 percent. Meanwhile, the proportion of DI recipients in zero benefit status increased by only three-tenths of 1 percentage point to 1.5 percent. These increases may reflect the continuation of weak propensities for program exit that existed in the absence of TTW. On the other hand, it is also possible that TTW contributed to them.

**Figure IV.1. Phase 1 Ticket Recipients with Zero Benefits (Eligible for TTW on 1/12/2002)**



As mentioned, Section C presents outcomes separately for Ticket participants and nonparticipants. Those results are more suggestive about TTW's contribution to the increase in the incidence of zero benefits after Tickets were mailed, at least among SSI recipients. However, they too do not provide convincing evidence that TTW had its intended effect.

## 2. Zero Benefits and Substantial Employment

Substantial employment, defined as working and earning in excess of the substantial gainful activity (SGA) level, in combination with receiving zero benefits is a more telling outcome measure for TTW than zero benefits alone. It captures both the program participation and employment dimensions of the principal objective of TTW. We created this measure from monthly indicators of zero benefit status and from annual earnings in SSA summary earnings records.<sup>7</sup> Because the earnings data apply to calendar years, while the benefit data apply to months, we had to construct the combined measure by using the simplifying assumption that earnings were received only during months when there were no disability benefits. We calculated average earnings during zero benefit months by dividing

<sup>7</sup>To preserve the confidentiality of beneficiary data in SSA's summary earnings records, contractor staff did not directly access those records. Rather, the SSA project officer for this evaluation ran analysis jobs for us on SSA's mainframe computer.

earnings for a calendar year by the number of zero benefit months in that year. If the resultant value equaled or exceeded SSA's monthly substantial gainful activity level for that year, then we designated the zero benefit months in that year as months of substantial employment. All other months—those in which benefits were positive and those in which benefits were zero but average earnings were below SGA—were designated as months without zero benefits and substantial employment.<sup>8</sup>

Almost no Phase 1 Ticket recipients received zero benefits and were substantially employed (Figure IV.2). This is not surprising given that SSI, DI, and TTW rules rely on a definition of disability that is based on the inability to perform substantial employment. Only four-tenths of one percent of both SSI and DI beneficiaries met our criteria for having zero benefits and substantial employment when Tickets were mailed. The shallow U-shaped time pattern that we observed for zero benefit status alone is barely perceptible when substantial employment is also considered because substantial employment for Ticket recipients was extremely rare throughout the analysis period. Specifically, before DI beneficiaries were selected to receive a Ticket, and 12 months before the Tickets were mailed, just 1.4 percent of them were substantially employed and receiving zero benefits. And for SSI beneficiaries, we know from Figure IV.1 that 3.8 percent were in zero benefit status at that time; however, only about one in seven of those individuals were substantially employed by our definition. The resultant very low rate of combining zero benefits with substantial employment, just one-half of one percent, reflects the especially weak employment histories of SSI recipients.<sup>9</sup>

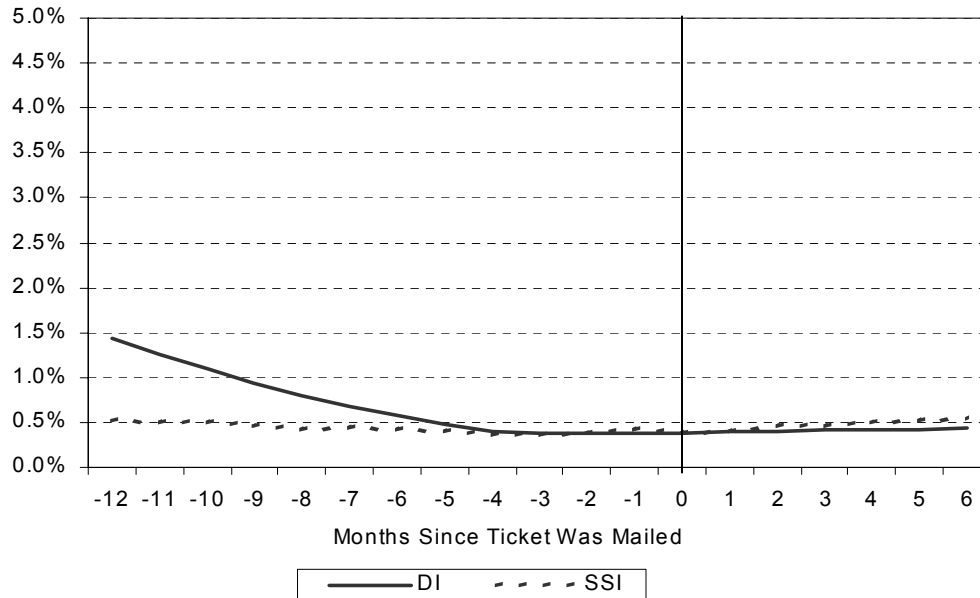
Rates of combining substantial employment with zero benefits edged up almost imperceptibly for both SSI and DI beneficiaries during the six months after Tickets were mailed, by about one-tenth of one percent to about one-half of one percent. This suggests that if TTW did affect the rates at which Ticket recipients combined substantial employment with zero benefits, the impacts must have been very small. Of course, six months is not much time to allow impacts to materialize. Subsequent reports on this evaluation will present findings based on longer follow-up periods.

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<sup>8</sup>Future reports on the TTW evaluation will present analyses of a more direct measure of substantial employment combined with zero benefits—one that does not require the simplifying assumption underlying the current measure. The new measure will be based on SSA's official determination that a (former) disability beneficiary left the rolls due to work.

<sup>9</sup>There are several reasons why members of the target population who were not substantially employed (by our definition) at some time during the analysis period may not have been receiving disability benefits. First, they may have been ineligible for benefits at that time for reasons unrelated to their own employment, such as the absence of disability or, for SSI, disqualifying levels of income or assets from other family members. Second, the measure of earnings that we used to determine substantial employment has known coverage gaps. Most notably, many state and local government employees, as well as some long-term Federal government employees, are not covered by Social Security, so their earnings are not included in SSA's summary earnings records, which are the source of our earnings measure. Future reports under this evaluation will present employment-related findings based on data from SSA's detailed earnings records, which have fewer coverage gaps than the summary earnings records because they are not restricted to earnings in Social Security covered employment. Additionally, some of our future analyses of zero benefit status and substantial employment will be based on SSA records data on the reason for exit from the benefit rolls.

**Figure IV.2. Phase 1 Ticket Recipients with Zero Benefits and Substantial Employment (Eligible for TTW on 1/12/2002)**



### 3. Disability Benefit Amount

If TTW is successful in moving DI and SSI recipients off the beneficiary rolls and into substantial employment, then we would expect it to result in lower disability benefits. Furthermore, under TTW's outcome-only payment option, SSA pays ENs and SVRAs only when they have helped beneficiaries work to the extent that their benefits are reduced to zero. Hence, we examined the disability benefit amounts received by Ticket recipients before, during, and after the mail month. Among the Phase 1 Ticket recipients included in this analysis, 19 percent of DI beneficiaries and 31 percent of SSI beneficiaries participated concurrently in both programs during the mail month. In light of this fact, the benefit measure reported in this chapter is the combined benefits from the two programs, adjusted for inflation.<sup>10</sup> In this and all other analyses discussed in this chapter, program classification (DI/SSI) was determined as of the mail month and remained fixed for all preceding and succeeding months. So, for example, an individual who was an SSI beneficiary in the mail month but subsequently qualified for DI benefits would continue to be classified in the SSI program group for analytic purposes.

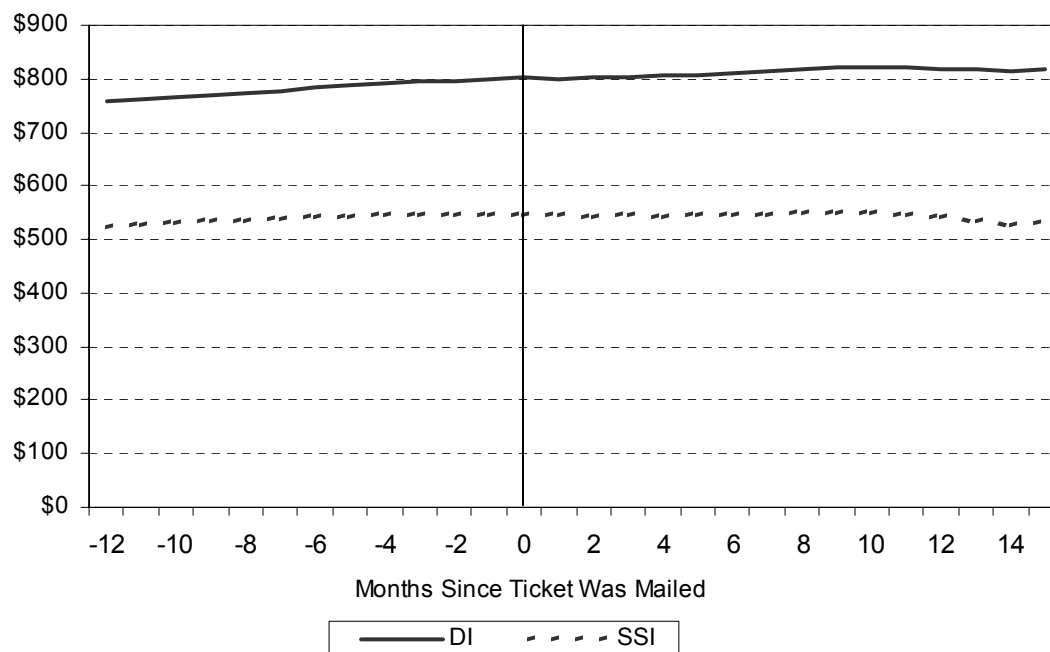
Average disability benefits for Phase 1 Ticket recipients increased gradually during the year preceding the Ticket mail month, reaching \$801 for DI participants and \$546 for SSI participants at Ticket mailing (Figure IV.3). These increases were driven by entry onto the

<sup>10</sup>To ensure comparability of benefits received in different years, all benefit amounts were adjusted for inflation to January 2004 dollars using the CPI-W.



active beneficiary rolls by individuals who had been receiving zero benefits 12 months before Tickets were mailed.<sup>11</sup>

**Figure IV.3. Average Monthly Benefit of Phase 1 Ticket Recipients (Eligible for TTW on 1/12/2002)**



During the 15 months after Tickets were mailed, the average benefit received by SSI participants fell by \$14, or 2.5 percent, to \$532. This change mirrors the small increase in the incidence of zero benefits during the same period (see Figure IV.1). Just as those earlier results are consistent with TTW having increased the incidence of zero benefits among SSI participants, so the results presented here are consistent with TTW having reduced their average benefit. But, as noted in our discussion of the zero benefit results, consistency is not strong evidence that TTW actually caused the changes in the outcome measures.

For DI participants, the average benefit *increased* by \$16, or 2.0 percent, to \$817 during the 15 months after the Ticket mail month. This change was not a result of inflation because we adjusted all benefit amounts to January 2004 dollars. It was also not a result of the exit of low-benefit individuals from the DI program because we retained all Ticket recipients in the postmail month analysis regardless of their program status. The incidence of zero benefits was relatively stable for DI participants following the mail month (see Figure IV.1) and thus exerted virtually no downward pressure on benefits, in contrast to the

<sup>11</sup>Recall from Figure IV.1 that the percentage of Ticket recipients in zero benefit status fell during the 12 months before Tickets were mailed by 1.9 percentage points for DI participants and by 1.6 percentage points for SSI participants. These individuals were included in our calculation of the average benefit amount in all months, so they tended to depress the average in early months when they were receiving zero benefits.

situation described in the preceding paragraph for SSI participants. The small, gradual increase in the average benefit received by DI participants probably reflects the functional relationship of DI benefits (but not SSI benefits) to recipients' past earnings. We know from Figure IV.2 that some DI recipients had substantial earnings shortly before the Ticket mail month. After those earnings were posted to their accounts, those recipients may have qualified for higher DI benefits.

### **C. OUTCOMES BY PROGRAM AND TTW PARTICIPATION STATUS**

This section compares outcomes for Ticket recipients in Phase 1 states who participated in TTW by assigning their Tickets to ENs or SVRAs with outcomes for recipients who did not participate. These outcome measures were introduced and discussed in the preceding two sections—zero benefit status, zero benefits in combination with substantial employment, and the disability benefit amount. *Readers are cautioned not to interpret participant-nonparticipant differences in these measures after Tickets were mailed as estimates of the impacts of TTW.* Some, perhaps even all, of the differences might have existed even if the Tickets had never been mailed. In particular, participants may be more capable of working and more inclined than nonparticipants to seek substantial employment, creating more favorable outcomes for participants both before and after Tickets were mailed. For example, TTW participants who responded to our survey of beneficiaries were much more likely than nonparticipants to report that they expected to earn their way off the disability rolls (refer to Figure III.15 in the previous chapter). Further, recipients who would have entered employment and left the rolls even if they had never been mailed a Ticket are likely to find it advantageous to assign their Ticket because in doing so, they can obtain useful assistance or even cash (if, for example, they assign it to an EN with policies like those of AAA TakeCharge).<sup>12</sup>

Subsequent evaluation reports will attempt to sort out the various factors shaping beneficiary outcomes and to estimate the impacts due to TTW. We will consider not only the actual outcomes of Ticket recipients but also their likely outcomes in the absence of TTW. The true impacts of TTW will be assessed by comparing those two sets of outcomes.

#### **1. Analysis Approach**

Our approach to the analysis of each of the three outcome measures was to compare levels and trends of Ticket participants and nonparticipants. We began by looking at the two groups before Tickets were mailed to see if they differed in pre-TTW outcome *levels*. We then looked for differences after mailing. Of particular note are postmailing differences between Ticket participants and nonparticipants in outcome levels that do not have the same sign as the premailing differences or that are substantially different in magnitude. If individuals were transitioning on and off the benefit rolls for similar reasons (into and out of employment, for example) before and after Tickets were mailed, then these differences may be suggestive of TTW's impact. Postmailing differences between the two groups in

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<sup>12</sup>See Thornton et al. (2004), page 89, for a description of AAA TakeCharge.

outcome *trends* are also notable. A distinctly different rate of change in an outcome measure between participants and nonparticipants after Tickets were mailed could signal an effect of the new program.

Figure IV.1 shows that Ticket recipients who were SSI beneficiaries had a less consistent pattern of benefit receipt during the year before Tickets were mailed than did recipients who were DI beneficiaries. Entry of new beneficiaries onto the program rolls is likely an important reason for inconsistent benefit receipt during the pre-mailing period for both SSI and DI. In addition, transitions between employment and dependency are likely an important reason for SSI, because SSI program rules are conducive to such transitions. Such transitions also occur for DI among those in their extended period of eligibility, but are likely less frequent. After Tickets were mailed, we expect that most transitions off assistance by members of the target population in either program were to employment.

Because transitions between employment and dependency are likely an important source of inconsistency in benefit receipt both before and after Tickets were mailed for SSI recipients, pre-post comparisons of differences in levels of outcomes between TTW participants and nonparticipants are an attractive way to assess the possible effects of TTW on those beneficiaries. In contrast, because we think that inconsistency in benefit receipt for DI is primarily due to new enrollments before Tickets were mailed and to exits from the rolls for work after they were mailed, postmailing differences between participants and nonparticipants in outcome trends may be more useful indicators of the possible effects of TTW on DI beneficiaries than pre-post comparisons of differences in levels between participants and nonparticipants.

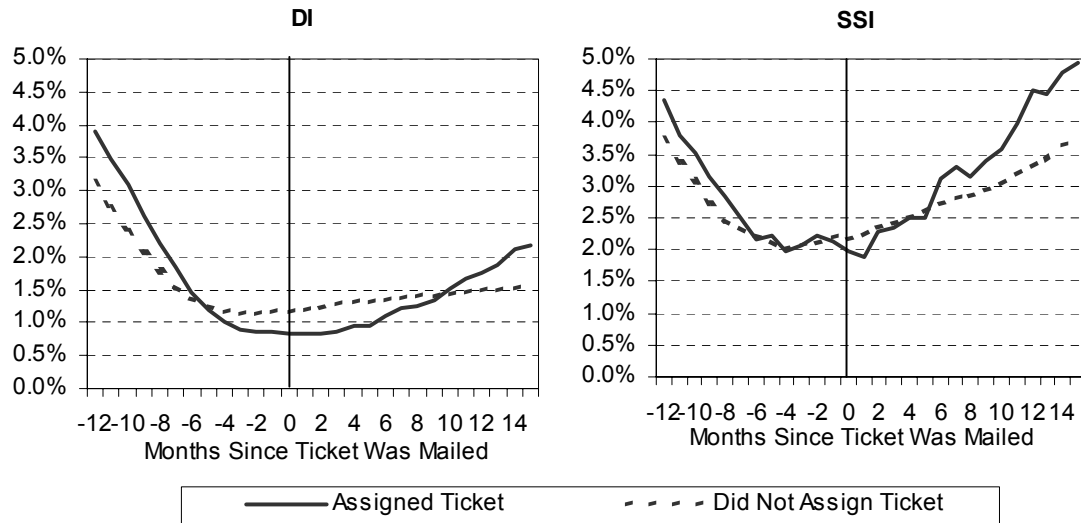
## 2. Zero Benefits

DI and SSI beneficiaries who participated in TTW were more likely than nonparticipants to receive zero benefits early in the year before Tickets were mailed (Figure IV.4). This is one more way in which participants differed from nonparticipants prior to mailing, in addition to the differences discussed in Chapter III. However, the participant-nonparticipant difference in this outcome diminished for both program groups as the mail month approached. It essentially disappeared by the mail month for SSI recipients. And for DI recipients, the sign of the difference switched from positive to negative, meaning that TTW participants were less likely than nonparticipants to receive zero benefits during the mail month.

After Tickets were mailed, the proportion of DI and SSI beneficiaries who were receiving zero benefits increased for both TTW participants and nonparticipants, but the increase was greater for participants. Consequently, about midway through the follow-up period, a positive participant-nonparticipant gap re-emerged for beneficiaries of both programs. The gap continued to grow through month 15, when it was six-tenths of one percentage point for DI recipients and 1.3 percentage points for SSI recipients. Among DI recipients, the participant-nonparticipant difference in the rate of receipt of zero benefits was essentially the same 15 months after Tickets were mailed as it was 12 months before they were mailed. In contrast, among SSI recipients, the participant-nonparticipant gap at

the end of the follow-up period was twice as large as the gap of six-tenths of one percentage point a year before Tickets were mailed.

**Figure IV.4. Phase 1 Ticket Recipients with Zero Benefits, by Ticket Assignment (Eligible for TTW on 1/12/2002)**

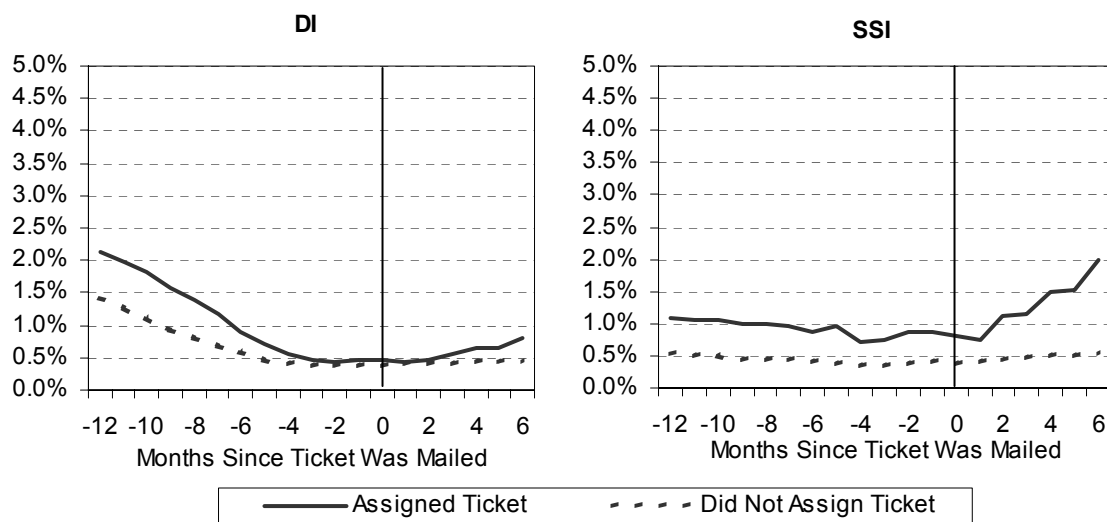


The fact that the participant-nonparticipant gap in the receipt of zero benefits by SSI beneficiaries was larger 15 months after Tickets were mailed than it was 12 months before they were mailed is consistent with the hypothesis that TTW may have helped some of the Ticket participants to make the transition to zero benefit status. The relatively rapid increase in the incidence of zero benefits among TTW participants in the postmailing period further supports this hypothesis for SSI beneficiaries. A comparison of the participant-nonparticipant gap in the receipt of zero benefits by DI beneficiaries is a less reliable indicator of the possible effects of TTW. As explained in the previous section, this is because the nature of instability in benefit receipt was different after Tickets were mailed (transitions between benefit receipt and employment) than before (new enrollments). For DI beneficiaries, the faster rate of growth in zero benefit status in the postmailing period by TTW participants relative to nonparticipants is a better indicator of the possible influence of TTW, and it is consistent with a positive effect.

### 3. Zero Benefits and Substantial Employment

The difference between Ticket participants and nonparticipants in the percentage who were substantially employed and receiving zero benefits was larger before and after Tickets were mailed than during the mail month itself (Figure IV.5). For both DI and SSI beneficiaries, the participant-nonparticipant difference in this outcome measure was six-tenths of one percentage point one year before Tickets were mailed. By the sixth month after Tickets were mailed, the participant-nonparticipant gap was three-tenths of a percentage point smaller than its former size for DI beneficiaries, whereas for SSI beneficiaries, it was nearly one percentage point larger.

**Figure IV.5. Phase 1 Ticket Recipients with Zero Benefits and Substantial Employment, by Ticket Assignment (Eligible for TTW on 1/12/2002)**



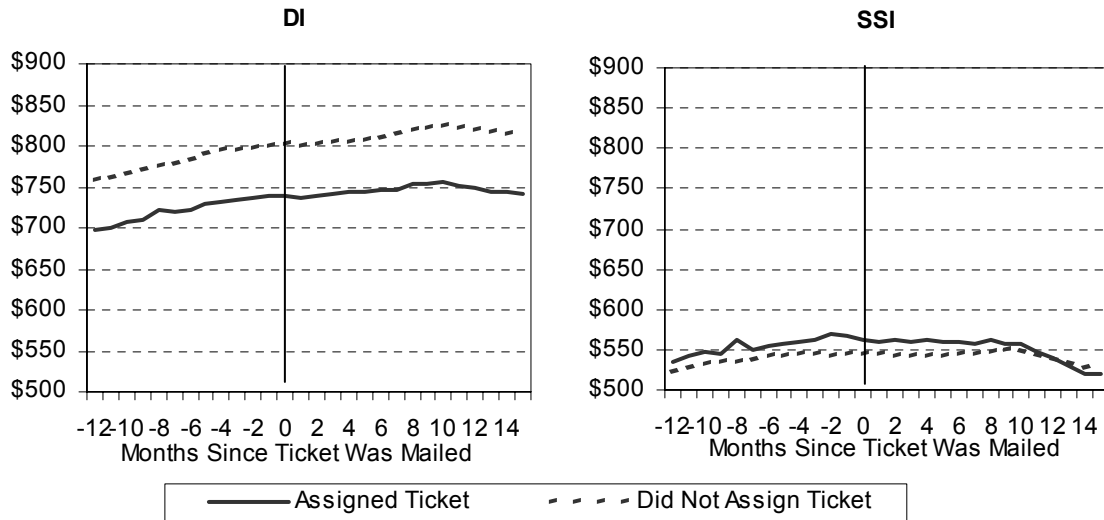
Our interpretation of these findings for this combined outcome measure is generally similar to that for zero benefit status alone. Among SSI beneficiaries, relatively rapid postmailing growth in the percentage of TTW participants who were substantially employed and receiving zero benefits, and the resultant widening of the participant-nonparticipant gap in this outcome measure, are what we would expect if TTW had the effects intended by policymakers. In contrast, relative to non-participants, DI beneficiaries who participated in TTW experienced only slight growth in the percentage who were substantially employed and receiving zero benefits. This finding is only weakly consistent with a possible positive effect of TTW.

#### 4. Disability Benefit Amount

The average combined DI and SSI benefit amount received during the months leading up to and including the Ticket mail month was different for Ticket participants and nonparticipants (Figure IV.6). The sign and magnitude of the difference varied dramatically between beneficiaries of the two programs. After Tickets were mailed, benefits for TTW participants fell relative to those for nonparticipants in both programs.

Among DI recipients, the average disability benefit during the months leading up to and including the Ticket mail month was markedly smaller (by about \$62) for those who ultimately assigned their Tickets than for those who did not. The opposite was true for SSI recipients—TTW participants received larger benefits than nonparticipants before Tickets were mailed—but the magnitude of the difference (about \$15) was smaller than for DI recipients.

**Figure IV.6. Average Monthly Benefit of Phase 1 Ticket Recipients, by Ticket Assignment (Eligible for TTW on 1/12/2002)**



After the mail month, the average disability benefit received by TTW participants fell relative to that received by nonparticipants for beneficiaries in both programs. For DI beneficiaries, the ratio of the average benefit received by Ticket participants to that received by nonparticipants was 92 percent in the mail month. Fifteen months later, it was slightly smaller—91 percent. For SSI beneficiaries over the same period, the sign of the participant-nonparticipant difference in average benefits changed from positive to negative as the benefit ratio fell from 103 percent to 98 percent. These results, particularly those for SSI beneficiaries, are consistent with, but not firm evidence of, TTW having helped to lower disability benefits.

#### D. SUMMARY OF FINDINGS

This chapter has presented preliminary findings regarding three key outcomes for disability beneficiaries in Phase 1 states who were eligible for TTW on January 12, 2002. The findings are based on data for TTW participants and nonparticipants in the 12 months before and up to 15 months after Tickets were mailed to these individuals. For SSI beneficiaries, differences in the participant-nonparticipant gaps in the outcome measures before and after Tickets were mailed are what we would expect if the new program had helped to increase employment and program exit to some extent. They suggest that TTW may have slightly increased the proportion of SSI beneficiaries who receive zero benefits and who combine zero benefits with substantial employment, and slightly decreased the average benefit amount. For DI beneficiaries, relative rates of growth in the outcome measures during the postmailing period for participants compared with nonparticipants provide weaker evidence that is consistent with the TTW's intended effects.

These findings are tenuous for several reasons. Most importantly, we know from the survey results presented in Chapter III that many TTW participants are motivated to become

employed and, as a group, would probably be more successful in the labor market than nonparticipants even if Tickets had never been mailed. The findings presented in this chapter are based on simple analytic techniques that do not fully control for such motivational differences. Consequently, they may suggest impacts of TTW that may fail to be substantiated by future more rigorous analyses under this evaluation that will do a better job of controlling for the influence of motivation and other factors external to TTW. In addition, the findings presented here are tenuous for two reasons: (1) they are based on data that reflect a short postmailing follow-up period, during which time relatively few beneficiaries assigned their Tickets, and (2) we could observe changes in their employment and benefits for only 15 or fewer months. This problem will be less severe in future analyses because they will be based on data for longer follow-up periods.

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## CHAPTER V

### EN PARTICIPATION IN TICKET TO WORK

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The participation of ENs in TTW and their effectiveness in promoting the employment of beneficiaries are critical determinants of program success. An EN is a public or private agency that has signed a contract with SSA to provide employment services under TTW. ENs vary in size and capacity from small, family-owned businesses to large, multi-faceted agencies serving 1,000 clients or more. Most ENs served SSA beneficiaries before contracting as an EN; others wished to expand their services to include that population. To participate as an EN in TTW, agencies must agree to help beneficiaries leave the benefit rolls by providing services intended to foster employment. In this chapter, we discuss several issues related to the level and nature of EN participation in TTW. Major sections address EN availability nationwide and by state, factors affecting agencies' decisions to participate as ENs, the financing of TTW services, variation in ENs' financial success in the program, marketing and Ticket assignment decisions, services provided by ENs, and ENs' suggestions for improving the program.

Our findings are based on analyses of administrative data from SSA and the Program Manager, and on interviews with 29 ENs selected from Phase 1 and 2 states, 10 former ENs, 14 organizations that decided not to become ENs, and staff from the Program Manager and SSA. This information supplements the findings documented in the initial evaluation report and the preliminary process evaluation report. In particular, we examined whether the new interviews yielded different impressions from those based on our interviews in 2003 with seven successful ENs and one SVRA as well as the 2001 interviews with a mix of Phase 1 ENs and SVRAs. Our latest findings generally substantiate previous findings.

For instance, we found scant evidence that the supply of rehabilitation providers for SSA beneficiaries has increased through EN participation in TTW. Although the number of ENs has continued to grow, there are still fewer than two ENs for every 10,000 beneficiaries. We noted a slower pace of enrollment and an increasing dropout rate during this evaluation period. Barely 40 percent of ENs had accepted any Ticket assignments as of July 30, 2004, over half of which had accepted fewer than four Tickets. Our interviews revealed that several factors continue to impede EN participation, including a perceived lack of financial incentive; an unwillingness to substitute TTW funding, which is seen as risky, for more stable funding sources from other programs; a perceived lack of beneficiary demand for the services ENs are offering; concern that Ticketholders will be unwilling to leave the benefit rolls; cumbersome EN payment mechanisms; and a poor economy.

ENs were reluctant to expand services or otherwise alter their processes and structures for a revenue stream they viewed as shaky. Although we discovered a few innovative service models, most ENs provide the same services to SSA beneficiaries that they always have. Some provide low levels of service, such as assisting with resume preparation and referral to job openings. Other ENs simply refer Ticket holders to SVRAs, who then refer the beneficiary back to the EN for payment under an existing service agreement. Almost all of the ENs we interviewed had served SSA beneficiaries before TTW was initiated.

ENs typically were paying for overhead and direct services out of other existing funding sources, not with revenues from Ticket payments. Only 31 percent of ENs nationwide who had accepted Tickets had received any payments; 76 percent of them had received less than \$5,000. Not surprisingly, the ENs we interviewed for this report overwhelmingly suggested changes to the payment systems, such as larger milestone or up-front payments. We return to this issue in Chapter VIII which simulates the financial incentives TTW provides to ENs.

#### **A. OVERVIEW OF EN AVAILABILITY**

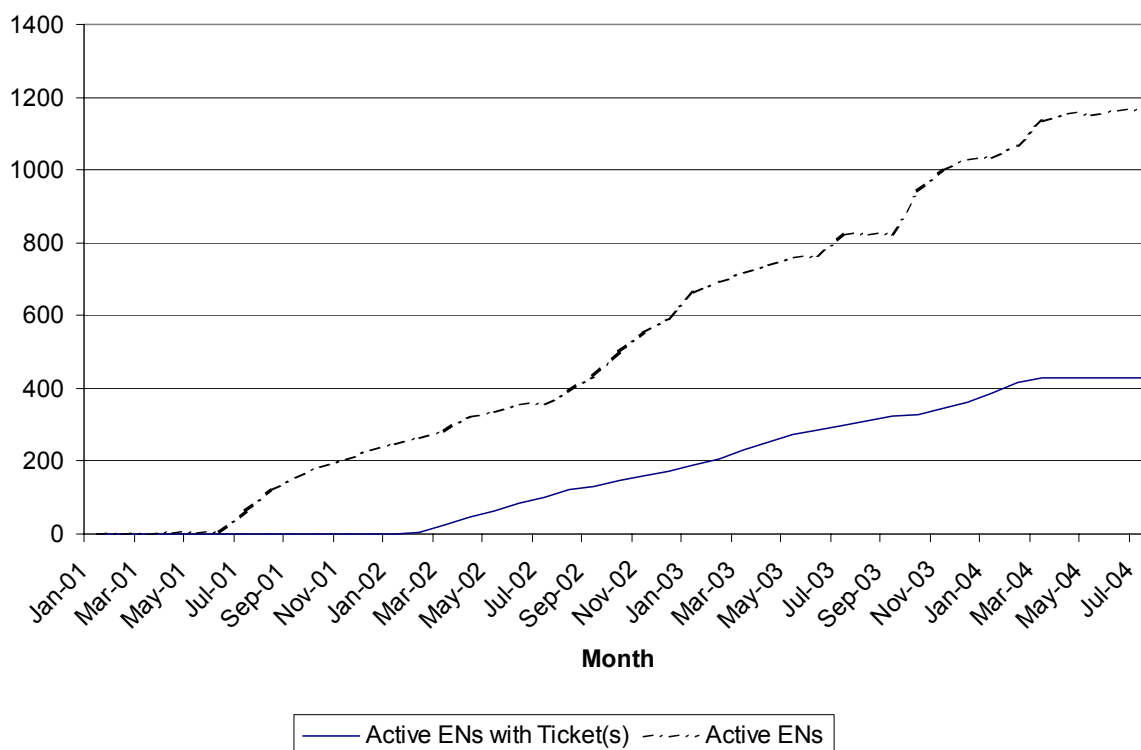
A major goal of the TTW legislation is to increase the supply of rehabilitation providers by offering payments to ENs who assist SSA beneficiaries to leave the benefit rolls. Before the TTW legislation was passed, SSA offered payments to SVRAs (and, for a few years, organizations in the Alternate Participant Program) for serving beneficiaries. The legislation is based upon the assumption that agencies with the potential to serve SSA beneficiaries will participate as ENs to the extent that there is demand for return-to-work services and the payments cover their costs. The purpose of this section is to review the availability of ENs and draw conclusions as to whether the supply of rehabilitation providers has actually increased through their participation.

Since the initial evaluation report was prepared in fall 2003, the number of providers participating in TTW as ENs has continued to grow, reaching 1,164 at the end of June 2004 (Figure V.1). The slower pace of EN enrollment in spring 2004 was, according to the Program Manager, the result of market saturation and increasing difficulty in selling “a product that nobody wants to buy.” In early fall 2004, as TTW neared full implementation,<sup>1</sup> the Program Manager was beginning to focus EN recruiting efforts on specific provider groups, such as nontraditional or faith-based providers, and on ENs in major metropolitan areas where large numbers of beneficiaries reside.

Although the number of ENs has grown over time, most ENs still have not accepted any Tickets, continuing a trend discussed in the initial evaluation report (Figure V.1). Of the more than 1,100 ENs enrolled in TTW at the end of June 2004, only 454 (40 percent) had any Ticket assignments (Table V.1). Furthermore, most of the ENs that have accepted Tickets have accepted 4 or fewer. Less than 3 percent of ENs had 30 or more Tickets.

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<sup>1</sup>Phase III was fully implemented by October 2004.

**Figure V.1. Cumulative Number of ENs, by Month**

Source: EN provider file, June 2004.

Note: The figure excludes 73 ENs that have formerly withdrawn from the TTW program.

**Table V.1. Ticket Assignments to ENs**

Number of Ticket Assignments	Number of ENs with Each Level of Assignments	Percent of ENs
None	681	60.0
1-4	253	22.3
5-29	171	15.1
30-50	14	1.2
50-100	8	0.7
> 100	8	0.7
Total	1,135	100.0

Source: Ticket Research File, March 2004, and EN Provider File, June 2004.

As of July 2004, there were about 1.8 ENs for every 10,000 Ticket eligible beneficiaries in Phase 1 states, on average, and slightly fewer in Phase 2 states, but EN availability varied considerably by state (Table V.2). For example, Mississippi had just 0.23 ENs per 10,000 Ticket eligible beneficiaries, while North Dakota had over 5. This number, although quite small, overstates the availability of ENs given that most ENs are not taking Tickets and therefore not actively providing services. In addition, some of the ENs that are taking Tickets are small and do not currently have the capacity to serve more than a few beneficiaries. For the next report we will explore other indicators of EN availability, including the number in each county.

## **B. EN PARTICIPATION DECISIONS AND SUCCESS IN TTW**

From February through October 2004, we collected qualitative data through 47 in-person and telephone interviews. We spoke with representatives of 29 ENs, 8 SVRAs, and 10 former ENs (organizations that had formally withdrawn from the program). We also interviewed representatives of 14 agencies that had attended an EN Opportunity Conference sponsored by the Program Manager but decided not to become ENs. Except where specified, the information in the remainder of the chapter is drawn from these interviews. Appendix D describes sampling and data collection activities.

This section explores the factors affecting EN participation in the program, which ENs have received TTW payments, and the factors that influence their financial success in this early period of TTW implementation. The experiences of these ENs may be a harbinger of future program participation and success.

### **1. Factors Affecting EN Participation**

#### **a. Current Participation**

To participate as an EN, agencies must submit an application to the Program Manager. Once the application is reviewed by the Program Manager and approved by SSA, the EN may start accepting Tickets from beneficiaries.

Many representatives of the participating ENs we interviewed in 2004 cited the same basic reasons for joining TTW that were cited by those interviewed in 2002. For instance, most of the 29 EN representatives we interviewed saw TTW as a program that would be congruent with their mission, which revolves largely around the delivery of human services. In the words of one organization president, "This is what we do. Ticket to Work fits perfectly with our work." Some EN representatives saw TTW as a way to extend their services to a new area or to different types of clients. ENs generally did not approach TTW from a business perspective. Indeed, only eight ENs had developed a formal business plan. Most of the rest treated assessments of potential profitability as little more than "back-of-the-envelope calculations." Because nearly all had provided services to SSA beneficiaries before TTW, they saw in TTW the potential to bring in an unknown amount of additional revenue, blending program services into those they regularly offer.

**Table V.2. EN Availability, by State**

Phase/State	Number of ENs	Number of Ticket-Eligible Beneficiaries	ENs per 10,000 Ticket-Eligible Beneficiaries
<b>Phase 1</b>			
Arizona	27	132,527	2.04
Colorado	16	81,451	1.96
Delaware	3	20,705	1.45
Florida	56	435,118	1.29
Illinois	60	309,716	1.94
Iowa	29	66,291	4.37
Massachusetts	45	196,564	2.29
New York	104	603,114	1.72
Oklahoma	6	105,438	0.57
Oregon	27	87,265	3.09
South Carolina	14	140,128	1.00
Vermont	1	17,943	0.56
Wisconsin	24	124,061	1.93
Subtotal	412	2,320,321	1.78
<b>Phase 2</b>			
Alaska	4	12,386	3.23
Arkansas	15	109,663	1.37
Connecticut	13	80,437	1.62
District of Columbia	9	17,538	5.13
Georgia	19	229,682	0.83
Indiana	29	157,544	1.84
Kansas	19	55,544	3.42
Kentucky	18	211,326	0.85
Louisiana	19	169,763	1.12
Michigan	57	309,378	1.84
Mississippi	4	173,271	0.23
Missouri	34	126,544	2.69
Montana	11	23,639	4.65
Nevada	15	45,290	3.31
New Hampshire	5	30,416	1.64
New Jersey	25	181,548	1.38
New Mexico	9	53,983	1.67
North Dakota	7	13,808	5.07
South Dakota	3	16,072	1.87
Tennessee	20	204,304	0.98
Virginia	29	182,126	1.59
Subtotal	364	2,404,262	1.51
<b>Grand Total</b>	<b>776</b>	<b>4,724,583</b>	<b>1.64</b>

Sources: Number of ENs from MAXIMUS Summary Ticket Roll Out Status #124, July 6, 2004; number of Ticket-eligible beneficiaries from Ticket Research File as of March 2004.

Note: Table excludes 11 “national ENs” not assigned to any state and all ENs in Phase 3 states.

But most EN representatives saw TTW as a small supplement to existing funding and not as a major source of revenue. The following comment is typical:

“Most of our employment services are fee-for-service from VR. The fees we collect are insufficient to serve all of the clients we would like, so we hoped that funds derived from Ticket to Work participation would supplement funds to maintain our existing programs.”

Very few of the EN representatives we interviewed said that their organization began serving SSA beneficiaries after becoming ENs. Thus, the experiences of our selected (and not necessarily representative) sample of ENs suggest that TTW has not substantially expanded the number of rehabilitation providers for SSA beneficiaries.

Our most recent interviews also provided an opportunity to explore two new topics related to EN participation: the factors that have influenced organizations’ decisions not to become ENs and the factors that have led some ENs to withdraw from TTW.

#### **b. Reasons for Not Becoming an EN**

We discussed the rationale for not becoming an EN with 14 representatives of service providers that had attended a Program Manager-sponsored EN Opportunity Conference in 2003 to obtain information about TTW but did not become ENs. They gave several reasons for their decision:

- ***Lack of Funds and Financial Risk.*** About half of the 14 service providers either said that they did not have the funds to pay for up-front services such as training and job placement, or that TTW was too financially risky. One provider described the payment system as “paying too little money to a provider and requiring the provider to assume too much financial risk up front.” Another provider said, “Potential financial rewards under the Ticket were not worth the financial risk.”
- ***Clients Are Unlikely to Generate Payments.*** About a third of the providers we spoke to said their usual clients had such severe disabilities that they probably would never work at levels high enough to reduce cash benefits to zero, which meant that providers would have a slim chance of receiving substantial payments under TTW.
- ***Administrative Complexity.*** To several providers, TTW seemed too complex in terms of the application process, payment structure, or the requirement to collect pay stubs. In the words of one provider, “The program is just too complicated.”

Other reasons given by providers for not participating as ENs in TTW included satisfaction with their existing SVRA referral and service arrangements and a belief that TTW would not add any benefit above and beyond that arrangement; sufficient funding

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from other sources to provide employment services to their SSA beneficiary clients; and internal resource issues such not having enough staff to follow up on the application.

Most of these 14 organizations were not planning to reassess their decision regarding participation in TTW. A few providers said they might reconsider the program, however, if the payment structure were changed to provide up-front payments, thus reducing financial risk. A few others were planning to reconsider the program at some point in the future, depending on changes in their organizations' priorities and staffing.

### c. Reasons for Leaving TTW

Through June 2004, according to data provided by the Program Manager, 73 ENs had terminated their participation in TTW by contacting the Program Manager and formally withdrawing from the program (Figure V.2). These 73 ENs represented about six percent of the total number of entities that had ever become ENs by that time.

Subsequent interviews with the Program Manager's staff revealed that, by the end of September 2004, the cumulative number of ENs that had left the program reached 116, or about 8 percent of all applicants and 10 percent of approved ENs, a substantial increase over just a few months.

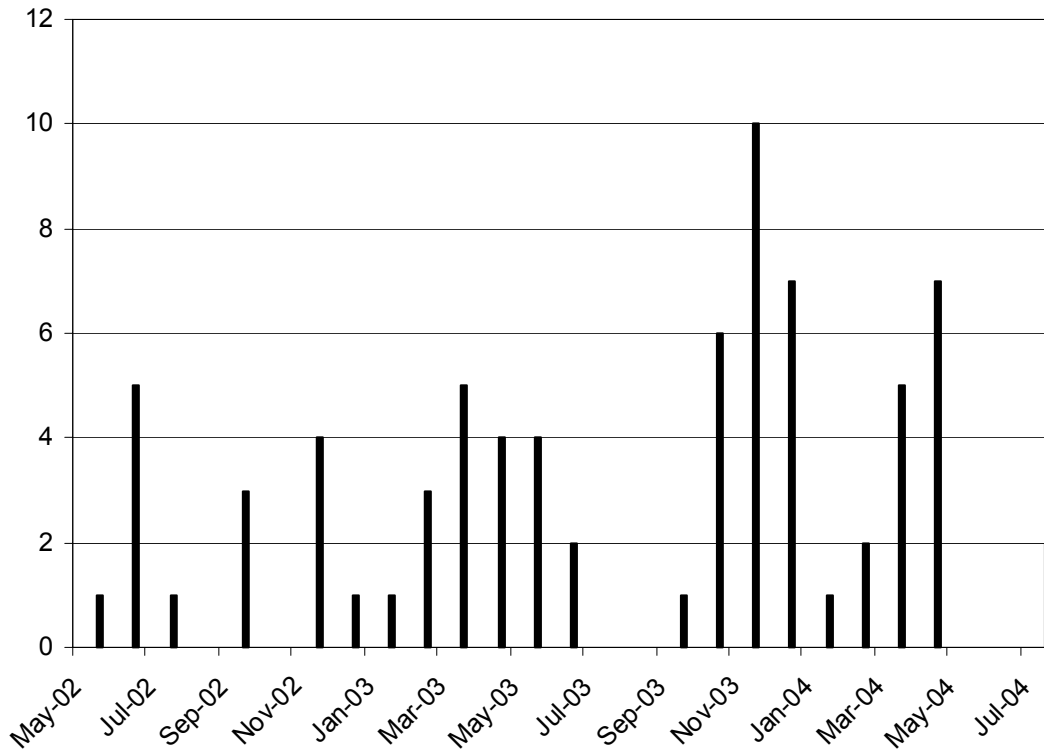
According to Program Manager staff, some ENs have dropped out of the program because of a lack of beneficiary demand for their services, others have had difficulty collecting the earnings documentation necessary to receive payments, and still others found that the costs of participating in TTW far outweighed the revenues. We also addressed this question directly with representatives of 10 former ENs,<sup>2</sup> only 4 of which had accepted more than 15 tickets, while 4 had accepted 10 or less, and 2 had accepted none. Their answers generally echoed those offered by the Program Manager. That is, 9 former ENs cited a lack of demand for services and/or insufficient interest on the part of beneficiaries. According to the interviewees, a high proportion of the beneficiaries who contacted them became disinterested in the program when they learned that the goal was to go off cash benefits; these beneficiaries viewed going off of cash benefits as undesirable or risky.

Representatives of former ENs also gave a number of other reasons for leaving TTW:

- ***Inability to Accommodate the Ticket Holders Seeking Services.*** Some former ENs could not accommodate beneficiaries who had contacted them. One official noted that a high percentage of callers lived outside the organization's service area; another explained that her agency was accustomed to working with people with spinal cord injuries, but most of the beneficiaries who contacted them about TTW had various other kinds of disabilities.

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<sup>2</sup>See Appendix D for information on the characteristics and selection of these entities.

**Figure V.2. Number of EN Terminations, by Month**

Source: EN provider file, June 2004.

- **Financial Problems.** Six of the former ENs mentioned financial problems as a reason for discontinuing participation in TTW. Their common concern was not having the funds to cover program operating costs (for example, screening callers, getting Tickets assigned, working with Ticket holders) until clients generated a revenue stream. In short, they found the program financially infeasible. Two of the six dropped out of TTW before even accepting a single Ticket. Of the four that accepted Tickets, three placed a total of about six clients in jobs, but it was clear to these providers that most of these clients would never generate payments.
- **Administrative Issues.** Four former EN representatives cited a variety of administrative difficulties, including the burden of obtaining clients' pay stubs; lack of access to relevant client information from SSA, the Program Manager, and the Benefits Planning, Assistance, and Outreach program (BPAO); and inadequate or inconsistent assistance from the Program Manager.
- **Mismatch Between Beneficiary Needs and EN Services.** Some former EN officials reported that although some Ticket clients were interested in working, they were not well qualified for employment. Many Ticket holders had never



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worked or acquired work skills or training, so they never had the opportunity to develop realistic expectations about job content or availability. To serve these individuals, ENs would have to offer a plethora of long-term services for which they would probably never be paid.

Because of problems such as these, nine of the 10 former EN representatives said they had no firm plans to reassess their decision to leave TTW; only one planned to reconsider the program relatively soon. Some saw termination as permanent, but others were more open to rejoining the program under certain circumstances—for example, if the payment system were changed substantially (providing up-front payments or payments for beneficiaries who go to work part time), or if they could identify other funding sources that would enable them to provide up-front services to TTW beneficiaries.

## 2. Financing TTW Services

ENs' participation and success in TTW depends heavily on their ability to finance the services necessary to return TTW beneficiaries to work. How to pay for services—when it could be a long time before those costs are recouped through Ticket payments if they are recouped at all—has been a significant issue for ENs since the beginning of the program and was discussed in both the initial evaluation report and the preliminary process evaluation report. Recent interviews with 29 EN representatives suggest that ENs dealt with the financing of TTW services in two ways. First, most of them took a cautious approach to service provision, reducing risk by keeping costs down and selecting clients with the most potential for success. Second, they paid for the up-front services to TTW clients with general agency funds or other existing funds such as profits from fee-for-service contracts or grants from developmental disabilities, mental health, and vocational rehabilitation programs. None of the ENs we contacted had obtained new funding sources specifically to finance up-front TTW costs.

Only one of the EN officials we spoke with said her agency had sought formal approval from its government funding sources to use their funds to serve Ticket holders. Although neither funding source objected, this official expressed concern that if the EN began to bring in significant revenue from TTW, the funding agencies might begin to object, seeing the EN as “double-dipping”—that is, getting funds from two sources for the same services to the same clients. She worried that if this perception took hold, the more stable government funding sources might withdraw their support.

One EN representative from a private for-profit staffing agency serving multiple states described a financing approach that apparently none of the others had taken. The agency devotes one-quarter of a full-time equivalent (FTE) position, funded through existing revenues, to certain upfront services such as client screening, but uses part-time contractors on a commission basis to provide job placement and follow-up services to beneficiaries. These contractors provide generally similar services for a variety of other agencies and worked for this EN to earn extra cash. They receive no base pay but are paid \$100 for each individual work plan (IWP) they develop as well as an additional amount for each milestone or outcome payment a beneficiary eventually generates. Thus far, however, the agency has

received a total of just about \$2,000 on its 10 to 15 employed Ticket holders, which did not come close to covering its costs.

The 29 EN officials we interviewed said that an SSA-funded effort to help ENs nationwide secure financing for up-front Ticket services has been of little or no help. The effort was intended to acquaint ENs with grants, loans, and other resources through a “capitalization initiative” developed by the Program Manager. The initiative involves written resource materials and presentations at conferences and workshops around the country. All ENs were reportedly notified about the initiative in the mail and sent a copy of the materials, which can also be accessed on the Program Manager’s TTW website. About half of the EN representatives we interviewed, however, were unaware of this initiative. Among those who had heard of it, most had only a vague notion of what it was about. Only a few EN officials claimed any real familiarity with it, but none of them had used the information to secure funds for three reasons: they did not see the need for the initiative, they felt that it would not be a good fit for their agency, or they did not have the time or staff to devote to such an effort. One EN Ticket coordinator who had attended an information session on the initiative saw it as an attempt to transfer the responsibility for what was essentially a basic program design problem to ENs. According to this interviewee, “We’re not interested in fundraising. We’re doing SSA a favor” by operating as an EN. Rather than promoting fundraising, she said, SSA should adjust the payment system so that participating organizations do not need to go out and raise funds.

### **3. EN Financial Success Under TTW**

A comprehensive analysis of EN financial success would require detailed cost and revenue information, which was beyond the scope of our data collection activities this year. However, we can provide a national overview of Ticket revenues based on data on payments made to ENs, and for the 29 ENs we studied we can discuss their self-reported financial success and their experience with the factors that affect revenues—placements and the operation of the payment system. We return to the issue of ENs’ financial success in Chapter VIII, which documents a simulation of the net financial incentives provided to ENs by TTW.

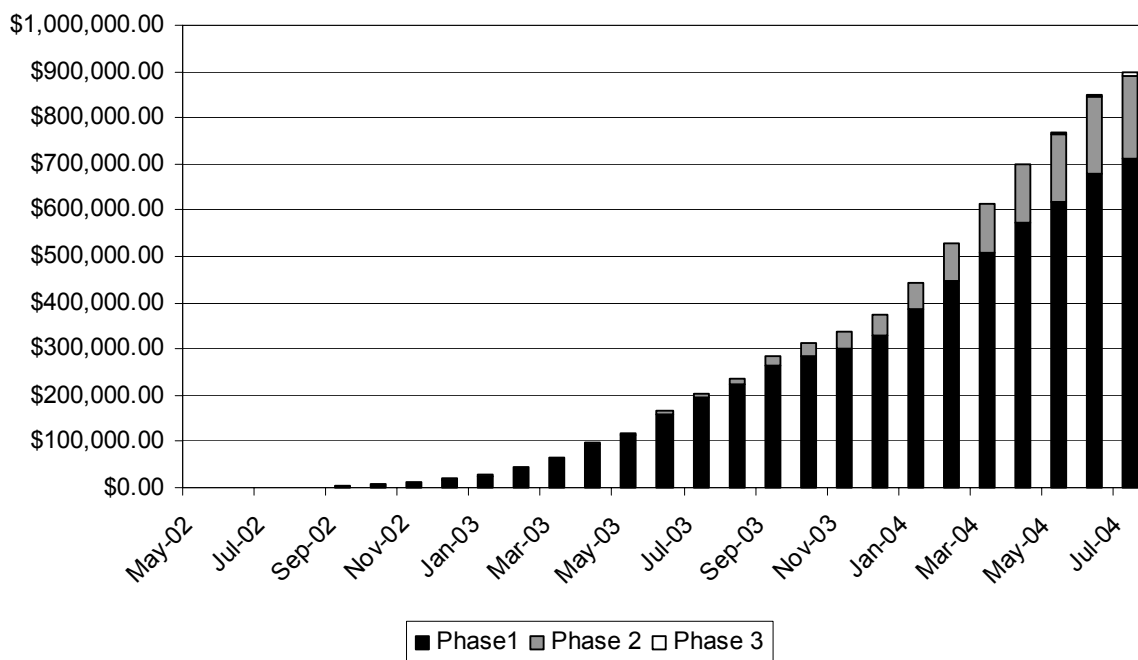
#### **a. National Data on Payments to ENs**

As of late July 2004, a cumulative total of about \$900,000 in milestone and outcome payments had been made to ENs for Ticket holders who had returned to work<sup>3</sup> (Figure V.3). Most of this money (79 percent) was paid to ENs for Ticket holders residing in Phase 1 states, which is to be expected because ENs in those states have generally been taking Tickets longer than those in Phase 2 states. The dollar amount of monthly payments has generally been increasing, although there was a pronounced dip in the second half of 2003 (Figure V.4).

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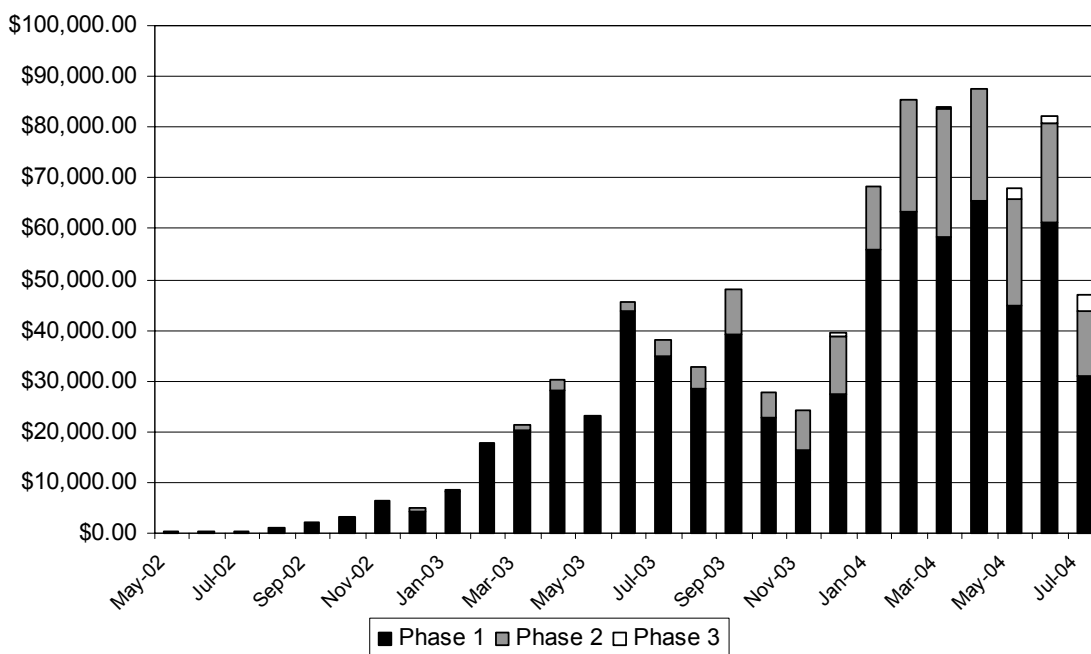
<sup>3</sup>This figure does not include payments made to SVRAs for beneficiaries being served under one of the two TTW payment systems. Payments to SVRAs are reported in Chapter VI.

**Figure V.3. Cumulative Payments to ENs**



Source: EN payment data as of July 20, 2004, provided by OESP.

**Figure V.4. Payments to ENs by Month**



Source: EN payment data as of July 20, 2004, provided by OESP.

Relatively few ENs have received any payments, and for most of those who did, the value of those payments has been relatively low (Table V.3). As of late July 2004, just 142 ENs had received at least one payment. This represents about 31 percent of all ENs with Ticket assignments but only about 13 percent of all ENs in the program at the time. The majority of the ENs receiving payments (108 of 142, or 76 percent) had received total payments amounting to less than \$5,000. On the high end, 7 ENs, representing about 5 percent of those that had received any payments, had received total payments amounting to \$20,000 or more.

**Table V.3. Distribution of EN Payments, by Phase**

Total Value of EN Payments	Phase 1	Phase 2	Phase 3	All Phases	
	Number of ENs	Number of ENs	Number of ENs	Number of ENs*	Percent of ENs with Ticket Assignments
\$1 to \$999	17	26	4	47	10.4
\$1,000 to \$4,999	33	25	2	61	13.2
\$5,000 to \$9,999	11	3	0	15	3.3
\$10,000 to \$14,999	5	1	0	7	1.5
\$15,000 to \$19,999	3	1	0	5	1.1
\$20,000 or more	3	1	0	7	1.8
<b>Total</b>	<b>72</b>	<b>57</b>	<b>6</b>	<b>142</b>	<b>31.3</b>

Source: Ticket Research File, March 2004, and EN payment data provided by OESP as of July, 20, 2004.

\*Phase 1, 2, and 3 columns may not sum to the numbers below, because this column includes ENs operating in more than one phase.

#### **b. ENs' Reported Financial Success**

Our interviews with ENs suggest that financial success has eluded most ENs thus far. This finding confirms the results covered in the initial evaluation report. At that time, officials from the seven non-SVRA ENs with the highest number of Ticket assignments all reported "losing money on TTW." Some had dramatically scaled back their operations, and others saw that choice as being inevitable unless the payment systems were changed to make the program more profitable. For this report, we interviewed a larger, more diverse sample of 29 ENs and found that only 2 of them appeared to be succeeding financially under TTW. Twenty-three of the recently interviewed EN officials said they had accepted one or more Tickets, making it theoretically possible for them to earn milestone or outcome payments directly (as opposed to sharing payments for clients whose Tickets were held by SVRAs). But most of these ENs were experiencing financial difficulties under TTW, including some of those with the most Ticket assignments. While several had received some payments, most had received none. Below we summarize the experiences of the 23 ENs that had accepted at least one Ticket by grouping them according to the revenue that they have generated from TTW.

**ENs with Substantial Payment Revenues.** Three of the 23 ENs had received over \$5,000 in Ticket payments, substantially more than all the others. Only two of the three, however, considered their activities under TTW to be successful. One is a large, nonprofit

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organization that provides job training and career services. The other is a modest-sized, for-profit organization operating in a Phase 1 state.

The nonprofit EN has seven local contracts with federal agencies under the Javits Wagner O'Day (JWOD) program,<sup>4</sup> which pre-dated TTW. Under these contracts, the EN hires individuals, including Ticket holders, who provide janitorial, cleaning, and cafeteria services in local military installations. Of its 15 Ticket clients who are employed, 14 obtained their jobs through these employment contracts. Because these employees are paid through the EN, the EN had no trouble acquiring earnings documentation necessary for receiving payments. A representative of this EN said he was "totally amazed" by the amount of revenue generated by TTW clients. Although it took a year to generate the first payment, the EN had reportedly received more than \$10,000 in total payments on behalf of nine clients at the time of the interview.

An official at the for-profit EN reported that TTW revenue has "kept me in business." EN staff have chosen clients selectively, looking for highly interested, skilled beneficiaries who wanted to work full time. The EN did not advertise because it felt that clients who took the initiative to seek out the organization would be more of an asset. Eight of the EN's clients were working above SGA, and twice that number were looking for jobs. Staff tell clients that they are doing themselves a favor by submitting their earnings documentation because this proves to SSA that they are working, which will facilitate administration of their benefits and expedited reinstatement, if that is necessary. According to one official, clients have responded favorably to this approach, and aside from making some reminder phone calls, the EN had had no problems getting pay stubs. At the time of the interview, the organization reported having received 12 to 15 payments, and more were expected.

The third EN that received over \$5,000 in Ticket revenues had a substantially different experience than the other two; it had lost money on the program. At the time of the interview, the organization had decided to enter "hold" status in the program, meaning that it would not accept any new Ticket assignments even though it would continue working with beneficiaries whose Tickets it had already taken. The TTW coordinator reached this decision after she realized that payments from SSA covered only 25 to 30 percent of program costs. She also said it was more lucrative for this organization to work with its SVRA under the traditional reimbursement system, which was established pre-TTW.

**ENs with Modest Payment Revenues.** Six of the 23 ENs that accepted at least one Ticket generated total payments of less than \$5,000. All six of them, however, had spent significantly more on TTW than they had received in payments. In the words of one representative, "We're like a charity. We're interviewing people, taking calls, handling all this, yet there's no money." These six ENs had two main complaints about the process for collecting payments: (1) it was difficult to obtain the earnings documentation required for payment claims, and (2) payment processing time has been slow.

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<sup>4</sup>The JWOD Program is a federal initiative that offers organizations that employ people with severe disabilities priority in obtaining service contracts with federal government agencies.

According to their representatives, most of these modest-revenue ENs would accept more Tickets if they had more money to cover costs. The absence of up-front funding, the slow revenue stream, and the payments forgone for lack of documentation made it difficult for these ENs to grow. If their revenue streams pick up, most of them would devote more resources to TTW, such as hiring new staff or devoting more existing staff time to the program. One EN official said, "If we had more funding to hire another staff member, the [placement] numbers would definitely go up. But we're always waiting to get paid."

**ENs with No Payment Revenues.** Fourteen of the 29 ENs that accepted at least one Ticket had not generated a single payment at the time of the interview. As explained below, 3 of the 14 showed some promise for success, as they were expecting to generate payments in the near future.

- One EN helped 12 Ticket holders leave the rolls, but it had not submitted any payment claims to SSA because it had not been able to collect earnings documentation. A representative said he planned to establish a system to collect the documentation and submit invoices to SSA.
- The second EN was going to employ TTW beneficiaries directly because the owner felt that this would greatly facilitate the collection of earnings documentation.
- The third EN's president reported that 6 beneficiaries were earning an income above the SGA level, and she was aiming to have 10 beneficiaries generating payments by 2005.

For the remaining 11 ENs that generated no payments, there was little or no sign that they could expect payments anytime soon. Their level of participation in the program was very low. Two of them, in fact, essentially did not consider themselves as TTW participants at the time of the interview despite the fact that they had accepted one or more Tickets in the past. One reported being shut out of the market by the SVRA; the other reported that it did not fully understand the responsibilities of an EN when it joined the program and was unwilling to make the effort necessary to help beneficiaries find jobs. A variety of factors explains why the other nine had low participation levels that seemed to limit their potential for collecting Ticket payments. For example, two are small organizations with limited capacity; a few prefer to serve beneficiaries whose Tickets are held by an SVRA, so they are compensated under a fee-for-service agreement; one typically refers beneficiaries to a national EN that shares payments with the beneficiaries; and one rarely encourages clients to leave the benefits rolls, believing that most of the beneficiaries they serve need cash assistance.

Like the ENs with modest payment revenues, ENs with no payment revenues complained most often about the TTW payment system and sometimes about the burden of responding to telephone inquiries from Ticket holders. Virtually all would like SSA to change the payment system so that funding is provided for up-front services. One representative suggested that the ENs should be able to request up-front funding in the IWP

based on a beneficiary's needs. Another EN official said, "I don't know of any agency that could afford to work with someone for a year without getting paid for it." ENs also reported that educating callers about TTW is time consuming and particularly burdensome for organizations whose TTW clients are not generating any payments. One EN representative highlighted a disjuncture between what his organization *wants* to do and what it is *equipped* to do. While his staff want to "help steer people in the right direction," it has been difficult for the organization to cover all of the staff time required to deal with the heavy volume of calls.

### c. Challenges Related to Placing TTW Clients and Receiving Payment

Placing Ticket holders in jobs (or helping them to find employment on their own) is the first critical step on the path to receiving payments for services. Our interviews made it clear, however, that placing TTW clients can be a substantial challenge for a number of reasons, including client characteristics and external circumstances.

**Client Characteristics.** EN officials who said that client characteristics were a challenge to placement had, in many cases, not used a very careful or extensive screening process in deciding to accept beneficiaries' Tickets. Others tried to screen out potentially difficult-to-place individuals, with the idea that placement would be easier. Overall, however, ENs cited a variety of characteristics that made it difficult to place clients appropriately.

Just under half of the EN officials we interviewed felt that some clients did not show enough interest in moving completely off of cash benefits. Many were interested only in part-time work, which would enable them to keep some cash and medical benefits. This is particularly true for two groups of individuals: those with only a few work skills who felt they could not earn enough to offset the loss in benefits and those with extensive work experience, which qualified them for very high DI payments.

The second characteristic most often mentioned by ENs is related to human capital—specifically, a lack of education, skills, or work experience. EN officials said that it was difficult to work with beneficiaries who have been out of the labor market for a number of years, who have limited skills and need to enroll in school or a training course, or who have been working in a sheltered workshop program.

About one-third of the EN representatives cited psychiatric or other disabilities as a challenge to placing TTW beneficiaries. Other characteristics mentioned included lack of a support network, no reliable transportation, fear of the system, and unreasonably high job expectations.

**External Circumstances.** About one-third of the EN officials cited a poor local economy as a challenge to placing clients. The tight job market has apparently caused more beneficiaries to turn to the ENs for help, but job openings are few and far between, and the competition for each available position is tough. A good example of the state of the local economy comes from one EN official, who said that her staff cannot even find volunteer positions, let alone ones that would pay at the level of SGA.

Five EN officials recognized that internal organizational factors have made placement difficult. For instance, three of them had little experience finding the types of jobs needed by their TTW clients. One representative said, “It’s slow because we don’t have the search end of it going to where we can find them a job.” The other two said that limited funding for TTW clients curtails the services they can provide without taking on too much financial risk.

Two EN representatives encountered employers who were hesitant to hire individuals with disabilities. One EN representative said that he is teaching his staff strategies for explaining to employers the advantages of hiring workers with disabilities. Recognizing that employers may need more information before they are comfortable hiring workers with disabilities, another EN uses job developers to aggressively educate employers about the advantages of hiring workers with disabilities.

#### **d. Challenges to Getting Paid**

Even when ENs place TTW clients in jobs, milestone and outcome payments can be difficult to get. According to EN officials, two factors contribute to this problem. First, it is difficult to obtain copies of beneficiaries’ pay stubs to provide to the Program Manager, and second, the payment process itself is time-consuming. These concerns are also documented in the initial evaluation report and in the preliminary process evaluation report, suggesting that little progress has been made in finding a solution to the payment problem.

**Obtaining Adequate Earnings Information from Beneficiaries.** Only 11 of the EN officials we interviewed had submitted payment claims, but 9 of them said that obtaining the required earnings evidence was problematic—so problematic, in fact, that some of them had forgone payments they had earned. (Three of the former EN representatives also cited this challenge.) One EN official said getting earnings documentation was “the problem” with TTW. Another said, “It is one major pain to collect pay stubs. It’s almost worse than placing the person in the first place. I’m not kidding.”

Earning information can be obtained from two sources: the beneficiary and the employer. According to some EN officials, it is difficult to obtain the information from beneficiaries because they want to distance themselves from the EN or cut off contact altogether once they have found a job. ENs said that some beneficiaries stop returning phone calls once they have jobs, and others forget to submit earnings documentation. According to one former EN official, “Once beneficiaries were employed, they hid from us, and I was chasing them down. That’s why I quit.” An official from an EN that had placed 23 people said, “It’s very, very, very hard. I constantly have to send out letters once a month to [beneficiaries].” This EN included self-addressed stamped envelopes in the request for information and even offered to meet beneficiaries at their homes to get pay stubs.<sup>5</sup> But

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<sup>5</sup>Another EN had tried incentive payments of \$10 plus a self-addressed, stamped envelope, but this had not worked very well. Officials there were considering raffling off a chance to win \$125 or a 25-inch TV to attract more pay stubs.



beneficiaries would argue, “SSA knows I’m working, so why do I have to give you my pay stub?” The official said collecting pay stubs is a problem for about a quarter of TTW beneficiaries they have placed. Some clients were employed for about a year but never sent in a pay stub.

Theoretically, employers can provide earnings information, but asking them directly for the information was not always an option for these ENs. Some employers are reluctant to release information because of privacy laws, and others charge a fee for earnings verification. In some cases, the EN cannot communicate with an employer because they want to respect beneficiaries’ wishes that their employers not find out they have a disability.

Another problem is that pay stubs, even if the EN can obtain them, may not have the information needed for the claim to be processed, such as the beginning and ending date of each pay period. This issue has resulted in protracted discussions between the Program Manager and some ENs about obtaining the needed documentation, adding cost and time to the claims payment process.

To respond to these concerns, SSA and the Program Manager implemented the Certification Outcomes Payment Process (COPP), a simplified outcome payment request option that enables ENs to receive payments without submitting beneficiary earnings documentation. As of July 2004, a relatively small number of payments had been made under this system. See Chapter VII for more discussion of this process.

**Payment Processing Time.** Four of the 11 EN officials that submitted payment claims said that it took too long to get paid, particularly for the first payment, which was received three to nine months after the claim was submitted. Most EN officials indicated, however, that once the first payment was received, the rest generally came more quickly and smoothly.

## **C. EN MARKETING, SCREENING, AND TICKET-TAKING BEHAVIOR**

As mentioned, many ENs have not accepted any Tickets, and many of those that have are serving very few Ticket holders. Our recent findings on factors related to EN marketing and Ticket-taking behavior largely confirms our earlier findings in this area.

### **1. EN Outreach and Marketing**

It appears that ENs generally did not feel it was worth their time to market the program extensively. According to our interviews, they found it difficult to reach beneficiaries who were truly interested in and could benefit from TTW. As one official said, “When we called beneficiaries from the CD Maximus provided, their response was, ‘What is this Ticket?’ ‘Is SSA going to force me back to work?’ Once they found out the nature of the program, they were not interested.”

On the other hand, many ENs received a large flow of inquiries from beneficiaries immediately following SSA’s Ticket mailings. In fact, some ENs reported that the initial volume of inquires was so large that it overwhelmed their intake and information resources.

This was particularly true for some Phase 1 ENs because SSA concentrated its mailings in fewer months for that phase. However, call volume fell dramatically over time. For example, one EN official said his agency received about 500 calls per month after rollout, compared to only about 10 to 15 calls per month a year later. Another said calls had dropped from 20 per month to just 2 or 3. Only a few said that the stream of calls remained relatively steady since rollout began, and one-third of the EN representatives we interviewed said they had never received more than a few calls (one said his agency had received none at all).

EN officials had a mixed reaction to the fall-off in calls, expressing both relief and concern. The relief stems from their sense that the volume of applicants would not overwhelm their programs because most callers were not interested in TTW once they learned more about it or were in some way inappropriate for the EN. For example, many callers lived outside the EN's service area or had impairments that were not addressed by the EN. The concern stems from the ENs' sense that the fall in calls would mean that they would not get enough clients to make their programs viable because despite the fall, self-referrals from beneficiaries are still seen as ENs' best source of new participants. Only a handful of ENs found TTW clients in their existing caseload or received referrals from SVRAs or other organizations.

This is not to say, however, that ENs did not conduct any outreach or marketing. In fact, half of the 29 ENs interviewed for this report indicated that they marketed their program in some way. Seven said that they publicized TTW services in general marketing materials about the agency, or that they had publicized TTW within their host agency or with other providers. Another seven marketed their services more aggressively; a few worked with EN consortia in their states to hold educational forums, contact the media, or educate employers. Four called TTW beneficiaries on the list provided by the program manager. But all of these ENs eventually halted these efforts because of low interest from beneficiaries. They generally found the efforts ineffective and/or not worth the time and cost. For example, one EN said staff had made 500 calls to beneficiaries in the program manager's list and found two people interested; another had organized a forum and no one showed up.

Overall, our discussions with 29 EN officials suggest that these providers face a difficult situation with respect to demand for their services. Broad efforts to contact beneficiaries, whether initiated by the ENs or the result of SSA's Ticket mailings, seem to produce too few Ticket assignments to justify the ENs' costs. At the same time, none of the EN officials we interviewed reported that they have found a way to target their efforts to the smaller group of beneficiaries who would be interested in and appropriate for their services. As a result, they seem to rely primarily on a small flow of calls from interested beneficiaries who are looking for employment assistance and tend to have obtained the EN's contact information from the program manager.

## 2. Screening Potential Ticket Clients

EN interviews conducted in 2002 and documented in the preliminary process evaluation report indicated that screening potential Ticket clients is problematic. The reasons are threefold: (1) beneficiaries did not typically have a clear understanding of the TTW program, requiring ENs to educate them as part of the screening process, (2) ENs had to spend considerable time identifying, from among all the inquiring beneficiaries, those who were good candidates for Ticket assignment, and (3) screening typically yielded relatively few Ticket assignments.<sup>6</sup> These findings are substantiated by findings from more recent EN interviews, which indicate that few beneficiaries are interested in the program once it is explained, and that EN officials are quite selective in terms of which Tickets to accept.

**Educating Beneficiaries About the Program.** ENs frequently begin the screening process by discussing the basic purpose of TTW and the significance of a Ticket. They reported that the program is widely misunderstood especially with regard to whether work is mandatory, whether jobs are guaranteed, and how work affects current benefits. Many EN officials pointed out that much of this initial exchange about TTW would not be necessary if key program information was effectively explained to Ticket recipients by SSA or the Program Manager, and if all recipients would read, fully understand, and trust the accuracy of such information. The topics covered would include, for example, the voluntary nature of the program, that its goal is to help beneficiaries to earn enough to leave the benefit rolls, and that participation alone is no guarantee of a job.

**Determining Suitability for TTW.** Next in the screening process, ENs typically try to determine whether a Ticket holder is a good candidate for TTW. They discuss and assess the individual's willingness and ability to work at a level that will bring them to zero cash benefits status or, in other words, whether full-time employment is desirable and feasible. Virtually all the EN officials we interviewed discuss the objective of leaving the benefit rolls when screening potential clients, typically in a brief, straightforward way, by asking directly whether the person wants to work full time and go off cash benefits. As described below, only 2 of 29 EN officials reported that they somewhat downplayed the objective of achieving zero cash benefits status in hopes of increasing Ticket assignments.

- One Ticket coordinator screens for beneficiaries who want to work full time but does not talk about reaching zero cash benefits. Instead, he emphasizes that continuous involvement in TTW will help beneficiaries avoid having “their case closed,” so that they will not lose health benefits or have to “jump through hoops” to get back on the disability rolls if they have to discontinue work.

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<sup>6</sup>In Chapter II we used results from national administrative data to explore differential program participation rates by beneficiaries with various characteristics. As to whether certain beneficiaries feel the TTW program is not benefiting them, the best data will come from our national beneficiary survey, some early results from which were presented in Chapter III.

- Another EN representative found that discussing zero cash benefits with potential clients up front dissuaded many of them from participating, so she changed her approach. While being honest about the goal, she emphasizes the positive aspects of financial independence and assures beneficiaries that it is easier now than it was in the past to get back into SSA disability programs as well as Medicare and Medicaid. With so many beneficiaries relying on expensive medication, she explained, the thought of losing health insurance can be more frightening than losing cash disability benefits.

EN officials commonly reported that a high proportion of beneficiaries have little interest in TTW once they understand the details. For instance, many Ticket recipients are unwilling or unable to work full time, do not want to go off cash SSI or DI benefits, or fear that leaving these programs would have negative repercussions for other benefits they rely on, such as health insurance benefits. One EN representative explained:

“Two-thirds to three-fourths of the people lose interest in the program when we mention full-time employment. When we explain zero cash benefits and that the goal of the program is that they’ll get off the rolls, people get leery and are worried about losing their health insurance. That’s when they balk. Once they learned what we were doing, they were gone.”

**Determining Suitability of a Particular Beneficiary.** A willingness to pursue employment that will lead to zero cash benefits is not necessarily the criteria that ultimately determines whether an EN will accept a Ticket.

- Some EN representatives seek out beneficiaries whose characteristics, needs, and goals matched services offered by the organization.
- Some ENs screen for employment-related knowledge, skills, abilities, and education. One seeks people who have transferable skills. Another said that if beneficiaries cannot list their skills, he will not work with them. Beneficiaries needing education or further training are typically referred to an SVRA or another EN. As one EN representative explained, his organization cannot afford a service as potentially expensive as education, having not received any Ticket payments to date. Another said that his EN is interested in placing people in jobs, not retraining them.
- Some EN representatives think it is critical to gauge the strength of the beneficiary’s desire to work. Even if beneficiaries express a willingness to work full time toward zero cash benefits status, these ENs still might reject a potential client if they perceive that the individual is not dedicated to achieving that goal.<sup>7</sup>

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<sup>7</sup>Later in this chapter we describe how a perceived lack of seriousness and effort on the beneficiary’s part is a common reason why ENs initiate Ticket unassignment.

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- Several ENs decide whether to serve potential clients on the basis of proximity and reliable transportation. Some ENs serve only clients in a particular area. Others reject people who do not have transportation out of concern that they will miss job interviews or fail to meet a work schedule.
  - Some ENs will not serve candidates with certain types of disabilities, preferring instead to work with people similar to their existing clients or with people whose disabilities make job placement or retention extraordinarily difficult (as mentioned, examples include psychiatric disabilities and vision impairment). The closely related issue of whether ENs are basing a service decision on which disability program beneficiaries are in—SSI or DI—almost never arose in our interviews, and when it did, it did not appear that type of benefit was being used as a hard-and-fast criterion for Ticket acceptance decisions. One EN official said she generally believes SSI-only beneficiaries are not good candidates for TTW because their typically limited employment history may be associated with lower skill levels, yet she had not rejected anyone based on their participation in SSI; indeed, her sole assigned Ticket was for an SSI beneficiary.

Although the preceding screening factors were among the most common, they were by no means the only factors cited. Several other screening criteria were mentioned by just one or two EN officials. For example, some ENs will serve only Ticket holders who are already an agency client receiving agency services under other programs; do not need potentially expensive equipment such as assistive technology; are capable of working independently without EN follow-up support services or other assistance from EN staff; are complying with a regimen prescribed by their mental health treatment program; have a telephone answering machine or voicemail; or are independent enough to go on job interviews alone so as not to create the impression that they will need an on-the-job assistant.

**Ticket Assignments.** Beneficiaries who meet an EN's screening criteria are typically invited to assign their Tickets, yet many ENs found that relatively few beneficiaries were good candidates for Ticket assignment. (This is consistent with findings from earlier interviews.) Even screenings of many beneficiaries yielded few Ticket assignments, as illustrated by the following anecdotes.

- After initially screening many callers by telephone, one EN sent applications to 47 beneficiaries; only two of them returned the forms, and the EN accepted both Tickets.
- Another EN conducted “mini-intake” interviews with about 300 callers by telephone; about 25 or 30 of these individuals later came into the office for a full, one-hour intake interview; those who were still interested then met with a benefits counselor; at the time of our interview, the EN had taken a total of three Tickets.

- A third EN received 50 calls since rollout in the state; about 20 or 30 potential clients were invited to the office for intake appointments; the EN had accepted one Ticket as of the interview.

Some EN officials were disappointed that such a small percentage of beneficiary contacts resulted in Ticket assignments. They were bothered by the effort and resources they expended in the screening process for so little yield. But they also understood the economics of the program and were quite pragmatic about not serving Ticket holders who either did not buy into the program's objectives or were unlikely to achieve the desired employment outcomes. As one EN representative said with regard to potential clients who want to work only part time, "I can't get any money out of that, so I can't invest a dime in that." If Ticket holders do not understand that the program goal is to achieve earnings above the SGA level, another official said, "There's no point in us taking them as a client."

### **3. Ticket Unassignments**

After Tickets are assigned, beneficiaries and providers are not inextricably linked to one another. In the market-oriented, flexible design of TTW, Ticket unassignment represents a way for Ticket holders to officially sever relations with an EN, and vice versa. A majority of the EN representatives we interviewed reported that some of the Tickets they accepted had been unassigned. In most cases, the number was very low, typically one to three, and represented a relatively small proportion of the total number of Tickets the ENs had accepted, although there were exceptions.<sup>8</sup>

In some cases, Ticket unassignment was initiated by clients and, in other cases, by the ENs themselves. EN officials did not always know why clients had unassigned their Tickets (clients are under no obligation to inform them), but a few reported that clients were apparently unhappy with the services they received and thought that they might end up in better jobs if they took their Tickets elsewhere. According to EN representatives, their organizations initiated unassignments for three primary reasons: (1) clients either did not make enough of an effort to get or keep a job or failed to maintain contact with the EN; (2) clients with special problems made placement and continued employment very difficult—examples include not being able to get along with anybody or having a past felony conviction; and (3) an EN lost money on the program.

It seems likely that some of the ENs that had never unassigned a Ticket will eventually do so at least once. One EN representative said she was about to unassign 2 of her 21 Tickets. Two other officials, one with over 100 Tickets, said that until our interview, they were not aware that they could unassign a Ticket.

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<sup>8</sup>One EN had unassigned 12 of its 13 Tickets, a second had unassigned 15 of its 74 Tickets, and a third had unassigned 31 of its 42 Tickets. These unassignments were initiated by the EN or the beneficiary.

#### 4. Current and Future Level of Participation in TTW

Now we address factors that may affect ENs' level of participation in TTW—that is, how actively they seek new Ticket assignments—for those that have decided, for the time being at least, to remain in the program. In the initial evaluation report, we described how financial problems were forcing some ENs—even those that had accepted substantial numbers of Tickets—to scale back their involvement. The recent round of interviews, however, provided an opportunity to address this issue with a larger, more diverse sample of ENs.

While most of the 29 ENs were still accepting or attempting to accept Tickets at the time of the interview, some of them had reservations about their level of participation in TTW. One EN was cautiously limiting the number of new clients until it had enough revenue to support an additional full-time individual to work on TTW.<sup>9</sup> Another official noted that his EN would accept Tickets only from beneficiaries with no link whatsoever to the SVRA in order to avoid what it viewed as a highly negative SVRA-EN agreement. A third EN was willing to accept new Ticket clients but was not aggressively seeking any because it viewed the current payment systems as financially unattractive.

Five of the 29 EN representatives interviewed in 2004 said that their organization was not accepting new assignments at that time for various reasons. One reported that it had never really intended to accept Tickets because it was perfectly satisfied to work with beneficiaries who had assigned their Ticket to the SVRA and were then referred to the EN for services under a partnership agreement. A second EN needed to devote its resources to a large backlog of clients, which had developed because of difficulties finding good job placements under other programs it administered. The remaining three ENs had decided not to accept new assignments unless or until the payment systems were changed.

When asked about future participation in TTW, about two-thirds of the 29 EN officials said that they planned either to maintain or to reduce their current level of participation. Five of them had taken no Tickets and planned to remain inactive, citing mainly financial reasons. They wanted to see changes to the TTW payment systems, such as up-front payments, that would better cover their service costs. In the words of one EN official, “In this day and age, the bottom line is the bottom line, no matter where your heart is.” Two other factors suppressing participation were problems identifying people interested in going off the benefit rolls and an SVRA-EN agreement that put ENs in “a stranglehold.”

The eight ENs that were interested in participating more fully described various plans or ideas for doing so. One planned to start a janitorial service staffed with Ticket holders. Another, which had about 20 Tickets at the time, hoped to double this number within a year, funding some additional services through a grant from the U.S. Department of Education's Projects with Industry program. Two of the ENs hoping to take more Tickets needed to

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<sup>9</sup>The interviewee did not specify whether revenues would need to come from Ticket payments.

resolve administrative issues such as staff turnover and the need for a system to collect pay stubs and submit invoices to the Program Manager.

#### **D. EN SERVICES**

Most EN representatives we interviewed blend TTW into their usual operations, providing Ticket holders with the same or similar services provided to their non-Ticket clients. The same was true for ENs interviewed for the two earlier reports. Most of the 20 ENs that were serving, or had served, beneficiaries under TTW offered resume assistance, skills assessment, interview training, job search assistance or job placement, vocational training, counseling, and follow-up or job retention services, all of which they provided to clients before TTW.

Some ENs, however, modified their services to accommodate TTW clients. For example, one EN, whose typical clients had little work experience and limited skills, found that some TTW clients were better educated and more qualified. Staff had to change their job search tactics to seek high-level, white-collar jobs for clients with experience as, for example, a surgeon, a nurse, and a graphic designer. A second EN typically worked with people with cognitive and physical disabilities, but most of its Ticket clients had psychological disorders. For some of these clients, EN staff needed to focus less on traditional job placement and more on job retention. A third EN found that, compared with its usual clients, certain Ticket holders—those with depression, for example—can be more difficult to motivate. EN staff ensure that these individuals have a support network and began the practice of having them call in once a week, to “pump them up.” These follow-up services were a greater challenge than anticipated because of the size of this group of clients.

Another noteworthy service trend, which did not emerge from the earlier EN interviews, is that some ENs are not accepting Tickets themselves but are referring beneficiaries to the SVRA (which would take the Tickets), then waiting for the SVRA to refer them back for services under a fee-for-service arrangement. ENs have taken this approach mainly for financial reasons: they refer clients with expensive service needs they cannot afford to cover on their own. Getting such clients (back) from the SVRA or, in other words, sharing their Tickets with the SVRA, is effectively the only way they can serve individuals with major service needs. These ENs essentially forfeited the chance to collect milestone or outcome payments in exchange for the opportunity to receive funds guaranteed to cover service costs.

It is also noteworthy that several of the ENs are taking an almost hands-off, low-intensity approach to Ticket clients, providing relatively little in the way of direct services. These ENs have provided a bit of initial assistance—for example, such as resume development or a list of job openings—but then expect clients to conduct a job search independently. The rationale for this approach is twofold. First, staff feel that this is the best way for clients to demonstrate both their initiative and their ability to succeed in the workplace. An EN representative explained, for example, that staff would not accompany clients to job interviews because “employers don’t want to hire someone with a helper.” Second, these ENs are trying to keep operational costs down. “We’re providing a bare-



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minimum service,” said one provider. “That’s all we can afford to provide because we get zero cash up front.”

A few ENs described notably different or interesting service approaches that had not been described in previous interviews.

- A taxi company operating as an EN accepts Tickets from individuals who want to work as independent-contractor cab drivers.
- Another employer registered as an EN contracts with major corporations to assess, train, hire, and place information technology professionals who have physical disabilities. The EN trains individuals on software applications during a one-year trial contract period with a corporation, after which the corporation decides whether to hire them directly. (This EN had not yet taken any Tickets but is willing to do so for TTW participants who meet the company’s regular eligibility criteria.)
- An EN that operates a job development and job coaching business is planning to start a janitorial business that would be staffed with Ticket holders. As the employer, the provider will have the pay stubs necessary for receiving payments from SSA.

#### **E. EN SUGGESTIONS FOR PROGRAM IMPROVEMENTS**

The EN officials we interviewed for this report overwhelmingly proposed changes to the payment systems. This should not be surprising, given the extent to which financial issues have been raised consistently by ENs in response to questions about their level of participation. Their ideas, many of them very similar to the suggestions offered by ENs interviewed for past evaluation reports, include the following:

- Provide larger front-end milestone payments—for example, for job placement, job retention for 30 days, and retention for 60 days—so that ENs can more readily recoup costs as they are incurred. One EN representative suggested that the total for the first three milestone payments should be about \$5,000. Another suggested a large lump-sum payment about 60 to 90 days after placement and “bonus” payments later on for successful retention.
- Provide funds so that ENs can purchase vocational training services for beneficiaries, similar to services available through the One-Stop system.
- Shorten the payment schedule from five years to two or three, but maintain the current maximum payment level.
- Pay ENs for services provided on a fee-for-service basis.
- Provide payments for part-time work or partial reduction in cash benefits.

- Raise payments for SSI beneficiaries. A few EN officials suggested that payments equal to those for DI beneficiaries would motivate them to serve SSI beneficiaries.
- Reduce payment processing time. EN officials believe that they should be able to expect a payment 30 to 60 days after submitting documentation.
- Develop ways to help ENs either collect employment documentation or obtain greater cooperation from clients in the process of collecting pay stubs.

It should be noted that the ENs' suggestions for changes were not constrained by considerations regarding their cost to SSA, nor their ease of implementation; changes to the fundamental nature of the program, such as moving it away from an outcome-based payment system, would require Congressional action.

## F. SUMMARY AND CONCLUSION

The following are the most important recent findings on the level and nature of EN involvement in TTW:

**ENs Are Not Widely Available.** By mid-2004, about 1,160 organizations had enrolled in TTW as ENs, but in Phase 1 and 2 states, there was an average of fewer than two ENs for every 10,000 Ticket-eligible beneficiaries. Also, the rate of increase in EN participation has slowed throughout the rollout period, and a number of ENs have recently left the program. Low participation is most often attributed to an apparent lack of demand for EN services, beneficiary reluctance to pursue full-time work and leave the benefit rolls, insufficient funds to pay for up-front services, and the financial risks inherent in the program.

**SSA Has Made Substantial Payments to ENs, but Those Payments Appear to Fall Far Short of Expenses.** By mid-2004, a total of about \$900,000 in milestone and outcome payments had been made to non-SVRA ENs. These funds went to just 157 ENs, representing about 35 percent of ENs with Ticket assignments and only 13 percent of all ENs. About 80 percent of ENs receiving payments had received less than \$5,000. Of the three ENs we interviewed that reported over \$5,000 in TTW payments, two believe that things were going well, but the third is losing money on the program and has decided not to accept any more Tickets. The handful of ENs that had received some payments, but less than \$5,000, all reported that revenues have fallen far short of expenses.

**Several Barriers Impede EN Success.** Several ENs had trouble placing beneficiaries for a variety of reasons, including client characteristics (e.g., level of interest in working full time and leaving the benefit rolls, and the nature of their disabilities) and other circumstances (e.g., a slow economy or an internal shortage of resources for helping clients find jobs). When identifying challenges to success under TTW, some ENs also pointed to aspects of the payment system, particularly the difficulties associated with obtaining earnings documentation. Accordingly, most suggestions for improving the program have to do with restructuring the payment systems and revising related processes.

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**Ticket Assignments Are Few and Far Between.** Sixty percent of all ENs have taken no Tickets; over 20 percent have taken fewer than four Tickets. EN representatives told us they devoted considerable effort to answering basic questions from potential clients about TTW, educating them about the program’s purpose. These ENs frequently found, however, that many callers were not interested in pursuing employment at a level that would lead to zero cash benefits. And even when they were, ENs sometimes screened them out for other reasons, such as not matching well with the service model, requiring expensive or long-term services, or not showing sufficient likelihood of succeeding in the workplace. ENs often found that screening efforts yielded few Ticket assignments—or even none at all. While most ENs remain interested in taking Tickets and are willing to continue participating in the program at some level, some have decided against taking any Tickets or want to reduce their involvement. EN representatives in both groups cited financial concerns, among other factors, as deterrents to participation.

**Services Are Not Being Expanded.** ENs typically serve Ticket clients much as they serve other clients; that is, there appears to have been very little service expansion in the interest of Ticket holders. A few ENs employ Ticket holders themselves. Some have taken a relatively hands-off approach, providing a minimum of direct services or assistance, either because they believe that this is the best way to ensure client success (e.g., they need to do things for themselves) or because they do not have resources to cover more extensive services. Some ENs have consistently referred clients to SVRAs, for example, for high cost services. In addition, ENs typically pay for overhead and direct services out of other existing funding sources, not with revenues from Ticket payments. Most know little or nothing about the “capitalization initiative” that was designed to help them find new operating revenues.

In conclusion, our recent findings on EN participation in TTW echo the findings documented in both the initial evaluation report and the preliminary process evaluation report. This body of evidence strongly suggests that the program continues to struggle to meet its goal of giving beneficiaries a greater selection of providers.

Conceptually speaking, the notion that underpins the program’s design—that entities other than SVRAs will enter the provider market and help beneficiaries move off of the disability rolls in exchange for a performance-based payment stream—is questionable. The most significant operational problem seems to be that ENs are finding that they are generating revenue streams that are “too little, too late,” given the need to cover the upfront costs of overhead and direct services. Absent the funding they need, ENs say they must screen out individuals with significant service needs and offer less intensive services to TTW beneficiaries who can return to work most easily. EN officials continue to call for a substantial overhaul of the TTW payment systems. Even if the systems are radically revised, however, ENs may still have trouble finding enough suitable Ticket holders—those who will generate a funding stream that would sustain their TTW efforts without other resources.<sup>10</sup>

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<sup>10</sup>More information on EN costs appears in Chapter VIII.

Finally, the real and perceived work disincentives inherent in the SSI and DI benefits systems make it unlikely that most beneficiaries will pursue full-time work in lieu of benefits. EN representatives stated that many beneficiaries would not earn enough from full-time work to counter a loss in benefits, would not be able to obtain sufficient medical coverage, or would have difficulty sustaining full-time work because of the nature of their disability. Indications are that the TTW program is not likely to succeed without broader benefits reforms.

## CHAPTER VI

### STATE VOCATIONAL REHABILITATION AGENCY PARTICIPATION IN TICKET TO WORK

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**S**VRAs dominance in TTW suggests that the program has prompted little change in the delivery of services to beneficiaries. SVRAs were virtually the only providers receiving SSA funding for employment support services before TTW, and they remain the dominant providers. In particular, over 90 percent of Ticket assignments have been made to SVRAs, which continue to rely on the traditional payment system for the overwhelming majority of clients. Thus, most beneficiaries participating in TTW are doing so under conditions that are essentially unchanged from before program rollout. In addition, most SVRAs we interviewed report that they are now serving beneficiaries who are similar to beneficiaries served in the past in terms of characteristics and backgrounds. Further, SVRAs do not appear to have changed the mix or intensity of services provided to beneficiaries. As explained in the initial evaluation report, SVRA officials tend to view TTW as a new payment system that imposes some additional administrative requirements but has little effect on current service delivery efforts.

There are, however, a few noteworthy changes. Some SVRAs report an increased recognition of the complexity of SSA's program rules and work incentives and of the need to understand the difficult personal and financial decisions made by beneficiaries as they attempt to find a job. A number of SVRAs routinely refer beneficiaries to local BPAOs to ensure that they receive accurate information about the effect of employment on their financial and health care benefits. In addition, a few SVRAs are expanding their capacity to provide this information themselves or identifying outside individuals or organizations that can do so.

While SVRA participation in TTW remains strong, there is some evidence that SVRAs' interest in TTW may have waned in recent months. SVRAs appear to have become less aggressive about obtaining assignments from their beneficiary clients. This is most evident in the Phase 2 states, where the beneficiary participation rate at SVRAs is well below the rate in Phase 1 states at the comparable point in the Phase 1 rollout. It also appears that Phase 1 SVRAs are obtaining fewer assignments than a year or so earlier. Our analysis of SVRA data on case closures suggests that the lower TTW participation rate is not related to the fact that SVRAs are serving fewer beneficiaries. It appears, instead, that SVRAs have reduced their

efforts to obtain Ticket assignments from their clients who are SSA beneficiaries. Initially, SVRAs were concerned that many such clients would assign their Ticket to another EN after receiving extensive services from SVRA, leaving the latter unable to recoup its costs. As this concern has diminished over time, SVRAs have relaxed their efforts to obtain Ticket assignments.

Waning SVRA interest in TTW appears to have coincided with a general decline in the percentage of SSA beneficiaries whose cases were closed when they became competitively employed and stabilized in their position. This decline does not seem to be directly associated with the Ticket rollout because its timing was approximately the same across the country even though the program was phased in over three years. The reasons for the decline in closures due to employment are unclear. The slow economy during the observation period might explain the trend, but there was no comparable decline in case closures for SVRA clients who were not SSA beneficiaries. This finding, coupled with the reduction in payments to SVRAs under the traditional payment program during the same period, suggests that TTW has been fighting an uphill battle to promote improved employment outcomes among SSA beneficiary clients.

Our findings on SVRA participation are based on analyses of SSA and RSA administrative data, interviews with SVRAs chosen from Phase 1 and Phase 2 states (Connecticut, District of Columbia, Georgia, Massachusetts, Michigan, South Dakota, Vermont, and Wisconsin), interviews with staff from the Office of Employment Support Programs, and a review of 27 SVRA-EN agreements obtained from Phase 1 and Phase 2 states. Whenever appropriate, we have compared our current findings with those reported in both the initial evaluation report and the preliminary process evaluation report. Specifically, we compared the results of our interviews with 8 SVRAs conducted in 2004 and with the interviews with 13 Phase 1 SVRAs completed in 2002.

#### **A. SVRA PROGRAMS AND THE PARTICIPATION OF SSA BENEFICIARIES**

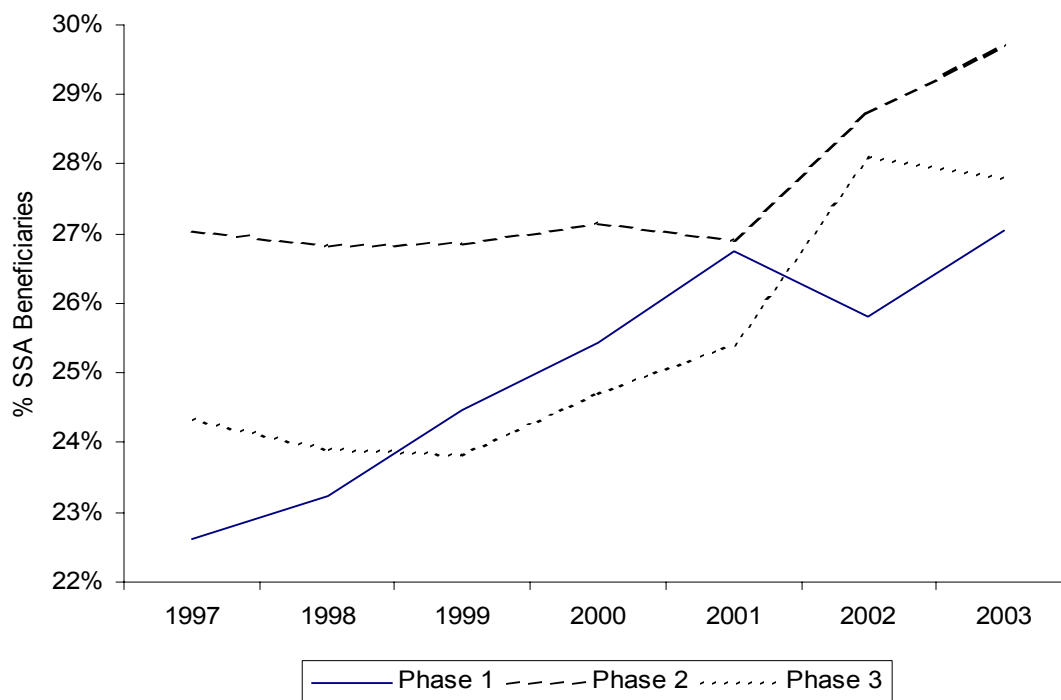
SVRAs operate with funding from the states and the U.S. Department of Education's RSA). Under current legislation, federal funds pay for approximately 79 percent of VR activity, and the states fund the remaining 21 percent.<sup>1</sup> Federal funding is distributed according to a formula that adjusts for a state's population and per capita income. Since FY2000, total funding has remained fairly constant, ranging from \$2.3 to \$2.6 billion nationwide. The total \$2.6 billion appropriation supports the total vocational rehabilitation program, including federal and state administrative costs, the national network of Centers for Independent Living, and other related programs. In addition to these administrative and other service functions, SVRAs use a large percentage of their state appropriation to purchase rehabilitation services for individual clients. For example, in FY2003, SVRAs spent approximately \$1.34 billion to purchase services for their entire client population.

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<sup>1</sup> The information in this paragraph is from the Institute for Community Inclusion (2005).

SVRAs use the funds to provide a mix of services intended to assist people with disabilities in identifying their vocational goals and securing employment. For example, assessment and evaluation services help individuals select a career area and set employment goals. Educational and medical services prepare individuals for employment in their chosen career area. Job placement, supported employment, and assistive technology services assist individuals in maintaining employment for extended periods and preparing for career advancement. SVRA services include basic counseling services delivered by a vocational rehabilitation counselor as well as specialized placement, training, and rehabilitation services specified in a client's Individualized Plan for Employment that are purchased by the SVRA for a specific client from a statewide network of vendors.

**Figure VI.1. SSA Beneficiaries As a Percentage of All SVRA Case Closures FY1997–2003**



Source: RSA 911 (Case Service Reports) Public Use File.

SVRAs serve a broad array of people with disabilities; in recent years, those receiving DI or SSI benefits have accounted for about one-fourth of all SVRA case closures (Figure VI.1). Another recent development includes a steady rise in the total number of SSA beneficiaries served by SVRAs, from 137,000 closed cases in FY1997 to 175,000 closed cases in FY2003.<sup>2</sup>

<sup>2</sup>The percentages identified in Figure VI.1 include both successful and unsuccessful case closures. Successful case closures are those in which the participant achieves competitive employment in an integrated setting that is consistent with the participant's strengths, resources, priorities, concerns, abilities, capabilities,

SSA payments to SVRAs under the TTW program primarily supplement the case service funds used by the agencies to purchase specific services for clients. While SSA disability beneficiaries account for about 25 percent of SVRAs' case closures, funds from SSA account for less than 10 percent of SVRA case services monies. In FY2003, SSA reimbursements paid to SVRAs totaled approximately \$80 million, roughly 6 percent of the total SVRA expenditures for purchased services of \$1.34 billion. Thus, SVRAs have served disability beneficiaries through their primary funding sources with a small but nonetheless significant supplement provided by SSA TTW funds.

To a great extent, SSA payments are a far smaller fraction of total revenue than DI/SSI beneficiaries are of all people served by SVRAs because SVRAs have received SSA reimbursements for less than 10 percent of the SSA beneficiaries on their caseloads each year. SSA reimburses SVRAs (up to a limit) for the costs they incur to serve beneficiaries who earn at least the substantial gainful activity level (currently \$830 per month for most beneficiaries) for nine months.<sup>3</sup> Many beneficiaries who receive SVRA services do not earn at the substantial gainful level and so do not generate a payment from SSA.

Our initial evaluation report indicated that, at the beginning of the TTW program, SVRAs viewed TTW as a major threat to a funding stream that, albeit relatively small, had become increasingly important over the past two decades. Figure VI.2 provides historical information on the number and amount of SSA payments to SVRAs under the traditional payment program. During the early and mid-1990s, SVRAs were reimbursed for successfully serving about 5,600 to 7,300 individuals each year. As of the late 1990s, SVRAs began to serve a larger number of individuals. From 1998 to 2002, SVRAs received SSA reimbursements for an average of approximately 10,000 individuals each year, at an annual cost to SSA of over \$100 million. Then, in FY2003, the number of reimbursements to states dropped significantly, to about 6,800.

Figure VI.3 presents another view of SSA expenditures on employment services, indicating the total payments made to SVRAs and ENs. Like Figure IV.2, Figure VI.3 also shows the decline in payments, from about \$130 million in FY2002 to about \$85 million in both FY2003 and FY2004. What is almost invisible are the payments to ENs in 2002–2004 (in 2004 those payments were \$785,000, which is less than 1 percent of total payments).

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*(continued)*

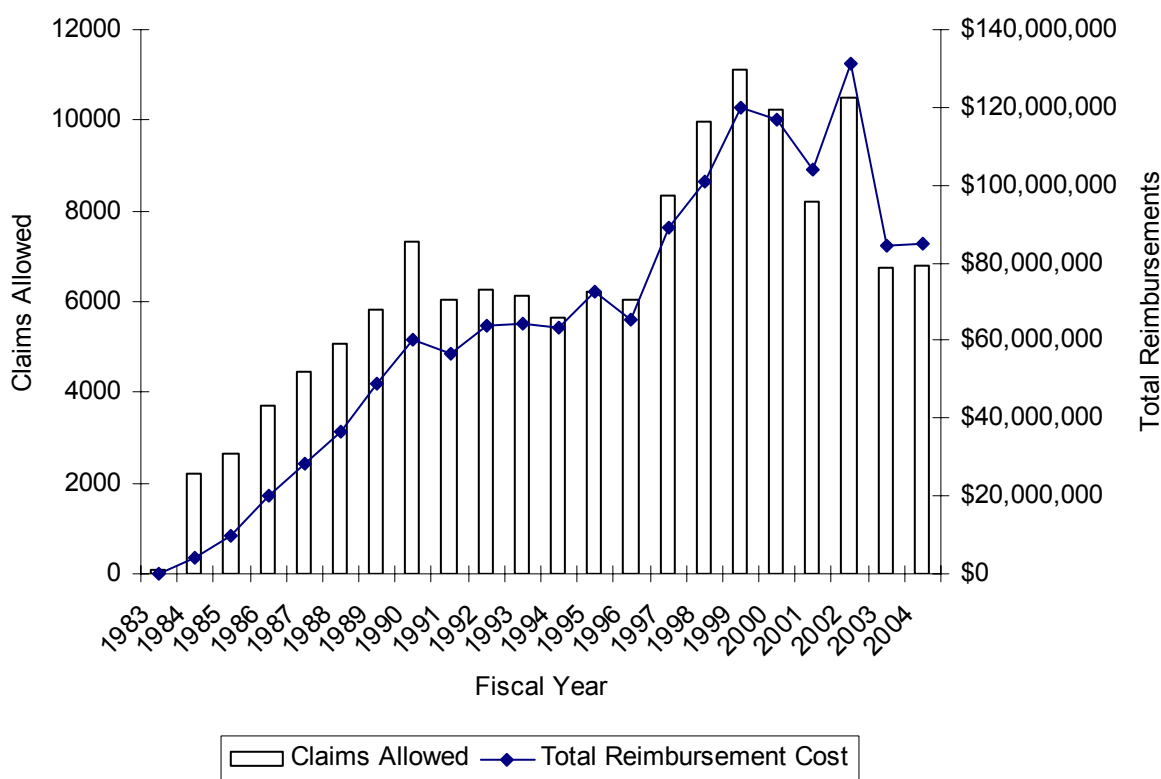
and informed choice. An individual may achieve a successful closure yet not meet the SGA earnings level in any given month. An unsuccessful closure occurs when an individual leaves the SVRA service rolls before achieving an employment outcome.

<sup>3</sup>Since 1981, SSA reimbursed SVRAs for services provided to SSA beneficiaries that result in specified employment outcomes. Despite considerable state-to-state variation under the SSA VR Reimbursement Program (the traditional payment program), the state Disability Determination Services (DDS) Program generally referred to SVRA new beneficiaries who appeared to be possible candidates for rehabilitation. If the SVRA was able to assist the beneficiary in achieving employment at or above SGA for 9 months in a 12-month period, SSA reimbursed SVRA for the "reasonable and necessary" costs of providing rehabilitation services to an eligible beneficiary. With the inception of the TTW program, the DDS referral program was eliminated, but SSA continues to reimburse SVRAs for individuals who meet the specified employment criteria.

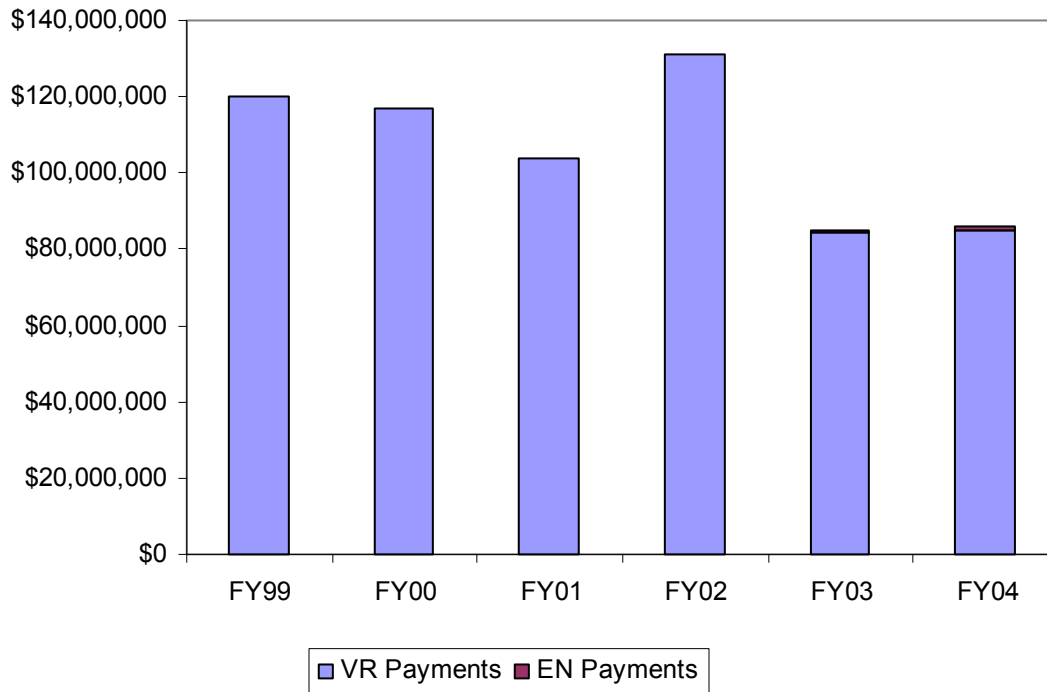


This distribution of payments confirms the growing sense among SVRAs that shrinking payments from SSA are not a function of increased payments to ENs. The distribution also offers a second perspective on SVRAs' dominance in the market to support employment efforts by disability beneficiaries.

**Figure VI.2. SSA Claims Allowed and SSA Payments to SVRAs Under the Traditional Payment Program, by Year**



Source: Social Security Administration 2004.

**Figure VI.3. Total SSA Payments to SVRAs and ENs**

Source: MPR tabulations of SSA administrative data.

The reasons for the substantial decline in the number of traditional payment claims in both FY2003 and FY2004 are not completely clear. While probably not a major factor, the design of TTW could have reduced payments in the short term. In particular, while SSA made a single payment for eligible beneficiaries through the traditional payment system, milestone payments can occur over 12 months, and outcome payments are spread out over 60 or more months for beneficiaries who work enough to stop receiving cash benefits. Thus, efforts by TTW providers to help beneficiaries during the first years of TTW rollout would be expected to reduce revenue in the short term but increase it in following years. Such a rise in SSA payments will in fact be an important indication of TTW success.

Nevertheless, given that most Tickets have been assigned under the traditional payment system, the effect of delayed payments is not likely to be large. Furthermore, both the federal officials and SVRA representatives we spoke with said it is unlikely that TTW is responsible for the reduction in the traditional payment claims. Because SVRAs submit claims to SSA only after an individual has worked at SGA for nine consecutive months, payments in any given year largely reflect beneficiaries enrolled and served in previous years. For SVRA clients who receive SSI or DI and achieve a successful rehabilitation outcome, the mean length of time the client receives services is 25 months (Gilmore 2004). Therefore, it is likely that the bulk of claims submitted in FY2003 and FY2004 were for beneficiaries who began receiving services during FY2001 or 2002. Because TTW was first rolled out in

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February 2002 in only 13 states, it is unlikely that TTW alone could have had such a dramatic effect on the number of claims submitted by SVRAs and approved by SSA.

Both SSA and RSA officials have stated that the recent economic recession has affected payments made under the traditional payment system in two ways (Stafford 2004). First, the recession constricted the job market in many states, making it difficult for SVRAs to find jobs for SSA beneficiaries. Second, the recession put a heavy strain on state budgets and, by extension, reduced state funding to SVRAs. Faced with fewer resources, SVRAs could not offer services (or enough services) to everyone on their caseload, including disability beneficiaries. In fact, as of December 2004, 61 percent of SVRAs were rationing services to eligible people with disabilities (that is, they were operating on “order of selection”). The resulting decline in the number of disability beneficiaries who secured a job reduced SSA payments to SVRAs.

While it seems likely that the economy affected SSA payments to SVRAs, its effect on disability beneficiaries appears to differ from its effect on other SVRA clients. For example, RSA data on the rate at which SVRA clients are placed in competitive employment suggest that, while the rate fell for SSA beneficiaries, it did not fall for other SVRA clients (Figure VI.4). This difference may be an artifact of changes in how RSA data are collected.<sup>4</sup> Alternatively, it could reflect the fact that disability beneficiaries have a steady source of income from SSA or that state fiscal pressures are leading SVRAs--either knowingly or unknowingly--to limit the amount of services provided to beneficiary clients. In our next report, we will examine this possibility by using RSA data that have been matched to SSA data.

Beneficiary participation in TTW through SVRAs will continue to be an important issue in future reports. The following discussion addresses various aspects of SVRA operations under TTW, revisiting some of the major issues documented in past reports.

## **B. TICKET ASSIGNMENT PRACTICES**

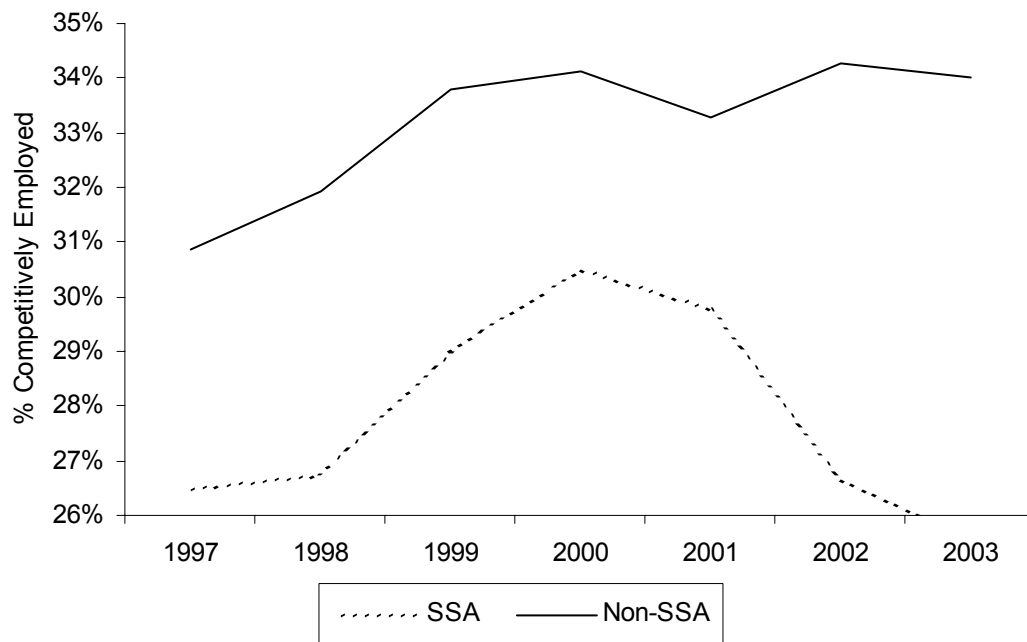
SVRAs appear to be approaching Ticket assignment in a way that differs from their approach when TTW was first rolled out in February 2002. At that time, Phase 1 SVRAs prepared for what they expected to be an onslaught of new applicants by developing call centers and assigning new staff to handle such cases. When the response from new Ticket recipients was weaker than anticipated, SVRAs turned their attention to obtaining Ticket assignments from beneficiaries already on their caseloads, in large part to prevent them from

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<sup>4</sup>Before FY2002, SVRAs were required to report only if clients received SSA benefits at any point during their receipt of RSA services. From FY2002 forward, they were required to report receipt separately at both client application for SVRA services and closure. Hence, our method for identification of SSA beneficiary clients in FY2002 and FY2003 (any client who is reported to receive benefits at application or closure) differs from our method for earlier years (any client reported to have received benefits at any time during the service delivery period). Note that the divergence in competitive employment trends for beneficiary and nonbeneficiary clients begins in FY2002, which would be consistent with the possibility that a change in reporting is the cause. It is not apparent, however, why the particular change would have the observed effect.

assigning their Tickets to ENs (Kregel and Revell 2003). The Phase 2 SVRAs we interviewed, however, were less likely to establish call centers or extensive marketing programs. They also dedicated fewer resources to obtaining Ticket assignments from beneficiaries already on their caseloads, so-called “pipeline cases,” that receive their Ticket after signing an Individual Plan for Employment (IPE) with an SVRA. Their approach to Ticket holders—which may be correlated with the reduced participation rates in the Phase 2 states described in Chapter II—could be a result of at least three factors. First, these Phase 2 SVRAs may have learned from the experiences of the Phase 1 states, realizing that existing clients were unlikely to assign their Tickets elsewhere. Second, caseworkers may have come to see Ticket assignment merely as an administrative step that would not affect the services delivered to pipeline clients. Third, it could reflect longstanding (pre-TTW) differences in their approach to dealing with clients; one of the criteria for including states in Phases 1 and 3 was that they were more “market proactive,” thereby causing Phase 2 SVRAs to appear less active as compared with their Phase 1 counterparts.

**Figure VI.4. Percentage of Competitively Employed SSA Cases Versus non-SSA Cases, FY 1997–2003**



Source: RSA 911 (Case Service Reports) Public Use File.

Recent interviews with eight Phase 1 and Phase 2 SVRAs also reveal that Ticket assignments from new clients—those who receive a Ticket before signing an IPE with an SVRA—continue to be a controversial issue. Transmittal 17 of the “Social Security Provider’s Handbook” (SSA 2002) allows SVRAs to submit a Ticket Assignment Form (Form 1365) without the beneficiary’s signature—that is, without his/her express consent—as long as the SVRA in question also submits the first and last pages of the IPE signed by both the beneficiary and an SVRA representative. Six of the eight SVRAs we interviewed

indicated that they sometimes file Ticket assignment requests for new cases that have not signed Form 1365, with several SVRAs reporting that as many as 10 percent of all assignments may fall into this category.

SVRAs appear to be unsure what to do regarding unsigned Ticket assignment requests for new cases. Some say they are “not really comfortable” with this practice, and many indicate that they would strongly prefer that SSA forbid it. Yet, many SVRAs submit unsigned Ticket requests anyway because current SSA regulations require that they do so in order to recoup their costs under the traditional payment system and to prevent beneficiaries from assigning their Ticket to an EN without the SVRA’s knowledge.

Despite the fact that SVRAs have been seeking Ticket assignments for some new cases without the beneficiary’s signature, they believe that consumer choice is important, and they are doing their best to provide new clients—and others—with enough information on their rights and choices under the TTW and VR programs. SVRAs identified several practices designed to ensure choice in the context of current SSA procedures and regulations. Some SVRAs said they have trained their rehabilitation counselors to give clients information on both the consequences of signing an IPE and their rights and protections under TTW. To this end, four SVRAs reportedly modified their IPE forms. In addition, two SVRAs encouraged beneficiaries to meet with the local BPAO so that they would fully understand the effects of TTW participation and employment on their disability and health care benefits. One SVRA has worked with the Protection and Advocacy (P&A) program in its state to develop a consumer-oriented fact sheet on TTW that is used as an information guide for beneficiaries during their discussions with rehabilitation counselors about Ticket assignment.

### **C. USE OF NEW TTW PAYMENT OPTIONS**

Although SVRAs can assign each Ticket under either the traditional payment system or one of the new payment systems, most SVRAs continue to rely almost exclusively on the former. As discussed in the initial evaluation report, only 4.5 percent of all Tickets assigned to SVRAs in Phase 1 states and 8.9 percent of Tickets assigned in Phase 2 states by the end of August 2003 were assigned under one of the new payment options. More recent data covering the period from initial rollout through March 2004 show that the percentage of Tickets assigned to SVRAs under the new systems continues to be low. Only 6 percent of all SVRA Ticket assignments nationwide were made under the new systems (Table VI.1). Phase 2 SVRAs continue to use these systems more often than Phase 1 SVRAs, but only 12 SVRAs have assigned more than 10 percent of their Tickets under one of the new systems.

**Table VI.1. SVRA Ticket Assignments Made Under New TTW Payment Systems**

State	Total Number of Tickets Assigned	Number Assigned Under New TTW Payment Systems	Percentage Assigned Under New TTW Payment Systems
<b>Phase 1</b>			
New York	7,089	9	0.1
Colorado	335	1	0.3
Wisconsin	1,611	5	0.3
Florida	2,341	14	0.6
Illinois	4,175	29	0.7
South Carolina	1,240	9	0.7
Iowa	613	9	1.5
Arizona	380	7	1.8
Oregon	245	6	2.4
Delaware	435	37	8.5
Massachusetts	617	100	16.2
Vermont	409	98	24.0
Oklahoma	1,439	698	48.5
Subtotal	20,929	1,022	4.9
<b>Phase 2</b>			
Alaska	55	0	0.0
Nevada	197	0	0.0
Virginia	512	1	0.2
Mississippi	204	1	0.5
Michigan	2,642	18	0.7
Georgia	730	6	0.8
Tennessee	837	9	1.1
Kansas	197	3	1.5
Montana	127	2	1.6
Kentucky	289	11	3.8
Missouri	373	17	4.6
South Dakota	267	13	4.9
North Dakota	17	1	5.9
New Mexico	49	3	6.1
Arkansas	79	8	10.1
District of Columbia	56	9	16.1
New Jersey	347	64	18.4
New Hampshire	20	6	30.0
Louisiana	1,071	324	30.3
Indiana	270	89	33.0
Connecticut	439	173	39.4
Subtotal	8,778	758	8.6
<b>Phase 3</b>			
Alabama	160	0	0.0
Hawaii	6	0	0.0
Maryland	50	0	0.0
Puerto Rico	1	0	0.0
Wyoming	5	0	0.0

**Table V1.1 (continued)**

State	Total Number of Tickets Assigned	Number Assigned Under New TTW Payment Systems	Percentage Assigned Under New TTW Payment Systems
Ohio	1,584	2	0.1
Washington	66	1	1.5
California	956	19	2.0
Utah	95	2	2.1
Nebraska	93	2	2.2
Maine	86	2	2.3
Idaho	121	5	4.1
Minnesota	76	4	5.3
Texas	167	10	6.0
Pennsylvania	404	60	14.9
West Virginia	44	9	20.5
North Carolina	228	126	55.3
Rhode Island	1	1	100.0
Subtotal	4,143	243	5.9
Grand Total	33,850	2,023	6.0

Source: Ticket Research File Data on Beneficiaries with Assigned Tickets, March 2004.

Recent interviews with eight SVRAs shed light on Ticket assignment patterns. In general, these SVRAs and those interviewed for the preliminary process evaluation offered the same explanation for their behavior. They were concerned not only about the potential effect of the new options on agency revenue but also about potential increases in administrative costs associated with modifying data reporting systems, tracking Ticket assignments and communicating with the Program Manager, and training counselors in making decisions regarding the new payment systems. Although some SVRAs said that they would be willing to reexamine their payment choice in the future, they will remain cautious until it is empirically demonstrated that the new options will lead to increased payments and, by extension, to revenues that are higher than what they would expect to collect under the traditional system. One SVRA reported that some of its staff members have been encouraging the use of the new payment options in a small pilot test.

Three SVRAs (in Connecticut, Vermont, and Massachusetts) have been serving a significant share of TTW participants (about 16 to 39 percent) through either the outcome-only or milestone-outcome system. The circumstances that prompted them to choose either the traditional system or one of the new systems include the following:

- In Connecticut, counselors use a “decision tree” to choose a payment option for a specific beneficiary. If a beneficiary is receiving SSI or SSI and DI, the counselor selects the traditional payment system. If the individual is receiving DI and is under age 55 and the agency expects to spend less than \$10,000 on the

case, the counselor selects the outcome-only option. Staff had determined that \$10,000 is the average cost reimbursement.

- In Vermont, SVRA staff select the outcome-only system for beneficiaries who are on DI, under age 55, and will likely require less than \$10,000 in services. In addition, the agency attempts to clinically appraise the likelihood that the individual is capable of working above the SGA for some period that will generate enough payments for the agency to recoup its service costs.
- In Massachusetts, SVRA staff select the milestone-outcome payment system for clients served exclusively through state funds. The Massachusetts legislature supplements the SVRA's federal case service monies with funds beyond the required match. One official indicated that SSA could not reimburse the agency for these additional state funds because the traditional payment system applies only to cases served through federal/state matched monies.

#### **D. SVRA-EN RELATIONSHIPS**

In our initial evaluation report, we made the point that, while TTW regulations allow each EN to negotiate an individualized agreement with an SVRA, most SVRAs have simply developed a standard agreement for use with all ENs. Furthermore, because SVRAs and RSA have interpreted TTW as a “comparable benefit,”<sup>5</sup> SVRAs have typically crafted agreements requiring ENs to reimburse them for most or all services provided by SVRAs to a beneficiary whose Ticket was assigned to an EN. If a resource is identified as a comparable benefit, the SVRA views that resource as a “first dollar” expenditure, meaning that the comparable benefit funds (i.e., the Ticket) are applied first before accessing SVRA funds. Unfortunately, in crafting SVRA-EN agreements, SVRAs have interpreted the notion of comparable benefit broadly. If an EN indicated that it could provide a specific service in its application to the PM, then that service was viewed as a comparable benefit for all Ticket holders, and the agreement required the EN to reimburse the SVRA for the service. Informal guidance from RSA (Stafford 2003) has directed SVRAs to apply the concept of comparable benefits at the level of the individual consumer. If a specific service matches a service in an individual's IPE and is available in a timely manner, then the service should be considered a comparable benefit. If the service is not in the individual's IPE or not readily available at the time the individual requires it, the service should not be considered a comparable benefit. The latter approach to interpreting comparable benefits would require ENs to reimburse SVRAs for services much less frequently.

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<sup>5</sup>Comparable services and benefits are defined in the Rehabilitation Act of 1973 as amended by the Workforce Investment Act of 1998 as follows: “(A) 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 employee benefits; (B) Available to the individual at the time needed to ensure the progress of the individual toward achieving the employment outcome in the individual's individualized plan for employment; and (C) Commensurate to the services that the individual would otherwise receive from the designated State vocational rehabilitation agency.” Section 101 (a) (8), 34 CFR Part 361.5.



The findings described above were based on an analysis of SVRA-EN agreements obtained during site visits conducted in 2002 as a part of the preliminary process evaluation. To determine whether the agreements changed as TTW was rolled out, we analyzed 27 agreements obtained in 2004 from the 34 Phase 1 and 2 SVRAs (not all states had developed agreements at the time of the analysis). We also supplemented the analysis with data from interviews we conducted for this report with the 8 SVRAs.

We found that little had changed. SVRA-EN agreements still generally require ENs to reimburse SVRAs for most or all of the services provided by the latter to beneficiaries who have assigned their Ticket to an EN. In many states, it appears that few ENs are signing agreements. This section reviews the core components of SVRA-EN agreements, describes the status of RSA guidance, and details why, in the eight states we examined, few individuals are jointly served under the terms of an agreement.

## 1. Core Components of SVRA-EN Agreements

SVRA-EN agreements describe the terms and conditions under which the SVRA will provide services to a beneficiary referred by an EN. For instance, the agreements cover issues such as referral and information-sharing procedures, the financial responsibilities of both parties, the terms under which the EN will reimburse the SVRA for services provided, and dispute resolution procedures. Below, we discuss how agreements vary with respect to their core components: how reimbursable services are defined, conditions under which ENs are expected to reimburse SVRAs, SVRA incentive payments, and the sharing of SSA reimbursements.

**Definition of Reimbursable Services.** In most of the 27 agreements we reviewed, ENs are required to reimburse the SVRA only for direct services such as assessment, placement, or job-accommodation services. In 5 of the agreements, however, SVRAs require ENs to reimburse the SVRA for administrative and counseling/guidance services. In addition, nearly half of the agreements stipulate that SVRAs will not provide or pay for services that the EN has indicated it can provide in its application to the Program Manager and/or on the beneficiary's IWP.

**Conditions Under Which ENs Will Reimburse the SVRA.** The conditions can vary considerably depending on the agreement.

- Of the 27 agreements, 24 do not require the EN to reimburse the SVRA for services until the beneficiary is employed at a level that will bring in milestone or outcome payments. However, 3 agreements require the EN to reimburse the SVRA immediately after services are provided regardless of whether the EN has begun to receive payments from SSA.
- While most agreements allow the EN to retain a portion of payments received from SSA beginning with the first payment, six of the agreements require the EN to reimburse the SVRA completely before the EN is allowed to keep any portion of the payment from SSA.

- Most of the agreements require the EN to reimburse the SVRA only for the costs of services provided. However, five agreements entitle the SVRA to a share of the EN's payments even after the SVRA has been completely reimbursed for its expenditures.

**SVRA Incentive Payments.** For Tickets assigned to an SVRA, a small number of agreements define situations in which the SVRA will make "incentive payments" to a partner EN for support services provided to help a beneficiary successfully maintain earnings above SGA. Five of the 27 SVRA-EN agreements identify some type of incentive payment, generally in the form of a lump-sum payment to the EN for services such as ongoing support to employed beneficiaries.

**Payment Sharing.** Just three agreements call for an SVRA and an EN to share SSA payments in cases where the Ticket has been assigned to the SVRA. The intent of these agreements is to allow ENs to receive reimbursement beyond the direct cost of purchase of service agreements previously negotiated with the SVRA for specific services. These provisions are intended to balance out the provisions in the SVRA-EN agreements under which the ENs pay the SVRA in situations where the EN holds the Ticket and reimburses the SVRA for services provided. The result is a reciprocal arrangement in which the SVRA shares its payments with ENs (instead of the one-way agreements typical of most states, whereby only the EN shares its payments with the SVRA). From the perspective of SVRAs, this procedure is designed to increase ENs' willingness to serve SSA beneficiaries.

## **2. RSA Guidance on Comparable Benefits**

Several SVRAs have criticized RSA for not providing clear guidance related to comparable benefits. To date, RSA has not issued definitive written guidance on how SVRAs should address comparable benefits in their agreements with ENs. In early January 2005, RSA began circulating a draft information memorandum for comment. However, as of this writing, RSA has not finalized and transmitted the memorandum, entitled "Principles and Promising Practices for Effective Cooperative Agreements between State Vocational Rehabilitation Agencies and Employment Networks under the Ticket to Work Program." Presentations by RSA staff (Stafford 2004) indicate that the question of whether services provided under TTW constitute a comparable benefit is something that must be considered for each beneficiary rather than solely on the basis of the service-related information specified in an EN's application to SSA.

## **3. Extent to Which SVRAs and ENs Jointly Serve Beneficiaries Under the Terms of SVRA Agreements**

Although many SVRAs have drawn up agreements with ENs, many ENs in a state may not have signed the documents. Moreover, the fact that SVRAs may have signed agreements with several ENs does not ensure that large numbers of beneficiaries are jointly served under the terms of the agreements. For example, among the eight SVRAs we interviewed:

- Two have yet to finalize an agreement with ENs
- Three drew up agreements that have been signed by several ENs but do not jointly serve any beneficiaries under the agreement
- Three have developed agreements and jointly serve beneficiaries under the terms of the agreement (although one reported jointly serving just one beneficiary)

The extent to which the above experiences mirror those of other SVRAs is unknown. However, the fact that over 85 percent of all Tickets have been assigned to SVRAs, coupled with the reality that SVRAs assign over 90 percent of all Tickets under the traditional payment system, strongly suggests that relatively few beneficiaries are served under the terms of SVRA-EN agreements. This is significant because, as reported in Chapter V, some ENs are not accepting Tickets from individuals with any connection to the SVRA system; these ENs believe that the acceptance of a Ticket assignment is financially unwise under the SVRA-EN agreement.

#### **E. EFFECT OF TTW ON SVRAS AND THE TRADITIONAL VR REIMBURSEMENT PROGRAM**

Overall, TTW's effects on SVRAs range from positive, to neutral, and even to negative. This section discusses some of the important ways in which TTW has affected the eight SVRAs we interviewed.

##### **1. Deeper Insight into the Employment Support Needs of SSA Beneficiaries**

Although TTW may not have changed the amount or type of services SVRAs provide to beneficiaries, five of the eight SVRAs interviewed in 2004 reported that TTW has changed how their staff—from central office officials to local rehabilitation counselors—see the service needs of SSA beneficiaries. Some SVRAs have concluded that local counselors did not fully understand the employment obstacles unique to SSA beneficiaries. In particular, by making payments to ENs conditional on the beneficiary's cash benefit reaching zero, TTW has caused some SVRAs to undertake a critical examination of their program goals related to SSA beneficiaries. One respondent said, "The TTW program raised the level of discourse in the agency about clients' values and goals, the agency's values and goals, and return-to-work issues. People are thinking and talking more about what is the best thing to do in different situations, for different people, and that involves considering potentially different values."

##### **2. Staff Development and Outreach**

Several SVRAs now understand that local rehabilitation counselors, service vendors, and beneficiaries do not completely comprehend the effect of employment and earned income on disability benefit status and access to health care among SSA beneficiaries. This realization has prompted SVRAs to step up their efforts to educate staff in the employment

needs of SSA beneficiaries and, in some cases, to tailor outreach efforts to the specific needs of clients.

**Training for Rehabilitation Counselors.** All SVRAs have implemented statewide training programs for local rehabilitation counselors to broaden counselors' understanding of TTW. Training activities have focused on areas such as basic SSA disability program provisions, TTW provisions designed to eliminate specific disincentives to employment (e.g., CDR protections, Medicaid Buy-In programs, expedited reinstatement, and so forth), strategies for encouraging beneficiaries to assign their Ticket to the SVRA, and procedures for administering Ticket assignments within the SVRA.

**Training for Local Service Providers.** Three SVRAs initiated or participated in efforts to explain the several components of the Ticket legislation to local service providers and vendors; the SVRAs' goal was to involve providers/vendors in TTW, Medicaid Buy-In programs, and other state initiatives. The South Dakota SVRA, for example, has conducted extensive training at conferences sponsored by the Association for Persons in Supported Employment (APSE). Similarly, the Georgia SVRA hosted "partners meetings" for community organizations and individuals interested in joining the SVRA as a partner. The SVRA brought in a consultant to facilitate the meetings, prompting several organizations to apply for EN status.

**Outreach to SSA Beneficiaries.** Two SVRAs initiated orientation sessions to explain not only the TTW program to beneficiaries but also the services and supports available through the SVRA. The Michigan SVRA, for example, works with a benefits planner to host special orientation sessions for SSA beneficiaries. Some of the SVRA's partners, including ENs, send clients to the orientation sessions.

### **3. More Reliance on Benefits Planning and Assistance**

Seven of the eight SVRAs indicated that the availability of the BPAO program has changed the way they work with beneficiaries. The SVRAs in four states—Connecticut, Georgia, Massachusetts, and Vermont—operate a BPAO program through a cooperative agreement with SSA. Two SVRAs are using funds received through the traditional program to support benefit specialist positions, and two other SVRAs are considering this option for the future.

### **4. Traditional Payment Program As a Funding Source**

The eight SVRAs generally see SSA's traditional cost reimbursement program as a particularly important source of revenue. Most continue to believe that TTW will have a negative effect on cost reimbursement revenue, thereby threatening the states' ability to provide case services. This perception is significant because SVRA revenues from the traditional payment system had begun to decline before TTW's launch.

## 5. Elimination of the DDS Referral Program

The eight SVRAs differ in terms of how they feel about the extent to which the elimination of the DDS referral program, a consequence of the TTW legislation, has affected referrals to them. Two states have examined the traditional program, in which DDS offices referred individuals directly to the SVRA, and determined that few individuals referred from DDS (only 4 percent, according to one state) ultimately became SVRA clients. Two states indicated that the previous link with the DDS program was not only extremely valuable but also a primary source of referrals, noting that the elimination of the DDS referral program has led to small but significant decreases in referrals to the agency. The remaining four states indicated that it was too early to assess the effect of eliminating the referral program.

## 6. Administrative Burden

The eight SVRAs all reported that TTW has increased their administrative burden under the traditional payment system; as a result, their costs have risen as well. Respondents indicated that central office staff and local rehabilitation counselors spend a substantial amount of time explaining the program to beneficiaries, encouraging them to assign their Tickets to the SVRA, and trying to ensure that beneficiaries exercise informed choice in assigning their Ticket. TTW's administrative burden is a significant concern because any increase in SVRA administrative costs will reduce net revenues.

## F. SUMMARY AND CONCLUSION

SVRAs continue to play a major role in TTW simply because they are the dominant providers of employment services for people with disabilities. To date, over 90 percent of Ticket assignments have gone to SVRAs, a trend that has remained steady since program launch. While TTW has changed SVRA operations in some respects, the number and type of core services provided to SSA beneficiaries appear to have remained the same. Furthermore, SVRAs choose the traditional payment system for almost all their Tickets as opposed to one of the two new payment systems. Together, these findings suggest that most beneficiaries participating in TTW are doing so under virtually the conditions that would have been in place before TTW was created.

SVRA officials remain unconvinced that the new payment options will be as lucrative as the traditional system, and they are not alone. As documented in Chapter V, some ENs would rather operate as vendors to SVRAs under cost reimbursement than as independent entities waiting to collect milestone or outcome payments. SVRAs also remain concerned about the potential impact of lost cost reimbursement payments.

SVRA-EN agreements do not appear to foster a positive relationship between the two types of providers. Influenced by the current interpretation of comparable benefits, most SVRAs have drafted agreements that create significant financial risks for ENs. It is not surprising, therefore, that many ENs have shied away from the agreements.

**Employment Outcomes for SVRA Clients.** The share of SSA beneficiaries that have assigned their Ticket to an SVRA and met the employment criteria for generating a payment

to the SVRA under the traditional payment system has recently declined. At the same time, the share of TTW participants whose cases have been closed as competitively employed has declined.

These declines, which started in the same year as the Phase 1 TTW rollout, raise concerns over whether they were related to TTW in some way. In general, it seems unlikely that TTW caused the overall reduction in employment outcomes because the decline has been consistent across all three groups of states (Phase 1, 2, and 3). The downturn in the economy might explain the decline, but the pattern does not hold for other SVRA clients. If the economic downturn is to blame, the fact that the decline is not observed for non-beneficiary SVRA clients suggests that the slowing economy had a much greater impact on beneficiary clients, perhaps because they have an alternative source of income (i.e., DI or SSI benefits) or because they have more challenging physical and medical conditions. Whatever the cause, the trend toward decreased employment outcomes for SSA beneficiaries served through SVRAs is disturbing. Future analyses will examine whether these trends continue and, if they do, will identify the underlying causes.

## CHAPTER VII

### RECENT PROGRAM IMPLEMENTATION

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This chapter describes the recent activities of SSA and the Program Manager in rolling out and implementing the TTW program. The major topics addressed in this chapter include the overall status of Phase 3 program implementation; development of SSA rules, regulations, and other guidance on TTW; the TTW call center; marketing and outreach plans and activities; EN enrollment; training and technical assistance; system enhancements; payment processing; the status of efforts to assess whether beneficiaries are making “timely progress”; and various other initiatives that relate to TTW. Most of the information presented in this chapter is drawn from interviews with SSA and Program Manager officials, but we also include comments from ENs where relevant.

Implementation of Phase 3 of Ticket rollout is now complete. As of the end of April 2005, more than 90,000 Tickets had been assigned by beneficiaries to SVRAs and ENs, and SSA had made over \$1.5 million in payments (SSA 2005). The agency has also developed the rules, regulations, and other guidance needed to operate the program. Plans to increase marketing and outreach to beneficiaries are underway. The Program Manager has initiated new EN capitalization resource materials to help ENs pay for the upfront costs of serving TTW clients. SSA has also significantly enhanced its management information systems, such as eWork, to help process pay stubs and other beneficiary documentation. Because SSA received no special appropriation for these efforts, it implemented TTW as part of all its other activities and priorities.

Despite important progress, there are still problems to overcome. Certain regulations required by the Ticket Act have not been promulgated. It has become more difficult to recruit ENs, and more and more of them are dropping out of the program. Additional marketing efforts under discussion since Phase 1 have yet to be implemented, and payment processing is still problematic.

#### **A. ROLLOUT SCHEDULE**

Beginning in November 2003, Phase 3 of TTW was implemented in the final 17 states and U.S. territories (Table VII.1). (See Appendix A for an overall timeline of Ticket implementation and a list of states by phase.) The schedule for mailing Tickets was the same as the one used during Phase 2. Ten percent of Phase 3 Ticket-eligible beneficiaries were mailed

Tickets each month from November 2003 through September 2004 based on the terminal digit of the eligible beneficiary's Social Security number.<sup>1</sup> Batch mailings were scheduled three times per month to ease the Program Manager's call center workload in responding to telephone inquiries from beneficiaries after the Tickets were mailed. In addition, Tickets were mailed to individuals who filed new disability claims across the country during this period. In total, about 3.5 million beneficiaries received Tickets during Phase 3. The Program Manager will continue to mail approximately 75,000 Tickets per month to people newly awarded disability benefits or otherwise newly eligible for TTW nationwide.

**Table VII.1. States and Territories Included in Phase 3 Ticket Implementation**

Alabama	Minnesota	Texas	American Samoa
California	Nebraska	Utah	Guam
Hawaii	North Carolina	Washington	Northern Mariana Islands
Idaho	Ohio	West Virginia	Puerto Rico
Maine	Pennsylvania	Wyoming	Virgin Islands
Maryland	Rhode Island		

## B. RULES, REGULATIONS, AND OTHER GUIDANCE

SSA continues to develop and issue regulations as mandated in TTW legislation; however, promulgation of many final regulations has been delayed. In August 2003, SSA issued a Notice of Proposed Rule Making (NPRM) on the Continuation of Benefit Payments to Certain Individuals Who Are Participating in a Program of Vocational Rehabilitation Services, Employment Services, or Other Support Services (Section 301 of the Ticket act). The proposed rule, 68 FR 45180, provides that, if a continuing disability review (CDR) is conducted with a beneficiary who is participating in an approved plan of rehabilitation, including an individual work plan (IWP) under TTW, benefits will not be terminated until the beneficiary completes the program. The rule makes it clear that TTW participants will be exempt from a CDR based on disability. The public comment period closed on September 30, 2003. SSA was reviewing comments as this report was drafted in spring 2005.

In October 2003, SSA published proposed regulations on expedited reinstatement of benefits (Section 112 of the Ticket Act). This provision, sometimes referred to as "easy back on," would allow some beneficiaries who have left the rolls for work to have their benefits reinstated without filing a new application. SSA has received public comments on this provision and was in the final review process in spring 2005.

SSA is also drafting regulations on Exemption of Work Activity as a Basis for a Work Continuing Disability Review (Section 111 of the Ticket Act). This means that no CDR may be scheduled solely because of an individual's work activity. In other words, work activity cannot be used as evidence that the individual is no longer disabled and eligible for SSI or

<sup>1</sup>In both Phases 2 and 3, Tickets were not mailed during December.



DI benefits. The NPRM, signed by the SSA commissioner on June 4, 2004, was under review by the Office of Management and Budget in spring 2005.

SSA is drafting a final rule to refer eligible beneficiaries to agencies other than SVRAs for rehabilitation services. Under previous regulations, SSA was required to refer all beneficiaries to an SVRA for rehabilitation services. The TTW legislation repealed this requirement and substituted referral to an EN under TTW “or another program of vocational services, employment services, or other support services” (Sec. 1615). SSA has repealed the referral requirement to SVRAs but has not initiated a referral process to eligible ENs while the rules are being considered.

According to the SSA Quarterly Update on the Ticket to Work and Work Incentives Improvement Act Implementation (February 2005), the agency is also considering proposed rules that would revisit several issues in the TTW final rules published in December 2001, including Ticket eligibility, SVRA participation, and EN payment provisions. Once the NPRM is published, SSA intends to hold town meetings with beneficiaries and other stakeholders to obtain their feedback on the proposed changes. Details on what SSA is considering were not included in the update.

### **C. THE TTW CALL CENTER**

The Program Manager continues to operate the call center, answering inquiries from beneficiaries, ENs, SVRAs, and the general public. The center received about 270,000 calls during the first 10 months of 2004. Most calls come from beneficiaries seeking information on how participation affects their benefits and on the ENs serving their areas. Other calls come from EN and SVRA representatives who want to find out whether a beneficiary’s Ticket is assignable, confirm that a Ticket has been assigned, or discuss information required for payment. Although the call center has 62 staff, Program Manager interviewees said that the center had some trouble handling the volume of calls, which totaled about 65,000 to 75,000 in some months during the Phase 3 Ticket mailing.

The EN representatives we interviewed offered mixed reviews of the call center’s performance. On the positive side, some ENs were pleased with the information and assistance they received, particularly during the application process; others said call center staff were helpful later on in answering questions about the payment process. Many said they frequently called to obtain information or solve a problem; others said they appreciated the occasional calls from the Program Manager staff to identify any other ongoing issues. A few EN representatives singled out particular staff members as reliably helpful.

On the negative side, however, over half of the EN representatives we interviewed said that the Program Manager staff had occasionally either provided inconsistent information or communicated poorly, although some said that the quality of service had significantly improved in the past year. Several EN representatives believe that the inconsistent information was a result of the fact that different call center staff gave different answers to the same question. According to one EN representative, it was a question of “never being able to get the same person twice.” For example, some EN representatives complained

about submitting virtually identical paperwork on different clients and having it accepted by one person but rejected by another. Some ENs complained about staff turnover at the Program Manager call center and thought that new staff did not yet have enough training to give reliable responses. A few ENs expressed an interest in having a primary contact person they could rely on “to develop consistency and a rapport.” Also, a few ENs thought that the Program Manager had not done enough to explain TTW to beneficiaries—for example, that a Ticket does not entitle a beneficiary to a job. Similarly, a couple of ENs thought that the Program Manager should provide Ticket holders with information about the types of disabilities or the specific area of a state an EN will serve. Some EN representatives complained that beneficiaries did not have correct information about TTW in general and about their ENs in particular.<sup>2</sup>

In response to these criticisms, Program Manager staff said that, although they try to assign one contact person to each EN, staff turnover makes it difficult to sustain such an arrangement. As a result, EN representatives may call and request to speak with their contact or leave messages for specific staff members, but they may be routed to someone else if the person is busy or not on duty. Program Manager staff also asserted that call center staff can provide callers only with the list of national ENs or ENs in their states, although representatives of SSA’s Office of Employment Support Programs (OESP) assert that it is possible for the Program Manager to provide lists of ENs by county or zip code. In any case, the Program Manager representatives assert that matching beneficiaries to ENs is outside the scope of their contract. It is up to beneficiaries, they said, to peruse the list carefully to determine which clients and geographic locations each EN serves. The Program Manager also said it encourages ENs to be honest about which clients they can assist and not to “oversell” their services. At the time of our interview in September 2004, the Program Manager planned to reassess call center staffing levels during October and November, when Tickets would be mailed to new awardees only. Program Manager staff may be able to spend more time with each caller as the number of calls diminishes.

#### **D. MARKETING AND OUTREACH**

SSA and Program Manager staff are conducting a variety of marketing and outreach activities to address the low EN and beneficiary participation rates.

##### **1. Outreach to ENs**

The Program Manager began recruiting ENs for Phase 3 early in 2003 and continued intensive outreach throughout the following summer. To date, the first wave of outreach to ENs in all states and territories is complete. Since TTW was launched, the Program Manager has conducted 91 recruitment fairs attended by almost 8,000 people across the country. In fall 2003, Program Manager staff attempted to boost EN participation across the country by contacting about 50,000 organizations with the potential to provide TTW

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<sup>2</sup>We will report on beneficiary perceptions of the Program Manager in the next evaluation report, based on results of the beneficiary survey.

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services, telling them about TTW progress, including changes in the payment certification procedure, and noting that 7 million people had Tickets and that many were looking for services and jobs. Program Manager staff said that, to date, this intensive campaign has generated only mild interest in TTW among those contacted.

Current marketing efforts involve presentations at conferences and events hosted by other organizations; in total, Program Manager staff have presented at about 350 events since TTW was established. Those we interviewed noted that nontraditional providers, which are defined as entities whose services and programs are not targeted solely to people with disabilities, constituted a majority of attendees at the conferences.

SSA has contracted with Booz-Allen-Hamilton to develop recommendations for drawing more service providers into the program and for supporting those who have already enrolled. Based on the contractor's recommendations, the Program Manager has developed outreach materials tailored to specific segments of the provider population, such as government services, disability- and nondisability-specific service providers, faith-based organizations, employers, insurance companies, educational institutions, and health management agencies. For example, Program Manager staff said that employers want to know how TTW will affect the bottom line, whereas faith-based organizations are interested in how the program will advance their mission.

The dynamics of marketing and recruitment continue to be shaped by many of TTW's continuing problems. EN recruitment apparently continues to be hampered by perceived flaws in the way TTW has been designed and operationalized, including high financial risk for providers, a narrow definition of acceptable beneficiary outcomes, the potential for causing providers to lose SVRA and other government funding, administrative burdens, five-year client tracking requirements, and the general complexity of the program. Because TTW was fully implemented in many states as of the Phase 3 rollout, word about the negative experiences of ENs, SVRAs, and Ticket holders had spread to Phase 3 states. Prospective Phase 3 ENs from all sectors, including traditional disability service providers, told the Program Manager that they are less inclined to get involved because of the "bad press" the program was getting.

Program Manager staff have reported that negative reviews of TTW, low beneficiary enrollment, and negative SVRA reaction during Phases 1 and 2 changed EN recruitment efforts from "a hard sell" to "an almost impossible task." By the Phase 3 rollout, they said, enthusiasm for TTW had diminished significantly. According to Program Manager staff, "TTW is a product that nobody wants to buy. Interest in TTW has absolutely fizzled." Marketing strategies, no matter how well executed, have failed to persuade potential ENs that know about the program to participate in it. For instance, Program Manager staff estimate that, in recruiting providers, it takes about 400 telephone contacts to get one provider to become an EN. They also report that conference organizers discouraged them from participating in conferences where they might meet representatives of potential ENs. In addition, EN representatives have told them not to call again until there is something new to report.

To make EN recruiting efforts more cost-effective, the Program Manager initiated the City Campaign in November 2004 in five metropolitan areas: Dallas-Fort Worth, Detroit, Los Angeles, Miami, and New York City. To operate the City Campaign, the Program Manager formed the National Alliance, an organization that is led by the National Association of Workforce Boards and includes the U.S. Chamber of Commerce's Center for Workforce Preparation, the National Association of Counties, the U.S. Conference of Mayors, and the Amherst H. Wilder Foundation. The Program Manager and National Alliance will work to form collaborations at the community level—with city governments, state agencies, for-profit and nonprofit service providers, business leaders, and consumer groups—to promote TTW. The Program Manager intends to hold regional EN recruitment events by using a “peer-to-peer” approach and featuring “successful” ENs—defined as those that actively participate in TTW, taking Tickets, and receiving payments—and other Ticket partners, including representatives of Benefits Planning Assistance and Outreach (BPAO) programs and Protection and Advocacy for Beneficiaries of Social Security (PABSS) programs, as the primary spokespersons. Program Manager staff hope that, by creating these larger consortia and support systems, TTW can be better sustained in large metropolitan areas.

## **2. Outreach to Beneficiaries**

In addition to trying to interest more service providers in becoming active ENs, SSA officials said in an interview in August 2004 that they plan to reach out directly to beneficiaries to promote the program. One aspect of this effort involves revising existing TTW informational materials, such as the TTW brochure, by simplifying the language and using a question-and-answer format. SSA also is developing a TTW poster, video, and newsletter for distribution via e-mail and print. The video and newsletter will promote TTW by providing examples of beneficiaries who have successfully used their Tickets to become more self-sufficient. SSA staff continue to attend disability advocacy and other conferences to make presentations and stage exhibits.

In September 2003, SSA awarded a two-year contract to Fleishman-Hillard to develop a strategic marketing plan, part of which would involve creating marketing materials to support TTW and other employment support programs. Fleishman-Hillard reviewed all marketing and public relations materials developed by SSA, such as brochures, flyers, and press releases; audited SSA's Web site; examined all news coverage of TTW; held several focus groups, including one with the Ticket to Work and Work Incentives Improvement Act Advisory Panel; surveyed a random sample of SSA beneficiaries; and conducted an e-mail survey of other interested parties, including advocates, service providers, and employers.<sup>3</sup> Fleishman-Hillard presented the strategic marketing plan, along with survey results and draft marketing materials, to SSA in early November 2004. After SSA signed off on the materials, Fleischman-Hillard finalized them in February 2005 and market tested them at TTW

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<sup>3</sup>Witeck-Combs conducted the stakeholders' survey, and Harris Interactive conducted the beneficiaries' survey under contract to Fleishman-Hillard.

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conferences and expositions in June through September 2005 at 10 sites across the country. Disability beneficiaries, service providers, employers, and other interested parties will be attending the expositions. In early FY2006, SSA will use the results from the market testing to choose a strategy for a nationwide marketing campaign.

In 2005, SSA also recontacted some beneficiaries in two stages to test the effectiveness of outreach materials and information. In the first stage, SSA will mail a postcard, brochure, or other marketing materials to a random sample of 350,000 beneficiaries in five states (Arizona, Florida, Illinois, Michigan, and New York). Six focus groups were conducted to help decide the best messages. Different beneficiary samples will receive different types of information on programs and services, such as state Medicaid buy-in programs, the local BPAO, or the Program Manager's toll-free number. The Program Manager is tracking beneficiary responses, providing another field test of marketing materials and messages. In the second stage, SSA will send follow-up mailers to about 500,000 beneficiaries in particular target groups, including those who requested a Ticket through the Ticket on Demand program and those who worked to some extent during the past year. SSA officials noted that only 10 percent of individuals making a request through Ticket on Demand ever assigned their Tickets.

Finally, under contract to SSA, the ARC is matching SSA beneficiary and U.S. Census data to analyze characteristics of the SSA beneficiary population. The idea is to give SSA guidance on the characteristics of beneficiaries most likely to work so that these individuals can be targeted with additional marketing materials. (See Chapters II and III for discussions of participant characteristics.)

### **3. Outreach to Employers**

SSA reaches out to employers primarily through Ticket to Hire (TTH), a nationwide disability employment service. TTH was developed by SSA with support from the Department of Labor (DOL) as an enhancement to TTW when TTW was initiated. TTH matches employers with ENs and SVRAs that are working with SSA beneficiaries seeking employment. TTH enables employers to post job openings that are then e-mailed to ENs and SVRAs, which in turn convey the information to the beneficiaries they serve. About 1,360 employers are now enrolled; all SVRAs and ENs are automatically enrolled.

TTH is marketed to ENs and employers through a monthly newsletter. However, the contractor that operates the program also sponsored 26 focus groups in 13 cities during 2004. Participants included human resource personnel from companies ranging in size from 15 to over 2,500 employees and representing a variety of industries. The focus groups revealed that employers are concerned about finding and hiring qualified personnel, finding personnel with the right work ethic, and managing costs and benefits. Messages reflecting the business case for hiring people with disabilities were tested in order to identify the messages that resonate most among various employer groups.

## **E. EN ENROLLMENT**

The Program Manager continues to enroll providers as ENs in TTW, although the monthly number of EN applications has fallen from around 35 to about 20 in recent months. About 95 percent of applications are reportedly incomplete upon receipt by the Program Manager; therefore, the Program Manager must work with applicants to obtain the missing information, a process that can take two to three months. Although Program Manager officials think the application process is not difficult, many agencies, particularly faith-based organizations, are unfamiliar with the contracting process and fail to complete all of the necessary paperwork. Program Manager staff have observed that the timeline from provider awareness to decision making to action can take up to a year—much longer than originally anticipated. This is especially true for nontraditional providers (those whose service population is not solely people with disabilities), which currently comprise about 40 percent of ENs.

As of September 30, 2004, about 1,400 entities had applied to become ENs, 1,170 of which were enrolled by the Program Manager. About 300 providers were waiting for their EN contracts to be approved by SSA's Office of Acquisitions and Grants (OAG). OAG offices flooded in spring 2004, and the agency was forced to relocate, halting operations for several weeks. Although the backlog of contracts has subsequently been approved, provider representatives were understandably upset about the delay, and Program Manager staff have expended significant time and effort to keep the ENs from withdrawing their applications.

## **F. TRAINING AND TECHNICAL ASSISTANCE ACTIVITIES**

During 2004, the Program Manager gradually shifted some of its efforts and resources from recruiting new ENs to providing technical assistance and customer service to existing ENs or to organizations that wanted to apply to become ENs. The shift is partly a response to the EN dropout rate, which has reached about 10 percent of enrolled ENs. Program Manager staff said that, to keep ENs involved, they will need to nurture the relationships, establish trust, and offer more assistance. Technical assistance takes place by telephone, through an online discussion group, and through distance learning courses on the Web and CD-ROM. Program Manager staff help providers with the application process and follow them through the submission of earnings documentation. Program Manager staff also advise ENs on developing an infrastructure to provide disability employment services, writing IWPs, accepting Tickets, and other aspects of service administration. In addition, staff contact each EN by telephone every month to discuss any problems or answer questions. The Program Manager has developed and posted on its Web site information about "EN best practices." We will obtain EN reactions to this assistance during interviews for the next evaluation report.

In September 2002, the Program Manager initiated a "capitalization initiative" to acquaint ENs with grants, loans, and other resources that could help fund Ticket services until beneficiary employment generates TTW revenues. As of March 2005, 18 capitalization training conferences had been conducted, and the materials had been presented at various workshops across the country. The Program Manager had also developed an extensive resource manual to augment the training and made it available on CD-ROM and on its Web

site. The relatively few ENs we interviewed that had carefully reviewed the material had generally positive comments about the manual. One person, for example, said, “The manual is well put together and contains standard, good information one needs” to seek additional funding. Other ENs, however, were more skeptical about its usefulness or had not even heard of it. For more information on this issue, see Chapter V.

## **G. SYSTEMS ENHANCEMENTS**

SSA has made significant progress in improving its automated systems during the past year, particularly in the areas of tracking and verifying earnings, administering continuing disability reviews, and determining when benefits become zero for EN payment purposes. During the past year, SSA completed its conversion to the Integrated Disability Management System (IDMS), which houses the Disability Control File (DCF).<sup>4</sup> The DCF is the file for managing disability benefit post-entitlement activity. It contains a complete history of SSI and DI beneficiary records, including medical information, monthly earnings, work and medical continuing disability review information, and relevant information about TTW eligibility. One practical implication of the IDMS is that if a Ticket is shown to be in use and a medical CDR is scheduled, the CDR is automatically rejected, since such reviews are suspended for beneficiaries who use their Tickets.

A new web-based initiative known as the eWork System interfaces with the IDMS and automates the documentation of all SSI and DI earnings information. The eWork System is a management tool that enables SSA field office staff to enter beneficiary earnings data only once and have it populate all other relevant administrative data system fields. It processes work reports, initiates CDRs, and tracks the number of months remaining in the trial work period. It also enables SSA field office staff and Telephone Service representatives to generate a receipt when a beneficiary receiving SSI, SSDI, or concurrent benefits reports earnings. When SSI recipients report monthly income, eWork records that information, prints receipts for the recipients, and posts a message to the field office that action is needed (e.g., a reduction in the monthly payment amount). In addition to eWork’s other advantages, staff expect it to reduce the incidence of overpayments because it automates the processing of earnings information. The eWork System is also available to the AWICs to monitor the progress of field office staff in processing work CDRs; the AWIC can view a list of pending work CDRs in a particular office to check the date on which any given CDR was requested and what information is outstanding. The field offices have been pilot testing eWork throughout the past year, and it was fully rolled out to all field offices in November 2004. According to an SSA staff member, “Overwhelmingly, field office staffs absolutely love the eWork application because it cuts down the number of key strokes and handoffs per case.”

In August 2004, SSA staff indicated that there were still “bugs” to be resolved in the IDMS and eWork System. The most frequent and serious problem was erroneous terminations of Tickets. The IDMS has been incorrectly terminating the Tickets of

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<sup>4</sup>For background information on the creation of the DCF, see the initial evaluation report.

beneficiaries who have achieved SGA-level earnings and are no longer eligible for cash benefits. Program Manager staff could not process EN payments when the Ticket was terminated. The problem appears to have surfaced in April 2003 and was still unresolved in spring 2004. Two of the ENs we interviewed mentioned they encountered this problem. SSA and the Program Manager have devised a manual process for handling these cases and paying ENs, but it is time-consuming, inefficient, and inconvenient. Another problem is that the IDMS was unable to associate a Ticket mail date if a beneficiary received a second Ticket.<sup>5</sup> A valid mail date is required for any Ticket transaction, such as Ticket assignment. The inability of beneficiaries to assign their valid second Tickets has frustrated beneficiaries and ENs as well as field office and Program Manager staff.

In addition to remedying the problems described above, SSA Ticket staff (OESP) have requested the systems staff to incorporate the handling of expedited reinstatements into future IDMS updates. The process is not automated at this time. Staff have also explored the possibility of developing an interface between the Vocational Rehabilitation Management Information System database, which contains SVRA claims for cost reimbursement, and IDMS so that SSA will not generate duplicate payments for Ticket holders working jointly with SVRAs and ENs. No timeframe has been established for this enhancement. SSA is also exploring the possibility of using eWork to generate Ticket notices, such as Ticket eligibility or ineligibility, suspension, or termination.

During the past year, SSA has gained read-only access to quarterly unemployment insurance data through the U.S. Department of Health and Human Services, Office of Child Support and Enforcement (OCSE), enabling claims representatives to query beneficiary earnings data to verify work activity. In the past, SSA verified earnings on the basis of annual earnings data from the Internal Revenue Service; that information is generally available 12 to 18 months after wages are paid. SSA has used the quarterly OCSE data since 1998 to check for unreported SSI earnings through batch processing under earnings enforcement practices (Federal Register, Vol. 63, No. 167). The new agreement with HHS allows SSA to extend these earnings enforcement practices to SSDI beneficiaries. Although SSA has not documented how access to the new data affects overpayments, staff expect that more timely access to earnings data should dramatically reduce overpayments, particularly in the SSI program, where overpayments generally occur.

## **H. PAYMENTS**

Providing timely payments to ENs continues to be a challenge. The multistep process requires the cooperation of several key players. First, the EN must provide proper wage and earnings information to the Program Manager. The information must then be verified with

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<sup>5</sup>Beneficiaries would be issued a second Ticket any time they go back on benefits after their eligibility had ceased—for example, if (1) they went to zero cash benefits (e.g., based on employment earnings) and then stopped working after the end of their extended period of eligibility (EPE) and applied for benefits through expedited reinstatement, or (2) a CDR determined they were ineligible for continued benefits, but they later filed a new disability claim.



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the SSA field office, generally requiring a work CDR. As explained below, processing the first EN payment on a beneficiary is particularly problematic, as it requires cooperation and coordination among several disparate entities, including the Program Manager, SSA Baltimore staff, SSA regional and field office staff, and the EN.

First, the EN must provide the proper wage and earnings information, including the start and end dates of the pay period, the date of payment, the amount of earnings for the pay period and year, and the employer's contact information. Program Manager staff have reported that obtaining complete earnings documentation from ENs is a time-consuming process, often involving several faxes and telephone calls over several months. The date of payment, dates of the pay period, or year-to-date earnings are often missing.<sup>6</sup> ENs are not paid until all required documentation is provided. If an EN cannot obtain this information from the beneficiary or the employer, the SSA central office must contact the field office to initiate a work CDR to document earnings and zero benefits so the EN can get paid.

Delays can occur even if the EN submits all of the required information. To process a claim, SSA technicians compare the documentation submitted by the EN with SSA's beneficiary claims data to determine whether the beneficiary has reported his/her earnings to SSA. If the information is inconsistent, the field office must be contacted to initiate a work CDR to ensure that the payment to the EN is made correctly. There are two types of CDRs: a disability CDR, which examines whether a person still has a disability that qualifies him/her for benefits, and a work CDR, which examines whether a beneficiary is working and therefore whether benefits should be reduced. Unlike a work CDR, a disability CDR cannot be initiated if the beneficiary is using a Ticket. Resolving apparent inconsistencies between pay stubs and SSA employment records can be particularly problematic if the beneficiary has not reported earnings and therefore was "overpaid," i.e., received cash benefits to which he/she was not entitled.

According to SSA staff, processing the initial EN claim can run from one to three months at best. However, SSA staff reported that the turnaround time is shrinking as technicians become more familiar with the payment system and field offices recognize the importance of responding to information requests. In fact, the number of processed claims nearly doubled from December 2003 to January 2004. SSA staff noted that an advantage of the EN payment process is that SSA is notified more quickly about beneficiary wages, thus reducing the number and amount of beneficiary overpayments.

In response to EN concerns about the burden of tracking earnings and the monthly submission of earnings documentation for payment, SSA and the Program Manager implemented the Certification Outcomes Payment Process (COPP) in late 2003. COPP is a simplified outcome payment request option that enables ENs to receive payments without submitting beneficiary earnings documentation. ENs can certify earnings evidence on a

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<sup>6</sup>Compounding the issue are the different rules under SSI and DI related to the use of earned versus paid dates for earnings when determining eligibility and benefit amounts.

quarterly basis if they have received at least three consecutive payments (one must be an outcome payment) for a given beneficiary.

To use COPP, an EN prepares a request for payment on business stationery and sends it to the Program Manager. The request must include a statement agreeing to relinquish incorrectly issued EN outcome payments; earnings documentation, however, is not required. The requests are processed immediately after SSA receives them. If the paperwork is in order and no other problems surface, the payment can be made in as little as two weeks. As of August 2004, 11 payments had been made under this process.<sup>7</sup> Program Manager staff suggested that the small number of payments probably reflects both the small number of beneficiaries and ENs that currently qualify for outcome payments. Some ENs may not want to take the risk of being paid for a beneficiary who has stopped working and then be required to pay SSA the resulting overpayment. SSA will make payments based on the new system, provided that no information in the agency's records contradicts the request. SSA will conduct post payment validation reviews to verify work or earnings.

Although the EN payment process is automated, certain management information must still be entered manually, including the number of EN payments made, payments by states, payments by EN, payments by type (milestone or outcome), and the trust fund from which payments are made. In certain cases, EN payments must be made manually because of the systems errors related to Ticket terminations noted previously. Staff estimate that 16 types of errors necessitate a manual payment, resulting in up to 70 beneficiaries each month for whom EN payments must be made manually. These payments represent an average 23 percent of all payments in months in which manual payments were made and a high of 30 percent in some months.

EN staff expressed frustration with both the documentation required for beneficiary earnings and the delay in receiving payments. ENs reported that the process of obtaining earnings documentation from beneficiaries is extremely time-consuming; they are baffled by the laborious process of continuously collecting earnings evidence from beneficiaries.<sup>8</sup>

In addition, Program Manager staff reported that some ENs operating under the milestone-outcome system are confused about the standard for receiving milestone versus outcome payments. Milestone payments cannot be made after the first month in which benefits are not payable due to earnings. This means that if the EN successfully helps a Ticket holder earn enough to leave the benefit rolls before the third milestone payment is made, it immediately receives only the much smaller outcome payments. The milestone payment the EN would have received is included in subsequent outcome payments but spread over the period of

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<sup>7</sup>As of July 2004, about 65 ENs had been paid at least three outcome payments on behalf of approximately 220 beneficiaries; these ENs could have used COPP, at least in theory. Although not all of these beneficiaries may still be generating payments, we conclude that the number of payments made under the COPP system is relatively small.

<sup>8</sup>For related information, see Chapter V.

time in which outcome payments would be paid.<sup>9</sup> In effect, ENs are penalized for moving beneficiaries off the rolls too quickly. ENs may believe that they are entitled to a second or third milestone payment totaling several hundred dollars when, in fact, the beneficiary has worked at the SGA level in earlier months, in which case ENs are therefore entitled only to a monthly outcome payment that is much smaller than the milestone payment they had been expecting. EN representatives we interviewed became frustrated when they received only the smaller payment amount.

## I. TIMELY PROGRESS

The Ticket Act requires a series of reviews, beginning two years after a Ticket is assigned, to determine whether TTW participants are making “timely progress” toward self-supporting employment, which is defined as working at levels that will reduce or eliminate dependence on DI or SSI benefits. So long as beneficiaries are determined to be making timely progress, their assigned Tickets are considered in use and they are exempt from disability CDRs. The purpose of the review process is threefold: (1) to determine whether the beneficiary is “actively participating” in his/her IWP; (2) to examine whether a goal in the IWP is to work at least three months at the SGA level by the time of the second review; and (3) to assess whether the beneficiary can reasonably be expected to reach that goal. The Program Manager sends a notice to each EN (including SVRAs) that has held beneficiaries’ Tickets for 24 months and requests answers to the following questions:

- Has the beneficiary been participating in his/her IWP?
- Has the beneficiary been working 3 out of the past 12 months?
- Does the EN foresee the beneficiary fulfilling the requirements of the IWP?

If there is no response from the EN, the Program Manager will assume that the answers to the above questions are “yes,” and no further action will be taken. If the response is “no” to any one of the three questions, the Program Manager unassigns the Ticket, and the beneficiary becomes subject to a CDR.

The Ticket Act requires the first review to take place 24 months after each Ticket is assigned and annually thereafter. Because the first Tickets were assigned in March 2002, the first review was scheduled to begin in March 2004, but it did not occur. At the time of our interview in September 2004, SSA and the Program Manager were in the final phases of the planning process to initiate the first review. The Program Manager is currently awaiting

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<sup>9</sup> While the EN gives up milestone payments if the beneficiary leaves the rolls before the milestones are payable, the outcome payments under the milestone system fully offset (in nominal terms) the nonpayment of the milestones. The outcome payments are larger by 1/60 of the milestone amounts not paid. The difference in these larger amounts is spread over all 60 outcome months. What the EN loses is the *immediate* payment of these amounts. The total *amount* received will be less only if the EN does not get all 60 outcome payments. The total *value* of the payments will be less due to discounting and added risk.

SSA's approval of systems specifications to generate the required notices to ENs. Given delays in generating the first timely progress notices, the process and timing of the second annual notice has not yet been determined.

## **J. OTHER SSA INITIATIVES TO SUPPORT TTW**

SSA has sponsored a variety of initiatives to support TTW, including enhanced support of the SSA field offices and the BPAO and PABSS programs.

**Field Office Support for TTW.** During FY2003, SSA designated and trained 58 full-time staff positions as AWICs and 1,535 work incentives liaisons (WILs) to provide the SSA field offices with expertise on TTW and other work incentives. Each AWIC provides technical support and training to 20 to 30 field offices and networks with community agencies and other organizations that provide employment services to people with disabilities. The WILs provide technical assistance to staff and field office management, including assistance on complex cases. The WILs also process cases involving work incentives and maintain ongoing contact with beneficiaries. WILs are also involved in TTW marketing and outreach, but their level of involvement varies according to the needs of the SSA field office. During 2004, SSA developed interactive video training materials for the WILs and other SSA staff who have direct contact with beneficiaries.

We did not interview Regional Office or Field Office staff for this report, but SSA headquarters staff said they received positive feedback from the field offices and beneficiaries on the AWICs and WILs. These staff also pointed out that TTW has had little impact on the field office workload, e.g., the number of work CDRs, the number of individuals who achieve SGA and need benefits adjustments, or the number of individuals using the work incentives and needing benefits adjustments. We will be interviewing SSA regional and field office representatives for the next evaluation report.

According to the EN representatives we interviewed, contact between EN staff and SSA field office staff is minimal. A few representatives stated that they sometimes contact the SSA field office to obtain information about a beneficiary's status, to obtain work incentive information, or to conduct work incentive training.

**Benefits Planning Assistance and Outreach Programs.** BPAO programs help beneficiaries interested in returning to work understand all the relevant Social Security work incentives and other federal, state, and local public benefits that may be affected by their work activity. As of February 2005, over 153,000 beneficiaries had received assistance from 114 BPAOs. In 2002, SSA sponsored a survey on consumer satisfaction with BPAOs (results available at [www.vcu-barc.org/NatReport/customersatisfaction.html](http://www.vcu-barc.org/NatReport/customersatisfaction.html)).

The vast majority of ENs we interviewed said they had extensive interactions with BPAOs; many said they refer all of their Ticket holders to BPAOs or that staff had daily contact with BPAOs. On the whole, the EN representatives said they had positive experiences with BPAOs. In the words of one representative, "This is by far the best service enhancement that has happened under TTW. The BPAO is invaluable to the success of clients and staff. They are educated and empowered by it." A number of EN

representatives wished BPAOs had more funding because they felt BPAO staff were “overworked” or “stretched too thin.” One EN representative, however, complained that BPAO representatives in his area routinely counseled Ticket holders to take part-time jobs that paid low enough to maintain DI benefits, essentially discouraging beneficiaries from participating in the Ticket program.

**Protection and Advocacy for Beneficiaries of Social Security Programs.** PABSS provides information and advocacy services to SSA beneficiaries, including assisting beneficiaries who received erroneous CDRs or overpayment notices from SSA. Most ENs we interviewed are aware of the PABSS program generally, and several have conducted joint or cross-training with their local PABSS program on TTW issues. A few ENs have worked with PABSS to resolve employment discrimination issues for beneficiaries. Only one EN representative mentioned a dispute between a beneficiary and the EN in which PABSS had been involved.

**Disability Program Navigator.** DOL and SSA funded the establishment of about 200 disability program navigators in One-Stop career centers in 17 states across the country. The navigator initiative provides resources to the One-Stop system for more effective service delivery to people with disabilities and includes an important link to the local employment market. DOL is sponsoring a process evaluation in all 17 states and will review and evaluate outcomes in selected states.

## **K. SUMMARY AND CONCLUSION**

SSA and the Program Manager continue to move forward in implementing TTW and have made some changes along the way. At this writing, all three phases of Ticket distribution have been completed. A capitalization initiative, which provides information to ENs to help them fund TTW services, and a certification outcomes payment process have been developed and implemented. In addition, SSA has implemented a new internal Web-based initiative known as eWork, which automates the documentation of all SSI and DI earnings information, processes work reports, initiates work CDRs, and tracks the number of months remaining in the trial work period. The eWork program also enables SSA field office staff and telephone service representatives to generate a work report receipt.

Despite good intentions, however, these recent activities do not appear to be having a dramatic impact on many key aspects of TTW operations. Persistent problems and the pace of certain implementation activities continue to affect program operations. Program Manager staff reported that recruiting and retaining ENs is becoming more difficult. With TTW in its fourth year of implementation, two-thirds of eligible beneficiaries reported that they were unaware of TTW while ENs commonly cited a lack of demand for services as a major reason for low Ticket assignment rates (see Chapter V), yet SSA’s marketing initiatives are still in the pilot testing phase. Few of the ENs we interviewed are aware of the capitalization initiative, and only a handful use the new payment process. Automation of payments to ENs and termination of Ticket eligibility when an individual loses cash benefits also continue to be problematic.

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## CHAPTER VIII

### EN COST AND REVENUE

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The difficulty in recruiting providers to become ENs has inhibited TTW rollout and expansion. Even after ENs enroll in the program, most do not accept Tickets. The initial evaluation report included information from interviews with some experienced ENs that had several Ticket assignments and had received several payments. Their experience indicates that financial viability has been a problem in that program expenditures have far exceeded program revenues. This chapter explores the issue of whether the TTW program, as currently structured, offers ENs a financial incentive that is strong enough to encourage them to participate actively in the program.

To conduct the analysis, we developed a framework for analyzing the financial incentives offered to ENs by the TTW program. For instance, we examined the ENs' aggregate costs and revenues for Tickets assigned during the first year of TTW. Costs were approximated on the basis of information collected in EN interviews and from published data from other providers. Revenue data were obtained from SSA administrative records, and we include two years of payment data for the 2,570 Tickets that were assigned to ENs between the start of TTW in February 2002 and February 1, 2003.<sup>1</sup>

Overall, the analysis suggests that TTW has not given providers enough of a financial incentive to secure their participation in the program. The low financial return on their investment during the first two years after Tickets were assigned stems primarily from the fact that providers have been able to generate payments for only a small fraction of the beneficiaries whose Tickets they accept, and the payment streams from these assigned Tickets have tended to be small. In addition, ENs have incurred costs for serving beneficiaries who do not ultimately generate payments, including many who contact ENs to get information but do not assign their Ticket.

The average EN experience, however, masks the wide variation between providers. For example, a few ENs have generated payments for more than 30 percent of the Tickets they

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<sup>1</sup>The purpose of this analysis is to determine whether ENs that participate in TTW find that the program is financially viable; therefore, we focus on non-SVRA ENs, and the revenue data we examine excludes SVRA Ticket assignments under the two new payment systems.

have accepted. But even at that success rate, it appears that TTW provides a low net financial incentive to ENs because the payment streams have been relatively small even for the more successful ENs.

Looking to the future and assuming no changes to the payment systems, it would take a large change in beneficiary behavior for ENs to overcome the deficit we observed in the first two years of experience. More specifically, ENs will not be able to break even unless they can generate payments for many more of the beneficiaries they serve and generate more payments from those beneficiaries. For example, we estimate that each beneficiary who *assigns* a Ticket would have to generate 10 to 22 payments. To see the magnitude of the required change, it is important to consider that beneficiaries who assigned their Tickets during the first year of TTW generated an average of only 0.86 payments in the 24 months following assignment. In other words, fewer than 15 percent of all beneficiaries generated any payment in the first two years after assignment; of those generating payments, they accounted for only about 16 payments each during the first two years.

We cannot be certain whether changes of the required magnitude are feasible. Such changes seem unlikely based on the early experience with TTW whereby the proportion of beneficiaries generating payments declined during the two years following assignment. Nevertheless, there is evidence from the SVRA system that it can take 26 months or more of assistance before many beneficiaries earn enough to move to zero-benefit status. Therefore, given that the data in this analysis reflect only the 24 months after assignment, it is possible that ENs may see some gains in the future.

#### **A. FRAMEWORK FOR ASSESSING EN COSTS AND REVENUES**

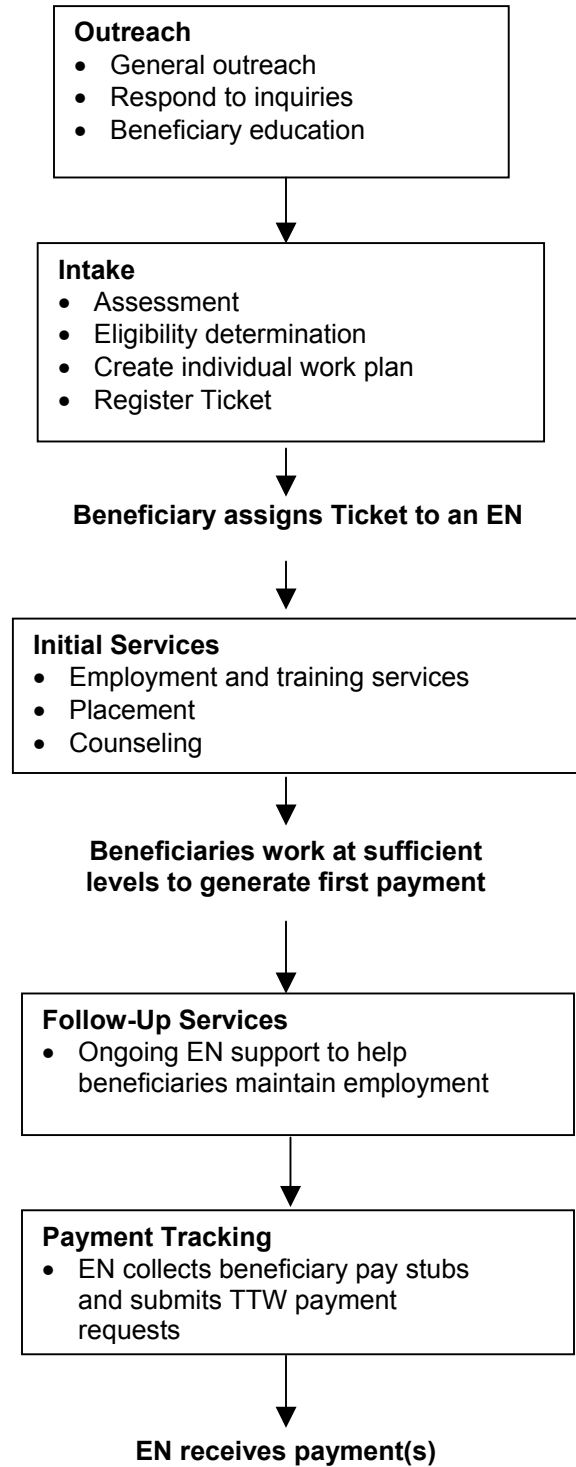
We assigned dollar values to the activities that ENs typically perform in serving beneficiaries (Figure VIII.1) and compared the costs we estimated with the actual revenues we observed for beneficiaries who assigned their Ticket to an EN during the first year of TTW rollout.

EN costs stem from the five major activities shown in Figure VIII.1: (1) outreach, (2) intake, (3) initial services, (4) follow-up services, and (5) payment tracking. Outreach covers efforts to generate a flow of potentially interested clients. At the simplest level, outreach activities may be just answering telephone calls from beneficiaries who receive Tickets and want more information. Beyond that, ENs may develop a Web site, make presentations to groups that include or advise beneficiaries, or work with their SVRA or other possible referral sources. While specific outreach activities vary considerably from one EN to the next, our general sense from the 29 ENs we interviewed is that no more than half of the beneficiaries contacted through any of these efforts will express a concrete interest in assigning their Tickets to the EN.<sup>2</sup>

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<sup>2</sup>The EN interviews are described in detail in Chapter V.



**Figure VIII.1. Summary of Core EN Activities in Ticket to Work**

For beneficiaries who express an interest in assigning their Ticket, the EN conducts an intake assessment to determine whether it wants to accept the Ticket and provide beneficiaries with the information they need to decide whether to assign their Ticket to that EN. When beneficiaries decide to assign their Ticket, the EN must develop an IWP and submit it to the TTW Program Manager. ENs have varying success at this stage, but it appears that many have discussions with 10 beneficiaries for every Ticket they accept. When outreach and intake activities are taken together, ENs appear to incur costs for 20 or more beneficiaries for each Ticket assignment.

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

On the other hand, if a beneficiary does generate a payment, the EN incurs additional costs for tracking the beneficiary's progress and for providing any additional counseling or other services that the individual may need to retain his/her job. Furthermore, ENs must pay staff to obtain pay stubs from the employers of beneficiaries. TTW regulations require ENs to submit the stubs to the Program Manager as part of a request for payment so that SSA can be assured that the beneficiaries left the rolls because of work, and the EN staff must collaborate with the Program Manager to ensure that all requirements are met so that payment is received without significant delay.

To cover the various costs and generate a profit, ENs must generate revenue from milestone or outcome payments or find some other revenue source. This is true even for nonprofit ENs, which must at least cover their costs if they are to remain viable.

ENs operating under the outcome-only system receive payments for each of up to 60 months in which a beneficiary's earnings are high enough to reduce his/her SSI or DI benefits to zero. For a DI Ticket holder, an individual outcome payment under this system was \$336 in 2004, and for SSI-only Ticket holders, it was \$199. ENs operating under the milestone-outcome payment system may receive up to four milestone payments when the beneficiary's earnings are above the SGA level for a certain number of months in a 12- to 15-month period, with each milestone larger than the last. For DI Ticket holders in 2004, the first milestone payment received by ENs was \$286, and for SSI-only Ticket holders, it was \$169. ENs operating under the milestone-outcome system will also receive outcome payments for months in which a beneficiary's earnings are high enough to reduce his/her benefit payments to zero. Each outcome payment under the milestone-outcome system is reduced by 1/60 of the total milestones paid. Once a beneficiary generates an outcome payment, the EN cannot collect any further milestone payments but may continue to collect up to 60 outcome payments for that beneficiary. In 2004, outcome payments under the milestone-outcome system ranged from \$229 to \$286 for DI Ticket holders (depending on the number of milestones achieved) and from \$136 to \$169 for SSI-only Ticket holders.

We estimated revenue flows on the basis of the experience of beneficiaries who assigned their Ticket to an EN during the first year of TTW rollout. Payment data are available for all of these beneficiaries for the first 24 months following Ticket assignment. The population of beneficiaries who had been mailed Tickets by January 2003 includes all beneficiaries in Phase 1 states and 20 percent of Ticket-eligible beneficiaries in Phase 2 states. For the first two years after assignment, we calculated monthly revenues as the inflation-adjusted average payment achieved per Ticket assigned.<sup>3</sup> We made separate calculations for the SSI-only and DI beneficiaries. Our analysis focuses on the milestone-outcome system because only a small number of Tickets for which we have at least 24 months of payment data were assigned under the outcome-only system (6 for SSI-only beneficiaries and 22 for DI beneficiaries).

## B. ENS' EARLY NET REVENUE EXPERIENCE

To assess the financial incentives TTW gives providers to participate in the program, we started by examining the net revenue ENs generated for an early cohort of TTW participants. We estimated net revenue by approximating the average costs ENs incur to recruit and serve beneficiaries and then used SSA administrative data to measure the revenue received.

### 1. EN Costs

Using the preceding assumptions about costs, we estimated typical EN costs as follows:<sup>4</sup>

- ***Outreach and Intake Costs.*** For simplicity, we combined outreach and intake costs so that they would include all the resources required for an EN to get one Ticket assignment. Interviews with ENs suggest that 15 minutes per call is a reasonable estimate for the time required to address beneficiary inquiries. It also appears that it requires an average of approximately three hours of staff time to conduct the intake assessment, develop an IWP, and complete a Ticket assignment. As noted, it appears to require 20 initial contacts and then 10 intake assessments to generate one assignment. Staff labor for these activities was valued on the basis of published data on the compensation of vocational

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<sup>3</sup>Two payment dates were available in the administrative data: one that corresponded to the month in which the outcome or milestone was achieved, and one that represented the date payment was received by the EN. We use the earlier of the two, the date on which an event prompting a payment was achieved, in order to eliminate payment processing delays from our analysis.

<sup>4</sup>In making these cost and revenue projections for ENs, we tried to select values that would illustrate the financial performance of a provider that was already established and no longer had to deal with start-up costs or the costs of operating at very small scale. We also adjusted all the cost and revenue estimates to net out inflation and express the results in January 2004 dollars. Furthermore, any costs and revenues that occur more than 12 months after assignment are discounted at the January 2004 prime rate of 4 percent per year.

rehabilitation counselors (Bureau of Labor Statistics 2003).<sup>5</sup> Given this level of effort, we estimate that ENs incur costs of \$782 per Ticket accepted in order to conduct outreach and intake.

- ***Initial Services.*** There are no accurate data on the costs ENs incur to move beneficiaries into employment. We therefore decided to approximate the costs on the basis of expenditures reported by mid-cost SVRAs to close an SSI or DI beneficiary's case.<sup>6</sup> Specifically, our mid-cost SVRAs reported costs of \$1,507 per Ticket assigned by DI beneficiaries and a slightly higher figure of \$1,529 for SSI-only beneficiaries. The costs reflect the mix of services provided to all beneficiaries, even those who do not find work and generate a milestone or outcome payment.<sup>7</sup> The experience of some providers suggests that the estimate may be low, and we return to this issue when we present overall results.
- ***Follow-Up Services.*** Evidence of the cost of ongoing employment supports for Ticket recipients who have started to work is scant because few of the ENs we interviewed had yet needed to provide such services. We therefore assumed that a full-time employee could handle the follow-up service needs of about 100 beneficiaries per year or that about 1 percent of an employee's time is required to perform these services. We assumed that ENs would provide these services only to beneficiaries who began to work and generate a milestone or outcome payment. Furthermore, because an EN can collect up to 60 outcome payments on a beneficiary who leaves SSA benefits due to work, we assumed that services would continue until beneficiaries stopped generating outcome payments. Given the low rates at which we observe beneficiaries generating payments (discussed in the next section), we estimate that follow-up services during the first two years after assignment will cost ENs \$26 per DI Ticket accepted and \$19 per SSI-only Ticket accepted. The higher cost for SSI Tickets reflects the fact that ENs are slightly more likely to generate payments for that group than for the DI group.
- ***Payment Tracking.*** Early in the TTW program, ENs devoted considerable resources to collecting pay stubs and submitting payment requests. We assumed that these costs would decline over time as ENs gained experience and as a

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<sup>5</sup>This hourly wage represents salary only and was multiplied by 1.61 to account for fringe benefits, supplies, and supervisory time. The adjustment factor comes from a detailed cost study performed by staff of the Minnesota State Partnership Initiative project (Minnesota Work Incentives Connection 2003). Application of the factor yielded an inflation-adjusted estimate of \$22.34 per hour for labor.

<sup>6</sup>We determined the median cost of closing a case for non-blind beneficiaries in each SVRA and then used the median of those median costs to approximate the cost an EN would incur to assist a beneficiary. For SSI cases, median-cost SVRAs were Tennessee and Colorado. For DI cases, median-cost SVRAs were Oregon and New York.

<sup>7</sup>These tabulations are based on an analysis of FY2002 RSA 911 data on service costs for closed cases in which beneficiaries had signed an Individualized Plan for Employment.

result of the administrative changes made by SSA. In our framework, therefore, we assumed that it would take an average of one hour of staff time for each payment (milestone or outcome) an EN obtains for a beneficiary. Given that assumption and the observed payment rates, we estimate that payment tracking will cost ENs \$15 per DI Ticket accepted and \$11 per SSI-only Ticket accepted.

An EN's total costs for each Ticket that it accepts include the cost of services (such as information, referral, and assessment/screening) provided to several Ticket holders who do not eventually assign their Ticket to the EN as well as the cost of services to beneficiaries who do assign their Ticket. Beyond that, if a beneficiary goes on to generate a payment (and not all do), the EN incurs some intermittent cost of follow-up services provided to that beneficiary and the administrative cost of tracking the payment from the Program Manager. The costs we used are estimates, but our analysis indicates that even a substantial change in costs (even at magnitudes higher than 50 percent) will not change the main conclusions.

## **2. EN Revenues for an Early Participant Cohort**

Revenues in the first two years after assignment were measured by using SSA administrative data on payments to ENs (excluding any payments to VRs with contracts to act as ENs). The data indicate that few of the Tickets assigned in the year after TTW rollout generated any payment at all within two years, and those that did generate a payment did not tend to do so in multiple months.

Table VIII.1 presents the percentage of assigned Tickets that generated a payment in the first and second years following assignment as well as the share of those Tickets that generated at least one outcome payment. Nearly 16 percent of DI Tickets assigned to an EN and 10 percent of SSI-only Tickets generated payment in the first year after assignment. In the second year after assignment, the likelihood that a Ticket would generate any payment to an EN is half as high as it was in the first year, but Tickets generating outcome payments made up a larger share in the second year than they did in the first year. It appears that, during the first two years following assignment, Tickets that generate a milestone payment are more likely to do so in the first year, and ENs may expect that a portion of the Tickets that generate outcome payments in the second year will continue to do so in future months, although each Ticket holder that has reached outcome status may not generate an outcome in each month.

Under the milestone-outcome system, about 17 percent of Tickets assigned to an EN by DI beneficiaries generated at least one payment within 24 months of when the Ticket was assigned, and nearly 11 percent of Tickets assigned by SSI-only beneficiaries generated at least one payment within the two-year period. This means that ENs had to serve approximately six DI beneficiaries or nine SSI-only beneficiaries before a beneficiary generated a payment. Of the small fraction of beneficiaries with assigned Tickets who generate any payment, a smaller proportion generated a payment in any given month. To illustrate this pattern, Figure VIII.2 shows the proportion of Tickets that generated at least one payment under the milestone-outcome system that generated any payment in each month during the two years after assignment. Only about one in four Tickets that ever

generated a payment to an EN generated a payment in a given month. In the months shortly after assignment, Tickets were more likely to generate a payment, but the likelihood of payment 18 months after assignment was relatively low. This trend suggests that, of the Tickets generating any payment at all within two years, most do so only in a few months, and the number of Tickets that consistently generates payments in several months is likely to be small.

**Table VIII.1. Milestone-Outcome Beneficiary Payment Profile—Types of Payments Generated by Tickets Assigned in the First Year Following TTW Rollout**

	DI/Concurrent		SSI-Only	
	Number	Percent	Number	Percent
Tickets assigned <sup>a</sup>	1,459		694	
Tickets generating any payment in months 0–11	229	15.7	71	10.2
Types of payments generated by each Ticket that generates any payment in months 0–11				
Only milestones	153	66.8	21	29.6
At least one outcome	76	33.2	50	70.4
Tickets generating any payment in months 12–23	128	8.8	32	4.6
Types of payments generated by each Ticket that generates any payment in months 12–23				
Only milestones	48	37.5	3	9.4
At least one outcome	80	62.5	29	90.6
Tickets generating any payment in months 0–23		17.2		10.7

<sup>a</sup>Payment data on all Tickets assigned to ENs in first year of TTW operations.

Thus, the average revenue that ENs received from assigned Tickets was small during the first two years following assignment. For DI beneficiaries in the cohort that assigned their Tickets during the first year of TTW, we estimate that ENs generated payments worth an average of just \$352 per Ticket (\$214 in the first year and \$138 in the second year).<sup>8</sup> SSI payments are smaller so the revenue flow for SSI-only beneficiaries was smaller, even though these beneficiaries tended to generate more payments. We estimate that ENs generated an average of just \$127 per SSI-only Ticket accepted (\$83 in the first year and \$44 in the second year).

<sup>8</sup>Ticket revenue is discounted to the date of Ticket assignment at 4 percent per year, the prime interest rate in effect in January 2004.

**Figure VIII.2. Percentage of Tickets Generating Payment in Each Month Among Tickets That Generate at Least One Payment**



Note: Percentages are Tickets for which a payment is received in a given month as a fraction of all Tickets generating payment within the first 24 months after assignment from data on all Tickets assigned in or before January 2003.

### 3. EN Net Revenue for an Early Cohort

Our analysis of costs and revenues indicates that, on average, ENs are not likely to have recovered the cost of serving beneficiaries within two years of accepting a Ticket (Table VIII.2). The revenue streams from the few beneficiaries who generate payments do not appear to be sufficient to pay for the costs of all the contacts with and services provided to beneficiaries who do not generate payments. Specifically, our model predicts that, over the two years following assignment, ENs would incur costs of approximately \$2,300 for each Ticket they accept. However, revenue generated by the Tickets hardly begins to offset service costs.

The low estimates of revenue reflect two factors: (1) the low likelihood that an assigned Ticket will generate any payment and (2) the fact that Tickets that do generate payments do not consistently do so in every month. That is, the payment per Ticket accepted is equivalent to the total payments received times the likelihood that an accepted Ticket will generate any payment. We observed that only 11 to 17 percent of Tickets assigned under

the milestone-outcome payment generated any payment in the two years following assignment, thus creating a very low cash flow. The small average revenues do not compensate the EN for the service costs they incur. Thus, two years after a Ticket is assigned, we estimate that an EN will have experienced a loss of nearly \$2,000 (for DI/concurrent beneficiaries) to more than \$2,200 (for SSI-only beneficiaries).

**Table VIII.2. EN Experience with Milestone-Outcome Tickets Assigned in the First Year after TTW Rollout, Two Years after Assignment (in dollars)**

	DI/Concurrent	SSI-Only
<b>Expected Costs</b>		
Outreach and intake	\$ -782	\$ -782
Initial services	-1,507	-1,529
Follow-up services	-26	-19
Payment tracking	-15	-11
Total expected costs per Ticket assigned	-2,330	-2,340
<b>Expected Revenues after Assignment</b>		
Year 1	214	83
Year 2	138	44
Total expected revenues per Ticket assigned	352	127
<b>Net Expected Revenue</b>	<b>\$-1,978</b>	<b>\$-2,213</b>

Note: All revenues and costs discounted to date of Ticket assignment using the January 2004 prime rate of 4 percent per year.

To determine whether this early experience might improve for later enrollment cohorts, we examined the payment pattern associated with milestone-outcome Tickets within one year of assignment for assignments that occurred in the *second year* after Ticket rollout (Figure VIII.3). We compared this pattern to the payment pattern for Tickets assigned in the *first year* after Ticket rollout (Figure VIII.2). Among the later assignments, about 16 percent of DI beneficiaries and about 9 percent of SSI-only beneficiaries generated a payment within one year of assignment. These overall rates are similar to the rates observed in the earlier assignment data, although the monthly percentages of these Tickets that generated any payment are lower overall than the monthly rates for Tickets assigned earlier. For both DI and SSI-only beneficiaries who generated a payment in the second year after rollout, the payment rates in months 8 through 11 were already as low as those observed in the last four months of the second year after assignment for beneficiaries who assigned in the first year after rollout.



**Figure VIII.3. Percentage of Tickets Assigned in the Second Year After TTW Rollout That Generate Any Payment in Months 0–11 That Generate Payment in Each Month**



Note: Percentages are Tickets for which a payment is received in a given month as a fraction of all Tickets generating payment within the first 24 months after assignment from data on all Tickets assigned from February 2003 through January 2004.

The early experience may improve if a larger share of beneficiaries served by ENs ultimately generates at least one payment and if each beneficiary begins to generate more payments. In addition, ENs could reduce their service costs if they could screen beneficiaries before assignment, asking for information (such as goals, motivation, and employment history) that might help determine which beneficiaries were most likely to become employed. If ENs enrolled only those beneficiaries who were highly likely to generate a payment, they might spend less to provide services to clients who do not ever reach zero-benefit status. However, the preliminary evidence from a later cohort of Ticket assignments does not suggest that monthly payment rates will increase much.

### C. FACTORS NECESSARY FOR ENs TO BECOME FINANCIALLY VIABLE

Two years after Ticket assignment, ENs have found themselves in an unfavorable financial position with regard to TTW. In this section, we examine what it would take for ENs to break even in TTW and discuss whether such steps are realistic. As in the section above, we will focus on the milestone-outcome system because the outcome-only payment

system is used so infrequently that there is little available evidence to assess likely payment flows.

To compensate for the estimated net loss of approximately \$2,000 on each Ticket accepted under existing payment rules, ENs must begin to receive payments on more Tickets that they accept, and each Ticket must generate more payments. Our assumptions about the cost of staff time and the amount of time needed both to provide follow-up services and track payments yield an estimate that each payment will cost about \$60 to produce. If we assume that a beneficiary generates two milestone payments and then begins to generate outcome payments, the outcome payments would total \$161 and \$272 for an SSI-only and a DI beneficiary, respectively.<sup>9</sup> So, net of the costs of producing that payment, an EN could expect to gain about \$100 for each additional outcome payment received for an SSI-only beneficiary and \$210 for each additional outcome payment received for a DI beneficiary. To recover its net loss of approximately \$2,000 to \$2,200 for the first two years after assignment, an EN must receive approximately 22 more payments *per Ticket assigned* by an SSI-only beneficiary and 10 more payments per DI Ticket. These payments would be in addition to the payments already received by an EN.

To illustrate the magnitude of the change required for an EN to break even, it is useful to consider a case where an EN generates payments only for those beneficiaries who generated a payment during the first two years. In that case, the 17 percent of DI beneficiaries who generated a payment during the first two years would have to generate an average of 56 more payments in order for the EN to break even. For the 11 percent of SSI beneficiaries who generated a payment during the first two years, each would have to generate 202 more payments. The DI scenario is barely feasible because the total number of outcome payments possible is 60; the SSI scenario is clearly infeasible. Thus, generating more payments only among those beneficiaries who generate a payment during the first two years is not going to be enough. ENs will have to generate payments for more of the beneficiaries from whom they accept Tickets as well as generate more payments from all of those who generate any payment. Furthermore, if, as some providers have indicated, our rough approximations underestimate any of the costs, ENs would need to generate even more payments to offset the higher costs.

The payment data indicate that, so far, few beneficiaries generate many payments and that the payment stream is declining in the second year after Ticket assignment, with a smaller percentage of beneficiaries who generated any payment actually generating a payment in a given month during the second year. Based only on this early experience, ENs may not see TTW as a self-financing line of business.

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<sup>9</sup>This analysis is based on 2004 dollars; therefore, we use the 2004 payment rates to determine the value of payments. Outcome payments under the milestone-outcome system depend on the number of milestones a beneficiary reaches.

**Table VIII.3. Milestone-Outcome Beneficiary Payment Profile—Types of Payments Generated by Assignments in the Second Year Following TTW Rollout**

	DI/Concurrent		SSI	
	Number	Percent	Number	Percent
Tickets assigned <sup>a</sup>	1,666		646	
Tickets generating any payment in months 0–11	263	15.79	56	8.67
Types of payments generated by each Ticket that generates any payment in months 0–11				
Only milestones	222	84.41	18	32.14
At least one outcome	41	15.59	38	67.86

<sup>a</sup>Payment data on all Tickets assigned in the second year following TTW rollout.

On a positive note, some emerging evidence from SVRAs indicates that many beneficiaries receiving vocational rehabilitation services require more than two years of services before they reach zero-benefit status.<sup>10</sup> As a result, we might see a turnaround in the payment profile for the early cohort that is just now completing its second year of services. However, it is not clear whether ENs will have the cash flow to sustain their services if they must wait for more than two years to break even.

Furthermore, even though these early findings are discouraging, the outlook for TTW is brighter if the program is viewed as a supplement to other funding intended to promote employment among people with disabilities. If an EN has other sources of income to fund TTW services, the milestone and outcome payments may provide an additional incentive to serve Ticket-eligible beneficiaries. For example, if an EN must fund only the intake and payment-tracking costs from its Ticket revenues, then the EN could, in theory, earn a substantial profit.

#### **D. CONCLUSIONS AND IMPLICATIONS**

It is likely that ENs will become profitable only if beneficiary behavior and Ticket regulations change; moreover, neither of these changes is likely to be sufficient on its own. ENs could boost their own net revenues by decreasing costs or increasing revenues or doing both simultaneously. Some policy-oriented changes can lower EN costs and increase the real value of payments, but no such changes seem likely to help ENs generate consistent profits unless ENs also manage to increase the likelihood and frequency of payments.

<sup>10</sup>This analysis of SVRA data is in an unpublished SSA report.

One option is for ENs to try to reduce their service costs well below \$2,000 per Ticket accepted. However, if ENs try to keep service costs low, beneficiaries who face substantial barriers to employment may have difficulty assigning their Ticket, perhaps resulting in a decrease in already low TTW participation rates. Furthermore, the ENs we interviewed were generally trying hard to identify potentially successful participants, and it is unclear whether they can do so better than at present.

Another option for ENs is to improve screening processes so that they accept Tickets from individuals who are most likely to become successfully employed. This option would reduce costs spent on beneficiaries who are unlikely ever to generate a payment. Increasing the success rate of Ticket holders also brings in more payments to the EN, which increases the amount of funding available for services. A few ENs have generated payments for more than 30 percent of Tickets they accept. Further, ENs could work with SVRAs to serve beneficiaries who had already been prescreened by the SVRA. Such a joint effort might be structured in a way that allows the SVRA to provide some of the more expensive initial services by using other funds while ENs provide long-term employment support funded by TTW revenue.

Finally, while it appears difficult for ENs to become profitable if they rely on TTW as their only source of revenue, the financial picture would be brighter if they could turn to other funding sources to pay for some beneficiary services. In that case, the need to generate payments would still exist, but it would be less urgent. But treating TTW as just a supplemental funding source is likely to limit its ability to achieve its goals of greatly expanding the number and variety of providers who will assist beneficiaries.

## CHAPTER IX

### ADEQUACY OF INCENTIVES

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In passing the Ticket Act, Congress acknowledged that the TTW program might not be equally accessible to all disability beneficiaries. Of particular concern was the possibility that the performance-based payment system might lead providers to serve mainly beneficiaries who are most ready to return to work and to largely ignore beneficiaries requiring more intensive or long-term support to become successfully employed. Such client selection practices could make the program efficient in the sense that savings generated by beneficiaries who go off the rolls would offset payments to ENs. On the other hand, selective practices could also make the program inequitable in the sense that some beneficiaries who want to work may be unable to obtain the TTW-financed services that would enable them to succeed.

To address the issue of equity in the program, Congress mandated an adequacy of incentives (AOI) study, the objective of which was to determine how TTW could be used to increase employment among beneficiaries with significant support needs.<sup>1</sup> According to the Ticket Act, beneficiaries who could have trouble obtaining services in the performance-based TTW environment include individuals who:

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

This chapter updates the findings presented in the initial evaluation report for groups 1 and 2 and provides a new analysis of information about groups 3 and 4. All of the findings are based on SSA administrative data that enable us to identify groups that overlap substantially with those defined in the legislation but that are, nevertheless, only

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<sup>1</sup>The statute also requires SSA to identify and implement a payment system that would encourage providers to offer services under TTW to this population. The commissioner is mandated to report to Congress on recommendations for a method or methods of adjusting payment rates to ENs to ensure equitable participation.

approximations. Our planned analysis of data from the National Beneficiary Survey in the next evaluation report will enable us to conduct a more accurate analysis.

At this stage of the evaluation, our analysis of the AOI groups suggests that they may, in fact, assign their Tickets at higher rates than other beneficiaries. However, this encouraging finding can be misleading for several reasons. First, in order to identify groups 1 and 2 using only administrative data, we had to use disabling condition to predict the need for ongoing support services or high-cost accommodations. It would have been far more accurate to identify the groups on the basis of their functioning, but such data will not be available until the full survey database becomes available in the next report. Thus, our current analysis probably includes in groups 1 and 2 many beneficiaries who function sufficiently well that they do not need supports or accommodations and, as a result, probably overstates the extent to which the group described in the legislation actually assigns their Tickets. Second, assigning a Ticket is only a first step toward employment and economic self-sufficiency. We will have to wait until we see the data on employment outcomes and program impacts to know whether the higher rates of Ticket assignment translate into receipt of all required services and employment success.

Finally, it is important to note that our analysis of the financial incentives TTW gives ENs (Chapter VIII) suggests that the program offers little financial incentive for most ENs to serve any beneficiaries. In addition, we have collected considerable anecdotal evidence indicating that many ENs are using screening criteria that exclude beneficiaries who are interested in receiving partial benefits while they work. Thus, those beneficiaries who will need intensive services to become employed or who appear to have little chance of leaving the rolls are not likely to be enrolled by a TTW provider unless that provider has other sources of funding and a mission to serve such individuals.

#### **A. INDIVIDUALS WHO NEED ONGOING SUPPORT AND SERVICES OR HIGH-COST ACCOMMODATIONS (AOI GROUPS 1 AND 2)**

In analyzing these two AOI groups, we continue to face the same limitations described in the initial evaluation report: the administrative data available at this time are inadequate for identifying these groups accurately. In particular, we are limited to using information about disabling conditions to make inferences about whether a person will require ongoing supports or high-cost accommodations. While condition and functioning are likely to be correlated, they are clearly different concepts and using only information on conditions will lead us to inappropriately include beneficiaries in groups 1 and 2 who could work without special supports or accommodations. Nevertheless, we report tabulations based on our conditions-based definition to give an early indication of the participation patterns in TTW. The next evaluation report will have survey data that we can use to identify beneficiaries in these two groups more accurately.

For group 1, beneficiaries who require ongoing supports, our condition-based definition follows the plan set out by Stapleton and Livermore (2002) to include beneficiaries that have impairments that are likely to result in:

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- A frequent need for personal assistance or coaching (e.g., cognitive disabilities, autism, other developmental disabilities, traumatic brain injury, other severe cognitive disorders, quadriplegia)
  - A tendency to be able to work only episodically (e.g., psychiatric disorders)
  - Possible disruptions of a person's work activity (e.g., uncontrolled seizure disorders)
  - Gradual reduction of an individual's functional capacity over time so that long-term employment retention may be difficult (e.g., multiple sclerosis, degenerative arthritis)

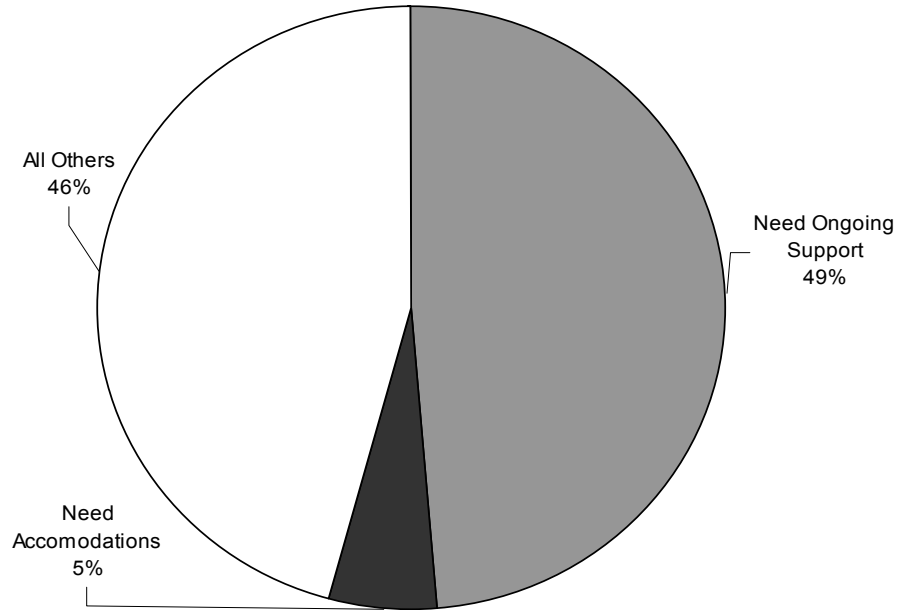
For group 2, those that require high-cost accommodations to work, the condition-based definition includes beneficiaries with impairments that suggest that assistive technologies, workplace modifications, job coaching, personal assistance services, or interpreter or reader services might be necessary for successful employment. Thus, the definition includes impairments that result in the inability to use two or more limbs, severe neurological impairments (e.g., spinal cord injuries), deafness and severe auditory impairments, and blindness and severe vision impairments. As before, we have made the definitions of groups 1 and 2 mutually exclusive, even though there are undoubtedly some beneficiaries who may require both ongoing supports and high-cost accommodations in order to succeed at work. Appendix C of the initial evaluation report details the relevant sections from SSA's lists of impairments used to construct these definitions, along with the associated SSA impairment codes.

Applying these definitions to the updated datasets used in this report produces results that are essentially the same as those reported in the initial evaluation report.<sup>2</sup> We find that taken together, AOI groups 1 and 2 account for more than half of all beneficiaries and that they assign their Tickets at a higher rate than other beneficiaries (Figures IX.1 and IX.2). Furthermore, we continue to find that the two groups of beneficiaries identified with the preliminary definitions differ from each other and from all other beneficiaries (Table IX.1). While the differences are generally small, beneficiaries we included in the group needing high cost accommodations (group 2) are more likely to be male and to be receiving only DI benefits than those in group 1 or in neither of these two AOI groups. Both of these two AOI groups were similar to other beneficiaries in terms of the very small percentage that have requested communications from SSA to be provided in any language other than English.

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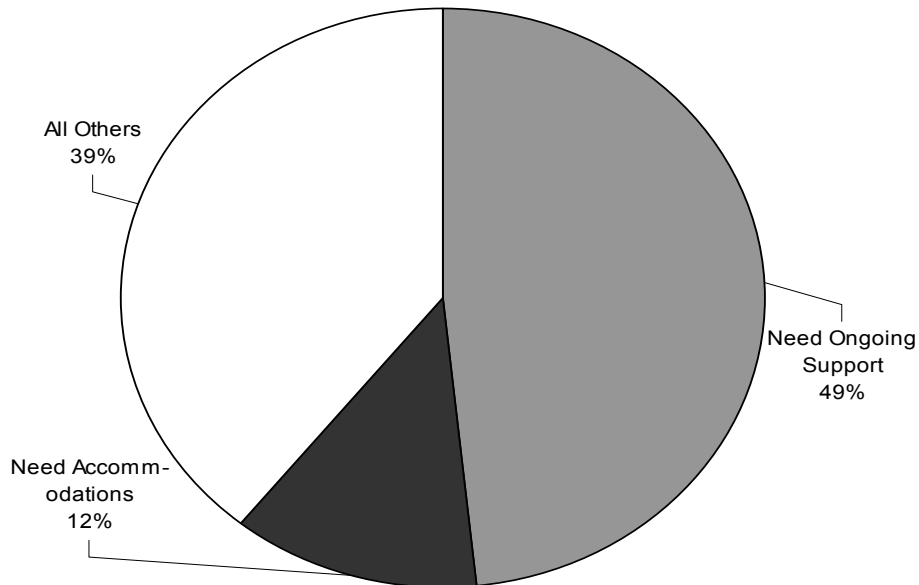
<sup>2</sup> Our updated data have a more precise way of identifying the phase in which a beneficiary received a Ticket. This new method affects our estimates related to the AOI groups, but does not change our overall conclusions.

**Figure IX.1. Ticket-Eligible Beneficiaries in AOI Groups 1 and 2, March 2004**



Source: Ticket Research File data on beneficiaries eligible as of March 2004.

**Figure IX.2. Distribution of Assigned Tickets for Beneficiaries Who Need Ongoing Support and Who Need High-Cost Accommodations, March 2004**



Source: Ticket Research File data on beneficiaries eligible as of March 2004.

Note: These data are not directly comparable to similar information in the Initial Evaluation Report, as more precise data on beneficiary eligibility were available by March 2004.



Table IX.2 provides additional information on the Ticket assignment rates of AOI groups 1 and 2. In all three phases, beneficiaries who need accommodations (group 2) were more than twice as likely as those who need ongoing support (group 1) to have assigned their Tickets, and nearly three times as likely as all other beneficiaries to have done so.

Among beneficiaries who have assigned their Tickets, those we have included in AOI groups 1 and 2 are more likely than other beneficiaries to have assigned their Ticket to an SVRA (Table IX.3). Correspondingly, members of these two AOI groups are also more likely than other beneficiaries to have assigned their Tickets under the traditional payment system.

**Table IX.1. Characteristics of Beneficiaries Who Need Ongoing Support, High-Cost Accommodations, and Other Beneficiaries (Percent)**

Characteristic	Eligible Beneficiaries		
	Need Ongoing Support (AOI Group 1)	Need High-Cost Accommodations (AOI Group 2)	All Others
Disability Program			
DI Only	55	64	59
Concurrent	14	12	13
SSI Only	31	24	29
Sex			
Female	52	43	48
Male	48	57	52
Age			
18-24	7	8	3
25-29	5	5	3
30-34	7	7	5
35-39	9	9	8
40-44	12	11	12
45-49	14	13	14
50-54	15	15	17
55-59	17	17	21
60-64	13	14	17
Language Requested for SSA Communications			
English	96	96	96
Spanish	4	3	3
Other	0	1	0
Number of Beneficiaries in the Analysis	3,345,395	367,665	3,156,916

Source: Ticket Research File data on beneficiaries eligible as of March 2004.

Note: These data are not directly comparable to a similar table in the initial evaluation report, as more precise data on beneficiary eligibility were available by March 2004.

**Table IX.2. TTW Participation Rates for Beneficiaries Who Need Ongoing Support and Who Need High-Cost Accommodations (Percent)**

Overall Ticket Assignment Rates	Eligible Beneficiaries		
	Need Ongoing Support (AOI Group 1)	Need High-Cost Accommodations (AOI Group 2)	All Others
<b>Total</b>	<b>0.63</b>	<b>1.46</b>	<b>0.54</b>
Phase 1 States	1.01	2.35	0.84
Phase 2 States	0.44	1.01	0.38
Phase 3 States <sup>a</sup>	0.31	0.80	0.27

Source: Ticket Research File data on beneficiaries eligible as of March 2004.

Note: These data are not directly comparable to a similar table in the Initial Evaluation Report, as more precise data on beneficiary eligibility were available by March 2004.

<sup>a</sup>Not all beneficiaries in Phase 3 states had received a Ticket by March 2004.

**Table IX.3. Ticket Assignments to Different Provider Types and Payment Systems for Beneficiaries Who Need Ongoing Support and Who Need High-Cost Accommodations (Percent)**

Provider Type	Assigned Tickets		
	Need Ongoing Support (AOI Group 1)	Need High-Cost Accommodations (AOI Group 2)	All Others
SVRA	91	96	88
EN	9	4	12
Payment System			
Traditional payment system	85	91	83
Outcome-only	3	2	4
Milestone-outcome	12	8	13

Source: Ticket Research File data on beneficiaries eligible as of March 2004.

## **B. INDIVIDUALS WHO EARN A SUBMINIMUM WAGE OR WHO WORK AND RECEIVE PARTIAL CASH BENEFITS (AOI GROUPS 3 AND 4)**

As with groups 1 and 2, beneficiaries in group 3, those who work at subminimum wage, cannot be identified accurately in the SSA administrative data used for this report. We can, however, identify beneficiaries who work at very low levels and who may therefore be seen by ENs as having a low attachment to the labor force and a correspondingly low chance of leaving the rolls and generating outcome payments. We can identify beneficiaries in group 4 more accurately because the administrative data for SSI beneficiaries clearly indicate those who receive partial benefits because of earnings.

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We find that both of these groups tend to assign their Tickets at higher rates than other beneficiaries. In essence, it seems that working, even at very low levels, is associated with Ticket assignment, or stated another way, not working appears to be associated with not assigning a Ticket.

### 1. Individuals with Very Low Earnings

The Ticket Act identified beneficiaries who work at subminimum wages as a group that might have a hard time assigning their Tickets. This appears to reflect a sense that ENs would view such beneficiaries as being unlikely to move into the regular labor market and earn enough to leave the rolls and generate TTW payments. Beneficiaries with subminimum wages are likely to be working in sheltered employment and a high proportion of them are likely to have cognitive disabilities. The administrative data available at this point in the evaluation cannot identify beneficiaries who work at subminimum wages, but those data can be used to identify beneficiaries with very low earnings. While most subminimum-wage individuals will be among our group with very low earnings, some of the very low earners will not pose the same challenge to ENs as those in sheltered employment, especially those with cognitive disabilities. Still, analyzing the experiences of very low wage earners is the best we can do at this point to roughly approximate the experiences of subminimum wage earners.

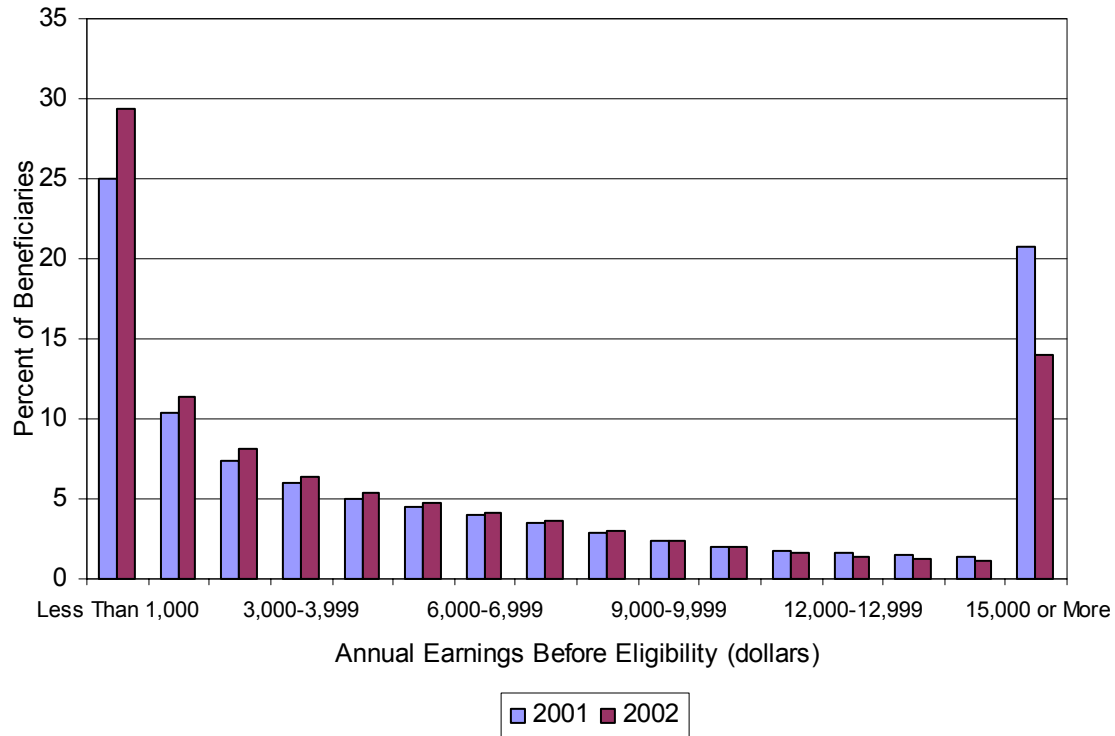
Specifically, we use data from SSA's Master Earnings Record, which includes annual earnings information for all workers who pay FICA taxes. These data let us identify beneficiaries with very low earnings in the year prior to getting their Ticket among those beneficiaries who were mailed Tickets by August 2003.<sup>3</sup> For this group, we selected beneficiaries with earnings in the bottom quartile of all beneficiaries who had any annual earnings at all in the year before they received Tickets (2001 or 2002).<sup>4</sup> Among beneficiaries who received Tickets in 2002, only 24 percent had any earnings in the previous year, and the bottom quartile of this subset earned just \$995 or less (as shown by the estimates for 2001 in Figure IX.3). Among beneficiaries mailed Tickets by August 2003, only 19 percent had any prior year earnings, and the bottom quartile of this subset included those who earned \$727.50 or less per year. Many among the very low earners in these bottom quartiles probably earn a subminimum wage, but some may have worked for brief periods at higher wages. Nevertheless, all exhibit a weak attachment to the competitive labor market and would be seen by many ENs as difficult to serve.

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<sup>3</sup>In order to be included in our analysis of very low earners, these eligible beneficiaries must have been mailed their first Tickets before the end of December 2003. We applied this restriction because annual earnings data were only available through 2002 so we do not have earnings data for the pre-enrolled year for those beneficiaries who received their Tickets in 2004.

<sup>4</sup>For this analysis, SSA indicated whether each beneficiary was in the bottom quartile of earnings, and produced a table of the percentage of beneficiaries with annual earnings in categories of \$1,000 (for Figure IX.3). Consistent with SSA and IRS policy, MPR did not access individual-level earnings data.

**Figure IX.3. Earnings of Beneficiaries with Any Earnings in the Year Prior to Ticket Eligibility**



Source: Ticket Research File and SSA Summary Earnings Record.

Table IX.4 compares selected demographic characteristics of individuals in the low annual earnings group with those of beneficiaries who had higher earnings and with those who had no earnings in the year before they received a Ticket.<sup>5</sup> None of the differences are dramatic. Beneficiaries with low annual earnings are slightly less likely than are beneficiaries with no earnings to receive only DI benefits, and they are much less likely than beneficiaries with higher annual earnings to receive only DI benefits. Furthermore, beneficiaries with low annual earnings are, on average, somewhat younger than both other beneficiaries who earn more and those who had no earnings.

Beneficiaries with earnings are much more likely than those without earnings in the prior year to assign their Tickets (Table IX.5). For both those with low earnings and those with higher earnings, assignment rates in all phases are approximately three times as high as for those without earnings. The presence or absence of earnings in the previous year does not appear to make a substantial difference in whether beneficiaries assign their Tickets to an EN or SVRA (Table IX.6). Overall, it appears that having low earnings in the year prior to receiving a Ticket does not seem to be a barrier to Ticket assignment.

<sup>5</sup>Because the data used to select the low earnings group come from a different time period than the data used to select AOI groups 1 and 2, we cannot compare the former group with the latter two.

## 2. Individuals Who Work and Receive Partial Cash Benefits

In contrast to the other AOI groups, we can use administrative data to identify SSI and concurrent beneficiaries who work and receive partial benefits (AOI group 4). We did so by including all beneficiaries who received SSI benefits in the month they were mailed their Tickets and who also had positive countable earnings—that is, earnings that exceeded any disregard or exemption for which they were eligible—in that month or in either of the two months prior to that. We focused on beneficiaries who were eligible for SSI benefits in August 2003 or earlier and who were mailed their Tickets by the end of October 2003 and were still eligible for TTW in March 2004. When considering our findings, readers should bear in mind that, by definition, AOI group 4 contains no DI-only beneficiaries.

**Table IX.4 Characteristics of Beneficiaries by Annual Earnings Level (Percent)**

Characteristic	Eligible Beneficiaries		
	Low Annual Earnings	Others with Earnings <sup>a</sup>	Others without Earnings <sup>a</sup>
Disability Program			
DI Only	52	70	55
Concurrent	17	15	13
SSI Only	30	15	32
Sex			
Female	46	46	50
Male	54	54	50
Age			
18-24	13	7	4
25-29	8	7	4
30-34	9	8	5
35-39	11	10	8
40-44	12	13	12
45-49	12	13	14
50-54	12	14	17
55-59	13	17	20
60-64	9	11	15
Language Requested for SSA Communications			
English	98	98	94
Spanish	2	2	6
Other	0	0	1
Number of Beneficiaries in the Analysis	319,008	856,594	4,504,979

Source: Ticket Research File data through the end of March 2004 for beneficiaries eligible in March 2003 who had entered DI or SSI in or before August 2003 who had also been mailed a Ticket by the end of 2003, and SSA Summary Earnings Record.

<sup>a</sup>The two “other” categories include all beneficiaries not in the low earnings group, including those who may fall into AOI groups 1, 2, or 4.

Compared with other beneficiaries, those in AOI group 4 beneficiaries are, on average, more likely than others to be male and younger; they are also more likely to request SSA communications in English (Table IX.7).

**Table IX.5. TTW Participation Rates for Beneficiaries by Annual Earnings Level (Percent)**

Overall Ticket Assignment Rates	Eligible Beneficiaries		
	Low Annual Earnings	Others with Earnings	Others without Earnings
<b>Total</b>	<b>1.54</b>	<b>1.61</b>	<b>0.51</b>
Phase 1 States	2.04	2.03	0.72
Phase 2 States	0.94	1.10	0.31
Phase 3 States <sup>a</sup>	1.78	1.86	0.52

Source: Ticket Research File data through the end of March 2004 for beneficiaries eligible in March 2003 who had entered DI or SSI in or before August 2003 who had also been mailed a Ticket by the end of 2003, and SSA Summary Earnings Record.

Note: The two “other” categories include all beneficiaries not in the low earnings group, including those who may fall into AOI groups 1, 2, or 4.

<sup>a</sup>Not all beneficiaries in Phase 3 states had received a Ticket by March 2004.

**Table IX.6. Ticket Assignments to Different Provider Types and Payment Systems by Annual Earnings Level (Percent)**

	Assigned Tickets <sup>a</sup>		
	Low Annual Earnings	Others with Earnings	Others without Earnings
Provider Type			
SVRA	92	90	90
EN	8	10	10
Payment System			
Traditional payment system	87	84	85
Outcome-only	3	4	3
Milestone-outcome	11	12	12

Source: Ticket Research File data through the end of March 2004 for beneficiaries eligible in March 2003 who had entered DI or SSI in or before August 2003 who had also been mailed a Ticket by the end of 2003, and SSA Summary Earnings Record.

<sup>a</sup>Note that the two “other” categories include all beneficiaries not in the low earnings group, including those who may fall into AOI groups 1, 2, or 4.

Beneficiaries in AOI group 4 are far more likely than other beneficiaries to have assigned their Tickets. In all three rollout phases, the Ticket assignment rate of AOI group 4 individuals was at least three times that of other beneficiaries, and in Phase 3 states, the assignment rate for group 4 was nearly five times the rate for other beneficiaries (Table IX.8). Thus, as we saw in the analysis of low- and high-earners, it appears that working is highly correlated with assigning a Ticket. This high participation rate among beneficiaries in AOI group 4 is also consistent with the finding in Chapter 2 of this report that beneficiaries in 1619a (a work incentives program that allows certain SSI beneficiaries to continue receiving cash benefits after they are earning at the SGA level) have higher participation rates than those not participating in the 1619 work incentives programs.

**Table IX.7 Characteristics of AOI Group 4 Beneficiaries (Percent)**

	Eligible Beneficiaries	
	AOI Group 4	Others <sup>b</sup>
Disability Program		
DI Only <sup>a</sup>	0	0
Concurrent	43	31
SSI Only	57	69
Sex		
Female	50	58
Male	50	42
Age		
18-24	21	10
25-29	15	8
30-34	14	9
35-39	13	11
40-44	12	13
45-49	10	14
50-54	7	13
55-59	5	13
60-64	3	9
Language Requested for SSA Communications		
English	98	91
Spanish	2	8
Other	0	1
Number of Beneficiaries in the Analysis	121,583	2,096,951

Source: Ticket Research File data through March 2004 for beneficiaries eligible in March 2004 who had entered DI or SSI in or before August 2003 and who had been mailed a Ticket by October 2003.

<sup>a</sup>Title II-only beneficiaries were ineligible for the AOI Group 4 classification.

<sup>b</sup>Note that the "Others" category includes all beneficiaries not in AOI group 4, including those that may fall into groups 1, 2, or 3.

Like all other beneficiaries who have assigned their Tickets, the vast majority of those in AOI group 4 did so with an SVRA and correspondingly are being served under the traditional payment system (Table IX.9).

**Table IX.8. TTW Participation Rates for Group 4 and Other Beneficiaries (Percent)**

Overall Ticket Assignment Rates	Eligible Beneficiaries	
	Work and Receive Partial Cash Benefits (AOI Group 4)	Other Beneficiaries
<b>Total</b>	<b>2.62</b>	<b>0.74</b>
Phase 1 States	3.34	1.01
Phase 2 States	1.62	0.48
Phase 3 States <sup>a</sup>	1.76	0.37

Source: Ticket Research File data through March 2004 for beneficiaries eligible in March 2004 who had entered DI or SSI in or before August 2003 and who had been mailed a Ticket by October 2003.

<sup>a</sup>Not all beneficiaries in Phase 3 states had received a Ticket by March 2004.

**Table IX.9 Ticket Assignments to Different Provider Types and Payment Systems for AOI Group 4 and Other Beneficiaries (Percent)**

	Assigned Tickets	
	Work and Receive Partial Cash Benefits (AOI Group 4)	Other Beneficiaries
Provider Type		
SVRA	93	91
EN	7	9
Payment System		
Traditional payment system	88	85
Outcome-only	2	2
Milestone-outcome	9	12

Source: Ticket Research File data through March 2004 for beneficiaries eligible in March 2004 who had entered DI or SSI in or before August 2003 and who had been mailed a Ticket by October 2003.

### C. PLANS FOR FUTURE ANALYSES

The next evaluation report will document findings from additional analyses conducted as part of the Adequacy of Incentives study. First, we will describe our methodology for creating AOI groups using the National Beneficiary Survey data to more precisely identify beneficiaries who may be in one of the four groups. Then, we will present a similar analysis with these newly created groups, producing a clearer picture of the size, characteristics, and Ticket assignment rates for each group than was possible using administrative data alone.



## CHAPTER X

### CONCLUSIONS AND IMPLICATIONS

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**B**y the end of 2004, the third year of TTW operations, SSA had successfully implemented the TTW program as designed, but two key limitations inherent in that design have become apparent and will need to be addressed.

One limitation is the low rate of participation in TTW. Even in the Phase 1 states, where the program has operated the longest, just 1.1 percent of beneficiaries have assigned their Ticket to a provider. This participation rate reflects, in part, the paradox inherent in TTW: Its goal is to promote work among a group of individuals judged to be incapable of substantial employment, which is the very basis for receiving disability benefits from either the DI or SSI program. In reality, the vast majority of beneficiaries will not attempt to secure a job once they are on the rolls. For instance, only about 2.5 percent of any enrollment cohort will ultimately leave the rolls due to work, and less than 0.5 percent of all beneficiaries on the rolls at a point in time eventually leave due to work (Newcomb et al. 2003; Berkowitz 2003). Nevertheless, our findings from the TTW evaluation surveys suggest that 7 percent of beneficiaries see themselves earning enough to stop receiving benefits in the next year, and 15 percent see themselves doing so in the next five years. Thus, far fewer beneficiaries have participated in TTW than express an interest in achieving the earnings that would move them off the rolls. Although our knowledge about the reasons for this gap is limited, its presence suggests that it would be worthwhile to investigate ways to increase beneficiary participation.

The second limitation is the relatively low rate at which service providers actively participate in TTW. While more than 1,100 providers had registered as ENs by June 2004, 60 percent of them have not yet accepted any Tickets, and the program manager reports that it has become increasingly difficult to recruit more ENs. Our analysis suggests that this low participation rate is at least partially a result of the structure of TTW payments, which does not appear to create a financial incentive for providers to recruit and serve beneficiaries beyond what they can fund with their other revenue streams. Furthermore, interviews with SVRA staff indicate that their agencies are becoming less aggressive in pursuing Tickets than they were early in the program rollout. Without active participation by ENs and SVRAs, TTW cannot achieve its goals of increasing beneficiaries' use of employment-assistance services and expanding the range of service choices available to them. Further program refinements may be warranted if greater provider participation is to be encouraged.

This kind of mixed success in the early stages of the program was envisioned by Congress when it passed the Ticket Act. Specifically, the legislation provided for the commissioner to assess the program as it rolled out, making changes that would help to achieve program goals more effectively (or recommending changes when legislation would be required). As we prepared this report, SSA used its Ticket Act authority to propose new regulations that seek to strengthen the financial incentives for providers to participate actively in TTW (SSA 2005). SSA has also launched an analysis of ways to increase beneficiary awareness of and participation in TTW. Future evaluation reports will examine how these efforts may be helping TTW to reach its full potential.

Beyond these general observations about the status of the TTW program in its second two years of operation (2003-2004), eight key findings emerged from the implementation analysis documented in this report that will need to be considered in the TTW review and refinement process.

#### **A. THE INITIAL TTW ROLLOUT HAS BEEN COMPLETED; EFFORTS NOW FOCUS ON ONGOING OPERATIONS**

In September 2004, SSA completed the TTW rollout with the final mailing of Tickets to eligible DI and SSI beneficiaries who were on the rolls when TTW began in their state. Nationwide, SSA mailed more than 10 million Tickets, and approximately 9 million beneficiaries were eligible to use their Ticket in September 2004. Now that the initial rollout is complete, the program has reached the point of ongoing operations: SSA, with the assistance of the Program Manager, is mailing Tickets to new beneficiaries, facilitating Ticket assignments to ENs and SVRAs, and paying providers for those beneficiaries who are meeting milestones or working enough to reduce their cash benefits to zero. In addition, SSA continues to refine TTW operations, pursue potential revisions to Ticket regulations, and enhance its broader effort to encourage and support beneficiary return to work.<sup>1</sup>

The Program Manager has implemented all systems needed to operate TTW and, as of early 2005, had recruited more than 1,300 ENs. At this stage, one of the greatest challenges to sustaining the program is to recruit and retain more ENs. Innovative marketing approaches have become necessary as recruitment and retention of ENs has become more difficult. The Program Manager also must implement the “timely progress” requirements of TTW and must continue efforts to help ENs complete payment paperwork accurately and take other measures to make the payment process more efficient.

#### **B. BENEFICIARY PARTICIPATION CONTINUES TO GROW BUT REMAINS VERY LOW**

Since mid-2002, the beneficiary participation rate in Phase 1 states has increased each month, although the increases are quite small, bringing the overall participation rate to 1.1 percent in March 2004. The participation rate in Phase 2 states has also risen continuously

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<sup>1</sup>After this report was drafted, SSA published proposed revisions to TTW payment rules that would substantially increase payments to ENs. We will discuss these new rules more completely in our next report.

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but had reached only 0.6 percent by March 2004.<sup>2</sup> Participation rates are substantially higher for some beneficiary groups than others. For example, rates are higher for young beneficiaries, those with sensory impairments or some college education, and those who live in certain states or participate in DI or SSI work incentive programs, but no group has an extraordinarily high rate. Even for those with hearing impairments, the group with the highest identified participation rate, the rate is under 6 percent in the Phase 1 states.

It is important to note that the observed participation rates reflect not only a beneficiary's decision to enter the program but also the beneficiary's ability to find a provider willing to accept their Ticket. In other words, the rates reflect beneficiary demand for employment services as well as the supply of providers willing to accept Tickets under the current payment system. Raising the participation rate is therefore likely to involve targeting both beneficiaries and providers.

Interestingly, there is some preliminary evidence that participation is higher than average among the four groups of beneficiaries identified by the Ticket Act as those likely to have difficulty obtaining services in the performance-based TTW environment: (1) individuals with a need for ongoing support and services, (2) individuals with a need for high-cost accommodations, (3) individuals who earn a subminimum wage, and (4) individuals who work and receive partial cash benefits. To some extent, this finding reflects the fact that we imperfectly identified these groups on the basis of the available administrative data. As a result, we have probably included some individuals who do not face substantial barriers to getting services along with those who do. In our next report, we will examine participation rates based on the survey data, which will allow us to substantially refine the definitions of these groups.

In assessing participation rates, it is important to remember that there has always been some uncertainty about how many beneficiaries will participate in the TTW program. The program designers saw TTW as a way to change expectations and opportunities, thereby improving a system under which only one-half of one percent of beneficiaries left the rolls because of employment (Mashaw and Reno 1996; Berkowitz 2003). In essence, there seemed to be a sense that the old system was not effective in helping beneficiaries reach their full potential and that the new system could only make things better.

In the Ticket Act, Congress did not set out expectations for participation rates, although it did refer to the historically low rate of exits due to employment and expressed hopes for a doubling of that rate to at least one percent of beneficiaries. Thus, one way to view participation rates is whether they are high enough to generate an increase in program exits due to work. The participation rates are higher than 0.5 percent, so the program has the potential to increase access to services and thereby increase work-related program exits. Also, as noted in Chapter IV of this report, there is some suggestive evidence that TTW may have such an effect. However, any clear conclusions about this issue cannot be drawn until the impact findings, presented in the next evaluation report, are available.

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<sup>2</sup>We do not analyze Phase 3 participation rates in this report, because at the time we conducted the analysis we only had data from the first 5 months of the Phase 3 rollout.

### **C. SVRA PARTICIPATION REMAINS STRONG BUT APPEARS TO HAVE FALLEN OFF SOMEWHAT IN MORE RECENT MONTHS**

All SVRAs participate in TTW, and about 90 percent of all in-use Tickets have been assigned to SVRAs. It appears, however, that the Phase II SVRAs were initially less aggressive than Phase I SVRAs about obtaining assignments from their beneficiary clients. Our analysis of SVRA data on case closures suggests that this lower TTW participation rate is not a result of the fact that SVRAs are serving fewer beneficiaries. It appears, instead, that SVRAs are making less of an effort to obtain assignments from their beneficiary clients. Initially, SVRAs were concerned that many beneficiaries would assign their Tickets to another EN after receiving extensive services from the SVRA, leaving the agency unable to recoup its costs. As this concern has diminished over time, the SVRAs may have relaxed their efforts to obtain large numbers of Ticket assignments.

SVRA data also point to a drop in the percentage of SSA beneficiary clients whose cases are recorded as being closed, with the client in competitive employment. This decline does not seem to be directly associated with the Ticket rollout because it occurred at approximately the same time in all three groups of states (i.e., Phase 1, 2, and 3). Still, the reasons for the decline are unclear. The slow economy during the observation period might explain the trend, but there is no comparable decline for SVRA clients who are not SSA beneficiaries. It is possible, however, that the economy had a greater impact on beneficiary clients, because their disability benefits gave them an alternative source of income, or because their disabilities are, on average, more severe than those in the general population served by SVRAs. This finding, coupled with the reduction in payments to SVRAs under the traditional payment program during the same period, suggests that the concerted efforts of both SSA and the SVRAs to promote better employment outcomes among SSA beneficiary clients have not achieved their intended effect. This issue will be addressed more fully in the next evaluation report, at which point there will be more detailed data on beneficiary use of SVRA services.

### **D. PROVIDER INTEREST IN TTW IS ON THE WANE**

While many ENs continue to take Tickets, there is evidence that enthusiasm for TTW is waning. The number of ENs has grown very slowly. Some have officially dropped out, others have stopped accepting Ticket assignments, and a large share have no assignments at all. The Program Manager reports that the task of recruiting ENs has moved from “hard sell” to “almost impossible.”

The main issues cited by ENs continue to be those raised in the initial evaluation report. For instance, ENs often see little or no net financial incentive to participate, they are unwilling to substitute risky TTW funding for more stable funding from other sources, they do not perceive much beneficiary demand for the services they offer and express concern that many beneficiaries want to work at levels that would let them retain benefits, they view the payment mechanism as cumbersome, and they have trouble finding good jobs for beneficiaries because of a poor economy.

The ENs' views of the financial incentives provided by TTW are supported by our analysis of EN costs and revenues. It appears that ENs that relied solely on TTW payments would have lost money after two years of operation. In order to break even, ENs would have to see several substantial changes: they must reduce service costs to a bare minimum, obtain payments on a much larger share of their Ticket clients (to date, just 17 percent of DI-only beneficiaries and 11 percent of SSI-only beneficiaries who assigned their Tickets in the first year after rollout generated at least one payment within the next two years), and obtain more payments for those Tickets that generate payments. This finding does not mean they will lose money in the long-term, but it does indicate that ENs must begin to see the possibility for dramatic improvements if they are to continue to participate actively in TTW. Without their participation and willingness to take the risks inherent in a performance-based payment system like that used in TTW, it may not be possible to test the program completely. If ENs can use other sources of funding to cover most of their costs, the financial picture improves, but treating TTW as just a supplemental funding source is likely to limit its ability to achieve its goals of greatly expanding the number and variety of providers who will assist beneficiaries.

SSA tried to help ENs deal with financial issues through the capitalization initiative, but this appears to have had little positive effect. ENs we interviewed generally had either not heard of it (which suggests problems with its promotion) or saw it as impractical because they lacked the ability to pursue outside funds (which suggests it was not the kind of assistance ENs wanted). SSA also has made some progress in addressing issues connected with the payment mechanisms, but these changes have yet to have a substantial impact. As of August 2004, only 11 payments had been processed under the Certification Outcomes Payment Process, which was designed and implemented to simplify and expedite the payment process. ENs we interviewed were unable to provide much feedback on this option, in part because it was relatively new at the time of our interviews in 2004. If they had heard of it at all, few of their clients would have reached the point where it became a real choice for pursuing payments. Meanwhile, the effort required for SSA to manually process many payments remains high, in large part because of the sheer complexity of the TTW, DI, and SSI program rules and the processes required to implement all those programs.

Despite signs of waning provider interest, we found that assignments to ENs continue to grow and that assignments to ENs in Phase 2 states are just as high as they were in Phase 1 states in the comparable month of the Phase 1 rollout. Further, very few Tickets have been formally deactivated. It would therefore appear that EN activity is at least not on the decline. It is possible, however, that substantial numbers of assigned Tickets have become inactive, albeit not officially. If so, we are likely to begin seeing many more deactivations in the near future as the 24-month review is instituted for Tickets assigned early in the Phase 1 rollout.

#### **E. THERE IS LITTLE EVIDENCE THAT TTW HAS LED TO A SUBSTANTIAL CHANGE IN THE DELIVERY OF SERVICES TO BENEFICIARIES**

SVRAs continue to both dominate Ticket assignments and rely on the traditional payment system for the overwhelming majority of clients. Most SVRAs report that they are

servicing beneficiaries who are similar to individuals served in the past and do not appear to have changed the mix or intensity of services provided. Results from the recent round of SVRA interviews confirm our earlier finding that many agencies see the TTW program as a new payment system that imposed new administrative requirements but that has little effect on current service delivery efforts. With respect to ENs, most are providing relatively low-cost services to beneficiaries due to the low rate at which TTW generates payments and the lag time between providing services and receiving payments. Only a very small number of them offer innovative services; the bulk of providers have not substantially changed their approaches to service delivery, which may reflect the fact that most ENs are using funding external to TTW to support their basic service operations.

Nevertheless, a few noteworthy changes have occurred. Some SVRAs report that their staff now have a better appreciation for the complexity of SSA's program rules and work incentives, and for the need to understand the difficult personal and financial decisions beneficiaries are making when they attempt to obtain employment or return to work. A number of SVRAs are routinely referring beneficiaries to local BPAOs to provide them with accurate information on the effect of employment on financial and health care benefits. In addition, a few SVRAs are expanding their own capacity to provide those services through staff development activities and by identifying individuals or organizations that can effectively provide this service to beneficiaries.

#### **F. INITIAL SURVEY FINDINGS SUGGEST THAT TTW MAY HAVE UNREALIZED POTENTIAL**

Data from the National Beneficiary Survey show that there might be substantial demand for employment services among beneficiaries. In particular, it appears that almost 15 percent of disability beneficiaries expect to leave the rolls for work in the next five years. These beneficiaries represent a key target group for TTW, and the program is, in fact, reaching some in this group, as indicated by the finding that about half of the beneficiaries who have assigned their Tickets say that they expect to exit the rolls due to earnings in the next five years.

Another way to see the potential demand for TTW services is to focus on the 13 percent of beneficiaries who reported that they worked during 2003 (the reference period for the National Beneficiary Survey). While many are probably earning less than the substantial gainful activity level, they show both an interest in employment and an ability to obtain jobs. TTW (and the BPAO program) could probably help many of these individuals increase their earnings and economic self-sufficiency by helping them to understand their options and by providing them with additional supports.

Yet, because only about one percent of beneficiaries have enrolled in TTW, it appears that the program is only reaching a small fraction of the target population. The existence of untapped potential is also indicated by the estimated two-thirds of beneficiaries who report not knowing about TTW at all.

While the presence of untapped demand is encouraging, there are also reasons to be cautious. For instance, TTW cannot meet beneficiary demand if providers do not

participate, and the survey data offer a sobering picture of potential EN payments. Specifically, if only half of TTW participants see themselves exiting the rolls because of work in the next five years, it seems likely that ENs will be able to generate outcome payments for fewer than half of the people they enroll. On top of that, history suggests that beneficiary expectations are much too optimistic, since less than 1 percent of beneficiaries have left the rolls for work in the past.

The challenge facing SSA as it tries to improve TTW, therefore, is to find the mix of outreach, services, and incentives that will encourage more of the beneficiaries who see themselves exiting because of work to assign their Tickets and then succeed in earning their way to financial self-sufficiency. The evaluation will help in this process by linking the survey and administrative data to determine whether there is information in the SSA administrative records that would help SSA or the ENs identify those beneficiaries who see themselves working their way off the rolls. SSA's current efforts to refine outreach strategies may also help in this regard, as will its ongoing efforts to address implementation issues. In particular, we expect improvements to flow not only from the planned new TTW regulations but also from other initiatives designed to encourage a return to work. There could also be improvements in service delivery if ENs and SVRAs identify and implement more effective strategies, building on the experience of the few providers who have achieved at least some measure of success.

#### **G. OBSERVED TRENDS IN BENEFICIARY OUTCOMES ARE CONSISTENT WITH TTW HAVING A SMALL EFFECT ON BENEFICIARY BEHAVIOR**

The trends in three key outcomes for Ticket-eligible beneficiaries in Phase 1 states are consistent with, but do not necessarily imply that, TTW had an effect on beneficiary behavior. The findings are based on data for TTW participants and nonparticipants in the 12 months before and up to 15 months after Tickets were mailed to these individuals. For SSI beneficiaries, the trends in outcome measures for participants before and after Ticket mailings differ from those observed for nonparticipants in ways that are consistent with the new program having, to some extent, promoted employment and program exit. They suggest that TTW may have slightly increased the proportion of SSI beneficiaries who receive zero benefits and who combine zero benefits with substantial employment, and that it slightly decreased the average benefit amount. For DI beneficiaries, relative rates of growth in the outcome measures during the postmailing period for participants compared with nonparticipants provide weaker evidence that is consistent with the TTW's intended effects.

These findings are tenuous for several reasons. Most important, we know from the survey results that many TTW participants are motivated to find work and, as a group, would probably be more successful in the labor market than nonparticipants even if Tickets had never been mailed. However, the analysis of outcome trends is based on simple analytic techniques that do not fully control for such motivational differences. Consequently, although this simple preliminary analysis may suggest that TTW had an effect, later, more rigorous analyses may fail to substantiate such a finding. In addition, the findings presented here are tenuous because they are based on data that reflect a short postmailing followup period, during which time relatively few beneficiaries assigned their Tickets and our ability to

observe changes in their employment and benefits was confined to just 15 months or less. This problem will not be as severe in future analyses because they will be based on data for a longer follow-up period.

#### **H. THE NEW FINDINGS REINFORCE THE PRESSING NEED FOR CHANGE IF THE PROGRAM IS TO REALIZE ITS POTENTIAL**

Despite the reasons to be optimistic about TTW's future, albeit cautiously so, our recent findings reinforce an important conclusion from our initial evaluation report: substantial changes to TTW will be required in order to sustain its momentum.

One place to start would be to give providers a stronger financial incentive to participate. Our analysis suggests that ENs are likely to lose money if they rely only on TTW payments to support their programs. In order to ensure that ENs continue to participate actively in the TTW program, it will be necessary to make substantial changes to several aspects of the program. In particular, it is likely to require that Ticket payment amounts be increased, payment-processing costs be reduced, and employment outcomes for participating beneficiaries be improved from their current levels. Without changes to all these factors, it seems likely that TTW will be consigned to a small, supplementary role in financing services that are for the most part paid for and shaped by other programs.

SSA might substantially boost provider interest in TTW by changing the way the new payment systems work when a beneficiary is also participating in one of SSA's other work incentive programs. For example, the trial work period allows beneficiaries to receive benefit payments for nine months even after they are earning above the amount that would otherwise result in zero benefits, so providers cannot receive outcome payments in those months. Similarly, the Section 1619a program allows SSI recipients to earn well above the substantial gainful activity level indefinitely without losing all of their benefits—again making their providers ineligible for outcome payments, even while SSA is achieving savings through partially reduced benefits. Thus, these DI/SSI program features intended to give beneficiaries an incentive to work also make it harder for ENs to get paid. Changes that would provide partial payments to ENs when their clients are participating in these work incentive programs would benefit the ENs, but would require Congressional action to modify the TTW law. Whether they would ultimately lead to more use of TTW and increase savings to SSA will depend on the behavior impact on beneficiaries.<sup>3</sup>

Overall, it appears that TTW has yet to create a robust market that will provide employment support services to disability beneficiaries. There seems to be substantial latent demand for these services, as evidenced by the 15 percent of all beneficiaries who express intent to obtain sufficient employment to leave the rolls. But that demand has yet to be translated into actual Ticket assignments; overall beneficiary awareness of and participation in TTW remains low. With regard to the supply of services, all SVRAs participate in TTW, but other providers have not embraced the program. Recruiting ENs has become more

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<sup>3</sup>While the proposed new rules SSA published after this report was drafted would substantially increase payments to ENs, they do not currently try to streamline the payment process further. Assessing providers' reactions to this new mix of incentives will be a major issue in future evaluation reports.



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difficult over time, and most of those that have registered are not accepting Tickets. Furthermore, it appears that those ENs that have accepted Tickets must subsidize their TTW efforts, because the flow of Ticket payments to ENs falls far short of the estimated cost of delivering services. Thus, the market envisioned by TTW remains frail and will need a substantial infusion of energy, along with changes to its basic structure, in order to maintain beneficiary and provider interest. Such an infusion has significant risks—we cannot tell in advance if benefit savings will pay for the added TTW costs—but we see no other way to interest entrepreneurs, large and small, in building this market.

If the market can be sustained long enough, it might be possible that exits for work will increase in the future for several reasons. First, if the economy improves, beneficiaries may have more to gain from working than from receiving benefits, and providers may find it easier to find them good jobs. Also, it appears that it may take a substantial period of time before major effects will be seen. Emerging research on the SVRA system suggests that it often takes two or more years for beneficiaries who are receiving services to leave the rolls. We are just starting to reach that point for the TTW participants, so there is some hope that more participants will start to leave the rolls and generate payments for providers. In addition, SSA plans to test benefit offsets that will reduce work disincentives for DI beneficiaries. That might provide a significant boost to demand for EN services under TTW, especially if the payment system is revised to reward partial benefit reductions. Last, TTW may benefit as non-SSA efforts to improve employment outcomes for people with disabilities (e.g., the Medicaid Buy-In and Disability Navigator programs) are expanded and refined.

In the long term, the greatest effect of the TTW program may be to have helped change expectations about the potential for many people with disabilities to work if they have appropriate supports. A change in the expectations of all stakeholders—from beneficiaries, families, and friends, to SSA staff and staff in other federal and state agencies that serve beneficiaries, to the many professionals who work with beneficiaries—may ultimately promote more work and greater economic self-sufficiency among people with disabilities, even if the specific features embodied in the current TTW program do not reach their full potential.

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# APPENDIX A

## TICKET TO WORK TIMELINE AND ROLLOUT PHASE

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**Table A.1. Ticket To Work Program Implementation and Evaluation Timeline**

Time Period	Implementation Activity or Milestone
<b>1999</b>	
December 17	Ticket Act enacted, establishing Ticket to Work Program
<b>2000</b>	
Throughout Year	SSA Office of Employment Support Programs (OESP) begins to develop principal policies and rules in consultation with SSA deputy commissioners
August to December	Draft Notice of Proposed Rule Making (NPRM) negotiated with the Office of Management and Budget
September 29	The Program Manager contract was signed with MAXIMUS, Inc.
November 13	Selection of 13 Phase 1 states announced
December 28	NPRM published, starting the 60-day public comment period
<b>2001</b>	
Throughout Year	Recommendations for resolving major issues raised by public comment on the NPRM were considered by deputy commissioners
February 26	NPRM public comment period ended. SSA received comments from over 400 interested parties, including federal, state, and local agencies; employers; organizations and advocates for people with disabilities, rehabilitation service providers, disability beneficiaries; and others.
April 13	Request for Proposals on EN contracts were published
October to December	Draft final Ticket to Work regulations published
<b>2002</b>	
February	Selection of Phase 2 and 3 state announced
February 5	Tickets were released to 10 percent of the eligible beneficiaries in Phase 1 states
April	Tickets were released to an additional 20 percent of the eligible beneficiaries in the Phase 1 states

**Table A.1 (continued)**

Time Period	Implementation Activity or Milestone
May	Tickets were released to an additional 30 percent of the eligible beneficiaries in the Phase 1 states
June	Tickets were released to the final 40 percent of the eligible beneficiaries in the Phase 1 states
November	Tickets were released to eligible beneficiaries in the Phase 2 states. Tickets were distributed gradually. Ten percent of the Tickets were mailed each month from November 2002 through September 2003 (no Tickets were mailed in December).
<b>2003</b>	
May 29	Contract was awarded to Mathematica and Cornell for the Evaluation of the Ticket to Work Program, Part A
May 29	Contract was awarded to Mathematica and Cornell for the Evaluation of the Ticket to Work Program, Part B, Survey Data Collection
June	National Beneficiary Survey sample was drawn for Round 1
October	Participant sample was drawn for Round 1
November	Tickets were released to eligible beneficiaries in the Phase 3 states. Tickets were distributed gradually. Ten percent of the Tickets were mailed each month from November 2003 through September 2004 (no Tickets were mailed in December).
<b>2004</b>	
February 24	National Beneficiary Survey, Round 1 data collection began
June	National Beneficiary Survey sample was drawn for Round 2
September 30	National Beneficiary Survey, Round 1 data collection ended
<b>2005</b>	
February 7	National Beneficiary Survey, Round 2 data collection began

Source: MPR.

**Table A.2. States and Territories in Each Phase of TTW Implementation**

<b>Phase 1: 13 States</b>		
Arizona	Iowa	Oregon
Colorado	Massachusetts	South Carolina
Delaware	New York	Vermont
Florida	Oklahoma	Wisconsin
Illinois		
<b>Phase 2: 20 States + the District of Columbia</b>		
Alaska	Kentucky	New Hampshire
Arkansas	Louisiana	New Jersey
Connecticut	Michigan	New Mexico
District of Columbia	Mississippi	North Dakota
Georgia	Missouri	South Dakota
Indiana	Montana	Tennessee
Kansas	Nevada	Virginia
<b>Phase 3: 17 States + the U.S. Territories</b>		
Alabama	Ohio	American Samoa
California	Pennsylvania	Guam
Hawaii	Rhode Island	Northern Mariana Islands
Idaho	Texas	Puerto Rico
Maine	Utah	Virgin Islands
Maryland	Washington	
Minnesota	West Virginia	
Nebraska	Wyoming	
North Carolina		

Source: [www.ssa.gov/work/ticket\\_states\\_announcement.html](http://www.ssa.gov/work/ticket_states_announcement.html), accessed August 19, 2003.

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## APPENDIX B

### BENEFICIARY PARTICIPATION STATISTICS

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This appendix presents statistics on beneficiary participation in the TTW program, supplementing the information presented in Chapter II. Section A describes how administrative data were used to construct or define key variables. Section B presents statistics on beneficiary participation during the rollout period. Section C explores the relationship between TTW participation rates and beneficiary characteristics.

#### A. ADMINISTRATIVE DATA

The statistics in this appendix were developed from analytic administrative data files that we have developed for purposes of conducting the TTW evaluation. These files contain extensive information on 100 percent of persons who have received DI or SSI benefits in any month from January 1996 through, at the time of this report, March 2004—over 16 million beneficiaries in all. All of the statistics presented here are based on 100 percent of the relevant population; hence, they are population statistics, rather than estimates. To construct these files, MPR extracted and merged information from several SSA administrative files: the Management Information Universe File (MI Universe File), the Disability Control File, the Master Beneficiary Record (DI), the Supplemental Security Record (SSI), the Numident File, and the 831 and 832/33 Disability Files.

Table B.1 details how we used various data sources to define key variables used in our analyses.

**Table B.1. Definitions**

Variable	Definition	Notes	Source File
All Eligible Beneficiaries	Beneficiaries were classified as eligible if they: 1. had begun participating in SSI or DI by August 2003 AND 2. were eligible to participate in the Ticket program as of March 2004 AND 3. had been mailed a Ticket by March 2004 (TKTMAILDDT)	March 2004  Beneficiaries became ineligible as they aged out, died, or were terminated from the Ticket program (perhaps due to a medical improvement)	Combination of MBR, SSI-LF, and MI Universe File.
Eligibility Status on Initial Selection Date	Used Ticket Selection Date (TKTSLTDDT1)  New beneficiaries: any selection date other than one of the mass selection dates Existing beneficiaries: selected to receive Ticket as part of mass selection operation (dates: 1/12/2002, 10/26/2002, or 10/18/2003)	Ticket Selection Date	MI Universe File
Title	Classifications were used directly from SSA data (CURTKTTITLE). DI Only: 1 SSI Only: 3 Concurrent: 2  Records with values other than 1, 2, or 3 were excluded	March 2004	MI Universe File
Sex	Classifications based on the SSA variable SEX. Male = "M" Female = "F"	August 2003	Combination of MBR and SSI-LF files.
Age (also used for "Age in Years – Broad Ranges")	Calculated as of most recent Ticket mail date (TKTMAILDDT), with Date of Birth (TKTDOB).  Age = (Most Recent Ticket Mail Date – Date of Birth) / 365	Ticket Mail Date	MI Universe File

**Table B.1 (continued)**

Variable	Definition	Notes	Source File
Months Since Ticket Mailed	The number of months between the most recent Ticket mail month (TKTMAILDDT) and March 2004.	March 2004	MI Universe File
Months on Disability Rolls	For DI-only beneficiaries: the number of months between Most Recent Mail Date (TKTMAILDDT) and Date of Initial Entitlement (DOEI).  For SSI-only beneficiaries: the number of months between Most Recent Mail Date (TKTMAILDDT) and First Eligibility Date (MINELGRD).  For concurrent beneficiaries: the number of months between Most Recent Mail Date and the earlier of First Eligibility Date (from SSI-LF) or Date of Initial Entitlement (from MBR). <sup>1</sup>	March 2004	Combination of MBR, SSI-LF, and MI Universe File.
Language for Communication with SSA	Note: this item has large numbers of missing values as these data are often collected only when the beneficiary's primary language is not English (T2LANG and T16LANG). SSA offers written communications in English or Spanish. Beneficiaries classified as "other" typically need assistance in communication, most often because of communication impairments English: E or 01, Spanish: S or 02 Other: any other value Missing: blank	August 2003	MBR and SSI-LF
Race/Ethnicity	Classifications are from SSA's RACE variable: Asian/Pacific Islander: A Black (not Hispanic): B or N Hispanic: H Native American/Alaskan: I White: W Coded as Other: O Missing: blank, missing, or any other value	August 2003	MBR and SSI-LF

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<sup>1</sup>“Months on the disability rolls” is a negative value in a few instances. This occurs if the benefit eligibility date is after the most recent Ticket mail date. For instance, a DI-only beneficiary receives a Ticket, and then becomes ineligible for DI. The beneficiary had become eligible for SSI later than DI and MINELGRD is filled in with a date that is more recent than the Ticket mail date, and it looks as though the beneficiary was on the rolls for a negative number of months.

**Table B.1 (continued)**

Variable	Definition	Notes	Source File
Years of Education	Based on the SSA variable ED. The value is missing for a large number of cases. Recoded as: 0–8: '00', 'ZZ', '99', '01' thru '08', '1' thru '8' 9–11: '09' thru '11', '9' thru '11' 12: '12' 13–15: '13' thru '15' 16+: '16' and onwards Missing: blank or any other character value	Ticket Mail Date or August 2003, whichever was earlier.	831/2/3
Primary Disabling Condition	Codes from SSA data (PRMYDIAG) were grouped as follows: 1. Respiratory system: 4600–5199 2. Circulatory system: 3900–4599, 3750–3759 3. Musculoskeletal system: 7100–7399 4. Digestive system: 5200–5799 5. Neoplasms: 1400–2399 6. Endocrine/nutritional: 2400–2479, 2490–2799 7. Skin/subcutaneous tissue: 6800–7099 8. Missing: 0000–019, 1360–1369, 2480–2489, 6490–6499, 6770–6779, 6780–6789, 6790–6799, 9990–9999, or blank 9. Other: 3030–3049, 3152–3153, 6300–6489, 6500–6769, 7600–7839, 7850–7999 10. Other mental disorders: 2900–2949, 2970–3029, 3050–3151, 3154–3169, and 3195 11. HIV/AIDS: 0420–0449 12. Blood/blood-forming diseases: 2800–2899 13. Mental retardation : 3170–3194, 3196–3199 14. Infectious & parasitic diseases: 0020–0419, 0450–1359, 1370–1399 15. Nervous system: 3200–3609, 3700–3749, 3760–3779, 3790–3889 16. Major affective disorders: 2960–2969 17. Genitourinary system: 5800–6299 18. Injuries: 8000–9989 19. Schizophrenia/psychoses/neur : 2950–2959 20. Severe visual impairment: 3610–3699, 3780–3789 21. Congenital anomalies: 7400–7599 22. Severe hearing impairment: 3890– 3899 23. Severe speech impairment: 7840–7849	March 2004	MI Universe File

**Table B.1 (continued)**

Variable	Definition	Notes	Source File
Benefit Amount	<p>Monthly benefit amounts for SSDI and SSI were summed, regardless of whether the beneficiary was classified as DI-only, SSI-only, or concurrent.</p> <p>Monthly benefit amounts were obtained as follows:            DI: Monthly Benefit Credited (MBC)            SSI: the sum of Federal Money Paid Amount (FEDPMT) and State Supplementation Amount (STATPMT)</p> <p>The resulting amounts were grouped as follows:            \$0 (benefit amount data were entered as \$0)            &gt; \$0 and &lt;= \$250            &gt; \$250 and &lt;= \$500            &gt; \$500 and &lt;= \$750            &gt; \$750 and &lt;= \$1000            &gt; \$1000            Missing (no benefit amount was entered)</p>	Ticket Mail Date or August 2003, whichever was earlier.	MBR or SSI-LF
Adjudicative Level of Allowance	<p>Based on SSA's adjudicative level variable (AL).            Initial Determination: 1            Reconsideration: 2, 3            Higher level of appeal: 4, 5, 6</p>	Ticket Mail Date or August 2003, whichever was earlier.	831/2/3
Extended Period of Eligibility	<p>The EPE flag is an annual flag and was calculated only for DI and concurrent beneficiaries, using LAF codes and earnings data from SER, as follows:</p> <ol style="list-style-type: none"> <li>1. Count the number of months in 2002 with LAF (payment code)= S7; call it MTHS_S7.</li> <li>2. Determine monthly SGA level for beneficiary in 2002, taking into account whether the beneficiary is blind.</li> <li>3. Calculate Adjusted SGA (ASGA) by multiplying SGA amount by MTHS_S7.</li> <li>4. For beneficiaries with ASGA &gt; 0, retrieve FY2002 annual earnings from SER.</li> <li>5. If FY2002 annual earnings &gt; ASGA<sub>yy</sub>, set EPE_flag to 1, else set EPE_flag to 0.</li> </ol> <p>Categories in table:            SSI only: not applicable            DI and not in EPE: EPE_flag = 0            DI and in EPE: EPE_flag = 1            DI and EPE status unknown: EPE_flag not = 1 or 0</p>	Ticket Mail Date	MBR, SER

**Table B.1 (continued)**

Variable	Definition	Notes	Source File
Section 1619	<p>Section 1619 is only applicable to SSI beneficiaries. 1619(a) information is derived from STCONCATM (SSI-LF) and 1619(b) information is derived from MEDC (REMICS and SORD)</p> <p>Categories in table:            DI only – Section 1619 not applicable            SSI and 1619(a): STCONCATM = 'D', 'E', 'F', 'G', 'H', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'W', 'X', 'Y', or 'Z'            SSI and 1619(b): MEDC = 'C'            SSI – not in 1619: not in 1619(a) OR not in 1619(b)            SSI and 1619 status unknown: residual category</p>	Ticket Mail Date or August 2003, whichever was earlier.	SSI-LF, REMICS, SORD
State of Residence	<p>Based on zip codes.</p> <p>Historical zip codes were extracted from the ZIP files for DI-only beneficiaries and from the REMICS and SORD files for SSI and concurrent beneficiaries. The zip codes were transformed into state codes using a built-in SAS function.</p> <p>Sometimes the zip code could not be resolved to a state.</p> <p>If a state code was not available for the designated month, the code from a previous or later month was used in its place.</p>	Ticket Mail Date or March 2004, depending on availability.	ZIP files, REMICS, SORD
County Characteristics	<p>Historical zip codes were extracted from the ZIP files for DI-only beneficiaries and from the REMICS and SORD files for SSI and concurrent beneficiaries. The zip codes were transformed into state and county codes using a built-in SAS function. Sometimes the zip code could not be resolved to a state and county. If a county code was not available for the designated month, the code from a previous or later month was used in its place.</p>	Ticket Mail Date or August 2003, whichever was earlier.	ZIP files, REMICS, SORD

## B. INFORMATION ON PARTICIPATION DURING ROLLOUT

The figures in Chapter II, Section A, are based on tables in this section.

**Table B.2. Ticket Mailings by Month and Phase (Supports Figure II.1)**

	Phase 1	Phase 2	Phase 3
February, 2002	238,511	411	416
March, 2002	968	1	1
April, 2002	367,225	1,593	1,776
May, 2002	615,126	3,009	3,282
June, 2002	746,823	4,655	5,315
July, 2002	151,437	884	933
August, 2002	151,098	1,049	1,217
September, 2002	155,991	556	728
October, 2002	154,346	556	1,379
November, 2002	32,640	263,060	1,212
December, 2002	19,558	2,604	241
January, 2003	12,216	268,013	4,584
February, 2003	13,053	270,586	2,560
March, 2003	19,352	270,322	1,972
April, 2003	17,068	275,568	2,239
May, 2003	14,381	278,908	2,564
June, 2003	21,065	281,161	1,848
July, 2003	16,431	283,430	2,124
August, 2003	14,030	282,498	4,639
September, 2003	23,477	286,494	5,406
October, 2003	22,329	0	1,393
November, 2003	38,037	66,009	339,730
December, 2003	17,838	19,072	3,133
January, 2004	21,663	23,425	350,907
February, 2004	21,383	23,045	350,908
March, 2004	22,401	24,332	358,599

Source: April 2004 extract from SSA's MI Universe File.

**Table B.3. Participation Rate by Months Since Rollout Start, Provider Type, Payment Type, and Phase (Supports Figures II.2, II.3, and II.5)**

Months Since Rollout	Month, Year	Total	Provider Type		Payment Type		
			SVRA	EN	Trad.	M+O	Out. Only
<b>Phase 1 States</b>							
0	Feb-02	0.06%	0.05%	0.01%	0.04%	0.02%	0.00%
1	Mar-02	0.35	0.31	0.04	0.29	0.05	0.01
2	Apr-02	0.24	0.20	0.04	0.19	0.04	0.01
3	May-02	0.21	0.17	0.04	0.16	0.04	0.01
4	Jun-02	0.23	0.19	0.04	0.18	0.04	0.01
5	Jul-02	0.30	0.25	0.05	0.24	0.06	0.01
6	Aug-02	0.37	0.31	0.06	0.30	0.07	0.01
7	Sep-02	0.41	0.35	0.06	0.33	0.07	0.01
8	Oct-02	0.46	0.40	0.07	0.38	0.07	0.01
9	Nov-02	0.49	0.43	0.07	0.40	0.07	0.01
10	Dec-02	0.52	0.45	0.07	0.43	0.08	0.01
11	Jan-03	0.57	0.50	0.07	0.48	0.08	0.02
12	Feb-03	0.60	0.53	0.07	0.50	0.08	0.02
13	Mar-03	0.63	0.56	0.07	0.53	0.08	0.02
14	Apr-03	0.68	0.61	0.07	0.58	0.08	0.02
15	May-03	0.73	0.66	0.07	0.63	0.08	0.02
16	Jun-03	0.78	0.71	0.07	0.67	0.08	0.02
17	Jul-03	0.83	0.76	0.07	0.72	0.08	0.02
18	Aug-03	0.88	0.81	0.07	0.77	0.09	0.02
19	Sep-03	0.92	0.85	0.07	0.81	0.09	0.02
20	Oct-03	0.96	0.89	0.07	0.84	0.09	0.02
21	Nov-03	0.98	0.91	0.07	0.86	0.09	0.02
22	Dec-03	1.02	0.94	0.07	0.90	0.09	0.03
23	Jan-04	1.05	0.98	0.07	0.93	0.09	0.03
24	Feb-04	1.08	1.01	0.08	0.96	0.10	0.03
25	Mar-04	1.12	1.04	0.08	0.99	0.10	0.03
<b>Phase 2 States</b>							
0	Nov-02	0.04%	0.03%	0.01%	0.03%	0.01%	0.00%
1	Dec-02	0.10	0.07	0.03	0.06	0.02	0.01
2	Jan-03	0.10	0.07	0.03	0.07	0.02	0.01
3	Feb-03	0.13	0.09	0.03	0.08	0.03	0.01
4	Mar-03	0.17	0.13	0.04	0.12	0.04	0.01
5	Apr-03	0.21	0.16	0.04	0.15	0.05	0.01
6	May-03	0.24	0.19	0.05	0.17	0.05	0.01
7	Jun-03	0.27	0.22	0.05	0.20	0.05	0.02
8	Jul-03	0.30	0.25	0.05	0.23	0.06	0.02
9	Aug-03	0.33	0.28	0.05	0.25	0.06	0.02
10	Sep-03	0.35	0.30	0.05	0.27	0.06	0.02
11	Oct-03	0.40	0.35	0.06	0.31	0.07	0.02
12	Nov-03	0.43	0.38	0.06	0.34	0.07	0.02
13	Dec-03	0.47	0.41	0.06	0.37	0.08	0.02
14	Jan-04	0.51	0.44	0.06	0.40	0.08	0.03
15	Feb-04	0.54	0.47	0.06	0.43	0.08	0.03
16	Mar-04	0.58	0.51	0.07	0.46	0.09	0.03



**Table B.3 (continued)**

Months Since Rollout	Month, Year	Total	Provider Type		Payment Type		
			SVRA	EN	Trad.	M+O	Out. Only
<b>Phase 3 States</b>							
0	Nov-03	0.27%	0.25%	0.02%	0.24%	0.02%	0.00%
1	Dec-03	0.63	0.60	0.03	0.58	0.05	0.00
2	Jan-04	0.46	0.42	0.03	0.40	0.05	0.00
3	Feb-04	0.42	0.38	0.04	0.36	0.05	0.01
4	Mar-04	0.43	0.39	0.04	0.36	0.06	0.01

Source: January 2005 extract from SSA's Disability Control File.

Note: This table was updated to adjust for lags in reporting of Ticket assignments.

**Table B.4. First Assignments by Months Since Rollout Start, Provider Type, and Phase (Supports Figure II.4)**

Months Since Rollout	Phase I States				Phase II States			
	Calendar Month	Total	Provider Type		Calendar Month	Total	Provider Type	
			SVRA	EN			SVRA	EN
0	Feb-02	119	95	24	Nov-02	51	38	13
1	Mar-02	660	582	78	Dec-02	155	99	56
2	Apr-02	603	464	139	Jan-03	257	193	64
3	May-02	1062	841	221	Feb-03	449	319	130
4	Jun-02	1856	1531	325	Mar-03	760	599	161
5	Jul-02	1795	1454	341	Apr-03	892	709	183
6	Aug-02	1979	1688	291	May-03	1023	871	152
7	Sep-02	1382	1206	176	Jun-03	1205	1033	172
8	Oct-02	1996	1814	182	Jul-03	1383	1193	190
9	Nov-02	957	817	140	Aug-03	1429	1247	182
10	Dec-02	774	687	87	Sep-03	1480	1268	212
11	Jan-03	1383	1255	128	Oct-03	1385	1231	154
12	Feb-03	790	694	96	Nov-03	992	879	113
13	Mar-03	828	770	58	Dec-03	1031	912	119
14	Apr-03	1394	1324	70	Jan-04	1011	925	86
15	May-03	1556	1484	72	Feb-04	864	800	64
16	Jun-03	1305	1240	65	Mar-04	1117	1040	77
17	Jul-03	1459	1400	59				
18	Aug-03	1325	1260	65				
19	Sep-03	1246	1192	54				
20	Oct-03	1121	1053	68				
21	Nov-03	806	760	46				
22	Dec-03	1058	991	67				
23	Jan-04	1136	1074	62				
24	Feb-04	922	822	100				
25	Mar-04	1074	992	82				

Source: January 2005 extract from SSA's Disability Control File.

### C. PARTICIPATION RATES BY BENEFICIARY CHARACTERISTICS

This section presents statistics on participation rates by beneficiary characteristic, as of March 2004. All of the statistics in this section are based on SSI and DI program data matched to an April 2004 extract from the MI Universe File. These data differ from those used for the two preceding tables in this appendix, which were based on a later (January 2005) extract from SSA's new Disability Control File, mostly because of delayed reporting of Ticket assignments.<sup>2</sup> The more recent data show that about 10 percent of in-use Tickets in Phase 1 states in March 2004 had not been reported as assigned as of April 2004. Due to time and resource constraints, we did not update the analysis below. But we have no reason to think that the relationships reported here would be qualitatively different from those in updated data; most of the participation rates reported for specific groups would presumably be on the order of 10 percent higher, however.

Table B.5 presents state participation rates, for both Phase 1 and Phase 2 states, in total, by provider type, and by payment type. More extensive statistics for just the Phase 1 states are presented in Table B.6. For each beneficiary group (e.g., those age 40 to 44), we present six statistics: the number of eligible beneficiaries with the characteristic; the percentage of eligible beneficiaries with the characteristic; the participation (Ticket assignment) rate for those beneficiaries; the difference between their participation rates and the participation rate for the "base" group (e.g., the base group for the characteristic "age" is beneficiaries ages 18 to 24); the difference between the group's participation rate and the base group's participation rate after controlling for other factors (see below); and the percentage of the group's Tickets that are assigned at SVRAs.

Raw differences in participation rates for any pair of groups reflect the potential influences of all other characteristics that are different for those two groups. For example, differences across impairment groups reflect differences between the age distributions of beneficiaries in those two groups. We used multiple regression to control for differences in other factors that are observed in the administrative data. Specifically, using the 100-percent sample, we estimated a linear probability model in which the dependent variable was the TTW participation indicator and the independent variables were categorical variables for all of the characteristics reported herein. The reported differences "after controlling for other factors" are the coefficients from this model.

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<sup>2</sup>The more recent data also incorporate minor changes in (1) the definition of a beneficiary's state for purposes of assigning Phase, and (2) the classification of beneficiaries by program (i.e., Title).

**Table B.5. Participation Rates by State, Payment System, and Provider Type, March 2004 (Supports Figure II.6)**

State of Residence (March 2004)	Payment System				Provider Type	
	Total	Traditional	Milestones + Outcomes	Outcomes Only	SVRA	EN
<b>Phase 1 States</b>						
Arizona	0.45	0.28	0.15	0.03	0.28	0.17
Colorado	0.44	0.40	0.02	0.02	0.40	0.04
Delaware	2.15	1.91	0.23	0.02	2.09	0.06
Florida	0.62	0.54	0.06	0.03	0.54	0.08
Illinois	1.42	1.34	0.07	0.01	1.34	0.07
Iowa	1.00	0.91	0.07	0.02	0.92	0.08
Massachusetts	0.37	0.26	0.08	0.02	0.31	0.05
New York	1.24	1.18	0.06	0.01	1.18	0.07
Oklahoma	1.39	0.71	0.67	0.01	1.38	0.01
Oregon	0.36	0.28	0.04	0.05	0.28	0.08
South Carolina	0.94	0.87	0.06	0.01	0.88	0.06
Vermont	2.34	1.77	0.00	0.57	2.34	0.00
Wisconsin	1.39	1.29	0.08	0.02	1.29	0.10
<b>Phase 2 States</b>						
Alaska	0.49	0.44	0.03	0.02	0.44	0.05
Arkansas	0.14	0.07	0.06	0.02	0.07	0.07
Connecticut	0.58	0.33	0.03	0.22	0.54	0.03
District of Columbia	0.49	0.28	0.18	0.04	0.32	0.16
Georgia	0.39	0.32	0.06	0.01	0.32	0.07
Indiana	0.21	0.12	0.08	0.01	0.17	0.03
Kansas	0.46	0.36	0.07	0.03	0.36	0.10
Kentucky	0.15	0.13	0.01	0.01	0.14	0.02
Louisiana	0.67	0.44	0.21	0.01	0.64	0.03
Michigan	0.91	0.86	0.04	0.01	0.86	0.04
Mississippi	0.26	0.16	0.09	0.01	0.16	0.10
Missouri	0.29	0.21	0.07	0.02	0.22	0.07
Montana	0.55	0.54	0.01	0.00	0.55	0.00
Nevada	0.64	0.44	0.17	0.03	0.44	0.20
New Hampshire	0.10	0.04	0.03	0.02	0.07	0.04
New Jersey	0.23	0.16	0.03	0.05	0.19	0.04
New Mexico	0.12	0.09	0.01	0.02	0.09	0.02
North Dakota	0.18	0.12	0.04	0.02	0.13	0.05
South Dakota	1.63	1.56	0.01	0.06	1.63	0.00
Tennessee	0.55	0.41	0.13	0.01	0.41	0.14
Virginia	0.37	0.29	0.07	0.02	0.29	0.08

Source: Participation status based on an April 2004 extract from the MI Universe File, which does not reflect the approximately 10 percent of March 2004 assignments that were reported later. See Table B.1 for other sources.

**Table B.6. Participation Rates by Characteristic in Phase 1 States, March 2004<sup>a</sup>**

Group Definition	Number (in Thousands)	Percent of Eligible Beneficiaries	Participation Rate (in %)	Difference from Rate for Base Category		Percent in Traditional Payment System
				Unadjusted	Adjusted	
<b>All Eligible Beneficiaries</b>	2,564	100.0%	1.0%	c	c	87.9%
<b>Eligibility Status on Initial Selection Date</b>						
New Beneficiaries (became eligible later)	435	17.0	0.87	-0.19	-0.08	85.0
Existing Beneficiaries (eligible)	2,129	83.0	1.05	b	b	88.4
<b>Title</b>						
DI only	1,451	56.6	0.93	-0.05	0.27	87.1
SSI only	779	30.4	0.98	b	b	88.4
Concurrent	334	13.0	1.53	0.55	0.23	89.4
<b>Sex</b>						
Male	1,288	50.2	1.05	0.05	0.02	88.2
Female	1,276	49.8	1.00	b	b	87.7
<b>Age</b>						
18 - 24	150	5.9	2.79	b	b	92.1
25 - 29	116	4.5	2.12	-0.67	-0.79	88.4
30 - 34	156	6.1	1.81	-0.98	-1.11	88.0
35 - 39	231	9.0	1.63	-1.16	-1.33	88.3
40 - 44	318	12.4	1.37	-1.42	-1.57	87.5
45 - 49	364	14.2	1.06	-1.73	-1.89	87.7
50 - 54	417	16.3	0.64	-2.15	-2.28	85.3
55 - 59	488	19.0	0.33	-2.46	-2.56	84.4
60 - 64	325	12.7	0.16	-2.63	-2.73	78.9
<b>Age in Years - Broad Ranges</b>						
< 40	653	25.5	2.03	c	c	89.4
40 - 49	681	26.6	1.21	c	c	87.6
50 - 64	1,230	48.0	0.39	c	c	84.3

**Table B.6 (continued)**

Group Definition	Number (in Thousands)	Percent of Eligible Beneficiaries	Participation Rate (in %)	Difference from Rate for Base Category		Percent in Traditional Payment System
				Unadjusted	Adjusted	
<b>Months Since Ticket Mailed (M)</b>						
0 - 3	24	0.9	0.21	b	b	80.4
4 - 6	64	2.5	0.30	0.09	0.17	80.2
7 - 9	49	1.9	0.51	0.30	0.35	86.5
10 - 12	48	1.9	0.70	0.49	0.54	86.3
13 - 15	42	1.6	0.90	0.69	0.77	83.9
16 - 18	311	12.1	1.14	0.93	0.94	93.1
19 - 24	1,815	70.8	1.03	0.82	1.12	87.4
24+	211	8.2	1.33	1.11	1.36	86.7
<b>Months on Disability Rolls</b>						
0 - 6	117	4.6	0.77	b	b	86.5
7 - 12	88	3.4	1.00	0.22	0.03	83.8
13 - 18	84	3.3	0.98	0.20	0.03	83.7
19 - 24	81	3.2	1.04	0.27	0.03	87.7
DI and 0 - 24 months	-	-	-	-	-0.05	
25 - 30	76	3.0	1.04	0.27	0.20	86.7
31 - 36	76	3.0	1.01	0.24	0.20	88.0
37 - 48	161	6.3	1.08	0.30	0.20	86.6
49 - 60	135	5.3	1.09	0.32	0.20	87.1
61 - 120	655	25.5	1.06	0.28	0.20	87.4
120+	1,057	41.2	1.03	0.26	0.20	89.4
Missing	26	1.0	0.59	-0.18	-0.14	89.6
Negative Months	7	0.3	0.91	0.14	-0.02	93.8
<b>Language for Communication with SSA</b>						
English	1,389	54.2	1.14	b	b	87.2
Spanish	110	4.3	0.35	-0.78	-0.31	88.4
Other	13	0.5	0.55	-0.58	-0.11	94.4
Missing	1,052	41.0	0.95	-0.19	-0.17	89.0

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**Table B.6 (continued)**

Group Definition	Number (in Thousands)	Percent of Eligible Beneficiaries	Participation Rate (in %)	Difference from Rate for Base Category		Percent in Traditional Payment System
				Unadjusted	Adjusted	
<b>Race/Ethnicity</b>						
Asian/Pacific Islander	22	0.9	1.04	0.04	0.16	90.0
Black (not Hispanic)	511	19.9	1.26	0.26	0.19	87.3
Hispanic	134	5.2	0.71	-0.29	-0.09	90.2
Native American/Alaskan	14	0.5	0.90	-0.10	0.03	65.1
White	1,678	65.4	1.00	b	b	88.3
Coded as Other	24	0.9	0.70	-0.30	-0.01	87.0
Missing	182	7.1	0.82	-0.19	-0.16	87.4
<b>Years of Education</b>						
0 - 8	165	6.4	0.35	b	b	89.0
9-11	230	9.0	0.83	0.48	0.03	85.3
12	416	16.2	1.14	0.79	0.42	88.4
13-15	115	4.5	1.59	1.24	0.85	84.9
16+	65	2.5	1.41	1.06	0.87	85.5
Missing	1,575	61.4	1.03	0.68	0.31	88.3
<b>Primary Disabling Condition</b>						
Respiratory system	64	2.5	0.36	-0.88	0.19	82.0
Circulatory system	177	6.9	0.45	-0.79	0.27	85.8
Musculoskeletal system	420	16.4	0.51	-0.73	0.27	84.2
Digestive system	27	1.1	0.64	-0.60	0.21	79.7
Neoplasms	43	1.7	0.65	-0.58	0.10	80.4
Endocrine/nutritional	91	3.5	0.68	-0.55	0.28	86.1
Skin/subcutaneous tissue	5	0.2	0.72	-0.51	0.26	94.4
Missing	291	11.3	0.83	-0.41	0.21	88.1
Other	22	0.9	0.87	-0.36	0.45	89.1
Other mental disorders	200	7.8	1.04	-0.19	0.36	86.1
HIV/AIDS	41	1.6	1.17	-0.07	0.26	86.6
Blood/blood-forming diseases	7	0.3	1.17	-0.06	-0.03	89.0
Mental retardation	297	11.6	1.23	b	b	90.6
Infectious & parasitic diseases	14	0.5	1.24	0.01	0.70	90.8
Nervous system	147	5.7	1.26	0.03	0.51	90.7
Major affective disorders	319	12.4	1.29	0.05	0.69	86.3
Genitourinary system	31	1.2	1.35	0.12	0.57	90.5
Injuries	87	3.4	1.37	0.13	0.80	90.7
Schizophrenia/psychoses/neur.	196	7.6	1.46	0.22	0.67	85.7

**Table B.6 (continued)**

Group Definition	Number (in Thousands)	Percent of Eligible Beneficiaries	Participation Rate (in %)	Difference from Rate for Base Category		Percent in Traditional Payment System
				Unadjusted	Adjusted	
Severe visual impairment	51	2.0	1.73	0.50	0.95	89.5
Congenital anomalies	9	0.4	1.96	0.72	0.56	93.2
Severe speech impairment	2	0.1	2.30	1.07	1.55	93.5
Severe hearing impairment	23	0.9	5.92	4.68	4.74	95.7
<b>Benefit Amount</b>						
Zero benefit	56	2.2	0.52	b (\$0 to \$250)	b (\$0 to \$250)	93.8
\$0 to \$250	70	2.7	0.78	b (\$0 to \$250)	b (\$0 to \$250)	91.6
\$250 to \$500	256	10.0	1.29	0.62	-0.09	93.0
\$500 to \$750	1,211	47.2	1.13	0.17	0.21	92.7
\$750 to \$1,000	438	17.1	1.09	0.05	0.12	92.5
>=\$1,000	533	20.8	0.69	-0.37	-0.15	90.6
Missing	0	0.0	0.00	-1.02	-0.41	0.0
<b>Adjudicative Level of Allowance</b>						
Initial Determination	1,716	66.9	1.18			88.1
Reconsideration	173	6.7	1.00	-0.18	-0.03	86.7
Higher level of appeal	665	25.9	0.70	-0.48	-0.25	84.8
<b>Extended Period of Eligibility</b>						
DI only - Section 1619 not applicable	1,451	56.6	0.93	c	c	87.1
SSI - not in 1619	1,087	42.4	1.12	b	b	88.7
SSI and 1619(a)	10	0.4	2.38	1.26	0.80	89.9
SSI and 1619(b)	7	0.3	3.06	1.94	1.05	90.7
SSI and 1619 status unknown	8	0.3	1.51	0.39	0.33	88.4

**Table B.6 (continued)**

Group Definition	Number (in Thousands)	Percent of Eligible Beneficiaries	Participation Rate (in %)	Difference from Rate for Base Category		Percent in Traditional Payment System
				Unadjusted	Adjusted	
<b>State of Residence</b>						
Arizona	128	5.0	0.45	-0.55	-0.37	61.4
Colorado	79	3.1	0.44	-0.56	-0.48	90.8
Delaware	20	0.8	2.15	1.15	1.03	88.8
Florida	421	16.4	0.62	-0.38	-0.35	86.2
Illinois	300	11.7	1.42	0.41	0.63	94.2
Iowa	64	2.5	1.00	c	c	90.7
Massachusetts	190	7.4	0.37	-0.64	-0.60	72.0
New York	585	22.8	1.24	0.24	0.61	94.6
Oklahoma	101	3.9	1.39	0.39	0.37	51.1
Oregon	84	3.3	0.36	-0.64	-0.49	76.9
Other	319	12.4	1.36	0.36	0.32	87.6
South Carolina	136	5.3	0.94	-0.06	0.03	92.6
Vermont	17	0.7	2.34	1.34	1.22	75.6
Wisconsin	120	4.7	1.39	0.39	0.57	92.9
<b>County Characteristics</b>						
Population density, 2000 (# per square mile)						
Below 20	79	3.1	0.64	b	b	78.6
20 - 120	499	19.5	1.11	0.47	0.08	87.1
Above 120	1,955	76.2	1.03	0.39	0.10	88.4
Population loss, 1990 - 2000						
No	2,320	90.5	1.00	b	b	87.2
Yes - metro	138	5.4	1.40	0.41	-0.25	93.8
Yes - nonmetro	74	2.9	1.47	0.48	0.22	93.9
Percent black, 2000						
Below 1%	321	12.5	1.08	b	b	89.0
1% - 10%	983	38.3	0.95	-0.12	-0.06	87.1
Above 10%	1,229	47.9	1.08	0.01	0.02	88.3
Percent Hispanic/Latino						
Below 1%	107	4.2	1.26	b	b	89.5
1% - 10%	1,365	53.2	1.15	-0.11	0.35	88.5
Above 10%	1,061	41.4	0.86	-0.39	0.34	86.8
Percent living in poverty, 2000						
Below 10%	874	34.1	1.06	b	b	89.8
10 - 15%	1,165	45.4	1.09	0.03	0.08	87.4
Above 15%	495	19.3	0.86	-0.20	0.11	85.5



**Table B.6 (continued)**

Group Definition	Number (in Thousands)	Percent of Eligible Beneficiaries	Participation Rate (in %)	Difference from Rate for Base Category		Percent in Traditional Payment System
				Unadjusted	Adjusted	
Unemployment rate, 2003						
Below 4.0%	189	7.4	1.40	b	b	88.2
4.0 - 8.0%	1,940	75.7	1.02	-0.38	-0.18	87.4
Above 8.0%	404	15.8	0.92	-0.47	-0.35	90.8
Low employment, 2000						
No	2,230	87.0	1.06	b	b	87.9
Yes - metro	238	9.3	0.95	-0.11	0.41	89.2
Yes - nonmetro	64	2.5	0.52	-0.53	-0.16	86.0
Urbanicity index, 2000						
Urban	2,106	82.1	1.01	b	b	87.9
Suburban	345	13.5	1.14	0.14	0.04	90.3
Mostly rural	81	3.2	1.24	0.23	0.08	81.1
Percent of workers using public transit, 2000						
Below 15%	2,002	78.1	1.02	b	b	87.1
15% and Above	531	20.7	1.08	0.06	-0.45	91.0
Housing stress, 2000						
No	1,264	49.3	1.15	b	b	88.0
Yes - metro	1,186	46.3	0.93	-0.22	-0.07	87.8
Yes - nonmetro	82	3.2	0.67	-0.48	0.03	88.9
Low education, 2000						
No	2,232	87.1	1.05	b	b	87.8
Yes - metro	243	9.5	0.93	-0.12	-0.23	89.3
Yes - nonmetro	57	2.2	0.61	-0.44	-0.16	92.8
County Data Available						
County known	2,533	98.8	1.03	b	b	
County unknown	31	1.2	0.26	-0.77	0.06	82.7

Source: Participation status based on an April 2004 extract of from the MI Universe File, which does not reflect the approximately 10 percent of March 2004 assignments that were reported later. See Table B.1 for other sources.

<sup>a</sup>This table was not updated to adjust for lags in reporting of Ticket assignments.

<sup>b</sup>Base used in calculating differences.

<sup>c</sup>Variable not included in participation model.

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## APPENDIX C

### NATIONAL BENEFICIARY SURVEY METHODOLOGY AND DATA TABLES

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This appendix describes the National Beneficiary Survey methods and presents more detailed information and data that support the survey findings reported in Chapter III. The appendix is organized as follows:

- Section A discusses the purpose of the survey and presents summary statistics on the survey sample.
- Section B describes the sample design, including the selection of primary sampling units, clustered and unclustered components, target population, strata, and sample sizes.
- Section C discusses the content and design of the survey questionnaire.
- Section D describes the data collection process and procedures.
- Section E presents additional information and data that support the findings presented in Chapter III.

#### A. OVERVIEW

##### 1. Purpose of the Survey

As part of the TTW evaluation, MPR is conducting the National Beneficiary Survey (NBS). The survey, sponsored by SSA's Office of Disability and Income Security Programs, collects data from a nationally representative sample of SSA disability beneficiaries (hereinafter referred to as the Representative Beneficiary Sample), and two cross-sectional samples of TTW participants (hereinafter referred to as the Ticket Participant Sample) across four years. In addition, cohorts of TTW participants will be followed longitudinally. In all, four rounds of interviews will be conducted annually beginning in 2004. Data are collected by means of a computer-assisted telephone interview (CATI) with a computer-assisted personal interview (CAPI) followup for beneficiaries who did not respond to the CATI interview or who requested an in-person interview to facilitate their participation in the

survey. Whenever possible, the interview was attempted with the sample person. If the sample person was unable to complete either a telephone or in-person interview due to their disability, a proxy respondent was sought.

The overall purpose of the NBS is to obtain data necessary to address the evaluation questions outlined by Congress in the Ticket Act that are not available from SSA administrative sources. In particular, the survey has five key objectives:

- To provide critical data on the work-related activities of SSI and DI beneficiaries, particularly as they relate to the implementation of TTW Work
- To describe the characteristics and program experiences of beneficiaries who use their Ticket
- To gather information about beneficiaries who do not use their Ticket and the reasons for this choice
- To evaluate the employment outcomes of Ticket users and other SSI and DI beneficiaries
- To collect data on service utilization, barriers to work, and perceptions about TTW and other SSA programs designed to help SSA beneficiaries with disabilities find and keep jobs

The survey data will be combined with SSA administrative data to provide critical information on access to jobs and employment outcomes for disability beneficiaries, including those who participate in the TTW program and those who do not. In addition to use in the TTW evaluation, the survey data will give SSA information about a nationally representative sample of working-age disability beneficiaries. These data may therefore be useful for other policy making and program planning efforts, and by external researchers interested in disability and employment issues.

## **2. Summary Statistics**

People in both the Representative Beneficiary Sample and the Ticket Participant Sample receive the same survey questionnaire. Round 1 CATI data collection for both samples began in February 2004. Beginning in May 2004, in-person CAPI interviews were conducted concurrent with CATI interviews. In-person interviews were conducted with sample persons who requested an in-person interview, those who needed an in-person interview to accommodate a disability, and telephone nonrespondents. CATI and CAPI Round 1 data collection was completed in October 2004. A total of 7,603 interviews were completed with individuals in both samples: 6,302 cases were completed by telephone and 1,301 were completed by CAPI. An additional 531 sample persons were determined to be ineligible to participate in the survey.<sup>1</sup> The overall unweighted response rate for the combined sample

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<sup>1</sup>Includes sample persons who were: deceased; no longer living in the continental United States; incarcerated or institutionalized; and those whose benefit status was pending.

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was 77.2 percent.<sup>2</sup> The overall weighted response rate was 77.6 percent.<sup>3</sup> Proxy interviews were completed for 1,997 sample persons.

Interviews were completed with 6,520 individuals in the Representative Beneficiary Sample and 1,083 persons in the Ticket Participant Sample. An additional 458 beneficiaries and 73 Ticket participants were determined to be ineligible to participate in the survey. The unweighted and weighted response rates for the Representative Beneficiary Sample were 77.0 percent and 77.5 percent, respectively. The unweighted and weighted response rates for the Ticket Participant Sample were 78.9 percent and 80.9 percent, respectively.

## **B. SAMPLE DESIGN**

### **1. Overview of the Design**

The survey design for the NBS calls for interviewing four national cross-sectional samples of SSA disability beneficiaries—one each for 2003, 2004, 2005, and 2006—and two cross-sectional samples of Ticket to Work participants in each of three groups of states (Phase 1, 2, and 3 states) chosen to represent implementations of Ticket to Work. In addition, sample members in the first Phase 1 cross-sectional Ticket Participant Sample for each phase will be followed longitudinally until 2006. Thus, two samples were fielded for Round 1, the first Representative Beneficiary Sample, and the first Phase 1 cross-sectional sample of Ticket participants.

For Round 1, primary sampling units (PSUs) were formed in every state based on counts of the number of beneficiaries in each county based on data from SSA. A three-stage sample design was used to select the Representative Beneficiary Sample:

- In the first stage, the number of PSUs to be selected from each of the Phase 1, Phase 2, and Phase 3 states was identified. The total number of PSUs to be selected was 80.
- In the second stage, PSUs were selected with probability proportional to the size of the beneficiary population in the PSUs. Because one PSU was selected twice

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<sup>2</sup> The unweighted response rate (completed interviews+partial completes+ineligible cases divided by all released cases) is an indicator of response among the sampled cases, but does not account for unequal sample weights or for the potential for nonresponse bias. Ineligible cases are included in the numerator for two reasons: 1) the cases classified as ineligible are part of the original sampling frame (and hence the study population). We obtained complete information to fully classify these cases (i.e., their responses to the eligibility questions in the questionnaire are complete) and therefore classify them as respondents; 2) incorporating the ineligibles in the numerator and denominator of the response rate is essentially equivalent to the definition of a response rate with these cases excluded if the persons with an additional estimation of the number of eligible cases are among those with eligibility unknown. By including the ineligible cases in the numerator and denominator, we avoid using this estimation stage and the response rate computation is more clearly explicated.

<sup>3</sup> The weighted response rate (a weighted count of completed interviews divided by the weighted count of cases in the sample) provides an unbiased estimate of the proportion of the survey population that is represented by the completed cases. Therefore, the weighted response rate measures the potential for nonresponse bias.

given the large number of beneficiaries in the included county, the final number of PSUs selected was 79. In the two largest PSUs (which were selected with certainty), second-stage sampling units were formed within the PSUs based on zip code; two secondary units were selected in one of these PSUs and four secondary units were selected in the other PSU.

- In the third stage, the Representative Beneficiary Sample was selected in four age-specific strata. The final sample size for the Representative Beneficiary Sample was 9,064.

The Ticket Participant Sample comprised both a clustered and an unclustered sample. The clustered Ticket Participant Sample was selected in the same manner as the Representative Beneficiary Sample, using the same PSUs, but due to the small number of Ticket participants, the secondary sampling units were not used and the sample was drawn from all participants in the PSUs. Participants were stratified by the payment type under which their Ticket had been assigned (traditional, milestone-outcome, and outcome-only) rather than by age. As described further below, an unclustered sample of participants was selected to supplement the clustered participant sample for participants who had assigned their Tickets under the outcome-only payment system. All of the participants in this payment type were selected. The final sample size for the Ticket Participant Sample was 1,466 (see Table C.1 for sample size by strata). The Survey Sample Design Report includes more detailed information regarding the selection of PSUs and the overall NBS sample design (Bethel and Stapleton 2002).

## **2. Target Population**

The target population for both the Representative Beneficiary Sample and the Ticket Participant Sample consisted of SSI and DI beneficiaries between the ages of 18 and 64 who were in current pay status as of June 2003. The target population included beneficiaries in all 50 states and the District of Columbia. Beneficiaries in the Trust Territories and Puerto Rico were excluded from the survey target population.

For the Ticket participants, the study population was constrained by the TTW rollout schedule. The program was implemented in three phases (approximately one-third of the states in each phase). The target population for the first survey round included individuals who were participants in SSA's TTW in the Phase 1 rollout states. A participant was assigned to a phase for this study on the basis of the person's address at the time of program rollout regardless of the person's current address. Thus, a "Phase 1" participant might be residing in any state at the time of the survey.

MPR processed a beneficiary universe file from SSA of approximately 9.4 million records and a participant universe file of 21,477 records. Approximately 1.9 million beneficiaries were in the selected PSUs.

**Table C.1. Round 1 Sample Sizes and Target Completes Per Sampling Strata**

Sampling Strata	Sample Size	Target Completes	Actual Completes
Representative Beneficiary Sample	9,064	7,200	6,520
18 to 29 Years Old	2,514	2,000	1,818
30 to 39 Years Old	2,516	2,000	1,788
40 to 49 Years Old	2,516	2,000	1,816
50 to 64 Years Old	1,518	1,200	1,098
Ticket Participant Sample	1,466	1,000	1,083
Traditional Payment Type	441	333	351
Milestone-Outcome Payment Type	455	333	344
Outcome-Only Payment Type (Unclustered)	447	333	304
Outcome-Only Payment Type (Clustered)	123		84
<b>Total Sample Size</b>	<b>10,530</b>	<b>8,200</b>	<b>7,603</b>

Source: MPR Survey Management Data.

### 3. Strata Definitions and Sample Sizes

The sample is designed to be statistically and operationally efficient and to provide adequate sample sizes for the planned analyses. In order to ensure a sufficient number of persons seeking work, the Representative Beneficiary Sample was classified into sampling strata based on age, with persons in the younger age categories selected at higher rates than persons in the oldest age category. The sampling strata for the Ticket Participant Samples were defined by the payment system.

The Representative Beneficiary Sample was divided into the following age groups, 18-24, 25-39, 40-54, and 55-64, which were used as the sampling strata. The target number of completed interviews for Round 1 was 2,000 beneficiaries in each of the three younger age groups (18-24, 25-39, and 40-54). For the 50-64 age cohort, the target number of completed interview was 1,200 beneficiaries. While the focus of the survey was on working age beneficiaries who are Ticket-eligible (that is, all working age beneficiaries except those who SSA classified as “medical improvement expected” (MIE) and former youth beneficiaries without an adult continuing disability review, or CDR, allowance), a small sample of all Ticket-ineligible beneficiaries was included so that the survey results would represent the entire working age population.

Two subpopulations of beneficiaries are ineligible for Ticket assignment:

- Beneficiaries who were designated as MIE at the time they received their initial disability allowance decisions, and who have not yet completed a CDR

- Young SSI recipients who are 18 years old, are still receiving benefits because of their eligibility as children, and have not completed a re-determination under the adult eligibility criteria

Although these beneficiaries are not eligible for Ticket participation, they were included in the survey samples to give complete coverage of the national beneficiary population.

TTW participants can assign their Ticket under three payment systems: (1) outcomes-only; (2) milestone-outcome, or (3) under the traditional VR reimbursement system. Because the prevalence of the outcome-only payment type was low among Phase 1 participants, both clustered and unclustered samples of participants were selected for this payment type. The samples of participants using the milestone-outcome and traditional payment types were limited to the clustered sample.<sup>4</sup> The target number of completed interviews for participants at Round 1 was 1,000 overall, with a target of approximately 333 in each payment type stratum.

Sample members in both the clustered and unclustered samples underwent the same level of locating activities to identify a telephone number so that a telephone interview could be attempted. For the unclustered sample, beneficiaries who could not be located or who required an in-person interview were “closed out” and classified as ineligible. For the clustered sample, beneficiaries who could not be located or who required an in-person interview were eligible for a field followup and were assigned to field locators/interviewers. The beneficiaries who were classified as ineligible in the unclustered sample because of no field followup are accounted for by the beneficiaries who had field followup in the clustered sample. This process is analogous to the accepted practice of subsampling of nonrespondents for more intensive effort and in this case is subsampling of cases for field followup.

For fielding purposes, we selected 2.5 to 3 times as many cases as we needed to ensure an adequate pool of completed interviews. These samples were randomly partitioned into subsamples (called “waves”). During the data collection period, we monitored the sample results and determined whether, and in what strata and PSUs, additional cases were needed. (Section D and Tables C.4 and C.5 provide further information about the completion rates and the breakdown of completed interviews and ineligible respondents included in the count of respondents.)

## **C. QUESTIONNAIRE DESIGN**

### **1. Questionnaire Sections**

The NBS collects data on a wide range of topics, including employment, disability, experience with a variety of SSA programs, employment services used in the past year, health and functional status, health insurance, income and other assistance, and sociodemographic information. Sample persons who identify themselves as Ticket participants are asked about

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<sup>4</sup>For the Round Two survey, unclustered samples are required for both the outcomes-only and the milestones plus outcomes payment types.



their experiences in TTW. Sample persons who do not identify themselves as Ticket participants are asked about their reasons for nonparticipation. The survey items were developed and initially pretested as part of a separate contract. Revisions were made to prepare the instrument for CATI/CAPI programming and the programmed instrument was pretested prior to fielding. The survey instrument is available from MPR upon request.

The questionnaire is divided into 18 sections, A through M, which serve the following purposes:

**Section A - Screener.** This section confirms that the correct sample person has been contacted and verifies that the sample person is still eligible for the survey. The sample person is also administered a cognitive assessment in this section to ensure that he or she is capable of completing the interview. If the sample person does not pass the cognitive assessment, he/she is asked if there is someone else who can answer questions about his/her health, daily activities, and any jobs he/she might have (such as a friend, parent, caseworker, or payee). An interview is then pursued with the proxy respondent.

**Section B - Disability and Current Work Status.** This section collects information on the beneficiary's limiting physical or mental condition(s) and current employment status. If the beneficiary is not currently employed, the section explores reasons for not working. This section also includes questions designed to determine the job characteristics that are important to beneficiaries, and collects information about work-related goals and expectations.

**Section C - Current Employment.** Questions in this section collect detailed information about the beneficiary's current job(s). Respondents are asked about the type of work performed, type of employer, hours worked, benefits offered, and wages earned. The section also asks about work-related accommodations, those received, as well as those needed but not received. Other questions solicit information about job satisfaction.

**Section D - Jobs/Other Jobs During 2003.** This section collects information about employment during the 2003 calendar year, including: type(s) of employer(s), hours worked, wages earned, and reasons for leaving employment, if applicable. Other questions ask if beneficiaries worked or earned less than they could have (and if so, the reasons why), and collect information about experiences related to Social Security benefit adjustments due to work.

**Section E - Awareness of SSA Work Incentive Programs and Ticket to Work.** This section includes questions designed to assess whether the beneficiary is aware of, or is participating in, specific SSA work incentive programs and services. For the Ticket to Work program, information is collected on how beneficiaries learned about the program, and the names and dates they signed up with their current service providers.

**Section F - Ticket Nonparticipants in 2003.** This section collects data on reasons for non-participation in the Ticket to Work program. It asks whether the beneficiary has attempted to learn about employment opportunities (including TTW), problems the

beneficiary may have had with ENs or other employment agencies, and how those problems were handled or resolved.

***Section G - Employment-Related Services and Supports Used in 2003.*** Questions in this section ask beneficiaries about their use of employment-related services in calendar year 2003, including: the types of services received, the types of providers used, how long they received services, how the services were paid for, and reasons for and satisfaction with service utilization. Other questions ask about sources of information about services and the nature of any services that were needed but not received.

***Section H - Ticket Participants in 2003.*** This section asks 2003 TTW participants about their experiences with the program, including information related to: how they decided to participate in the Ticket program; the kinds of information they used to pick their current service providers; development of the individual work plan (IWP); and any problems experienced with services provided by an EN. The section also includes a series of questions about how problems with ENs were resolved and overall satisfaction with the Ticket to Work program.

***Section I - Health and Functional Status.*** This section includes questions about the beneficiary's health status and everyday functioning, including the need for special equipment or assistive devices. Information is solicited regarding: general health status (via the SF-8<sup>TM</sup> scale<sup>5</sup>); difficulties with activities of daily living (ADLs) and instrumental activities of daily living (IADLs); a variety of functional limitations; substance abuse/dependence; and treatment for mental health conditions.

***Section J - Health Insurance.*** Questions in this section collect information about the sources of health insurance coverage the beneficiary has, both at interview and during calendar year 2003.

***Section K - Income and Other Assistance.*** Questions in this section ask about sources of income, including income received from earnings, Social Security, workers' compensation, and other government programs and sources.

***Section L - Sociodemographic Information.*** This section collects basic demographic information about the beneficiary, such as race, ethnicity, education, parental education, marital status, living arrangements, and household income.

***Section M - Closing Information and Observations.*** In this section, address information is collected for the sample person, and telephone information for up to two contact people is collected for participants who may be selected for future survey rounds. The interviewer also records reasons a proxy or assistance was required, if appropriate, and documents special circumstances.

The Round 1 NBS took, on average, 60 minutes to administer. Interviews with Ticket Participant Sample members ranged from 60 to 70 minutes, while nonparticipant interviews

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<sup>5</sup> SF-8<sup>TM</sup> is a trademark of QualityMetric, Inc.

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ranged from 45 to 55 minutes. To promote response among Hispanic populations, the questionnaire was available in Spanish. Interpreters were used to conduct interviews in languages other than Spanish.

## **2. Respondent Types and Main Paths**

Sample persons in the Representative Beneficiary Sample and the Ticket Participant Sample both receive the same version of the NBS questionnaire. All respondents are asked questions from sections A, B, E, G, I, J, K, L, and M. Only respondents who report that they are currently working are asked questions from section C. Similarly, only respondents who report working in 2003 are asked questions in section D. Section F is asked of respondents who report that they have either never tried to get a Ticket from SSA, have never tried to use a Ticket to sign up with a provider, or who were not signed up with a provider in 2003. Only respondents who report using their Tickets to sign up with a provider in 2003 are asked questions from section H. See Table C.2 for a summary description of the main questionnaire pathing.

## **D. DATA COLLECTION**

The National Beneficiary Survey was executed as a dual-mode survey—initial interview attempts were made using CATI followed by CAPI. CATI data collection began in February 2004. CAPI interviewing of telephone nonrespondents and beneficiaries who requested an in-person interview began in May 2004 and continued, concurrent with CATI interviewing, through October 2004.<sup>6</sup> In total 7,603 cases were completed (including 23 partial completes)—6,520 from the Representative Beneficiary Sample and 1,083 from the Ticket Participant Sample.

### **1. Pretest**

A CATI pretest was conducted in December 2003 to test the programmed instrument prior to fielding. The pretest sample was selected from beneficiaries and participants who were not living in the sampled PSUs. Cases selected for the pretest were not included in the main survey sample. Given their rarity, outcomes-only cases were excluded from the pretest. Hearing-impaired respondents were oversampled so that we could test procedures for interviewing via teletypewriter (TTY). Ticket participants were also oversampled to ensure an adequate test of the participant query paths.

Overall, 74 pretest interviews were completed. Thirty-two interviews were completed with participants and 42 with nonparticipants. Of these, eight cases were completed with proxy respondents. As a result of the pretest, minor instrument changes were identified and programming problems corrected for full-scale CATI interviewing.

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<sup>6</sup> Note that interviewing began approximately eight months after the sample was selected.

**Table C.2. Overview of the National Beneficiary Survey Questionnaire**

Section	Title Of Section	Respondents Receiving the Section
A	Screener	All respondents
B	Disability/Current Work Status	All respondents
C	Current Employment	Respondents who answer (B24 = YES) Question B24: Are you currently working at a job or business for pay or profit?
D	Jobs/Other Jobs During 2003	Respondents who answer (B30 = YES) Question B30: Did you work at a job or business for pay or profit anytime in 2004?
E	Awareness of SSA Work Incentive Programs and Ticket to Work	All respondents
F	Ticket Nonparticipants in 2003	Respondents who answer (E35 = NO, DON'T KNOW, OR REFUSED) Question E35: Did you ever try to get a Ticket from Social Security or anywhere else? OR Respondents who answer (E36 = NO, DON'T KNOW, OR REFUSED) Question E36: Have you ever used your Ticket to sign up with an Employment Network? OR Respondents who answer (E37 = NO, DON'T KNOW, OR REFUSED) Question E37: Were you signed up with any Employment Network or a State Vocational Rehabilitation Agency at any time in 2003?
G	Employment-Related Services and Supports Used in 2003	All respondents
H	Ticket Participants in 2003	Respondents who answer (E37 = YES) Question E37: Were you signed up with any Employment Network or a State Vocational Rehabilitation Agency at any time in 2003?
I	Health and Functional Status	All respondents
J	Health Insurance	All respondents
K	Income and Other Assistance	All respondents
L	Sociodemographic Information	All respondents
M	Closing Information and Observations	All respondents

Source: MPR's National Beneficiary Survey, Round One.

## **2. Data Collection Procedures**

Prior to the interview, an advance letter and a list of frequently asked questions and answers was sent to all sampled beneficiaries for whom we had a valid address. The advance letter, printed on SSA letterhead and signed by an SSA official, identified SSA as the sponsor of the survey and MPR as the survey contractor, explained the purpose of the survey, offered assurances of confidentiality, and included a toll-free number and e-mail address that respondents could use to contact MPR with questions, and/or call to complete the interview at their own convenience. A toll-free TTY number was also included in the advance letter. To encourage participation and show appreciation for response, a post-paid incentive payment of \$10 was offered to respondents who completed the survey.

Approximately three days after the advance materials were mailed, CATI calls began to all sample persons. If a sample person was not able to participate in the survey due to his or her disability, a proxy respondent was sought. If no proxy was available and an in-person interview was not possible, the final status of the case was classified as a nonresponse. Sample persons or proxies who requested an in-person interview and who were eligible for field followup were held for the start of CAPI data collection.

## **3. Locating**

Prior to the advance material mailing, all addresses were verified or updated using a commercially available database. As addresses or telephone numbers were identified as invalid, MPR used a variety of techniques for locating updated information, including: database searches; calling relatives and friends; receiving updated contact information from SSA; and making in-person visits for field locating. Due to these efforts, approximately 92 percent of the sample was located for interviewing.

## **4. CATI, CAPI, and Proxy Interviewing**

In total, 6,283 cases were completed by telephone. Eighty-two percent of the Representative Beneficiary Sample completes (n=5,323) and 89 percent of the Ticket Participant Sample completes (n=956) were completed via CATI. Thirty-one CATI cases were completed using TTY, Relay, or instant messaging technologies. Approximately 50 percent of the total completes were obtained before the start of CAPI data collection (May 2004).

In all, 3,109 cases, or approximately 30 percent of the total sample, were sent to the field for an in-person interview. Of these, 394 (13 percent) were eventually completed by telephone and 1,301 (42 percent) were completed by field interviewers. Most cases that were sent to the field (63 percent) were sent because they could not be located by electronic searches or telephone attempts or did not have a telephone. Another 20 percent were sent to the field because the sample person initially refused a CATI interview. An additional 16 percent were sent to the field because they were difficult to contact via telephone or had evaded contact efforts. The remaining one percent was sent to the field because they requested an in-person interview. Eighteen percent of the Representative Beneficiary

Sample completes (n=1,178) and 11 percent of Ticket Participant completes (n=123) were obtained via CAPI.

Proxy interviews were completed for 1,997 sample persons (26 percent of all completes). In most cases, approximately 77 percent, a proxy was necessary because the sample person failed the cognitive assessment or was otherwise determined to be unable to respond due to a cognitive, or mental, impairment. Interviews were completed by proxy for 1,901 sample persons in the Representative Beneficiary Sample (29 percent of completes) and 96 sample persons in the Ticket Participant Sample (9 percent of completes).

An analysis of selected respondent characteristics indicates a few differences between CATI and CAPI respondents, and between respondents requiring a proxy interview and all interviews (Table C.3). Relative to CATI respondents, CAPI respondents were more likely to be: SSI-only recipients; black; younger; to have achieved lower levels of education; and to have experienced childhood onset of disability. Relative to all respondents, those requiring a proxy interview were much more likely to be sample members with mental retardation and who experienced childhood onset of disability, and were somewhat more likely to be: male; SSI-only recipients; younger; of Hispanic or Latino ethnicity; and employed at interview.

**Table C.3. Characteristics of CATI, CAPI, and Proxy Respondents\***

	All Interviews	CATI	CAPI	Proxy
Number	7,580.0	6,279.0	1,301.0	1,997.0
Unweighted % of All Interviews	100.0	82.8	17.2	26.3
<b>Unweighted Percent</b>				
<b>Social Security Program</b>				
SSI-only	39.1	38.0	44.7	52.3
DI-only	39.8	40.9	34.2	24.1
Concurrent	20.8	20.7	21.0	23.5
Missing	0.3	0.4	0.1	0.0
<b>Sex</b>				
Male	50.3	50.1	51.4	61.2
Female	49.7	49.9	48.6	38.8
<b>Age in Years</b>				
18-24	12.5	11.9	15.4	24.2
25-39	37.7	37.4	39.2	43.4
40-54	36.5	37.5	31.6	25.2
55+	13.1	13.2	12.7	7.1
Missing	0.2	0.0	1.2	0.2
<b>Race**</b>				
White	68.1	68.5	66.0	67.6
Black	24.5	23.4	29.9	24.3
Other	6.4	6.7	4.9	6.2
Missing	3.5	4.1	1.1	3.9
<b>Ethnicity</b>				
Hispanic or Latino	10.6	10.1	12.8	13.4
Not Hispanic or Latino	88.0	88.2	86.9	85.2
Missing	1.5	1.7	0.2	1.4
<b>Education</b>				
Did not complete HS or GED	35.8	34.7	41.4	51.3
High school diploma or GED	35.1	34.5	38.0	28.1
High school certificate	4.1	4.0	4.8	10.0
More than high school	23.0	24.7	15.2	4.9
Missing	1.8	2.1	0.7	5.8
<b>Condition(s) Causing Limitation**</b>				
Mental illness	35.3	35.6	34.0	33.7
Mental retardation	10.3	10.8	7.8	33.3
Muscular/skeletal	26.5	27.0	24.4	11.3
Sensory disorders	8.7	8.6	9.3	13.1
Other nervous system diseases	16.1	16.4	14.3	19.7
Other	53.4	53.8	51.0	49.3
No conditions limit activities	7.3	6.9	9.2	3.5
Missing	0.9	0.9	1.1	0.7
<b>Age at Onset of Limiting Condition(s)</b>				
Childhood onset (<age 18)	37.2	36.0	42.7	71.5
Adult onset (age 18+)	59.7	60.6	55.2	24.7
Missing	3.1	3.4	2.1	3.8

**Table C.3 (continued)**

	All Interviews	CATI	CAPI	Proxy
<b>Employment Status at Interview</b>				
Employed at interview	15.2	15.5	13.9	18.0
Not Employed at interview	84.6	84.3	86.1	81.6
Missing	0.1	0.2	0.0	0.4

\*Does not include 23 partially completed cases.

\*\*Multiple responses possible.

Source: MPR's National Beneficiary Survey, Round One.

A total of 6,520 cases from the Representative Beneficiary Sample were completed. An additional 458 sample persons in the Representative Beneficiary Sample were determined to be ineligible to participate in the survey. These cases included sample persons who were: deceased; no longer living in the continental United States; whose benefits status was pending; and who were incarcerated or institutionalized. The unweighted response rate for the Representative Beneficiary Sample was 77.0 percent. The weighted response rate was 77.5 percent.

A total of 1,083 cases from the Ticket Participant Sample were completed. An additional 73 were determined to be ineligible for the survey. The unweighted response rate for the Ticket Participant Sample was 78.9 percent. The weighted response rate was 80.9 percent.

Table C.4 reports the final case disposition for all released cases in the sample. Table C.5 provides a breakdown of response rate by sample type and sampling strata.



**Table C.4. Final Case Disposition by Sample Type and Sampling Strata**

	Total Sample	Complete			Ineligible			Refused			Unlocated			Non-Respondents		
		Count	Un-weighted Percent	Weighted Percent	Count	Un-weighted Percent	Weighted Percent	Count	Un-weighted Percent	Weighted Percent	Count	Un-weighted Percent	Weighted Percent	Count	Un-weighted Percent	Weighted Percent
Representative Beneficiary Sample	9,064	6,520	71.9	72.5	458	5.1	5.1	774	8.5	9.5	795	8.8	7.5	517	5.7	5.4
Age 18 - 29	2,514	1,818	72.3	72.6	132	5.3	5.2	170	6.8	6.7	236	9.4	9.3	158	6.3	6.3
Age 30 - 39	2,516	1,788	71.1	71.3	112	4.5	4.4	215	8.5	8.4	258	10.3	10.2	143	5.7	5.7
Age 40 - 49	2,516	1,816	72.2	72.5	134	5.3	5.2	222	8.8	8.8	207	8.2	8.1	137	5.4	5.4
Age 50 - 64	1,518	1,098	72.3	72.7	80	5.3	5.2	167	11.0	10.7	94	6.2	6.1	79	5.2	5.2
Ticket Participant Sample	1,466	1,083	73.9	79.4	73	5.0	1.5	156	10.6	10.0	75	5.1	3.3	79	5.4	5.8
Traditional Payment	441	351	79.6	80.0	4	.9	.9	45	10.2	10.0	13	2.9	2.8	28	6.3	6.2
Milestone and Outcome	455	344	75.6	79.0	16	3.5	3.0	49	10.8	10.1	32	7.0	5.4	14	3.1	2.5
Outcome Only Clustered	123	84	68.3	73.3	3	12.4	1.6	14	11.4	7.9	12	9.8	8.5	10	8.1	8.8
Outcome Only Unclustered	447	304	68.0	68.6	50	11.2	11.3	48	10.7	10.7	18	4.0	3.6	27	6.0	5.8
<b>Total Sample</b>	<b>10,530</b>	<b>7,603</b>	<b>72.2</b>	<b>72.5</b>	<b>531</b>	<b>5.0</b>	<b>5.1</b>	<b>930</b>	<b>8.8</b>	<b>9.5</b>	<b>870</b>	<b>8.3</b>	<b>7.5</b>	<b>596</b>	<b>5.7</b>	<b>5.4</b>

Note: The number of completed cases includes 23 partial completes: 4 in the Ticket Participant Sample and 19 in the Representative Beneficiary Sample.

Source: MPR's National Beneficiary Survey, Round One.

**Table C.5. Final Weighted and Unweighted Response Rates by Sample Type and Sampling Strata**

	Count of Responded (Completes + Ineligibles)	Unweighted Percent	Weighted Percent
Representative Beneficiary Sample	6,978	77.0	77.5
18 to 29 Years Old	1,950	77.6	77.8
30 to 39 Years Old	1,900	75.5	75.7
40 to 49 Years Old	1,950	77.5	77.7
50 to 64 Years Old	1,178	77.6	77.9
Ticket Participant Sample	1,156	78.9	80.9
Traditional Payment Type	335	80.5	81.0
Milestone and Outcome	360	79.1	82.0
Outcome Only Clustered	87	70.7	74.9
Outcome Only Unclustered	354	79.2	79.9
Total Sample	8,134	77.2	77.6

Source: MPR's National Beneficiary Survey, Round One.

## E. SUPPLEMENTAL INFORMATION SUPPORTING CHAPTER III FINDINGS

### 1. Subgroup Identification and Sample Sizes

Statistics presented in Chapter III and this Appendix are reported for all beneficiaries, and for several subgroups: DI-only beneficiaries, SSI-only beneficiaries, concurrent beneficiaries, TTW participants, and beneficiaries who indicated at the time of interview that they were employed. A respondent's Social Security program status is based on administrative data, and reflects the status at the time the sample was drawn (June 2003). The TTW participant subgroup comprises respondents who were Phase 1 beneficiaries and members of the June 2003 TTW Participant sampling frame. These respondents are combined with those in the Representative Beneficiary Sample for purposes of computing the statistics for all groups except TTW participants. A combined sample weight was used when pooling the Ticket Participant and Representative Beneficiary Samples. Table C.6 shows the weighted and unweighted sample sizes for the full sample and the subgroups for which statistics are reported.

### 2. Detailed Data Supporting Chapter III Figures and Tables

Detailed data supporting the figures and tables presented in Chapter III are provided in tables C.7 through C.16. The Chapter III figures and tables to which the data correspond are noted in parentheses in the title of each table.

**Table C.6. Subgroup Sample Sizes**

	All	SSI-only	DI-only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
Number Unweighted	7,580	2,966	3,016	1,574	1,101	1,155
Number Weighted	8,758,774	2,713,444	4,538,418	1,506,718	21,062	774,344
Percent Weighted	100.0	31.0	51.8	17.2	0.2	8.8

Source: MPR's National Beneficiary Survey, Round One.

**Table C.7. Sociodemographic Characteristics (Figure III.1)**

	All	SSI-only	DI-only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
	Percent (Weighted)					
<b>Sex</b>						
Male	49.9	43.1	55.3	46.0	53.5	59.5
Female	50.1	56.9	44.7	54.0	46.5	40.5
<b>Age in Years</b>						
18-24	4.9	11.8	0.7	5.2	10.7	9.1
25-29	4.4	8.2	1.3	7.0	9.2	9.4
30-34	5.2	7.4	2.9	8.2	13.4	10.7
35-39	7.5	8.9	5.3	11.5	13.1	11.4
40-44	10.8	12.3	9.1	13.3	16.1	13.2
45-49	13.3	12.7	13.1	15.1	15.9	15.2
50-54	14.5	12.6	16.0	13.2	10.0	10.6
55-59	17.0	12.1	21.7	11.9	7.6	10.3
60+	22.1	13.8	29.6	14.3	3.9	9.8
Missing	0.3	0.3	0.2	0.5	0.0	0.1
<b>Race *</b>						
White	71.2	59.8	78.1	70.9	61.4	77.0
Black or African-American	21.5	29.3	17.2	20.5	33.6	18.3
Other	6.3	9.0	4.4	7.4	6.0	3.8
Missing	3.2	4.3	2.0	4.5	2.8	2.5
<b>Ethnicity</b>						
Hispanic or Latino	10.1	14.9	5.9	14.4	9.7	7.3
Not Hispanic or Latino	88.5	83.3	93.2	83.6	89.2	91.0
Missing	1.4	1.8	1.0	2.0	1.1	1.8
<b>Highest Grade in School</b>						
Did not complete HS or GED	38.1	53.4	26.9	44.4	17.1	27.9
High School	37.3	31.4	41.3	35.7	41.1	39.8
Diploma	28.3	23.2	32.0	26.3	29.8	30.3
GED	6.5	4.8	7.6	6.4	7.0	4.3
Certificate	2.5	3.5	1.8	3.0	4.3	5.2
Some college/postsecondary vocational	10.1	6.0	12.8	9.2	15.0	10.7
Associates or vocational diploma	6.1	4.0	7.6	5.3	13.3	6.6
Bachelor's Degree	4.2	2.1	6.2	1.9	8.4	5.4
Graduate or Prof. Work/Degree	2.3	0.6	3.8	1.0	4.7	5.4
Missing	1.9	2.4	1.4	2.6	0.4	4.2
<b>Marital Status</b>						
Married	33.0	13.9	50.1	15.8	14.1	25.7
Widowed	6.5	5.4	6.6	8.4	3.4	2.7
Divorced	20.5	21.9	18.4	24.6	20.0	12.4
Separated	6.4	10.2	4.5	5.5	3.9	2.2
Never Married	33.2	48.0	20.1	45.8	57.8	56.6
Missing	0.3	0.6	0.3	0.0	0.7	0.5

\*Multiple responses possible.

Source: MPR's National Beneficiary Survey, Round One.

**Table C.8. Living Arrangements (Figure III.2)**

	All	SSI- only	DI- only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
	Percent (Weighted)					
<b>Living Arrangement</b>						
Lives alone	23.7	26.1	20.6	28.7	33.0	18.6
Lives with spouse,/partner/relatives	63.6	57.6	70.1	54.6	54.0	59.9
Lives with friends or roommates	4.1	6.1	2.5	5.2	7.0	5.6
Lives in group setting with non-relatives	6.0	7.3	4.4	8.7	3.3	12.6
Other	2.4	2.8	2.2	2.4	2.4	2.9
Missing	0.2	0.1	0.1	0.3	0.3	0.3
<b>Own children*</b>						
No children	78.4	74.4	80.9	78.2	78.6	81.2
Has children	21.3	25.3	18.8	21.7	21.2	18.2
Missing	0.2	0.3	0.3	0.1	0.2	0.6
<b>Child Living Arrangements</b>						
Lives with all or some of own children	15.0	16.9	14.0	14.7	12.6	12.8
Does not live with any of own children	6.3	8.3	4.8	7.0	8.5	5.5
Living arrangement unknown	0.0	0.1	0.0	0.0	0.2	0.0
Not applicable – no children	78.4	74.4	80.9	78.2	78.6	81.2
Missing	0.2	0.3	0.3	0.1	0.2	0.6
<b>Children under age 6</b>						
Has children under age 6	4.2	6.0	2.7	5.4	5.1	4.5
No children under age 6	17.1	19.3	16.1	16.2	16.0	13.7
Children's ages unknown	0.0	0.0	0.0	0.1	0.2	0.0
Not applicable – no children	78.4	74.4	80.9	78.2	78.6	81.2
Missing	0.2	0.3	0.3	0.1	0.2	0.6

\*Own children defined as biological, adoptive, and/or foster care children of the respondent.

Source: MPR's National Beneficiary Survey, Round One.

**Table C.9. Health Status (Figures III.3, III.4, III.5, III.8, and III.9)**

	All	SSI- only	DI-only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
	Percent (Weighted)					
<b>Condition(s) Causing Limitation*</b>						
Mental illness	30.8	35.3	26.4	36.2	34.8	29.7
Mental retardation	7.1	10.1	3.9	11.2	6.6	16.7
Muscular/skeletal	36.1	29.5	41.6	31.6	23.3	21.2
Sensory disorders	8.7	9.1	8.5	9.0	12.0	10.6
Other nervous system diseases	15.1	13.5	16.9	12.9	14.4	10.5
Other	62.7	60.2	65.0	60.6	45.8	48.0
No conditions limiting activities	4.6	5.6	3.6	5.6	11.4	11.8
Missing	0.7	0.9	0.6	0.6	0.1	1.7
<b>Age (in years) at Onset of Limiting Condition(s)</b>						
<18	21.7	35.2	10.4	31.8	36.8	44.2
18 - 24	9.9	11.4	8.1	12.4	16.3	11.1
25 - 39	24.1	24.5	24.2	23.0	26.5	20.6
40 - 54	31.6	21.0	40.4	24.0	16.0	14.1
55 - 64	9.6	4.3	14.1	5.6	1.4	5.6
Missing	3.2	3.6	2.9	3.3	3.1	4.4
<b>General Health</b>						
Excellent	4.1	5.6	3.2	4.4	9.8	13.4
Very good	5.8	7.7	4.3	7.0	13.6	14.4
Good	16.7	17.5	15.9	17.5	29.0	31.2
Fair	30.3	29.4	29.4	34.3	29.9	23.9
Poor	27.9	24.5	31.3	24.0	12.5	13.1
Very poor	15.0	15.3	15.7	12.6	5.0	3.8
Missing	0.2	0.1	0.2	0.3	0.3	0.2
<b>Current Health Compared to Last Year</b>						
Much better	4.7	5.9	3.7	5.8	13.9	9.2
Somewhat better	11.3	12.4	10.4	11.7	18.0	16.2
About the same	42.8	45.0	41.3	43.5	44.7	53.1
Somewhat worse	26.3	19.8	30.3	26.0	18.3	16.7
Much worse	14.3	16.3	13.7	12.2	4.4	4.3
Missing	0.6	0.6	0.6	0.7	0.7	0.5
<b>Body Mass Index (BMI)</b>						
<18.5 (underweight)	3.2	3.5	3.1	2.8	3.3	2.2
18.5-24.9 (normal weight)	25.1	29.9	22.5	24.7	27.5	26.2
25.0 - 29.9 (overweight)	28.0	23.7	31.5	25.0	29.4	28.9
30 + (obese)	40.6	38.8	40.3	44.4	37.1	39.3
Missing	3.2	4.1	2.7	3.1	2.7	3.3

\*Respondents may have reported multiple conditions causing current activity limitations.  
Source: MPR's National Beneficiary Survey, Round One.

**Table C.10. Activity Difficulties (Figures III.6 and III.7)**

	All	SSI- only	DI- only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
	Percent (Weighted)					
<b>Number of ADL/IADL Difficulties</b>						
0	27.5	29.9	25.8	28.4	51.2	44.6
1	17.1	17.3	17.0	16.7	15.9	17.4
2	15.2	12.2	16.9	15.4	11.2	12.9
3	11.6	11.3	11.3	13.3	7.8	11.4
4	9.2	10.2	8.9	8.0	5.8	6.3
5	6.7	6.5	6.4	7.9	3.6	2.5
6	6.6	7.0	7.0	4.4	2.2	1.8
7	3.8	4.1	3.6	3.9	1.0	1.1
Missing	2.4	1.5	3.1	2.0	1.3	2.0
<b>Difficulty with Specific Activities</b>						
<b>ADLs</b>						
Bathing or dressing	28.6	28.6	29.4	26.2	14.6	17.0
Getting around inside the house	22.7	20.9	24.9	19.3	12.0	6.9
Getting into or out of bed	37.0	34.4	40.7	30.4	20.9	20.8
Eating	15.4	15.2	14.8	17.6	8.9	7.5
None of the above	46.3	50.0	42.5	50.8	67.8	66.5
Missing	0.9	0.7	0.9	1.3	0.6	0.8
<b>IADLs</b>						
Getting around outside of the home	46.2	45.9	47.5	42.8	27.8	23.7
Shopping for personal items	36.5	38.3	34.4	39.8	19.0	29.7
Preparing meals	37.7	39.5	35.2	41.7	22.3	31.9
None of the Above	39.2	39.2	39.7	37.5	59.8	53.9
Missing	1.8	1.1	2.4	1.2	0.9	1.4
<b>Functional Limitations</b>						
Walking 3 blocks, climbing 10 steps, standing for 1 hr., and/or crouching	84.1	78.1	89.4	79.0	65.8	58.4
Grasping, reaching, and/or lifting 10 lbs.	67.1	61.8	71.8	62.7	46.0	40.8
Speaking, hearing, and/or seeing	64.9	66.2	64.7	63.2	51.5	58.1
Getting along with others	26.0	32.1	20.8	31.0	26.4	23.9
Coping with stress	58.0	62.0	53.5	63.9	51.6	44.4
Concentrating	54.6	60.5	50.7	55.7	43.5	46.1

Source: MPR's National Beneficiary Survey, Round One.

**Table C.11. Program Participation and Income Sources (Figure III.10 and Table III.1)**

	All	SSI- only	DI-only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
	Percent (Weighted)					
<b>Social Security Program</b>						
SSI Only	31.0	100.0	0.0	0.0	30.2	24.7
DI Only	51.8	0.0	100.0	0.0	42.7	54.1
Concurrent	17.2	0.0	0.0	100.0	26.2	21.2
Missing	0.0	0.0	0.0	0.0	0.9	0.0
<b>Sources of Income and Assistance</b>						
Earnings	8.6	6.9	9.0	10.9	30.6	94.6
Social Security	95.4	91.7	96.8	97.5	94.9	85.5
Private Disability Insurance	4.6	0.6	8.0	1.5	2.0	2.6
Workers' Compensation	1.7	0.2	3.1	0.3	1.5	0.8
Veteran's Benefits	3.3	0.6	5.5	1.6	0.9	1.5
Public Cash Assistance/Welfare	3.6	6.9	0.7	6.3	5.7	3.0
Unemployment Insurance	0.1	0.2	0.2	0.1	1.1	0.3
Pensions	7.7	0.2	14.6	0.8	2.3	4.6
Food Stamps	22.6	37.7	9.3	35.0	31.1	8.7
Other	5.0	3.8	5.6	5.1	4.8	6.2

Source: MPR's National Beneficiary Survey, Round One.

**Table C.12. Health Insurance (Figures III.11 and III.12)**

	All	SSI- only	DI-only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
	Percent (Weighted)					
<b>Health Insurance at Interview</b>						
Insured at interview	96.7	95.0	97.7	96.6	97.5	95.0
No insurance at interview	3.0	4.7	2.0	3.2	1.9	4.5
Missing	0.3	0.3	0.3	0.2	0.5	0.5
<b>Sources of Health Insurance</b>						
	Percent (Weighted)					
Medicaid or Medicare	89.4	89.5	88.0	93.6	92.7	84.2
Private insurance	23.8	6.5	40.0	6.2	17.1	31.4
Other insurance	6.2	4.4	8.6	2.5	4.4	4.7
No insurance at interview	3.0	4.7	2.0	3.2	1.9	4.5
Insurance status unknown	0.3	0.3	0.3	0.2	0.5	0.5
<b>Private Insurance</b>						
Number with private insurance	2,084,175	176,259	1,815,153	92,669	3,610	242,930
Column %	23.8	6.5	40.0	6.2	17.1	31.4
<b>Source(s) of Private insurance</b>						
	Percent (Weighted) of Those with Private Insurance					
Through own employment	27.1	17.2	28.7	14.1	33.0	36.2
Through spouse	51.5	63.4	49.8	62.1	48.9	42.4
Self/family purchased	14.0	12.1	13.9	21.3	12.4	14.0
Other	7.0	6.7	7.3	2.5	4.5	7.4
Missing	0.4	0.6	0.4	0.0	1.1	0.0

Source: MPR's National Beneficiary Survey, Round One.



**Table C.13. Employment-Related Service Use (Table III.2)**

	All	SSI-only	DI-only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
<b>Ever Used Services</b>						
Number	4,650,150	1,375,224	2,400,984	873,803	17,880	494,994
Column %	53.1	50.7	52.9	58.0	84.9	63.9
<b>Service Types Ever Received</b>						
	Percent (Weighted) of Ever Users					
Training for new skills/job/career	16.6	14.9	16.6	19.1	43.6	33.1
Medical services to improve functioning	51.4	40.6	60.2	44.5	36.3	37.2
Mental health therapy/counseling	54.4	60.7	49.5	58.1	49.8	53.7
Education/schooling	17.9	21.0	15.6	19.5	34.3	29.0
Missing	3.3	4.3	2.5	4.3	13.7	7.0
<b>2003 Service Users</b>						
Number	2,493,723	758,600	1,253,798	481,244	11,667	283,947
Column % (Weighted)	28.5	28.0	27.6	31.9	55.4	36.7
<b>Reason(s) for 2003 Service Use</b>						
	Percent (Weighted) of 2003 Users					
Find a job/get a better job	9.8	10.2	8.6	12.3	53.6	25.4
Increase income	1.5	1.3	1.6	1.8	5.9	5.4
Improve health	74.9	70.7	76.7	76.8	46.9	57.8
Improve ability to do daily activities	26.4	27.6	26.5	24.3	24.1	26.6
Avoid a continuing disability review	0.7	0.5	0.6	1.5	1.1	0.5
Outside pressure to participate	4.2	5.1	4.2	2.8	2.5	4.0
Gain access to specific service/resource	6.1	6.4	6.1	5.7	7.8	6.2
Other	39.8	38.6	39.1	43.6	36.2	41.7
Missing	0.9	1.2	0.7	0.8	1.1	1.4
<b>Services Needed in 2003 but Not Received</b>						
Yes	10.4	10.5	9.5	13.4	20.8	9.8
No	87.2	86.9	88.4	83.9	76.3	88.8
Missing	2.4	2.6	2.1	2.8	2.9	1.5

Source: MPR's National Beneficiary Survey, Round One.

**Table C.14. Awareness of TTW (Figure III.13)**

	All	SSI-only	DI-only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
<b>Heard of TTW or Similar Program</b>						
			Percent (Weighted)			
Yes	32.6	30.5	33.2	34.8	83.4	36.9
No	67.4	69.5	66.8	65.2	16.6	63.1
<b>TTW Awareness by Phase of State Implementation *</b>						
<b>Phase 1 Beneficiaries</b>						
Number	2,548,664	806,336	1,320,345	421,789	21,062	256,536
Column %	29.1	29.7	29.1	28.0	100.0	33.1
<b>Heard of TTW or Similar Program</b>			Percent (Weighted) of Phase 1 Beneficiaries			
Yes	34.6	32.4	35.1	36.7	83.4	42.5
No	65.4	67.6	64.9	63.3	16.6	57.5
<b>Phase 2 Beneficiaries</b>						
Number	2,853,713	743,858	1,646,007	463,848	N/A	251,196
Column %	32.6	27.4	36.3	30.8	N/A	32.4
<b>Heard of TTW or Similar Program</b>			Percent (Weighted) of Phase 2 Beneficiaries			
Yes	33.9	34.1	32.7	37.9	N/A	41.3
No	66.1	65.9	67.3	62.1	N/A	58.7
<b>Phase 3 Beneficiaries</b>						
Number	3,344,323	1,158,732	1,569,128	616,464	N/A	262,860
Column %	38.2	42.7	34.6	40.9	N/A	33.9
<b>Heard of TTW or Similar Program</b>			Percent (Weighted) of Phase 3 Beneficiaries			
Yes	30.0	26.8	32.0	31.0	N/A	26.3
No	70.0	73.2	68.0	69.0	N/A	73.7

\* 73 Respondents (unweighted) were missing Phase information and are excluded from the phase-specific figures presented.

Source: MPR's National Beneficiary Survey, Round One.

**Table C.15. Employment (Figure III.14 and Table III.3)**

	All	SSI-only	DI-only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
<b>Ever Work for Pay</b>						
			Percent (Weighted)			
Yes	87.2	74.3	95.3	85.7	93.1	100.0
No	12.3	24.7	4.5	13.3	6.6	0.0
Missing	0.5	1.0	0.2	1.0	0.3	0.0
<b>Employment in 2003</b>						
			Percent (Weighted)			
Worked in 2003	12.6	11.2	12.6	15.5	48.1	87.6
Did not work in 2003	87.0	88.2	87.2	84.1	51.6	12.0
Missing	0.4	0.6	0.2	0.5	0.2	0.5
<b>Employment Status at Interview</b>						
			Percent (Weighted)			
Employed at Interview	8.8	7.1	9.2	10.9	32.0	100.0
Not Employed at Interview	91.1	92.9	90.7	88.9	68.0	0.0
Missing	0.1	0.0	0.1	0.2	0.0	NA
<b>Reason(s) for Not Working</b>						
Number Not Working	7,977,841	2,522,050	4,115,609	1,340,092	14,321	0
Column %	91.1	92.9	90.7	88.9	68.0	0.0
<b>Reasons for Not Working</b>			Percent (Weighted) of Those Not Working			
Physical or mental condition prevents work	95.6	94.0	97.0	94.5	75.5	NA
Cannot find a job he/she is qualified for	27.5	32.6	24.3	27.7	54.0	NA
Lacks reliable transportation to/from work	17.9	23.9	12.7	23.0	29.5	NA
Caring for someone else	5.6	7.0	4.8	5.6	8.4	NA
Cannot find a job he/she wants	12.6	15.7	9.9	15.0	37.1	NA
Waiting to finish school/training	4.0	6.8	2.2	4.1	23.0	NA
Workplaces not accessible to people with his/her disability	27.5	30.8	25.6	27.5	35.2	NA
Does not want to lose cash or health insur. benefits	10.8	13.2	8.5	13.5	18.7	NA
Discouraged by previous work attempts	29.8	29.7	28.3	34.5	49.9	NA
Others do not think he/she can work	27.0	28.3	26.7	25.6	27.2	NA
Employers will not give her/him a chance	18.4	20.7	16.6	19.6	41.5	NA
Other	1.9	2.2	1.9	1.5	4.4	NA
Missing	0.6	0.5	0.6	0.6	1.5	NA

Source: MPR's National Beneficiary Survey, Round One.

**Table C.16. Employment Expectations (Figure III.15)**

	All	SSI-only	DI-only	Concurrent	TTW Participants	Beneficiaries Employed at Interview
Percent (Weighted)						
<b>Goals include work/career advancement</b>						
Yes	30.2	36.4	24.9	34.8	80.7	56.9
No	66.8	60.3	72.2	62.2	17.6	41.1
Missing	3.0	3.3	2.9	3.0	1.7	2.0
<b>Sees self working for pay:</b>						
<b>In the Next Year</b>						
Agree/Strongly Agree	20.1	22.6	17.2	24.4	69.6	86.4
Disagree/Strongly Disagree	78.1	75.6	81.1	73.6	27.2	11.4
Don't know/missing	1.8	1.9	1.7	2.0	3.2	2.2
<b>In the Next Five Years</b>						
Agree/Strongly Agree	25.8	29.9	21.4	31.5	79.8	71.1
Disagree/Strongly Disagree	69.9	65.8	74.4	63.7	16.4	22.4
Missing	4.4	4.3	4.2	4.8	3.8	6.5
<b>Sees self working and earning enough to stop receiving disability benefits:</b>						
<b>In the Next Year</b>						
Agree/Strongly Agree	7.4	10.9	5.2	7.5	27.7	18.5
Disagree/Strongly Disagree	11.9	10.7	11.4	15.7	39.8	64.7
Not Applicable - Does not see self working in next year	78.1	75.6	81.1	73.6	27.2	11.4
Missing	2.7	2.8	2.4	3.2	5.3	5.4
<b>In the Next Five Years</b>						
Agree/Strongly Agree	15.0	19.0	11.7	17.5	52.7	25.2
Disagree/Strongly Disagree	9.7	9.8	8.5	13.1	24.8	42.2
Not Applicable - Does not see self working in next five years	69.9	65.8	74.4	63.7	16.4	22.4
Missing	5.5	5.4	5.5	5.6	6.0	10.2

Source: MPR's National Beneficiary Survey, Round One.

# APPENDIX D

## QUALITATIVE DATA COLLECTION METHODOLOGY

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For this report, we collected qualitative data, through in-person and telephone interviews, from a variety of sources, between February and October 2004. The interviews served to highlight the operations, experiences, and perspectives of organizations involved in the program, including both service providers and agencies overseeing the program. This appendix describes these data collection activities.

### A. TTW PROVIDER INTERVIEWS

We conducted in-person or telephone interviews with staff of 47 organizations that were operating, or had operated in the past, as TTW providers. These included eight SVRAs, 29 active ENs, and 10 former ENs (TTW providers that had withdrawn from the program). The interviews took place between February and April 2004. Table D.1 provides an overview of selected characteristics of the TTW providers we interviewed. Subsequent sections describe the criteria used to select TTW providers for interviews.

#### 1. Participating Providers

Our goal was to obtain a broad representation of the experiences and views of the many types of providers participating in TTW. To achieve this, participating providers were randomly selected based on two primary criteria:

- ***Cumulative Number of Ticket Assignments as of November 2003.*** Providers were classified into three strata based on the number of Tickets ever assigned to the organization as of November 2003: large = more than 30 Tickets ever assigned; moderate = 5 to 30 Tickets ever assigned; and few or none = fewer than 5 Tickets ever assigned. We drew 40 percent of the sample from among those with a large number of Ticket assignments, 35 percent from among those with a moderate number of assignments, and 25 percent from among those with few or no Ticket assignments. In addition, those with a large number of assignments were further subdivided by SVRA/EN status. One-half of the providers with a large number of Ticket assignments were selected from among SVRAs, and one-half were selected from among ENs with more than 30 Ticket assignments.

**Table D.1. Selected Characteristics of TTW Providers Interviewed**

	ENs	Former ENs	SVRAs	All
<b>Provider Type</b>				
Total by Type	29	10	8	47
<b>Phase(s) of State(s) Served</b>				
Phase 1 Only	9	6	3	18
Phase 2 Only	16	3	5	24
Phase 1 and 2	1	1	0	2
Phase 2 and 3	1	0	0	1
Phase 1, 2, and 3	2	0	0	2
<b>Tickets Ever Assigned, as of Interview Date</b>				
< 5	12	3	0	15
5 to 29	11	7	0	18
30 +	6	0	8	14
<b>For-Profit Entity</b>				
Yes	9	1	0	10
No	20	9	8	37
<b>Contractor to SVRA</b>				
Yes	19	3	0	22
No	10	7	0	17
Not Applicable	0	0	8	8

Sources: Phases(s) served and EN/former EN/SVRA status based on data provided by MAXIMUS. Other characteristics based on information collected during the provider interviews.

- ***Phase(s) of the State(s) Served by the Provider.*** We selected 40 percent of the sample from among providers serving Phase 1 states, and 60 percent from among providers serving Phase 2 states.

We used two additional criteria to select a set of participating TTW providers for *in-person interviews*:

- ***Nature of SVRA Agreements with ENs.*** We selected three states in which to conduct in-person interviews with the SVRA and two ENs, based on our assessment of differences in the states' SVRA-EN agreements. We classified states as having cooperative, neutral, or competitive agreements, and selected one state from each group.
  - Cooperative agreements were defined as those which allowed ENs to accept Ticket assignments, receive support from the SVRA for guidance and counseling services, reimburse SVRAs in an equitable manner for any services provided, and allow ENs to receive supplemental or bonus payments in instances in which the SVRA holds the Ticket.
  - Neutral agreements were defined as those that allow ENs to accept Tickets, refer beneficiaries to the SVRA for needed services, and do not require ENs to reimburse the SVRA over and above the cost of direct

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employment services. Some of these agreements may allow the SVRA to refuse to pay for services the EN has indicated it can provide in its application to the Program Manager and/or on a beneficiary's IWP, or require the EN to reimburse the SVRA for basic counseling and guidance services.

- Competitive agreements were defined as those that require the EN to provide the counseling and guidance services normally provided by the SVRA or reimburse the SVRA over and above the cost of direct services provided.
- ***Categorized as a Non-traditional Provider by Program Manager.*** We selected five providers that had been categorized by the Program Manager as non-traditional ENs and that also had Ticket assignments. The Program Manager defines non-traditional ENs as entities whose target populations and services are not solely for people with disabilities. Of the 318 non-traditional ENs identified by the Program Manager, 110 had had at least one Ticket assignment as of November 2003.

The Program Manager further categorizes non-traditional ENs by type of organization. To ensure broad representation, we randomly selected one EN from each of the following groups:

- Workforce Investment Boards/One-Stop centers
- Employers
- Placement/staffing agencies
- Education/training institutions
- Other non-traditional providers not categorized in one of the four previous groups

Of the 37 participating providers initially selected for interviews, eight had to be replaced by randomly selected alternates for the following reasons: one refused interview, stating a lack of time as the reason; two declined interview, stating that they had new TTW directors who lacked sufficient knowledge to provide useful information; and five could not be reached after numerous attempts by fax and phone.

## **2. Former ENs**

We conducted telephone interviews with 10 providers that had formally terminated participation in TTW. We refer to these as former ENs. We targeted providers from among the subset of former ENs who (1) had at least one Ticket assignment when they were active in the program and (2) had terminated participation in TTW in September 2003 or later. Thirteen former ENs met both these criteria. We were able to complete interviews with eight of them. Four of the 13 appeared to have dissolved their businesses, and a fifth could not be contacted after multiple attempts. In addition to these eight interviews, we used

information from two pretest interviews with former ENs that had terminated participation prior to September 2003. These former ENs, however, both had no Ticket assignments.

## **B. NONPARTICIPATING PROVIDER INTERVIEWS**

We conducted telephone interviews with 14 providers who had attended an EN Opportunity Conference sponsored by the Program Manager during 2003, but who did not subsequently submit an application to become an EN. To ensure a diverse sample, we selected seven entities operating as SVRA contractors, and seven that were not SVRA contractors; this served as an indicator of traditional versus nontraditional providers.

We used the following process to select respondents. First, we randomly selected 75 providers from the list of over 2,500 entities that had attended the conferences in 2003. Second, we began calling the 75 potential respondents and asked a brief series of screening questions to ascertain their appropriateness for our sample.

- How interested had the organization been in becoming an EN when they attended the conference? If no interest—for example, they attended for information purposes only—we terminated the interview.
- Had the organization submitted an application to become an Employment Network? If yes, we terminated the interview.
- Was the organization a contractor to the SVRA?

The first seven entities that answered “yes” to the final question, and the first seven to answer “no” were interviewed in-depth about the program and their decisions not to become ENs.

## **C. SSA AND MAXIMUS STAFF INTERVIEWS**

We conducted telephone or on-site interviews with a number of SSA Central Office staff members in Baltimore during August 2004. Interviewees represented the Office of Employment Support Programs, the Office of Systems, and the Office of Operations. We also submitted questions and received written responses from the Office of Program Development and Research. These efforts focused upon recent program implementation activities including marketing, guidance to ENs and SVRAs, management information systems enhancements, TTW implementation by regional and field offices, EN and SVRA payments, and other SSA initiatives.

We also conducted in-person interviews with officials from the TTW Program Manager, MAXIMUS, Inc., in October 2004. These interviews focused on the Phase 3 implementation of TTW, and both new and ongoing administrative issues associated with TTW. We discussed ongoing marketing and training, Ticket mailings, program administration, data systems, EN enrollment and dropouts, and activities planned for 2005.