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Essentials for Special Needs Planning

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A Primer on Public Benefits

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A Primer on Public Benefits

While public benefits are certainly important, preserving eligibility for them should not be the sole objective when planning for a loved one with a disability. They're merely one potentially important piece of the puzzle. In fact, in some situations, the price of qualifying for public benefits may be too high. To make informed decisions, it's necessary to understand how those benefits work.

First Step: Verify Which Benefits Are Being Received

It's not unusual for someone to say "I get Social Security" when asked what benefits they're receiving. That answer provides very little information, since Social Security consists of a series of programs administered by the Social Security Administration (SSA), including Social Security Retirement, Social Security Disability Insurance (SSDI), Childhood Disability Benefits (CDB) and Supplement Security Income (SSI). It's important to determine which one(s) the beneficiary is participating in so that your planning isn't based on false assumptions.

Needs-Based Benefits vs. Entitlements

Most public benefits can be divided into two categories. The first category, which is "needs-based benefits," include Supplemental Security Income (SSI), Medicaid, food stamps, legal aid, utility payment assistance programs, housing subsidies such as Section 8, and In-Home Support Services, which provide attendant care. Each of these programs requires the potential recipient to establish that their need is based on disability and to demonstrate limited income and resources. If the recipient has more than \$2,000 in available and non-exempt resources on the first calendar day of the month, they are disqualified.

The second category is "entitlement benefits," which includes programs such as Social Security Retirement (SSR), Social Security Disability Insurance (SSDI), Childhood Disability Benefits (CDB), Medicare, and special education. Once the potential recipient meets the disability requirement, unearned income or available resources do not disqualify them.

Aside from the distinction between needs-based and entitlement benefits, it's important to understand the interrelationship between cash benefits and medical benefits. If a person is eligible for SSI's needs-based cash benefits, they automatically qualify for Medicaid, so the two programs

are closely related. It may be important to protect eligibility for SSI even if cash payments are negligible, since it paves the way to Medicaid.

The most common cash entitlement programs are Social Security Disability Insurance (SSDI) and Childhood Disability Benefits (CDB). Here again, the cash benefits are closely related to medical benefits. Two years after the beneficiary qualifies for either of these entitlement programs, they will automatically qualify for Medicare. As a matter of fact, it's not uncommon for someone to qualify for all four programs—SSDI, SSI, Medicare and Medicaid. So it's important to understand how the programs interact.

Supplemental Security Income

Let's start off with the granddaddy of all programs, Supplemental Security Income. While SSI is administered by the Social Security Administration, it is not, in fact, Social Security. Texas does not supplement SSI, therefore Texans are limited to the Federal Benefit Rate (FBR) which, in 2022, is \$841 for an eligible individual. Participation is determined by documenting needs, based on disability and financial necessity. SSI is meant to pay for food and shelter and nothing more. This certainly presents a challenge.

To understand how Social Security determines when someone is qualified for SSI benefits, think of the process as a three-part test. The first test involves meeting SSA's definition of disability. The second test is an income test, while the third test involves available resources.

Test 1 – Meeting the Definition of Disability

By most definitions, Ed Roberts, a pioneering leader of the disability rights movement, would be considered a person with significant disabilities. Having contracted polio as a child, he used both a wheelchair and ventilator. Yet Ed's disabilities do not meet SSA's criteria. As of 2022, the definition of disability for SSI, Social Security programs, Medicaid, and Medicare is based on whether the beneficiary is unable to consistently earn more than \$1,350 a month because of a physical or mental disability (2,260 for individuals who are statutorily blind) that is likely to last at least a year or end in death. The concept is that if a person can earn more than 1,350 a month, they're able to participate in substantially gainful activity (SGA) and, therefore, do not require financial or medical assistance. If the Social Security Administration determines that an individual can participate in substantially gainful activity, the person is not considered to have a disability. One of the most common mistakes people make with their SSI or SSDI applications is to focus on their disability diagnosis alone, without considering SGA.

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