

TO: Local District Commissioners, Medicaid Directors

FROM: Betty Rice, Director

Division of Consumer and Local District Relations

SUBJECT: Increase in the Threshold Levels of Substantial Gainful
Activity and Trial Work Period and the Student Earned Income
Disregard

EFFECTIVE DATE: January 1, 2001

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The Social Security Administration (SSA) has issued final regulations which increase the substantial gainful activity (SGA) threshold to \$740, the trial work period (TWP) threshold to \$530 and the student earned income disregard to \$1,290 a month (up to a maximum of \$5,200 annually). The new regulations also provide for annual automatic cost of living adjustments to these three amounts. The regulations indicate that these amounts will never be lower than the previous year's amount; however, there may be years when there is no actual increase using the specified computation methodology. These levels are used in the Medicaid program as follows:

SGA and Trial Work Period

SGA is the average monthly earnings threshold used to determine whether an applicant with earnings can be considered for eligibility in the disabled category. This amount is increased to \$740 effective January 1, 2001. (The SGA threshold level had been \$700 since July 1, 1999). In addition, a change has also been made to delete the current provisions which require individualized assessment of an individual's ability to work if monthly earnings are over \$300. This means that local districts can now generally consider that an individual is not engaged in SGA if their earnings are less than the SGA level, unless there is evidence to the contrary. (See pages 44-47 of the Medicaid Disability Manual.)

The TWP is a work incentive for disabled recipients who attempt to work despite their disability. During a trial period disabled individuals may test their ability to work for 9 months. A month counts as a trial work month if earnings are at or above \$530. Previously this amount was \$200. For self-employed individuals, a month counts if net earnings are more than the SGA level or the individual works more than 80 hours a month. Previously the number of hours was 40 hours per month. (See pages 50-51 of the Medicaid Disability Manual for additional information.)

Child-Student Earned Income Disregard

Recognizing that students with disabilities incur special expenses to go to school, the Supplemental Security Income (SSI) program provides for an earned income disregard for a child under the age of 22 who is regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him or her for gainful employment. This disregard amount has been \$400 per month with an annual limit of \$1,620 since 1974. In response to increases in school expenses and as part of SSA's effort to help SSI children who are students finance their school attendance and encourage them to work, SSA has increased the earned income disregard effective January 1, 2001 to \$1,290 a month, \$5,200 annually. Since the Medicaid program must be no more restrictive than the SSI program when determining eligibility for certified blind or certified disabled individuals, effective January 1, 2001 the increased student earned income disregard must also be used in determining Medicaid eligibility for certified blind and certified disabled students who are under age 22.