

Contract No.: 0600-03-60130  
MPR Reference No.: 8977

**MATHEMATICA**  
Policy Research, Inc.



Cornell University

## Evaluation of the Ticket to Work Program

### *Assessment of Post-Rollout Implementation and Early Impacts, Executive Summary*

*May 2007*

*Craig Thornton\**  
*Gina Livermore\*\**  
*Thomas Fraker \**  
*David Stapleton \*\**  
*Bonnie O'Day\*\**  
*David Wittenburg\**  
*Robert Weathers\**  
*Nanette Goodman\*\**  
*Tim Silva\**  
*Emily Sama Martin\**  
*Jesse Gregory\**  
*Debra Wright\**  
*Arif Mamun\**

Staff from Mathematica Policy Research and its subcontractor the Cornell University Institute for Policy Research produced this report. A single asterisk denotes Mathematica staff, and a double asterisk denotes Cornell staff.

Submitted to:

Social Security Administration  
Office of Disability and Income  
Support Programs  
ITC Building  
500 E. Street, SW, 9<sup>th</sup> Floor  
Washington, DC 20254

Project Officer: Paul O'Leary

Submitted by:

Mathematica Policy Research, Inc.  
600 Maryland Ave., SW, Suite 550  
Washington, DC 20024-2512  
Telephone: (202) 484-9220  
and

Cornell University Institute for Policy Research  
1341 22<sup>nd</sup> Street NW  
Washington, DC 20037  
Telephone: (202) 223-7670

Project Director: Craig Thornton

## EXECUTIVE SUMMARY

---

The Ticket to Work and Self-Sufficiency program (TTW) was designed to enhance the market for services that help disability beneficiaries become economically self-sufficient. To do so, the program tries to give beneficiaries a wide range of choices for obtaining services and to give employment-support service providers new financial incentives to serve beneficiaries effectively. It also modifies the rules for the Disability Insurance (DI) and Supplemental Security Income (SSI) programs in order to give beneficiaries more incentives to participate.

To date, the Social Security Administration (SSA) has successfully begun the market enhancement process by putting the core elements of the TTW program in place across the country. At the end of program rollout in September 2004, SSA had mailed Tickets to more than 11 million disability beneficiaries, inviting them to use their Tickets as a way to obtain meaningful employment. It also implemented new SSI and DI program rules that allow beneficiaries to attempt to work without fear that such efforts will trigger a review of their disability status. Finally, SSA and its TTW Program Manager had enrolled a group of providers, including all state vocational rehabilitation agencies (SVRAs) and more than 1,300 service providers, or employment networks (ENs), that offer beneficiaries new choices for providers and service mixes.

While getting these core elements in place represents a major accomplishment, the market has experienced several serious problems. Beneficiary participation rates have risen continuously since the early months of rollout but remain low relative to the number of beneficiaries who express interest in work. For example, between March 2004 and December 2004, the participation rate rose from 1.1 percent of eligible beneficiaries to 1.4 percent in the early implementing states (those included in the Phase 1 rollout) while 26 percent of disability beneficiaries see themselves working for pay in the next five years and 15 percent see themselves earning enough to stop receiving benefits. Further, only a third of ENs had taken any Tickets, and signs suggested that all types of providers (ENs and SVRAs) were losing interest in the program. Loss of interest appears to reflect concern over several operational features of TTW, including (1) substantial financial risks for ENs, (2) administrative procedures viewed by ENs and SVRAs as excessively burdensome, and (3) a lack of incentives for beneficiaries who become gainfully employed to supply their service

providers with earnings documentation that would enable the providers to receive payments over extended periods.

Early impact results suggest that TTW slightly increased beneficiary use of employment services in the first rollout year (2002), particularly among providers other than SVRAs. That small service use increase, however, does not appear to have produced an increase in average beneficiary earnings or a reduction in benefit payments in the first two years (2002 through 2003). Such changes may have occurred, but, if they did, they were too small for us to confidently attribute them to the TTW program given available data and the historical state-level variation in these outcomes.

Impacts for 2004 and later may be larger. Payment data show that some beneficiaries who assigned their Tickets before 2004 earned enough income to generate Ticket payments only after the end of 2003, and survey data show that many participants in 2003 expected to earn enough to leave the rolls. Participation rates continue to increase, and many non-participants say that they plan to assign their Tickets. Economic growth since 2003 might also help participants attain greater employment success.

Nevertheless, analysis of trends in TTW payment data suggests that the program would have to induce future shifts in beneficiary behavior that are much larger than what has been observed so far in order to generate the level of exits from the rolls envisioned by Congress. In particular, meeting the exit goal will require participation to increase substantially and a larger share of participants to earn enough to exit the rolls.

SSA is trying to foster the required changes in beneficiary and provider behavior by revising the regulations that determine how the TTW market works and to help the program reach its full potential. These efforts have been underway almost since the beginning of the program and were anticipated by the authorizing legislation that provided for the SSA commissioner to assess the program as it rolled out, making changes that would help achieve program goals more effectively (or recommending changes when legislation would be required). Some attempted solutions—such as producing information to help ENs find operating capital and introducing a different payment claims process—appear to have had little positive impact overall. Recognizing the need for more sweeping revisions, SSA published a set of proposed new regulations for TTW on September 30, 2005. Our analysis of these regulations suggests that ENs would be able to generate positive returns under the new system if they carefully target their recruitment and service delivery efforts. Therefore, the new regulations may enhance provider participation in TTW.

## **KEY FINDINGS RELATED TO MARKET OPERATION**

In assessing the TTW market, the evaluation looked at its three key components: beneficiary demand for services, the supply of providers willing to serve those beneficiaries, and SSA's efforts to facilitate market operations.

---

## Beneficiary Demand for Employment Services

**TTW participation remains low but continues to grow.** As of December 2004 (the last month for which we have complete data), the participation rate in Phase 1 states had risen to 1.4 percent, up from the 1.1 percent for March 2004. Participation rates have continued to rise in Phase 1 states since the early months of program rollout, although slowly. Participation rates in Phase 2 and 3 states are lower but also rising. The lower rates in these states primarily reflect the later rollout but do point to fewer SVRA assignments from pipeline clients; beneficiaries appear to participate at ENs in Phase 2 and 3 states at rates on par with those in Phase 1 states at comparable points after rollout.

**There is potential for growth in TTW participation.** The survey data suggest that demand for employment and employment-related services among Social Security disability beneficiaries is much greater than early Ticket experience suggests. Although at any given time only a small share of beneficiaries is employed or actively seeking employment, substantial proportions of beneficiaries have set forth goals that include work and see themselves working in the future. In fact, 15 percent expect to earn enough to leave the rolls within five years—approximately 1.4 million beneficiaries.

The positive work expectations of many beneficiaries give TTW a basis on which to build. A major goal of SSA's proposed TTW program changes is to increase EN and beneficiary participation. That is, if providers are more aggressive in addressing barriers to employment as a result of the impending changes, it seems likely that more beneficiaries will participate. The group of beneficiaries that has unsuccessfully attempted to assign its Tickets represents one group that might be brought into TTW by the proposed new regulations. Although the estimated number of such beneficiaries is small as a share of all beneficiaries, the survey data suggest that they may outnumber current TTW participants.

**Outreach might substantially stimulate TTW participation, especially among recently employed beneficiaries under age 55.** It remains plausible that the program could attract a larger share of the 30 percent of beneficiaries who express an interest in future employment. For example, the proposed new payment regulations enable ENs to receive substantial payments for beneficiaries who work at moderate levels. Thus, the changes may enable ENs to serve people who would not earn enough to trigger outcome payments in the short term but for whom increased work effort may have important long-term benefits. Outreach is likely to be more effective and efficient if it is targeted at those with work goals and expectations. We found that such beneficiaries share two primary characteristics: they are under age 55, and they have recently been employed.

**Many beneficiaries, especially Ticket participants, already use services to support employment efforts, including traditional employment supports and health-related services.** Data from the National Beneficiary Survey (NBS) indicate that 34 percent of all beneficiaries in Phase 1 states used employment-support services (broadly defined) in 2003, a much larger share than the approximately 1 percent of Phase 1 participants who had assigned their Ticket by the time of the survey. Services used by beneficiaries included not only conventional work supports (e.g., training and job search assistance) but also a large volume of health-related services (e.g., occupational therapy, counseling, and adaptive

equipment), which are seen by beneficiaries as enhancing their ability to work or live independently.

Not surprisingly, TTW participants were substantially more likely than the average beneficiary to have used services, and those participants who used services did so for more hours and were more likely than the average beneficiary to report that they were using services to find a job. Interestingly, 46 percent of participants who used services did not report using them to find a job or a better job. It therefore appears that the objectives of many participants differ from the program objective of increasing earnings to the point at which an individual no longer receives benefits.

**It appears that participants facing return-to-work challenges other than disability are more likely than others to assign their Tickets to ENs rather than to SVRAs.** The likelihood that a participant's Ticket is assigned to an EN is relatively high if the participant has limited or no work experience, is relatively old, has limited education, is Hispanic, is a single parent, or has preschool children. We also found that participants from relatively high-income households (i.e., with household income of at least 300 percent of the federal poverty line) were much more likely than others to have assigned their Ticket to an EN. Not surprisingly, these same characteristics are associated with an increased likelihood of assignment under one of the new payment systems.

**Participants who assigned their Tickets to ENs received fewer services than those who assigned their Tickets to SVRAs and were generally less satisfied with services received.** Participants who assigned their Ticket to an EN were significantly less likely than those who assigned their Ticket to an SVRA to report receiving any services (including services from outside TTW). Moreover, even when participants using ENs reported receiving services, they tended to report fewer hours of services, on average, than those who assigned Tickets to an SVRA. Similarly, EN participants who used services were less likely to report using the services to find a job or a better job. This does not bode well for ENs, which can generate full TTW payments only if participants earn enough to leave the benefit rolls. We also found that participants who assigned Tickets to an EN as opposed to an SVRA were less likely to report that the services were useful; more likely to report unmet service needs; and more likely to report problems with services and providers as the reason for the unmet needs. The higher payment rates under the proposed regulations combined with more experience with the performance-based payment system may address these problems.

### **The Supply of Employment Services**

In our last report, we concluded that the high percentage of Tickets assigned to SVRAs and the high percentage assigned under the traditional payment system appear to limit the extent to which TTW represents a dramatic break from the past. The more recent data reinforce that conclusion. An overwhelming majority of Tickets continues to be assigned to SVRAs (91.7 percent as of December 2004), and a large majority is assigned under the traditional payment system (85.6 percent). In fact, these statistics substantially understate the role of SVRAs in providing employment services to beneficiaries because SVRAs do not

obtain Tickets from many of the DI/SSI beneficiaries they serve—over half, based on currently available data. We also find that the percentage of Tickets assigned to SVRAs is gradually increasing, as is the percentage assigned under the traditional payment system.

**TTW has not yet either substantially expanded the number of private providers that serve beneficiaries or substantially changed service delivery.** It appears that TTW has only somewhat met its goal of increasing the supply of rehabilitation providers available to SSA beneficiaries. While more than 1,300 non-SVRA providers have registered as ENs and are therefore now able to receive payments from SSA when they successfully serve beneficiaries, only about 40 percent of them have accepted a Ticket, and only about 20 percent have accepted five or more. Beneficiary choice seems limited to large metropolitan areas with a concentration of beneficiaries; in large sections of the country there are no ENs, or no local EN has taken a Ticket.

Based on interviews conducted for this and previous reports, we have found that the vast majority of providers served beneficiaries before becoming ENs and have not significantly changed their operations or their client base in response to TTW. This finding is consistent across providers that have been operating as ENs in Phase 1 states since 2002 and consistent across providers in Phase 2 and 3 states, many of which became ENs much more recently. Many ENs say that they would have served interested beneficiaries even without TTW, in many instances under contract to an SVRA. For the most part, these ENs do not see TTW as providing them with substantial new financing or recruitment opportunities.

**The change in SVRA service delivery has also been limited.** To date, SVRA interviewees have indicated that TTW has not changed the way they provide services to beneficiaries, except that many now pay greater attention to benefits planning. They continue to report that TTW administration is burdensome and that they are taking administrative steps to reduce the burden. As one example, to reduce the significant effort required to predict which Tickets will generate more revenue under their new payment system, SVRAs are selecting the traditional payment system for an increasing share of Ticket assignments. As another example, Phase 2 and 3 SVRAs were less aggressive than Phase 1 SVRAs about obtaining Ticket assignments from pipeline cases.

SVRAs are also reporting that their budgets are particularly tight. As a result, some have been forced to place beneficiaries on waiting lists despite the potential for payments under TTW. As with private providers, they do not see TTW as a substantial new opportunity to generate revenue. Instead, they see it as an added burden on their limited resources.

**The current TTW payment systems provide few financial incentives for ENs to participate actively in the TTW market.** Most ENs that have accepted Tickets have not received any payments, and payments to most others are small. Long waits and the complicated paperwork needed to obtain payments exacerbate payment problems. The experience of SVRAs that have accepted Tickets under a new payment system is similar. Although payments are gradually increasing, the current payment regulations appear to provide little financial incentive for providers to participate actively in the TTW market.

## **TTW Market Implementation**

SSA has completed TTW rollout and continues to address trouble spots in program administration, especially payment speed and complexity. It appears that changes in SSA's administrative procedures have started a shift toward an SSA culture that is more supportive of return-to-work. Efforts to market the program to providers and beneficiaries have not achieved measurable success, however.

**SSA has completed TTW rollout and is attempting to address remaining trouble spots, especially payment speed and complexity.** In October 2004, SSA completed the mailing of Tickets to all of the approximately 10 million Ticket-eligible beneficiaries. SSA is now mailing Tickets only to those who first met Ticket-eligibility requirements after the completion of rollout (mostly new adult beneficiaries). Altogether, SSA had mailed almost 12 million Tickets by September 2006. SSA has undertaken significant efforts to address the implementation problems identified in our earlier reports, with substantial success. SSA's effort to reduce the backlog of "post-entitlement" work—mostly verification and recording of earnings reports—has made it easier to verify Ticket eligibility rapidly and to process payment requests. SSA has introduced an expedited payment process for outcome payments after initial payments have been made, and early evidence indicates that it is reducing payment processing times for providers who have made use of it.

**Changes in administrative procedures appear to have started a shift toward an SSA culture that is more supportive of return-to-work.** SSA staff members interviewed for this report suggested a positive shift toward an SSA culture that is more supportive of return-to-work for beneficiaries. It appears that the shift stems from the fact that many employees who serve beneficiaries with disabilities are learning about and have become more substantially involved with efforts to improve beneficiary earnings. Many receive training on Ticket and, more broadly, the DI and SSI work incentive programs; many have been introduced to and are using new data systems that track employment and other post-entitlement outcomes; and many were involved in the concerted effort to clear the post-entitlement workload backlog.

**Efforts to increase the supply of providers have not succeeded.** SSA and the Program Manager developed a marketing program to increase the supply of providers and the demand for services. Even though the Program Manager initiated a city campaign in five localities, by late September 2005, the campaign appeared to have had little impact on EN recruitment.

**SSA's proposed new regulations offer strengthened financial incentives to ENs.** Our analysis of the proposed regulations suggests that ENs would be able to generate positive returns under the new system if they carefully targeted their recruitment and service delivery efforts. In particular, ENs have a strong financial incentive to accept Tickets from beneficiaries who have been moved onto jobs by SVRAs. The larger milestone payments and milestone payments for earnings below SGA levels in the new system also give ENs an incentive to help more beneficiaries get jobs that provide a starting point for long-term employment. Thus, the new regulations may induce providers to participate more actively in the TTW market and to increase beneficiaries' overall employment efforts.

---

## IMPACTS OF TTW ON BENEFICIARY BEHAVIOR

**TTW probably had a rapid impact on enrollment in employment services.** Our analysis indicates that TTW increased service enrollment in Phase 1 states by 0.4 percentage points in its first year, which represents an increase of 4,675 beneficiaries who would have enrolled in programs providing these services in the absence of TTW. The 0.4 percentage point increase in service enrollment represents a 9.5 percent increase in overall service enrollment (from 4.2 to 4.6 percent). Under the assumption that impacts would be the same across the remaining Phase 2 and 3 states, we project increases in service enrollment by 16,743 beneficiaries across the entire caseload in the first year of rollout. Consistent with expectations, the size of the estimated impact was much larger for younger beneficiaries than for older beneficiaries, with little variation in impacts by Title category (DI-only, SSI-only, and concurrent).

**Evidence on whether TTW affected beneficiary earnings and benefits during its first two years is inconclusive.** If TTW had any success in increasing beneficiary earnings or reducing benefit receipt, those effects were masked by two other factors: (1) the differences among states in employment and benefit-receipt trends that pre-dated the TTW program and (2) the underlying variation in beneficiary outcomes among states and over time.

**It is possible that impacts on earnings and benefits may increase.** Such increases may occur for several reasons. First, with more time, some of those who participated in years 1 and 2 are likely to increase their earnings and exit the rolls due to work. Second, participation rates continued to grow after 2003. Third, the economic recovery will presumably provide participants with better job opportunities. Impacts on benefit receipt, especially, are likely to take a long time to develop. For example, DI beneficiaries must work long enough at a high level of earnings to complete the trial work period (TWP) and three-month grace period before they lose their benefits—a period of 12 months if they have not used any TWP months before assigning their Ticket.

**Impacts on TTW participants are not likely to meet congressional expectations soon.** The Ticket act set a benchmark of increasing permanent exits due to work by at least half a percentage point. The trends we observe in TTW payment data led us to conclude that TTW's impact on participant exits will not reach the Ticket act's benchmark unless participation increases to well above the level in Phase 1 states at the end of 2004 or unless TTW somehow induced a large number of exits not reflected in the outcome payment data.

It is possible that TTW's impacts on exits due to work among all beneficiaries could substantially exceed impacts on exits due to work among TTW participants for the simple reason that the administrative and other efforts undertaken by SSA, ancillary to TTW, might induce exits without TTW participation. Even if the number of such exits is large, however, it might be a mistake to attribute them to TTW. Although TTW might have been the driving force behind SSA's overall efforts to improve return-to-work outcomes, presumably many, if not all, of the ancillary changes could have been implemented without TTW.

**While beneficiaries in the Adequacy of Incentives (AOI) groups defined by Congress generally have lower-than-average participation rates in TTW, other factors—such as age, education, and having children under age six living in the household—seem to play a larger role in shaping participation patterns.** In passing the Ticket Act, Congress acknowledged that providers might be unwilling to accept Tickets from some beneficiaries because the TTW performance-based payment system may not cover the cost of services. As part of an effort to address this concern, Congress required SSA to conduct a study of TTW participation among four groups of AOI beneficiaries:

- 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 a subminimum wage
- Group 4: Beneficiaries who work and receive partial cash benefits

When compared with other factors that affect participation—such as age, education, and the presence of children under age six in the household—the influence of membership in the AOI groups on participation is weak. However, we found some evidence that may be consistent with the concern that the performance-based payment system discourages providers from serving beneficiaries in Group 1 and beneficiaries in both Groups 1 and 2 who might require more intensive or long-term support to become employed. Both of these groups have low participation rates, and those in both Groups 1 and 2 are more likely to have a Ticket assigned to an SVRA and operate under the traditional payment system.

Research by McGrew (2005) indicates that, if properly designed, performance-based payment systems can address the needs of individuals with the most severe disabilities. The problems we observed may be an artifact of the low payment rates under the current system, which may be addressed by the proposed payment system. In addition, it is possible that the findings result from the early stages of TTW implementation. Thus, we are unable to determine the degree to which the findings are attributable to the adequacy of TTW incentives.

## **THE FUTURE OF THE TTW MARKET**

Assessing the progress and future of TTW depends fundamentally on expectations for the program. On the surface, those expectations seem modest. The legislation suggested that the program would be a success if it could increase from 0.5 to 1.0 percent the rate at which beneficiaries exit the program due to work. However, these seemingly small numbers represent a substantial change for the SSI and DI programs, which support 10 million people whose conditions and impairments have been determined to mean that they are unable to work at self-sustaining levels. The observed rate of exits due to work for the SSI and DI programs has been under 0.5 percent for years (Berkowitz 2003; Newcomb, Payne, and Waid 2003) and has remained largely unchanged in the face of numerous programmatic and economic changes.

Furthermore, the changes sought by TTW seem large when viewed from the perspective of SSA operations, which have historically focused on paying benefits appropriately and efficiently, not on delivering employment support services. TTW has required SSA to train staff in more than 1,400 field offices and to institute an entirely new service to help beneficiaries understand ways in which work affects their benefits. SSA administrators have described the process of implementing TTW as comparable to that required to initiate the SSI program itself.

Finally, from the perspective of the employment service providers who have long operated in a cost-reimbursement system and now must respond to a riskier performance-based payment system, the changes sought by TTW are enormous. Many existing providers operate as nonprofits and may therefore be ill-suited to finding the working capital required to sustain TTW operations when the payments they receive for moving a beneficiary into successful employment are spread over five years. Newer providers may be hesitant to enter the market until they can clearly see ways to enroll a sufficient number of beneficiaries to make TTW an attractive option as compared with other service markets in which they could participate. All providers are likely to have concerns about how to negotiate the complex reporting obligations required by the TTW payment systems.

Given all of these factors, it would have been surprising if TTW had produced dramatic changes in its first three years of operation (2002 through 2004). Not only did the program roll out gradually, but it clearly takes time for beneficiaries, providers, and operations staff to respond to a new market. For example, SVRAs generally need more than two years to move a beneficiary into employment, and many beneficiaries have taken months to initiate services by assigning their Tickets. Thus, program changes are likely to emerge slowly.

Some lessons have emerged more quickly, however. In particular, it appears that the current milestone-outcome and outcome-only systems provide little financial incentive for providers to participate actively in the TTW market. This is problematic for a new market that is trying to attract new providers and innovations. Fortunately, the Ticket Act gives the commissioner the authority to modify the payment rules or other aspects of the market in order to improve program efficiency. SSA used that authority when it announced potential new payment regulations. Our review of those proposed regulations suggests that providers that carefully target and deliver services have a reasonable chance of covering their costs and earning a profit under the new payment systems. Thus, the new rules may breathe new life into the TTW market.

But, momentum is still an issue. The TTW market is functioning, but mostly as an adjunct to the existing operations of SVRAs and other service providers. Generally, neither the number of beneficiaries served by the program nor the range of services delivered to beneficiaries seems to be expanding. ENs that have taken Tickets report little or no financial success and largely seem to have adopted a wait-and-see attitude about expansion or innovation. The new payment regulations were published in September 2005, and SSA has provided little feedback to the market since then. Providers, particularly ENs, have shown little reaction to the new regulations (particularly as compared with the interest shown in TTW when it was first announced). If SSA hopes to build momentum around the

new changes, it will need to move expeditiously and help providers understand how to succeed under the new system.

Regardless of how the new regulations play out, TTW marks an important step toward greater employment and self-sufficiency for people with disabilities. The field is still learning about the best methods to help people with disabilities understand and improve their opportunities and potential. It is also still identifying ways to integrate TTW with other employment initiatives. For example, an EN that serves DI beneficiaries can channel some of the outcome payments to working beneficiaries to help cushion them from the so-called “cash cliff,” which now occurs when they leave cash benefits due to work.

In addition, overall progress toward increasing the employment of people with severe disabilities, including SSI and DI beneficiaries, will require greater acceptance of the idea that many such individuals can successfully support themselves if provided with employment assistance. Just by sending out Tickets, recruiting new providers, training its staff, and improving how it tracks beneficiary employment, SSA has helped to nurture greater acceptance of employment options for beneficiaries. The challenge now is to build on this developing mindset to sustain policy, programmatic, and market momentum for improving the economic integration of people with disabilities into American life.