Ticket to Work (TTW) at the Crossroads: A Solid Foundation with an Uncertain Future (as of June 2008)

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TTW Evaluation *before* the July 2008 Regulatory Changes

- SSA substantially strengthened its platform for financing employment services for beneficiaries
- The vibrant market for services envisioned by the framers of the Ticket Act had not been realized
- No detectable impacts on earnings or benefits
- By 2005, it was clear that TTW needed a significant stimulus, or it would die
- There were good reasons to try
SSA’s Platform for Financing Employment Services

- TTW introduced two “new” earnings-based Ticket payment systems for all providers (employment networks, EN)
  - Milestone-outcome
  - Outcome-only
  - ENs had to choose one for all Tickets
- Traditional payment system was maintained
  - State vocational rehabilitation agencies (SVRA) only
  - Based on earnings and costs
  - SVRAs could choose between traditional payment and one of the initial systems, case-by-case
Expansion of the Platform Challenged SSA

- Layered over the work incentives of two overlapping, but different, income support programs, SSDI and SSI
- By an agency:
  - Responsible for a program that defines “disability” as “inability to engage in substantial gainful activity”
  - With long backlogs of pending applications and post-entitlement work
- By 2005, the platform was firmly established, if imperfect
Provider Interest in TTW Had Waned

- Of 1,576 ENs, by December 2005:
  - Only 45% had accepted Tickets
  - Only 5% had accepted 10 or more Tickets
- Only 18 SVRAs had accepted 10 or more Tickets under a new payment system
- Out of 3,141 counties
  - No EN had accepted a Ticket from any beneficiary in 2,049
  - Only 1 EN had accepted a Ticket in 582
  - In 130 counties, 5 or more ENs had accepted Tickets
- By April 2007, the number of ENs had fallen to 1,300
Providers Could Not Prosper on TTW Alone

- Values per Ticket accepted over 3 years:
  - Cost: about $2,500
  - Revenue: less than $500
    - SSDI: $489; SSI: $180
  - Tickets with payments:
    - Milestone-outcome: 15%; Outcome-only: 11%
  - Additional payments needed to break even:
    - SSDI: 51; SSI: 190

- To succeed, providers needed:
  - Extraordinary success
  - Lower costs
  - Other sources of revenue
Service Use Changed Little

December 2005, early rollout states:

- 1.8% of eligible beneficiaries had assigned their Tickets
- 94.5% were assigned to SVRAs
- 90.3% under the traditional payment system

Most TTW participants would have received services in the absence of TTW

- In the year after rollout, 3.8% of beneficiaries would have received services under the pre-TTW system
- Under TTW, that percentage increased by 0.1 to 0.7 percentage points
Early Impacts on Earnings and Benefits: Too Small to be Detected

- Impact evaluation was limited to first two years
  - Compared early rollout states to late rollout states
- Small service enrollment impacts had not led to detectable impacts on earnings and benefits
  - Hard to distinguish between “impacts” and pre-Ticket trends
  - Earnings and benefit impacts are expected to be delayed
- Opportunity for rigorous impact estimation has passed
- Large numbers of TTW participants do exit for work, at least temporarily
  - In the early rollout states, outcome payments in 2004 were equivalent to 335 beneficiaries being off the rolls for a full year
  - Many might have left the rolls due to work anyway
Why Continue?

- TTW was never piloted so initial success would have been a surprise
  - Congress anticipated the need to test and reconfigure
  - Building the platform took precedence
  - The platform is in place
- A small impact on exits would pay for the program
- Policy and economic change affect TTW’s value
- Beneficiary interest in employment is high
Beneficiary Interest in Employment is High

- In 2005:
  - 41% (4 million beneficiaries) wanted to work
  - 18% were working or seeking work
  - Involuntary non-participation was nontrivial

- Greater outreach could increase use of TTW
  - Only 25% of nonparticipants had heard of TTW
  - Participation of 20-25% is conceivable
Provider Prospects for Economic Success have Improved Substantially

- Given our cost estimates and TTW participant earnings experiences
  - ENs primarily serving SSDI beneficiaries can break even
  - ENs primarily serving SSI-only beneficiaries will have more difficulty

- There are important opportunities to reduce costs
  - Partnership Plus
  - Serving beneficiaries that are already “clients”
    - One-Stop Employment Centers
    - Community Service Providers
    - Independent Living Centers
    - Labor market intermediaries
    - Employers
Impact of the New Regulations?

- Increased provider and beneficiary participation are likely

- TTW program costs will likely also increase

- Will the higher costs be justified by earnings increases and benefit reductions?
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