

I. PURPOSE

This Administrative Directive (ADM) notifies social services districts of the July 1, 1999 revision in determining substantial gainful activity (SGA) based on individual's gross earnings from work activities. This change increases SGA from \$500 per month to \$700 per month. It applies to individuals applying for Social Security Income (SSI) and Social Security Disability benefits. It is also used when determining Medicaid eligibility under the SSI-related disability category.

II. BACKGROUND

The term "substantial gainful activity" is defined as work activity that is both substantial in that it involves significant physical and mental effort and gainful in that it is done for pay or profit, whether or not a profit is realized. Generally, individuals who are working and earning income at the SGA level cannot be found disabled.

The SGA amount was first issued by regulation in 1961. Prior to July 1, 1999, there had not been an increase since January 1, 1990. Under the prior levels, if an individual had earnings from work activities as an employee that averaged more than \$500 per month, that individual would generally be considered to be engaged in SGA. This increase in earning guidelines is part of an effort to improve work incentives for individuals with disabilities.

GIS Message 99 MA/014, dated June 24, 1999, notified the social services districts of the July 1, 1999 increase in SGA to \$700 per month.

III. PROGRAM IMPLICATIONS

Local social services districts are to evaluate individuals applying for Medicaid as disabled (SSI-related) using the increased SGA income threshold of \$700 per month effective July 1, 1999.

Blind individuals are not subject to any SGA limitations.

IV. REQUIRED ACTION

Effective July 1, 1999, the SGA threshold amount was increased from \$500 per month to \$700 per month. When determining whether an individual is performing SGA, consideration is also to be given to the nature of the work performed, the adequacy of the individual's performance, special employment conditions and the amount of time spent in work. Impairment related work expenses (IRWEs) and subsidized earnings must also be considered.

IRWEs are expenses which result from the individual's impairment(s) and are incurred in order to enable the individual to work. If these expenses are paid by the individual, they should be deducted from earnings before determining the individual's countable earned income and comparing earned income to the SGA level.

Subsidized earnings are not counted when determining whether or not work is SGA. When an impaired individual does simple tasks under close supervision, as in the case of a sheltered workshop, only the part of the pay which is actually "earned" is considered when determining if the individual is performing SGA. If an individual's income is in excess of \$700 per month and the individual is employed by a sheltered workshop, the local social services district should contact the sheltered workshop to determine the reasonable value of the employee's services and the amount that is subsidized. The reasonable value of the employee's work is then compared to the SGA level.

A further explanation of SGA and how this determination is made, as well as additional information on impairment related work expenses and employer subsidies, is in the Medicaid Disability Manual.

V. SYSTEMS IMPLICATIONS

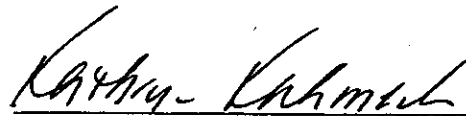
None.

VI. NOTICE OF REQUIREMENTS

None.

VII. EFFECTIVE DATE

The increase to \$700 is retroactive to July 1, 1999.



Kathryn Kuhmerker, Deputy Commissioner
Office of Medicaid Management