

**SOCIAL SECURITY ADMINISTRATION**

[Docket No. SSA-2010-0050]

**Social Security Disability Program Demonstration Project: Benefit Offset National Demonstration (BOND)****AGENCY:** Social Security Administration.  
**ACTION:** Notice.

**SUMMARY:** We are announcing the following demonstration project relating to the Social Security disability program under title II of the Social Security Act (Act). Under this project, we will test modifications to current title II program rules that we apply to beneficiaries who work and receive title II benefits based on disability. We will also modify current rules for paying outcome payments to providers of services under the Ticket to Work and Self-Sufficiency program (Ticket to Work program). We are conducting this project, called the Benefit Offset National Demonstration (BOND), under the demonstration authority provided in section 234 of the Act.

In this project, we are testing the use of a benefit offset based on earnings as an alternative to certain rules that we currently apply to title II disability beneficiaries who work. Under the benefit offset, we will reduce title II disability benefits by \$1 for every \$2 that a beneficiary earns above a substantial gainful activity threshold amount. This alternative rule will allow a beneficiary to receive reduced benefit payments when we would ordinarily stop payments under our usual rules because of the beneficiary's work and earnings.

In selecting beneficiaries to participate in the project, we will include some beneficiaries who receive only title II disability benefits. We also will include some beneficiaries who receive both title II disability benefits and Supplemental Security Income (SSI) based on disability or blindness under title XVI of the Act. However, we are only modifying title II program rules for beneficiaries who participate in the project. We will continue to apply the usual SSI program rules for participants who receive SSI payments in addition to title II disability benefits.

**DATES:** The demonstration project will begin January 2011 and will end September 2022.

**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:****Background***Who may receive disability benefits?*

Under title II of the Act, we provide for the payment of the following benefits to persons who meet the definition of disability under the Act:

- Disability insurance benefits for a worker insured under the Act;
- Widow's and widower's insurance benefits based on disability for a widow, widower, or surviving divorced spouse of an insured worker; and
- Childhood disability benefits for a child of an insured worker who is entitled to retirement or disability benefits or has died.

In the rest of this notice, we refer to these benefits collectively as Social Security Disability Insurance (SSDI) benefits and refer to the beneficiaries who receive them as SSDI beneficiaries.

Under title XVI of the Act, we pay SSI to persons who are aged, blind, or disabled and have limited income and resources. An SSDI beneficiary with limited income and resources may qualify for SSI payments.

A person must meet the definition of disability under title II of the Act in order to be eligible for SSDI benefits. A person is disabled under title II if he or she has a physical or mental impairment or combination of impairments that is expected to last for at least 12 months or to result in death and prevents the person from doing any substantial gainful work.<sup>1</sup> This definition of disability also applies under title XVI of the Act for persons age 18 or older.<sup>2</sup>

*How do we help disability beneficiaries to return to work?*

Under the Act, we offer certain work incentives to encourage disability beneficiaries to attempt to work. We also administer the Ticket to Work program and other employment support programs to assist disability beneficiaries to become as self-sufficient as possible through work and to promote their economic independence. Under certain provisions of the Act, such as the title II provision for a trial work period, beneficiaries are allowed to test their ability to work and continue to keep their cash and medical benefits.

**The Trial Work Period**

We provide a trial work period (TWP) that allows SSDI beneficiaries to test their ability to work for at least nine months and not have that work

considered for disability purposes.<sup>3</sup> During this period, beneficiaries continue to receive full SSDI benefits regardless of how much money they earn as long as they report the work activity and continue to have a disabling impairment. The TWP ends when a beneficiary has completed nine trial work months, not necessarily consecutive, within a 60-month period. (The TWP may end earlier if we determine that the beneficiary's disability ended based on medical factors.)<sup>4</sup> We count as a trial work month any month in which a beneficiary's gross earnings are above a certain amount (\$720 a month in 2010) or in which the beneficiary works more than 80 hours in self-employment.<sup>5</sup>

**What happens if a beneficiary works after the TWP?**

If a beneficiary works after the TWP ends, we review the beneficiary's work and earnings to decide if the work is substantial gainful activity (SGA). Work is "substantial" if it involves doing significant physical or mental activities. Work activity may be "substantial" even if it is performed on a part-time basis. Work activity is "gainful" if it is performed for pay or profit or is the kind of work usually performed for pay or profit, whether or not a profit is realized.<sup>6</sup>

In deciding whether work is SGA, we consider the nature of the person's job duties, the skills and experience the person needs to do the job, and how much the person actually earned. Usually, we consider a person's work to be substantial and gainful if monthly earnings, after allowable deductions, average more than the monthly SGA amount (in 2010, \$1,000 a month for a person who is not blind, or \$1,640 a month for a person who is blind). If the person is self-employed, we may give more consideration to the kind and value of the work, including the person's part in the management of the business, than to the person's income alone.<sup>7</sup>

We will decide that an SSDI beneficiary's disability has ended in the first month he or she does SGA after completion of the TWP.<sup>8</sup> We pay benefits for the month disability ended and the following two months, no matter how much the beneficiary earns.<sup>9</sup>

<sup>3</sup> Sections 222(c) and 223(d)(4) of the Act; 20 CFR 404.1592.

<sup>4</sup> *Id.*

<sup>5</sup> 20 CFR 404.1592(b).

<sup>6</sup> 20 CFR 404.1572.

<sup>7</sup> 20 CFR 404.1571-404.1576.

<sup>8</sup> 20 CFR 404.1592a(a)(1) and 404.1594(d)(5).

<sup>9</sup> 20 CFR 404.401a and 404.1592a(a)(2).

<sup>1</sup> Section 223(d)(1)(A) of the Act; 20 CFR 404.1505(a).

<sup>2</sup> Section 1614(a)(3)(A) of the Act; 20 CFR 416.905(a).

This three-month period is the “grace period.”

What happens next depends on whether disability ended due to SGA during or after the reentitlement period.<sup>10</sup>

### The Reentitlement Period

We provide a 36-month reentitlement period that begins immediately after an SSDI beneficiary completes the TWP. The reentitlement period allows an SSDI beneficiary with a disabling impairment an additional period to test his or her ability to work.<sup>11</sup> The reentitlement period ends after 36 months or when the beneficiary ceases to have a disabling impairment, whichever is earlier.<sup>12</sup>

If we determine that a beneficiary’s disability ended during the reentitlement period because he or she performed SGA, we will pay benefits for the months in the three-month grace period. After the grace period, we will not pay benefits to the disability beneficiary or anyone receiving benefits on his or her earnings record for any month during the reentitlement period in which the disability beneficiary does SGA. However, we will pay benefits for any month during the reentitlement period in which the disability beneficiary does not do SGA.<sup>13</sup> If the beneficiary performs SGA after the reentitlement period, we will find that entitlement to disability benefits terminates in the first month after the reentitlement period in which he or she performs SGA.<sup>14</sup>

When we determine whether a beneficiary performed SGA in a month after the grace period, we only consider his or her work in or earnings for that month. We do not apply the rules regarding averaging of earnings or unsuccessful work attempts.<sup>15</sup>

We apply different rules if the month a beneficiary’s disability ended due to the performance of SGA occurred after the 36-month reentitlement period. In this situation, we will find that entitlement to, and payment of benefits terminate in the first month after the grace period.<sup>16</sup>

<sup>10</sup> The SSI program under title XVI of the Act does not provide a TWP. The performance of SGA by a recipient of SSI payments based on disability or blindness does not affect the recipient’s disability or blindness status under the SSI program. Section 1619 of the Act; 20 CFR 416.260–416.269.

<sup>11</sup> Sections 202(d)(1), (d)(6), (e)(1), and (f)(1) and 223(a)(1) of the Act; 20 CFR 404.316(d), 404.337(d), 404.352(e), and 404.1592a(a).

<sup>12</sup> 20 CFR 404.1592a(b).

<sup>13</sup> Section 223(e) of the Act; 20 CFR 404.401a and 404.1592a(a)(2).

<sup>14</sup> 20 CFR 404.325 and 404.1592a(a)(3)(i).

<sup>15</sup> 20 CFR 404.1592a(a)(2)(i) and (3)(i).

<sup>16</sup> 20 CFR 404.325 and 404.1592a(a)(3)(ii).

### Period of Disability for an Insured Worker

Under title II of the Act, a worker who becomes disabled may apply to have us establish a period of disability to protect his or her earnings record as well as apply for disability insurance benefits. A period of disability protects the benefit rights of a worker and his or her dependents or survivors by allowing us to exclude the time the worker is disabled from consideration in determining his or her insured status and the amount of monthly benefits payable on his or her record.

In general, to be entitled to a period of disability, a worker must:

- File an application;
- Be insured for disability under the Act; and

- Be disabled throughout a period of at least five full calendar months.<sup>17</sup>

A period of disability may begin on the day the worker’s disability begins if he or she is insured for disability on that day. The period of disability ends with the earliest of the following months:

- The month before the month he or she attains full retirement age;
- The month before his or her termination month; or
- If he or she performs SGA during the reentitlement period, the last month for which he or she received cash benefits.<sup>18</sup>

### Description of the BOND Project

Under the BOND project, we will modify certain title II disability program rules that we currently apply to SSDI beneficiaries who work. We will test alternate rules to determine their effectiveness in encouraging SSDI beneficiaries to return to work or increase their earnings. We are testing the use of a benefit offset based on earnings and the provision of enhanced benefits counseling services. Under the benefit offset, we will reduce SSDI benefits by \$1 for every \$2 of a beneficiary’s earnings that are above a certain dollar amount. This dollar amount is equal to the applicable monthly SGA amount for the calendar year multiplied by the number of months for which the beneficiary is eligible for the offset in that year. The benefit offset will allow a beneficiary to receive reduced SSDI benefit payments when we would ordinarily stop or terminate benefit payments under our usual rules because of the beneficiary’s performance of SGA. We will evaluate the impact of the benefit offset and the enhanced counseling services on work

<sup>17</sup> Section 216(i) of the Act; 20 CFR 404.320.

<sup>18</sup> Section 216(i)(2)(D) of the Act; 20 CFR 404.321 and 404.325.

activity, earnings, and continued receipt of cash benefits.

We have contracted with Abt Associates to assist in implementing the BOND project and to conduct the evaluation activities. Under a prior contract with us, Abt Associates helped us develop the demonstration project design and evaluation plans. The design identified the program changes, target populations, treatment groups, sample sizes, and project sites. The evaluation plan identified pertinent outcomes, the data necessary for the analysis, and appropriate measurements of the effects of the alternate rules that we will test. The evaluation will focus on issues such as the rate of return to work by project participants, their earnings and ability to sustain work, and the rate at which they leave cash benefits due to work. We will also examine for whom these interventions appear to be the most effective.

### Where will we conduct the BOND project?

We will conduct this project in 10 sites across the country. Abt Associates is setting up local demonstration site offices in each of these locations to work directly with the beneficiaries in this project. We randomly selected the following 10 locations to be project sites. (These locations are general descriptions of the project sites as some small areas within certain locations may not be part of the demonstration site.)

- Alabama;
- Arizona and Southeastern California;
- Colorado and Wyoming;
- Southeastern Michigan;
- Southeastern Texas;
- Southern Florida;
- Vermont, Maine, New Hampshire, and Northern Massachusetts;
- Washington DC area including Northern Virginia, suburban Maryland, and Northeastern West Virginia;
- Western New York State; and
- Wisconsin.

### Who is eligible to participate in the BOND project?

To be eligible to participate in the project, a beneficiary must:

- Be at least age 20 and under age 60;
- Be entitled to title II benefits based on disability;
- Receive title II disability cash benefits, unless we are not paying cash benefits because the beneficiary is engaging in SGA after the grace period and during the reentitlement period;
- Reside in one of the 10 sites for the project, according to our administrative records; and

- Not be a current or prior treatment or control group participant in any of our other demonstration projects.

#### **How will we select participants and assign them to control or treatment groups?**

We will select potential participants for the BOND project from a pool of beneficiaries who are entitled to SSDI benefits, reside in one of the 10 sites according to our records, and meet the other requirements for eligibility for participation described above. This pool will include some concurrent SSDI/SSI beneficiaries, that is, beneficiaries who receive both title II benefits based on disability and title XVI payments based on disability or blindness. We estimate that the pool will consist of approximately one million beneficiaries, with SSDI-only beneficiaries comprising about 80% of the pool and concurrent SSDI/SSI beneficiaries comprising about 20% of the pool. We will identify the beneficiaries in the pool who are SSDI-only beneficiaries and will randomly assign these beneficiaries to one of the three groups described below. We will identify the beneficiaries in the pool who are concurrent SSDI/SSI beneficiaries and will randomly assign these beneficiaries to one of the first two groups described below.

- **Stage 1 Control Group**—We will assign approximately 580,000 SSDI-only and concurrent SSDI/SSI beneficiaries to this group, which will continue to be subject to our usual program rules. We will not test any alternative rules with this group.

- **Stage 1 Treatment Group**—We will assign approximately 80,000 SSDI-only and concurrent SSDI/SSI beneficiaries to this group, which will be offered the opportunity for the benefit offset under Stage 1 of the project.

- **Stage 2 Eligible Group**—We will assign approximately 340,000 SSDI-only beneficiaries to this group, from which we expect to recruit about 12,600 beneficiaries to volunteer to participate in Stage 2 of the BOND project. We will randomly assign SSDI-only beneficiaries who have agreed to participate in Stage 2 of the project to a Control Group or one of two Treatment Groups, as described below. Concurrent SSDI/SSI beneficiaries are not eligible to participate in Stage 2 of the project.

#### **How will we conduct Stage 1 and Stage 2 of the BOND project?**

The BOND project design includes two separate stages. Stage 1 will consist of a control group that receives no alternative program rules and a

treatment group that is offered the opportunity for the benefit offset. Beneficiaries randomly assigned to the Stage 1 treatment group will receive a notice informing them of their eligibility for the project and the alternate program rules that will apply for the treatment of earnings. The notice will provide contact information for beneficiaries to establish Abt Associates as their central point of contact for the BOND project.

Stage 2 will consist of a control group and two treatment groups. We will recruit volunteers for Stage 2 from the pool of approximately 340,000 SSDI-only beneficiaries in the Stage 2 Eligible Group described above. We will recruit about 12,600 SSDI-only beneficiaries to volunteer to participate in Stage 2 of the project. While we are not required to obtain a beneficiary's consent to participate in a demonstration project under section 234 of the Act, we will require beneficiaries whom we recruit for Stage 2 of the project and who wish to participate in the project to sign a consent form to indicate their agreement to participate. We will randomly assign the SSDI-only beneficiaries who consent to participate to one of the following three groups:

- **Stage 2 Control Group**—We will assign approximately 4,800 beneficiaries to this group, which will continue to be subject to our usual program rules. We will not test any alternative rules with this group.

- **Stage 2 Offset Treatment Group**—We will assign approximately 4,800 beneficiaries to this group. We will offer this group the opportunity for the benefit offset under Stage 2 of the project.

- **Stage 2 Offset and Enhanced Benefits Counseling Treatment Group**—We will assign approximately 3,000 beneficiaries to this group. We will offer this group the opportunity for the benefit offset and enhanced benefits counseling services. We will send the volunteers randomly assigned to the two treatment groups in Stage 2 a notice informing them of the alternate program rules that will apply for the treatment of earnings and the enhanced benefits counseling, depending on their treatment group.

#### **Alternate Title II Program Rules for Participants in the Benefit Offset Treatment Groups**

We will apply the following alternate program rules to beneficiaries assigned to the treatment groups. The alternate rules will provide a beneficiary whose disability ended because of the performance of SGA the opportunity to

continue working or start working again and receive SSDI benefit payments, subject to a benefit offset. The benefit offset will allow a beneficiary who performs SGA after the grace period to receive reduced SSDI benefit payments when we would ordinarily stop payments or terminate entitlement under our usual rules. We will continue to apply our usual rules for the TWP, for deciding whether disability ended due to the performance of SGA, and for paying benefits for months in the grace period to participants in the treatment groups.

#### **When will a participant in a treatment group be eligible for the benefit offset?**

A beneficiary who is in a Stage 1 or Stage 2 treatment group and whose disability ends or has ended under our usual rules due to the performance of SGA will be eligible for the benefit offset during his or her "BOND participation period." The BOND participation period is a period of up to 60 months that begins and ends as described below. A beneficiary must complete the TWP by September 30, 2017 to qualify for the BOND participation period. A beneficiary whose disability ended because of the performance of SGA will be eligible for the benefit offset during his or her BOND participation period beginning with the later of the following months:

- The month after the beneficiary's three-month grace period; or
- The first month of the beneficiary's BOND participation period.

#### **When does the BOND participation period begin?**

The BOND participation period of a beneficiary who is assigned to a treatment group begins as follows:

- For a beneficiary who did not complete the TWP in or before the month of assignment to a treatment group, the BOND participation period begins with the month after the month the TWP is completed, provided the beneficiary completes the TWP by September 30, 2017.
- For a beneficiary who completed the TWP in or before the month of assignment to a treatment group, the BOND participation period begins with the month after the month of assignment to a treatment group.

We explain in the following table when the BOND participation period and eligibility for the benefit offset begin depending on a beneficiary's status as of the close of the month of his or her assignment to a treatment group.

Beneficiary status at close of month of random assignment to a treatment group	BOND Participation period begins	Eligibility for the benefit offset begins
TWP not completed .....	Month after TWP completed, provided TWP completed by September 30, 2017.	Month after grace period if disability ends due to SGA.
TWP completed and disability did not end due to SGA.	Month after month of assignment to treatment group.	Month after grace period if disability ends due to SGA.
TWP completed, disability ended due to SGA, and grace period has not ended.	Month after month of assignment to treatment group.	Month after grace period.
TWP completed, disability ended due to SGA, grace period has ended, and entitlement has not terminated.	Month after month of assignment to treatment group.	First month of BOND participation period.

**When does the BOND participation period end?**

The BOND participation period ends with the earliest of the following months:

- The 60th month after it begins;
- The month before the month the beneficiary ceases to have a disabling impairment;<sup>19</sup>
- For a beneficiary in a Stage 2 treatment group, the month before the month the beneficiary’s withdrawal of consent to participate becomes effective;
- For a beneficiary entitled to disability insurance benefits, the month before the month the beneficiary attains full retirement age; or
- The month before the month of death.

**When will a participant in the Stage 2 Offset and Enhanced Benefits Counseling Treatment Group be eligible for counseling services?**

A beneficiary assigned to this Stage 2 treatment group will be eligible for enhanced benefits counseling services beginning with the month after the month he or she is assigned to this treatment group. The beneficiary will continue to be eligible for these services until his or her BOND participation period ends. A beneficiary who does not complete the TWP by September 30, 2017 and does not qualify for the BOND participation period will no longer be eligible for these counseling services beginning October 1, 2017.

**What happens if a participant in a treatment group does not complete the TWP by September 30, 2017?**

A beneficiary in a Stage 1 or Stage 2 treatment group who does not complete the TWP by September 30, 2017 will not qualify for the BOND participation period and will not be eligible for the benefit offset. We will apply our usual title II disability program rules beginning October 1, 2017.

<sup>19</sup> If a beneficiary whose disability has ended due to SGA appeals an impairment severity cessation determination and receives statutory benefit continuation pending the appeal, the BOND participation period may continue during the appeal.

In addition, a beneficiary in the Stage 2 Offset and Enhanced Benefits Counseling Treatment Group who does not complete the TWP by September 30, 2017 will no longer be eligible for the enhanced benefits counseling beginning October 1, 2017.

**How will we apply the benefit offset?**

We may apply the benefit offset to reduce monthly SSDI benefits beginning with the first month a beneficiary in a treatment group is eligible for the offset. A beneficiary who qualifies for the BOND participation period and whose disability has ended due to the performance of SGA is eligible for the offset beginning with the first month after his or her grace period or the first month of his or her BOND participation period, whichever is later. A beneficiary is eligible for the offset only during his or her BOND participation period.

If a beneficiary is eligible for the offset throughout a calendar year, we will determine whether his or her earnings for the year, after allowable deductions, exceed the BOND yearly amount to decide whether to reduce SSDI benefits payable for months in that year under the benefit offset. We will reduce a beneficiary’s monthly SSDI benefit payments by \$1 for every \$2 of the beneficiary’s yearly earnings that are above the applicable BOND yearly amount. If the beneficiary’s earnings for the year do not exceed the BOND yearly amount, we will not reduce his or her SSDI benefits for months in that year under the offset.

The BOND yearly amount for a calendar year is equal to twelve times the applicable monthly SGA amount for that year. For example, in 2010, the monthly SGA amount is \$1,000 for a beneficiary who is not blind and \$1,640 for a beneficiary who is blind. The BOND yearly amount for 2010 would be \$12,000 for a beneficiary who is not blind and \$19,680 for a beneficiary who is blind.

A beneficiary may be eligible for the benefit offset for less than an entire calendar year. This situation may occur, for example, in a beneficiary’s first and

last years of eligibility for the offset. In this situation, we will prorate the applicable BOND yearly amount for the calendar year based on the number of months for which the beneficiary is eligible for the offset in that year. We will use the prorated BOND yearly amount to decide whether to offset the beneficiary’s SSDI benefits based on his or her earnings. We will only consider the beneficiary’s earnings for the period of months for which he or she is eligible for the offset in the calendar year and will only apply the offset to the benefits payable for months in that period. The period of months for which a beneficiary is eligible for the offset in a calendar year is his or her “offset period” in that year.

When a beneficiary’s offset period is less than the calendar year, we will determine whether the beneficiary’s earnings for the offset period, after allowable deductions, exceed the prorated BOND yearly amount to decide whether to reduce SSDI benefits payable for months in the offset period. We will reduce a beneficiary’s monthly SSDI benefit payments for months in his or her offset period by \$1 for every \$2 of the beneficiary’s earnings for that period that are above the prorated BOND yearly amount. If the beneficiary’s earnings for the offset period do not exceed the prorated BOND yearly amount, we will not reduce his or her SSDI benefits for months in that period under the offset.

We will decide whether to reduce a beneficiary’s monthly SSDI benefit payments under the offset and determine the amount by which monthly benefits will be reduced (i.e., the monthly offset amount) based on a beneficiary’s estimate of earnings for the calendar year or for the months for which he or she is eligible for the offset in the calendar year. A beneficiary who is eligible for the benefit offset will provide us with an estimate of earnings after deducting the estimated amount of any impairment-related work expenses and any earnings that are not counted under our usual SGA rules.<sup>20</sup>

<sup>20</sup> 20 CFR 404.1574–404.1576.

In the example below, we show how we will calculate the amount by which monthly SSDI benefit payments will be reduced under the offset for a beneficiary who is eligible for the offset throughout a calendar year and whose estimated yearly earnings exceed the BOND yearly amount. In the example, we use the BOND yearly amount that would apply in 2010 to a beneficiary who is not blind. However, since the BOND yearly amount is equal to twelve times the applicable monthly SGA

amount, the BOND yearly amount may increase from year to year as a result of increases in the applicable SGA amount.<sup>21</sup> Therefore, the BOND yearly amount for 2011, or for a later year, may be higher than the amount that would apply in 2010.

#### *Example*

A beneficiary who is eligible for the offset throughout a calendar year provides us with an estimate of his earnings for the year. The beneficiary

estimates that his yearly earnings, after allowable deductions, will be \$15,000. The BOND yearly amount is \$12,000. The beneficiary's estimated yearly earnings exceed the BOND yearly amount by \$3,000. We will reduce each of the beneficiary's SSDI benefit payments for months in the year by \$125. The calculations for this example are as follows:

First, we calculate the amount of estimated annual earnings that exceed the BOND yearly amount.

$$\begin{array}{r} \$15,000 \text{ (annual earnings estimate)} \\ - \$12,000 \text{ (BOND yearly amount)} \\ \hline \$ 3,000 \end{array}$$

Second, we calculate the annual \$1 for \$2 benefit offset amount by dividing the amount of estimated earnings that exceeds the BOND yearly amount by 2.  $\$3,000 \div 2 = \$1,500$  (annual \$1 for \$2 benefit offset amount)

Finally, we calculate the monthly offset amount by dividing the annual offset amount by 12 months.

$$\$1,500 \div 12 = \$125 \text{ (monthly \$1 for \$2 benefit offset amount)}$$

For the purposes of the BOND project, we will round the monthly benefit offset amount resulting from the calculations above up to the nearest dime.

In determining when wages will be counted as earnings for purposes of applying the benefit offset, we will count a beneficiary's wages as earnings at the earliest of the following times:

- When the beneficiary receives the wages;
- When they are credited to the beneficiary's account; or
- When they are set aside for the beneficiary's use.

If the beneficiary is self-employed, we count net earnings from self-employment on a taxable year basis. However, we divide the total of these earnings equally among the months in the taxable year to get the beneficiary's earnings for each month. For example, if the beneficiary's net earnings from self-employment for a taxable year are \$2,400, we consider that the beneficiary received \$200 in each month. If the beneficiary has net losses from self-employment, we divide them over the taxable year in the same way, and we deduct them only from the beneficiary's other earned income.

We will perform an end-of-year reconciliation after the close of each calendar year in which a beneficiary was eligible for the benefit offset. We will determine the actual amount of the beneficiary's earnings, after allowable deductions, for the calendar year (or for those months for which the beneficiary was eligible for the offset in the year) to decide if he or she was paid more or less in benefits than was due under the offset. We will make appropriate adjustments to future benefit payments if we determine that we paid the beneficiary too much or too little in benefits under the offset. We will send the beneficiary a written notice of our determination that will provide appeal rights.

#### **What happens to the payment of benefits to other persons entitled on the earnings record of a beneficiary whose SSDI benefits are subject to the offset?**

If any other person(s) is entitled to benefits on the earnings record of a beneficiary whose SSDI benefits are subject to the offset, we will pay the other person(s) the full amount of monthly cash benefits that he or she is otherwise due for any month for which the beneficiary is eligible for payment of a reduced SSDI benefit under the offset. However, we will not pay benefits to the other person(s) for any month for which the beneficiary's SSDI benefit is reduced to zero under the offset.

#### **What happens to the reentitlement period of a beneficiary who qualifies for the BOND participation period?**

The BOND participation period replaces a beneficiary's reentitlement

period or supplements it if the reentitlement period ended in or before the month of the beneficiary's assignment to a treatment group. The BOND participation period will:

- Replace the reentitlement period if a beneficiary completes the TWP in or after the month of assignment to a treatment group and on or before September 30, 2017 (subject to the exception below);
- Replace any remaining months of the reentitlement period if a beneficiary completed the TWP and his or her reentitlement period did not end in or before the month of assignment to a treatment group (subject to the exception below); or
- Provide an additional period for a beneficiary to test his or her ability to work if the beneficiary completed the TWP and his or her reentitlement period ended in or before the month of assignment to a treatment group.

Exception: If a beneficiary's BOND participation period ends before his or her reentitlement period would have ended under the usual rules, the beneficiary will be eligible under the usual rules for whatever months of his or her reentitlement period remain after the BOND participation period ends.

#### **What happens when a beneficiary's BOND participation period ends?**

We will apply our usual title II disability program rules beginning with the first month after his or her BOND participation period ends. If a beneficiary works after the BOND participation period ends, we will review the beneficiary's work and earnings under our usual rules to decide

<sup>21</sup> 20 CFR 404.1574(b)(2) and 404.1584(d)(3).

if the work is SGA. We will apply the same rules that we would apply to a beneficiary who works after his or her reentitlement period ends, including the rules for terminating entitlement to SSDI benefits if the work is SGA.<sup>22</sup> However, under the exception described in the previous section, a beneficiary may be eligible for one or more months of the reentitlement period after his or her BOND participation period ends. In this situation, we will consider any work the beneficiary performs in any remaining months of his or her reentitlement period under the usual rules that we apply to a beneficiary who works during the reentitlement period.<sup>23</sup> In either situation, we will use the following rules to decide whether the work performed by a beneficiary after the BOND participation period ends is SGA:

- If the beneficiary's disability ended due to SGA before or during the BOND participation period, we will decide whether this work is SGA under our usual rules for evaluating whether work performed after the grace period is SGA.<sup>24</sup> We will not apply the rules on averaging of earnings or unsuccessful work attempts.<sup>25</sup>
- If the beneficiary's disability has not ended due to SGA, we will decide whether the work is SGA under our usual rules for evaluating whether work is SGA for purposes of determining if disability has ended, including the rules on averaging of earnings and unsuccessful work attempts.<sup>26</sup>

#### **When will the period of disability end for a BOND participant entitled to disability insurance benefits?**

We will apply our usual title II disability program rules to determine when the period of disability ends for a participant in a treatment group who does not complete the TWP by September 30, 2017 or whose disability does not end due to the performance of SGA before the end of his or her BOND participation period. See the section "Period of disability for an insured worker" for our usual rules on when a period of disability ends.

We will apply the following alternate rules to determine when the period of disability ends for a disability insurance beneficiary in a treatment group whose disability ended due to SGA before or during his or her BOND participation period.

1. The beneficiary's period of disability will end with the close of the earliest of the following months:

- The month before the month he or she attains full retirement age;
- The month before his or her termination month; or
- The last month for which he or she received a benefit payment if his or her monthly benefits were reduced to zero under the benefit offset for each month thereafter up to his or her termination month.

2. For purposes of determining when his or her period of disability ends, the beneficiary's termination month will be the earlier of the following months:

- The third month following the month in which he or she no longer has a disabling impairment; or
- The first month in which he or she performs SGA following his or her BOND participation period or, if later, the month after the grace period.

#### **Will the alternate rules under the BOND project affect a beneficiary's Medicare coverage?**

The alternate program rules that we will apply to a beneficiary in a treatment group will not affect his or her Medicare eligibility. A beneficiary who is under age 65 and who has been entitled to SSDI benefits for 24 months is entitled to Hospital Insurance under the Medicare program (Medicare Part A).<sup>27</sup> Entitlement to Medicare coverage generally continues as long as a beneficiary's entitlement to SSDI benefits continues. However, a beneficiary whose entitlement to SSDI benefits terminates due to the performance of SGA and who continues to have a disabling impairment may be entitled to extended Medicare coverage for a period of at least 93 months following the end of his or her TWP. Under the Act, the period of extended Medicare coverage is determined as if the beneficiary had a 15-month reentitlement period following the end of his or her TWP.<sup>28</sup> This rule for determining the period of extended Medicare coverage will continue to apply to an SSDI beneficiary who is in a BOND treatment group and entitled to Medicare.

#### **May a beneficiary in a Stage 2 treatment group withdraw from the BOND project?**

A beneficiary in a Stage 2 treatment group may withdraw his or her consent to participate in the BOND project at any time in writing. A beneficiary who wishes to withdraw his or her consent

to participate will work with Abt Associates to facilitate his or her withdrawal from the project. A beneficiary in a Stage 2 treatment group who withdraws his or consent to participate will no longer be eligible for the alternate program rules or any project services available under the BOND project. We will continue to track the beneficiary for project evaluation using administrative data. We will apply our usual program rules to the beneficiary beginning with the month his or her withdrawal from the project becomes effective.

#### **Ticket to Work Program**

We issue tickets to disability beneficiaries, which they may use to obtain services from service providers under the Ticket to Work program. A beneficiary may assign his or her ticket to a qualified service provider to obtain employment services to find, enter, and retain employment.<sup>29</sup> A qualified service provider is an Employment Network (EN) or a State vocational rehabilitation agency that qualifies to receive EN payments from us.<sup>30</sup> We pay a qualified service provider, to which a beneficiary has assigned a ticket, for certain outcomes achieved by the beneficiary.<sup>31</sup> We may pay an outcome payment to a qualified service provider for each month for which SSDI benefits and Federal SSI are not payable to the beneficiary because of the performance of SGA or by reason of earnings from work activity.<sup>32</sup> If the beneficiary is an SSDI-only or concurrent SSDI/SSI beneficiary, we may pay outcome payments for a maximum of 36 months, not necessarily consecutive.<sup>33</sup>

#### **Alternate Rule for Paying Outcome Payments Under the Ticket to Work Program**

We will apply an alternate rule for paying outcome payments to a qualified service provider that has been assigned a ticket by an SSDI-only or concurrent SSDI/SSI beneficiary in a BOND treatment group. We will pay an outcome payment to the provider for each month for which the beneficiary's SSDI benefits are reduced under the benefit offset and Federal SSI is not payable by reason of earnings from work activity. We will apply this alternate rule for paying outcome payments only during a beneficiary's BOND participation period. We will apply our usual rule for paying outcome payments

<sup>22</sup> 20 CFR 404.1592a(a)(3).

<sup>23</sup> 20 CFR 404.1592a(a)(1) and (2).

<sup>24</sup> 20 CFR 404.1592a(a)(2)(i) and (3)(i).

<sup>25</sup> *Id.*

<sup>26</sup> 20 CFR 404.1592a(a)(1) and (3)(ii).

<sup>27</sup> Section 226(b) of the Act; 42 CFR 406.12.

<sup>28</sup> *Id.*

<sup>29</sup> Section 1148 of the Act; 20 CFR part 411.

<sup>30</sup> 20 CFR 411.135.

<sup>31</sup> 20 CFR part 411, subpart H.

<sup>32</sup> Section 1148(h) of the Act; 20 CFR 411.500, 411.525, and 411.575.

<sup>33</sup> 20 CFR 411.500 and 411.525.

beginning with the first month after a beneficiary's BOND participation period ends. We will continue to limit the number of months for which outcome payments may be made based on the same ticket to a maximum of 36 months. We will count any month for which we pay an outcome payment under the alternate rule or our usual rule toward this 36-month limit.

#### What is our authority for conducting the BOND project?

We are conducting the BOND project under the demonstration authority in section 234 of the Act. This section of the Act directs us to carry out experiments and demonstration projects to determine the relative advantages and disadvantages of, among other approaches, various alternative methods of treating the work activity of individuals entitled to title II benefits based on disability, including such methods as a reduction in benefits based on earnings. Section 234 of the Act authorizes us to waive compliance with the benefit requirements of title II of the Act and the requirements of section 1148 of the Act (concerning the Ticket to Work program) as they relate to the title II program, insofar as is necessary for a thorough evaluation of the alternative methods under consideration.

#### What provisions of the Act and regulations are we waiving to provide alternate rules under the BOND project?

##### *Alternate Title II Program Rules*

Under the Act and our regulations, we provide an SSDI beneficiary with a disabling impairment a 36-month reentitlement period following the completion of the TWP during which the beneficiary's entitlement to benefits continues even if the beneficiary is performing SGA. However, we do not pay benefits to the disability beneficiary or any other person entitled to benefits on his or her earnings record for any month after the grace period and during the reentitlement period in which the disability beneficiary performs SGA. In determining whether a beneficiary performs SGA in a month after the grace period, we consider only his or her work in or earnings for that month. We terminate entitlement to benefits if the disability beneficiary performs SGA after the reentitlement period. In addition, we provide a disability insurance beneficiary a period of disability to protect his or her earnings record. We terminate the beneficiary's period of disability when his or her entitlement to cash benefits terminates

or, if earlier, with the last month for which he or she received cash benefits during the reentitlement period. Sections 202(d)(1), (d)(6), (e)(1), and (f)(1), 216(i)(2)(D), and 223(a)(1) and (e) of the Act; 20 CFR 404.316(d), 404.321(c), 404.325, 404.337(d), 404.352(e), 404.401a, and 404.1592a.

We are waiving these provisions of the Act and regulations to the extent necessary to provide the alternate title II program rules described in this notice to beneficiaries in the BOND treatment groups. (See the section "Alternate Title II Program Rules for Participants in the Benefit Offset Treatment Groups" for the rules we will apply.) In general, under the alternate program rules, we will provide the following to an SSDI beneficiary assigned to a treatment group who completes the TWP by September 30, 2017:

- A BOND participation period of up to 60 months beginning with the month after completion of the TWP or the month after assignment to a treatment group, whichever is later;
- Eligibility for the benefit offset during a beneficiary's BOND participation period beginning with the month after the grace period or the first month of the BOND participation period, whichever is later;
- Payment of SSDI benefits, subject to reduction under the benefit offset, for months for which the SSDI beneficiary is eligible for the benefit offset (see the section "How will we apply the benefit offset?" for the rules we will apply);
- Payment of benefits to any other person entitled to benefits on the earnings record of the SSDI beneficiary for any month for which the beneficiary's SSDI benefits are reduced under the benefit offset, unless SSDI benefits are reduced to zero under the offset;
- Termination of a disability insurance beneficiary's period of disability with the close of the last month for which he or she received a benefit payment if his or her monthly benefits were reduced to zero under the benefit offset for each month thereafter up to the month his or her entitlement to cash benefits terminated; and
- Application of our usual program rules beginning with the month after the BOND participation period ends.

#### Alternate Rule for Paying Outcome Payments Under the Ticket to Work Program

Under the Ticket to Work program, we pay a qualified service provider, to which a disability beneficiary has assigned a ticket, for certain outcomes achieved by the beneficiary. We may pay an outcome payment to a qualified

service provider for each month for which SSDI benefits and Federal SSI are not payable to the beneficiary because of the performance of SGA or by reason of earnings from work activity. If the beneficiary is an SSDI-only or concurrent SSDI/SSI beneficiary, we may pay outcome payments for a maximum of 36 months, not necessarily consecutive. Section 1148(h) of the Act; 20 CFR 411.500(b)–(e), 411.525(a)(1)(i), and 411.575(b)(1)(i)(A).

We are waiving this section of the Act and these provisions of our regulations to the extent necessary to provide the alternate rule described in this notice for paying outcome payments to a qualified service provider to which a beneficiary in a treatment group has assigned a ticket. In general, under the alternate rule, a qualified service provider will be eligible for an outcome payment for each month (up to a maximum of 36) for which the beneficiary's SSDI benefits are reduced under the benefit offset and Federal SSI are not payable by reason of earnings from work activity.

**Authority:** Section 234 of the Act.

Dated: November 12, 2010.

**Michael J. Astrue,**

*Commissioner of Social Security.*

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## SUSQUEHANNA RIVER BASIN COMMISSION

### Notice of Projects Approved for Consumptive Uses of Water

**AGENCY:** Susquehanna River Basin Commission.

**ACTION:** Notice of approved projects.

**SUMMARY:** This notice lists the projects approved by rule by the Susquehanna River Basin Commission during the period set forth in **DATES**.

**DATES:** October 1, 2010, through October 31, 2010.

**ADDRESSES:** Susquehanna River Basin Commission, 1721 North Front Street, Harrisburg, PA 17102-2391.

**FOR FURTHER INFORMATION CONTACT:** Richard A. Cairo, General Counsel, telephone: (717) 238-0423, ext. 306; fax: (717) 238-2436; e-mail: [rcairo@srbc.net](mailto:rcairo@srbc.net) or Stephanie L. Richardson, Secretary to the Commission, telephone: (717) 238-0423, ext. 304; fax: (717) 238-2436; e-mail: [srichardson@srbc.net](mailto:srichardson@srbc.net). Regular mail inquiries may be sent to the above address.

**SUPPLEMENTARY INFORMATION:** This notice lists the projects, described