

## AID TO THE NEEDY DISABLED PROGRAM (AND)

### Overview

**On Tuesday, August 18, 2009, Governor Ritter announced he intends to slash \$7.1 million in financial assistance to the poor and disabled (Aid to Needy Disabled Program – State Only: AND) eliminating this monthly program of support for approximately 10,310 individuals this year alone.**

The AND program was established by the Colorado General Assembly in 1953 as an “interim assistance program” for people waiting for their federal Social Security benefits to begin. The majority of people receiving AND support ultimately receive Social Security benefits. Ironically, the state receives reimbursement for all of its AND payments made on behalf of those obtaining SSI, retroactively to the date of application. Thus, eliminating AND will also eliminate the Social Security reimbursements to the state, resulting in only phantom, short-term savings.

Balancing the budget by stripping away lifelines from our most vulnerable citizens is not the answer to the state’s fiscal crisis. These steps will certainly push thousands more into homelessness, shifting the cost to more expensive emergency service programs. Further, considerable budget cuts in Colorado’s Medicaid reimbursement rate, the Healthcare Services Fund and the Primary Care Fund will increase emergency room visits at significant costs to the state and taxpayers, particularly in Colorado’s 10 largest counties.

Strains on local government funds have already reduced the ability of local communities to fill these gaps created by the state. Furthermore, just as the need for shelter and housing is skyrocketing, foundations are giving less due to losses in their investments. Individual giving is in jeopardy as donors worry about their own financial health.

### What is “AND - SO”?

Aid to the Needy and Disabled State Only Program (AND) is an interim assistance program, of \$200 each month, provided by the State of Colorado to people who meet the requirements of need and disability, between the ages of 18 and 59. Claimants prove disability for this program by having a doctor certify that they are unable to work for a period of at least six months. Benefits are paid under this program only if the claimant has a pending claim for Supplemental Security Income (SSI) disability benefits. Upon receipt of SSI benefits, the claimant reimburses the state for any AND benefits received. This reimbursement is facilitated through the Social Security Administration, which, pursuant to federal statute [42 U.S.C. §1383(g)], sends a check for reimbursement of the interim assistance directly to the state before paying the balance of the SSI award to the claimant. AND provides no medical benefits but once SSI is granted, often so is Medicaid. Applicants must be medically certified by a physician (on Med-9 form) to be or expected to be totally disabled for at least six months; meet the individual resource limit of \$2,000 or the limit of \$3,000 for a couple; meet Colorado residency, citizenship/legal immigrant status requirements; must exhaust all other public financial assistance benefits, such as Colorado Works; must be between the ages of 18 and 59; and, must apply for Supplemental Security Income.

### What is “SSI”?

Supplemental Security Income (SSI) is a need-based benefit provided through Title XVI of the Social Security Act administered by the Social Security Administration (SSA). Claimants for this program often

have a concurrent claim for disability benefits under Title II of the Social Security Act, Social Security Disability Insurance (SSDI). The Social Security Act defines disability for both programs as: “The inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.” [42 U.S.C. §423(d)(1)(A)].

### **What is “DDS”?**

Disability Determination Services (DDS) is the Colorado state agency that makes the disability decisions for the Social Security Administration (SSA). When SSA added protection for the disabled in 1953, Congress wrote into the law that the disability decision had to be made by a state agency and not by a federal office. SSA pays the state to run the office and make the decision. DDS has nothing to do with the application process, any other eligibility determination, or the determination or calculation of benefits.<sup>1</sup>

### **What is the cost of the AND program to Colorado?**

According to Colorado’s Department of Human Services (DHS), a suspension of the AND program will reduce the FY 2009-10 appropriation by \$7,146,477 total funds (\$4,544,073 in general funds and \$2,624,303 in cash funds). However, an expenditure of \$30,500 will be incurred to change the Colorado Benefits Management System (CBMS) to implement the cuts. “AND changes are major modifications, affecting many decision tables and rules within CBMS. These costs, estimated to drive 510 hours of work at an estimated cost of \$30,500, would reduce the net savings in FY 2009-10.”<sup>2</sup>

*Note:* The AND program is an “interim assistance” program, (i.e. provision is made for receipt of state benefits pending an SSI eligibility decision). DHS reports that approximately 20 percent of the AND recipients are approved for SSI, at which time Colorado is reimbursed for the AND payments it made. However, other states report higher reimbursements at 49 percent (Maryland) and 67 percent (Washington).

### **Why is the reimbursement from SSA so low?**

The criteria for disability is determined differently at the state and federal levels. Colorado requires a medical determination provided by a physician, while SSA makes a legal determination based on medical evidence. The state also lacks the capacity to meet the caseload of claims presented for processing to DDS. This will likely get worse because of furloughs, the hiring freeze and the two-year timeframe that it requires to train new staff. The biggest determinant may be the inability of SSA to process a backlog of claims. While testifying in front of the U.S. House Ways and Means Committee, SSA Administrator Michael Astrue said, “The system is so complicated that it takes people a long time to become fully productive. Nine months in, Administrative Law Judges are at about three-quarters of the productivity of a more experienced person.”<sup>3</sup>

### **How many other states have AND-type programs?**

In 2009, 39 states, including Colorado, offer an interim assistance program to needy and disabled people awaiting disability benefits – in 2008 the total number of states was 38.<sup>4</sup>

### **How long does an AND recipient wait for a decision on their SSI claim?**

In Colorado, wait times for decisions on SSI claims currently take 22 months, on average. During that time, the claimant’s only source of income is AND. In FY 2008, Colorado’s DDS granted only 34 percent of the initial claims. This initial claims process took an average of 125.4 days. If the initial SSI

claim is denied, there are several other levels of appeal for the claimant. It is not unusual for claimants to wait five years or more to ultimately get a favorable decision in their SSI claims.<sup>5</sup>

### **Who does AND serve?**

The AND program serves a unique population – individuals who are poor, disabled, unable to work, are awaiting SSI benefits, and who are not eligible for other state assistance programs such as Temporary Assistance to Needy Families (TANF). Fifty-seven percent are men; 43 percent are women. The majority, 56 percent, are between the ages of 46 and 59; 34.3 percent are between the ages of 30 and 45; and 9.7 percent are aged 18 to 29. Major disabilities among all recipients are: a mental disability, a muscular-skeletal diagnosis, a neuralgic disorder, a cardio-vascular diagnosis, or an endocrine diagnosis. The Colorado Department of Human Services reports that 1,837 of all AND beneficiaries are homeless (18 percent).

### **How many people in Colorado benefit from the program?**

The AND program served 10,310 unduplicated recipients in FY 2008-09; the average monthly caseload was 5,933. The monthly caseload in July of 2009 was 6,526. Eighty-two percent of recipients reside in the ten largest counties of Colorado (Denver, Jefferson, El Paso, Arapahoe, Adams, Boulder, Larimer, Weld, Douglas and Pueblo).

### **Two-hundred dollars isn't much. Do people really need AND?**

Nearly half of SSI recipients live in families with income below the poverty threshold, even after receiving an SSI payment. However, SSI does serve an important role as a social safety net moving many recipients out of extreme poverty, when the family's income is below 50 percent of the poverty threshold. The fraction of SSI recipients in extreme poverty is reduced from 41 percent to five percent when SSI payments are included.<sup>6</sup>

### **What other safety net programs are available to AND beneficiaries?**

The only additional safety net program available to AND recipients in Colorado is "Food Stamps". However, the federal government places numerous restrictions on the use of Food Stamps, disqualifying items such as paper products (toilet paper) and toiletries (toothpaste, etc.). And, at a time when the demand for emergency food assistance is increasing<sup>7</sup>, Colorado fell to 52<sup>nd</sup> (behind Guam) in food stamp processing in 2007, according to the U.S. Department of Agriculture. Colorado received 20,000 more food stamp applications in January 2009 compared to the previous year. Federal rules require that food stamp applications be processed within 30 days of application, however as many as 16 percent of Colorado's applications were not processed on time in March 2009. Further, applications for homeless individuals must be processed within seven days. County workers say the backlogs are a result of an inefficient software program called the Colorado Benefits Management System (CBMS). DHS was forced to reimburse the federal government \$9.4 million for mistakes in CBMS related to Food Stamp processing in December 2008.

### **How do AND recipients use the funds they receive?**

AND recipients are unable to work and have no financial assets, therefore they use their AND funds to meet their basic needs; if they are housed this includes utility costs. To qualify for subsidized housing a minimum rent of \$25 to \$50 is required. The AND payment also enables the individual to make the necessary co-payments for medications and office visits, while they wait for SSI and Medicaid.

### **How do homeless recipients use the funds they receive?**

A recent study of a similar interim assistance program in Maryland (the Temporary Disability Assistance Program – TDAP) concluded that recipients (surveyed when accessing homeless services) of TDAP primarily use program assistance to meet basic human needs: 64 percent of respondents reported using some or all of their TDAP benefit to secure some form of periodic, temporary housing (e.g., one to two weeks in motels, the remainder of the month in shelters when available or on the streets). Respondents also frequently reported using the TDAP benefit to obtain food (48 percent), transportation (44 percent), personal care items (43 percent), and clothing (35 percent).<sup>8</sup>

### **The Colorado Department of Human Services Director, Karen Beye, reports that “many individuals on this program are currently receiving food, housing and energy assistance and will continue to do so” – is this true?**

Not necessarily. While it is true that AND recipients are generally eligible for Food Stamps (SNAP – Supplemental Nutrition Assistance Program), significant delays in receipt can be expected. Colorado fell to 52<sup>nd</sup> nationally in timely food stamp processing in 2007.

The Colorado Coalition for the Homeless estimates approximately ten percent of all individuals served on the AND program (1,031) are recipients of subsidized housing programs. Many must meet a minimum rent requirement or risk eviction. Separately, more than 9,000 AND beneficiaries, over the course of a year, are either homeless (18 percent) or sheltered with family or in congregate settings, living well below the poverty threshold. Eliminating this vital financial support will quickly result in greater levels of extreme poverty and ultimate homelessness for thousands of households; the state provides no dedicated funding for housing for the homeless.

When available, energy assistance is extremely limited. The Low-Income Energy Assistance (LEAP) Program is obtainable only from November 1 through April 30. The amount of funding for individuals and families depends on household income, how many applications are received and how much funding is available (the program is supported by private organizations and individuals). In some cases last year, it took up to 50 business days to process and approve applications. Typically the dollar amount does not exceed the applicant’s heating cost for a total of two months. Often, recipients receive only enough to pay a portion of their energy expenses for one or two, non-consecutive months.<sup>9</sup>

### **State officials have said they plan to “work with the Social Security Administration to speed up the application/determination process for SSI”. Is this realistic?**

No. The current demands on the Social Security Administration exceed its capacity to respond. In the 2009 Annual Report to Congress of the SSI Program<sup>10</sup>, SSA has said:

“The SSI program provides an especially valuable form of aid during this severe economic downturn, when an increasing number of Americans rely on the Federal Government for assistance. Concurrently, an increase in the number of program beneficiaries generates additional burdens for SSA that are inherent in the administration of the SSI program. As a result of the economic downturn, SSA also expects to see substantial increases in applications for both Social Security and SSI benefits. While the baby-boom retirement wave has been expected, increases beyond those anticipated could occur due to persons who have been recently unemployed choosing to leave the labor force and elect earlier-than-expected retirement. In addition to the increase in SSA’s workloads, the demographics of an aging labor force also affect our ability to meet these workload challenges. Many of SSA’s most experienced staff are baby boomers themselves. Recent projections indicate that we might lose more than 40 percent of our current employees by 2016.”

## Colorado Case Studies<sup>11</sup>

- **Michael P., age 50, is a former veteran who lives in Loveland.** He has a traumatic brain injury and a post traumatic stress disorder along with back and hip problems. Since April, he's had two surgeries on his hips. He depends on AND for subsidized rental payments, utilities, a phone and toiletries. He's waiting for his hearing to be scheduled. *"If this goes through and I lose my AND, I'm going to be homeless and hungry. With my hip, I'm really not a candidate for staying in shelters."*
- **Mary, age 51, lives in Denver.** Her husband, Kirk, age 46, has been diagnosed with paranoid schizophrenia. Two years ago, they lost their jobs and became homeless. One night, while sleeping behind a building near the Platte River, Mary had a heart attack. She now has three cardiac stints. In April, Mary and Kirk started receiving AND, enabling them to get off the streets and rent a small studio apartment. Their SSI applications have been denied and they are appealing. *"Without AND we would be another homeless statistic. For us and a lot of people, it is so needed, so beneficial, so appreciated. I can't imagine you pulling it away from us who have nothing to begin with. There must be another way to cut the budget."*
- **Connie lives in Rifle.** She is physically disabled and unable to work. After a seven year battle, she was approved for SSI benefits. The AND benefits she received will be paid back to the state of Colorado. Without AND she would have been homeless. *"I am asking you to please continue the AND program so that people like me will be able to live not in fear, but with hope."*
- **Michael B., age 59, lives on the streets of Denver.** His mental health issues make it difficult for him to handle sleeping at a shelter. While homeless, he's been mugged, hit by a car and hospitalized for contusions and a broken leg. As Michael waits to hear if his SSI will be approved, he depends on AND for necessities like prescription glasses, a blanket, a tarp, a sewing kit to mend his clothing and, when the weather is especially harsh, a night in a motel. *"If you have nothing, you don't have a chance. Without AND, they'll be twice as many people on the streets flying signs...."*
- **Betsy is a single woman who lives in Denver.** She has diabetes and Addison's disease. On Christmas in 2008, she fell on some ice. Betsy had several surgeries and has a permanent metal plate and three screws that hold her shoulder in place. Unable to continue her work as a Certified Nursing Assistant, Betsy lost her job, health care benefits and home. With her AND, she has been able to secure subsidized housing. *"I use AND for bus fare, to get to the medical appointments I need to go to, and for other basic necessities like toiletries and utilities. Without AND benefits, I wouldn't know what to do."*
- **Robert, age 46, lives with his parents in Thornton.** He has back problems that limit both his ability to stand for long periods of time and his mobility. He also has a mental health diagnosis. His symptoms include paranoia, anxiety and difficulty concentrating. He has been unable to work for the past two years and has been homeless. With his AND monthly benefit, he contributes what he can to household expenses at his parents, pays for bus fare to appointments and attempts to pay off a debt from an uninsured hospitalization for pneumonia. *"I hope this doesn't happen 'cause when you ain't got two nickels to rub together, it makes you want to go into other things like addiction and crime. When you're on the streets, it's dog eat dog; you do anything to survive."*
- **Marvin, age 51, lives in Alamosa.** Three years ago while working as a mason, he fell through a roof and sustained a back injury. Doctors didn't know if he would ever walk again. After multiple surgeries, exhausting his Workers' Compensation and unable to work, Marvin became homeless. He applied for SSI and started receiving AND in July. Last month, he was assaulted in an alley and broke his arm. He used his AND to buy a bike. With one good leg and arm, he is able to pedal to doctors' appointments versus paying cab fare. He's currently staying at a shelter. His AND makes him eligible for subsidized housing and he is on a waitlist. *"Please don't cut AND. I don't know what I'll do or where I'll turn to. Without that little bit of money I won't have no chance at all of getting an apartment. I'll freeze to death on the streets."*
- **Virginia, age 47, lives in Denver.** Virginia has struggled with her mental illness since she was a teenager, but did not receive an accurate diagnosis until four years ago. She applied for Social

Security disability benefits several times over the past 15 years. When she was denied, she tried to fend for herself. In 2002, she became homeless. She's currently receiving AND and has an attorney to help her appeal her case. AND has enabled Virginia to find subsidized housing and stabilize her mental health. *"It's helping me get back on my feet; it's helping me with my medication and mental stability. I think it's really important for other people who have the same condition as me and who don't have other options to live independently."*

- **Randy, age 36, lives in Denver.** Randy was born with a hand tremor. He can't write legibly or type. He has knee problems and cannot use stairs, lift or run. He also can't walk for long distances or stand excessively. He has been diagnosed with a bipolar disorder. Randy received AND benefits for the past two years and was just approved for SSI. *"AND literally changed my life. If it weren't for it, I would be in a homeless shelter. It gave me hope and a chance to be productive."*
- **Petra, age 51, is homeless and often finds shelter in Longmont.** She started working when she was 14. From 2003 to 2008, she was employed in law enforcement. Three of Petra's fingers are numb and she has a severe, undiagnosed pain in her arm that she finds intolerable. Petra started receiving AND five months ago. She pays \$30 a month for health care appointments and \$50 for medication for her pain and depression. Her SSI was denied in June and she's preparing for her hearing. She says she will commit suicide if she loses her AND.
- **Sam, age 42, lives in Longmont.** He has diabetes, cardiomyopathy, non-alcoholic pancreatitis and high blood pressure. Due to his declining health, in 2007, he lost his job as a paramedic. He has been receiving AND benefits for 21 months. Sam pays \$50 a month for rent. He receives free medical exams through CICIP and pays \$70 a month for prescriptions. If Sam loses his AND, he will be living on the streets without his medications.
- **Liz, age 53, lives in Aurora.** Because of her diabetes, she's had multiple toe amputations. She uses oxygen regularly and she has cellulitis and high blood pressure. While waiting for her disability approval, she paid over \$100 of her \$200 AND monthly benefit for medications, including insulin. *"There's people out there that need AND. They're fighting to get Social Security. It's not much but it's something."*
- **Susan, age 50, lives in Westminster.** In addition to her mental health diagnosis, Susan can't lift, bend or use the stairs. She was denied SSI and has a hearing this week. She has been receiving AND benefits for a year and uses \$75 each month to pay for medications for her thyroid problem, high blood pressure and back pain. She can't afford medication for her arthritis. She also pays \$5 each time she has a health care appointment. Susan doesn't understand why the Governor would cut a program for which the state gets reimbursed. *"Without AND, I wouldn't be able to go to the clinic or get any of my meds."*

### National Case Studies<sup>12</sup>

- **A Georgia man** is terminally ill with chronic hepatitis C and cirrhosis. He is bedridden and must depend on others for all of his support. More than two years after his application was filed, he was still waiting for a hearing to be scheduled.
- **An Iowa man** with multiple sclerosis has difficulty walking and debilitating fatigue. His claim has been pending since September 2007. He described the situation for himself, his wife, and two children, as "financial ruin." The situation has caused him to feel "hopeless" and he attempted suicide in November 2008.
- **The case of an Army veteran from Maryland** has been pending since 2006. She filed for Chapter 13 bankruptcy and is in dire need of medical care. She is now homeless.
- **A man from Missouri** committed suicide because of his inability to afford medical care and take care of his family while waiting for a hearing. He had suffered horrible burns while pouring asphalt on his former job.

- **A Missouri woman** died while waiting for her hearing, due to medical complications related to her disabling conditions. At her death, she was virtually homeless, living in dilapidated travel trailer. Tragically, both her child and husband also died while she was waiting.
- **The claim of a former junior college instructor from New Jersey** has been pending for more than three years. She has taken out home equity loans of more than \$70,000 and is unable to borrow more. She has borrowed from every friend or family member she knows in order to make payments on her loans. She can no longer afford to see doctors or pay for her medications.
- **An Ohio man** and has had five liens put on his home. He does not have medical insurance to receive the medical treatment that he needs. Without treatment, his health will continue to decline.
- **An Oregon man** who was chronically mentally ill and homeless had been living outdoors for at least 10 years. He also suffered terrible pain. His claim was denied and he spent his last winter outdoors in the snow and rain. A hearing date was finally set but his stomach hurt so much that he went to an emergency room and was diagnosed with end-stage pancreatic cancer. He died before he received any benefits.
- **A Pennsylvania man** has Stage III colon cancer, yet his claim was denied. He is undergoing infusion therapy at home but he has no money to pay his rent and does not know where he will be living.
- **A woman from South Carolina** with uncontrolled diabetes lived in her sister's home. She had no medical insurance and had 52 emergency room visits and 14 inpatient hospitalizations in 18 months. Untreated sores led to a leg amputation but the sores were so serious that osteomyelitis set in and she died before her claim was approved.
- While waiting for her hearing, **a Tennessee woman** and her family were evicted from their home. Both of their vehicles have been repossessed, and they are having extreme difficulties paying for their day to day living. Her husband is on the verge of being laid off and, if that happens, there will be no income at all for this family.

**For more information:**

BJ Iacino, Director Education and Advocacy (303) 285-5223 [biacino@coloradocoalition.org](mailto:biacino@coloradocoalition.org)  
 Meg Costello, Public Policy Analyst (303) 285-5220 [mcostello@coloradocoalition.org](mailto:mcostello@coloradocoalition.org)

<sup>1</sup> <http://www.cdhs.state.co.us/dds/index.htm>

<sup>2</sup> Colorado Department of Human Services (August 24, 2009), *Budget Reduction Proposal 25: Aid to the Needy Disabled – State Only Program Suspension*

<sup>3</sup> Neal, Rebecca. "SSA Plans Hiring Spree to Deal with Claims Backlog." (2009, March). The Federal Times. <http://www.federaltimes.com/index.php?S=4006958>

<sup>4</sup> Social Security Administration (2009, June). *2009 Annual Report of the SSI Program*. Retrieved August 20, 2009 from: <http://www.ssa.gov/OACT/ssir/SSI09/ProgramDescription.html#70807>

<sup>5</sup> Atkinson, Ann (2009, August). *Facts about Supplemental Security Income, Social Security Disability Insurance, and Aid to the Needy and Disabled in Colorado*.

<sup>6</sup> Social Security Administration, Office of Policy, Office of Research, Evaluation and Statistics (January 2008). *Characteristics of Noninstitutionalized DI and SSI Program Participants*.

<sup>7</sup> The United States Conference of Mayors (December, 2008), *Hunger and Homelessness Survey*

<sup>8</sup> Health Care for the Homeless, Inc. (2009, August). *Client Utilization of Temporary Disability Assistance Program*. Retrieved August 23, 2009 from: <http://www.hchmd.org/TDAP%20Report.pdf>

<sup>9</sup> <http://www.cdhs.state.co.us/LEAP/>

<sup>10</sup> <http://www.ssa.gov/OACT/ssir/SSI09/toc.html>

<sup>11</sup> Compiled from information provided to the AND Advocacy Coalition for the Colorado Coalition for the Homeless

<sup>12</sup> Testimony of Peggy Hathaway, Co-Chair, CCD Social Security Task Force, Joint Hearing before the House Ways and Means Subcommittees on Social Security and Income Security and Family Support, "Eliminating the Social Security Disability Backlog," March 24, 2009. Ms. Hathaway's testimony is available at: <http://waysandmeans.house.gov/hearings.asp?formmode=view&id=7618>.

