

Social Security Disability Income (SSDI) Adult Benefits and Financial Qualifications for Medicaid and Medicaid Waiver

This fact sheet attempts to explain a very complex subject in simple terms. There are additional complexities in each situation that may have an impact on someone's ability to receive and maintain Social Security income and/or Medicaid.

Understanding Supplemental Security Income (SSI):

SSI is a monthly cash benefit for people with limited income AND who are between the ages of 18- 64, blind or disabled, with little or no work history. (Note: other benefits apply to minors and people 65+ years old). The recipient's disability must be preventing them from earning "Substantial Gainful Activity," or what is \$1,620 per month in 2025. Additionally, they must have no more than \$2,000 in total assets (money in the bank – this does not include actual possessions); parents' income and assets do not count for adult applicants (adults are considered to be between 18–64). However, the recipient may own one house and one car. The monthly benefit payments are determined by the current standard benefit rate (\$967 a month in 2025), minus any countable income. SSI is intended to pay for room and board first. A qualified applicant can receive this benefit even if he/she is still in school and living at home, as long as he/she is over 18 years of age and being charged rent at the current Presumed Minimum Value amount (\$342.33 in 2025). Paying less than this amount can result in the monthly SSI payment being reduced by one third. If eligible for SSI, you will also be eligible for Medicaid when you apply.

Understanding Social Security Disability Income (SSDI):

While SSI is a needs-based program, SSDI is an insurance program with benefits dependent on previous payments into the system. In other words, SSDI beneficiaries must have worked enough (or their parents or spouses must have worked long enough) to have made contributions into FICA. Monthly benefit payments are based on the worker's lifetime average earnings covered by Social Security. SSDI amounts can be higher than SSI amounts, but the total can vary widely since it is based on income paid into the federal system (FICA) through taxes. Once someone has received SSDI cash benefits for 24 months, they automatically receive Medicare.

The move from SSI to SSDI:

Once a parent passes away, retires, and/or acquires a disability that prevents them from working which results in them filing to receive their own Social Security benefits, the adult child with a developmental disability is affected as well. The adult child then becomes a "childhood disability beneficiary (CDB)," and moves from the SSI program to SSDI, though they may get continuing SSI benefits in some cases. This move will result in an increased monthly payment. The benefit is approximately 50% of what the parent receives monthly from Social Security, or approximately 75% of what a deceased parent would receive if they were alive. If both parents are retired and/or deceased, the payment will be based upon the higher income earner. Note that the move to SSDI and ultimate enrollment in Medicare is not optional and cannot be deferred. The move to SSDI can also occur if the adult with a disability has worked enough on their own to qualify under their own work history.

The Intersection with Medicaid:

To receive Virginia Medicaid without a Waiver, an adult with a disability must be earning 80% of the Federal Poverty Level or less per month and be determined by Social Security to have a disability. That equates to \$1800/month for a family of one in 2025. SSDI often puts people over that limit, however, if the person was ever eligible for SSI and Medicaid in the past, the move to SSDI will not result in their removal from Medicaid, even if they exceed the monthly income maximum because of SSDI payments. This protection is the result of a federal law commonly called the Pickle Amendment. The SSDI income will be completely disregarded in calculating their Medicaid eligibility, so long as you indicate past SSI and Medicaid eligibility on your application by checking the relevant box.

People protected under the Pickle Amendment are still subject to the working rules of Social Security <https://secure.ssa.gov/poms.nsf/lnx/0501715015> (SSA citation) and https://www.ssa.gov/OP_Home/ssact/title16b/1634.htm. This means that Medicaid could still be lost if they are earning over \$1,000 per month from working, but you may be able to maintain some benefits, including Medicaid, by enrolling in work incentives programs called Medicare Savings Programs with Social Security and/or Medicaid Works. Contact your local Work Incentives Coordinator to learn more. <https://www.ecnv.org/>

There are work incentives rules to allow people receiving SSI benefits to go to work and keep Medicaid in some cases. Section 1619(b) of the Social Security Act provides some protection for these beneficiaries. This means that SSI beneficiaries who have earnings too high for a SSI cash payment may be eligible for Medicaid if they meet the above requirements. Social Security uses a threshold amount to measure whether a person's earnings are high enough to replace his/her SSI and Medicaid benefits. You can read more about that exception at Social Security (<https://www.ssa.gov/disabilityresearch/wi/1619b.htm>).

To qualify for continuing Medicaid coverage, a person must:

- Have been eligible for an SSI cash payment for at least 1 month;
- Still meet the disability requirement; and
- Still meet all other non-disability SSI requirements; and
- Need Medicaid benefits to continue to work; and
- Have gross earnings that are insufficient to replace SSI, Medicaid and publicly funded attendant care services.

The Intersection with Medicaid Waiver:

Waiver Medicaid is called "Long Term Care Medicaid" and it operates with slightly different rules than standard Medicaid. If you receive Virginia Medicaid and have one of the Waivers (e.g., Community Living Waiver, Family and Individual Supports Waiver, Building Independence Waiver, CCC Plus Waiver), you can earn up to 300% of the current SSI amount and maintain Medicaid eligibility. In 2025, that means you could earn up to \$2,901/month and still be eligible. However, once your monthly income is greater than \$1620 (in 2025), you'll have to pay essentially all counted income over that amount toward a monthly co-pay for Medicaid Waiver benefits, called a patient pay. Historically, if your SSDI+work income was over the 300% limit, you'd lose your Waiver. Rules passed in 2024 for a two-year project to allow any SSDI income to NOT be counted in determining Waiver eligibility, but it is still used in calculating the patient pay.

Note that if income is from working, the rules vary slightly. People working 0-8 hours weekly have no disregard for their earned income, people working 8.01-19.99 hours weekly have a 200% disregard (i.e., can earn up to 200% of SSI monthly), and people working 20 hours or more per week may earn up to the full 300% of SSI amount and maintain eligibility.

Preparing for the Future:

Create an account at My SSA (<https://www.ssa.gov/>) to monitor how much you have paid into the Social Security system. At any time, you can run a benefits check to see how much Social Security income you and/or your child will receive based upon your payments into the FICA system. You can see how this amount may vary based upon the age at which you retire and begin to collect Social Security benefits.

If you think it is likely that SSDI alone or in combination with other income will be over 300% of SSI in the future, check on updates to Virginia law and plan early. Ensure that any income or payments from life insurance, pensions, annuities, child support, military survivor's benefits, etc. that can go directly into a protected savings account like a Special Needs Trust (<https://thearcofnovatrust.org/>) or ABLE Account are set up to do that. Note that Social Security payments can go directly into ABLE Accounts as long as someone stays under the annual contribution limit, but you cannot have Social Security payments go directly into a Special Needs Trust.

You can also work with your estate planning attorney and/or financial planner to look at the cost of privately funding the services usually accessed through Waiver. Set up a plan with service providers and write in your Letter of Intent how this will work. Share this information with your support team so everyone is prepared.

Additional Resources:

Local work incentives coordinators: <https://www.ssa.gov/phila/awics.htm>

The VA Medicaid Manual (information on Medicaid eligibility): <https://tinyurl.com/8x4xqkw>