

Navigating Social Security Disability Benefits and Medicare Enrollment

For clients who become unable to work, Social Security offers critical income protection—but the rules around disability benefits are complex. This course covers both SSDI and SSI programs, eligibility requirements, and common pitfalls, then transitions into Medicare enrollment, including timing rules and penalties professionals need to know. Whether advising clients approaching retirement age or those facing unexpected health challenges, CPAs and tax advisors will gain the working knowledge needed to guide clients through these interconnected benefit programs.

CREDIT HOURS 2 | FIELD OF STUDY BUSINESS | EXAM QUESTIONS 10

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LEARNING ASSIGNMENTS AND OBJECTIVES

Assignment

- Study the full course materials included here.
- Complete the review questions after each chapter.
- Answer 10 final exam questions.
- Final exam is scored immediately, 70% or better passes.
- Certificate of completion is available in your account.
- Failed exams can be retaken free of charge.

Course Objectives

- Identify how Social Security Disability Insurance operates.
- Identify what Medicare covers.

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Chapter 1: WHEN YOU CAN'T WORK: SOCIAL SECURITY DISABILITY BENEFITS

Chapter Objective

After completing this chapter, you should be able to:

- Identify how Social Security Disability Insurance operates.

When you're healthy and working and leading a busy life, it may be hard to imagine yourself becoming disabled. But the risk is very real. According to the Social Security Administration (SSA), a 20-year-old today has a 25 percent chance of suffering a disability before retiring. If that happens to you, your whole life may be in crisis. How will you support yourself and your family? Social Security's disability protections were created to ease such hardship, but the benefits aren't easy to get.

The SSA has various rules that are intended to yield consistent decisions on who qualifies for disability. Applying for disability benefits is typically a lot more complicated than applying for retirement benefits. Assessing a disability claim takes a while — generally three to five months for an initial decision. If you're denied, there is a process in place for challenging the SSA's findings — the appeals process can take more than a year. (See Chapter 2 of course 81853C for a detailed discussion of the appeals process.)

In this chapter, I explain what the SSA means by disability and what you have to demonstrate in order to get (and keep) disability benefits. I offer some do's and don'ts in making your case. Finally, I tell you the rules about earning money and reentering the labor force after you've started receiving disability benefits.

Warning

You can find out a great deal about disability benefits online, but be conscious of the type of website you're looking at. Many websites about Social Security disability have official-sounding names but are actually run by lawyers who are looking for business. Some of these sites are very informative, and you can learn a lot from them. Just be aware of whether you're looking at the actual SSA website (www.ssa.gov) or a marketing tool.

THE TWO TYPES OF DISABILITY BENEFITS

The SSA provides disability protections through two programs:

- **Social Security Disability Insurance (SSDI):** SSDI covers disabled workers and, in some cases, the family members who depend on them financially. For example, SSDI benefits may go to spouses of disabled workers, disabled widows, and disabled adult children.
- **Supplemental Security Income (SSI):** SSI is a program to assist low-income individuals, including those who are disabled, blind, or 65 or over.

SSDI and SSI have important differences but one very important thing in common: the same, very strict definition of disability (see the later section “How Social Security Defines Disability”). To qualify for benefits in either program, you must be viewed as unable to work because of a very serious condition that has lasted or is expected to last at least one year or end in death.

SSDI and SSI consider the same health issues in deciding whether you're disabled, including medical evidence and limitations on your ability to function in the workplace. But they have different nonmedical requirements, pay different benefits, and have different rules for eligibility. (See Chapter 2 of course 81851C for an overview of their differences and Chapter 2 of course 81852C for details on how to apply.)

In the following sections, I elaborate on key differences between SSDI and SSI. Here are some highlights:

- **Eligibility of family members:** If you qualify for SSDI, certain dependent family members, such as a child, also may get payments based on your work record. By contrast, if you qualify for SSI, no one else in your family qualifies based on your individual application. (Eligible spouses may apply together as a couple and get a larger benefit.)
- **Work restrictions:** Working and earning money above certain amounts can cause a loss of benefits in both programs, but they have different income limits and rules for transitioning to work.
- **Asset limits:** SSI is a needs-based program, based on the disabled applicant's assets rather than on how much they have worked. SSDI is part of Social Security and is an entitlement. It's available to those workers who have accumulated enough work credits.
- **Citizenship:** Noncitizens may qualify for SSDI if they've earned their benefits through covered work and tax contributions and if they had authorization to legally work in the United States. Noncitizens face certain restrictions in qualifying for SSI. It's generally harder for those who entered the United States on or after August 22, 1996.

Healthcare coverage is another difference between SSI and SSDI. SSDI beneficiaries typically qualify for Medicare after two years (a significant exception to Medicare's general rule of providing coverage for people who have reached age 65). In most states, SSI beneficiaries get healthcare benefits right away through Medicaid, which is a state-federal program of healthcare for the poor. (In some states, you need to apply separately for Medicaid.)

Table 11-1 summarizes the differences between SSDI and SSI.

TABLE 11-1 A COMPARISON OF THE SSDI AND SSI PROGRAMS

	SSDI	SSI
Source of payments	Disability trust fund.	General tax revenues.
Minimum initial qualification requirements	Must meet the SSA's disability criteria. Must be "insured" because of contributions made to FICA or SECA based on your own payroll earnings or those of your spouse or your parents.	Must meet the SSA's disability criteria. Must have limited income and resources.
Health insurance coverage provided	Medicare. Consists of hospital insurance (Part A), supplementary medical insurance (Part B), and Medicare Advantage (Part C). Voluntary prescription drug benefits (Part D) also are included. Title XVIII of the Social Security Act authorizes Medicare.	Medicaid. Medicaid is a jointly funded, federal-state health insurance program for low-income and needy individuals. It covers certain children and some or all the aged, blind, and/or disabled who are eligible to receive federally assisted income maintenance payments. Title XIX of the Social Security Act authorizes Medicaid. The law gives the states options regarding eligibility under Medicaid.

	SSDI	SSI
How your monthly payment amount is figured	The SSA bases your SSDI monthly payment amount on the worker's lifetime average earnings covered by Social Security. It may reduce the amount if you receive workers' compensation payments (including black lung payments) and/or public disability benefits (for example, certain state and civil service disability benefits). Other income or resources don't affect the payment amount. The SSA usually adjusts the monthly payment amount each year to account for cost-of-living changes. The SSA also can pay SSDI monthly benefits to dependents on your record, such as minor children.	To figure your payment amount, the SSA starts with the federal benefit rate (FBR), also referred to as the federal payment standard. In 2026, the FBR is \$994 for a qualified individual and \$1,491 for a qualified couple. The SSA subtracts your countable income from the FBR and then adds your state supplement, if any. It doesn't count all the income that you have. The income amount left after the SSA makes all the allowable deductions is "countable income." The sections on SSI employment supports explain some of the ways that the SSA can exclude income. It usually adjusts the FBR each year to account for cost-of-living changes.
Provision of state supplemental payment	There is no state supplemental payment with the SSDI program.	Many states pay some people who receive SSI an additional amount called a "state supplement." The amounts and qualifications for these state supplements vary from state to state.

Source: Social Security Administration (www.ssa.gov/redbook/eng/overview-disability.htm#4)

Social Security Disability Insurance

SSDI is one of the protections that goes to everyone who is eligible for Social Security benefits. When a worker becomes disabled, this protection also may go to certain dependent family members. About 8.5 million workers get SSDI, and about 1.6 million of their relatives — mostly kids — also get disability payments. (See Chapter 2 of course 81851C for more information about eligibility rules for family members.)