

Net Earnings from Self-Employment (NESE) and SSI/Medicaid

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Overview

- Focus: Effect of self-employment earnings on Supplemental Security Income (SSI) and Medicaid
 - What is SSI and the related Medicaid
 - What are self-employment earnings
 - How do self-employment earnings affect SSI
 - How do self-employment earnings affect the related Medicaid

Webinars on Benefits and Self-Employment

- 2022 Webinars
 - [Common Public Benefits](#)
 - [Business Structures and Benefits](#)
 - [Understanding PASS Plans](#)
 - [Self-Employment Resource Exclusions](#)
 - [Net Earnings from Self-Employment \(NESE\)](#)
- 2023 Webinars:
 - NESE and SSI/Medicaid, NESE and SSDI/Medicare, Reporting Business Activity for SSI/Medicaid, Reporting Business Activity for SSDI/Medicare

Benefits Planning

- Contact a benefits planner (Community Work Incentives Coordinator-CWIC, Work Incentive Coordinator, Benefits Planner, etc.) for one-one-one advisement and support:
 - Go to choosework.ssa.gov or call 1-866-968-7842, TTY 1-866-833-2967, to find a Work Incentive Planning and Assistance (WIPA) program.
 - If working with State Vocational Rehabilitation, ask your counselor.
 - Ask your local [Center for Independent Living](#) for other options.

What is SSI?

- Monthly cash benefit based on financial need
- Social Security administers
- Basic eligibility rules:
 - Meet Social Security's definition of disability or blindness, or be 65 or older
 - Low resources
 - Low income
- Benefit amount based on financial need
- Find out if you have it: my SSA account, call Social Security, look at recent letters



What is Medicaid?

- Health insurance (financial need-based)
- State agency or designee administers
- Be in one of the eligibility groups:
 - Be SSI eligible (in most states)
 - Be a person with a disability who works (in most states)
 - Other disability groups possible
 - Other non-disability groups
- Confirm if you have it: Medicaid agency (or designee)



Example – SSI and Medicaid

- Chen is 28 years old and lives in Maryland.
- She is blind and recently completed her bachelor's degree in accounting.
- She had an unpaid internship last year (her only work experience).
- She has no income, other than SSI, and has \$1,200 in countable resources.
- Receives \$914 per month of SSI and in her State she automatically got Medicaid.



Overview of Earnings

- Basic earnings definition: money a person gets for work performed.
- Working for someone else: gross wages are usually the earnings (e.g., 100 hours x \$13 per hour = \$1,300 gross wages)
- Owning a business: two primary earning situations
 1. Owner set themselves up as an employee.
 2. Owner did NOT set themselves up as an employee (**NESE are earnings**)



What are Net Earnings from Self-Employment?

- Business Revenue: the money the business brings in (e.g., sales)
- Business Expenses: the money the business spends (e.g., rent, insurance, etc.)
- NESE calculation:
 - Step 1: Business Revenue - Business Expenses = Net Profit
 - $\$36,000 - \$12,000 = \$24,000$ Net Profit
 - Step 2: Net Profit x 0.9235 = NESE
 - $\$24,000 \times 0.9235 = \$22,164$ NESE
- SSI uses annual NESE and always divides by 12 (except in rare situations): $\$22,164 / 12 = \$1,847$

NESE Example

- Chen is a self-employed accountant:
 - Step 1: \$20,000 Business Revenue
- \$6,000 Business Expenses =
\$14,000 Net Profit
 - Step 2: \$14,000 Net Profit x 0.9235
= \$12,929 NESE
- Monthly NESE: $\$12,929 / 12 = \$1,077$
- \$1,077 is Chen's monthly earnings (NESE) for SSI purposes.



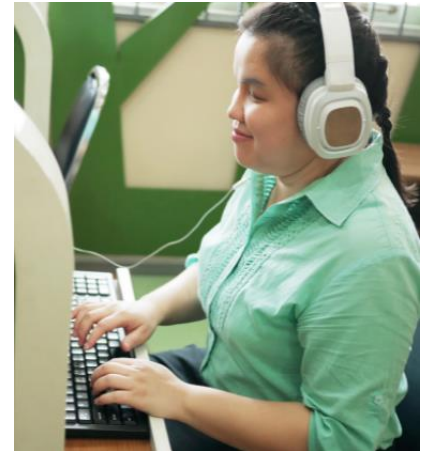
How NESE affect SSI

- SSI reduces as earnings increase, but only about half of earnings count.
- Exclude first \$65 of earnings (\$85 in some cases), then half of earnings excluded.
 - \$885 of earnings - $\$85 / 2 = \400 countable
 - \$914 max SSI - $\$400 = \514 SSI
 - $\$514$ SSI + $\$885$ earnings = $\$1,399$ income
- Additional deductions may apply.



Example of How NESE affect SSI

- Monthly NESE \$1,077
 - $\$1,077 \text{ NESE} - \$85 / 2 = \$496 \text{ countable NESE}$
 - $\$914 \text{ max SSI} - \$496 = \$418 \text{ SSI}$
 - $\$418 \text{ SSI} + \$1,077 \text{ earnings} = \$1,495 \text{ income}$
- Extra Blind Work Expense may apply.
- [Social Security's Red Book](#)



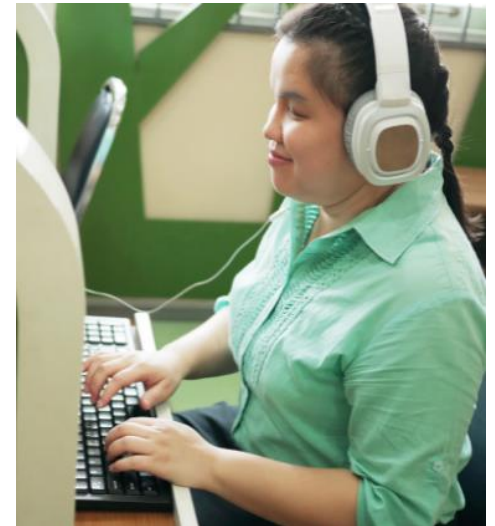
How NESE affect Medicaid

- If person receives SSI: keep Medicaid through [1619b rule](#) if the SSI goes to \$0 due to earnings.
 - Continue to have a disability
 - Would get SSI if no earnings
 - Countable resources below limit
 - Need Medicaid
 - Earnings below state threshold (ex. \$48,604 in Maryland)
- If person does not receive SSI: contact State Medicaid agency or a benefits planner for state-specific information.



Example of How NESE affect Medicaid based on SSI

- Chen has \$1,077 of NESE
- SSI will be \$418
- Medicaid continues based on ongoing SSI payment.
- If her earnings increase and SSI drops to \$0, she could use 1619b to keep Medicaid.



Summary

- SSI is a financial need-based benefit and comes with Medicaid in most states.
- For SSI, Social Security considers average monthly NESE to be a person's earnings.
- Only about half of the monthly NESE is counted with SSI, so SSI and NESE is more than just SSI.
- For Medicaid based on SSI, you can have earnings around \$40k and still keep Medicaid (1619b rule)
- Remaining questions: Molly Sullivan (msullivan@griffinhammis.com) or Ciara Ladroma (cladroma@griffinhammis.com)

Upcoming Events

[Entrepreneurship, Disability & CDFIs: Session 1: Introduction to CDFIs](#), with Pam Porter of the National Disability Finance Coalition
Tuesday, February 28th, 2:00 – 3:30PM EST

[Deafhood Training Part 3: Communicating Effectively](#), with Gallaudet Innovation and Entrepreneurship Institute
Wednesday, March 1st, 2:00 – 3:30PM EST

[Building Your Team](#), with Molly Sullivan and Ciara Ladroma of Griffin-Hammis Associates
Wednesday, March 15th, 2:00 – 3:30PM EST

NDI Small Business Hub

- Are you an aspiring entrepreneur or existing business owner with a disability wanting help to START, BUILD and GROW your business? Visit www.disabilitysmallbusiness.org or email rchavez@ndi-inc.org
- Want to join a dynamic learning community focused on key financial health topics for business? For information or to apply for our next series in March, email Caroline Bolas at cbolas@ndi-inc.org
- Visit our Streaming TV channel for informational and motivational content for disability owned small businesses at www.DisabilityOwned.com
- Access training, mentoring, business coaching, and grant opportunities through our new partnership with Verizon Small Business Digital Ready! Register here: [Small Business Training | About Verizon](#)
- Want to “Stay In The Know” about NDI’s small business hub? Join our [mailing list!](#)

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