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MATHEMATICA
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Center for
Studying 
DISABILITY POLICY

**Work Activity and Use of
Employment Supports Under
the Original Ticket to Work
Regulations**

**Participation in Ticket to
Work Continues to Grow but
Assignments under the
Traditional Payment System
Still Dominate**

Final Report

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A B S T R A C T

This report presents updated information, through December 2006, on the extent to which Social Security Disability Insurance (DI) and Supplemental Security Income (SSI) beneficiaries who are eligible for Ticket to Work (TTW) actually participate in the program by assigning their Ticket to a state vocational rehabilitation agency (SVRA) or other employment network (EN). In our last report (Stapleton et al. 2008), we provided participation statistics through December 2005.

As of December 2006, one month short of five years since the TTW Phase 1 rollout began, the TTW participation rate (Tickets assigned as a percentage of Ticket-eligible beneficiaries) in Phase 1 states had risen to 2.2 percent, up from 1.8 percent 12 months earlier. Participation rates in the Phase 2 and 3 states also continued to grow, but were on somewhat lower trajectories than the Phase 1 states. Although we think this growth might overstate the extent to which beneficiaries were actively using their Tickets to pursue employment because of declines in activity among those who assigned Tickets in earlier years and whose Tickets remained assigned, evidence from the National Beneficiary Survey suggests that the size of the latter decline is substantially smaller than the growth in the number of assignments.

A very large and growing majority of Tickets were assigned to SVRAs under the traditional payment system—88.7 percent in December 2006, up from 88.0 percent 12 months earlier, suggesting that, under the original regulations, TTW did not result in a major change in the market for beneficiary employment services. Participation statistics for a few states and non-state jurisdictions indicate a more substantial change to the market.

Changes in the TTW regulations that became effective on July 21, 2008 make it very likely that participation statistics will change substantially from 2009 forward.

This is the third in a series of reports that make up the fifth TTW evaluation report.

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CONTENTS

| Chapter | | Page |
|---------|--|------|
| | ABSTRACT | iii |
| I | INTRODUCTION | 1 |
| II | BACKGROUND..... | 3 |
| III | DATA AND METHODS..... | 7 |
| IV | HISTORY OF TTW PARTICIPATION..... | 9 |
| | A. TICKET MAILINGS AND ELIGIBLE BENEFICIARIES WITH TICKETS | 9 |
| | B. PARTICIPATION RATES..... | 9 |
| | C. DEACTIVATIONS AND REASSIGNMENTS..... | 14 |
| V | PARTICIPATION RATES BY STATE..... | 17 |
| VI | PARTICIPATION BY SPECIFIC BENEFICIARY SUBGROUPS..... | 21 |
| VII | SUMMARY AND CONCLUSIONS | 25 |
| | REFERENCES | 27 |
| | APPENDIX A: DATA TO SUPPORT SELECTED EXHIBITS | A-1 |

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EXHIBITS

| Exhibit | | Page |
|----------------|--|-------------|
| 1 | DECEMBER 2006 PARTICIPATION RATES BY PHASE AND PROVIDER TYPE..... | 10 |
| 2 | DECEMBER 2006 PARTICIPATION RATES AND 12-MONTH CHANGE BY PHASE AND PROVIDER TYPE (%) | 10 |
| 3 | PARTICIPATION RATES, BY MONTHS SINCE ROLLOUT START, PHASE, AND PROVIDER TYPE THROUGH DECEMBER 2006 | 12 |
| 4 | PERCENTAGE OF IN-USE TICKETS ASSIGNED TO SVRAs BY MONTHS SINCE ROLLOUT START AND PHASE, THROUGH DECEMBER 2006..... | 13 |
| 5 | PERCENTAGE OF IN-USE TICKETS ASSIGNED UNDER THE TRADITIONAL PAYMENT SYSTEM BY MONTHS SINCE ROLLOUT START AND PHASE THROUGH DECEMBER 2006 | 13 |
| 6 | MILESTONE-OUTCOME ASSIGNMENTS AS A PERCENT OF ASSIGNMENTS UNDER THE NEW PAYMENT SYSTEMS BY MONTHS SINCE ROLLOUT START, THROUGH DECEMBER 2006..... | 14 |
| 7 | EMPLOYMENT ACTIVITY OF PHASE 1 TTW PARTICIPANTS RESPONDING TO ALL THREE ROUNDS OF THE NATIONAL BENEFICIARY SURVEY WITH TICKETS ASSIGNED AT THE TIME OF INTERVIEW | 16 |
| 8 | TTW PARTICIPATION RATES BY STATE, PROVIDER TYPE, AND PAYMENT TYPE, DECEMBER 2006..... | 18 |
| 9 | TICKET PARTICIPATION RATES BY STATE, THROUGH DECEMBER 2006..... | 20 |

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I. INTRODUCTION

Ticket to Work (TTW) is a voluntary and flexible employment program designed to eliminate barriers that might previously have faced beneficiaries of the two Social Security Administration (SSA) programs that provide income support for working-age adults with disabilities: Social Security Disability Insurance (DI) and Supplemental Security Income (SSI). This report presents updated information, through December 2006, on the extent to which Ticket-eligible beneficiaries of these two programs participate in TTW. In our last report (Stapleton et al. 2008), we provided participation statistics through December 2005.

TTW participation rates (the number of Tickets assigned to providers divided by the number of Ticket-eligible beneficiaries) measure the extent to which beneficiaries have attempted to use SSA-funded employment support services and successfully found providers to accept their Tickets. The overall rate includes Tickets assigned to state vocational rehabilitation agencies (SVRAs) under SSA's traditional payment system. Ticket assignments to non-SVRA providers and assignments under one of the two new payment systems are of greater interest than assignments to SVRAs under the traditional payment system because they represent a clear departure from the pre-TTW period, when essentially all SSA payments for employment support services were made to SVRAs under the traditional payment system. In interpreting the statistics, it is important to keep in mind that they represent Tickets that are formally assigned to a provider. This does not necessarily mean that the beneficiary is receiving services, working, or actively engaged in return-to-work efforts.

We provide additional background about TTW in Section II. In Section III we describe the data underlying the statistics in this report and discuss methodological issues. In Section IV, we present current participation statistics by provider and payment type, and examine the history of participation statistics since the inception of the program. The findings indicate that participation rates continue to grow, but a very large and growing majority of assignments are to SVRAs under the traditional payment system. Hence, the national statistics suggest that, so far, the effect of TTW on the market for employment services to SSA disability beneficiaries has been small. We also consider whether continued growth in the participation rate might be misleading because a growing number of beneficiaries with assigned Tickets are no longer making progress toward employment. We also find, however, that there have been more significant departures from the pre-TTW period in some states, as presented in Section V, as well as for groups of beneficiaries with certain characteristics, in Section VI. We conclude in Section VII with a summary of key findings, discussion of their implications, and consideration of the likely effect on future TTW participation of the July 2008 changes in the TTW regulations. The Appendix provides more detailed statistics to support the exhibits presented in the body of the report.

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II. BACKGROUND

TTTW, implemented under the authority of the Ticket to Work and Work Incentives Improvement Act of 1999, is the most ambitious return-to-work program ever implemented for working-age Social Security beneficiaries with disabilities. The intent of the program is to reduce the growing number of beneficiaries who receive cash benefits and health care assistance under the DI¹ and SSI² programs by ensuring that beneficiaries receive the services needed to obtain and maintain employment at or above a level considered to be Substantial Gainful Activity (SGA) by SSA.³ The law gives eligible individuals with disabilities the option to choose their job training, employment placement and other service providers from a list of providers approved by the SSA. Providers participating in the TTTW program are called Employment Networks (ENs). An EN is a public or private entity that provides employment support services to facilitate entry or reentry into employment. In the past, SVRAs were essentially the sole employment service providers eligible for funding from SSA.⁴ Under TTTW, SVRAs constitute an important class of ENs.

Once the national TTTW rollout was complete, nearly all working-age DI and SSI beneficiaries were eligible for TTTW. The only ineligible working-age beneficiaries were former SSI child beneficiaries who had not yet been determined eligible for SSI as an adult, and new beneficiaries classified as “Medical Improvement Expected” (MIE) who had not yet completed their first medical continuing disability review (CDR).⁵

Ticket-eligible beneficiaries receive a “Ticket” that they may present to the EN of their choice. The EN acts as the “Ticket taker” and may provide services directly or by entering into agreements with other providers. Providers can determine the types of services they

¹ DI is a payroll tax-funded federal insurance program administered by SSA. It is designed to provide income to people ages 18 to 64 who are unable to work because of a disability. DI is provided until a beneficiary’s condition improves, and is guaranteed income if the individual’s condition does not improve.

² SSI is a monthly stipend provided to aged, blind, or disabled persons (children and adults), who have little or no income. The benefit provides cash to meet basic needs for food, clothing, and shelter.

³ Although SGA need not produce income, it is defined as equivalent to work effort that would generate unsubsidized gross earnings of a specified amount. In 2008, the SGA amount is \$940 or more a month; \$1,570 or more a month for blind beneficiaries. These values are adjusted for price inflation annually.

⁴ Under the Alternative Provider program that was in place prior to TTTW, SSA made a very small number of payments for employment services to providers other than SVRAs.

⁵ Under the amendments to the TTTW program regulations that were finalized in May 2008 and implemented in July 2008, beneficiaries classified as MIE became eligible to participate in TTTW.

offer and decide case by case whether or not to accept Tickets. Once the Ticket is assigned to a provider, it becomes an agreement between the provider and the beneficiary.

Under the regulations that were in place during the period covered in this report, all ENs could receive payments under their choice from two new payment systems: milestone-outcome or outcome-only.⁶ For every month the claimant was off the rolls as a result of a return to work, the outcome-only system paid providers 40 percent of the previous calendar year's average monthly SSI or DI benefit,⁷ for up to a total of 60 months. The milestone-outcome payment system made up to four initial payments based on achievement of specified earnings levels alone, then additional outcome payments for months of zero benefits because of earnings. Although ENs that chose the milestone-outcome system benefited from the less restrictive requirements for milestone payments, that benefit was offset by lower outcome payment levels.

Substantial revisions to the TTW program regulations were implemented in July 2008. SVRAs no longer are required to obtain Ticket assignments if they wish to be paid under the traditional payment system, but must do so to use one of the new payment systems. Beneficiaries who use SVRA services under the traditional payment system can go on to assign their Ticket to an EN. The new regulations also (1) shorten the payment period so that providers can receive full payment within as few as 36 months; (2) increase milestone-outcome payments so that the maximum payable is closer to the maximum for outcome-only payments, (3) bring the payments for SSI recipients in line with those for DI beneficiaries, and (4) extend eligibility to MIE beneficiaries who have not yet completed a medical CDR. All of the analysis in this report pertains to the period before the regulatory changes. As discussed in the conclusion, we anticipate that the new regulations will have a substantial impact on TTW participation.

Prior to TTW, SVRAs were paid under a traditional payment system that combined features of cost reimbursement with pay for performance. SVRAs were reimbursed for allowed service costs, up to a limit, provided that the beneficiary achieved earnings above the SGA level for at least nine months, regardless of the effect on benefit payments. Under TTW, SVRAs, like other ENs, must choose to operate under one of the new payment systems, but are also given the option of accepting Ticket assignments under the traditional payment system, on a case-by-case basis.

A tremendous effort was required to establish the basic infrastructure needed to administer TTW because the rules regarding both TTW eligibility and payments meant that TTW interacted with many other SSI and DI administrative activities. The rollout was delayed until 2002, and then proceeded in three phases. Phase 1, from February through

⁶ The maximum payment in 2008 under the original regulations was about \$23,500 for a DI claimant and \$13,500 for an SSI claimant. (http://www.yourTickettowork.com/selftraining/Module-7-Outcome_and_Outcome-Milestone_Payment_Methods2-08.pdf).

⁷ Payments for all DI beneficiaries, including those who also receive SSI benefits, are based on the mean DI benefit, and payments for SSI-only beneficiaries are based on the lower SSI mean.

June of 2002, saw the program introduced in 13 states around the country.⁸ Phase 2, from November 2002 through September 2003, extended TTW to 20 more states and the District of Columbia. Phase 3, from November 2003 through September 2004, completed the rollout in the remaining 17 states and US territories. Within each phase, Tickets were mailed to beneficiaries over the rollout period in a randomized fashion. At present, beneficiaries throughout the country are mailed a Ticket as they become newly eligible for the program.

⁸ The Phase 1 rollout in New York was extended through October 2002.

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III. DATA AND METHODS

The statistics presented in this report update statistics presented in Chapter III of Stapleton et al. (2008), and a detailed description of the data that underlie the statistics can be found in Appendices B and C of that report.

Most of the statistics presented here were developed from analytic administrative data files constructed for purposes of conducting the TTW evaluation. These files, collectively called the Ticket Research File (TRF), contain extensive information on all those who have received DI or SSI benefits in any month from January 1996 through, at the time of this report, December 2006—over 18 million beneficiaries in all. All of the statistics presented here are based on 100 percent of the relevant population; they are population statistics, rather than estimates. To construct the TRF, we extracted and merged information from several SSA administrative files: the Disability Control File (DCF), the Master Beneficiary Record, the Supplemental Security Record, the Numident File, and the 831 and 832/33 Disability Files. Because of lags in recording of assignments in the DCF, we also obtained a May 2007 extract of the DCF. The TTW participation statistics presented in this report rely on the May 2007 DCF update.

Many of the statistics presented are “participation rates.” Each participation rate is defined as the number of assigned Tickets in a category as a percentage of the number of beneficiaries in the category who are eligible to assign Tickets. The category for a specific participation rate can be defined by beneficiary characteristics (for example, those residing in Phase 1 states) or by a characteristic of the assignment itself—the type of provider (SVRA versus other EN), or the type of payment system (traditional, milestone-outcome, or outcome-only).

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IV. HISTORY OF TTW PARTICIPATION

This section provides an overview and an update of the statistics on Ticket mailings and Ticket-eligible beneficiaries as detailed in Thornton et al. (2007), and then presents monthly participation rates (in-use Tickets as a percentage of eligible beneficiaries) by provider type and payment system. The statistics are organized by rollout phase; beneficiaries are grouped by state of residence into three phase groups, defined by the TTW rollout phase in which the state participated. To support comparisons across phases, observations are dated by the number of months since the start of the rollout for the phase. We conclude the section with statistics on deactivations (formal Ticket withdrawals reported by providers), and discuss the implications for interpreting the participation statistics.

A. TICKET MAILINGS AND ELIGIBLE BENEFICIARIES WITH TICKETS

The TTW rollout concluded in September 2004, at which time SSA completed its mailing of Tickets to existing Ticket-eligible beneficiaries in Phase 3 states; nearly all mailings after that month went to beneficiaries who became eligible for TTW after the rollout concluded (mostly new DI and SSI beneficiaries). The Phase 1 rollout ended almost two years earlier, in October 2002, and the Phase 2 rollout ended one year earlier, in September 2003. As of December 2006, SSA had mailed more than 12 million Tickets to beneficiaries. Monthly mail statistics through the rollout period appear in Thornton et al. (2007). Since the end of the rollout, SSA has mailed approximately 72,500 Tickets to newly eligible beneficiaries every month.⁹

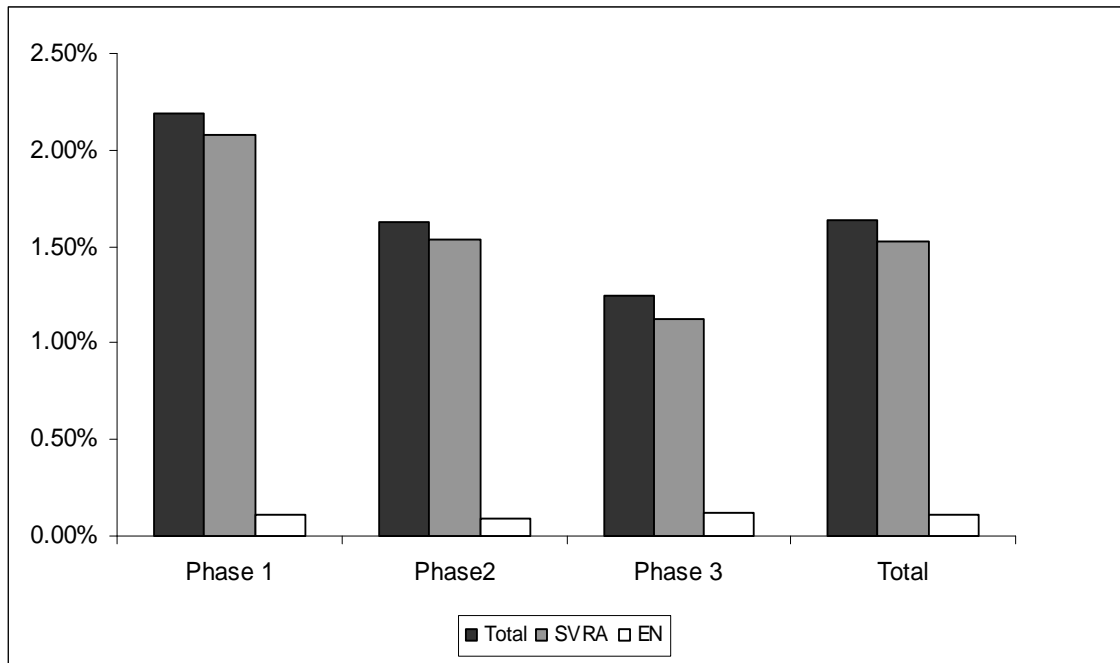
As of December 2006, 10 million beneficiaries were eligible for TTW.¹⁰ Of these, about 29 percent resided in Phase 1 states, 30 percent in Phase 2 states, and the remaining 40 percent in Phase 3 states.

B. PARTICIPATION RATES

As of December 2006, the nationwide TTW participation rate was 1.6 percent (Exhibits 1 and 2), an increase of 0.3 percentage points from 12 months earlier. Participation was highest in the Phase 1 states (2.2 percent) and lowest in the Phase 3 states (1.2 percent), suggesting that the national rate will continue to grow as Phase 2 and 3 states catch up with the Phase 1 states.

⁹ This estimate was provided by SSA's Office of Employment Support Programs, based on fiscal years 2005 through 2008.

¹⁰ The number of beneficiaries eligible at the end of the period is lower than the cumulative number of Tickets mailed because of exits from the working-age beneficiary population, primarily due to mortality or attainment of retirement age.

Exhibit 1. December 2006 Participation Rates by Phase and Provider Type

Note: Ticket eligibility based on the December 2006 TRF and participation status based on the May 2007 DCF.

Exhibit 2. December 2006 Participation Rates and 12-Month Change by Phase and Provider Type (%)

| | Dec-06 | | | | | Dec-05 | 12-month Change | |
|-------------------|---------|---------|---------|-------|-------|--------|-----------------|------|
| | Phase 1 | Phase 2 | Phase 3 | Total | % | Total | Points | % |
| Total | 2.19 | 1.62 | 1.24 | 1.63 | 100.0 | 1.33 | 0.30 | 25.9 |
| Traditional | 2.00 | 1.41 | 1.09 | 1.45 | 88.7 | 1.17 | 0.28 | 26.9 |
| Milestone-Outcome | 0.13 | 0.16 | 0.13 | 0.14 | 8.6 | 0.12 | 0.02 | 15.6 |
| Outcome Only | 0.06 | 0.05 | 0.03 | 0.04 | 2.7 | 0.04 | 0.00 | 28.5 |
| SVRA | 2.08 | 1.54 | 1.12 | 1.53 | 93.5 | 1.24 | 0.12 | 26.3 |
| Traditional | 2.00 | 1.41 | 1.09 | 1.45 | 88.7 | 1.17 | 0.28 | 26.9 |
| Milestone-Outcome | 0.06 | 0.10 | 0.03 | 0.06 | 3.7 | 0.06 | 0.00 | 13.0 |
| Outcome Only | 0.02 | 0.03 | 0.00 | 0.02 | 1.0 | 0.01 | 0.01 | 25.2 |
| Other EN | 0.11 | 0.09 | 0.12 | 0.11 | 6.6 | 0.09 | 0.02 | 20.7 |
| Traditional | - | - | - | - | - | - | - | - |
| Milestone-Outcome | 0.07 | 0.06 | 0.09 | 0.08 | 4.8 | 0.07 | 0.01 | 30.3 |
| Outcome Only | 0.03 | 0.02 | 0.03 | 0.03 | 1.7 | 0.02 | 0.01 | 17.6 |

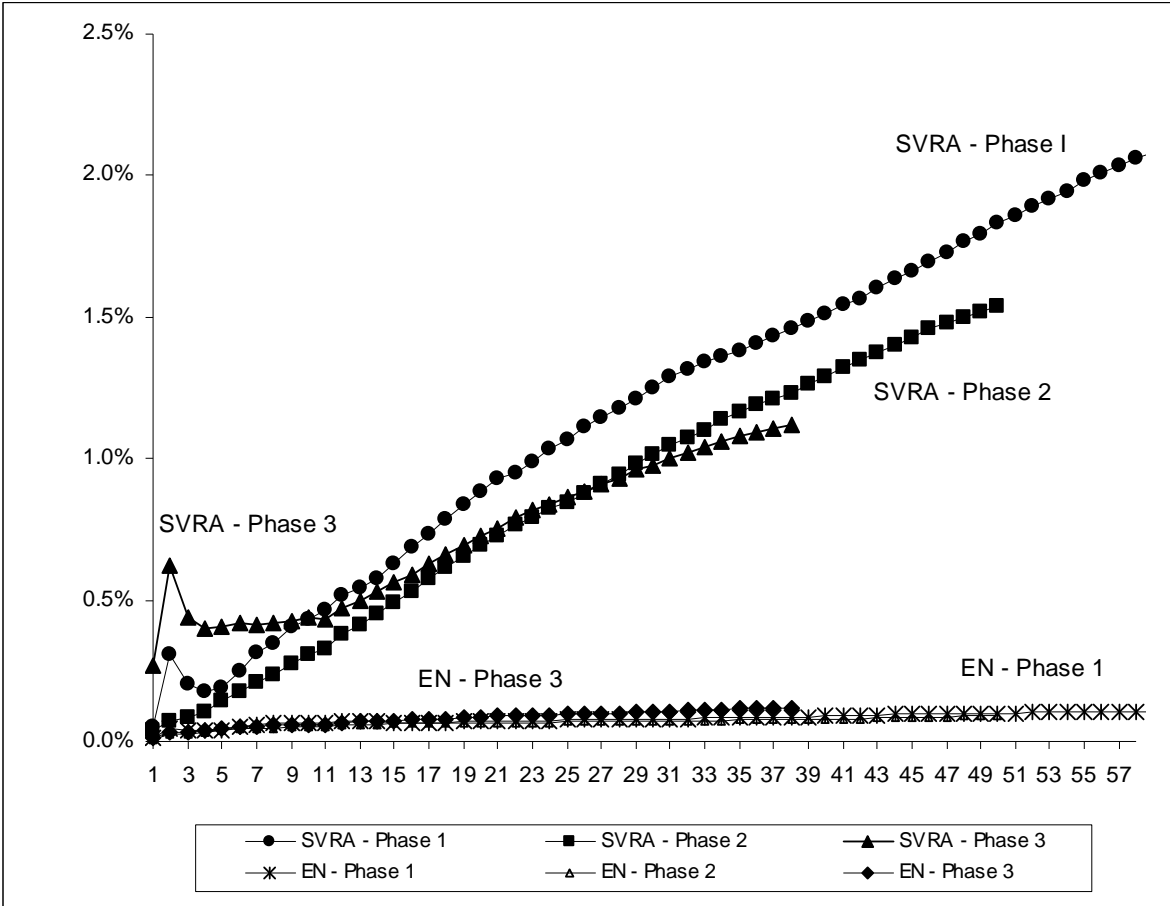
Note: Ticket eligibility based on the December 2006 TRF and participation status based on the May 2007 DCF.

The vast majority of participants (93.5 percent) have assigned their Tickets to SVRAs, a slight increase from 12 months earlier (93.2 percent). Assignments to other ENs continued to increase during this period, but at a somewhat lower rate than assignments to SVRAs. Similarly, a very large majority of Tickets are assigned under the Traditional payment system (88.7 percent), also slightly higher than 12 months earlier (88.0 percent). Although the December 2006 participation rate under the outcome-only payment system was very low (0.04 percent nationally), over the previous 12 months it increased at a greater rate (28.5 percent) than did the rates of either of the other two payment systems (26.9 percent for traditional and 15.6 percent for milestone outcomes).

Although the latest 12 months of data suggest that participation rates in Phase 2 and 3 states are catching up with those in Phase 1 states, a more detailed examination of the history of participation rates suggests that, prior to the change in regulations, the SVRA assignment rates in the later phases are not on track to attain the same level as in the Phase 1 states (Exhibit 3). In comparison to the Phase 1 states, the other EN participation rates in the Phase 2 are tracking slightly lower and those in the Phase 3 states are tracking slightly higher. Thornton et al. (2007) conducted a detailed analysis of the reasons for the differences in SVRA participation rates across phases. The analysis involved holding months since rollout start constant and using SSA data matched to SVRA data from the Rehabilitation Services Administration (RSA). The findings indicated that the variation could be attributed to differences in assignments from pipeline cases, that is, beneficiaries already enrolled with the SVRA prior to Ticket receipt. The Phase 2 and 3 SVRAs obtained far smaller shares of initial assignments from pipeline cases than did the Phase 1 SVRAs. Many Phase 1 SVRAs had been concerned that they would not be eligible to obtain payments for pipeline cases if they did not obtain Ticket assignments from their existing clients, but by the time the Phase 2 rollout started that concern had dissipated.

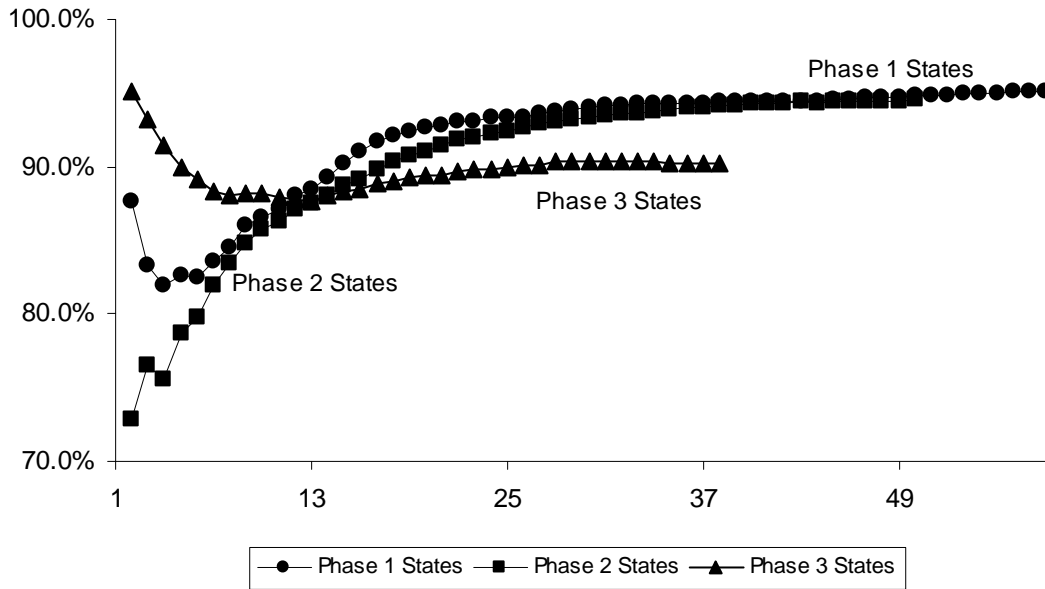
The full history of the percentage of Tickets assigned to SVRAs by phase suggests that this percentage is stabilizing within each phase group (Exhibit 4). The level at which the percentage is stabilizing is about five points lower in Phase 3 states (90.3 percent in December 2006) than in either Phase 1 (95.1 percent) or Phase 2 states (94.5 percent). The Phase 2 rate is about the same as the Phase 1 rate because the SVRA and EN participation rates in the Phase 2 states are proportionately lower than their counterparts in the Phase 1 states, whereas the Phase 3 figure is lower because the SVRA participation rate is lower but the EN participation rate is higher. The full history of the percentage of Tickets assigned under the traditional payment system shows that this percentage continues to slowly increase within each phase group (Exhibit 5). Differences across phases reflect both the differences in the percentage of assignments made to SVRAs (the only providers that can use the traditional payment system) and small differences in the extent to which SVRAs accept Tickets under the new, rather than traditional, payment systems.

Exhibit 3. Participation Rates, by Months Since Rollout Start, Phase, and Provider Type through December 2006



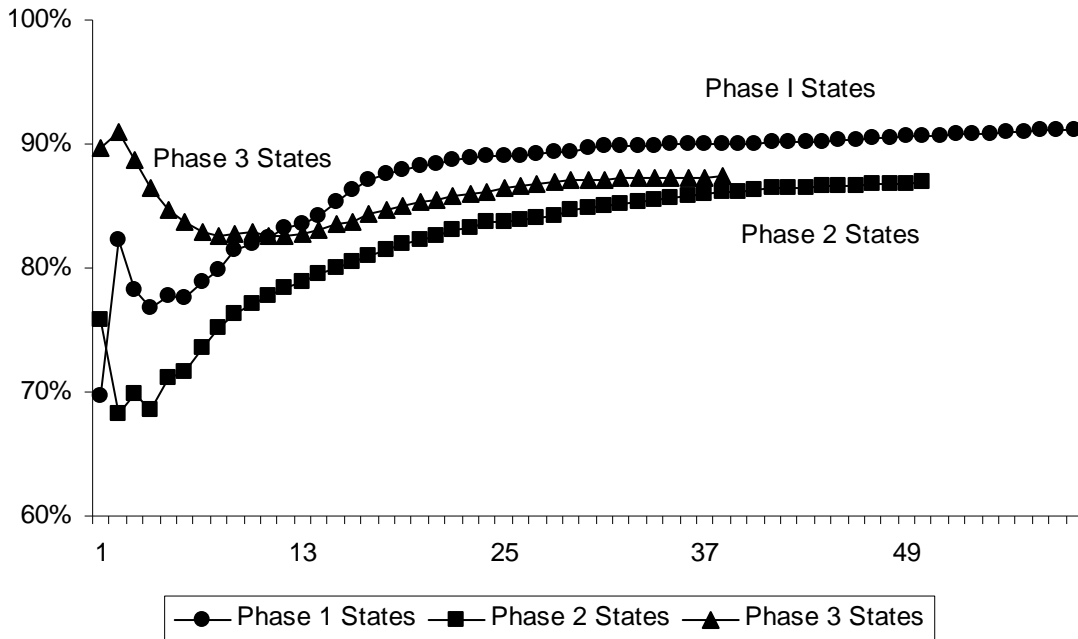
Note: Ticket eligibility based on December 2006 TRF and participation status based on May 2007 DCF.

Exhibit 4. Percentage of In-Use Tickets Assigned to SVRAs by Months Since Rollout Start and Phase, through December 2006



Note: Ticket eligibility based on December 2006 TRF and participation status based on May 2007 DCF.

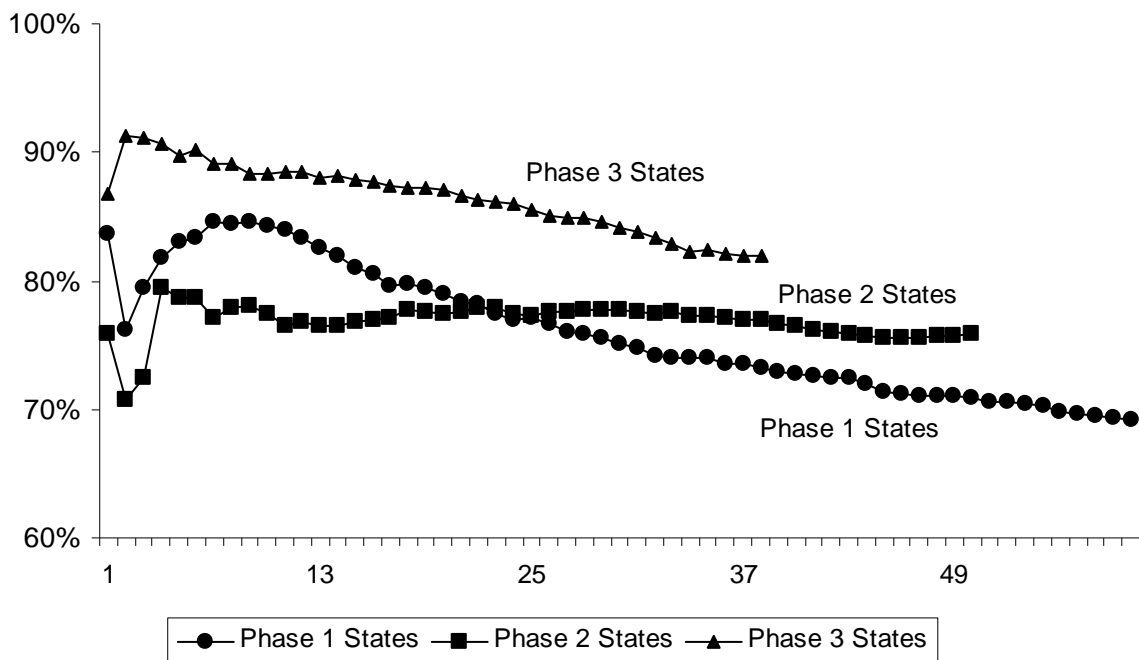
Exhibit 5. Percentage of In-Use Tickets Assigned Under the Traditional Payment System by Months Since Rollout Start and Phase through December 2006



Note: Ticket eligibility based on December 2006 TRF and participation status based on May 2007 DCF.

Since the inception of TTW, a large majority of the relatively small number of Tickets assigned under either of the new payment systems has been assigned under the less risky milestone-outcome system (Exhibit 6). As of December 2006, 69.4 percent of assignments under a new payment system were under milestone-outcome in Phase 1 states, 75.7 percent in Phase 2 states, and 82.1 percent in Phase 3 states. Over time, however, within each phase there has been a decline in the use of this system relative to the outcome-only system; for instance, in Phase 1 states the percentage declined almost continuously from its maximum of 85.1 percent in October 2002 (month 10) to 69.4 percent in the last month observed.

Exhibit 6. Milestone-Outcome Assignments as a Percent of Assignments Under the New Payment Systems by Months Since Rollout Start, through December 2006



Note: Ticket eligibility based on December 2006 TRF and participation status based on May 2007 DCF.

C. DEACTIVATIONS AND REASSIGNMENTS

The Ticket assignment rules create inertia in the participation rates. Once a Ticket is assigned, it stays so unless the provider or beneficiary deactivates it. This arrangement is exacerbated by the fact that the period over which providers are paid can be very long—five years at a minimum, and the Ticket must continue to be assigned to the provider if the provider is to be paid. The continuing growth in TTW participation rates reflects this inertia to some degree, and perhaps gives a misleading picture about growth in the TTW participation.

Evidence from formal Ticket deactivations and reassignments indicates that the inertia described above is substantial. On a monthly basis, the number of deactivations is small relative to the number of in-use Tickets (1.2 per 1,000 Tickets in use as of December 2006), and reassignments are extremely rare (fewer than 0.2 per 1,000 in-use Tickets in December 2006). Historically, net deactivation rates have been much lower for Tickets assigned to SVRAs than for those assigned to other ENs. Early in 2003, during the second year of TTW, there was a jump in the deactivations of Tickets assigned to other ENs in Phase 1 states as several large ENs consolidated or terminated operations (Stapleton et al. 2008).¹¹

We had anticipated a second increase in deactivations in 2004, as those beneficiaries who assigned their Tickets in 2002 reached the 24th post-assignment month, after which the regulations required providers to deactivate the Tickets of participants who were not making timely progress. A small increase in deactivations did occur in that year, but it was neither sustained nor repeated for the other two phase groups. The TTW Operations Support Manager (OSM), informed us that, after an initial flurry of deactivations, their further requests for timely progress reports were largely ignored by providers because completing the reports was burdensome and the consequences for failing to report were minimal. SSA eventually suspended timely progress reviews until the new regulations were implemented in 2008 (Stapleton et al. 2008). The new regulations reduce the burden of the review once they are again initiated.

The fact that deactivations have not increased after many Tickets now have been assigned for longer than 24 months likely means that many Tickets counted as “in-use” during 2005 and 2006 belonged to beneficiaries who were not making timely progress; that is, they were de facto inactive. If we had a means to include only beneficiaries who are actively participating in TTW and making timely progress in the numerator of the participation rate, it is possible we would find that the rate of active participation in Ticket has begun to decline.

Evidence from the phase 1 longitudinal TTW participant sample of the National Beneficiary Survey suggests that the growth rate of assignments from 2005 to 2006 was larger than the decline in employment activity among participants who assigned their Tickets in earlier years (2002 and 2003). We found that those whose Tickets were still assigned at the third interview in 2006 were less likely to report employment activity of some sort than those whose Tickets were assigned at the first interview in 2004 – 72 percent versus 82 percent (Exhibit 7). This represents a 13 percent decline over three years. In contrast, the number of assignments grew by 25 percent from December 2005 to December 2006. Thus, it appears that active participation in TTW continues to grow, albeit at a rate that is likely lower than growth in the number of assignments.

¹¹ See Appendix Exhibits A.2 and A.3 for the complete history of deactivation rates by provider type.

Exhibit 7. Employment Activity of Phase 1 TTW Participants Responding to All Three Rounds of the National Beneficiary Survey with Tickets Assigned at the Time of Interview

| | Interview Round | | |
|--|-----------------|--------|--------|
| | 2004 | 2005 | 2006 |
| Number (unweighted) | 641 | 617 | 594 |
| Percent of Total Sample (unweighted) | 83.6 | 80.4 | 77.4 |
| Number (weighted) | 18,951 | 18,584 | 18,111 |
| Percent of Total Sample (weighted) | 91.3 | 89.5 | 87.2 |
| Employment Activities (%) | | | |
| Any employment services or training | 57.8 | 51.6 | 37.0 |
| Working at interview | 31.4 | 31.7 | 36.3 |
| Worked during previous year | 45.0 | 43.3 | 46.0 |
| Looked for work during past 4 weeks | 21.7 | 21.9 | 15.0 |
| Any recent work, service use, or training activities | 82.4 | 82.0 | 71.8 |

Note: Statistics are from an analysis of the three-year longitudinal TTW participant sample of the National Beneficiary Survey. Only the 761 respondents, representing 20,673 phase 1 TTW participants, who responded to all three rounds were included in the sample. All had assigned their Ticket in 2002 or early 2003, but a significant share of their assignments were deactivated before the first interview. The sample for the statistics presented in each year includes only those respondents with an assigned Ticket at the time of the interview. Estimates presented are weighted to adjust for the oversampling of participants under the milestone-outcome and outcome-only payment systems.

V. PARTICIPATION RATES BY STATE

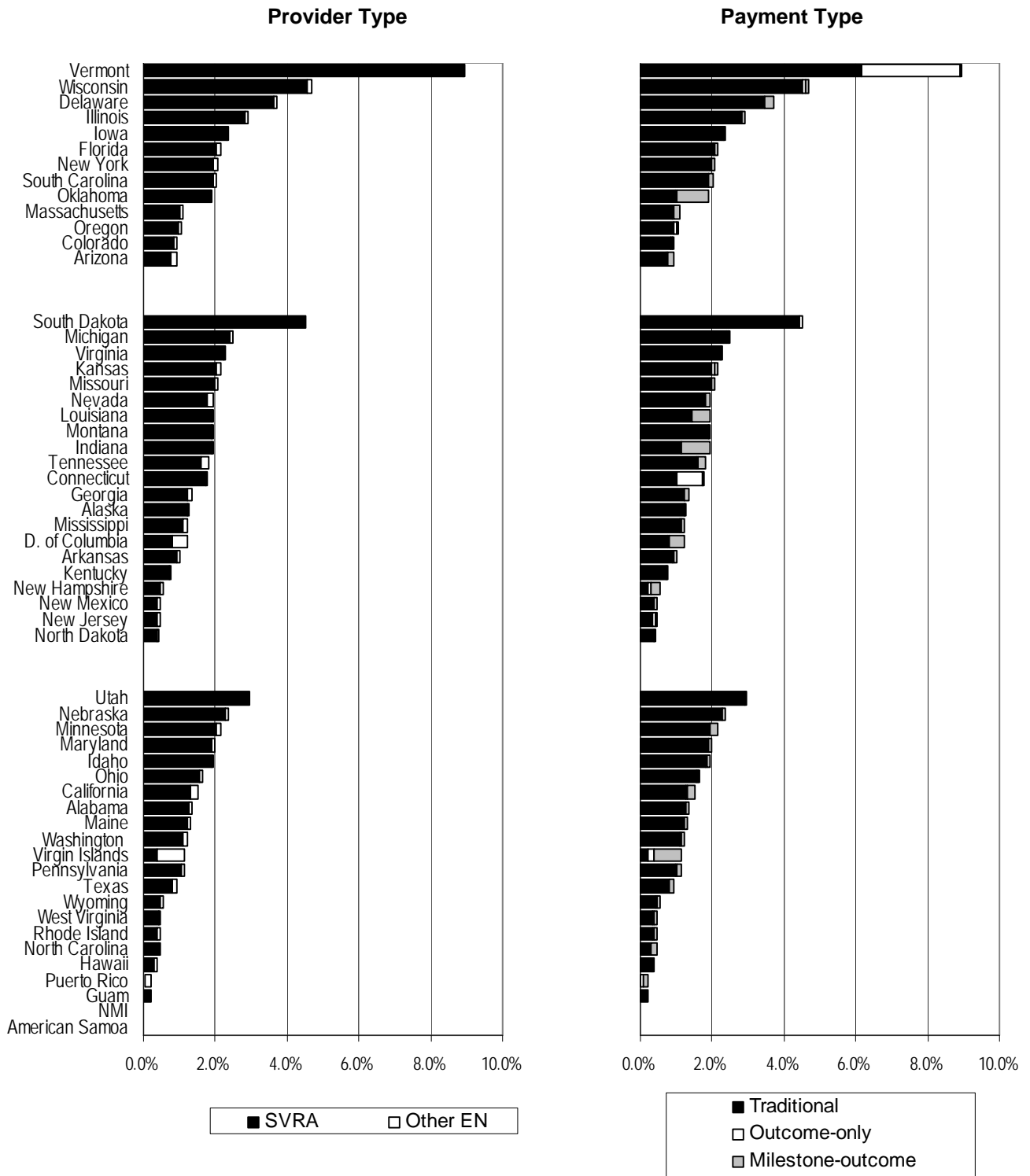
National statistics indicate that, through December 2006, TTW represents only a small change in the employment services market for DI and SSI beneficiaries. State statistics indicate, however, that the market has changed substantially in some states while remaining largely the same in others.

Some of the cross-state variation in TTW participation statistics reflects the rollout phase, so we have grouped the states by rollout phase in presenting their statistics (Exhibit 8). Consistent with findings from earlier reports, we find that Vermont, a Phase 1 state, had the highest participation rate (8.9 percent) as of December 2006. The two other Phase 1 states with notably high participation rates are Wisconsin and Delaware (4.7 and 3.7 percent, respectively). In contrast, Arizona has the lowest participation rate among the Phase 1 states (0.9 percent). One Phase 2 state, South Dakota, has an especially high participation rate (4.5 percent)—higher than the rate for all Phase 1 states except Vermont and Wisconsin, despite the later start. Similarly Utah, a Phase 3 state, has the fifth highest participation rate (2.9 percent) despite a rollout that started two years later than the Phase 1 rollout.

A state's total participation rate could be misleading as an indicator of the extent to which TTW has changed the state's employment services market for beneficiaries because assignments to SVRAs under the traditional payment system dominate assignments in most states. This is especially true in Phase 1 states, because of the relatively large number of SVRA pipeline cases. Assignments to other ENs (white segment of the bars in the left panel of Exhibit 8) and assignments under the milestone-outcome and outcome-only payment systems (grey and white segments, respectively, of the bars on the right panel of Exhibit 8) might be more indicative of market change.

It is apparent that variation in state participation rates is closely tied to variation in SVRA participation rates as with few exceptions, the vast majority of assignments in each state go to SVRAs. The most notable exceptions are the Virgin Islands and the District of Columbia.

Exhibit 8. TTW Participation Rates by State, Provider Type, and Payment Type, December 2006



Note: Ticket eligibility based on December 2006 TRF and participation status based on May 2007 DCF.

V. Participation Rates by State

It is also apparent that variation in state participation rates is closely tied to participation under the traditional payment system, but again there are notable exceptions. Vermont again stands out; the state's 2.7 percent participation rate under the outcome-only payment system is higher than the total participation rate in all but four other states. Thus, Vermont's SVRA is not only obtaining assignments for a particularly high proportion of eligible beneficiaries, but is also accepting a relatively large percentage of assignments under the payment system with the strongest outcome incentives. Participation under the milestone-outcome system is exceptionally high in Oklahoma (0.9 percent), where the SVRA accepts a relatively large number of beneficiary clients under that system. In the Phase 2 group, milestone-outcome assignments are relatively frequent in the Louisiana and Indiana SVRAs, and it is the preferred payment system for the relatively large number of assignments accepted by other ENs from District of Columbia beneficiaries. The Virgin Islands is the only Phase 3 jurisdiction with an exceptionally high rate of utilization under the new payment systems (primarily milestone-outcome), reflecting the fact that the majority of Tickets were assigned to ENs. Interestingly, all of the ENs serving the Virgin Islands are located elsewhere.¹² We have not had an opportunity to investigate the reasons for this exceptional pattern of assignments

To assess whether there are regional patterns in TTW participation potentially associated with SSA regional offices or other regional factors, we divided states into three groups based on the state's overall participation rate relative to other states in the same phase group—top third, middle third, and bottom third. A map of the findings shows that regional patterns are not very strong. A block of six of the southeastern eight states served by SSA's Atlanta office are all in the middle third, and five of the six states served by the Chicago office are in the top third (Exhibit 9).¹³ The findings seem more consistent with the hypothesis that state specific factors that are not regional in nature are driving variation in participation rates than with the hypothesis that regional factors play a major role. The few state-level exceptions to the percentage of Tickets assigned to SVRAs and the percentage assigned under a new payment system reinforce this conclusion; the exceptional states are widely dispersed.

¹² Based on the list available at www.yourtickettowork.com on January 6, 2010.

¹³ The eight states in the Atlanta region are Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee. The six states in the Chicago region are Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.

VI. PARTICIPATION BY SPECIFIC BENEFICIARY SUBGROUPS

In this section we consider the relationships between beneficiary characteristics and participation in TTW. Past analyses have shown that these relationships change in a predictable manner with the passage of time.¹⁴ Hence, we did not replicate the analysis for this report. Instead, we include a summary of the most interesting findings from early reports for the sake of completeness (Thornton et al. 2004, 2006, and 2007, and Stapleton 2008).

Relatively high participation rates for a group might mean that TTW had a more significant effect on the employment services market for beneficiaries in the group than for other groups, whereas relatively low participation rates might indicate the opposite. Relatively large numbers of assignments either to non-SVRA ENs or under one of the new payment systems for groups with relatively high participation rates would also be indicative of more substantial effects for the group than for others.

The earlier findings are summarized briefly below. The statistics presented reflect notable relationships between individual characteristics and TTW participation. The same characteristics were also predictive of TTW participation in statistical analyses that examined how participation rates varied with a characteristic (for example, age) holding other characteristics (for example, primary impairment) constant.¹⁵

Age is a strong predictor of TTW participation. In December 2005, the Phase 1 participation rate for those age 18 to 40 was 3.6 percent compared with 1.9 percent for those age 40 to 49 and just 0.6 percent for those age 50 or older. We did not find a strong relationship between age and the percentage of participants assigning their Tickets under the traditional payment system. We did find, however, that older beneficiaries who assign their Tickets under a new payment system are more likely than others to assign them under the outcome-only system.

Impairment (as determined by SSA) is generally not a strong predictor of participation, except for those with sensory impairments, who have relatively high participation rates. In December 2005, the Phase 1 participation rate for those with hearing impairments was 10.8 percent. We also found, however, that participants with sensory impairments were more likely than other participants to have assigned their Tickets under the traditional payment

¹⁴ Participation rates for those in each characteristic group increase in a manner that is approximately proportional to the overall increase in participation.

¹⁵ We used logistical regression for this purpose. See Chapter III in Stapleton et al. (2008) for a more extensive summary.

system; for example, as of December 2005, 94.8 percent of participants with hearing impairments in Phase 1 states had assigned their Tickets under that system.

Those with more than a high school level of education were approximately 3.5 times more likely to participate in TTW than those with less than a high school level of education, other factors held constant. The percentage of assignments made under the traditional payment system declines with education, and is especially low for those with a college degree or greater. For example, in December 2005, 83.7 percent of Phase 1 participants with a college degree had assigned their Tickets under the traditional payment system, compared to 89.9 percent of those with just a high school degree.

DI beneficiaries were about one-third more likely to participate in TTW than were SSI-only recipients, holding other characteristics constant. They were somewhat less likely than SSI-only recipients to assign their Tickets under the traditional payment system, and those who assigned their Tickets under a new payment system were somewhat more likely than others to use the outcome-only payment system.

Participation rates were higher for those who had been on the rolls from one to 15 years than for those on the rolls for less than a year or more than 15 years. There is little relationship between time on the rolls and the TTW participation rate within these extremes. We also found that, other things constant, those on the rolls for less than 12 months were more likely to assign their Tickets under one of the new payment systems.

Based on analyses of survey data, beneficiaries who could perform an array of activities of daily living (ADL) and instrumental activities of daily living (IADL) without assistance were about twice as likely to participate in TTW as those who required assistance with at least one activity. We did not find a relationship between limitations in these activities and provider type or payment system.

Those with high scores on a mental health battery were more likely to participate than those with low scores, other things constant. And holding factors other than impairment constant, those who participated in TTW were more likely than others to assign their Tickets to an SVRA.

Participation rates for DI beneficiaries who had entered their Extended Period of Eligibility (EPE) before their state's TTW rollout year were at least three times as likely to participate in TTW as those who had not.¹⁶ For instance, in December 2005 the participation rate in Phase 3 states among those who had completed their EPE before the Phase 3 rollout in 2004 was nearly 3.0 percent, whereas the participation rate for those who had not entered

¹⁶ The EPE allows DI beneficiaries to earn any amount over a consecutive 36-month period following the completion of the Trial Work Period without jeopardizing eligibility for benefits. Benefits are reduced to zero when earnings reach the SGA level, but during this period, beneficiaries can receive DI benefits in any month in which their earnings are below the SGA level.

the EPE by 2004 was 0.9 percent.¹⁷ We did not find a significant relationship between EPE status and payment system. We also found relatively high rates of participation for SSI beneficiaries who were using Section 1619a (5.1 percent in Phase 1 states, 4.0 percent in Phase 2 states, and 3.3 percent in Phase 3 states) and Section 1619b (5.8 percent in Phase 1 states, 4.3 percent in Phase 2 states, and 3.4 percent in Phase 3 states).

We also identified a number of characteristics associated with provider type and/or payment type, but not the overall TTW participation rate. Those relatively more likely to assign their Ticket to an EN include SSI-only recipients; those with relatively low benefits; African Americans; and those with minor children. Those more likely to assign their Ticket to an SVRA, other things constant, include those in SSA's mental retardation or other nervous system disorder categories; those with high mental health scores; and those requiring assistance to perform at least one daily activity.

We also found a few characteristics associated with use of the outcome-only payment system among those who used one of the new payment systems, but not statistically associated with payment or provider type. Given assignment under one of these systems, those participants with the following characteristics are more likely to have assigned their Tickets under the outcome-only payment system: those with relatively high benefits, and those who are married with children. Participants more likely to have assigned Tickets under the milestone-outcome system, other things constant, include those with relatively high levels of non-SSA benefits; African Americans; and those with children under age 6.

These findings are suggestive of beneficiary groups that might have experienced a more substantial change in employment service delivery than others. We note, particularly, the relatively high use of the new payment systems by beneficiaries with a college education, and the relatively high use of non-SVRA ENs by SSI-only recipients, beneficiaries with relatively low benefits, African Americans, and those with minor children. We cannot, however, determine the extent to which these statistics reflect real change. They likely reflect some combination of participant preferences, the availability of providers operating under the various payment systems in a participant's locality, and provider expectations about the likelihood that a participant will exit the rolls.

¹⁷ These statistics are calculated from statistics presented in Table C.5 of Appendix C in Stapleton et al. (2008). Each statistic presented here combines statistics for several groups: 1) those who entered the EPE before 2004 include those who entered before 2000 and those who entered in each of 2001, 2002 and 2003; and 2) those who had not entered by 2004 include those who had never entered and those who had entered in each of 2004 and 2005.

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VII. SUMMARY AND CONCLUSIONS

As of December 2006, the last month for which complete data are available and one month short of five years since the TTW Phase 1 rollout began, the TTW participation rate in Phase 1 states had risen to 2.2 percent, up from 1.8 percent 12 months earlier. The total participation rate has continued to rise each month since the early months of program rollout, with no indication that growth in participation is over or about to end. Participation rates in the Phase 2 and 3 states also continue to grow, but appear to be on somewhat lower trajectories than that for the Phase 1 states.

Although the steady growth in participation rates suggests that TTW was continuing to build momentum through 2006, three factors temper such a conclusion. First, a growing proportion of in-use Tickets are held by participants who are not actively engaged in employment-related activities, that is, a growing proportion are *de facto* inactive. Evidence from the National Beneficiary Survey suggests, however, that the rate of decline in employment-related activities among participants is substantially slower than the rate of growth in assignments.

Second, a very large and growing majority of Tickets are assigned to SVRAs under the traditional payment system—88.7 percent in December 2006, up from 88.0 percent 12 months earlier. Such assignments do not represent a departure from the pre-TTW period, and growth in the number of such assignments might simply reflect growth in the percentage of Tickets that SVRAs collect from beneficiaries they would have served anyway.¹⁸ This point is reinforced by earlier interviews with the staff of several SVRA agencies, who report that the agencies have not made major changes in their service offerings or targeting (Thornton et al. 2007).

Third, even Tickets assigned under the new payment systems, whether to SVRAs or other ENs, do not necessarily represent increased enrollment for employment services because some of the beneficiaries represented by these Tickets would have received services in the absence of TTW. Evidence presented in Chapter XII of Stapleton et al. (2008) indicates that the impact of TTW on use of services in Phase 1 states in 2004 was between 0.2 and 0.7 percentage points, compared to a Phase 1 participation rate of 1.5 percent in December 2004—a significant impact, but much smaller than the participation rate itself. It is possible that those who would have received services even if TTW had not been implemented are receiving better services than they would have under the old system, and that alone could lead to more program exits for work. The impact analysis through 2004 found no discernable impact on earnings or benefits, however.

¹⁸ As reported previously (Thornton et al., 2007), SVRAs do not collect Tickets from many of the beneficiaries they serve.

Participation statistics for a few states and non-state jurisdictions indicate a more substantial change to the market for employment services in some areas. Vermont had a participation rate of 8.4 percent in December 2006 and two other states had rates in excess of 4.0 percent. SVRAs continue to dominate the market in all but one area, including those states with the highest participation rates, but ENs have a very substantial share of assignments in some, and a majority of assignments in the Virgin Islands. Similarly, in a few states the SVRAs have accepted a substantial, although minority, share of assignments under one of the new payment systems. If other states were to follow the lead of these states, the TTW program might eventually have a larger impact on the national market for employment services to SSA beneficiaries.

Similarly, we found that TTW might have had a relatively strong effect on the employment services for certain groups of beneficiaries. Young beneficiaries and beneficiaries with sensory impairments participate at much higher rates than others, but the vast majority of beneficiaries receive services from SVRAs under the traditional payment system. Participants who are college graduates are much more likely than others to assign their Tickets under a new payment system. SSI-only recipients, beneficiaries with relatively low benefits, African Americans, and those with minor children are all more likely than others to assign their Tickets to providers other than SVRAs. Even so, a large majority of participants in each of these groups assign their Tickets to SVRAs under the traditional payment system.

Changes in the TTW regulations that became effective on July 21, 2008 make it very likely that participation statistics will change substantially from 2009 forward. Several changes are likely to have a positive effect on participation rates. Specifically, the new regulations expand the opportunities for ENs and SVRAs through payment system modifications that are favorable to providers, creating stronger incentives for SVRAs and ENs to collaborate. They also expand TTW eligibility to a previously excluded beneficiary group—new beneficiaries for whom medical improvement is expected. This group is small, but these beneficiaries might be more likely than others to assign their Tickets. Finally, SSA will increase its outreach efforts. These changes are expected to make the program more attractive to providers as well as beneficiaries.

Other changes in the regulations were designed to reduce the burden of timely progress determinations. Once deactivations for lack of timely progress resume, that will at least partially offset the positive effects of other changes on participation rates, but will also make participation rates a more accurate measure of the extent to which beneficiaries are using employment services under TTW.

We expect the net effect of the regulations to be an increase in the delivery of employment services to beneficiaries, including expanded use of non-SVRA providers and of the new payment systems. It might take considerable time for substantial changes in service delivery to occur, however, which could potentially lead to significant increases in earnings and reductions in benefit payments.

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APPENDIX A

DATA TO SUPPORT SELECTED EXHIBITS

This appendix presents statistics to support the exhibits in the body of the report. Section A presents statistics on the history of beneficiary participation by phase group through December 2006. Section B presents a graphic on deactivations net of reassignments, accompanied by supporting statistics. Section C presents state-level participation statistics for December 2006.

A. THE HISTORY OF PARTICIPATION IN TICKET TO WORK

Statistics on the participation rate (number of Tickets assigned as a percentage of Ticket-eligible beneficiaries) are presented in Exhibit A.1, by phase, months since rollout start for the phase, provider type and payment type.

Exhibit A.1. Participation Rates (%) by Months Since Rollout Start, Provider Type, Payment Type, and Phase (Supports Exhibits 1–6)

| Months Since Rollout | Month, Year | Total | Provider Type | | | Payment Type | | |
|----------------------|-------------|-------|---------------|----------|--------|--------------|----------------------|---------------|
| | | | SVRA | Other EN | % SVRA | Traditional | Milestones- Outcomes | Outcomes Only |
| Phase 1 | | | | | | | | |
| 1 | Feb-02 | 0.06 | 0.050 | 0.010 | 83.1 | 0.042 | 0.015 | 0.003 |
| 2 | Mar-02 | 0.35 | 0.308 | 0.043 | 87.8 | 0.289 | 0.047 | 0.015 |
| 3 | Apr-02 | 0.24 | 0.202 | 0.040 | 83.4 | 0.190 | 0.042 | 0.011 |
| 4 | May-02 | 0.21 | 0.174 | 0.038 | 82.0 | 0.164 | 0.040 | 0.009 |
| 5 | Jun-02 | 0.23 | 0.191 | 0.040 | 82.6 | 0.180 | 0.043 | 0.009 |
| 6 | Jul-02 | 0.30 | 0.252 | 0.053 | 82.5 | 0.236 | 0.057 | 0.011 |
| 7 | Aug-02 | 0.38 | 0.314 | 0.062 | 83.5 | 0.297 | 0.067 | 0.012 |
| 8 | Sep-02 | 0.41 | 0.349 | 0.064 | 84.6 | 0.330 | 0.070 | 0.013 |
| 9 | Oct-02 | 0.47 | 0.404 | 0.066 | 86.0 | 0.383 | 0.074 | 0.013 |
| 10 | Nov-02 | 0.50 | 0.433 | 0.067 | 86.5 | 0.410 | 0.076 | 0.014 |
| 11 | Dec-02 | 0.53 | 0.461 | 0.068 | 87.1 | 0.435 | 0.079 | 0.015 |
| 12 | Jan-03 | 0.58 | 0.513 | 0.070 | 87.9 | 0.484 | 0.082 | 0.016 |
| 13 | Feb-03 | 0.61 | 0.541 | 0.071 | 88.4 | 0.510 | 0.084 | 0.018 |
| 14 | Mar-03 | 0.64 | 0.572 | 0.070 | 89.2 | 0.540 | 0.084 | 0.018 |
| 15 | Apr-03 | 0.69 | 0.624 | 0.068 | 90.2 | 0.590 | 0.083 | 0.019 |
| 16 | May-03 | 0.75 | 0.681 | 0.068 | 90.9 | 0.646 | 0.083 | 0.020 |
| 17 | Jun-03 | 0.80 | 0.729 | 0.067 | 91.6 | 0.692 | 0.082 | 0.021 |
| 18 | Jul-03 | 0.85 | 0.783 | 0.067 | 92.1 | 0.744 | 0.084 | 0.021 |
| 19 | Aug-03 | 0.90 | 0.833 | 0.069 | 92.4 | 0.793 | 0.087 | 0.022 |
| 20 | Sep-03 | 0.95 | 0.879 | 0.070 | 92.6 | 0.837 | 0.089 | 0.023 |
| 21 | Oct-03 | 0.99 | 0.919 | 0.072 | 92.8 | 0.875 | 0.091 | 0.025 |
| 22 | Nov-03 | 1.01 | 0.943 | 0.072 | 92.9 | 0.898 | 0.091 | 0.025 |
| 23 | Dec-03 | 1.05 | 0.982 | 0.073 | 93.1 | 0.936 | 0.092 | 0.026 |
| 24 | Jan-04 | 1.10 | 1.025 | 0.074 | 93.3 | 0.977 | 0.093 | 0.028 |

| Months Since Rollout | Month, Year | Total | Provider Type | | | Payment Type | | |
|----------------------|-------------|-------|---------------|----------|--------|--------------|----------------------|---------------|
| | | | SVRA | Other EN | % SVRA | Traditional | Milestones- Outcomes | Outcomes Only |
| 25 | Feb-04 | 1.13 | 1.058 | 0.076 | 93.3 | 1.008 | 0.097 | 0.029 |
| 26 | Mar-04 | 1.18 | 1.099 | 0.079 | 93.3 | 1.047 | 0.100 | 0.030 |
| 27 | Apr-04 | 1.21 | 1.133 | 0.079 | 93.5 | 1.080 | 0.101 | 0.031 |
| 28 | May-04 | 1.24 | 1.162 | 0.079 | 93.6 | 1.107 | 0.102 | 0.032 |
| 29 | Jun-04 | 1.28 | 1.197 | 0.080 | 93.8 | 1.140 | 0.103 | 0.033 |
| 30 | Jul-04 | 1.31 | 1.232 | 0.080 | 93.9 | 1.174 | 0.104 | 0.034 |
| 31 | Aug-04 | 1.35 | 1.271 | 0.080 | 94.1 | 1.211 | 0.104 | 0.035 |
| 32 | Sep-04 | 1.38 | 1.295 | 0.081 | 94.1 | 1.235 | 0.105 | 0.036 |
| 33 | Oct-04 | 1.40 | 1.321 | 0.082 | 94.1 | 1.260 | 0.106 | 0.037 |
| 34 | Nov-04 | 1.43 | 1.342 | 0.084 | 94.1 | 1.280 | 0.108 | 0.038 |
| 35 | Dec-04 | 1.45 | 1.363 | 0.084 | 94.2 | 1.300 | 0.109 | 0.038 |
| 36 | Jan-05 | 1.49 | 1.409 | 0.085 | 94.3 | 1.344 | 0.110 | 0.040 |
| 37 | Feb-05 | 1.52 | 1.431 | 0.086 | 94.3 | 1.365 | 0.111 | 0.040 |
| 38 | Mar-05 | 1.55 | 1.462 | 0.087 | 94.4 | 1.395 | 0.113 | 0.041 |
| 39 | Apr-05 | 1.57 | 1.487 | 0.088 | 94.4 | 1.418 | 0.114 | 0.042 |
| 40 | May-05 | 1.60 | 1.514 | 0.090 | 94.4 | 1.444 | 0.116 | 0.043 |
| 41 | Jun-05 | 1.63 | 1.542 | 0.091 | 94.4 | 1.471 | 0.117 | 0.044 |
| 42 | Jul-05 | 1.66 | 1.566 | 0.092 | 94.4 | 1.494 | 0.118 | 0.045 |
| 43 | Aug-05 | 1.70 | 1.605 | 0.094 | 94.5 | 1.532 | 0.121 | 0.046 |
| 44 | Sep-05 | 1.73 | 1.633 | 0.095 | 94.5 | 1.559 | 0.122 | 0.047 |
| 45 | Oct-05 | 1.76 | 1.662 | 0.095 | 94.6 | 1.587 | 0.122 | 0.049 |
| 46 | Nov-05 | 1.79 | 1.694 | 0.096 | 94.6 | 1.618 | 0.123 | 0.049 |
| 47 | Dec-05 | 1.83 | 1.728 | 0.097 | 94.7 | 1.652 | 0.123 | 0.050 |
| 48 | Jan-06 | 1.87 | 1.766 | 0.099 | 94.7 | 1.688 | 0.126 | 0.051 |
| 49 | Feb-06 | 1.89 | 1.794 | 0.099 | 94.8 | 1.716 | 0.126 | 0.051 |
| 50 | Mar-06 | 1.93 | 1.833 | 0.101 | 94.8 | 1.752 | 0.128 | 0.053 |
| 51 | Apr-06 | 1.96 | 1.859 | 0.101 | 94.8 | 1.777 | 0.129 | 0.054 |
| 52 | May-06 | 1.99 | 1.892 | 0.102 | 94.9 | 1.810 | 0.130 | 0.054 |
| 53 | Jun-06 | 2.02 | 1.921 | 0.103 | 94.9 | 1.838 | 0.131 | 0.055 |
| 54 | Jul-06 | 2.05 | 1.946 | 0.104 | 94.9 | 1.863 | 0.132 | 0.056 |
| 55 | Aug-06 | 2.08 | 1.981 | 0.104 | 95.0 | 1.896 | 0.131 | 0.057 |
| 56 | Sep-06 | 2.11 | 2.007 | 0.104 | 95.0 | 1.922 | 0.132 | 0.058 |
| 57 | Oct-06 | 2.14 | 2.035 | 0.105 | 95.1 | 1.949 | 0.132 | 0.058 |
| 58 | Nov-06 | 2.17 | 2.060 | 0.107 | 95.1 | 1.975 | 0.133 | 0.059 |
| 60 | Dec-06 | 2.19 | 2.081 | 0.107 | 95.1 | 1.995 | 0.134 | 0.059 |
| Phase 2 | | | | | | | | |
| 1 | Nov-02 | 0.04 | 0.036 | 0.008 | 82.0 | 0.034 | 0.008 | 0.003 |
| 2 | Dec-02 | 0.10 | 0.074 | 0.028 | 72.9 | 0.070 | 0.023 | 0.009 |
| 3 | Jan-03 | 0.11 | 0.083 | 0.026 | 76.4 | 0.076 | 0.024 | 0.009 |
| 4 | Feb-03 | 0.14 | 0.103 | 0.033 | 75.5 | 0.093 | 0.034 | 0.009 |
| 5 | Mar-03 | 0.18 | 0.141 | 0.039 | 78.5 | 0.127 | 0.041 | 0.011 |
| 6 | Apr-03 | 0.22 | 0.173 | 0.044 | 79.6 | 0.156 | 0.049 | 0.013 |
| 7 | May-03 | 0.25 | 0.206 | 0.046 | 81.9 | 0.185 | 0.052 | 0.015 |
| 8 | Jun-03 | 0.28 | 0.237 | 0.047 | 83.3 | 0.214 | 0.055 | 0.016 |
| 9 | Jul-03 | 0.32 | 0.272 | 0.049 | 84.7 | 0.245 | 0.060 | 0.017 |
| 10 | Aug-03 | 0.35 | 0.302 | 0.050 | 85.7 | 0.271 | 0.063 | 0.018 |
| 11 | Sep-03 | 0.38 | 0.324 | 0.052 | 86.1 | 0.292 | 0.064 | 0.020 |
| 12 | Oct-03 | 0.43 | 0.375 | 0.056 | 86.9 | 0.337 | 0.072 | 0.022 |
| 13 | Nov-03 | 0.47 | 0.409 | 0.059 | 87.4 | 0.369 | 0.076 | 0.023 |
| 14 | Dec-03 | 0.51 | 0.448 | 0.061 | 87.9 | 0.404 | 0.080 | 0.025 |

| Months Since Rollout | Month, Year | Total | Provider Type | | | Payment Type | | |
|----------------------|-------------|-------|---------------|----------|--------|--------------|----------------------|---------------|
| | | | SVRA | Other EN | % SVRA | Traditional | Milestones- Outcomes | Outcomes Only |
| 15 | Jan-04 | 0.55 | 0.487 | 0.063 | 88.5 | 0.439 | 0.085 | 0.026 |
| 16 | Feb-04 | 0.58 | 0.521 | 0.064 | 89.1 | 0.470 | 0.088 | 0.027 |
| 17 | Mar-04 | 0.63 | 0.567 | 0.065 | 89.7 | 0.511 | 0.093 | 0.028 |
| 18 | Apr-04 | 0.67 | 0.608 | 0.066 | 90.2 | 0.548 | 0.098 | 0.028 |
| 19 | May-04 | 0.71 | 0.645 | 0.067 | 90.6 | 0.582 | 0.100 | 0.029 |
| 20 | Jun-04 | 0.75 | 0.683 | 0.068 | 90.9 | 0.616 | 0.104 | 0.031 |
| 21 | Jul-04 | 0.78 | 0.715 | 0.068 | 91.3 | 0.646 | 0.106 | 0.031 |
| 22 | Aug-04 | 0.82 | 0.753 | 0.068 | 91.7 | 0.681 | 0.109 | 0.031 |
| 23 | Sep-04 | 0.85 | 0.781 | 0.069 | 91.9 | 0.707 | 0.111 | 0.032 |
| 24 | Oct-04 | 0.88 | 0.810 | 0.069 | 92.2 | 0.734 | 0.112 | 0.033 |
| 25 | Nov-04 | 0.90 | 0.833 | 0.069 | 92.3 | 0.754 | 0.114 | 0.034 |
| 26 | Dec-04 | 0.93 | 0.862 | 0.069 | 92.5 | 0.779 | 0.118 | 0.034 |
| 27 | Jan-05 | 0.98 | 0.911 | 0.070 | 92.9 | 0.824 | 0.121 | 0.035 |
| 28 | Feb-05 | 1.01 | 0.940 | 0.070 | 93.1 | 0.851 | 0.124 | 0.035 |
| 29 | Mar-05 | 1.05 | 0.984 | 0.071 | 93.3 | 0.893 | 0.126 | 0.036 |
| 30 | Apr-05 | 1.08 | 1.013 | 0.072 | 93.4 | 0.920 | 0.128 | 0.037 |
| 31 | May-05 | 1.12 | 1.044 | 0.073 | 93.5 | 0.949 | 0.130 | 0.038 |
| 32 | Jun-05 | 1.15 | 1.074 | 0.074 | 93.6 | 0.977 | 0.132 | 0.038 |
| 33 | Jul-05 | 1.17 | 1.100 | 0.074 | 93.7 | 1.001 | 0.134 | 0.039 |
| 34 | Aug-05 | 1.21 | 1.138 | 0.075 | 93.8 | 1.036 | 0.136 | 0.040 |
| 35 | Sep-05 | 1.24 | 1.162 | 0.076 | 93.9 | 1.059 | 0.138 | 0.041 |
| 36 | Oct-05 | 1.27 | 1.190 | 0.076 | 94.0 | 1.089 | 0.138 | 0.041 |
| 37 | Nov-05 | 1.28 | 1.209 | 0.076 | 94.1 | 1.104 | 0.139 | 0.041 |
| 38 | Dec-05 | 1.31 | 1.232 | 0.077 | 94.1 | 1.126 | 0.141 | 0.042 |
| 39 | Jan-06 | 1.34 | 1.264 | 0.078 | 94.2 | 1.156 | 0.142 | 0.043 |
| 40 | Feb-06 | 1.37 | 1.289 | 0.078 | 94.3 | 1.180 | 0.143 | 0.044 |
| 41 | Mar-06 | 1.40 | 1.324 | 0.079 | 94.4 | 1.213 | 0.145 | 0.045 |
| 42 | Apr-06 | 1.43 | 1.347 | 0.080 | 94.4 | 1.234 | 0.147 | 0.046 |
| 43 | May-06 | 1.46 | 1.377 | 0.082 | 94.4 | 1.262 | 0.150 | 0.047 |
| 44 | Jun-06 | 1.49 | 1.402 | 0.084 | 94.4 | 1.286 | 0.152 | 0.048 |
| 45 | Jul-06 | 1.51 | 1.425 | 0.085 | 94.4 | 1.308 | 0.153 | 0.049 |
| 46 | Aug-06 | 1.54 | 1.458 | 0.086 | 94.4 | 1.339 | 0.155 | 0.050 |
| 47 | Sep-06 | 1.56 | 1.477 | 0.088 | 94.4 | 1.357 | 0.157 | 0.051 |
| 48 | Oct-06 | 1.59 | 1.498 | 0.088 | 94.4 | 1.377 | 0.159 | 0.051 |
| 49 | Nov-06 | 1.61 | 1.516 | 0.089 | 94.5 | 1.394 | 0.160 | 0.051 |
| 50 | Dec-06 | 1.62 | 1.536 | 0.089 | 94.5 | 1.412 | 0.162 | 0.052 |
| Phase 3 | | | | | | | | |
| 1 | Nov-03 | 0.28 | 0.261 | 0.015 | 94.4 | 0.248 | 0.025 | 0.004 |
| 2 | Dec-03 | 0.65 | 0.616 | 0.032 | 95.1 | 0.588 | 0.054 | 0.005 |
| 3 | Jan-04 | 0.47 | 0.436 | 0.032 | 93.1 | 0.415 | 0.048 | 0.005 |
| 4 | Feb-04 | 0.43 | 0.392 | 0.037 | 91.3 | 0.371 | 0.053 | 0.006 |
| 5 | Mar-04 | 0.45 | 0.401 | 0.045 | 89.8 | 0.378 | 0.062 | 0.007 |
| 6 | Apr-04 | 0.46 | 0.413 | 0.051 | 89.0 | 0.388 | 0.068 | 0.008 |
| 7 | May-04 | 0.46 | 0.410 | 0.055 | 88.2 | 0.384 | 0.072 | 0.009 |
| 8 | Jun-04 | 0.47 | 0.414 | 0.057 | 88.0 | 0.388 | 0.074 | 0.009 |
| 9 | Jul-04 | 0.48 | 0.420 | 0.057 | 88.0 | 0.394 | 0.073 | 0.010 |
| 10 | Aug-04 | 0.49 | 0.430 | 0.058 | 88.1 | 0.404 | 0.075 | 0.010 |
| 11 | Sep-04 | 0.49 | 0.427 | 0.060 | 87.7 | 0.401 | 0.076 | 0.010 |
| 12 | Oct-04 | 0.52 | 0.458 | 0.066 | 87.5 | 0.431 | 0.082 | 0.011 |

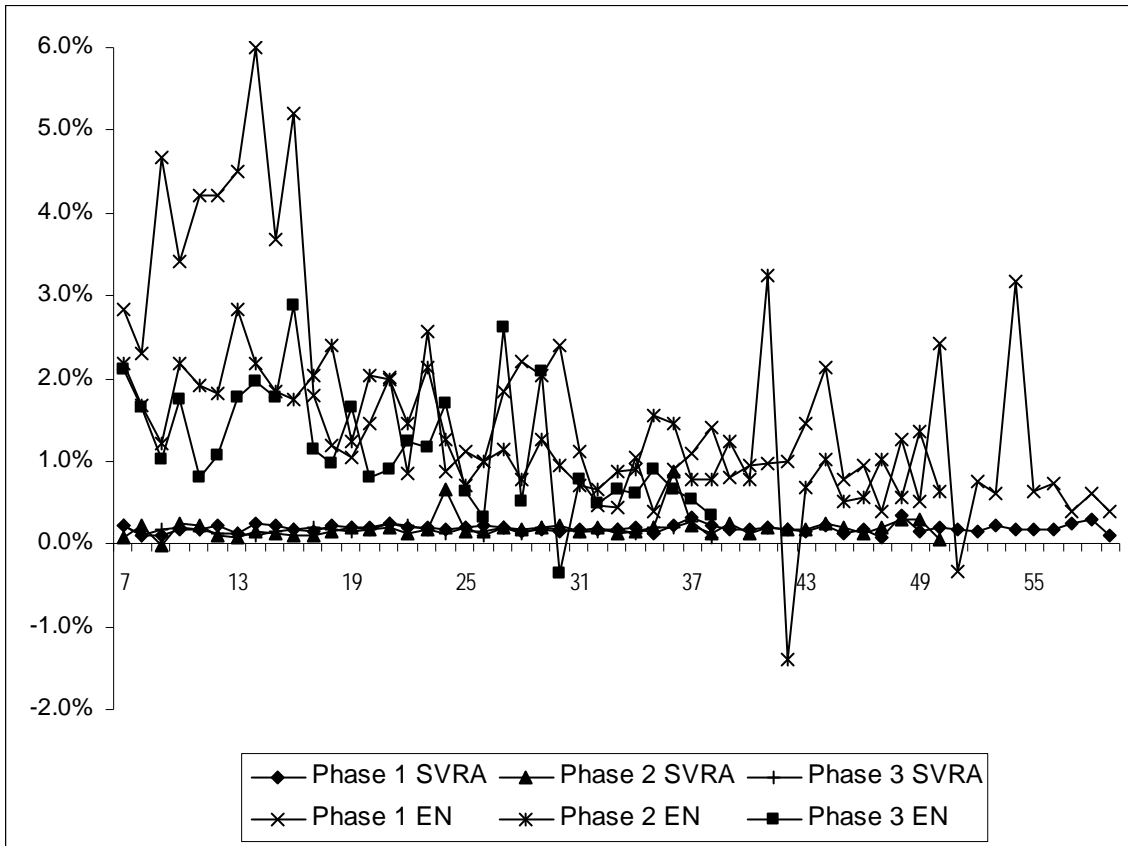
| Months Since Rollout | Month, Year | Total | Provider Type | | | Payment Type | | |
|----------------------|-------------|-------|---------------|----------|--------|--------------|----------------------|---------------|
| | | | SVRA | Other EN | % SVRA | Traditional | Milestones- Outcomes | Outcomes Only |
| 13 | Nov-04 | 0.56 | 0.486 | 0.070 | 87.5 | 0.458 | 0.086 | 0.012 |
| 14 | Dec-04 | 0.59 | 0.516 | 0.072 | 87.8 | 0.487 | 0.089 | 0.012 |
| 15 | Jan-05 | 0.64 | 0.563 | 0.075 | 88.3 | 0.533 | 0.092 | 0.013 |
| 16 | Feb-05 | 0.67 | 0.590 | 0.077 | 88.4 | 0.559 | 0.095 | 0.013 |
| 17 | Mar-05 | 0.70 | 0.626 | 0.079 | 88.8 | 0.594 | 0.096 | 0.014 |
| 18 | Apr-05 | 0.74 | 0.658 | 0.081 | 89.0 | 0.625 | 0.099 | 0.014 |
| 19 | May-05 | 0.78 | 0.692 | 0.083 | 89.2 | 0.659 | 0.101 | 0.015 |
| 20 | Jun-05 | 0.81 | 0.725 | 0.086 | 89.4 | 0.692 | 0.104 | 0.015 |
| 21 | Jul-05 | 0.84 | 0.753 | 0.089 | 89.4 | 0.719 | 0.106 | 0.016 |
| 22 | Aug-05 | 0.88 | 0.790 | 0.091 | 89.7 | 0.756 | 0.108 | 0.017 |
| 23 | Sep-05 | 0.91 | 0.816 | 0.093 | 89.8 | 0.782 | 0.109 | 0.018 |
| 24 | Oct-05 | 0.94 | 0.841 | 0.095 | 89.9 | 0.806 | 0.111 | 0.018 |
| 25 | Nov-05 | 0.96 | 0.862 | 0.096 | 90.0 | 0.828 | 0.111 | 0.019 |
| 26 | Dec-05 | 0.98 | 0.882 | 0.097 | 90.1 | 0.848 | 0.112 | 0.020 |
| 27 | Jan-06 | 1.01 | 0.912 | 0.100 | 90.1 | 0.877 | 0.114 | 0.020 |
| 28 | Feb-06 | 1.03 | 0.931 | 0.100 | 90.3 | 0.896 | 0.114 | 0.020 |
| 29 | Mar-06 | 1.06 | 0.959 | 0.103 | 90.3 | 0.924 | 0.117 | 0.021 |
| 30 | Apr-06 | 1.08 | 0.978 | 0.104 | 90.3 | 0.943 | 0.117 | 0.022 |
| 31 | May-06 | 1.11 | 1.000 | 0.107 | 90.3 | 0.965 | 0.119 | 0.023 |
| 32 | Jun-06 | 1.13 | 1.022 | 0.109 | 90.4 | 0.986 | 0.120 | 0.024 |
| 33 | Jul-06 | 1.15 | 1.040 | 0.111 | 90.3 | 1.004 | 0.122 | 0.025 |
| 34 | Aug-06 | 1.18 | 1.063 | 0.114 | 90.3 | 1.027 | 0.123 | 0.026 |
| 35 | Sep-06 | 1.19 | 1.077 | 0.116 | 90.3 | 1.041 | 0.125 | 0.027 |
| 36 | Oct-06 | 1.21 | 1.094 | 0.118 | 90.3 | 1.058 | 0.126 | 0.028 |
| 37 | Nov-06 | 1.23 | 1.108 | 0.120 | 90.2 | 1.072 | 0.127 | 0.028 |
| 38 | Dec-06 | 1.24 | 1.122 | 0.121 | 90.3 | 1.086 | 0.128 | 0.028 |

Note: Ticket eligibility based on December 2006 TRF and participation status based on May 2007 DCF.

B. NET DEACTIVATIONS

Net deactivations are defined as deactivation minus reassignments. Net deactivations as a percentage of assigned Tickets are charted in Exhibit A.2 and the percentages themselves appear in Exhibit A.3. Statistics for the first six months of the rollout for each phase are not reported because the small number of assignments in the first few months of a state's rollout makes them very erratic.

Exhibit A.2. Net Deactivations by Months Since Rollout, Provider Type, and Phase



Note: Participation status is based on the May 2007 DCF.

Exhibit A.3. Net Deactivations as a Percentage of Assigned Tickets, by Phase and Month Since Rollout Start (Supports Exhibit A.2)

| Months Since Rollout | Phase | | |
|----------------------|-------|------|------|
| | 1 | 2 | 3 |
| 7 | 0.66 | 0.47 | 0.45 |
| 8 | 0.44 | 0.46 | 0.28 |
| 9 | 0.75 | 0.17 | 0.27 |
| 10 | 0.61 | 0.53 | 0.38 |
| 11 | 0.69 | 0.46 | 0.25 |
| 12 | 0.69 | 0.33 | 0.25 |
| 13 | 0.63 | 0.41 | 0.33 |
| 14 | 0.87 | 0.40 | 0.33 |
| 15 | 0.56 | 0.31 | 0.35 |
| 16 | 0.63 | 0.29 | 0.50 |
| 17 | 0.28 | 0.30 | 0.30 |
| 18 | 0.29 | 0.37 | 0.26 |
| 19 | 0.27 | 0.29 | 0.31 |
| 20 | 0.30 | 0.34 | 0.25 |
| 21 | 0.36 | 0.35 | 0.32 |
| 22 | 0.23 | 0.25 | 0.32 |
| 23 | 0.36 | 0.33 | 0.28 |
| 24 | 0.23 | 0.71 | 0.28 |
| 25 | 0.26 | 0.20 | 0.25 |
| 26 | 0.27 | 0.21 | 0.13 |
| 27 | 0.30 | 0.27 | 0.44 |
| 28 | 0.29 | 0.22 | 0.17 |
| 29 | 0.29 | 0.27 | 0.38 |
| 30 | 0.28 | 0.26 | 0.13 |
| 31 | 0.23 | 0.19 | 0.21 |
| 32 | 0.20 | 0.23 | 0.19 |
| 33 | 0.19 | 0.18 | 0.22 |
| 34 | 0.24 | 0.19 | 0.18 |
| 35 | 0.13 | 0.29 | 0.27 |
| 36 | 0.26 | 0.91 | 0.25 |
| 37 | 0.36 | 0.26 | 0.29 |
| 38 | 0.29 | 0.16 | 0.11 |
| 39 | 0.21 | 0.31 | |
| 40 | 0.22 | 0.16 | |
| 41 | 0.25 | 0.37 | |
| 42 | 0.21 | 0.09 | |
| 43 | 0.23 | 0.20 | |
| 44 | 0.33 | 0.30 | |
| 45 | 0.16 | 0.21 | |
| 46 | 0.22 | 0.16 | |
| 47 | 0.10 | 0.25 | |
| 48 | 0.39 | 0.32 | |
| 49 | 0.16 | 0.36 | |
| 50 | 0.32 | 0.09 | |
| 51 | 0.15 | | |
| 52 | 0.17 | | |
| 53 | 0.23 | | |
| 54 | 0.33 | | |
| 55 | 0.20 | | |
| 56 | 0.21 | | |
| 57 | 0.25 | | |
| 58 | 0.32 | | |
| 59 | 0.11 | | |

Note: Participation status is based on the May 2007 DCF.

C. PARTICIPATION STATISTICS BY STATE

This section presents statistics on participation rates in December 2006 by state for DI and SSI beneficiaries who were Ticket eligible in December 2006. Exhibit 3 presents state and non-state area participation rates, grouped by phase, in total, by provider type, and by payment type.

Exhibit A.4. Participation Rates (%) by State, Payment System, and Provider Type, December 2006 (Supports Exhibit 7)

| State of Residence in December 2006 | Payment Type | | | Provider Type | | |
|--|--------------|-------------|-----------------------|------------------|------|------|
| | Total | Traditional | Milestone- Outcome | Outcome- Only | SVRA | EN |
| Phase 1 | | | | | | |
| Arizona | 0.91 | 0.73 | 0.13 | 0.05 | 0.74 | 0.17 |
| Colorado | 0.94 | 0.84 | 0.05 | 0.04 | 0.85 | 0.09 |
| Delaware | 3.71 | 3.46 | 0.24 | 0.01 | 3.63 | 0.08 |
| Florida | 2.16 | 2.03 | 0.08 | 0.06 | 2.03 | 0.13 |
| Illinois | 2.92 | 2.80 | 0.10 | 0.02 | 2.82 | 0.10 |
| Iowa | 2.37 | 2.28 | 0.05 | 0.04 | 2.30 | 0.07 |
| Massachusetts | 1.08 | 0.89 | 0.15 | 0.04 | 0.99 | 0.09 |
| New York | 2.07 | 1.95 | 0.09 | 0.03 | 1.96 | 0.11 |
| Oklahoma | 1.88 | 0.97 | 0.88 | 0.02 | 1.85 | 0.03 |
| Oregon | 1.06 | 0.95 | 0.05 | 0.07 | 0.96 | 0.10 |
| South Carolina | 2.02 | 1.89 | 0.11 | 0.02 | 1.95 | 0.07 |
| Vermont | 8.93 | 6.18 | 0.02 | 2.74 | 8.89 | 0.04 |
| Wisconsin | 4.70 | 4.54 | 0.12 | 0.05 | 4.54 | 0.16 |
| Phase 2 | | | | | | |
| Alaska | 1.28 | 1.21 | 0.03 | 0.04 | 1.23 | 0.05 |
| Arkansas | 1.02 | 0.90 | 0.09 | 0.03 | 0.92 | 0.10 |
| Connecticut | 1.77 | 1.00 | 0.04 | 0.72 | 1.72 | 0.05 |
| District of Columbia | 1.22 | 0.76 | 0.42 | 0.04 | 0.81 | 0.41 |
| Georgia | 1.33 | 1.21 | 0.10 | 0.02 | 1.22 | 0.11 |
| Indiana | 1.93 | 1.13 | 0.79 | 0.01 | 1.90 | 0.03 |
| Kansas | 2.15 | 2.00 | 0.07 | 0.08 | 2.01 | 0.14 |
| Kentucky | 0.75 | 0.70 | 0.03 | 0.02 | 0.72 | 0.03 |
| Louisiana | 1.95 | 1.42 | 0.51 | 0.02 | 1.89 | 0.06 |
| Michigan | 2.49 | 2.40 | 0.06 | 0.02 | 2.41 | 0.08 |
| Mississippi | 1.22 | 1.10 | 0.10 | 0.02 | 1.10 | 0.12 |
| Missouri | 2.07 | 1.94 | 0.10 | 0.03 | 1.97 | 0.10 |
| Montana | 1.93 | 1.89 | 0.03 | 0.01 | 1.91 | 0.02 |
| Nevada | 1.95 | 1.75 | 0.13 | 0.06 | 1.77 | 0.18 |
| New Hampshire | 0.54 | 0.21 | 0.26 | 0.07 | 0.48 | 0.06 |
| New Jersey | 0.45 | 0.34 | 0.04 | 0.07 | 0.39 | 0.06 |
| New Mexico | 0.45 | 0.38 | 0.05 | 0.02 | 0.40 | 0.05 |
| North Dakota | 0.43 | 0.37 | 0.03 | 0.03 | 0.37 | 0.06 |
| South Dakota | 4.52 | 4.43 | 0.01 | 0.08 | 4.50 | 0.02 |
| Tennessee | 1.80 | 1.58 | 0.19 | 0.03 | 1.59 | 0.21 |
| Virginia | 2.29 | 2.22 | 0.05 | 0.02 | 2.23 | 0.06 |
| Phase 3 | | | | | | |
| Alabama | 1.33 | 1.27 | 0.06 | 0.01 | 1.27 | 0.06 |
| American Samoa | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| California | 1.50 | 1.28 | 0.18 | 0.04 | 1.29 | 0.21 |
| Guam | 0.20 | 0.20 | 0.00 | 0.00 | 0.20 | 0.00 |

| State of Residence in December 2006 | Total | Payment Type | | | Provider Type | |
|--|-------|--------------|-----------------------|------------------|---------------|------|
| | | Traditional | Milestone- Outcome | Outcome- Only | SVRA | EN |
| Hawaii | 0.40 | 0.29 | 0.06 | 0.05 | 0.29 | 0.11 |
| Idaho | 1.92 | 1.81 | 0.07 | 0.04 | 1.89 | 0.03 |
| Maine | 1.29 | 1.20 | 0.07 | 0.01 | 1.22 | 0.07 |
| Maryland | 1.99 | 1.88 | 0.09 | 0.02 | 1.88 | 0.11 |
| Minnesota | 2.14 | 1.94 | 0.18 | 0.02 | 2.01 | 0.13 |
| Nebraska | 2.35 | 2.27 | 0.05 | 0.02 | 2.29 | 0.06 |
| North Carolina | 0.46 | 0.28 | 0.17 | 0.01 | 0.43 | 0.03 |
| Northern Mariana Islands | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ohio | 1.66 | 1.57 | 0.06 | 0.02 | 1.58 | 0.08 |
| Pennsylvania | 1.31 | 0.97 | 0.13 | 0.03 | 1.06 | 0.07 |
| Puerto Rico | 0.20 | 0.02 | 0.13 | 0.05 | 0.05 | 0.15 |
| Rhode Island | 0.46 | 0.36 | 0.09 | 0.01 | 0.40 | 0.06 |
| Texas | 0.94 | 0.79 | 0.12 | 0.03 | 0.81 | 0.13 |
| Utah | 2.97 | 2.92 | 0.03 | 0.02 | 2.94 | 0.03 |
| Virgin Islands | 1.15 | 0.20 | 0.40 | 0.75 | 0.75 | 1.15 |
| Washington | 1.23 | 1.09 | 0.10 | 0.04 | 1.10 | 0.13 |
| West Virginia | 0.48 | 0.35 | 0.11 | 0.03 | 0.41 | 0.07 |
| Wyoming | 0.53 | 0.43 | 0.08 | 0.03 | 0.45 | 0.08 |

Note: The participation rate is the number of participants per 100 Ticket-eligible beneficiaries. Ticket eligibility status is based on the 2006 TRF and participation status is based on a May 2007 extract from the DCF.