

Social Security

Program Operations Manual System (POMS)

TN 102 (01-09)

SI 00830.311 Veterans Affairs (VA) Incentive Therapy (IT) and Compensated Work Therapy (CWT) Programs

Citations:

38 U.S.C. Section 1718

A. Introduction to VA IT and CWT Programs

The United States Department of Veterans Affairs (VA) administers the IT and CWT programs that provide therapeutic and rehabilitative services to eligible veterans with mental illness who are unable to work and support themselves. A physician's prescription is necessary to participate in the program, which is supervised by medical personnel. The VA distributes payments to participants for the therapeutic work performed under the IT and CWT programs, e.g., CWT Veterans' Construction Team, from The Department of Veterans Affairs Special Therapeutic and Rehabilitation Activities Fund (the Fund).

EXCEPTION: Participants in the supported employment (SE) phase of the CWT program work for local community employers and are paid directly by the employer.

B. Description of the IT and CWT programs

1. IT program

IT is the entry level program where participants perform tasks in a sheltered workshop environment or at the VA hospital. Generally, veterans progress from the IT program to the CWT program. Veterans who are unable to work in a normal work environment may continue in the IT program for an indefinite period. The VA distributes payments for the therapeutic work from the Fund.

2. CWT program

CWT is a program that provides veterans with an individualized vocational assessment, a rehabilitation plan and work experience. Generally, participants perform work via a contractual

agreement with local community employers. However, the VA pays participants from the Fund except when they are in the SE phase of CWT.

3. SE phase of CWT

The SE phase of the CWT program involves a veteran's direct employment with a community employer who pays the individual's wages and issues Form W-2, Wage and Tax Statement.

C. IT and CWT income policy

1. IT income

The income the veteran receives while participating in the IT program is considered a medical service, and, therefore is, excluded from income for Supplemental Security Income (SSI) purposes.

NOTE: Veterans who participate in this program are not considered employees of the United States. The IRS considers IT income non- taxable; therefore, the VA does not withhold FICA tax nor does it issue a Form 1099.

2. CWT income

The income the veteran receives while participating in the CWT program is considered a medical service, and therefore is excluded from income for SSI purposes. If the individual is participating in the SE phase of CWT, see SI 00830.311B.3. (in this section).

NOTE: Veterans who participate in this program are not considered employees of the United States. The IRS considers the income non- taxable medical services; therefore, the VA does not withhold FICA tax nor does it issue a Form 1099.

3. SE phase of CWT income

The income the disabled veteran receives while participating in the SE phase of the CWT program is considered earned income for SSI purposes.

NOTE: The veteran will receive a Form W-2 from the employer.

D. Verifying, determining, and documenting IT and CWT participation

1. Verification of IT, CWT or SE phase of CWT participation

Ask the claimant if he or she has a letter from the VA confirming his or her participation in the IT, CWT or SE phase of CWT program. If the claimant does not have a VA letter readily available, to verify participation in IT, CWT or SE phase of CWT, follow the procedures in SI 00830.320. If the

claimant participates in the SE phase of CWT, verify his or her wages per normal wage development and verification procedures. For wage verification, see SI 00820.133.

2. Determination

a. IT or CWT participation

If the individual is participating in the IT or CWT program, exclude the income he or she receives from the Fund.

b. SE phase of CWT participation

If the individual is participating in the SE phase of the CWT program, evaluate the income received from the employer under normal earned income development policy.

3. Documentation

a. Paper evidence

Use a Report of Contact (DROC) screen and lock it or Evidence (EVID) screen to record any paper documentation received or fax the paper into the Non-Disability Repository for Evidentiary Documents (NDRED) or the Certified Electronic Folder (CEF), as appropriate. In non-MSSICS situations, record the information on an SSA-5002, Report of Contact, and fax it into NDRED or CEF, as appropriate.

b. Telephone contact

Use a DROC screen and lock it or EVID screen to record the contact person's name, phone number, date of contact and type of program participation. In non-MSSICS situations, record the information on an SSA-5002 and fax it into NDRED or CEF, as appropriate.

c. Wages

If the claimant is participating in the SE phase of CWT, document the wages per normal earned income documentation procedures.

E. References

- 38 U.S.C. Section 1718
- SI 00815.050 - Medical and Social Services, Related Cash, and In-Kind Items
- SI 00820.010 - In-Kind Items Provided as Remuneration for Employment
- SI 00820.100 - Wages – General

- SI 00830.320 - Form SSA-L1103-U3 (SSI Request for Information)

To Link to this section - Use this URL:

<http://policy.ssa.gov/poms.nsf/lnx/0500830311>

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