

TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT  
ACT OF 1999

OCTOBER 18, 1999.—Ordered to be printed

Mr. ARCHER, from the Committee on Ways and Means,  
submitted the following

R E P O R T

together with

ADDITIONAL AND DISSENTING VIEWS

[To accompany H.R. 3070]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 3070) to amend the Social Security Act to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide beneficiaries with disabilities meaningful opportunities to work, to extend health care coverage for such beneficiaries, and to make additional miscellaneous amendments relating to Social Security, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.—

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the “Ticket to Work and Work Incentives Improvement Act of 1999”.

(b) **TABLE OF CONTENTS.**—The table of contents is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS**

**Subtitle A—Ticket to Work and Self-Sufficiency**

Sec. 101. Establishment of the Ticket to Work and Self-Sufficiency Program.

**Subtitle B—Elimination of Work Disincentives**

Sec. 111. Work activity standard as a basis for review of an individual’s disabled status.

Sec. 112. Expedited reinstatement of disability benefits.

**Subtitle C—Work Incentives Planning, Assistance, and Outreach**

Sec. 121. Work incentives outreach program.

Sec. 122. State grants for work incentives assistance to disabled beneficiaries.

## TITLE II—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

- Sec. 201. Expanding State options under the medicaid program for workers with disabilities.  
 Sec. 202. Extending medicare coverage for OASDI disability benefit recipients.  
 Sec. 203. Grants to develop and establish State infrastructures to support working individuals with disabilities.  
 Sec. 204. Demonstration of coverage under the medicaid program of workers with potentially severe disabilities.  
 Sec. 205. Election by disabled beneficiaries to suspend medigap insurance when covered under a group health plan.

## TITLE III—DEMONSTRATION PROJECTS AND STUDIES

- Sec. 301. Extension of disability insurance program demonstration project authority.  
 Sec. 302. Demonstration projects providing for reductions in disability insurance benefits based on earnings.  
 Sec. 303. Studies and reports.

## TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

- Sec. 401. Technical amendments relating to drug addicts and alcoholics.  
 Sec. 402. Treatment of prisoners.  
 Sec. 403. Revocation by members of the clergy of exemption from social security coverage.  
 Sec. 404. Additional technical amendment relating to cooperative research or demonstration projects under titles II and XVI.  
 Sec. 405. Authorization for State to permit annual wage reports.  
 Sec. 406. Assessment on attorneys who receive their fees via the Social Security Administration.  
 Sec. 407. Extension of authority of State medicaid fraud control units.  
 Sec. 408. Elimination of fraud and abuse associated with certain payments under the medicaid program.

## TITLE I—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS

### Subtitle A—Ticket to Work and Self-Sufficiency

## SEC. 101. ESTABLISHMENT OF THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.

(a) IN GENERAL.—Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by adding after section 1147 (as added by section 8 of the Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998 (Public Law 105–306; 112 Stat. 2928) the following:

## “THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

“SEC. 1148. (a) IN GENERAL.—The Commissioner of Social Security shall establish a Ticket to Work and Self-Sufficiency Program, under which a disabled beneficiary may use a ticket to work and self-sufficiency issued by the Commissioner in accordance with this section to obtain employment services, vocational rehabilitation services, or other support services from an employment network which is of the beneficiary’s choice and which is willing to provide such services to such beneficiary.

## “(b) TICKET SYSTEM.—

“(1) DISTRIBUTION OF TICKETS.—The Commissioner of Social Security may issue a ticket to work and self-sufficiency to disabled beneficiaries for participation in the Program.

“(2) ASSIGNMENT OF TICKETS.—A disabled beneficiary holding a ticket to work and self-sufficiency may assign the ticket to any employment network of the beneficiary’s choice which is serving under the Program and is willing to accept the assignment.

“(3) TICKET TERMS.—A ticket issued under paragraph (1) shall consist of a document which evidences the Commissioner’s agreement to pay (as provided in paragraph (4)) an employment network, which is serving under the Program and to which such ticket is assigned by the beneficiary, for such employment services, vocational rehabilitation services, and other support services as the employment network may provide to the beneficiary.

“(4) PAYMENTS TO EMPLOYMENT NETWORKS.—The Commissioner shall pay an employment network under the Program in accordance with the outcome payment system under subsection (h)(2) or under the outcome-milestone payment system under subsection (h)(3) (whichever is elected pursuant to subsection (h)(1)). An employment network may not request or receive compensation for such services from the beneficiary.

## “(c) STATE PARTICIPATION.—

“(1) IN GENERAL.—Each State agency administering or supervising the administration of the State plan approved under title I of the Rehabilitation Act of 1973 may elect to participate in the Program as an employment network with respect to a disabled beneficiary. If the State agency does elect to participate in the Program, the State agency also shall elect to be paid under the outcome payment system or the outcome-milestone payment system in accordance with

subsection (h)(1). With respect to a disabled beneficiary that the State agency does not elect to have participate in the Program, the State agency shall be paid for services provided to that beneficiary under the system for payment applicable under section 222(d) and subsections (d) and (e) of section 1615. The Commissioner shall provide for periodic opportunities for exercising such elections.

“(2) EFFECT OF PARTICIPATION BY STATE AGENCY.—

“(A) STATE AGENCIES PARTICIPATING.—In any case in which a State agency described in paragraph (1) elects under that paragraph to participate in the Program, the employment services, vocational rehabilitation services, and other support services which, upon assignment of tickets to work and self-sufficiency, are provided to disabled beneficiaries by the State agency acting as an employment network shall be governed by plans for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973.

“(B) STATE AGENCIES ADMINISTERING MATERNAL AND CHILD HEALTH SERVICES PROGRAMS.—Subparagraph (A) shall not apply with respect to any State agency administering a program under title V of this Act.

“(3) AGREEMENTS BETWEEN STATE AGENCIES AND EMPLOYMENT NETWORKS.—State agencies and employment networks shall enter into agreements regarding the conditions under which services will be provided when an individual is referred by an employment network to a State agency for services. The Commissioner of Social Security shall establish by regulations the timeframe within which such agreements must be entered into and the mechanisms for dispute resolution between State agencies and employment networks with respect to such agreements.

“(d) RESPONSIBILITIES OF THE COMMISSIONER OF SOCIAL SECURITY.—

“(1) SELECTION AND QUALIFICATIONS OF PROGRAM MANAGERS.—The Commissioner of Social Security shall enter into agreements with 1 or more organizations in the private or public sector for service as a program manager to assist the Commissioner in administering the Program. Any such program manager shall be selected by means of a competitive bidding process, from among organizations in the private or public sector with available expertise and experience in the field of vocational rehabilitation or employment services.

“(2) TENURE, RENEWAL, AND EARLY TERMINATION.—Each agreement entered into under paragraph (1) shall provide for early termination upon failure to meet performance standards which shall be specified in the agreement and which shall be weighted to take into account any performance in prior terms. Such performance standards shall include—

“(A) measures for ease of access by beneficiaries to services; and

“(B) measures for determining the extent to which failures in obtaining services for beneficiaries fall within acceptable parameters, as determined by the Commissioner.

“(3) PRECLUSION FROM DIRECT PARTICIPATION IN DELIVERY OF SERVICES IN OWN SERVICE AREA.—Agreements under paragraph (1) shall preclude—

“(A) direct participation by a program manager in the delivery of employment services, vocational rehabilitation services, or other support services to beneficiaries in the service area covered by the program manager’s agreement; and

“(B) the holding by a program manager of a financial interest in an employment network or service provider which provides services in a geographic area covered under the program manager’s agreement.

“(4) SELECTION OF EMPLOYMENT NETWORKS.—

“(A) IN GENERAL.—The Commissioner shall select and enter into agreements with employment networks for service under the Program. Such employment networks shall be in addition to State agencies serving as employment networks pursuant to elections under subsection (c).

“(B) ALTERNATE PARTICIPANTS.—In any State where the Program is being implemented, the Commissioner shall enter into an agreement with any alternate participant that is operating under the authority of section 222(d)(2) in the State as of the date of enactment of this section and chooses to serve as an employment network under the Program.

“(5) TERMINATION OF AGREEMENTS WITH EMPLOYMENT NETWORKS.—The Commissioner shall terminate agreements with employment networks for inadequate performance, as determined by the Commissioner.

“(6) QUALITY ASSURANCE.—The Commissioner shall provide for such periodic reviews as are necessary to provide for effective quality assurance in the provision of services by employment networks. The Commissioner shall solicit and consider the views of consumers and the program manager under which the em-

ployment networks serve and shall consult with providers of services to develop performance measurements. The Commissioner shall ensure that the results of the periodic reviews are made available to beneficiaries who are prospective service recipients as they select employment networks. The Commissioner shall ensure that the periodic surveys of beneficiaries receiving services under the Program are designed to measure customer service satisfaction.

“(7) DISPUTE RESOLUTION.—The Commissioner shall provide for a mechanism for resolving disputes between beneficiaries and employment networks, between program managers and employment networks, and between program managers and providers of services. The Commissioner shall afford a party to such a dispute a reasonable opportunity for a full and fair review of the matter in dispute.

“(e) PROGRAM MANAGERS.—

“(1) IN GENERAL.—A program manager shall conduct tasks appropriate to assist the Commissioner in carrying out the Commissioner’s duties in administering the Program.

“(2) RECRUITMENT OF EMPLOYMENT NETWORKS.—A program manager shall recruit, and recommend for selection by the Commissioner, employment networks for service under the Program. The program manager shall carry out such recruitment and provide such recommendations, and shall monitor all employment networks serving in the Program in the geographic area covered under the program manager’s agreement, to the extent necessary and appropriate to ensure that adequate choices of services are made available to beneficiaries. Employment networks may serve under the Program only pursuant to an agreement entered into with the Commissioner under the Program incorporating the applicable provisions of this section and regulations thereunder, and the program manager shall provide and maintain assurances to the Commissioner that payment by the Commissioner to employment networks pursuant to this section is warranted based on compliance by such employment networks with the terms of such agreement and this section. The program manager shall not impose numerical limits on the number of employment networks to be recommended pursuant to this paragraph.

“(3) FACILITATION OF ACCESS BY BENEFICIARIES TO EMPLOYMENT NETWORKS.—

A program manager shall facilitate access by beneficiaries to employment networks. The program manager shall ensure that each beneficiary is allowed changes in employment networks without being deemed to have rejected services under the Program. When such a change occurs, the program manager shall reassign the ticket based on the choice of the beneficiary. Upon the request of the employment network, the program manager shall make a determination of the allocation of the outcome or milestone-outcome payments based on the services provided by each employment network. The program manager shall establish and maintain lists of employment networks available to beneficiaries and shall make such lists generally available to the public. The program manager shall ensure that all information provided to disabled beneficiaries pursuant to this paragraph is provided in accessible formats.

“(4) ENSURING AVAILABILITY OF ADEQUATE SERVICES.—The program manager shall ensure that employment services, vocational rehabilitation services, and other support services are provided to beneficiaries throughout the geographic area covered under the program manager’s agreement, including rural areas.

“(5) REASONABLE ACCESS TO SERVICES.—The program manager shall take such measures as are necessary to ensure that sufficient employment networks are available and that each beneficiary receiving services under the Program has reasonable access to employment services, vocational rehabilitation services, and other support services. Services provided under the Program may include case management, work incentives planning, supported employment, career planning, career plan development, vocational assessment, job training, placement, follow-up services, and such other services as may be specified by the Commissioner under the Program. The program manager shall ensure that such services are available in each service area.

“(f) EMPLOYMENT NETWORKS.—

“(1) QUALIFICATIONS FOR EMPLOYMENT NETWORKS.—

“(A) IN GENERAL.—Each employment network serving under the Program shall consist of an agency or instrumentality of a State (or a political subdivision thereof) or a private entity, that assumes responsibility for the coordination and delivery of services under the Program to individuals assigning to the employment network tickets to work and self-sufficiency issued under subsection (b).

“(B) ONE-STOP DELIVERY SYSTEMS.—An employment network serving under the Program may consist of a one-stop delivery system established under subtitle B of title I of the Workforce Investment Act of 1998.

“(C) COMPLIANCE WITH SELECTION CRITERIA.—No employment network may serve under the Program unless it meets and maintains compliance with both general selection criteria (such as professional and educational qualifications, where applicable) and specific selection criteria (such as substantial expertise and experience in providing relevant employment services and supports).

“(D) SINGLE OR ASSOCIATED PROVIDERS ALLOWED.—An employment network shall consist of either a single provider of such services or of an association of such providers organized so as to combine their resources into a single entity. An employment network may meet the requirements of subsection (e)(4) by providing services directly, or by entering into agreements with other individuals or entities providing appropriate employment services, vocational rehabilitation services, or other support services.

“(2) REQUIREMENTS RELATING TO PROVISION OF SERVICES.—Each employment network serving under the Program shall be required under the terms of its agreement with the Commissioner to—

“(A) serve prescribed service areas; and

“(B) take such measures as are necessary to ensure that employment services, vocational rehabilitation services, and other support services provided under the Program by, or under agreements entered into with, the employment network are provided under appropriate individual work plans meeting the requirements of subsection (g).

“(3) ANNUAL FINANCIAL REPORTING.—Each employment network shall meet financial reporting requirements as prescribed by the Commissioner.

“(4) PERIODIC OUTCOMES REPORTING.—Each employment network shall prepare periodic reports, on at least an annual basis, itemizing for the covered period specific outcomes achieved with respect to specific services provided by the employment network. Such reports shall conform to a national model prescribed under this section. Each employment network shall provide a copy of the latest report issued by the employment network pursuant to this paragraph to each beneficiary upon enrollment under the Program for services to be received through such employment network. Upon issuance of each report to each beneficiary, a copy of the report shall be maintained in the files of the employment network. The program manager shall ensure that copies of all such reports issued under this paragraph are made available to the public under reasonable terms.

“(g) INDIVIDUAL WORK PLANS.—

“(1) REQUIREMENTS.—Each employment network shall—

“(A) take such measures as are necessary to ensure that employment services, vocational rehabilitation services, and other support services provided under the Program by, or under agreements entered into with, the employment network are provided under appropriate individual work plans that meet the requirements of subparagraph (C);

“(B) develop and implement each such individual work plan, in partnership with each beneficiary receiving such services, in a manner that affords such beneficiary the opportunity to exercise informed choice in selecting an employment goal and specific services needed to achieve that employment goal;

“(C) ensure that each individual work plan includes at least—

“(i) a statement of the vocational goal developed with the beneficiary, including, as appropriate, goals for earnings and job advancement;

“(ii) a statement of the services and supports that have been deemed necessary for the beneficiary to accomplish that goal;

“(iii) a statement of any terms and conditions related to the provision of such services and supports; and

“(iv) a statement of understanding regarding the beneficiary’s rights under the Program (such as the right to retrieve the ticket to work and self-sufficiency if the beneficiary is dissatisfied with the services being provided by the employment network) and remedies available to the individual, including information on the availability of advocacy services and assistance in resolving disputes through the State grant program authorized under section 1150;

“(D) provide a beneficiary the opportunity to amend the individual work plan if a change in circumstances necessitates a change in the plan; and

“(E) make each beneficiary’s individual work plan available to the beneficiary in, as appropriate, an accessible format chosen by the beneficiary.  
 “(2) EFFECTIVE UPON WRITTEN APPROVAL.—A beneficiary’s individual work plan shall take effect upon written approval by the beneficiary or a representative of the beneficiary and a representative of the employment network that, in providing such written approval, acknowledges assignment of the beneficiary’s ticket to work and self-sufficiency.

“(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

“(1) ELECTION OF PAYMENT SYSTEM BY EMPLOYMENT NETWORKS.—

“(A) IN GENERAL.—The Program shall provide for payment authorized by the Commissioner to employment networks under either an outcome payment system or an outcome-milestone payment system. Each employment network shall elect which payment system will be utilized by the employment network, and, for such period of time as such election remains in effect, the payment system so elected shall be utilized exclusively in connection with such employment network (except as provided in subparagraph (B)).

“(B) NO CHANGE IN METHOD OF PAYMENT FOR BENEFICIARIES WITH TICKETS ALREADY ASSIGNED TO THE EMPLOYMENT NETWORKS.—Any election of a payment system by an employment network that would result in a change in the method of payment to the employment network for services provided to a beneficiary who is receiving services from the employment network at the time of the election shall not be effective with respect to payment for services provided to that beneficiary and the method of payment previously selected shall continue to apply with respect to such services.

“(2) OUTCOME PAYMENT SYSTEM.—

“(A) IN GENERAL.—The outcome payment system shall consist of a payment structure governing employment networks electing such system under paragraph (1)(A) which meets the requirements of this paragraph.

“(B) PAYMENTS MADE DURING OUTCOME PAYMENT PERIOD.—The outcome payment system shall provide for a schedule of payments to an employment network, in connection with each individual who is a beneficiary, for each month, during the individual’s outcome payment period, for which benefits (described in paragraphs (3) and (4) of subsection (k)) are not payable to such individual because of work or earnings.

“(C) COMPUTATION OF PAYMENTS TO EMPLOYMENT NETWORK.—The payment schedule of the outcome payment system shall be designed so that—

“(i) the payment for each month during the outcome payment period for which benefits (described in paragraphs (3) and (4) of subsection (k)) are not payable is equal to a fixed percentage of the payment calculation base for the calendar year in which such month occurs; and

“(ii) such fixed percentage is set at a percentage which does not exceed 40 percent.

“(3) OUTCOME-MILESTONE PAYMENT SYSTEM.—

“(A) IN GENERAL.—The outcome-milestone payment system shall consist of a payment structure governing employment networks electing such system under paragraph (1)(A) which meets the requirements of this paragraph.

“(B) EARLY PAYMENTS UPON ATTAINMENT OF MILESTONES IN ADVANCE OF OUTCOME PAYMENT PERIODS.—The outcome-milestone payment system shall provide for 1 or more milestones, with respect to beneficiaries receiving services from an employment network under the Program, that are directed toward the goal of permanent employment. Such milestones shall form a part of a payment structure that provides, in addition to payments made during outcome payment periods, payments made prior to outcome payment periods in amounts based on the attainment of such milestones.

“(C) LIMITATION ON TOTAL PAYMENTS TO EMPLOYMENT NETWORK.—The payment schedule of the outcome milestone payment system shall be designed so that the total of the payments to the employment network with respect to each beneficiary is less than, on a net present value basis (using an interest rate determined by the Commissioner that appropriately reflects the cost of funds faced by providers), the total amount to which payments to the employment network with respect to the beneficiary would be limited if the employment network were paid under the outcome payment system.

“(4) DEFINITIONS.—In this subsection:

“(A) PAYMENT CALCULATION BASE.—The term ‘payment calculation base’ means, for any calendar year—

“(i) in connection with a title II disability beneficiary, the average disability insurance benefit payable under section 223 for all beneficiaries for months during the preceding calendar year; and

“(ii) in connection with a title XVI disability beneficiary (who is not concurrently a title II disability beneficiary), the average payment of supplemental security income benefits based on disability payable under title XVI (excluding State supplementation) for months during the preceding calendar year to all beneficiaries who have attained 18 years of age but have not attained 65 years of age.

“(B) OUTCOME PAYMENT PERIOD.—The term ‘outcome payment period’ means, in connection with any individual who had assigned a ticket to work and self-sufficiency to an employment network under the Program, a period—

“(i) beginning with the first month, ending after the date on which such ticket was assigned to the employment network, for which benefits (described in paragraphs (3) and (4) of subsection (k)) are not payable to such individual by reason of engagement in substantial gainful activity or by reason of earnings from work activity; and

“(ii) ending with the 60th month (consecutive or otherwise), ending after such date, for which such benefits are not payable to such individual by reason of engagement in substantial gainful activity or by reason of earnings from work activity.

“(5) PERIODIC REVIEW AND ALTERATIONS OF PRESCRIBED SCHEDULES.—

“(A) PERCENTAGES AND PERIODS.—The Commissioner shall periodically review the percentage specified in paragraph (2)(C), the total payments permissible under paragraph (3)(C), and the period of time specified in paragraph (4)(B) to determine whether such percentages, such permissible payments, and such period provide an adequate incentive for employment networks to assist beneficiaries to enter the workforce, while providing for appropriate economies. The Commissioner may alter such percentage, such total permissible payments, or such period of time to the extent that the Commissioner determines, on the basis of the Commissioner’s review under this paragraph, that such an alteration would better provide the incentive and economies described in the preceding sentence.

“(B) NUMBER AND AMOUNT OF MILESTONE PAYMENTS.—The Commissioner shall periodically review the number and amounts of milestone payments established by the Commissioner pursuant to this section to determine whether they provide an adequate incentive for employment networks to assist beneficiaries to enter the workforce, taking into account information provided to the Commissioner by program managers, the Ticket to Work and Work Incentives Advisory Panel established by section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999, and other reliable sources. The Commissioner may from time to time alter the number and amounts of milestone payments initially established by the Commissioner pursuant to this section to the extent that the Commissioner determines that such an alteration would allow an adequate incentive for employment networks to assist beneficiaries to enter the workforce. Such alteration shall be based on information provided to the Commissioner by program managers, the Ticket to Work and Work Incentives Advisory Panel established by section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999, or other reliable sources.

“(C) REPORT ON THE ADEQUACY OF INCENTIVES.—The Commissioner shall submit to Congress not later than 36 months after the date of the enactment of the Ticket to Work and Work Incentives Improvement Act of 1999 a report with recommendations for a method or methods to adjust payment rates under subparagraphs (A) and (B), that would ensure adequate incentives for the provision of services by employment networks of—

“(i) individuals with a need for ongoing support and services;

“(ii) individuals with a need for high-cost accommodations;

“(iii) individuals who earn a subminimum wage; and

“(iv) individuals who work and receive partial cash benefits.

The Commissioner shall consult with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999 during the development and evaluation of the study. The Commissioner shall implement the necessary adjusted payment rates prior to full implementation of the Ticket to Work and Self-Sufficiency Program.

“(i) SUSPENSION OF DISABILITY REVIEWS.—During any period for which an individual is using, as defined by the Commissioner, a ticket to work and self-sufficiency issued under this section, the Commissioner (and any applicable State agency) may not initiate a continuing disability review or other review under section 221 of whether the individual is or is not under a disability or a review under title XVI similar to any such review under section 221.

“(j) AUTHORIZATIONS.—

“(1) PAYMENTS TO EMPLOYMENT NETWORKS.—

“(A) TITLE II DISABILITY BENEFICIARIES.—There are authorized to be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund each fiscal year such sums as may be necessary to make payments to employment networks under this section. Money paid from the Trust Funds under this section with respect to title II disability beneficiaries who are entitled to benefits under section 223 or who are entitled to benefits under section 202(d) on the basis of the wages and self-employment income of such beneficiaries, shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid from the Trust Funds under this section shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund.

“(B) TITLE XVI DISABILITY BENEFICIARIES.—Amounts authorized to be appropriated to the Social Security Administration under section 1601 (as in effect pursuant to the amendments made by section 301 of the Social Security Amendments of 1972) shall include amounts necessary to carry out the provisions of this section with respect to title XVI disability beneficiaries.

“(2) ADMINISTRATIVE EXPENSES.—The costs of administering this section (other than payments to employment networks) shall be paid from amounts made available for the administration of title II and amounts made available for the administration of title XVI, and shall be allocated among such amounts as appropriate.

“(k) DEFINITIONS.—In this section:

“(1) COMMISSIONER.—The term ‘Commissioner’ means the Commissioner of Social Security.

“(2) DISABLED BENEFICIARY.—The term ‘disabled beneficiary’ means a title II disability beneficiary or a title XVI disability beneficiary.

“(3) TITLE II DISABILITY BENEFICIARY.—The term ‘title II disability beneficiary’ means an individual entitled to disability insurance benefits under section 223 or to monthly insurance benefits under section 202 based on such individual’s disability (as defined in section 223(d)). An individual is a title II disability beneficiary for each month for which such individual is entitled to such benefits.

“(4) TITLE XVI DISABILITY BENEFICIARY.—The term ‘title XVI disability beneficiary’ means an individual eligible for supplemental security income benefits under title XVI on the basis of blindness (within the meaning of section 1614(a)(2)) or disability (within the meaning of section 1614(a)(3)). An individual is a title XVI disability beneficiary for each month for which such individual is eligible for such benefits.

“(5) SUPPLEMENTAL SECURITY INCOME BENEFIT.—The term ‘supplemental security income benefit under title XVI’ means a cash benefit under section 1611 or 1619(a), and does not include a State supplementary payment, administered federally or otherwise.

“(l) REGULATIONS.—Not later than 1 year after the date of the enactment of the Ticket to Work and Work Incentives Improvement Act of 1999, the Commissioner shall prescribe such regulations as are necessary to carry out the provisions of this section.”

(b) CONFORMING AMENDMENTS.—

(1) AMENDMENTS TO TITLE II.—

(A) Section 221(i) of the Social Security Act (42 U.S.C. 421(i)) is amended by adding at the end the following:

“(5) For suspension of reviews under this subsection in the case of an individual using a ticket to work and self-sufficiency, see section 1148(i).”

(B) Section 222(a) of such Act (42 U.S.C. 422(a)) is repealed.

(C) Section 222(b) of such Act (42 U.S.C. 422(b)) is repealed.

(D) Section 225(b)(1) of such Act (42 U.S.C. 425(b)(1)) is amended by striking “a program of vocational rehabilitation services” and inserting “a program consisting of the Ticket to Work and Self-Sufficiency Program under section 1148 or another program of vocational rehabilitation services, employment services, or other support services”.

(2) AMENDMENTS TO TITLE XVI.—

(A) Section 1615(a) of such Act (42 U.S.C. 1382d(a)) is amended to read as follows:

“SEC. 1615. (a) In the case of any blind or disabled individual who—  
 “(1) has not attained age 16; and  
 “(2) with respect to whom benefits are paid under this title,  
 the Commissioner of Social Security shall make provision for referral of such individual to the appropriate State agency administering the State program under title V.”.

(B) Section 1615(c) of such Act (42 U.S.C. 1382d(c)) is repealed.

(C) Section 1631(a)(6)(A) of such Act (42 U.S.C. 1383(a)(6)(A)) is amended by striking “a program of vocational rehabilitation services” and inserting “a program consisting of the Ticket to Work and Self-Sufficiency Program under section 1148 or another program of vocational rehabilitation services, employment services, or other support services”.

(D) Section 1633(c) of such Act (42 U.S.C. 1383b(c)) is amended—

(i) by inserting “(1)” after “(c)”; and

(ii) by adding at the end the following:

“(2) For suspension of continuing disability reviews and other reviews under this title similar to reviews under section 221 in the case of an individual using a ticket to work and self-sufficiency, see section 1148(i).”.

(c) EFFECTIVE DATE.—Subject to subsection (d), the amendments made by subsections (a) and (b) shall take effect with the first month following 1 year after the date of the enactment of this Act.

(d) GRADUATED IMPLEMENTATION OF PROGRAM.—

(1) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall commence implementation of the amendments made by this section (other than paragraphs (1)(C) and (2)(B) of subsection (b)) in graduated phases at phase-in sites selected by the Commissioner. Such phase-in sites shall be selected so as to ensure, prior to full implementation of the Ticket to Work and Self-Sufficiency Program, the development and refinement of referral processes, payment systems, computer linkages, management information systems, and administrative processes necessary to provide for full implementation of such amendments. Subsection (c) shall apply with respect to paragraphs (1)(C) and (2)(B) of subsection (b) without regard to this subsection.

(2) REQUIREMENTS.—Implementation of the Program at each phase-in site shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods under consideration, so as to ensure that the most efficacious methods are determined and in place for full implementation of the Program on a timely basis.

(3) FULL IMPLEMENTATION.—The Commissioner shall ensure that ability to provide tickets and services to individuals under the Program exists in every State as soon as practicable on or after the effective date specified in subsection (c) but not later than 3 years after such date.

(4) ONGOING EVALUATION OF PROGRAM.—

(A) IN GENERAL.—The Commissioner shall design and conduct a series of evaluations to assess the cost-effectiveness of activities carried out under this section and the amendments made thereby, as well as the effects of this section and the amendments made thereby on work outcomes for beneficiaries receiving tickets to work and self-sufficiency under the Program.

(B) CONSULTATION.—The Commissioner shall design and carry out the series of evaluations after receiving relevant advice from experts in the fields of disability, vocational rehabilitation, and program evaluation and individuals using tickets to work and self-sufficiency under the Program and consulting with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f), the Comptroller General of the United States, other agencies of the Federal Government, and private organizations with appropriate expertise.

(C) METHODOLOGY.—

(i) IMPLEMENTATION.—The Commissioner, in consultation with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f), shall ensure that plans for evaluations and data collection methods under the Program are appropriately designed to obtain detailed employment information.

(ii) SPECIFIC MATTERS TO BE ADDRESSED.—Each such evaluation shall address (but is not limited to)—

(I) the annual cost (including net cost) of the Program and the annual cost (including net cost) that would have been incurred in the absence of the Program;

(II) the determinants of return to work, including the characteristics of beneficiaries in receipt of tickets under the Program;

(III) the types of employment services, vocational rehabilitation services, and other support services furnished to beneficiaries in receipt of tickets under the Program who return to work and to those who do not return to work;

(IV) the duration of employment services, vocational rehabilitation services, and other support services furnished to beneficiaries in receipt of tickets under the Program who return to work and the duration of such services furnished to those who do not return to work and the cost to employment networks of furnishing such services;

(V) the employment outcomes, including wages, occupations, benefits, and hours worked, of beneficiaries who return to work after receiving tickets under the Program and those who return to work without receiving such tickets;

(VI) the characteristics of individuals in possession of tickets under the Program who are not accepted for services and, to the extent reasonably determinable, the reasons for which such beneficiaries were not accepted for services;

(VII) the characteristics of providers whose services are provided within an employment network under the Program;

(VIII) the extent (if any) to which employment networks display a greater willingness to provide services to beneficiaries with a range of disabilities;

(IX) the characteristics (including employment outcomes) of those beneficiaries who receive services under the outcome payment system and of those beneficiaries who receive services under the outcome-milestone payment system;

(X) measures of satisfaction among beneficiaries in receipt of tickets under the Program; and

(XI) reasons for (including comments solicited from beneficiaries regarding) their choice not to use their tickets or their inability to return to work despite the use of their tickets.

(D) PERIODIC EVALUATION REPORTS.—Following the close of the third and fifth fiscal years ending after the effective date under subsection (c), and prior to the close of the seventh fiscal year ending after such date, the Commissioner shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report containing the Commissioner's evaluation of the progress of activities conducted under the provisions of this section and the amendments made thereby. Each such report shall set forth the Commissioner's evaluation of the extent to which the Program has been successful and the Commissioner's conclusions on whether or how the Program should be modified. Each such report shall include such data, findings, materials, and recommendations as the Commissioner may consider appropriate.

(5) EXTENT OF STATE'S RIGHT OF FIRST REFUSAL IN ADVANCE OF FULL IMPLEMENTATION OF AMENDMENTS IN SUCH STATE.—

(A) IN GENERAL.—In the case of any State in which the amendments made by subsection (a) have not been fully implemented pursuant to this subsection, the Commissioner shall determine by regulation the extent to which—

(i) the requirement under section 222(a) for prompt referrals to a State agency; and

(ii) the authority of the Commissioner under section 222(d)(2) of the Social Security Act to provide vocational rehabilitation services in such State by agreement or contract with other public or private agencies, organizations, institutions, or individuals,

shall apply in such State.

(B) EXISTING AGREEMENTS.—Nothing in subparagraph (A) or the amendments made by subsection (a) shall be construed to limit, impede, or otherwise affect any agreement entered into pursuant to section 222(d)(2) of the Social Security Act before the date of the enactment of this Act with respect to services provided pursuant to such agreement to beneficiaries receiving services under such agreement as of such date, except with respect to serv-

ices (if any) to be provided after 3 years after the effective date provided in subsection (c).

(e) SPECIFIC REGULATIONS REQUIRED.—

(1) IN GENERAL.—The Commissioner of Social Security shall prescribe such regulations as are necessary to implement the amendments made by this section.

(2) SPECIFIC MATTERS TO BE INCLUDED IN REGULATIONS.—The matters which shall be addressed in such regulations shall include—

(A) the form and manner in which tickets to work and self-sufficiency may be distributed to beneficiaries pursuant to section 1148(b)(1) of the Social Security Act;

(B) the format and wording of such tickets, which shall incorporate by reference any contractual terms governing service by employment networks under the Program;

(C) the form and manner in which State agencies may elect participation in the Ticket to Work and Self-Sufficiency Program pursuant to section 1148(c)(1) of such Act and provision for periodic opportunities for exercising such elections;

(D) the status of State agencies under section 1148(c)(1) of such Act at the time that State agencies exercise elections under that section;

(E) the terms of agreements to be entered into with program managers pursuant to section 1148(d) of such Act, including—

(i) the terms by which program managers are precluded from direct participation in the delivery of services pursuant to section 1148(d)(3) of such Act;

(ii) standards which must be met by quality assurance measures referred to in paragraph (6) of section 1148(d) of such Act and methods of recruitment of employment networks utilized pursuant to paragraph (2) of section 1148(e) of such Act; and

(iii) the format under which dispute resolution will operate under section 1148(d)(7) of such Act;

(F) the terms of agreements to be entered into with employment networks pursuant to section 1148(d)(4) of such Act, including—

(i) the manner in which service areas are specified pursuant to section 1148(f)(2)(A) of such Act;

(ii) the general selection criteria and the specific selection criteria which are applicable to employment networks under section 1148(f)(1)(C) of such Act in selecting service providers;

(iii) specific requirements relating to annual financial reporting by employment networks pursuant to section 1148(f)(3) of such Act; and

(iv) the national model to which periodic outcomes reporting by employment networks must conform under section 1148(f)(4) of such Act;

(G) standards which must be met by individual work plans pursuant to section 1148(g) of such Act;

(H) standards which must be met by payment systems required under section 1148(h) of such Act, including—

(i) the form and manner in which elections by employment networks of payment systems are to be exercised pursuant to section 1148(h)(1)(A) of such Act;

(ii) the terms which must be met by an outcome payment system under section 1148(h)(2) of such Act;

(iii) the terms which must be met by an outcome-milestone payment system under section 1148(h)(3) of such Act;

(iv) any revision of the percentage specified in paragraph (2)(C) of section 1148(h) of such Act or the period of time specified in paragraph (4)(B) of such section 1148(h) of such Act; and

(v) annual oversight procedures for such systems; and

(I) procedures for effective oversight of the Program by the Commissioner of Social Security, including periodic reviews and reporting requirements.

(f) THE TICKET TO WORK AND WORK INCENTIVES ADVISORY PANEL.—

(1) ESTABLISHMENT.—There is established within the Social Security Administration a panel to be known as the “Ticket to Work and Work Incentives Advisory Panel” (in this subsection referred to as the “Panel”).

(2) DUTIES OF PANEL.—It shall be the duty of the Panel to—

(A) advise the President, the Congress, and the Commissioner of Social Security on issues related to work incentives programs, planning, and assistance for individuals with disabilities, including work incentive provisions under titles II, XI, XVI, XVIII, and XIX of the Social Security Act (42

U.S.C. 401 et seq., 1301 et seq., 1381 et seq., 1395 et seq., 1396 et seq.); and

(B) with respect to the Ticket to Work and Self-Sufficiency Program established under section 1148 of such Act—

(i) advise the Commissioner of Social Security with respect to establishing phase-in sites for such Program and fully implementing the Program thereafter, the refinement of access of disabled beneficiaries to employment networks, payment systems, and management information systems, and advise the Commissioner whether such measures are being taken to the extent necessary to ensure the success of the Program;

(ii) advise the Commissioner regarding the most effective designs for research and demonstration projects associated with the Program or conducted pursuant to section 302 of this Act;

(iii) advise the Commissioner on the development of performance measurements relating to quality assurance under section 1148(d)(6) of the Social Security Act; and

(iv) furnish progress reports on the Program to the Commissioner and each House of Congress.

(3) MEMBERSHIP.—

(A) NUMBER AND APPOINTMENT.—The Panel shall be composed of 12 members as follows:

(i) 4 members appointed by the President, not more than 2 of whom may be of the same political party;

(ii) 2 members appointed by the Speaker of the House of Representatives, in consultation with the Chairman of the Committee on Ways and Means of the House of Representatives;

(iii) 2 members appointed by the minority leader of the House of Representatives, in consultation with the ranking member of the Committee on Ways and Means of the House of Representatives;

(iv) 2 members appointed by the majority leader of the Senate, in consultation with the Chairman of the Committee on Finance of the Senate; and

(v) 2 members appointed by the minority leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate.

(B) REPRESENTATION.—Of the members appointed under subparagraph (A), at least 8 shall have experience or expert knowledge as a recipient, provider, employer, or employee in the fields of, or related to, employment services, vocational rehabilitation services, and other support services, of whom—

(i) at least 2 shall represent the interests of recipients of employment services, vocational rehabilitation services, and other support services;

(ii) at least 2 shall represent the interests of providers of employment services, vocational rehabilitation services, and other support services;

(iii) at least 2 shall represent the interests of private employers; and

(iv) at least 2 shall represent the interests of employees.

At least  $\frac{1}{2}$  of the members described in each clause of subparagraph (A) shall be individuals with disabilities, or representatives of individuals with disabilities, with consideration to current or former title II disability beneficiaries or title XVI disability beneficiaries (as such terms are defined in section 1148(k) of the Social Security Act (as added by subsection (a)).

(C) TERMS.—

(i) IN GENERAL.—Each member shall be appointed for a term of 4 years (or, if less, for the remaining life of the Panel), except as provided in clauses (ii) and (iii). The initial members shall be appointed not later than 90 days after the date of the enactment of this Act.

(ii) TERMS OF INITIAL APPOINTEES.—As designated by the President at the time of appointment, of the members first appointed—

(I)  $\frac{1}{2}$  of the members appointed under subparagraph (A) shall be appointed for a term of 2 years; and

(II) the remaining members appointed under subparagraph (A) shall be appointed for a term of 4 years.

(iii) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until

- a successor has taken office. A vacancy in the Panel shall be filled in the manner in which the original appointment was made.
- (D) BASIC PAY.—Members shall each be paid at a rate, and in a manner, that is consistent with guidelines established under section 7 of the Federal Advisory Committee Act (5 U.S.C. App.).
- (E) TRAVEL EXPENSES.—Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.
- (F) QUORUM.—8 members of the Panel shall constitute a quorum but a lesser number may hold hearings.
- (G) CHAIRPERSON.—The Chairperson of the Panel shall be designated by the President. The term of office of the Chairperson shall be 4 years.
- (H) MEETINGS.—The Panel shall meet at least quarterly and at other times at the call of the Chairperson or a majority of its members.
- (4) DIRECTOR AND STAFF OF PANEL; EXPERTS AND CONSULTANTS.—
- (A) DIRECTOR.—The Panel shall have a Director who shall be appointed by the Panel, and paid at a rate, and in a manner, that is consistent with guidelines established under section 7 of the Federal Advisory Committee Act (5 U.S.C. App.).
- (B) STAFF.—Subject to rules prescribed by the Commissioner of Social Security, the Director may appoint and fix the pay of additional personnel as the Director considers appropriate.
- (C) EXPERTS AND CONSULTANTS.—Subject to rules prescribed by the Commissioner of Social Security, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.
- (D) STAFF OF FEDERAL AGENCIES.—Upon request of the Panel, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of that department or agency to the Panel to assist it in carrying out its duties under this Act.
- (5) POWERS OF PANEL.—
- (A) HEARINGS AND SESSIONS.—The Panel may, for the purpose of carrying out its duties under this subsection, hold such hearings, sit and act at such times and places, and take such testimony and evidence as the Panel considers appropriate.
- (B) POWERS OF MEMBERS AND AGENTS.—Any member or agent of the Panel may, if authorized by the Panel, take any action which the Panel is authorized to take by this section.
- (C) MAILS.—The Panel may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.
- (6) REPORTS.—
- (A) INTERIM REPORTS.—The Panel shall submit to the President and the Congress interim reports at least annually.
- (B) FINAL REPORT.—The Panel shall transmit a final report to the President and the Congress not later than eight years after the date of the enactment of this Act. The final report shall contain a detailed statement of the findings and conclusions of the Panel, together with its recommendations for legislation and administrative actions which the Panel considers appropriate.
- (7) TERMINATION.—The Panel shall terminate 30 days after the date of the submission of its final report under paragraph (6)(B).
- (8) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the general fund of the Treasury, as appropriate, such sums as are necessary to carry out this subsection.

## **Subtitle B—Elimination of Work Disincentives**

### **SEC. 111. WORK ACTIVITY STANDARD AS A BASIS FOR REVIEW OF AN INDIVIDUAL'S DISABLED STATUS.**

(a) IN GENERAL.—Section 221 of the Social Security Act (42 U.S.C. 421) is amended by adding at the end the following:

“(m)(1) In any case where an individual entitled to disability insurance benefits under section 223 or to monthly insurance benefits under section 202 based on such individual’s disability (as defined in section 223(d)) has received such benefits for at least 24 months—

“(A) no continuing disability review conducted by the Commissioner may be scheduled for the individual solely as a result of the individual’s work activity; “(B) no work activity engaged in by the individual may be used as evidence that the individual is no longer disabled; and

“(C) no cessation of work activity by the individual may give rise to a presumption that the individual is unable to engage in work.

“(2) An individual to which paragraph (1) applies shall continue to be subject to—

“(A) continuing disability reviews on a regularly scheduled basis that is not triggered by work; and

“(B) termination of benefits under this title in the event that the individual has earnings that exceed the level of earnings established by the Commissioner to represent substantial gainful activity.”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2003.

**SEC. 112. EXPEDITED REINSTATEMENT OF DISABILITY BENEFITS.**

(a) OASDI BENEFITS.—Section 223 of the Social Security Act (42 U.S.C. 423) is amended—

- (1) by redesignating subsection (i) as subsection (j); and
- (2) by inserting after subsection (h) the following:

“Reinstatement of Entitlement

“(i)(1)(A) Entitlement to benefits described in subparagraph (B)(i)(I) shall be reinstated in any case where the Commissioner determines that an individual described in subparagraph (B) has filed a request for reinstatement meeting the requirements of paragraph (2)(A) during the period prescribed in subparagraph (C). Reinstatement of such entitlement shall be in accordance with the terms of this subsection.

“(B) An individual is described in this subparagraph if—

“(i) prior to the month in which the individual files a request for reinstatement—

“(I) the individual was entitled to benefits under this section or section 202 on the basis of disability pursuant to an application filed therefor; and

“(II) such entitlement terminated due to the performance of substantial gainful activity;

“(ii) the individual is under a disability and the physical or mental impairment that is the basis for the finding of disability is the same as (or related to) the physical or mental impairment that was the basis for the finding of disability that gave rise to the entitlement described in clause (i); and

“(iii) the individual’s disability renders the individual unable to perform substantial gainful activity.

“(C)(i) Except as provided in clause (ii), the period prescribed in this subparagraph with respect to an individual is 60 consecutive months beginning with the month following the most recent month for which the individual was entitled to a benefit described in subparagraph (B)(i)(I) prior to the entitlement termination described in subparagraph (B)(i)(II).

“(ii) In the case of an individual who fails to file a reinstatement request within the period prescribed in clause (i), the Commissioner may extend the period if the Commissioner determines that the individual had good cause for the failure to so file.

“(2)(A)(i) A request for reinstatement shall be filed in such form, and containing such information, as the Commissioner may prescribe.

“(ii) A request for reinstatement shall include express declarations by the individual that the individual meets the requirements specified in clauses (ii) and (iii) of paragraph (1)(B).

“(B) A request for reinstatement filed in accordance with subparagraph (A) may constitute an application for benefits in the case of any individual who the Commissioner determines is not entitled to reinstated benefits under this subsection.

“(3) In determining whether an individual meets the requirements of paragraph (1)(B)(ii), the provisions of subsection (f) shall apply.

“(4)(A)(i) Subject to clause (ii), entitlement to benefits reinstated under this subsection shall commence with the benefit payable for the month in which a request for reinstatement is filed.

“(ii) An individual whose entitlement to a benefit for any month would have been reinstated under this subsection had the individual filed a request for reinstatement before the end of such month shall be entitled to such benefit for such month if such request for reinstatement is filed before the end of the twelfth month immediately succeeding such month.

“(B)(i) Subject to clauses (ii) and (iii), the amount of the benefit payable for any month pursuant to the reinstatement of entitlement under this subsection shall be determined in accordance with the provisions of this title.

“(ii) For purposes of computing the primary insurance amount of an individual whose entitlement to benefits under this section is reinstated under this subsection, the date of onset of the individual’s disability shall be the date of onset used in determining the individual’s most recent period of disability arising in connection with such benefits payable on the basis of an application.

“(iii) Benefits under this section or section 202 payable for any month pursuant to a request for reinstatement filed in accordance with paragraph (2) shall be reduced by the amount of any provisional benefit paid to such individual for such month under paragraph (7).

“(C) No benefit shall be payable pursuant to an entitlement reinstated under this subsection to an individual for any month in which the individual engages in substantial gainful activity.

“(D) The entitlement of any individual that is reinstated under this subsection shall end with the benefits payable for the month preceding whichever of the following months is the earliest:

“(i) The month in which the individual dies.

“(ii) The month in which the individual attains retirement age.

“(iii) The third month following the month in which the individual’s disability ceases.

“(5) Whenever an individual’s entitlement to benefits under this section is reinstated under this subsection, entitlement to benefits payable on the basis of such individual’s wages and self-employment income may be reinstated with respect to any person previously entitled to such benefits on the basis of an application if the Commissioner determines that such person satisfies all the requirements for entitlement to such benefits except requirements related to the filing of an application. The provisions of paragraph (4) shall apply to the reinstated entitlement of any such person to the same extent that they apply to the reinstated entitlement of such individual.

“(6) An individual to whom benefits are payable under this section or section 202 pursuant to a reinstatement of entitlement under this subsection for 24 months (whether or not consecutive) shall, with respect to benefits so payable after such twenty-fourth month, be deemed for purposes of paragraph (1)(B)(i)(I) and the determination, if appropriate, of the termination month in accordance with subsection (a)(1) of this section, or subsection (d)(1), (e)(1), or (f)(1) of section 202, to be entitled to such benefits on the basis of an application filed therefor.

“(7)(A) An individual described in paragraph (1)(B) who files a request for reinstatement in accordance with the provisions of paragraph (2)(A) shall be entitled to provisional benefits payable in accordance with this paragraph, unless the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual’s declaration under paragraph (2)(A)(ii) is false. Any such determination by the Commissioner shall be final and not subject to review under subsection (b) or (g) of section 205.

“(B) The amount of a provisional benefit for a month shall equal the amount of the last monthly benefit payable to the individual under this title on the basis of an application increased by an amount equal to the amount, if any, by which such last monthly benefit would have been increased as a result of the operation of section 215(i).

“(C)(i) Provisional benefits shall begin with the month in which a request for reinstatement is filed in accordance with paragraph (2)(A).

“(ii) Provisional benefits shall end with the earliest of—

“(I) the month in which the Commissioner makes a determination regarding the individual’s entitlement to reinstated benefits;

“(II) the fifth month following the month described in clause (i);

“(III) the month in which the individual performs substantial gainful activity;

or

“(IV) the month in which the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual’s declaration made in accordance with paragraph (2)(A)(ii) is false.

“(D) In any case in which the Commissioner determines that an individual is not entitled to reinstated benefits, any provisional benefits paid to the individual under this paragraph shall not be subject to recovery as an overpayment unless the Commissioner determines that the individual knew or should have known that the individual did not meet the requirements of paragraph (1)(B).”.

(b) SSI BENEFITS.—

(1) IN GENERAL.—Section 1631 of the Social Security Act (42 U.S.C. 1383) is amended by adding at the end the following:

“Reinstatement of Eligibility on the Basis of Blindness or Disability

“(p)(1)(A) Eligibility for benefits under this title shall be reinstated in any case where the Commissioner determines that an individual described in subparagraph (B) has filed a request for reinstatement meeting the requirements of paragraph (2)(A) during the period prescribed in subparagraph (C). Reinstatement of eligibility shall be in accordance with the terms of this subsection.

“(B) An individual is described in this subparagraph if—

“(i) prior to the month in which the individual files a request for reinstatement—

“(I) the individual was eligible for benefits under this title on the basis of blindness or disability pursuant to an application filed therefor; and

“(II) the individual thereafter was ineligible for such benefits due to earned income (or earned and unearned income) for a period of 12 or more consecutive months;

“(ii) the individual is blind or disabled and the physical or mental impairment that is the basis for the finding of blindness or disability is the same as (or related to) the physical or mental impairment that was the basis for the finding of blindness or disability that gave rise to the eligibility described in clause (i);

“(iii) the individual’s blindness or disability renders the individual unable to perform substantial gainful activity; and

“(iv) the individual satisfies the nonmedical requirements for eligibility for benefits under this title.

“(C)(i) Except as provided in clause (ii), the period prescribed in this subparagraph with respect to an individual is 60 consecutive months beginning with the month following the most recent month for which the individual was eligible for a benefit under this title (including section 1619) prior to the period of ineligibility described in subparagraph (B)(i)(II).

“(ii) In the case of an individual who fails to file a reinstatement request within the period prescribed in clause (i), the Commissioner may extend the period if the Commissioner determines that the individual had good cause for the failure to so file.

“(2)(A)(i) A request for reinstatement shall be filed in such form, and containing such information, as the Commissioner may prescribe.

“(ii) A request for reinstatement shall include express declarations by the individual that the individual meets the requirements specified in clauses (ii) through (iv) of paragraph (1)(B).

“(B) A request for reinstatement filed in accordance with subparagraph (A) may constitute an application for benefits in the case of any individual who the Commissioner determines is not eligible for reinstated benefits under this subsection.

“(3) In determining whether an individual meets the requirements of paragraph (1)(B)(ii), the provisions of section 1614(a)(4) shall apply.

“(4)(A) Eligibility for benefits reinstated under this subsection shall commence with the benefit payable for the month following the month in which a request for reinstatement is filed.

“(B)(i) Subject to clause (ii), the amount of the benefit payable for any month pursuant to the reinstatement of eligibility under this subsection shall be determined in accordance with the provisions of this title.

“(ii) The benefit under this title payable for any month pursuant to a request for reinstatement filed in accordance with paragraph (2) shall be reduced by the amount of any provisional benefit paid to such individual for such month under paragraph (7).

“(C) Except as otherwise provided in this subsection, eligibility for benefits under this title reinstated pursuant to a request filed under paragraph (2) shall be subject to the same terms and conditions as eligibility established pursuant to an application filed therefor.

“(5) Whenever an individual’s eligibility for benefits under this title is reinstated under this subsection, eligibility for such benefits shall be reinstated with respect to the individual’s spouse if such spouse was previously an eligible spouse of the individual under this title and the Commissioner determines that such spouse satisfies all the requirements for eligibility for such benefits except requirements related to the filing of an application. The provisions of paragraph (4) shall apply to the reinstated eligibility of the spouse to the same extent that they apply to the reinstated eligibility of such individual.

“(6) An individual to whom benefits are payable under this title pursuant to a reinstatement of eligibility under this subsection for twenty-four months (whether or not consecutive) shall, with respect to benefits so payable after such twenty-fourth month, be deemed for purposes of paragraph (1)(B)(i)(I) to be eligible for such benefits on the basis of an application filed therefor.

“(7)(A) An individual described in paragraph (1)(B) who files a request for reinstatement in accordance with the provisions of paragraph (2)(A) shall be eligible for provisional benefits payable in accordance with this paragraph, unless the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual’s declaration under paragraph (2)(A)(ii) is false. Any such determination by the Commissioner shall be final and not subject to review under paragraph (1) or (3) of subsection (c).

“(B)(i) Except as otherwise provided in clause (ii), the amount of a provisional benefit for a month shall equal the amount of the monthly benefit that would be payable to an eligible individual under this title with the same kind and amount of income.

“(ii) If the individual has a spouse who was previously an eligible spouse of the individual under this title and the Commissioner determines that such spouse satisfies all the requirements of section 1614(b) except requirements related to the filing of an application, the amount of a provisional benefit for a month shall equal the amount of the monthly benefit that would be payable to an eligible individual and eligible spouse under this title with the same kind and amount of income.

“(C)(i) Provisional benefits shall begin with the month following the month in which a request for reinstatement is filed in accordance with paragraph (2)(A).

“(ii) Provisional benefits shall end with the earliest of—

“(I) the month in which the Commissioner makes a determination regarding the individual’s eligibility for reinstated benefits;

“(II) the fifth month following the month for which provisional benefits are first payable under clause (i); or

“(III) the month in which the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual’s declaration made in accordance with paragraph (2)(A)(ii) is false.

“(D) In any case in which the Commissioner determines that an individual is not eligible for reinstated benefits, any provisional benefits paid to the individual under this paragraph shall not be subject to recovery as an overpayment unless the Commissioner determines that the individual knew or should have known that the individual did not meet the requirements of paragraph (1)(B).

“(8) For purposes of this subsection other than paragraph (7), the term ‘benefits under this title’ includes State supplementary payments made pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93–66.”.

(2) CONFORMING AMENDMENTS.—

(A) Section 1631(j)(1) of such Act (42 U.S.C. 1383(j)(1)) is amended by striking the period and inserting “, or has filed a request for reinstatement of eligibility under subsection (p)(2) and been determined to be eligible for reinstatement.”.

(B) Section 1631(j)(2)(A)(i)(I) of such Act (42 U.S.C. 1383(j)(2)(A)(i)(I)) is amended by inserting “(other than pursuant to a request for reinstatement under subsection (p))” after “eligible”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the first day of the thirteenth month beginning after the date of enactment of this Act.

(2) LIMITATION.—No benefit shall be payable under title II or XVI on the basis of a request for reinstatement filed under section 223(i) or 1631(p) of the Social Security Act before the effective date described in paragraph (1).

## **Subtitle C—Work Incentives Planning, Assistance, and Outreach**

### **SEC. 121. WORK INCENTIVES OUTREACH PROGRAM.**

Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.), as amended by section 101, is amended by adding after section 1148 the following:

“WORK INCENTIVES OUTREACH PROGRAM

“SEC. 1149. (a) ESTABLISHMENT.—

“(1) IN GENERAL.—The Commissioner, in consultation with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999, shall establish a community-based work incentives planning and assistance program for the purpose of disseminating accurate information to disabled beneficiaries on work incentives programs and issues related to such programs.

“(2) GRANTS, COOPERATIVE AGREEMENTS, CONTRACTS, AND OUTREACH.—Under the program established under this section, the Commissioner shall—

“(A) establish a competitive program of grants, cooperative agreements, or contracts to provide benefits planning and assistance, including information on the availability of protection and advocacy services, to disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1619, and other programs that are designed to encourage disabled beneficiaries to work;

“(B) conduct directly, or through grants, cooperative agreements, or contracts, ongoing outreach efforts to disabled beneficiaries (and to the families of such beneficiaries) who are potentially eligible to participate in Federal or State work incentive programs that are designed to assist disabled beneficiaries to work, including—

“(i) preparing and disseminating information explaining such programs; and

“(ii) working in cooperation with other Federal, State, and private agencies and nonprofit organizations that serve disabled beneficiaries, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling;

“(C) establish a corps of trained, accessible, and responsive work incentives specialists within the Social Security Administration who will specialize in disability work incentives under titles II and XVI for the purpose of disseminating accurate information with respect to inquiries and issues relating to work incentives to—

“(i) disabled beneficiaries;

“(ii) benefit applicants under titles II and XVI; and

“(iii) individuals or entities awarded grants under subparagraphs (A) or (B); and

“(D) provide—

“(i) training for work incentives specialists and individuals providing planning assistance described in subparagraph (C); and

“(ii) technical assistance to organizations and entities that are designed to encourage disabled beneficiaries to return to work.

“(3) COORDINATION WITH OTHER PROGRAMS.—The responsibilities of the Commissioner established under this section shall be coordinated with other public and private programs that provide information and assistance regarding rehabilitation services and independent living supports and benefits planning for disabled beneficiaries including the program under section 1619, the plans for achieving self-support program (PASS), and any other Federal or State work incentives programs that are designed to assist disabled beneficiaries, including educational agencies that provide information and assistance regarding rehabilitation, school-to-work programs, transition services (as defined in, and provided in accordance with, the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.)), a one-stop delivery system established under subtitle B of title I of the Workforce Investment Act of 1998, and other services.

“(b) CONDITIONS.—

“(1) SELECTION OF ENTITIES.—

“(A) APPLICATION.—An entity shall submit an application for a grant, cooperative agreement, or contract to provide benefits planning and assistance to the Commissioner at such time, in such manner, and containing such information as the Commissioner may determine is necessary to meet the requirements of this section.

“(B) STATEWIDENESS.—The Commissioner shall ensure that the planning, assistance, and information described in paragraph (2) shall be available on a statewide basis.

“(C) ELIGIBILITY OF STATES AND PRIVATE ORGANIZATIONS.—

“(i) IN GENERAL.—The Commissioner may award a grant, cooperative agreement, or contract under this section to a State or a private agency or organization (other than Social Security Administration Field Offices and the State agency administering the State medicaid program under title XIX, including any agency or entity described in clause (ii), that

the Commissioner determines is qualified to provide the planning, assistance, and information described in paragraph (2)).

“(ii) AGENCIES AND ENTITIES DESCRIBED.—The agencies and entities described in this clause are the following:

“(I) Any public or private agency or organization (including Centers for Independent Living established under title VII of the Rehabilitation Act of 1973, protection and advocacy organizations, client assistance programs established in accordance with section 112 of the Rehabilitation Act of 1973, and State Developmental Disabilities Councils established in accordance with section 124 of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6024)) that the Commissioner determines satisfies the requirements of this section.

“(II) The State agency administering the State program funded under part A of title IV.

“(D) EXCLUSION FOR CONFLICT OF INTEREST.—The Commissioner may not award a grant, cooperative agreement, or contract under this section to any entity that the Commissioner determines would have a conflict of interest if the entity were to receive a grant, cooperative agreement, or contract under this section.

“(2) SERVICES PROVIDED.—A recipient of a grant, cooperative agreement, or contract to provide benefits planning and assistance shall select individuals who will act as planners and provide information, guidance, and planning to disabled beneficiaries on the—

“(A) availability and interrelation of any Federal or State work incentives programs designed to assist disabled beneficiaries that the individual may be eligible to participate in;

“(B) adequacy of any health benefits coverage that may be offered by an employer of the individual and the extent to which other health benefits coverage may be available to the individual; and

“(C) availability of protection and advocacy services for disabled beneficiaries and how to access such services.

“(3) AMOUNT OF GRANTS, COOPERATIVE AGREEMENTS, OR CONTRACTS.—

“(A) BASED ON POPULATION OF DISABLED BENEFICIARIES.—Subject to subparagraph (B), the Commissioner shall award a grant, cooperative agreement, or contract under this section to an entity based on the percentage of the population of the State where the entity is located who are disabled beneficiaries.

“(B) LIMITATIONS.—

“(i) PER GRANT.—No entity shall receive a grant, cooperative agreement, or contract under this section for a fiscal year that is less than \$50,000 or more than \$300,000.

“(ii) TOTAL AMOUNT FOR ALL GRANTS, COOPERATIVE AGREEMENTS, AND CONTRACTS.—The total amount of all grants, cooperative agreements, and contracts awarded under this section for a fiscal year may not exceed \$23,000,000.

“(4) ALLOCATION OF COSTS.—The costs of carrying out this section shall be paid from amounts made available for the administration of title II and amounts made available for the administration of title XVI, and shall be allocated among those amounts as appropriate.

“(c) DEFINITIONS.—In this section:

“(1) COMMISSIONER.—The term ‘Commissioner’ means the Commissioner of Social Security.

“(2) DISABLED BENEFICIARY.—The term ‘disabled beneficiary’ has the meaning given that term in section 1148(k)(2).

“(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$23,000,000 for each of the fiscal years 2000 through 2004.”.

**SEC. 122. STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO DISABLED BENEFICIARIES.**

Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.), as amended by section 121, is amended by adding after section 1149 the following:

“STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO DISABLED BENEFICIARIES

“SEC. 1150. (a) IN GENERAL.—Subject to subsection (c), the Commissioner may make payments in each State to the protection and advocacy system established pursuant to part C of title I of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.) for the purpose of providing services to disabled beneficiaries.

“(b) SERVICES PROVIDED.—Services provided to disabled beneficiaries pursuant to a payment made under this section may include—

“(1) information and advice about obtaining vocational rehabilitation and employment services; and

“(2) advocacy or other services that a disabled beneficiary may need to secure or regain gainful employment.

“(c) APPLICATION.—In order to receive payments under this section, a protection and advocacy system shall submit an application to the Commissioner, at such time, in such form and manner, and accompanied by such information and assurances as the Commissioner may require.

“(d) AMOUNT OF PAYMENTS.—

“(1) IN GENERAL.—Subject to the amount appropriated for a fiscal year for making payments under this section, a protection and advocacy system shall not be paid an amount that is less than—

“(A) in the case of a protection and advocacy system located in a State (including the District of Columbia and Puerto Rico) other than Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, the greater of—

“(i) \$100,000; or

“(ii)  $\frac{1}{3}$  of 1 percent of the amount available for payments under this section; and

“(B) in the case of a protection and advocacy system located in Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, \$50,000.

“(2) INFLATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount appropriated to carry out this section in the preceding fiscal year, the Commissioner shall increase each minimum payment under subparagraphs (A) and (B) of paragraph (1) by a percentage equal to the percentage increase in the total amount so appropriated to carry out this section.

“(e) ANNUAL REPORT.—Each protection and advocacy system that receives a payment under this section shall submit an annual report to the Commissioner and the Ticket to Work and Work Incentives Advisory Panel established under section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999 on the services provided to individuals by the system.

“(f) FUNDING.—

“(1) ALLOCATION OF PAYMENTS.—Payments under this section shall be made from amounts made available for the administration of title II and amounts made available for the administration of title XVI, and shall be allocated among those amounts as appropriate.

“(2) CARRYOVER.—Any amounts allotted for payment to a protection and advocacy system under this section for a fiscal year shall remain available for payment to or on behalf of the protection and advocacy system until the end of the succeeding fiscal year.

“(g) DEFINITIONS.—In this section:

“(1) COMMISSIONER.—The term ‘Commissioner’ means the Commissioner of Social Security.

“(2) DISABLED BENEFICIARY.—The term ‘disabled beneficiary’ has the meaning given that term in section 1148(k)(2).

“(3) PROTECTION AND ADVOCACY SYSTEM.—The term ‘protection and advocacy system’ means a protection and advocacy system established pursuant to part C of title I of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.).

“(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$7,000,000 for each of the fiscal years 2000 through 2004.”.

## **TITLE II—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES**

### **SEC. 201. EXPANDING STATE OPTIONS UNDER THE MEDICAID PROGRAM FOR WORKERS WITH DISABILITIES.**

(a) IN GENERAL.—

(1) STATE OPTION TO ELIMINATE INCOME, ASSETS, AND RESOURCE LIMITATIONS FOR WORKERS WITH DISABILITIES BUYING INTO MEDICAID.—Section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

- (A) in subclause (XIII), by striking “or” at the end;  
 (B) in subclause (XIV), by adding “or” at the end; and  
 (C) by adding at the end the following:  
 “(XV) who, but for earnings in excess of the limit established under section 1905(q)(2)(B), would be considered to be receiving supplemental security income, who is at least 16, but less than 65, years of age, and whose assets, resources, and earned or unearned income (or both) do not exceed such limitations (if any) as the State may establish;”
- (2) STATE OPTION TO PROVIDE OPPORTUNITY FOR EMPLOYED INDIVIDUALS WITH A MEDICALLY IMPROVED DISABILITY TO BUY INTO MEDICAID.—
- (A) ELIGIBILITY.—Section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)), as amended by paragraph (1), is amended—
- (i) in subclause (XIV), by striking “or” at the end;  
 (ii) in subclause (XV), by adding “or” at the end; and  
 (iii) by adding at the end the following:  
 “(XVI) who are employed individuals with a medically improved disability described in section 1905(v)(1) and whose assets, resources, and earned or unearned income (or both) do not exceed such limitations (if any) as the State may establish, but only if the State provides medical assistance to individuals described in subclause (XV);”
- (B) DEFINITION OF EMPLOYED INDIVIDUALS WITH A MEDICALLY IMPROVED DISABILITY.—Section 1905 of the Social Security Act (42 U.S.C. 1396d) is amended by adding at the end the following:  
 “(v)(1) The term ‘employed individual with a medically improved disability’ means an individual who—  
 “(A) is at least 16, but less than 65, years of age;  
 “(B) is employed (as defined in paragraph (2));  
 “(C) ceases to be eligible for medical assistance under section 1902(a)(10)(A)(ii)(XV) because the individual, by reason of medical improvement, is determined at the time of a regularly scheduled continuing disability review to no longer be eligible for benefits under section 223(d) or 1614(a)(3); and  
 “(D) continues to have a severe medically determinable impairment, as determined under regulations of the Secretary.  
 “(2) For purposes of paragraph (1), an individual is considered to be ‘employed’ if the individual—  
 “(A) is earning at least the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act (29 U.S.C. 206) and working at least 40 hours per month; or  
 “(B) is engaged in a work effort that meets substantial and reasonable threshold criteria for hours of work, wages, or other measures, as defined by the State and approved by the Secretary.”
- (C) CONFORMING AMENDMENT.—Section 1905(a) of such Act (42 U.S.C. 1396d(a)) is amended in the matter preceding paragraph (1)—
- (i) in clause (x), by striking “or” at the end;  
 (ii) in clause (xi), by adding “or” at the end; and  
 (iii) by inserting after clause (xi), the following:  
 “(xii) employed individuals with a medically improved disability (as defined in subsection (v)).”
- (3) STATE AUTHORITY TO IMPOSE INCOME-RELATED PREMIUMS AND COST-SHARING.—Section 1916 of such Act (42 U.S.C. 1396o) is amended—
- (A) in subsection (a), by striking “The State plan” and inserting “Subject to subsection (g), the State plan”; and  
 (B) by adding at the end the following:  
 “(g) With respect to individuals provided medical assistance only under subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii)—  
 “(1) a State may (in a uniform manner for individuals described in either such subclause)—  
 “(A) require such individuals to pay premiums or other cost-sharing charges set on a sliding scale based on income that the State may determine; and  
 “(B) require payment of 100 percent of such premiums or charges for a year in the case of such an individual who has income for such year that exceeds 250 percent of the income official poverty line (referred to in subsection (c)(1)) applicable to a family of the size involved, except that, in the case of such an individual who has income for a year that does not exceed

450 percent of such poverty line, such requirement may apply only to the extent that such premiums do not exceed 7.5 percent of such income; and “(2) a State shall require payment of 100 percent of such premium for a year by such an individual whose adjusted gross income (as defined in section 62 of the Internal Revenue Code of 1986) for such year exceeds \$75,000, except that a State may choose to subsidize such premium by using State funds which may not be federally matched under this title.

The Secretary shall adjust annually (after 2000) the dollar amount set forth in paragraph (2) under procedures providing for adjustments in the same manner and to the same extent as adjustments are provided for under the procedures used to adjust benefit amounts under section 215(i)(2)(A), except that any amount so adjusted that is not a multiple of \$1.00 shall be rounded to the nearest multiple of \$1.00.”.

(4) PROHIBITION AGAINST SUPPLANTATION OF STATE FUNDS AND STATE FAILURE TO MAINTAIN EFFORT.—Section 1903(i) of such Act (42 U.S.C. 1396b(i)) is amended—

(A) by striking the period at the end of paragraph (18) and inserting “; or”; and

(B) by inserting after such paragraph the following:

“(19) with respect to amounts expended for medical assistance provided to an individual described in subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii) for a fiscal year unless the State demonstrates to the satisfaction of the Secretary that the level of State funds expended for such fiscal year for programs to enable working individuals with disabilities to work (other than for such medical assistance) is not less than the level expended for such programs during the most recent State fiscal year ending before the date of enactment of this paragraph.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 1903(f)(4) of the Social Security Act (42 U.S.C. 1396b(f)(4)) is amended in the matter preceding subparagraph (A) by inserting “1902(a)(10)(A)(ii)(XV), 1902(a)(10)(A)(ii)(XVI)” after “1902(a)(10)(A)(ii)(X),”.

(2) Section 1903(f)(4) of such Act, as amended by paragraph (1), is amended by inserting “1902(a)(10)(A)(ii)(XIII),” before “1902(a)(10)(A)(ii)(XV)”.

(c) GAO REPORT.—Not later than 3 years after the date of enactment of this Act, the Comptroller General of the United States shall submit a report to Congress regarding the amendments made by this section that examines—

(1) the extent to which higher health care costs for individuals with disabilities at higher income levels deter employment or progress with employment;

(2) whether such individuals have health insurance coverage or could benefit from the State option established under such amendments to provide a medicaid buy-in; and

(3) how the States are exercising such option, including—

(A) how such States are exercising the flexibility afforded them with regard to income disregards;

(B) what income and premium levels have been set;

(C) the degree to which States are subsidizing premiums above the dollar amount specified in section 1916(g)(2) of the Social Security Act (42 U.S.C. 1396o(g)(2)); and

(D) the extent to which there exists any crowd-out effect.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section apply to medical assistance for items and services furnished on or after October 1, 1999.

(2) RETROACTIVITY OF CONFORMING AMENDMENT.—The amendment made by subsection (b)(2) takes effect as if included in the enactment of the Balanced Budget Act of 1997.

**SEC. 202. EXTENDING MEDICARE COVERAGE FOR OASDI DISABILITY BENEFIT RECIPIENTS.**

(a) IN GENERAL.—The next to last sentence of section 226(b) of the Social Security Act (42 U.S.C. 426) is amended by striking “24” and inserting “96”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective on and after October 1, 2000.

(c) GAO REPORT.—Not later than 5 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress that—

(1) examines the effectiveness and cost of the amendment made by subsection (a);

(2) examines the necessity and effectiveness of providing continuation of medicare coverage under section 226(b) of the Social Security Act to individuals

whose annual income exceeds the contribution and benefit base (as determined under section 230 of such Act);

(3) examines the viability of providing the continuation of medicare coverage under such section 226(b) based on a sliding scale premium for individuals whose annual income exceeds such contribution and benefit base;

(4) examines the viability of providing the continuation of medicare coverage under such section 226(b) based on a premium buy-in by the beneficiary's employer in lieu of coverage under private health insurance;

(5) examines the interrelation between the use of the continuation of medicare coverage under such section 226(b) and the use of private health insurance coverage by individuals during the extended period; and

(6) recommends such legislative or administrative changes relating to the continuation of medicare coverage for recipients of social security disability benefits as the Comptroller General determines are appropriate.

**SEC. 203. GRANTS TO DEVELOP AND ESTABLISH STATE INFRASTRUCTURES TO SUPPORT WORKING INDIVIDUALS WITH DISABILITIES.**

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the “Secretary”) shall award grants described in subsection (b) to States to support the design, establishment, and operation of State infrastructures that provide items and services to support working individuals with disabilities.

(2) APPLICATION.—In order to be eligible for an award of a grant under this section, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary shall require.

(3) DEFINITION OF STATE.—In this section, the term “State” means each of the 50 States, the District of Columbia, Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(b) GRANTS FOR INFRASTRUCTURE AND OUTREACH.—

(1) IN GENERAL.—Out of the funds appropriated under subsection (e), the Secretary shall award grants to States to—

(A) support the establishment, implementation, and operation of the State infrastructures described in subsection (a); and

(B) conduct outreach campaigns regarding the existence of such infrastructures.

(2) ELIGIBILITY FOR GRANTS.—

(A) IN GENERAL.—No State may receive a grant under this subsection unless the State—

(i) has an approved amendment to the State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) that provides medical assistance under such plan to individuals described in section 1902(a)(10)(A)(ii)(XV) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)); and

(ii) demonstrates to the satisfaction of the Secretary that the State makes personal assistance services available under the State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) to the extent necessary to enable individuals described in clause (i) to remain employed (as determined under section 1905(v)(2) of the Social Security Act (42 U.S.C. 1396d(v)(2))).

(B) DEFINITION OF PERSONAL ASSISTANCE SERVICES.—In this paragraph, the term “personal assistance services” means a range of services, provided by 1 or more persons, designed to assist an individual with a disability to perform daily activities on and off the job that the individual would typically perform if the individual did not have a disability. Such services shall be designed to increase the individual's control in life and ability to perform everyday activities on or off the job.

(3) DETERMINATION OF AWARDS.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall determine a formula for awarding grants to States under this section that provides special consideration to States that provide medical assistance under title XIX of the Social Security Act to individuals described in section 1902(a)(10)(A)(ii)(XVI) of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XVI)).

(B) AWARD LIMITS.—

(i) MINIMUM AWARDS.—

(I) IN GENERAL.—Subject to subclause (II), no State with an approved application under this section shall receive a grant for a fiscal year that is less than \$500,000.

(II) PRO RATA REDUCTIONS.—If the funds appropriated under subsection (e) for a fiscal year are not sufficient to pay each State with an application approved under this section the minimum amount described in subclause (I), the Secretary shall pay each such State an amount equal to the pro rata share of the amount made available.

(ii) MAXIMUM AWARDS.—No State with an application that has been approved under this section shall receive a grant for a fiscal year that exceeds 15 percent of the total expenditures by the State (including the reimbursed Federal share of such expenditures) for medical assistance for individuals eligible under subclause (XV) and (XVI) of section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)), as estimated by the State and approved by the Secretary.

(c) AVAILABILITY OF FUNDS.—

(1) FUNDS AWARDED TO STATES.—Funds awarded to a State under a grant made under this section for a fiscal year shall remain available until expended.

(2) FUNDS NOT AWARDED TO STATES.—Funds not awarded to States in the fiscal year for which they are appropriated shall remain available in succeeding fiscal years for awarding by the Secretary.

(d) ANNUAL REPORT.—A State that is awarded a grant under this section shall submit an annual report to the Secretary on the use of funds provided under the grant. Each report shall include the percentage increase in the number of title II disability beneficiaries, as defined in section 1148(k)(3) of the Social Security Act (as amended by section 201) in the State, and title XVI disability beneficiaries, as defined in section 1148(k)(4) of the Social Security Act (as so amended) in the State who return to work.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section—

(1) for fiscal year 2000, \$20,000,000;

(2) for fiscal year 2001, \$25,000,000;

(3) for fiscal year 2002, \$30,000,000;

(4) for fiscal year 2003, \$35,000,000;

(5) for fiscal year 2004, \$40,000,000; and

(6) for each of fiscal years 2005 through 2010, the amount appropriated for the preceding fiscal year under this subsection increased by the percentage increase (if any) in the Consumer Price Index for All Urban Consumers (United States city average) for the preceding fiscal year.

(f) RECOMMENDATION.—Not later than October 1, 2009, the Secretary, in consultation with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f), shall submit a recommendation to the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate regarding whether the grant program established under this section should be continued after fiscal year 2010.

**SEC. 204. DEMONSTRATION OF COVERAGE UNDER THE MEDICAID PROGRAM OF WORKERS WITH POTENTIALLY SEVERE DISABILITIES.**

(a) STATE APPLICATION.—A State may apply to the Secretary of Health and Human Services (in this section referred to as the “Secretary”) for approval of a demonstration project (in this section referred to as a “demonstration project”) under which up to a specified maximum number of individuals who are workers with a potentially severe disability (as defined in subsection (b)(1)) are provided medical assistance equal to that provided under section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)) to individuals described in section 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).

(b) WORKER WITH A POTENTIALLY SEVERE DISABILITY DEFINED.—For purposes of this section—

(1) IN GENERAL.—The term “worker with a potentially severe disability” means, with respect to a demonstration project, an individual who—

(A) is at least 16, but less than 65, years of age;

(B) has a specific physical or mental impairment that, as defined by the State under the demonstration project, is reasonably expected, but for the receipt of items and services described in section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)), to become blind or disabled (as defined under section 1614(a) of the Social Security Act (42 U.S.C. 1382c(a))); and

- (C) is employed (as defined in paragraph (2)).
- (2) DEFINITION OF EMPLOYED.—An individual is considered to be “employed” if the individual—
- (A) is earning at least the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act (29 U.S.C. 206) and working at least 40 hours per month; or
- (B) is engaged in a work effort that meets substantial and reasonable threshold criteria for hours of work, wages, or other measures, as defined under the demonstration project and approved by the Secretary.
- (c) APPROVAL OF DEMONSTRATION PROJECTS.—
- (1) IN GENERAL.—Subject to paragraph (3), the Secretary shall approve applications under subsection (a) that meet the requirements of paragraph (2) and such additional terms and conditions as the Secretary may require. The Secretary may waive the requirement of section 1902(a)(1) of the Social Security Act (42 U.S.C. 1396a(a)(1)) to allow for sub-State demonstrations.
- (2) TERMS AND CONDITIONS OF DEMONSTRATION PROJECTS.—The Secretary may not approve a demonstration project under this section unless the State provides assurances satisfactory to the Secretary that the following conditions are or will be met:
- (A) ELECTION OF OPTIONAL CATEGORY.—The State has elected to provide coverage under its plan under title XIX of the Social Security Act of individuals described in section 1902(a)(10)(A)(ii)(XV) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).
- (B) MAINTENANCE OF STATE EFFORT.—Federal funds paid to a State pursuant to this section must be used to supplement, but not supplant, the level of State funds expended for workers with potentially severe disabilities under programs in effect for such individuals at the time the demonstration project is approved under this section.
- (C) INDEPENDENT EVALUATION.—The State provides for an independent evaluation of the project.
- (3) LIMITATIONS ON FEDERAL FUNDING.—
- (A) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section—
- (i) for fiscal year 2000, \$72,000,000;
- (ii) for fiscal year 2001, \$74,000,000;
- (iii) for fiscal year 2002, \$78,000,000; and
- (iv) for fiscal year 2003, \$81,000,000.
- (B) LIMITATION ON PAYMENTS.—In no case may—
- (i) the aggregate amount of payments made by the Secretary to States under this section, other than for administrative expenses described in clause (ii), exceed \$300,000,000;
- (ii) the aggregate amount of payments made by the Secretary to States for administrative expenses relating to annual reports required under subsection (d) exceed \$5,000,000; or
- (iii) payments be provided by the Secretary for a fiscal year after fiscal year 2005.
- (C) FUNDS ALLOCATED TO STATES.—The Secretary shall allocate funds to States based on their applications and the availability of funds. Funds allocated to a State under a grant made under this section for a fiscal year shall remain available until expended.
- (D) FUNDS NOT ALLOCATED TO STATES.—Funds not allocated to States in the fiscal year for which they are appropriated shall remain available in succeeding fiscal years for allocation by the Secretary using the allocation formula established under this section.
- (E) PAYMENTS TO STATES.—The Secretary shall pay to each State with a demonstration project approved under this section, from its allocation under subparagraph (C), an amount for each quarter equal to the Federal medical assistance percentage (as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1395d(b)) of expenditures in the quarter for medical assistance provided to workers with a potentially severe disability.
- (d) ANNUAL REPORT.—A State with a demonstration project approved under this section shall submit an annual report to the Secretary on the use of funds provided under the grant. Each report shall include enrollment and financial statistics on—
- (1) the total population of workers with potentially severe disabilities served by the demonstration project; and
- (2) each population of such workers with a specific physical or mental impairment described in subsection (b)(1)(B) served by such project.

(e) **RECOMMENDATION.**—Not later than October 1, 2002, the Secretary shall submit a recommendation to the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate regarding whether the demonstration project established under this section should be continued after fiscal year 2003.

(f) **STATE DEFINED.**—In this section, the term “State” has the meaning given such term for purposes of title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

**SEC. 205. ELECTION BY DISABLED BENEFICIARIES TO SUSPEND MEDIGAP INSURANCE WHEN COVERED UNDER A GROUP HEALTH PLAN.**

(a) **IN GENERAL.**—Section 1882(q) of the Social Security Act (42 U.S.C. 1395ss(q)) is amended—

(1) in paragraph (5)(C), by inserting “or paragraph (6)” after “this paragraph”; and

(2) by adding at the end the following new paragraph:

“(6) Each medicare supplemental policy shall provide that benefits and premiums under the policy shall be suspended at the request of the policyholder if the policyholder is entitled to benefits under section 226(b) and is covered under a group health plan (as defined in section 1862(b)(1)(A)(v)). If such suspension occurs and if the policyholder or certificate holder loses coverage under the group health plan, such policy shall be automatically reinstated (effective as of the date of such loss of coverage) under terms described in subsection (n)(6)(A)(ii) as of the loss of such coverage if the policyholder provides notice of loss of such coverage within 90 days after the date of such loss.”.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) apply with respect to requests made after the date of the enactment of this Act.

## **TITLE III—DEMONSTRATION PROJECTS AND STUDIES**

**SEC. 301. EXTENSION OF DISABILITY INSURANCE PROGRAM DEMONSTRATION PROJECT AUTHORITY.**

(a) **EXTENSION OF AUTHORITY.**—Title II of the Social Security Act (42 U.S.C. 401 et seq.) is amended by adding at the end the following:

“DEMONSTRATION PROJECT AUTHORITY

“SEC. 234. (a) **AUTHORITY.**—

“(1) **IN GENERAL.**—The Commissioner of Social Security (in this section referred to as the ‘Commissioner’) shall develop and carry out experiments and demonstration projects designed to determine the relative advantages and disadvantages of—

“(A) various alternative methods of treating the work activity of individuals entitled to disability insurance benefits under section 223 or to monthly insurance benefits under section 202 based on such individual’s disability (as defined in section 223(d)), including such methods as a reduction in benefits based on earnings, designed to encourage the return to work of such individuals;

“(B) altering other limitations and conditions applicable to such individuals (including lengthening the trial work period (as defined in section 222(c)), altering the 24-month waiting period for hospital insurance benefits under section 226, altering the manner in which the program under this title is administered, earlier referral of such individuals for rehabilitation, and greater use of employers and others to develop, perform, and otherwise stimulate new forms of rehabilitation); and

“(C) implementing sliding scale benefit offsets using variations in—

“(i) the amount of the offset as a proportion of earned income;

“(ii) the duration of the offset period; and

“(iii) the method of determining the amount of income earned by such individuals,

to the end that savings will accrue to the Trust Funds, or to otherwise promote the objectives or facilitate the administration of this title.

“(2) **AUTHORITY FOR EXPANSION OF SCOPE.**—The Commissioner may expand the scope of any such experiment or demonstration project to include any group of applicants for benefits under the program established under this title with impairments that reasonably may be presumed to be disabling for purposes of such demonstration project, and may limit any such demonstration project to

any such group of applicants, subject to the terms of such demonstration project which shall define the extent of any such presumption.

“(b) REQUIREMENTS.—The experiments and demonstration projects developed under subsection (a) shall be of sufficient scope and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods under consideration while giving assurance that the results derived from the experiments and projects will obtain generally in the operation of the disability insurance program under this title without committing such program to the adoption of any particular system either locally or nationally.

“(c) AUTHORITY TO WAIVE COMPLIANCE WITH BENEFITS REQUIREMENTS.—In the case of any experiment or demonstration project conducted under subsection (a), the Commissioner may waive compliance with the benefit requirements of this title and the requirements of section 1148 as they relate to the program established under this title, and the Secretary may (upon the request of the Commissioner) waive compliance with the benefits requirements of title XVIII, insofar as is necessary for a thorough evaluation of the alternative methods under consideration. No such experiment or project shall be actually placed in operation unless at least 90 days prior thereto a written report, prepared for purposes of notification and information only and containing a full and complete description thereof, has been transmitted by the Commissioner to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate. Periodic reports on the progress of such experiments and demonstration projects shall be submitted by the Commissioner to such committees. When appropriate, such reports shall include detailed recommendations for changes in administration or law, or both, to carry out the objectives stated in subsection (a).

“(d) REPORTS.—

“(1) INTERIM REPORTS.—On or before June 9 of each year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate an annual interim report on the progress of the experiments and demonstration projects carried out under this subsection together with any related data and materials that the Commissioner may consider appropriate.

“(2) TERMINATION AND FINAL REPORT.—The authority under the preceding provisions of this section (including any waiver granted pursuant to subsection (c)) shall terminate 5 years after the date of the enactment of this Act. Not later than 90 days after the termination of any experiment or demonstration project carried out under this section, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate a final report with respect to that experiment or demonstration project.”

(b) CONFORMING AMENDMENTS; TRANSFER OF PRIOR AUTHORITY.—

(1) CONFORMING AMENDMENTS.—

(A) REPEAL OF PRIOR AUTHORITY.—Paragraphs (1) through (4) of subsection (a) and subsection (c) of section 505 of the Social Security Disability Amendments of 1980 (42 U.S.C. 1310 note) are repealed.

(B) CONFORMING AMENDMENT REGARDING FUNDING.—Section 201(k) of the Social Security Act (42 U.S.C. 401(k)) is amended by striking “section 505(a) of the Social Security Disability Amendments of 1980” and inserting “section 234”.

(2) TRANSFER OF PRIOR AUTHORITY.—With respect to any experiment or demonstration project being conducted under section 505(a) of the Social Security Disability Amendments of 1980 (42 U.S.C. 1310 note) as of the date of enactment of this Act, the authority to conduct such experiment or demonstration project (including the terms and conditions applicable to the experiment or demonstration project) shall be treated as if that authority (and such terms and conditions) had been established under section 234 of the Social Security Act, as added by subsection (a).

**SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.**

(a) AUTHORITY.—The Commissioner of Social Security shall conduct demonstration projects for the purpose of evaluating, through the collection of data, a program for title II disability beneficiaries (as defined in section 1148(k)(3) of the Social Security Act) under which benefits payable under section 223 of such Act, or under section 202 of such Act based on the beneficiary’s disability, are reduced by \$1 for each \$2 of the beneficiary’s earnings that is above a level to be determined by the Commissioner. Such projects shall be conducted at a number of localities which the Commissioner shall determine is sufficient to adequately evaluate the appropriateness

of national implementation of such a program. Such projects shall identify reductions in Federal expenditures that may result from the permanent implementation of such a program.

(b) SCOPE AND SCALE AND MATTERS TO BE DETERMINED.—

(1) IN GENERAL.—The demonstration projects developed under subsection (a) shall be of sufficient duration, shall be of sufficient scope, and shall be carried out on a wide enough scale to permit a thorough evaluation of the project to determine—

(A) the effects, if any, of induced entry into the project and reduced exit from the project;

(B) the extent, if any, to which the project being tested is affected by whether it is in operation in a locality within an area under the administration of the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act; and

(C) the savings that accrue to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and other Federal programs under the project being tested.

The Commissioner shall take into account advice provided by the Ticket to Work and Work Incentives Advisory Panel pursuant to section 101(f)(2)(B)(ii) of this Act.

(2) ADDITIONAL MATTERS.—The Commissioner shall also determine with respect to each project—

(A) the annual cost (including net cost) of the project and the annual cost (including net cost) that would have been incurred in the absence of the project;

(B) the determinants of return to work, including the characteristics of the beneficiaries who participate in the project; and

(C) the employment outcomes, including wages, occupations, benefits, and hours worked, of beneficiaries who return to work as a result of participation in the project.

The Commissioner may include within the matters evaluated under the project the merits of trial work periods and periods of extended eligibility.

(c) WAIVERS.—The Commissioner may waive compliance with the benefit provisions of title II of the Social Security Act, and the Secretary of Health and Human Services may waive compliance with the benefit requirements of title XVIII of such Act, insofar as is necessary for a thorough evaluation of the alternative methods under consideration. No such project shall be actually placed in operation unless at least 90 days prior thereto a written report, prepared for purposes of notification and information only and containing a full and complete description thereof, has been transmitted by the Commissioner to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate. Periodic reports on the progress of such projects shall be submitted by the Commissioner to such committees. When appropriate, such reports shall include detailed recommendations for changes in administration or law, or both, to carry out the objectives stated in subsection (a).

(d) INTERIM REPORTS.—Not later than 2 years after the date of enactment of this Act, and annually thereafter, the Commissioner of Social Security shall submit to Congress an interim report on the progress of the demonstration projects carried out under this subsection together with any related data and materials that the Commissioner of Social Security may consider appropriate.

(e) FINAL REPORT.—The Commissioner of Social Security shall submit to Congress a final report with respect to all demonstration projects carried out under this section not later than 1 year after their completion.

(f) EXPENDITURES.—Expenditures made for demonstration projects under this section shall be made from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as determined appropriate by the Secretary of Health and Human Services, to the extent provided in advance in appropriation Acts.

**SEC. 303. STUDIES AND REPORTS.**

(a) STUDY BY GENERAL ACCOUNTING OFFICE OF EXISTING DISABILITY-RELATED EMPLOYMENT INCENTIVES.—

(1) STUDY.—As soon as practicable after the date of enactment of this Act, the Comptroller General of the United States shall undertake a study to assess existing tax credits and other disability-related employment incentives under the Americans with Disabilities Act of 1990 and other Federal laws. In such study,

the Comptroller General shall specifically address the extent to which such credits and other incentives would encourage employers to hire and retain individuals with disabilities.

(2) REPORT.—Not later than 3 years after the date of enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this subsection, together with such recommendations for legislative or administrative changes as the Comptroller General determines are appropriate.

(b) STUDY BY GENERAL ACCOUNTING OFFICE OF EXISTING COORDINATION OF THE DI AND SSI PROGRAMS AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAVING CONCURRENT ENTITLEMENT.—

(1) STUDY.—As soon as practicable after the date of enactment of this Act, the Comptroller General of the United States shall undertake a study to evaluate the coordination under current law of the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act, as such programs relate to individuals entering or leaving concurrent entitlement under such programs. In such study, the Comptroller General shall specifically address the effectiveness of work incentives under such programs with respect to such individuals and the effectiveness of coverage of such individuals under titles XVIII and XIX of such Act.

(2) REPORT.—Not later than 3 years after the date of enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this subsection, together with such recommendations for legislative or administrative changes as the Comptroller General determines are appropriate.

(c) STUDY BY GENERAL ACCOUNTING OFFICE OF THE IMPACT OF THE SUBSTANTIAL GAINFUL ACTIVITY LIMIT ON RETURN TO WORK.—

(1) STUDY.—As soon as practicable after the date of enactment of this Act, the Comptroller General of the United States shall undertake a study of the substantial gainful activity level applicable as of that date to recipients of benefits under section 223 of the Social Security Act (42 U.S.C. 423) and under section 202 of such Act (42 U.S.C. 402) on the basis of a recipient having a disability, and the effect of such level as a disincentive for those recipients to return to work. In the study, the Comptroller General also shall address the merits of increasing the substantial gainful activity level applicable to such recipients of benefits and the rationale for not yearly indexing that level to inflation.

(2) REPORT.—Not later than 2 years after the date of enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this subsection, together with such recommendations for legislative or administrative changes as the Comptroller General determines are appropriate.

(d) REPORT ON DISREGARDS UNDER THE DI AND SSI PROGRAMS.—Not later than 90 days after the date of enactment of this Act, the Commissioner of Social Security shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report that—

(1) identifies all income, assets, and resource disregards (imposed under statutory or regulatory authority) that are applicable to individuals receiving benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.);

(2) with respect to each such disregard—

(A) specifies the most recent statutory or regulatory modification of the disregard; and

(B) recommends whether further statutory or regulatory modification of the disregard would be appropriate; and

(3) with respect to the disregard described in section 1612(b)(7) of such Act (42 U.S.C. 1382a(b)(7)) (relating to grants, scholarships, or fellowships received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution)—

(A) identifies the number of individuals receiving benefits under title XVI of such Act (42 U.S.C. 1381 et seq.) who have attained age 22 and have not had any portion of any grant, scholarship, or fellowship received for use in paying the cost of tuition and fees at any educational (including technical

or vocational education) institution excluded from their income in accordance with that section;

(B) recommends whether the age at which such grants, scholarships, or fellowships are excluded from income for purposes of determining eligibility under title XVI of such Act should be increased to age 25; and

(C) recommends whether such disregard should be expanded to include any such grant, scholarship, or fellowship received for use in paying the cost of room and board at any such institution.

(e) STUDY BY THE GENERAL ACCOUNTING OFFICE OF SOCIAL SECURITY ADMINISTRATION'S DISABILITY INSURANCE PROGRAM DEMONSTRATION AUTHORITY.—

(1) STUDY.—As soon as practicable after the date of the enactment of this Act, the Comptroller General of the United States shall undertake a study to assess the results of the Social Security Administration's efforts to conduct disability demonstrations authorized under prior law as well as under section 301 of this Act.

(2) REPORT.—Not later than 5 years after the date of the enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this section, together with a recommendation as to whether the demonstration authority authorized under section 301 of this Act should be made permanent.

## TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

### SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG ADDICTS AND ALCOHOLICS.

(a) CLARIFICATION RELATING TO THE EFFECTIVE DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.—Section 105(a)(5) of the Contract with America Advancement Act of 1996 (42 U.S.C. 405 note) is amended—

(1) in subparagraph (A), by striking “by the Commissioner of Social Security” and “by the Commissioner”; and

(2) by adding at the end the following:

“(D) For purposes of this paragraph, an individual's claim, with respect to benefits under title II based on disability, which has been denied in whole before the date of the enactment of this Act, may not be considered to be finally adjudicated before such date if, on or after such date—

“(i) there is pending a request for either administrative or judicial review with respect to such claim; or

“(ii) there is pending, with respect to such claim, a readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.

“(E) Notwithstanding the provisions of this paragraph, with respect to any individual for whom the Commissioner of Social Security does not perform the entitlement redetermination before the date prescribed in subparagraph (C), the Commissioner shall perform such entitlement redetermination in lieu of a continuing disability review whenever the Commissioner determines that the individual's entitlement is subject to redetermination based on the preceding provisions of this paragraph, and the provisions of section 223(f) shall not apply to such redetermination.”

(b) CORRECTION TO EFFECTIVE DATE OF PROVISIONS CONCERNING REPRESENTATIVE PAYEES AND TREATMENT REFERRALS OF SOCIAL SECURITY BENEFICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—Section 105(a)(5)(B) of the Contract with America Advancement Act of 1996 (42 U.S.C. 405 note) is amended to read as follows:

“(B) The amendments made by paragraphs (2) and (3) shall take effect on July 1, 1996, with respect to any individual—

“(i) whose claim for benefits is finally adjudicated on or after the date of the enactment of this Act; or

“(ii) whose entitlement to benefits is based upon an entitlement redetermination made pursuant to subparagraph (C).”

(c) EFFECTIVE DATES.—The amendments made by this section shall take effect as if included in the enactment of section 105 of the Contract with America Advancement Act of 1996 (Public Law 104–121; 110 Stat. 852 et seq.).

**SEC. 402. TREATMENT OF PRISONERS.**

(a) IMPLEMENTATION OF PROHIBITION AGAINST PAYMENT OF TITLE II BENEFITS TO PRISONERS.—

(1) IN GENERAL.—Section 202(x)(3) of the Social Security Act (42 U.S.C. 402(x)(3)) is amended—

(A) by inserting “(A)” after “(3)”; and

(B) by adding at the end the following:

“(B)(i) The Commissioner shall enter into an agreement under this subparagraph with any interested State or local institution comprising a jail, prison, penal institution, or correctional facility, or comprising any other institution a purpose of which is to confine individuals as described in paragraph (1)(A)(ii). Under such agreement—

“(I) the institution shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, Social Security account numbers, dates of birth, confinement commencement dates, and, to the extent available to the institution, such other identifying information concerning the individuals confined in the institution as the Commissioner may require for the purpose of carrying out paragraph (1) and other provisions of this title; and

“(II) the Commissioner shall pay to the institution, with respect to information described in subclause (I) concerning each individual who is confined therein as described in paragraph (1)(A), who receives a benefit under this title for the month preceding the first month of such confinement, and whose benefit under this title is determined by the Commissioner to be not payable by reason of confinement based on the information provided by the institution, \$400 (subject to reduction under clause (ii)) if the institution furnishes the information to the Commissioner within 30 days after the date such individual’s confinement in such institution begins, or \$200 (subject to reduction under clause (ii)) if the institution furnishes the information after 30 days after such date but within 90 days after such date.

“(ii) The dollar amounts specified in clause (i)(II) shall be reduced by 50 percent if the Commissioner is also required to make a payment to the institution with respect to the same individual under an agreement entered into under section 1611(e)(1)(I).

“(iii) There are authorized to be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as appropriate, such sums as may be necessary to enable the Commissioner to make payments to institutions required by clause (i)(II).

“(iv) The Commissioner shall maintain, and shall provide on a reimbursable basis, information obtained pursuant to agreements entered into under this paragraph to any agency administering a Federal or federally-assisted cash, food, or medical assistance program for eligibility and other administrative purposes under such program.”

(2) CONFORMING AMENDMENTS TO THE PRIVACY ACT.—Section 552a(a)(8)(B) of title 5, United States Code, is amended—

(A) in clause (vi), by striking “or” at the end;

(B) in clause (vii), by adding “or” at the end; and

(C) by adding at the end the following:

“(viii) matches performed pursuant to section 202(x)(3) or 1611(e)(1) of the Social Security Act (42 U.S.C. 402(x)(3), 1382(e)(1));”.

(3) CONFORMING AMENDMENTS TO TITLE XVI.—

(A) Section 1611(e)(1)(I)(i)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I)) is amended by striking “; and” and inserting “and the other provisions of this title; and”.

(B) Section 1611(e)(1)(I)(ii)(II) of such Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by striking “is authorized to provide, on a reimbursable basis,” and inserting “shall maintain, and shall provide on a reimbursable basis,”.

(C) Section 1611(e)(1)(I)(ii)(II) of such Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by striking “eligibility purposes” and inserting “eligibility and other administrative purposes under such program”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals whose period of confinement in an institution commences on or after the first day of the fourth month beginning after the month in which this Act is enacted.

(b) ELIMINATION OF TITLE II REQUIREMENT THAT CONFINEMENT STEM FROM CRIME PUNISHABLE BY IMPRISONMENT FOR MORE THAN 1 YEAR.—

(1) IN GENERAL.—Section 202(x)(1)(A) of the Social Security Act (42 U.S.C. 402(x)(1)(A)) is amended—

(A) in the matter preceding clause (i), by striking “during which” and inserting “ending with or during or beginning with or during a period of more than 30 days throughout all of which”;

(B) in clause (i), by striking “an offense punishable by imprisonment for more than 1 year (regardless of the actual sentence imposed)” and inserting “a criminal offense”; and

(C) in clause (ii)(I), by striking “an offense punishable by imprisonment for more than 1 year” and inserting “a criminal offense”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals whose period of confinement in an institution commences on or after the first day of the fourth month beginning after the month in which this Act is enacted.

(c) CONFORMING TITLE XVI AMENDMENTS.—

(1) 50 PERCENT REDUCTION IN TITLE XVI PAYMENT IN CASE INVOLVING COMPARABLE TITLE II PAYMENT.—Section 1611(e)(1)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)) is amended—

(A) in clause (i)(II), by inserting “(subject to reduction under clause (ii))” after “\$400” and after “\$200”;

(B) by redesignating clauses (ii) and (iii) as clauses (iii) and (iv) respectively; and

(C) by inserting after clause (i) the following:

“(ii) The dollar amounts specified in clause (i)(II) shall be reduced by 50 percent if the Commissioner is also required to make a payment to the institution with respect to the same individual under an agreement entered into under section 202(x)(3)(B).”

(2) EXPANSION OF CATEGORIES OF INSTITUTIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of such Act (42 U.S.C. 1382(e)(1)(I)(i)) is amended in the matter preceding subclause (I) by striking “institution” and all that follows through “section 202(x)(1)(A),” and inserting “institution comprising a jail, prison, penal institution, or correctional facility, or with any other interested State or local institution a purpose of which is to confine individuals as described in section 202(x)(1)(A)(ii).”

(3) ELIMINATION OF OVERLY BROAD EXEMPTION.—Section 1611(e)(1)(I)(iii) of such Act (as redesignated by paragraph (1)(B)) is amended further—

(A) by striking “(I) The provisions” and all that follows through “(II)”; and

(B) by striking “eligibility purposes” and inserting “eligibility and other administrative purposes under such program”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the enactment of section 203(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2186). The reference to section 202(x)(1)(A)(ii) in section 1611(e)(1)(I)(i) of the Social Security Act as amended by paragraph (2) shall be deemed a reference to such section 202(x)(1)(A)(ii) of such Act as amended by subsection (b)(1)(C).

(d) CONTINUED DENIAL OF BENEFITS TO SEX OFFENDERS REMAINING CONFINED TO PUBLIC INSTITUTIONS UPON COMPLETION OF PRISON TERM.—

(1) IN GENERAL.—Section 202(x)(1)(A) of the Social Security Act (42 U.S.C. 402(x)(1)(A)) is amended—

(A) in clause (i), by striking “or” at the end;

(B) in clause (ii)(IV), by striking the period and inserting “, or”; and

(C) by adding at the end the following new clause:

“(iii) immediately upon completion of confinement as described in clause (i) pursuant to conviction of a criminal offense an element of which is sexual activity, is confined by court order in an institution at public expense pursuant to a finding that the individual is a sexually dangerous person or a sexual predator or a similar finding.”

(2) CONFORMING AMENDMENT.—Section 202(x)(1)(B)(ii) of such Act (42 U.S.C. 402(x)(1)(B)(ii)) is amended by striking “clause (ii)” and inserting “clauses (ii) and (iii)”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to benefits for months ending after the date of the enactment of this Act.

**SEC. 403. REVOCATION BY MEMBERS OF THE CLERGY OF EXEMPTION FROM SOCIAL SECURITY COVERAGE.**

(a) IN GENERAL.—Notwithstanding section 1402(e)(4) of the Internal Revenue Code of 1986, any exemption which has been received under section 1402(e)(1) of such Code by a duly ordained, commissioned, or licensed minister of a church, a

member of a religious order, or a Christian Science practitioner, and which is effective for the taxable year in which this Act is enacted, may be revoked by filing an application therefor (in such form and manner, and with such official, as may be prescribed by the Commissioner of Internal Revenue), if such application is filed no later than the due date of the Federal income tax return (including any extension thereof) for the applicant's second taxable year beginning after December 31, 1999. Any such revocation shall be effective (for purposes of chapter 2 of the Internal Revenue Code of 1986 and title II of the Social Security Act), as specified in the application, either with respect to the applicant's first taxable year beginning after December 31, 1999, or with respect to the applicant's second taxable year beginning after such date, and for all succeeding taxable years; and the applicant for any such revocation may not thereafter again file application for an exemption under such section 1402(e)(1). If the application is filed after the due date of the applicant's Federal income tax return for a taxable year and is effective with respect to that taxable year, it shall include or be accompanied by payment in full of an amount equal to the total of the taxes that would have been imposed by section 1401 of the Internal Revenue Code of 1986 with respect to all of the applicant's income derived in that taxable year which would have constituted net earnings from self-employment for purposes of chapter 2 of such Code (notwithstanding paragraphs (4) and (5) of section 1402(c)) except for the exemption under section 1402(e)(1) of such Code.

(b) **EFFECTIVE DATE.**—Subsection (a) shall apply with respect to service performed (to the extent specified in such subsection) in taxable years beginning after December 31, 1999, and with respect to monthly insurance benefits payable under title II on the basis of the wages and self-employment income of any individual for months in or after the calendar year in which such individual's application for revocation (as described in such subsection) is effective (and lump-sum death payments payable under such title on the basis of such wages and self-employment income in the case of deaths occurring in or after such calendar year).

**SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING TO COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS UNDER TITLES II AND XVI.**

(a) **IN GENERAL.**—Section 1110(a)(3) of the Social Security Act (42 U.S.C. 1310(a)(3)) is amended by striking “title XVI” and inserting “title II or XVI”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect as if included in the enactment of the Social Security Independence and Program Improvements Act of 1994 (Public Law 103–296; 108 Stat. 1464).

**SEC. 405. AUTHORIZATION FOR STATE TO PERMIT ANNUAL WAGE REPORTS.**

(a) **IN GENERAL.**—Section 1137(a)(3) of the Social Security Act (42 U.S.C. 1320b–7(a)(3)) is amended by inserting before the semicolon the following: “, and except that in the case of wage reports with respect to domestic service employment, a State may permit employers (as so defined) that make returns with respect to such employment on a calendar year basis pursuant to section 3510 of the Internal Revenue Code of 1986 to make such reports on an annual basis”.

(b) **TECHNICAL AMENDMENTS.**—Section 1137(a)(3) of the Social Security Act (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by striking “(as defined in section 453A(a)(2)(B)(iii))”; and

(2) by inserting “(as defined in section 453A(a)(2)(B))” after “employers” .

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to wage reports required to be submitted on and after the date of enactment of this Act.

**SEC. 406. ASSESSMENT ON ATTORNEYS WHO RECEIVE THEIR FEES VIA THE SOCIAL SECURITY ADMINISTRATION.**

(a) **IN GENERAL.**—Section 206 of the Social Security Act (42 U.S.C. 606) is amended by adding at the end the following:

“(d) **ASSESSMENT ON ATTORNEYS.**—

“(1) **IN GENERAL.**—Whenever a fee for services is required to be certified for payment to an attorney from a claimant's past-due benefits pursuant to subsection (a)(4)(A) or (b)(1)(A), the Commissioner shall impose on the attorney an assessment calculated in accordance with paragraph (2).

“(2) **AMOUNT.**—

“(A) The amount of an assessment under paragraph (1) shall be equal to the product obtained by multiplying the amount of the representative's fee that would be required to be so certified by subsection (a)(4)(A) or (b)(1)(A) before the application of this subsection, by the percentage specified in subparagraph (B).

“(B) The percentage specified in this subparagraph is—

“(i) for calendar years before 2001, 6.3 percent, and

“(ii) for calendar years after 2000, 6.3 percent or such different percentage rate as the Commissioner determines is necessary in order to achieve full recovery of the costs of certifying fees to attorneys from the past-due benefits of claimants.

“(3) COLLECTION.—The Commissioner may collect the assessment imposed on an attorney under paragraph (1) by offset from the amount of the fee otherwise required by subsection (a)(4)(A) or (b)(1)(A) to be certified for payment to the attorney from a claimant’s past-due benefits.

“(4) PROHIBITION ON CLAIMANT REIMBURSEMENT.—An attorney subject to an assessment under paragraph (1) may not, directly or indirectly, request or otherwise obtain reimbursement for such assessment from the claimant whose claim gave rise to the assessment.

“(5) DISPOSITION OF ASSESSMENTS.—Assessments on attorneys collected under this subsection shall be credited to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as appropriate.

“(6) AUTHORIZATION OF APPROPRIATIONS.—The assessments authorized under this section shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations Acts. Amounts so appropriated are authorized to remain available until expended, for administrative expenses in carrying out title II of the Social Security Act and related laws.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 206(a)(4)(A) of such Act (42 U.S.C. 606(a)(4)(A)) is amended by inserting “and subsection (d)” after “subparagraph (B)”.

(2) Section 206(b)(1)(A) of such Act (42 U.S.C. 606(b)(1)(A)) is amended by inserting “, but subject to subsection (d) of this section” after “section 205(i)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply in the case of any attorney with respect to whom a fee for services is required to be certified for payment from a claimant’s past-due benefits pursuant to subsection (a)(4)(A) or (b)(4)(A) of section 206 of the Social Security Act after—

(1) December 31, 1999, or

(2) the last day of the first month beginning after the month in which this Act is enacted.

**SEC. 407. EXTENSION OF AUTHORITY OF STATE MEDICAID FRAUD CONTROL UNITS.**

(a) EXTENSION OF CONCURRENT AUTHORITY TO INVESTIGATE AND PROSECUTE FRAUD IN OTHER FEDERAL HEALTH CARE PROGRAMS.—Section 1903(q)(3) of the Social Security Act (42 U.S.C. 1396b(q)(3)) is amended—

(1) by inserting “(A)” after “in connection with”; and

(2) by striking “title.” and inserting “title; and (B) upon the approval of the Inspector General of the relevant Federal agency in a particular case or investigation, any aspect of the provision of health care services and activities of providers of such services under any Federal health care program (as defined in section 1128B(f)(1)), if (i) the suspected fraud or violation of law in such case or investigation is primarily related to the State plan under this title, and (ii) when such approval is granted, the Inspector General of the relevant Federal agency retains the continuing authority to join the case or investigation, or after consultation with the entity, to replace the entity as the primary agency assigned to the case or investigation.”.

(b) RECOUPMENT OF FUNDS.—Section 1903(q)(5) of such Act (42 U.S.C. 1396b(q)(5)) is amended—

(1) by inserting “or under any Federal health care program (as so defined)” after “plan”; and

(2) by adding at the end the following: “All funds collected in accordance with this paragraph shall be credited exclusively to, and available for expenditure under, the Federal health care program (including the State plan under this title) that was subject to the activity that was the basis for the collection.”.

(c) EXTENSION OF AUTHORITY TO INVESTIGATE AND PROSECUTE RESIDENT ABUSE IN NON-MEDICAID BOARD AND CARE FACILITIES.—Section 1903(q)(4) of such Act (42 U.S.C. 1396b(q)(4)) is amended to read as follows:

“(4)(A) The entity has—

“(i) procedures for reviewing complaints of abuse or neglect of patients in health care facilities which receive payments under the State plan under this title;

“(ii) at the option of the entity, procedures for reviewing complaints of abuse or neglect of patients residing in board and care facilities; and

“(iii) procedures for acting upon such complaints under the criminal laws of the State or for referring such complaints to other State agencies for action.

“(B) For purposes of this paragraph, the term ‘board and care facility’ means a residential setting which receives payment (regardless of whether such payment is made under the State plan under this title) from or on behalf of two or more unrelated adults who reside in such facility, and for whom one or both of the following is provided:

“(i) Nursing care services provided by, or under the supervision of, a registered nurse, licensed practical nurse, or licensed nursing assistant.

“(ii) A substantial amount of personal care services that assist residents with the activities of daily living, including personal hygiene, dressing, bathing, eating, toileting, ambulation, transfer, positioning, self-medication, body care, travel to medical services, essential shopping, meal preparation, laundry, and housework.”

(d) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

**SEC. 408. ELIMINATION OF FRAUD AND ABUSE ASSOCIATED WITH CERTAIN PAYMENTS UNDER THE MEDICAID PROGRAM.**

(a) REQUIREMENTS FOR PAYMENTS.—Section 1903(i) of the Social Security Act (42 U.S.C. 1396b(i)) is amended—

(1) in paragraph (19), by striking the period at the end and inserting “; or”;

(2) by inserting after paragraph (19) the following:

“(20) with respect to any amount expended for an item or service provided under the plan, or for any administrative expense incurred to carry out the plan, which is provided or incurred by, or on behalf of, a local educational agency or school district—

“(A) for which payment is made for a bundled group of individual items, services, and administrative expenses, unless payment for the grouped items, services, and administrative expenses is made in accordance with a system that is approved by the Secretary and that—

“(i) provides for an itemization to the Secretary for assuring accountability of cost of the grouped items, services, and administrative expenses and includes payment rates and the methodologies underlying the establishment of such rates;

“(ii) has an actuarially sound basis for determining the payment rates and the methodologies; and

“(iii) reconciles payments for the grouped items and services provided and administrative expenses incurred under this title with their cost;

or

“(B) for which payment is otherwise made using a fee-for-service methodology, unless payment for the item, service, or administrative expense is made in accordance with a system that is approved by the Secretary and that reimburses only for the cost of an item or service provided and an administrative expense incurred that is reasonable and related to the cost of providing or incurring such item, service, or administrative expense or that is based on such other tests of reasonableness as the Secretary prescribes in regulations; or

“(21) with respect to any transportation service provided by, or on behalf of, a local educational agency or school district for a child unless—

“(A) a medical need for transportation is noted in the individual education plan of the child, including a child residing in a geographic area within which school bus transportation is otherwise not provided;

“(B) the vehicle used to furnish such transportation service is specially equipped to accommodate individuals with special medical needs; and

“(C) the payment for such service—

“(i) is made only with respect to costs associated with transporting individuals whose medical needs require transport in such a vehicle; and

“(ii) reflects only the proportion of the transportation costs equal to—

“(I) the proportion of time spent by such individuals at such location in activities relating to the receipt of covered services under this title; or

“(II) such other proportion based on an allocation method that the Secretary finds reasonable in light of the benefit to the program under this title and consistent with the cost principles contained in OMB Circular A-87; or

“(22) with respect to any amount expended for an item or service under the plan or for any administrative expense to carry out the plan provided by a public agency that enters into a contract with an entity for the development and operation of submitting claims for such amount unless the agency—

“(A) uses a competitive bidding process or otherwise to contract with such entity at a reasonable rate commensurate with the services performed by such entity; and

“(B) requires that any fees (including any administrative fees) to be paid to the entity for the development of the claims procedure are identified as a non-contingent, specified dollar amount in the contract.”; and

(3) in the third sentence, by striking “(17), and (18)” and inserting “(17), (18), (19), (20), and (21)”.

(b) PROVISION OF ITEMS AND SERVICES THROUGH MEDICAID MANAGED CARE ORGANIZATIONS.—Section 1903(m)(2)(A) of the Social Security Act (42 U.S.C. 1396b(m)(2)(A)) is amended by redesignating clause (xi) (as added by section 4701(c)(3) of the Balanced Budget Act of 1997) as clause (xiii), by striking “and” at the end of clause (xi), and by inserting after clause (xi) the following:

“(xii) such contract provides that with respect to payment for, and coverage of, such services in any case in which—

“(I) a medicaid managed care organization is responsible for providing such services to a child eligible for benefits under this title but coverage of services required under the child’s individual education plan is not included in the managed care contract but is the responsibility of the local educational agency or school district in the State; or

“(II) acute care services are available in the schools to children enrolled under such contract,

that there are assurances in the State plan and in the managed care contract that coordination exists between the local educational agency or school district and the managed care plan to prevent duplication of services or duplication of payments under this title for such services.”

(c) ALLOWABLE SHARE OF FFP WITH RESPECT TO PAYMENT FOR SERVICES FURNISHED IN SCHOOL SETTING.—Section 1903 of the Social Security Act (42 U.S.C. 1396b) is amended by adding at the end the following:

“(x) In the case of any Federal financial participation amount determined under subsection (a) with respect to any expenditure for an item or service under the plan, or for any administrative expense to carry out the plan, which is furnished by a local educational agency or school district, the State shall provide that—

“(1) 100 percent of such amount be paid to such agency or district, or

“(2) a percentage of such amount be retained by the State, but only to the extent such percentage does not exceed the percentage of such expenditure funded by State general revenue sources dedicated for such purpose.”

(d) UNIFORM METHODOLOGY FOR SCHOOL-BASED CLAIMS.—Not later than 90 days after the date of enactment of this Act, the Administrator of the Health Care Financing Administration, in consultation with State medicaid and educational agencies and local school systems, shall develop and implement a uniform methodology for claims for payment of medical assistance and related administrative expenses furnished under title XIX of the Social Security Act by schools. Such methodology for administrative expenses shall be based on standards related to time studies and population estimates and a national standard for determining payment for such administrative expenses.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to items and services provided on and after the date of enactment of this Act, without regard to whether implementing regulations are in effect. The Secretary of Health and Human Services shall promulgate such final regulations as are necessary to carry out such amendments not later than 1 year after such date of enactment.

## I. INTRODUCTION

### A. PURPOSE AND SUMMARY

The Ticket to Work and Work Incentives Improvement Act of 1999 is designed to assist Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) disabled beneficiaries in obtaining and keeping jobs through the provision of health, vocational rehabilitation, and other services.

## B. BACKGROUND AND NEED FOR LEGISLATION

The Social Security disability insurance program insures workers and their families against the loss of income due to disability. More than 4.5 million people with disabilities receive Social Security Disability Insurance (SSDI) benefits because they have paid into the Social Security system. Another 4 million adults with disabilities receive Supplemental Security Income (SSI) payments. Americans rely on these benefits as insurance against the possibility that they will become disabled.

Historically, less than 1 percent of disabled beneficiaries leave the rolls because of successful rehabilitation. State Vocational Rehabilitation (VR) agencies have a limited capacity to serve SSA beneficiaries and therefore have had a negligible impact on the number of disabled beneficiaries who enter the workforce. The Congressional Budget Office (CBO) estimates that less than 15 percent of new disability beneficiaries are referred to state VR agencies and only about 10 percent of those referred are accepted for services. This means that fewer than 2 percent of new disability beneficiaries actually receive VR services designed to help them return to or enter the workforce.

In addition, beneficiaries with disabilities are staying on the rolls longer than in the past because of: (1) increased life expectancy; (2) earlier onset of disability beneficiaries; and (3) increased awards for individuals with mental impairments (who tend to be younger and physically healthier). Due in large part to these trends, SSA's disability programs have experienced tremendous growth in recent years. Between 1987 and 1997, the number of working-age beneficiaries on the SSDI and SSI disability rolls increased 64 percent. During this period, cash benefits to adults and children with disabilities increased from about \$25 billion to \$61 billion. These facts underscore the need for initiatives designed to encourage disabled beneficiaries to obtain employment and rehabilitation services and to enter the workforce.

It is equally true that, given the choice, many disability beneficiaries would rather be working. In hearings and through personal contacts, Members of the Committee have learned about the obstacles Social Security disability beneficiaries face in attempting to work, including fear of losing health and cash benefits, little known and complex work incentives, and the "all or nothing" nature of SSDI cash benefits that can make work at low wages financially unattractive. Because of the protracted application process and the difficulty proving a disability, beneficiaries also expressed their fear of having to qualify again for benefits if their work attempts were unsuccessful. After consulting individuals with disabilities, advocates, rehabilitation experts, providers of services, and the Administration, the Committee has developed a comprehensive proposal to help disabled individuals overcome these obstacles, which is supported on a widespread bipartisan basis.

H.R. 3070, the Ticket to Work and Work Incentives Improvement Act of 1999, would create a program to ease the transition of SSDI and SSI disabled beneficiaries into the workforce, by expanding access to vocational rehabilitation and employment support services and extending health care coverage for disabled beneficiaries who

return to work. The Commissioner of Social Security would be required to establish a demonstration project to test the gradual reduction of SSDI benefits when beneficiaries return to work. In addition, the proposal contains several technical amendments to Title II of the Social Security Act that have previously passed in the House and for which similar Title XVI provisions were enacted. The proposal also provides a two-year period allowing members of the clergy to revoke their exemption from Social Security coverage. The proposal contains a provision requiring the Commissioner to impose an assessment on attorney fees to recover the cost of certifying payments to attorneys.

### C. LEGISLATIVE HISTORY

Since 1995, the Subcommittee on Social Security has held 6 hearings which have addressed needed program changes to encourage individuals with disabilities to work, and has received testimony from more than 36 witnesses. The Subcommittee held a hearing on March 11, 1999 and received testimony on the barriers preventing disabled beneficiaries from returning to work. During the 105th Congress, the Subcommittee held a hearing on March 17, 1998, and received testimony in support of H.R. 3433, the Ticket to Work and Self-sufficiency Act of 1998 from individuals with disabilities, advocates for the disabled, and providers of services. On May 6, 1998, the Full Committee ordered favorably reported, H.R. 3433, as amended, and the legislation passed the House by a vote of 410–1 on June 4, 1998. The Senate did not take up the bill during the 105th Congress.

On October 13, 1999, Mr. Hulshof (along with Committee Chairman Archer, Subcommittee Chairman Shaw, and Committee Members Camp, Dunn, English, Foley, Hayworth, Herger, Houghton, Ramstad, Thomas, and Weller) introduced H.R. 3070, the Ticket to Work and Work Incentives Improvement Act of 1999. On October 14, 1999, the Full Committee ordered favorably reported H.R. 3070 by a 33–1 vote, with a quorum present.

## II. EXPLANATION OF PROVISIONS

### A. SHORT TITLE

The short title of H.R. 3070 is the Ticket to Work and Work Incentives Improvement Act of 1999.

### B. TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS

#### 1. ESTABLISHMENT OF THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM (SECTION 101)

##### *Present law*

Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) disabled individuals applying for or awarded benefits shall be promptly referred to the State vocational rehabilitation (VR) agency for necessary services. The Commissioner of Social Security is authorized to use trust fund and general revenue monies to reimburse State VR agencies for reasonable and nec-

essary costs of VR services when such services result in an individual performing work at the substantial gainful level (\$700 per month as of July 1, 1999) for 9 months.

*Explanation of provision*

The Committee bill would create a Ticket to Work and Self-Sufficiency Program. Under the program, the Commissioner of Social Security is authorized to provide SSDI and SSI disabled beneficiaries with a ticket which they may use to obtain services of their choice from an employment network (that is, provider of services) of their choice to enable them to enter the workforce.

The bill would provide State VR agencies with the option of participating in the Program as an employment network or remaining in the current law reimbursement system, including the option to elect either payment method on a case-by-case basis. A State VR agency which elects to participate in the Program would be reimbursed under current law provisions for those beneficiaries who began receiving services prior to the agency's election to participate. Services provided by State VR agencies participating in the Program would be governed by plans for VR services approved under Title I of the Rehabilitation Act. The Social Security Administration (SSA) would work with State VR agencies to establish agreements with employment networks that wished to refer clients to the State VR agencies for some of their services. It is the intent of the Committee that the agreements would be broad-based, rather than case-by-case agreements.

The Commissioner would contract with program managers (one or more organizations in the private or public sector with expertise and experience in the field of vocational rehabilitation or employment services) through a competitive bidding process, to help SSA administer the Program. Agreements with program managers would include performance standards, including measures for ease of access and success. Program managers would be precluded from delivering services in their own service area.

Program managers would recruit and recommend employment networks to the Commissioner, ensure adequate choices of services are available to beneficiaries, ensure beneficiary access to services, and provide assurances to SSA that employment networks are complying with agreement terms. In addition, program managers would make certain that beneficiaries are allowed changes in employment networks.

Employment networks would consist of a single provider (public or private) or an association of providers combined into a single entity which would assume responsibility for the coordination and delivery of services. Employment networks may include a one-stop delivery system established under Title I of the Workforce Investment Act of 1998. The employment networks would be required to demonstrate specific expertise and experience and would provide an array of services under the Program. The Commissioner would select and enter into agreements with employment networks, provide periodic quality assurance reviews of employment networks, and establish a method for resolving disputes between beneficiaries and employment networks. Employment networks would meet financial reporting requirements as prescribed by the Commissioner, and

prepare periodic performance reports which would be provided to beneficiaries holding a ticket and made available to the public.

Employment networks and beneficiaries would together develop an individual employment plan in such a way that the beneficiary could exercise informed choice in selecting an employment goal and specific services needed to achieve that goal.

H.R. 3070 authorizes payment to employment networks for outcomes and long-term results through one of two payment systems, each designed to ensure that as many providers as possible are available to serve beneficiaries with disabilities.

- The outcome payment system would provide payment to employment networks up to 40 percent of the average monthly disability benefit for each month benefits are not payable to the beneficiary due to work, but not for more than 60 months.

- The outcome-milestone payment system is similar to the outcome payment system, except it would provide for early payment(s) based on the achievement of one or more milestones directed towards the goal of permanent employment. (To ensure the cost-effectiveness of the Program, the total amount payable to a service under the outcome-milestone payment system must be less than the total amount that would have been payable under the outcome payment system.)

The Commissioner would periodically review both payment systems and, if necessary, alter the percentages, milestones, or payment periods to ensure that employment networks have adequate incentive to assist beneficiaries in entering the workforce. In addition, the Commissioner would submit a report to Congress with recommendations for methods to adjust payment rates to ensure adequate incentives for the provision of services to individuals with special needs.

H.R. 3070 would authorize transfers from the Social Security Trust Funds to carry out these provisions for Social Security beneficiaries, and authorizes appropriations to the Social Security Administration to carry out these provisions for SSI recipients.

The Committee bill defines “disabled beneficiary” for purposes of Program participation to include SSI disability benefits recipients and Social Security beneficiaries receiving disability insurance, disabled widow’s, and childhood disability benefits.

The Commissioner would prescribe regulations necessary to carry out the Program. The Program would be implemented on a graduated basis at phase-in sites selected by the Commissioner beginning no later than one year after enactment, with services available in every state within three additional years after the Program’s start. The Commissioner would design and conduct a series of evaluations to assess the cost-effectiveness and effects of the Program. The Commissioner would periodically provide to the Congress a detailed report of the Program’s progress, success, and any modifications needed.

An Advisory Panel would be created consisting of experts representing consumers, providers of services, employers, and employees, at least one-half of whom are individuals with disabilities or representatives of individuals with disabilities. The Advisory Panel would be composed of twelve members appointed as follows:

Four by the President, not more than two of whom may be of the same political party;

Two by the Speaker of the House of Representatives, in consultation with the Chairman of the Committee on Ways and Means;

Two by the Minority Leader of the House of Representatives, in consultation with ranking minority member of the Committee on Ways and Means;

Two by the Majority Leader of the Senate, in consultation with the Chairman of the Committee on Finance; and

Two members would be appointed by the Minority Leader of the Senate, in consultation with the ranking minority member of the Committee on Finance.

The Panel would advise the Commissioner and report to the Congress on Program implementation including such issues as the establishment of pilot sites, refinements to the Program, and the design of Program evaluations.

The Commissioner would prescribe regulations to address implementation issues such as the way in which tickets would be distributed to beneficiaries, the way in which State agencies would elect participation in the Program, the terms of agreements to be entered into with program managers and with employment networks, and procedures for effective oversight of the Program by the Commissioner.

*Reason for change*

The proposal is designed to increase choices available to beneficiaries and increase the supply of service providers available to help beneficiaries transition into the workforce. The proposal builds on the principles of consumer choice and empowerment, encouraging competition among providers of services, rewarding providers for results, and encouraging providers to have a continuing interest in beneficiaries' long-term success in maintaining employment.

Recognizing that State VR agencies are able to provide consumers with a wide range of specialized services, the proposal would provide the State VR agencies the option of electing on a case-by-case basis to participate in the Program or remaining under the current law reimbursement system.

The Commissioner of Social Security is the authorizing agent in certifying payments from the Trust Funds and the general fund of the Treasury and is, therefore responsible for overall administration of the Program.

With respect to the issuance of tickets, the Committee intends that the Commissioner would determine the method by which SSA would notify beneficiaries of the availability of tickets and the duration for which the tickets may be assigned to an employment network as well as the allowable renewal periods, if any, of the ticket.

The Committee also intends that the Commissioner prescribe the times at which payments would be made to employment networks. In addition, the Commissioner would determine the phase-in schedule for State participation in the program although the Program must be operational in all States within four years.

Given SSA's limited resources and experience in administering employment and vocational rehabilitation services, the bill estab-

lishes program managers to help SSA administer the Program on a national basis. The Committee wants to ensure that program managers attempt to maximize beneficiary access to needed services by recommending an adequate number of providers to the Commissioner for selection.

The Committee recognizes that individuals with disabilities can benefit from early assistance from groups providing dispute resolution services and believes that the Commissioner should take this into account when establishing a mechanism to resolve disputes between beneficiaries and providers.

Because State VR agencies have a limited ability to accommodate the significant number of beneficiaries with disabilities, the proposal creates a level playing field which allows other private and public entities to provide services along with the State VR agencies. Expanding the pool of providers from which a beneficiary may obtain employment and rehabilitation services will increase the number of beneficiaries who receive timely, high-quality employment, rehabilitation, and other support services. The Committee intends that services provided would enhance beneficiaries' employment skills make them more marketable in the workforce and ultimately help them secure and retain long-term employment. Employment networks would be established so that providers could pool their resources together, giving beneficiaries access to a wide array of services to meet their individualized needs.

The Committee encourages the Commissioner to ensure that services are available without being unduly restricted by State borders.

The Committee intends that the "other support services" which are offered by providers may include, but are not limited to, assistive technology services and devices, supported employment services, personal assistance services, and auxiliary aids and services.

The proposal would require that employment networks ensure that employment, vocational rehabilitation, and other support services are provided under individual employment plans. The employment network and the beneficiary would work together to develop an individual employment plan. The employment plan would provide beneficiaries with personal interest and meaningful participation in their attempt at obtaining work.

The Committee believes that an employment plan should:

- Be signed by both the beneficiary and a representative of the employment network in receipt of the beneficiary's ticket;

- Provide the beneficiary with the opportunity to amend the plan if required by a change in circumstances; and

- Be made available to the beneficiary and, as appropriate, in an accessible format chosen by the individual.

H.R. 3070 would authorize the Commissioner to pay employment networks under either an outcome payment system or an outcome-milestone payment system. Generally, providers bear a financial risk by providing services first, and being paid later according to their results (i.e., assisting beneficiaries to work, and remaining at work and off the benefit rolls). To help small providers participate in the Program, the proposal would provide for one or more milestone payments to providers when an employment-related result has been achieved. Without the outcome-milestone payment sys-

tem, provider participation in the Program would be limited to only a few large providers who have the necessary cash flow to serve a substantial number of disabled individuals. However, to ensure the cost-effectiveness of the Program, the total outcome-milestone payment would be required to be less than the total amount payable to a provider for each individual under the outcome payment system. Because the provider is paid for results under each payment system, the provider has an incentive to work with the beneficiary to find the most effective means of helping that beneficiary obtain and retain employment.

The Committee recognizes that implementing the Ticket to Work and Self-Sufficiency Program would require SSA to make system changes related to administering the Program, promulgate regulations, prepare field office instructions, design a Program evaluation methodology, and award a contract to program manager, among other changes. Therefore, the proposal would provide SSA with 1 year to prepare for Program implementation. The proposal also would provide for a phase-in of the Program to ensure that it is implemented in a feasible, cost-effective manner that provides expanded opportunities for beneficiaries to work and ultimately to assist them in leaving the disability program.

Since SSA has limited expertise in employment, vocational rehabilitation, or other support services, the proposal would create a Ticket to Work and Work Incentives Advisory Panel to advise the Commissioner in implementing the Program. The Advisory Panel would be an active body consisting of diverse experts representing consumers, providers of services, employers, and employees, one-half of whom would be individuals with disabilities or representative of individuals with disabilities. The Advisory Panel would provide guidance to the Commissioner on implementing the Program in an efficient, cost-effective manner that provides the maximum incentive to disabled beneficiaries to seek work. The Advisory Panel would also provide advice on the design and evaluation of the Program as well as advice on the design of the demonstration project providing for reductions in SSDI benefits based on earnings. The Committee expects the Commissioner to take full advantage of the Advisory Panel's expertise.

The bill would repeal the current law provision that specifies that refusal to accept VR services without good cause will lead to the loss of benefits. Although current law, SSA has not enforced this provision. Because the Program is a voluntary one, a benefit-withholding sanction is not feasible. In addition, research indicates that disabled beneficiaries who are most successful at work attempts are those who are self-motivated. Therefore, the Committee views the imposition of penalties against disabled beneficiaries who choose not to work as counter-productive.

#### *Effective date*

The proposal would be implemented on a graduated basis at phase-in sites selected by the Commissioner beginning no later than 1 year after enactment. The Program would be fully implemented as soon as practicable, but not later than 3 years after the Program begins.

2. WORK ACTIVITY STANDARD AS A BASIS FOR REVIEW OF AN  
INDIVIDUAL'S DISABLED STATUS (SECTION 111)

*Present law*

Eligibility for Social Security disability insurance (SSDI) cash benefits requires an applicant to meet certain criteria, including the presence of a disability that renders the individual unable to engage in substantial gainful activity. Substantial gainful activity is defined as work that results in earnings exceeding an amount set in regulations (\$700 per month, as of July 1, 1999). Continuing disability reviews (CDRs) are conducted by the Social Security Administration (SSA) to determine whether an individual remains disabled and thus eligible for continued benefits. CDRs may be triggered by evidence of recovery from disability, including return to work. SSA is also required to conduct periodic CDRs every 3 years for beneficiaries with a nonpermanent disability, and at times determined by the Commissioner for beneficiaries with a permanent disability.

*Explanation of provision*

The Committee bill establishes the standard that CDRs for long-term SSDI beneficiaries (i.e., those receiving disability benefits for at least 24 months) would be limited to periodic CDRs. SSA would continue to evaluate work activity to determine whether eligibility for cash benefits continued, but a return to work would not trigger a review of the beneficiary's impairment to determine whether it continued to be disabling.

*Reason for change*

The provision is intended to encourage long-term SSDI beneficiaries to return to work by ensuring that work activity would not trigger an unscheduled medical review of their eligibility. However, like all beneficiaries, long-term beneficiaries would have benefits suspended if earnings exceeded the substantial gainful activity level, and would be subject to periodic continuing disability reviews.

*Effective date*

January 1, 2003.

3. EXPEDITED REINSTATEMENT OF DISABILITY BENEFITS (SECTION 112)

*Present law*

Individuals entitled to Social Security disability insurance (SSDI) benefits may receive expedited reinstatement of benefits following termination of benefits because of work activity any time during a 36-month extended period of eligibility. That is, benefits may be reinstated without the need for a new application and disability determination. After the close of the extended period of disability, an individual must file a new application with a new determination of disability by SSA before entitlement can be reestablished.

Section 1619 of the Social Security Act provides that Supplemental Security Income (SSI) beneficiaries who return to work despite a continuing disability may remain eligible for: (1) special SSI

benefits if their earned income is not enough to pay for the services previously covered by Medicaid, or (2) Medicaid even if no longer eligible for cash benefits. After their eligibility for any of these benefits has been suspended for 12 consecutive months, they must file a new application and receive a new determination of disability in order to become entitled to benefits again.

*Explanation of provision*

The Committee bill would establish that an individual: (1) whose entitlement to SSDI benefits had been terminated on the basis of work activity following completion of an extended period of eligibility; or (2) whose eligibility for SSI benefits (including special SSI eligibility status under section 1619(b) of the Social Security Act) had been terminated following suspension of those benefits for 12 consecutive months on account of excess income resulting from work activity, may request reinstatement of those benefits without filing a new application. The individual must have become unable to continue working due to his or her medical condition and must file a reinstatement request within the 60-month period following the month of such termination.

While the Commissioner is making a determination pertaining to a reinstatement request, the individual would be eligible for provisional benefits (cash benefits and Medicare or Medicaid, as appropriate) for a period of not more than 6 months. If the Commissioner makes a favorable determination, such individual's prior entitlement to benefits would be reinstated, as would be the prior benefits of his or her dependents who continue to meet the entitlement criteria. If the Commissioner makes an unfavorable determination, provisional benefits would end, but the provisional benefits already paid would not be considered an overpayment.

*Reason for change*

The provision is intended to encourage SSDI and SSI beneficiaries to return to work by providing assurance that cash and health benefits could be restored in a timely fashion if an individual must discontinue employment and continues to meet standards for disability set by the Social Security Administration.

*Effective date*

One year after enactment.

4. WORK INCENTIVES OUTREACH PROGRAM (SECTION 121)

*Present law*

The Social Security Administration prepares and distributes educational materials on work incentives for individuals receiving Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) benefits. Social Security personnel in its 1,300 field offices are available to answer questions about work incentives. Work incentives currently include: exclusions for impairment-related work expenses; trial work periods during which an individual may continue to receive cash benefits; a 36-month extended period of eligibility during which cash benefits can be reinstated at any time; continued eligibility for Medicaid and Medicare; contin-

ued payment of benefits while a beneficiary is enrolled in a vocational rehabilitation program; and plans for achieving self-support (PASS).

*Explanation of provision*

The Commissioner of Social Security would establish a community-based work incentives planning and assistance program for the purpose of disseminating accurate information to individuals on work incentives. Under this program, the Commissioner would:

Establish a program of grants, cooperative agreements, or contracts to provide benefits planning and assistance (including protection and advocacy services) to individuals with disabilities and outreach to individuals with disabilities who are potentially eligible for work incentive programs; and

Establish a corps of work incentive specialists located within the Social Security Administration.

The Commissioner would determine the qualifications of agencies eligible for grants, cooperative agreements, or contracts. Social Security Administration field offices and State Medicaid agencies are deemed ineligible. Eligible organizations may include Centers for Independent Living, protection and advocacy organizations, and client assistance programs (established in accordance with the Rehabilitation Act of 1973, as amended); State Developmental Disabilities Councils (established in accordance with the Developmental Disabilities Assistance and Bill of Rights Act); and State welfare agencies (funded under Title IV–A of the Social Security Act).

Up to \$23 million annually may be appropriated for this program for fiscal years 2000–2004. The grant amount in each State would be based on the number of beneficiaries in the State, subject to certain limits.

*Reason for change*

A recurring complaint among disabled beneficiaries and advocates for disabled individuals is that SSA’s work incentives are complex, difficult to understand, and poorly implemented. The proposal would improve both community-based sources of information through a grant program and expertise within the Social Security Administration with a corps of work incentives specialists similar to Plans for Achieving Self-Support specialists in SSA today. Work incentive specialists would be responsible for disseminating accurate and accessible information to disabled beneficiaries on all facets of SSA’s SSDI and SSI work incentives. The proposal is intended to improve information about and encourage the use of work incentives by SSDI and SSI beneficiaries.

*Effective date*

Date of enactment.

5. STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO DISABLED BENEFICIARIES (SECTION 122)

*Present law*

Grants to States to provide assistance to individuals with disabilities are authorized under the Developmental Disabilities Assist-

ance and Bill of Rights Act (42 U.S.C. 6041 et seq.). Such assistance includes information on and referral to programs and services and legal, administrative, and other appropriate remedies to ensure access to services.

*Explanation of provision*

The Commissioner of Social Security would make grants to existing protection and advocacy programs authorized by the States under the Developmental Disabilities Assistance and Bill of Rights Act. Services would include information and advice about obtaining vocational rehabilitation, employment services, advocacy, and other services a Social Security disability insurance (SSDI) or Supplemental Security Income (SSI) beneficiary may need to secure or regain gainful employment, including applying for and receiving work incentives.

Up to \$7 million annually may be appropriated for this program for each fiscal years 2000–2004. Individual grant amounts would be based on the number of beneficiaries in a State, subject to certain limits.

*Reason for change*

The proposal is intended to improve direct assistance to SSDI and SSI beneficiaries in making use of vocational rehabilitation, work incentives, and any related assistance that would help a beneficiary to go to work. Disabled beneficiaries and advocates report that the work incentives for SSI and SSDI beneficiaries are complex and difficult to understand, and information and assistance from the Social Security Administration is frequently not helpful. The Committee provision would improve “hands on” assistance by providing grants to existing State-authorized entities with expertise in working with people with disabilities. Since some beneficiaries attempt to work without receiving rehabilitation services, work incentive information services would be available to all beneficiaries, not just those participating in the Ticket program.

*Effective date*

Date of enactment.

**B. EXPANDED AVAILABILITY OF HEALTH CARE SERVICES**

**1. EXPANDING STATE OPTIONS UNDER THE MEDICAID PROGRAM FOR WORKERS WITH DISABILITIES (SECTION 201)**

(This section is under the jurisdiction of the Committee on Commerce.)

*Present law*

Current law requires most States to provide Medicaid coverage for disabled individuals who are eligible for Supplemental Security Income (SSI). Individuals are considered disabled if they are unable to engage in substantial gainful activity (defined in Federal regulations as earnings of \$700 per month) due to a medically determinable physical or mental impairment which is expected to result in death, or which has lasted or can be expected to last for at

least 12 months. Eleven States link Medicaid eligibility to disability definitions which may be more restrictive than SSI criteria.

Eligibility for SSI is determined by certain federally-established income and resource standards. Individuals are eligible for SSI if their “countable” income falls below the Federal maximum monthly SSI benefit (\$500 for an individual, and \$751 for couples in 1999). Not all income is counted for SSI purposes. Excluded from income are the first \$20 of any monthly income (i.e., either unearned, such as social security and other pension benefits, or earned) and the first \$65 of earned income plus one-half of the remaining earnings. The Federal limit on resources is \$2,000 for an individual, and \$3,000 for couples. Certain resources are not counted, including an individual’s home, and the first \$4,500 of the current market value of an automobile.

In addition, States must provide Medicaid coverage for certain individuals under 65 who are working. These persons are referred to as “qualified severely impaired individuals” under age 65. These are disabled and blind individuals whose earnings reach or exceed the basic SSI benefit standard, with disregards as determined by the States. (The current threshold for earnings is \$1,085 per month.) This special eligibility status applies as long as the individual:

Continues to be blind or have a disabling impairment;

Except for earnings, continues to meet all the other requirements for SSI eligibility;

Would be seriously inhibited from continuing or obtaining employment if Medicaid eligibility were to end; and

Has earnings that are not sufficient to provide a reasonable equivalent of benefits from SSI, State supplemental payments (if provided by the State), Medicaid, and publicly funded attendant care that would have been available in the absence of those earnings.

Recent law allowed States to increase the income limit for Medicaid coverage of disabled individuals. The Balanced Budget Act of 1997 (P.L. 105–33) allowed States to elect to provide Medicaid coverage to disabled persons who otherwise meet SSI eligibility criteria but have income up to 250 percent of the Federal poverty guidelines. Beneficiaries under the more liberal income limit may “buy into” Medicaid by paying premium costs. Premiums are set on a sliding scale based on an individual’s income, as established by the State.

#### *Explanation of provision*

Under the proposal, States would have the option to establish one or two new Medicaid eligibility categories.

First, States would have the option to cover persons with disabilities whose income would otherwise make them ineligible for SSI. In addition, States may establish limits on resources and income that differ from the SSI requirements. This means that income levels set by the State could exceed 250 percent of the Federal poverty level and resources levels could exceed \$2,000 for individuals, and \$3,000 for couples, and the \$20 exclusion or disregard of monthly unearned income could be increased.

Second, if States provide Medicaid coverage to individuals as described above, they may also opt to continue providing coverage to individuals, aged 16–64 who cease to be eligible for Medicaid because of medical improvement, but who still have a serious medically determinable impairment and who are employed. States electing this option may also establish limits on resources and income for this group that differ from the Federal requirements. Individuals would be considered to be employed if they earn at least the Federal minimum wage and work at least 40 hours per month, or are engaged in work that meets criteria for work hours, wages, or other measures established by the State and approved by the Secretary of Health and Human Services (HHS).

Individuals covered under these options could “buy into” Medicaid coverage by paying premiums or other cost-sharing charges on a sliding fee scale based on their income, as established by the State. (Premium and cost-sharing changes do not apply to existing Medicaid mandatory or optional groups.) Individuals with earned income between 250 percent and 450 percent of the Federal poverty level would be required to pay the full cost of the Medicaid premium to the extent that such premiums do not exceed 7.5 percent of total income. In addition, States must require payment of 100 percent of premium for individuals with adjusted gross income above \$75,000 (adjusted annually for inflation), unless the State chooses to subsidize such premiums using State-only funds.

Federal funds paid to a State for Medicaid coverage of these new eligibility groups must be used to supplement State funds used for their existing programs that assist disabled individuals to work. In order to receive Federal funds, States are required to maintain their current level of effort for these groups.

*Reason for change*

These new Medicaid options are designed to make it possible for States to remove a significant barrier to employment confronting individuals with disabilities—the reality that increased earnings can result in the loss of health insurance coverage.

*Effective date*

On or after October 1, 1999.

2. EXTENDING MEDICARE COVERAGE FOR SSDI DISABILITY BENEFIT RECIPIENTS WHO ARE USING TICKETS TO WORK AND SELF-SUFFICIENCY (SECTION 202)

*Present law*

Social Security Disability Insurance (SSDI) beneficiaries are allowed to test their ability to work for at least nine months without affecting their disability or Medicare benefits. Disability payments stop when a beneficiary has monthly earnings at or above the substantial gainful activity level (\$700) after the 9-month period. If the beneficiary remains disabled but continues working, Medicare can continue for an additional 39 months.

*Explanation of provision*

Medicare coverage would be extended for an additional six-year period beyond current law for SSDI beneficiaries for a total period of 10 years.

The General Accounting Office is directed to conduct a study of the costs and effectiveness of this provision within 5 years after enactment.

*Reason for change*

According to beneficiaries, their advocates, and rehabilitation providers, the fear of losing medical benefits is the primary reason beneficiaries are reluctant to attempt work. This provision would eliminate beneficiaries' fear of losing medical coverage by extending medical coverage six additional years beyond current law provisions. Therefore, once an individual begins work, Medicare coverage would continue for 10 years.

*Effective date*

October 1, 2000.

3. GRANTS TO DEVELOP AND ESTABLISH STATE INFRASTRUCTURE TO SUPPORT WORKING INDIVIDUALS WITH DISABILITIES (SECTION 203)

(this section is under the jurisdiction of the committee on commerce.)

*Present law*

No provision.

*Explanation of provision*

H.R. 3070 would authorize the Secretary of HHS to award grants to States to design, establish and operate infrastructures that provide items and services to support working individuals with disabilities, and to conduct outreach campaigns to inform them about the infrastructures. States would be eligible for these grants under the following conditions:

They must provide Medicaid coverage to the first new eligibility category described above; and

They must provide personal assistance services to assist individuals eligible under the proposal to remain employed (that is, earn at least the Federal minimum wage and work at least 40 hours per month, or engage in work that meets criteria for work hours, wages, or other measures established by the State and approved by the Secretary of HHS).

Personal assistance services refers to a range of services provided by one or more persons to assist individuals with disabilities to perform daily activities on and off the job. These services would be designed to increase individuals' control in life and ability to perform daily activities on or off the job.

The Secretary of HHS would be required to develop a formula for the award of infrastructure grants. The formula must provide special consideration to States that extend Medicaid coverage to persons who cease to be eligible for SSDI and SSI because of an im-

provement in their medical condition, but who have a severe medically determinable impairment and are employed.

Grant amounts to States must be a minimum of \$500,000 per year, and may be up to a maximum of 15 percent of Federal and State Medicaid expenditures for individuals eligible under one or both of the new eligibility groups described in Section 201 above, whichever is greater.

States would be required to submit an annual report to the Secretary on the use of grant funds. In addition, the report must indicate the percent increase in the number of SSDI and SSI beneficiaries who receive a ticket to work and return to work.

For developing State infrastructure grants, H.R. 3070 authorizes the following amounts:

FY2000, \$20 million;

FY2001, \$25 million;

FY2002, \$30 million;

FY2003, \$35 million;

FY2004, \$40 million; and

FY2005–10, the amount of appropriations for the preceding fiscal year plus the percent increase in the CPI for All Urban Consumers for the preceding fiscal year.

The Secretary of HHS, in consultation with the Ticket to Work and Work Incentives Advisory Panel established by the bill, would be required to make a recommendation by October 1, 2009 to the Committee on Commerce in the House and the Committee on Finance in the Senate regarding whether the grant program should be continued after FY 2010.

*Reason for change*

The grant program would provide limited financial support to States committed to developing new systems of care for working disabled individuals.

*Effective date*

Date of enactment.

4. DEMONSTRATIONS OF COVERAGE UNDER THE MEDICAID PROGRAM OF WORKERS WITH POTENTIALLY SEVERE DISABILITIES (SECTION 204)

(This section is under the jurisdiction of the Committee on Commerce.)

*Present law*

No provision.

*Explanation of provision*

The Secretary would be authorized to establish a State demonstration program that would provide medical assistance equal to that provided under Medicaid for disabled persons age 16–64 who are “workers with a potentially severe disability.” These are individuals who meet a State’s definition of physical or mental impairment, who are employed, and who are reasonably expected to meet SSI’s definition of blindness or disability if they did not receive Medicaid services.

The Secretary is required to approve demonstration programs if the State meets the following requirements:

The State has elected to take up the first new Medicaid option to cover working persons with disabilities with incomes in excess of current limits;

Federal funds are used to supplement State funds used for workers with potentially severe disabilities at the time the demonstration is approved; and

The State conducts an independent evaluation of the demonstration program.

The proposal would allow the Secretary to approve demonstration programs that operate on a sub-State basis.

For purposes of the demonstration, individuals would be considered to be employed if they earn at least the Federal minimum wage and work at least 40 hours per month, or are engaged in work that meets threshold criteria for work house, wages, or other measures as defined by the demonstration project and approved by the Secretary.

H.R. 3070 authorizes the following amounts for these demonstrations:

FY2000, \$72 million;

FY2001, \$74 million;

FY2002, \$78 million; and

FY2003, \$81 million.

Over these four years, payments under this demonstration program could not exceed, in the aggregate, \$305 million, with \$5 million of this amount reserved for administrative expenses relating to required annual reports. Unexpended funds from previous years may be spent in subsequent years, but only through FY2005. The Secretary is required to allocate funds to States based on their applications and the availability of funds. Funds awarded to States would equal their Federal medical assistance percentage (FMAP) of expenditures for medical assistance to workers with a potentially severe disability.

The Secretary of HHS would be required to make a recommendation by October 1, 2002 to the Committee on Commerce in the House and the Committee on Finance in the Senate regarding whether the grant program should be continued after FY2003.

*Reason for change*

The demonstration would test whether providing individuals with potentially severe disabilities early access to insurance coverage can delay or prevent the onset of a fully disabling condition. Also, the demonstration would test whether access to insurance would make it possible for these individuals to remain in the work force longer, rather than moving on to the cash assistance rolls.

*Effective date*

Date of enactment.

5. ELECTION BY DISABLED BENEFICIARIES TO SUSPEND MEDIGAP INSURANCE WHEN COVERED UNDER A GROUP HEALTH PLAN (SECTION 205)

(This section is under the jurisdiction of the Committee on Commerce.)

*Present law*

No provision.

*Explanation of provision*

This provision would require Medigap supplemental insurance plans to provide that benefits and premiums of such plans would be suspended at the request of the policyholder if the policyholder is entitled to Medicare Part A benefits as a disabled individual and is covered under a group health plan (offered by an employer with 20 or more employees). If the suspension occurs and the policyholder loses coverage under the group health plan, the Medigap policy is required to be automatically reinstated (as of the date of the loss of group coverage) if the policyholder provides notice of the loss of such coverage within 90 days of the date of losing group coverage.

*Reason for change*

Disability beneficiaries who return to work would be able to participate in their employers' group health plan and suspend their Medigap supplemental insurance coverage without fear that the Medigap coverage could not be reinstated if their work effort failed.

*Effective date*

Date of enactment.

C. DEMONSTRATION PROJECTS AND STUDIES

1. EXTENSION OF DISABILITY INSURANCE PROGRAM DEMONSTRATION AUTHORITY (SECTION 301)

*Present law*

Under authority which expired on June 9, 1996, the Commissioner could initiate experiments and demonstration projects to test ways to encourage Social Security Disability Insurance (SSDI) beneficiaries to return to work, and could waive compliance with certain benefit requirements in connection with such projects.

*Explanation of provision*

This provision would extend demonstration authority for five years, and would include authority for demonstration projects involving applicants as well as beneficiaries.

*Reason for change*

By extending and expanding this demonstration authority, the Committee bill is designed to aid the development of new methods for helping SSDI beneficiaries return to work.

The General Accounting Office has stated that setting return-to-work goals soon after the onset of disability and providing timely

rehabilitation services are critical in encouraging workers with disabilities to return to the workplace as soon as possible. SSA would be expected to initiate demonstration projects designed to develop early intervention methods and determine the effects of these methods on returning SSDI beneficiaries to work.

*Effective date*

Date of enactment.

2. DEMONSTRATION PROJECTS PROVIDING FOR REDUCTIONS IN  
DISABILITY INSURANCE BENEFITS BASED ON EARNINGS (SECTION 302)

*Present law*

No provision.

*Explanation of provision*

SSA would be required to conduct a demonstration project on the effects of gradually reducing Social Security Disability Insurance (SSDI) benefits \$1 for every \$2 in earnings over a level determined by the Commissioner.

*Reason for change*

At various disability-related hearings, the Committee learned about the problems unique to beneficiaries who have mental disabilities or chronic conditions, many of whom would like to work but have conditions that only permit them to work part time. SSDI beneficiaries lose cash benefits altogether when they work and earn over \$700 a month after participating in the 9-month trial work period. Because of the \$700 earnings cliff, many SSDI beneficiaries view remaining on the rolls as financially more attractive than risking the uncertainties of competitive employment, especially when low-wage jobs are the likely outcome.

To help beneficiaries overcome this earnings-cliff hurdle, the proposal would require SSA to test a gradual offset of SSDI cash benefits by reducing benefits \$1 for every \$2 in earnings over a determined level. A reduction in benefits based on earnings will help soften the current total loss of benefits to beneficiaries who attempt work. In addition, some experts assert that the results of a permanent provision allowing a SSDI benefit offset of \$1 for every \$2 earned over a determined level would result in prohibitive costs to the OASDI trust fund because it would encourage disabled individuals who currently work despite their impairments to seek benefits. The Subcommittee intends that this demonstration project would test whether the elimination of the earnings cliff would remove the disincentive for disabled individuals to leave the disability program and yield reliable evidence regarding any induced entry effect. In addition, the demonstration should evaluate the impact of such a provision on the benefits of individuals who are dually eligible for SSDI and Supplemental Security Income (SSI).

*Effective date*

Date of enactment.

## 3. STUDIES AND REPORTS (SECTION 303)

*Present law*

No provision.

*Explanation of provision*

The General Accounting Office (GAO) would assess the value of existing tax credits and disability-related employment initiatives under the Americans with Disabilities Act and other Federal laws. The report would be submitted within three years to the Senate Committee on Finance and the House Committee on Ways and Means.

The Committee bill would also direct GAO to evaluate the coordination under current law of work incentives for individuals eligible for both Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). The report would be submitted within three years to the Senate Committee on Finance and the House Committee on Ways and Means.

In addition, GAO would examine the substantial gainful activity limit as a disincentive for return to work. The report would be submitted within two years to the Senate Committee on Finance and the House Committee on Ways and Means.

The Committee bill would direct the Commissioner of Social Security to identify all income disregards under the SSDI and SSI programs; to specify the most recent statutory or regulatory change in each disregard; to specify the current value of any disregard if the disregard had been indexed for inflation; to recommend any further changes; and to report certain additional information and recommendations on disregards related to grants, scholarships, or fellowships used in attending any educational institution. The report would be submitted within 90 days to the Senate Committee on Finance and the House Committee on Ways and Means.

Finally, H.R. 3070 would direct GAO to assess SSA's efforts to conduct disability demonstrations and to make a recommendation as to whether SSA's disability demonstration authority should be made permanent. The report would be submitted within five years to the Senate Committee on Finance and the House Committee on Ways and Means.

*Reason for change*

There is scant information available regarding whether tax credits and other disability-related employment incentives encourage employers to hire and retain individuals with disabilities. Also, testimony provided to the Subcommittee revealed that disabled beneficiaries suffer adverse effects when they move from SSI eligibility to OASDI entitlement, particularly with respect to work incentives. These reports would provide new information to evaluate or improve employment and related assistance to SSDI and SSI beneficiaries and to determine whether SSA should receive permanent demonstration authority to test additional improvements to the program.

*Effective date*

The reports by GAO and the Commissioner are required by various dates between 90 days and five years after the date of enactment.

## D. MISCELLANEOUS AND TECHNICAL AMENDMENTS

## 1. TECHNICAL AMENDMENTS RELATING TO DRUG ADDICTS AND ALCOHOLICS (SECTION 401)

*Present law*

Public Law 104–121 included amendments to the Social Security and Supplemental Security Income (SSI) disability programs providing that no individual could be considered to be disabled if alcoholism or drug addiction would otherwise be a contributing factor material to the determination of disability. The effective date for all new and pending applications was the date of enactment (March 29, 1996). For those whose claim had been finally adjudicated before the date of enactment, the amendments would apply commencing with benefits for months beginning on or after January 1, 1997. Individuals receiving benefits due to drug addiction or alcoholism can reapply for benefits based on another impairment. If the individual applied within 120 days after the date of enactment, the Commissioner is required to complete the entitlement redetermination by January 1, 1997.

Public Law 104–121 provided for the appointment of representative payees for recipients allowed benefits due to another impairment who also have drug addiction or alcoholism conditions, and the referral of those individuals for treatment.

*Explanation of provision*

The Committee bill would clarify that the meaning of the term “final adjudication” includes a pending request for administrative or judicial review or a pending readjudication pursuant to class action or court remand. H.R. 3070 would also clarify that if the Commissioner does not perform the entitlement redetermination before January 1, 1997, that entitlement redetermination must be performed in lieu of a continuing disability review.

The provision also corrects an anomaly that currently excludes all those allowed benefits (due to another impairment) before March 29, 1996, and redetermined before July 1, 1996, from the requirement that a representative payee be appointed and that the beneficiary be referred for treatment.

*Reason for change*

The provision clearly defines “final adjudication” to avoid any misinterpretation by the courts. One court has concluded that it can award benefits through January 1, 1997, because the Commissioner’s decision denying benefits was issued before March 29, 1996.

As written, current law creates an anomaly, whereby all those allowed benefits (due to another impairment) before March 29, 1996, and redetermined before July 1, 1996, are excluded from the re-

quirement that a representative payee be appointed and that they be referred for treatment. The provision corrects this anomaly.

*Effective date*

The amendments would be effective as though they had been included in the enactment of Section 105 of Public Law 104–121.

2. TREATMENT OF PRISONERS (SECTION 402)

*a. Implementation of Prohibition Against Payment of Title II Benefits to Prisoners*

*Present law*

Current law prohibits prisoners from receiving Old Age, Survivors and Disability (OASDI) benefits while incarcerated if they are convicted of any crime punishable by imprisonment of more than 1 year. Federal, State, county or local prisons are required to make available, upon written request, the name and Social Security account number of any individual so convicted who is confined in a penal institution or correctional facility.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, commonly referred to as the welfare reform law, requires the Commissioner to make agreements with any interested State or local institution to provide monthly the names, social security account numbers, confinement dates, dates of birth, and other identifying information of residents who are Supplemental Security Income (SSI) recipients. The Commissioner is required to pay the institution \$400 for each SSI recipient who becomes ineligible as a result if the information is provided within 30 days of incarceration, and \$200 if the information is furnished after 30 days but within 90 days. P.L. 104–193 requires the Commissioner to study the desirability, feasibility, and cost of establishing a system for courts to directly furnish SSA with information regarding court orders affecting SSI recipients and requiring that State and local jails, prisons, and other institutions that enter into contracts with the Commissioner furnish the information by means of an electronic or similar data exchange system.

The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to these agreements to any Federal or federally-assisted cash, food, or medical assistance program for the purpose of determining program eligibility.

*Explanation of provision*

The Committee bill would amend prisoner provisions in the welfare reform law to include recipients of OASDI benefits in the prisoner reporting system.

The Commissioner would enter into an agreement with any interested State or local correctional institution to provide monthly the names, Social Security account numbers, confinement dates, dates of birth, and other identifying information regarding prisoners who receive OASDI benefits. Certain requirements for computer matching agreements would not apply. For each eligible individual who becomes ineligible as a result, the Commissioner would pay the institution an amount up to \$400 if the information is pro-

vided within 30 days of incarceration, and up to \$200 if provided after 30 days but within 90 days.

Payments to correctional institutions would be reduced by 50 percent for multiple reports on the same individual who receives both SSI and OASDI benefits. Payments made to the correctional institution would be made from OASI or DI Trust Funds, as appropriate.

The Commissioner would be required to provide on a reimbursable basis information obtained pursuant to these agreements to any Federal or Federally-assisted cash, food, or medical assistance program for the purpose of determining program eligibility.

*Reason for change*

The provision would encourage prisons to report lists of inmates to SSA by expanding the current reporting system for SSI beneficiaries to include OASDI beneficiaries as well. Both SSI and OASDI prisoner provisions were included in the House-passed version of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. OASDI provisions were deleted in the Senate because of Senate procedural rules. This language restores the OASDI provisions.

These provisions would provide new financial incentives for State and local correctional institutions to report information on inmates to the SSA so that payment of OASDI benefits to prisoners being supported at taxpayer expense are stopped promptly.

Privacy Act procedural requirements for computer matching agreements between the Commissioner and correctional institutions impose an excessively costly administrative burden that could hamper the administration of the prisoner payment provisions. Therefore, the Computer Matching and Privacy Protection Act would not apply to the information exchanged under these provisions.

The provision would require SSA to share and be reimbursed for any information obtained through these agreements that would assist other agencies providing certain Federal or Federally-assisted benefits in administering their programs.

Payments to institutions for inmates found to be receiving benefits would be restricted to a total of \$400, even if the prisoner is found to be receiving both SSI and OASDI benefits.

*Effective date*

These amendments would be effective for prisoners whose confinement begins on or after the first day of the fourth month after the month of enactment.

*b. Elimination of title II requirement that confinement stem from crime punishable by imprisonment for more than 1 year*

*Present law*

The Social Security Act bars payment of OASDI benefits to prisoners convicted of any crime punishable by imprisonment of more than one year and to those who are institutionalized because they are found guilty but insane.

*Explanation of provision*

This provision would broaden the prohibition of OASDI benefits to prisoners to be identical to those that apply to SSI benefits. In addition, it would replace “an offense punishable by imprisonment for more than 1 year” with “a criminal offense,” and include benefits payable to persons confined to: (1) a penal institution; or (2) other institution if found guilty but insane, regardless of the total duration of the confinement. An exception would be made for prisoners incarcerated for less than 30 days.

## REASON FOR CHANGE

An audit conducted by the SSA Office of Inspector General determined that the language in existing law required that for each prisoner eligible for benefits, the duration of incarceration be determined on a case-by-case basis, based on data that can only be obtained from the courts. This is a costly, labor-intensive process that impeded timely suspension of benefits. Benefits would also be barred to persons who commit serious crimes but are found guilty by reason of insanity, regardless of the total duration of the institutionalization.

## EFFECTIVE DATE

Effective for prisoners whose confinement begins on or after the first day of the fourth month after the month of enactment.

*c. Conforming title XVI amendments*

## PRESENT LAW

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 required the Commissioner of SSA to enter into an agreement with any interested State or local institution (defined as a jail, prison, other correctional facility, or institution where the individual is confined due to a court order) under which the institution shall provide monthly the names, Social Security numbers, dates of birth, confinement dates, and other identifying information of prisoners. The Commissioner must pay to the institution for each eligible individual who becomes ineligible for SSI \$400 if the information is provided within 30 days of the individual’s becoming an inmate. The payment is \$200 if the information is furnished after 30 days but within 90 days.

## EXPLANATION OF PROVISION

The amendment is designed to clarify the provision in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 that, in cases in which an inmate receives benefits under both the SSI and Social Security programs, payments to correctional facilities would be restricted to \$400 or \$200, depending on when the report is furnished. The amendment also expands the categories of institutions eligible to report incarceration of prisoners.

## REASON FOR CHANGE

Applies payment restriction to correctional facilities for OASDI benefits in the same manner that they apply to SSI payments.

*Effective date*

August 22, 1996.

d. *Continued Denial of Benefits to Sex Offenders Remaining Confined to Public Institutions Upon Completion of Prison Terms*

*Present law*

No provision.

*Explanation of provision*

The amendment would prohibit OASDI payments to sex offenders who, on completion of a prison term, remain confined in a public institution pursuant to a court finding that they continue to be sexually dangerous to others.

*Reason for change*

The denial of benefits is extended in the case of sex offenders who remain confined after completing their prison terms.

*Effective date*

The amendment would apply to benefits for months ending after the date of enactment.

3. REVOCATION BY MEMBERS OF THE CLERGY OF EXEMPTION FROM SOCIAL SECURITY COVERAGE (SECTION 403)

*Present law*

Practicing members of the clergy are automatically covered by Social Security as self-employed workers unless they file for an exemption from Social Security coverage within a period ending with the due date of the tax return for the second taxable year (not necessarily consecutive) in which they begin performing their ministerial services. Members of the clergy seeking the exemption must file statements with their church, order, or licensing or ordaining body stating their opposition to the acceptance of Social Security benefits on religious principles. If elected, this exemption is irrevocable.

*Explanation of provision*

The proposal would provide a 2-year "open season," beginning January 1, 2000, for members of the clergy who want to revoke their exemption from Social Security. This decision to join Social Security would be irrevocable. A member of the clergy choosing such coverage would become subject to self-employment taxes and his or her subsequent earnings would be credited for Social Security (and Medicare) benefit purposes.

*Reason for change*

Some members of the clergy elected not to participate in Social Security (and Medicare) early in their careers, before they fully understood the ramifications of doing so. Because the election is irrevocable, there is no way for them to gain access to the program under current law. Clergy typically have modest earnings throughout their working years and would be among those most likely to

rely on Social Security (and Medicare) for much of their basic living and health care expenses in retirement. This proposal gives members of the clergy a limited opportunity to enroll in the system, similar to those provided by Congress in 1977 and 1986.

*Effective date*

The proposal would be effective January 1, 2000, for a period of 2 years.

4. ADDITIONAL TECHNICAL AMENDMENT RELATING TO COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS UNDER TITLES II AND XVI (SECTION 404)

*Present law*

Current law authorizes Title XVI funding for making grants to States and public and other organizations for paying part of the cost of cooperative research or demonstration projects.

*Explanation of provision*

This provision would clarify current law to include agreements or grants concerning Title II of the Social Security Act.

*Reason for change*

This provision is intended to correct an omission of intended Title II authority.

*Effective date*

August 15, 1994.

5. AUTHORIZATION FOR STATES TO PERMIT ANNUAL WAGE REPORTS (SECTION 405)

*Present law*

The Social Security Domestic Employment Reform Act of 1994 (P.L. 103-387) changed certain Social Security and Medicare tax rules. Specifically, the Act provided that domestic service employers (that is, individuals employing maids, gardeners, babysitters, and the like) would no longer owe taxes for any domestic employee who earned less than \$1,000 per year from the employer. In addition, the Act simplified certain reporting requirements. Domestic employers were no longer required to file quarterly returns regarding Social Security and Medicare taxes, nor the annual Federal Unemployment Tax Act (FUTA) return. Instead, all Federal reporting was consolidated on an annual Schedule H filed at the same time as the employer's personal income tax return.

*Explanation of provision*

The provision would allow States the option of permitting domestic service employers to file annual rather than quarterly wage reports pursuant to section 1137 of the Social Security Act, which provides for an income and eligibility verification system (IEVS) for certain public benefits.

*Reason for change*

This provision provides for consistency of domestic employer wage reporting with revised Federal requirements.

*Effective date*

Date of enactment.

6. ASSESSMENT ON ATTORNEYS WHO RECEIVE FEES VIA THE SOCIAL SECURITY ADMINISTRATION (SECTION 406)

*Present law*

The Commissioner of Social Security, using one of two processes, authorizes the fee that may be charged by an attorney or non-attorney to represent a claimant in administrative proceedings for Social Security, Supplemental Security Income (SSI), or Part B Black Lung benefits.

Under the fee agreement process, the representative and claimant submit a signed agreement reflecting the amount of the fee before the date of a favorable decision, and the agreement usually will be approved by the Commissioner if the specified fee does not exceed the lesser of 25 percent of the claimant's past-due benefits or \$4,000. The Commissioner then issues a notice of the maximum fee the representative can charge based on the approved agreement.

Under the fee petition process, the representative submits an itemized list of services and fees after a decision has been issued. The Commissioner will issue a notice of the fees that are approved or disapproved after reviewing the extent and types of services performed, the complexity of the case, and the amount of time spent by the representative on the case.

Social Security regulations provide that a representative may not charge or collect, directly or indirectly, a fee in any amount not approved by the Social Security Administration (SSA) or a Federal court. The statute and regulations further provide that SSA may suspend or disqualify from further practice before SSA a representative who breaks the rules governing representatives.

Under programs other than SSI, in favorable decisions in which the claimant is represented by an attorney, the Commissioner must withhold and certify direct payment to the attorney, out of the claimant's past-due benefits, an amount equal to the smaller of: (1) 25 percent of the past-due benefits, or (2) the fee authorized by the Commissioner under either the fee petition or fee agreement process. This payment provision does not apply to SSI benefits and an attorney must look to the SSI beneficiary for payment of the fee. In addition, it does not apply to fees requested by non-attorney representatives.

The costs associated with the processing, withholding, and certifying direct payment of attorney fees are currently absorbed in SSA's administrative budget.

*Explanation of provision*

The provision would require the Commissioner of Social Security to assess the fee withheld from past-due benefits and certified directly to the attorney. The assessment would be withheld from the

amount payable to the attorney and the attorney would be prohibited from recovering the assessment from the beneficiary. The provision specifies an assessment of 6.3 percent of the approved attorney's fee for fiscal year 2000. After fiscal year 2000, the percentage would be adjusted by the Commissioner as necessary to achieve full recovery of the costs associated with certifying fees to attorneys.

*Reason for change*

This provision is designed to recoup Social Security Administration costs for processing, withholding, and forwarding attorneys' fees, which currently are paid for out of the Social Security Trust Funds.

*Effective date*

Applicable to fees required to be certified for payment after December 31, 1999, or the last day of the first month beginning after the month of enactment.

7. EXTENSION OF AUTHORITY OF STATE MEDICAID FRAUD CONTROL UNITS (SECTION 407)

(This section is under the jurisdiction of the Committee on Commerce.)

*Present law*

Medicaid Fraud Control Units established as in State governments as entities separate from the State's Medicaid agency are authorized to investigate and refer for prosecution Medicaid fraud as well as patient abuse in facilities that participate in the Medicaid program.

*Explanation of provision*

This Committee bill would permit State Medicaid Fraud Control Units to investigate fraud related to any federal health care program, subject to the approval of the appropriate Inspector General, if the suspected fraud is related to Medicaid fraud. In such cases, the relevant Inspector General retains the authority to join the investigation or, after consultation, take over the investigation. Funds that are recovered would be returned to the federal health care program or the Medicaid program. Fraud control units would be permitted to investigate patient abuse in non-Medicaid residential health care facilities.

*Reason for change*

This provision would allow current State Medicaid Fraud Control Units to investigate fraud in other federal health care programs, expanding the scope of health care anti-fraud investigations and better coordinating such efforts across program bounds.

*Effective date*

Date of enactment.

8. ELIMINATION OF FRAUD AND ABUSE ASSOCIATED WITH CERTAIN  
PAYMENTS UNDER THE MEDICAID PROGRAM (SECTION 408)

(This section is under the jurisdiction of the Committee on  
Commerce.)

*Present law*

Public schools must provide children with disabilities with a free and appropriate public education in the least restrictive educational setting, including special education and related services according to their individualized education program. In order to assist schools in meeting this obligation, under certain circumstances States may turn to Medicaid as a source for health-related services such as occupational therapy, speech therapy, and physical therapy. Under certain conditions, school districts may directly bill their state Medicaid program for related services provided to disabled children enrolled in Medicaid. In addition, a school district may utilize a community-based organization to provide related services to disabled children enrolled in Medicaid.

In May of 1999, the Health Care Financing Administration (HCFA) clarified and changed federal policies with respect to reimbursement for school-based health services under Medicaid in three areas: (1) bundled rates for medical services provided to Medicaid-eligible children in schools; (2) Federal matching payments for school health-related transportation services; and (3) school health-related administrative activities.

*Explanation of provision*

This provision would stipulate that Medicaid payments for school-based services and related administrative costs are not to be made unless certain new conditions are met. First, individual items and services may not be bundled unless payment is made in accordance with a new system approved by the Secretary of Health and Human Services (HHS). Similarly, fee-for-service billing for individual items and services and administrative expenses is permitted only when payment is made in accordance with a system approved by the Secretary that meets new standards. This provision would also delineate new conditions for payment for transportation services, including medical need. Finally, the provision would delineate specific conditions under which payments for Medicaid covered items, services and administrative expenses can be made when a public agency such as a school district contracts with an entity to conduct claims processing functions.

H.R. 3070 would require that, with the exception of certain community and migrant health centers, no payments will be made to cover expenses for services provided by or through a managed care entity unless several conditions designed to prevent duplication of services or payments are met. The provision would place specific payment restrictions on States with respect to the Federal share of expenditures for items or services, or for administrative expenses furnished or incurred by local education agencies or school districts. Finally, the provision would specify that the Administrator of HCFA, in consultation with State Medicaid and education agencies and local school systems, will develop and implement a uni-

form methodology for claims made by schools for medical assistance and related administrative expenses under Medicaid.

*Reason for change*

This provision includes several measures designed to close loopholes in existing law pertaining to claiming and reimbursement practices involving school-based Medicaid.

*Effective date*

The changes made under this provision apply to items and services provided on and after the date of enactment without regard to whether implementing regulations are in effect. In addition, the Secretary of HHS must promulgate such final regulations as are necessary to carry out these provisions not later than one year after the date of enactment.

**III. VOTE OF THE COMMITTEE**

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statements are made concerning the votes of the Committee on Ways and Means in its consideration of the bill, H.R. 3070.

MOTION TO REPORT THE BILL

The bill, H.R. 3070, as amended, was ordered favorably reported by a roll call vote of 33 yeas to 1 nay (with a quorum being present). The vote was as follows:

Representatives	Yea	Nay	Present	Representatives	Yea	Nay	Present
Mr. Archer .....	X	.....	.....	Mr. Rangel .....	X	.....	.....
Mr. Crane .....	X	.....	.....	Mr. Stark .....	X	.....	.....
Mr. Thomas .....	X	.....	.....	Mr. Matsui .....	X	.....	.....
Mr. Shaw .....	X	.....	.....	Mr. Coyne .....	X	.....	.....
Mrs. Johnson .....	X	.....	.....	Mr. Levin .....	X	.....	.....
Mr. Houghton .....	X	.....	.....	Mr. Cardin .....	X	.....	.....
Mr. Heger .....	X	.....	.....	Mr. McDermott .....	X	.....	.....
Mr. McCrery .....	X	.....	.....	Mr. Kleczka .....	X	.....	.....
Mr. Camp .....	.....	.....	.....	Mr. Lewis (GA) .....	X	.....	.....
Mr. Ramstad .....	X	.....	.....	Mr. Neal .....	X	.....	.....
Mr. Nussle .....	X	.....	.....	Mr. McNulty .....	.....	.....	.....
Mr. Johnson .....	X	.....	.....	Mr. Jefferson .....	.....	.....	.....
Ms. Dunn .....	.....	.....	.....	Mr. Tanner .....	.....	.....	.....
Mr. Collins .....	X	.....	.....	Mr. Becerra .....	.....	.....	.....
Mr. Portman .....	X	.....	.....	Mrs. Thurman .....	X	.....	.....
Mr. English .....	X	.....	.....	Mr. Doggett .....	.....	X	.....
Mr. Watkins .....	X	.....	.....				
Mr. Hayworth .....	X	.....	.....				
Mr. Weller .....	X	.....	.....				
Mr. Hulshof .....	X	.....	.....				
Mr. McClinnis .....	X	.....	.....				
Mr. Lewis (KY) .....	X	.....	.....				
Mr. Foley .....	X	.....	.....				

VOTES ON AMENDMENTS

A rollcall vote was conducted on the following amendment to the Chairman’s amendment in the nature of a substitute.

An amendment by Messrs. Matsui and Stark, to strike 406 of the bill, relating to attorney’s fees, and replace it with a provision re-

lating to partial hospitalization services under the Medicare program, was defeated by a roll call vote of 12 yeas to 21 nays. The vote was as follows:

Representatives	Yea	Nay	Present	Representatives	Yea	Nay	Present
Mr. Archer .....		X	.....	Mr. Rangel .....	X	.....	.....
Mr. Crane .....		X	.....	Mr. Stark .....	X	.....	.....
Mr. Thomas .....		X	.....	Mr. Matsui .....	X	.....	.....
Mr. Shaw .....		X	.....	Mr. Coyne .....	X	.....	.....
Mrs. Johnson .....		X	.....	Mr. Levin .....	X	.....	.....
Mr. Houghton .....		X	.....	Mr. Cardin .....	X	.....	.....
Mr. Herger .....		X	.....	Mr. McDermott .....	X	.....	.....
Mr. McCreery .....		X	.....	Mr. Kleczka .....	X	.....	.....
Mr. Camp .....			.....	Mr. Lewis (GA) .....	X	.....	.....
Mr. Ramstad .....		X	.....	Mr. Neal .....	X	.....	.....
Mr. Nussle .....		X	.....	Mr. McNulty .....		.....	.....
Mr. Johnson .....		X	.....	Mr. Jefferson .....		.....	.....
Ms. Dunn .....			.....	Mr. Tanner .....		.....	.....
Mr. Collins .....		X	.....	Mr. Becerra .....		.....	.....
Mr. Portman .....		X	.....	Mrs. Thurman .....	X	.....	.....
Mr. English .....		X	.....	Mr. Doggett .....	X	.....	.....
Mr. Watkins .....		X	.....				
Mr. Hayworth .....		X	.....				
Mr. Weller .....		X	.....				
Mr. Hulshof .....		X	.....				
Mr. McClinnis .....		X	.....				
Mr. Lewis (KY) .....		X	.....				
Mr. Foley .....		X	.....				

#### IV. BUDGET EFFECTS OF THE BILL

##### A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d)(2) of rule XIII of the Rules of the House of Representatives, the following statement is made:

The Committee agrees with the estimate prepared by the Congressional Budget Office (CBO) which is included below.

##### B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states the Committee's bill effects on direct spending and revenues would add to the total federal surplus by \$18 million over the 2000–2004 period. Revenues are increased due to the revocation by members of the clergy of exemption from Social Security coverage.

##### C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) of rule XIII of the House of Representatives requiring a cost estimate prepared by the Congressional Budget Office, the following report prepared by CBO is provided:

U.S. CONGRESS,  
 CONGRESSIONAL BUDGET OFFICE,  
 Washington, DC, October 15, 1999.

Hon. BILL ARCHER,  
 Chairman, Committee on Ways and Means,  
 House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed preliminary cost estimate for H.R. 3070, the Ticket to Work and Work Incentives Improvement Act of 1999. We will provide a more detailed analysis next week.

If you wish further details on this estimate, we will be pleased to provide them. The principal CBO staff contacts are Kathy Ruffing and Jeanne De Sa.

Sincerely,

BARRY B. ANDERSON  
 (For Dan L. Crippen, Director).

Enclosure.

*H.R. 3070—Ticket to Work and Work Incentives Improvement Act of 1999*

Summary: H.R. 3070 would alter cash and health-care benefits for people with disabilities. Title I would revamp the system under which people collecting benefits from Disability Insurance (DI) and Supplemental Security Income (SSI) receive vocational rehabilitation (VR) services and would make it easier for working beneficiaries to retain or regain cash benefits. Title II would provide states with options to extend Medicaid coverage to certain disabled workers, enhance Medicare coverage for people who leave the DI rolls because of work, and authorize grants and demonstration projects (subject to future appropriation) for states to assist disabled workers. Title III would require several demonstration projects affecting DI recipients. To offset the costs of the bill, title IV would tighten restrictions on the payment of Social Security benefits to prisoners, give certain members of the clergy another opportunity to enroll in the Social Security system, levy a processing charge on attorneys who represent DI claimants, and reduce some Medicare and Medicaid costs.

CBO estimates that the bill's effects on direct spending and revenues would add to the total federal surplus by \$18 million over the 2000–2004 period; of that amount, \$168 million would represent an increase in the off-budget Social Security surplus, offset by a \$150 million reduction in the on-budget surplus. The bill's effects on direct spending and revenues would reduce the total federal surplus over the 2000–2009 period. Because H.R. 3070 would affect receipts and direct spending, pay-as-you-go procedures would apply. Furthermore, assuming appropriation of the necessary sums, additional discretionary spending under this bill would total about \$565 million over the 2000–2004 period.

Section 4 of the Unfunded Mandates Reform Act (UMRA) excludes from the application of that act any legislative provisions that relate to the Old-Age, Survivors, and Disability Insurance program under title II of the Social Security Act, including tax provisions in the Internal Revenue Code. CBO has determined that the

provisions of H.R. 3070 either fall within that exclusion or contain no intergovernmental mandates. Provisions of the bill that are not excluded from the application of UMRA contain one private-sector mandate; CBO estimates that its cost would be well below the threshold specified in UMRA.

**Estimated cost to the Federal Government:** The estimated budgetary impact of H.R. 3070 on direct spending and revenues is summarized in Table 1. This legislation would affect budget functions 550 (Health), 570 (Medicare), 600 (Income Security), and 650 (Social Security).

**Basis of estimate:** For purposes of estimating the budgetary effects of H.R. 3070, CBO assumes enactment by December 1, 1999. Most provisions of H.R. 3070 as reported by the Committee on Ways and Means are the same as those in S. 331, a bill that was passed by the Senate in July. Differences between the two bills are summarized in Table 2. The major differences that affect CBO's estimate are:

- Both bills would stop continuing disability reviews (CDRs) that are triggered by a report of earnings. The people affected would still be subject to periodic CDRs, which generally occur every three years. In S. 331, this provision would be effective immediately, whereas H.R. 3070 would delay it until January 2003. As a result, costs would be smaller over the 2000–2005 period.

- Both bills would provide extended Medicare coverage for people who leave the DI rolls because of work. Under current law, those people already get three years of Medicare coverage (a period commonly called the extended period of eligibility, or EPE) after their cash benefits are suspended. The Senate bill would grant indefinite Medicare coverage to people who graduate from the EPE in the next six years, then revert to current law for later graduates. The Ways and Means bill would grant six years of extra coverage for all people who complete the EPE after September 2000. Consequently, the Ways and Means approach is less costly at first but more expensive beginning in 2007.

TABLE 1. ESTIMATED DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 3070, BY PROVISION

	By fiscal year, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TITLE I										
Establishment of the Ticket to Work and Self-Sufficiency Program:										
Disability Insurance .....	(1)	(1)	2	3	-5	-21	-45	-51	-52	-53
Medicare .....	(1)	(1)	(1)	(1)	1	1	1	-3	-11	-25
Supplemental Security Income .....	(1)	(1)	1	1	-2	-7	-16	-22	-27	-32
Subtotal (effect on outlays) .....	(1)	(1)	3	4	-7	-27	-60	-75	-90	-110
Bar on Work CDRs for Certain DI Beneficiaries With Earnings:										
Disability Insurance .....	0	0	0	5	15	20	25	25	25	25
Medicare .....	0	0	0	2	5	8	9	10	10	11

TABLE 1. ESTIMATED DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 3070, BY PROVISION—  
Continued

	By fiscal year, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Subtotal (effect on outlays) .....	0	0	0	7	20	28	34	35	35	36
Expedited Reinstatement of DI Benefits Within 60 Months of Termination:										
Disability Insurance .....	0	1	1	1	2	3	3	4	5	6
Medicare .....	0	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	1	1	1	2	2	3
Subtotal (effect on outlays) .....	0	1	1	1	3	4	4	6	7	9
TITLE II										
State Option to Eliminate Income, Resource, and Asset Limitations for Medicaid Buy-in: Medicaid .....	15	16	18	20	22	24	26	29	32	35
State Option to Continue Medicaid Buy-in for Participants Whose DI or SSI Benefits Are Terminated After a CDR: Medicaid .....	1	2	3	4	5	6	8	9	11	13
Six-Year Extension of Medicare for Former DI Beneficiaries Who Exhaust Their Current Law EPE, effective October 2000: Medicare .....	0	10	29	48	74	104	141	161	186	219
TITLE III										
Five-Year Extension of DI Demonstration Project Authority: Disability Insurance .....	3	5	5	5	5	3	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
\$1-for-\$2 Demonstration Projects:										
DI Benefit Costs .....	0	0	3	8	13	18	19	18	18	18
Medicare Costs .....	0	0	0	0	2	4	7	9	9	9
Subtotal (effect on outlays) .....	0	0	3	8	15	22	26	27	28	27
TITLE IV										
Provisions Affecting Prisoners:										
Payments to Prison Officials (OASDI) .....	2	7	8	9	9	10	10	10	10	10
Payments to Prison Officials (SSI) .....	( <sup>1</sup> )	1	1	1	1	1	1	1	1	1
Savings in Benefits (OASDI) .....	-5	-24	-28	-31	-35	-35	-35	-35	-35	-35
Savings in Benefits (SSI) .....	-2	-7	-8	-9	-11	-11	-11	-11	-11	-11
Subtotal (effect on outlays) .....	-5	-24	-27	-31	-36	-35	-35	-35	-35	-35

TABLE 1. ESTIMATED DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 3070, BY PROVISION—  
Continued

	By fiscal year, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Open Season for Clergy to Enroll in Social Security: Off-Budget (OASDI)										
Revenues .....	2	7	9	9	9	10	10	10	10	11
On-Budget (HI) Revenues .....	1	2	2	2	2	2	2	2	2	2
Other On-Budget Revenues .....	( <sup>1</sup> )	-1	-1	-1	-1	-1	-1	-1	-1	-1
OASDI Benefits .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	1	1	1	1
Subtotal (effect on total surplus) .....	3	8	10	10	10	10	10	10	11	11
Collection of Processing Fees from Attorneys Who Represent Successful DI Claimants: Disability Insurance .....	-15	-25	-25	-25	-25	-25	-25	-25	-25	-25
Expansion of Certain Anti-Fraud Provisions in Medicaid: Medicare .....	0	-3	-5	-5	-5	-5	-5	-5	-5	-5
Restriction on Medicaid Payments for School-Based Services: Medicaid .....	-3	-11	-16	-18	-22	-27	-32	-38	-45	-52
TOTAL										
Outlays:										
On-Budget .....	12	7	22	43	70	99	130	143	152	166
Off-Budget .....	-16	-36	-33	-25	-21	-27	-47	-53	-53	-53
Total .....	-4	-28	-11	18	49	72	82	90	99	113
Revenues:										
On-Budget .....	1	1	1	1	1	1	1	1	1	1
Off-Budget .....	2	7	9	9	9	10	10	10	10	11
Total .....	3	8	10	10	10	11	11	11	11	12
Deficit (-) or Surplus (+):										
On-Budget .....	-11	-6	-21	-42	-69	-98	-129	-142	-151	-165
Off-Budget .....	18	43	42	34	30	36	57	63	64	64
Total .....	7	37	21	-8	-39	-61	-72	-79	-88	-102

<sup>1</sup> Less than \$500,000.

Notes: Components may not sum to totals due to rounding.

OASDI=Old-Age, Survivors, and Disability Insurance, DI=Disability Insurance, SSI=Supplemental Security Income, CDR=Continuing Disability Review, EPE=extended period of eligibility, HI=Hospital Insurance (Medicare Part A).

TABLE 2. DIFFERENCES BETWEEN CBO ESTIMATES OF S. 331 AS PASSED BY THE SENATE AND H.R. 3070 AS REPORTED BY THE COMMITTEE ON WAYS AND MEANS

	By fiscal year, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CBO ESTIMATE OF S. 331 AS PASSED										
Outlays .....	50	117	174	201	227	193	176	167	166	162
Revenues .....	3	8	10	10	10	11	11	11	11	12
Surplus .....	-47	-108	-164	-191	-217	-182	-165	-156	-155	-150



TABLE 2. DIFFERENCES BETWEEN CBO ESTIMATES OF S. 331 AS PASSED BY THE SENATE AND H.R. 3070 AS REPORTED BY THE COMMITTEE ON WAYS AND MEANS—Continued

	By fiscal year, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Restrict School-based Medicaid .....	-3	-11	-16	-18	-22	-27	-32	-38	-45	-52
Total ...	-54	-146	-185	-182	-176	-121	-94	-78	-68	-49
	H.R. 3070, AS REPORTED									
Outlays .....	-4	-28	-11	18	49	72	82	90	99	113
Revenues .....	3	8	10	10	10	11	11	11	11	12
Surplus .....	7	37	21	-8	-39	-61	-72	-79	-88	-102

<sup>1</sup> Less than \$500,000.

Notes: Components may not sum to totals due to rounding.

OASDI=Old-Age, Survivors, and Disability Insurance, DI=Disability Insurance, CDR=Continuing Disability Review, EPE=extended period of eligibility, HHS=Department of Health and Human Services.

- Both measures would establish two new grant programs to be administered by the Department of Health and Human Services: one that would encourage states, along with the Social Security Administration (SSA), to publicize information about the work incentives and vocational rehabilitation services available under law, and another that would temporarily permit states to grant Medicaid-like benefits to people with serious medical conditions who are not yet sufficiently disabled to qualify for cash benefits. In the Senate's bill, these grants would occur automatically, without any further Congressional action; in the Ways and Means version, they would be subject to future appropriation.

- Both bills would extend SSA's demonstration authority, which sometimes requires the agency to waive certain provisions of law. The Senate bill would extend it permanently, the Ways and Means bill for the next five years.

- The two bills contain a subtle difference in their provisions affecting prisoners. The Senate bill would require suspension of Social Security benefits for convicted criminals who are incarcerated throughout a month. The Ways and Means bill would suspend benefits if the prisoner were confined during a month and thus would result in larger savings. For example, a felon whose six-month sentence ran from January 15 to July 15 would be subject to a longer suspension in the Ways and Means bill. H.R. 3070 contains an exemption for prisoners whose entire sentence is less than 30 days.

- The Ways and Means bill adds a provision that would require SSA to collect a processing charge from attorneys who represent successful DI claimants at the appeals level. Currently, in cases where the attorney and client have consented, SSA withholds the attorney's fee from the beneficiary's initial lump-sum check and remits it to the attorney. The provision would require that SSA withhold 6.3 percent of the attorney fee, or about \$165 on average, to cover its processing costs.

- The Ways and Means bill adds a provision that would expand the authority of state Medicaid Fraud Control Units (MFCUs) in two ways. First, it would explicitly allow MFCUs to investigate and prosecute fraud in federal health care programs other than Medicaid if the suspected fraud is primarily related to Medicaid and

the MFCU receives approval from the relevant federal agency. Funds collected as the result of such investigations would be credited to the relevant federal health care program. Second, the provision would give states the option to review complaints of abuse or neglect of patients who reside in board and care facilities.

CBO estimates that the provision would result in savings to Medicare of \$5 million a year once it is fully phased in because MFCUs would recover somewhat larger amounts of restitution for Medicare fraud than they do under current law. Other federal health programs would also receive higher restitution, but CBO estimates these amounts to be less than \$500,000 each year. To the extent that states choose to investigate abuse and neglect in board and care facilities, MFCU expenses could be higher, but CBO expects that most of these investigations would be undertaken with current resources so that increased costs to Medicaid would be negligible.

- Finally, the Ways and Means bill adds a series of provisions that would introduce new requirements as to how school districts may bill Medicaid when they provide health services to Medicaid beneficiaries. CBO estimates that those provisions would lower net federal Medicaid outlays by \$70 million over the 2000–2004 period and by \$264 million over the 2000–2009 period.

Under current law, states can receive federal Medicaid reimbursement for school-based services provided to Medicaid beneficiaries and related administrative costs. There have been recent concerns that some of the reimbursement practices may be inappropriate. H.R. 3070 would: strengthen reporting requirements for school-based services; narrow the circumstances under which transportation could be reimbursed; require the Health Care Financing Administration to develop and implement a uniform methodology for states to file claims for payment of school-based medical assistance and administration; constrain the arrangements that states may enter into with contractors; and limit the amount of federal reimbursement that may be retained by the state.

CBO expects that those provisions would lead to lower Medicaid claims in the future as some of the controversial practices are deterred. The savings would be partially offset by increased administrative costs in the short term as states implement new procedures, and by new claims from states that begin to file claims under a new uniform methodology.

H.R. 3070 would authorize several new grant programs and other activities, subject to future appropriation action.

Title I would establish a Work Incentives Advisory Panel, authorize a new outreach program to be funded by grants to community-based organizations that work with the disabled, and authorize grants to each state's protection and advocacy program. Title II would establish two new grant programs to encourage states to provide better health care coverage to people with disabilities. (These two are identical to grant programs that would be established under S. 331, except that in the Senate-passed bill they would not be subject to future appropriation action.) Altogether, the new programs would be authorized to receive about \$0.6 billion in budget authority over the 2000–2004 period.

SSA would also incur greater administrative expenses to implement the new vocational rehabilitation program and other activities under the bill. CBO judges that those extra expenses would cost the agency between \$15 million and \$40 million a year.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in Table 3. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

TABLE 3. SUMMARY OF THE PAY-AS-YOU-GO EFFECTS OF H.R. 3070

	By fiscal year, in millions of dollars)—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays ...	12	7	22	43	70	99	130	143	152	166
Changes in receipts ..	1	1	1	1	1	1	1	1	1	1

Estimated impact on the private sector: Provisions of the bill not excluded from consideration by UMRA include one private-sector mandate on insurers who provide medigap coverage to Medicare beneficiaries who are eligible because of disability. It would require such insurers to reinstate coverage that disabled beneficiaries had previously suspended because they had group health plan coverage, if the beneficiaries lose that group coverage and request reinstatement within 90 days of that loss. Because of restrictions on the premiums that could be charged for reinstated coverage, this provision could impose costs that insurers might not immediately recover from premiums. However, because of the small number of beneficiaries this provision would affect, the costs that might be imposed on medigap insurers would be well below the threshold specified in UMRA (\$100 million in 1996, adjusted annually for inflation).

Estimated impact on state, local, and tribal governments: Section 4 of the Unfunded Mandates Reform Act excludes from the application of that act any legislative provisions that relate to the Old-Age, Survivors, and Disability Insurance programs under title II of the Social Security Act, including tax provisions in the Internal Revenue Code. CBO has determined that the provisions of H.R. 3070 either fall within that exclusion or contain no intergovernmental mandates.

The bill includes optional programs for states that would result in greater state spending if they chose to participate as well as additional grants to states for specific programs. While the bill includes a number of optional expansions for Medicaid, additional requirements on how school districts bill Medicaid for health services would result in a cut in Medicaid funding for those purposes.

Title II contains a number of optional programs for states to expand their Medicaid program to cover workers with disabilities who want to buy into Medicaid and to continue Medicaid coverage for individuals who lose their eligibility for DI or SSI following a continuing disability review. CBO estimates that state costs attributable to these optional expansions during the first five years

would total about \$70 million for the first option and about \$10 million for the second. States would also have the option of charging participants premiums or other fees to offset a portion of those costs. States that implement the first of these Medicaid options would be eligible for grants to develop and operate programs to support working individuals with disabilities. CBO estimates that states would receive a total of about \$40 million during the first five years the program is in effect.

Title II would also allow states to establish demonstration projects that would provide health services equal to those available under Medicaid to working individuals with physical or mental impairments who, without such services, could become blind or disabled. CBO estimates that state costs attributable to this optional coverage would total \$215 million over the first five years of implementation. Federal funding for these demonstration projects would be subject to annual appropriation.

Finally, new requirements on how school districts may bill Medicaid for health services would result in a decrease in federal Medicaid funding of \$70 million over the 2000–2004 period, as described in the Basis of Estimates section.

Estimate Prepared by: Federal Cost: Kathy Ruffing (DI and SSI), Jeanne De Sa and Dorothy Rosenbaum (Medicare and Medicaid), and Noah Meyerson (Social Security receipts. Impact on State, Local, and Tribal Governments: Leo Lex. Impact on the Private Sector: Bruce Vavrichek.

Estimate Approved by: Robert A. Sunshine, Assistant Director for Budget Analysis.

## **V. OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER THE RULES OF THE HOUSE**

### A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

In compliance with clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee reports that the need for legislation was confirmed through its ongoing oversight of the Social Security Administration and the Social Security programs.

### B. SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE GOVERNMENT REFORM AND OVERSIGHT COMMITTEE

In compliance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that no oversight findings and recommendations have been submitted to this Committee by the Committee on Government Reform and Oversight with respect to the provisions contained in this bill.

### C. CONSTITUTIONAL AUTHORITY STATEMENT

With respect to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, relating to Constitutional Authority, the Committee states that the Committee's action in reporting the bill is derived from Article I of the Constitution, Section 8 ("The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and to provide for \*\*\* the general Welfare of the United States \*\*\*).

**VI. APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT**

Pursuant to the Federal Advisory Committee Act (5 U.S.C., App., section 5(b)), the Committee states that any advisory bodies created by the bill, such as the Ticket to Work and Work Incentives Improvement Advisory Panel are consciously created, and are deemed appropriate and necessary to carry out the purposes of the bill. It is the view of the Committee that the functions of any such advisory bodies are not being and could be performed by one or more agencies or by an advisory committee already in existence, or by enlarging the mandate of an existing advisory committee.

**VII. CHANGES IN EXISTING LAW MADE BY THE BILL AS REPORTED**

In the opinion of the Committee, in order to expedite the business of the House of Representatives, it is necessary to dispense with the required clause 3(e) of rule XIII of the Rules of the House of Representatives, related to showing changes in existing law made by the bill, as reported.

## VIII. ADDITIONAL VIEWS

While Democratic Members of the Committee on Ways and Means largely voted in favor of H.R. 3070, they did so on the basis of the provisions of the bill that fall within the Committee's jurisdiction and with the full expectation that the shortcomings of the bill that fall outside the Committee's jurisdiction would be resolved prior to floor consideration.

Specifically, Committee Democrats strenuously object to two Medicaid-related provisions contained in H.R. 3070. Every Democrat on the Ways and Means Committee cosponsored H.R. 1180, a bipartisan version of the Ticket to Work and Work Incentives Improvement Act. As reported by the Committee on Commerce, the Medicaid provisions of H.R. 1180 would directly appropriate the funds necessary to finance grants to States to design, establish, and operate infrastructures that provide support services for working individuals with disabilities. Similarly, H.R. 1180 as reported would directly appropriate the funds necessary for State demonstration projects to provide medical assistance equal to that available through Medicaid to workers aged 16 to 64 with potentially severe disabilities. Rather than directly appropriate such funds, H.R. 3070 merely authorizes discretionary spending for such provisions.

As a result, H.R. 3070 leaves these two vitally important innovations subject to the uncertainty of the annual appropriations process. Yet, secure funding for the infrastructure grants and the demonstration project are absolutely essential to ensure that people with disabilities actually benefit from the other provisions of H.R. 3070 and that people with disabilities do not lose the ability to work in the first place. As Secretary of Health and Human Services Donna Shalala pointed out in her October 14 letter to chairman Archer: "These grant programs are incentives for the states to adopt the Medicaid buy-in portion of the legislation. Without state support, the success of the Medicaid buy-in will be limited."

Unfortunately, these two items lie outside the jurisdiction of the Committee on Ways and Means and therefore could not be addressed during the Committee's markup of H.R. 3070. The Democratic Members of the Ways and Means Committee strongly urge the Committee on Commerce to devise a means to pay for the infrastructure grants to States and for the Medicaid demonstration project contained in the Ticket to Work and Work Incentives Improvement Act when the bill is considered in the Committee on Rules. The Democratic Members of the Committee on Ways and Means hope that, once the Committee on Commerce provides a secure source of funding for these crucial grants and demonstrations, this legislation will help to improve the lives of people with disabilities, people who want to work and who want to contribute even more to a brighter future for all Americans.

During the markup of H.R. 3070, Committee Democrats attempted to rectify the one major flaw in the bill that fell within Ways and Means jurisdiction: a new fee upon attorneys who represent Social Security disability claimants. Under current law, when an attorney successfully represents a disability claimant and that claimant is entitled to past-due benefits, SSA withholds a portion of those past-due benefits in order to pay the attorney for the services he or she provided. H.R. 3070 imposes a fee of 6.3 percent on all such payments to attorneys. Such a fee would likely deter some attorneys from representing disability claimants. Yet, claimants with professional, expert legal representation are far more likely to receive the benefits to which they are entitled as a result of their contributions to the Social Security system. (For instance, in 1998, 57.6 percent of claimants represented by an attorney, but only 35.7 percent of those without one, were awarded benefits at the hearing level.) Accordingly, Committee Democrats offered an amendment to strike the attorney fee provision and replace it with a provision to reduce the misuse of partial hospitalization services under the Medicare program. Committee Republicans voted en bloc against the amendment, thereby signaling their opposition to adequate legal representation for Social Security disability claimants and their support for unabated Medicare fraud.

Despite these shortcomings, Committee Democrats largely voted in favor of H.R. 3070 because it builds upon previous, bipartisan versions of the Ticket to Work and Work Incentives Improvement Act, all of which would make significant progress in helping Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) beneficiaries to participate more fully in the nation's economy and to provide for themselves and their families. Like H.R. 1180, which was introduced earlier this year in a bipartisan fashion, this bill creates a Ticket to Work program to offer disabled beneficiaries greater choice in obtaining vocational rehabilitation services, employment services, and other support services. Like H.R. 1180, this bill greatly extends Medicare coverage for disabled beneficiaries who return to the workforce.

H.R. 3070 and all of the other versions of the bill recognize that many, many disabled beneficiaries urgently want to return to the workplace and to make the most of their talents and abilities, but they are simply unable to do so, for a number of reasons. While people with disabilities possess the clear desire to work, they often require vocational rehabilitation, job training, or some other form of assistance in order to find a job and to hold that job over the long run. Just as importantly, under current law, people with disabilities are often discouraged from securing employment, for if they are successful in returning to work, they lose not only their SSDI or SSI benefits, but, after a short time, the Medicare coverage too. As representatives from the U.S. General Accounting Office testified before the Social Security Subcommittee earlier this year, “\* \* \* the loss of health coverage is a big concern and barrier to people who are attempting to move from disability into the work force and stay in the work force.”

Committee Democrats voted to report H.R. 3070 favorably because it makes great strides towards removing the most formidable obstacle that people with disabilities face in returning to work—the

loss of their health care coverage. The bill would extend by 6 years the period during which disability beneficiaries who return to work receive Medicare coverage.

The bill would improve the supports that persons with disabilities receive during their transition back into the labor force in other areas as well. H.R. 3070 would afford SSDI and SSI beneficiaries a much greater choice of service providers and would thus enable them to match their particular needs with the capacities of private entities or public agencies more readily. Specifically, the bill would provide disability beneficiaries with a "Ticket to Work," which could be presented to either a private vocational rehabilitation provider or to a State vocational rehabilitation agency in exchange for services such as physical therapy or job training. The Ticket program would spur providers, both public and private, to offer the most effective services possible, since, under the Ticket program, providers share in the savings to government that arise when a SSDI or SSI beneficiary returns to the workforce and no longer receives benefit payments.

Committee Democrats believe that, rather than maintain the current barriers to work, public policy should strive to facilitate the transition back to the workforce for people with disabilities. Moreover, rather than penalize people with disabilities once they do return to work, public policy should ensure that they do not have to bear the costly burden of health insurance before they are able to do so.

C.B. RANGEL.  
PETE STARK.  
KAREN L. THURMAN.  
RICHARD E. NEAL.  
JERRY KLECZKA.  
JIM McDERMOTT.  
BEN CARDIN.  
WILLIAM J. JEFFERSON.  
ROBERT T. MATSUI.  
WILLIAM J. COYNE.  
SANDER LEVIN.  
JOHN TANNER.  
MICHAEL R. McNULTY.  
XAVIER BECERRA.  
JOHN LEWIS.

## IX. DISSENTING VIEWS

This bill has followed a most curious path. In March, a number of us joined in the bipartisan filing of H.R. 1180, a comprehensive effort to facilitate individuals with disabilities seeking employment. Eventually, some 247 Members of the House joined as cosponsors of H.R. 1180. On July 1, the Commerce Committee recommended it on voice vote. A companion was approved by the Senate 99–0. Instead of considering this measure, the Committee took up a bill filed at 6:30 p.m. the prior evening and quickly replaced with a substitute at markup. The only purpose of such maneuvering was to make a modest bill in H.R. 1180 even more modest.

I voted against H.R. 3070 because of what was missing. This bill circumvents broadly supported and essential provisions in H.R. 1180. The National Council on Independent Living stated that H.R. 3070, “significantly limits the opportunities for people with disabilities to return to work or to gain and maintain employment.” Catholic Charities USA stated that these missing provisions were among the most important provisions in H.R. 1180. The Secretary of the U.S. Department of Health and Human Services expressed serious concerns regarding provisions that were eliminated and advised that the Committee, “should recognize the partnership we depend on with the states, and restore the mandatory funding.” Further, H.R. 3070 drops the guarantee of lifetime health care coverage for SSDI recipients who do go back to work and instead extends Medicare coverage an additional six years. Without lifetime coverage, this merely defers the eventual choice between work and health care coverage.

H.R. 3070 pretends to set up state grants to establish support services for individuals with disabilities who choose to return to work. We should support states in their efforts to develop the best plans for getting the disabled back to work such as by addressing transportation needs. Only through the filing of a separate bill eliminating the funding for these state grants has the Committee been able to use jurisdictional cover as an excuse for its unfortunate actions.

Similarly, H.R. 3070 merely authorizes and drops the financial support for state demonstration projects to allow those with potentially severe diseases to get Medicaid coverage. This will directly and adversely effect people afflicted with Multiple Sclerosis, Parkinson’s disease, diabetes, epilepsy, and people with HIV who have chosen to work until their disease makes that an impossibility. These demonstration grants, if paid for rather than just described in this bill, would have allowed these individuals to gain access to crucial medicines and support only available through Medicaid, in order to keep their disability from progressing and to allow them to work. This bill rejects support for creative state programs in favor of encouraging workers to quit their jobs, stay at home and

wait until they have deteriorated to a point where they can then qualify for SSI payments and Medicaid rather than collecting a paycheck.

By eliminating this provision, we are denying individuals the opportunity to get medical support earlier in the progression of their disease to allow them to be healthier and more productive. All the medical advances we hear of, including expensive and unaffordable drug therapies, show so much promise in slowing the progression of these diseases.

I agree that we must fully pay for this initiative rather than ignoring the fiscal consequences of legislation as the House leadership did with its recent irresponsible tax cut. However, no visible effort was made to pay for the abandoned provisions.

A number of my colleagues voted for H.R. 3070 just to move the process along. I agree that it is important to get this matter to conference with the Senate. The same recalcitrant House leadership that is promoting a weakened H.R. 3070 succeeded in blocking meaningful support for individuals with disabilities proposed in the Senate during the last Congress. Let us hope they will not again block individuals with disabilities from securing the opportunities they deserve.

LLOYD DOGGETT.

