

**TICKET TO WORK AND WORK INCENTIVES
IMPROVEMENT ACT OF 1999**

H.R. 1180

**PUBLIC LAW 106-170
106TH CONGRESS**

**REPORTS, BILLS,
DEBATES, AND ACT**

Social Security Administration

**TICKET TO WORK AND WORK INCENTIVES
IMPROVEMENT ACT OF 1999**

Volumes 1-2

H.R. 1180

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DEBATES, AND ACT**

Social Security Administration

**Office of the Deputy Commissioner for
Legislation and Congressional Affairs**

PREFACE

This 2-volume compilation contains historical documents pertaining to P.L. 106-170, the “Ticket to Work and Work Incentives Improvement Act of 1999.” These books contain congressional debates and a chronological compilation of documents pertinent to the legislative history of the public law.

Pertinent documents include:

- Differing versions of key bills
- Committee Reports
- Excerpts from the Congressional Record
- The Public Law
- Legislative Bulletins

The books are prepared by the Office of the Deputy Commissioner for Legislation and Congressional Affairs and are designed to serve as helpful resource tools for those charged with interpreting laws administered by the Social Security Administration.

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106TH CONGRESS
1ST SESSION

H. R. 1180

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1999

Mr. LAZIO (for himself, Mr. WAXMAN, Mr. BLILEY, Mr. DINGELL, Mrs. JOHNSON of Connecticut, Mr. MATSUI, Mr. BILIRAKIS, Mr. BROWN of Ohio, Mr. RAMSTAD, Mr. CARDIN, Mr. GREENWOOD, Ms. BALDWIN, Mr. CAMP, Mr. STARK, Mr. PICKERING, Mr. PALLONE, Mr. FOLEY, Mr. LEVIN, Mr. BILBRAY, Mr. TANNER, Mrs. MORELLA, Mr. DOGGETT, Mr. HORN, Mr. MURTHA, Mr. UPTON, Mr. STRICKLAND, Mrs. KELLY, Mr. HOFFEL, Mr. BOEHLERT, Mr. BOUCHER, Mr. KOLBE, Ms. MCCARTHY of Missouri, Mr. FRELINGHUYSEN, Mr. MARKEY, Mr. BARRETT of Wisconsin, Mr. GORDON, Mr. RUSH, Mr. WYNN, Mr. MEEHAN, Mr. DELAHUNT, Mr. BARCIA, Mr. GREEN of Texas, Mr. KLINK, and Mr. JEFFERSON) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration

to provide such individuals with meaningful opportunities to work, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Work Incentives Improvement Act of 1999”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purposes.

TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

Sec. 101. Expanding State options under the medicaid program for workers with disabilities.

Sec. 102. Continuation of medicare coverage for working individuals with disabilities.

Sec. 103. Grants to develop and establish State infrastructures to support working individuals with disabilities.

Sec. 104. Demonstration of coverage under the medicaid program of workers with potentially severe disabilities.

TITLE II—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS

Subtitle A—Ticket to Work and Self-Sufficiency

Sec. 201. Establishment of the Ticket to Work and Self-Sufficiency Program.

Subtitle B—Elimination of Work Disincentives

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Sec. 212. Expedited reinstatement of disability benefits.

Subtitle C—Work Incentives Planning, Assistance, and Outreach

Sec. 221. Work incentives outreach program.

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TITLE III—DEMONSTRATION PROJECTS AND STUDIES

Sec. 301. Permanent extension of disability insurance program demonstration project authority.

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TITLE IV—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.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) **FINDINGS.**—Congress makes the following find-
3 ings:

4 (1) Health care is important to all Americans.

5 (2) Health care is particularly important to in-
6 dividuals with disabilities and special health care
7 needs who often cannot afford the insurance avail-
8 able to them through the private market, are unin-
9 surable by the plans available in the private sector,
10 and are at great risk of incurring very high and eco-
11 nomically devastating health care costs.

12 (3) Americans with significant disabilities often
13 are unable to obtain health care insurance that pro-
14 vides coverage of the services and supports that en-
15 able them to live independently and enter or rejoin
16 the workforce. Personal assistance services (such as
17 attendant services, personal assistance with trans-
18 portation to and from work, reader services, job
19 coaches, and related assistance) remove many of the
20 barriers between significant disability and work.

1 Coverage for such services, as well as for prescrip-
2 tion drugs, durable medical equipment, and basic
3 health care are powerful and proven tools for indi-
4 viduals with significant disabilities to obtain and re-
5 tain employment.

6 (4) For individuals with disabilities, the fear of
7 losing health care and related services is one of the
8 greatest barriers keeping the individuals from maxi-
9 mizing their employment, earning potential, and
10 independence.

11 (5) Individuals with disabilities who are bene-
12 ficiaries under title II or XVI of the Social Security
13 Act (42 U.S.C. 401 et seq., 1381 et seq.) risk losing
14 medicare or medicaid coverage that is linked to their
15 cash benefits, a risk that is an equal, or greater,
16 work disincentive than the loss of cash benefits asso-
17 ciated with working.

18 (6) Currently, less than $\frac{1}{2}$ of 1 percent of so-
19 cial security disability insurance and supplemental
20 security income beneficiaries cease to receive benefits
21 as a result of employment.

22 (7) Beneficiaries have cited the lack of adequate
23 employment training and placement services as an
24 additional barrier to employment.

1 (8) If an additional $\frac{1}{2}$ of 1 percent of the cur-
2 rent social security disability insurance (DI) and
3 supplemental security income (SSI) recipients were
4 to cease receiving benefits as a result of employ-
5 ment, the savings to the Social Security Trust
6 Funds in cash assistance would total
7 \$3,500,000,000 over the worklife of the individuals.

8 (b) PURPOSES.—The purposes of this Act are as fol-
9 lows:

10 (1) To provide health care and employment
11 preparation and placement services to individuals
12 with disabilities that will enable those individuals to
13 reduce their dependency on cash benefit programs.

14 (2) To encourage States to adopt the option of
15 allowing individuals with disabilities to purchase
16 medicaid coverage that is necessary to enable such
17 individuals to maintain employment.

18 (3) To provide individuals with disabilities the
19 option of maintaining medicare coverage while work-
20 ing.

21 (4) To establish a return to work ticket pro-
22 gram that will allow individuals with disabilities to
23 seek the services necessary to obtain and retain em-
24 ployment and reduce their dependency on cash ben-
25 efit programs.

1 **TITLE I—EXPANDED AVAIL-**
2 **ABILITY OF HEALTH CARE**
3 **SERVICES**

4 **SEC. 101. EXPANDING STATE OPTIONS UNDER THE MED-**
5 **ICAID PROGRAM FOR WORKERS WITH DIS-**
6 **ABILITIES.**

7 (a) IN GENERAL.—

8 (1) STATE OPTION TO ELIMINATE INCOME, AS-
9 SETS, AND RESOURCE LIMITATIONS FOR WORKERS
10 WITH DISABILITIES BUYING INTO MEDICAID.—Sec-
11 tion 1902(a)(10)(A)(ii) of the Social Security Act
12 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

13 (A) in subclause (XIII), by striking “or”
14 at the end;

15 (B) in subclause (XIV), by adding “or” at
16 the end; and

17 (C) by adding at the end the following:

18 “(XV) who, but for earnings in
19 excess of the limit established under
20 section 1905(q)(2)(B), would be con-
21 sidered to be receiving supplemental
22 security income and whose assets, re-
23 sources, and earned or unearned in-
24 come (or both) do not exceed such

1 limitations (if any) as the State may
2 establish;”.

3 (2) STATE OPTION TO PROVIDE OPPORTUNITY
4 FOR EMPLOYED INDIVIDUALS WITH A MEDICALLY
5 IMPROVED DISABILITY TO BUY INTO MEDICAID.—

6 (A) ELIGIBILITY.—Section
7 1902(a)(10)(A)(ii) of the Social Security Act
8 (42 U.S.C. 1396a(a)(10)(A)(ii)), as amended by
9 paragraph (1), is amended—

10 (i) in subclause (XIV), by striking
11 “or” at the end;

12 (ii) in subclause (XV), by adding “or”
13 at the end; and

14 (iii) by adding at the end the fol-
15 lowing:

16 “(XVI) who are employed indi-
17 viduals with a medically improved dis-
18 ability described in section 1905(v)(1)
19 and whose assets, resources, and
20 earned or unearned income (or both)
21 do not exceed such limitations (if any)
22 as the State may establish, but only if
23 the State provides medical assistance
24 to individuals described in subclause
25 (XV);”.

1 (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:

6 “(v)(1) The term ‘employed individual with a medically improved disability’ means an individual who—

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

10 “(B) is employed (as defined in paragraph (2));

11 “(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

17 “(D) continues to have a severe medically determinable impairment, as determined under regulations of the Secretary.

20 “(2) For purposes of paragraph (1), an individual is considered to be ‘employed’ if the individual—

22 “(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

1 “(B) is engaged in a work effort that meets
2 substantial and reasonable threshold criteria for
3 hours of work, wages, or other measures, as defined
4 by the State and approved by the Secretary.”.

5 (C) CONFORMING AMENDMENT.—Section
6 1905(a) of such Act (42 U.S.C. 1396d(a)) is
7 amended in the matter preceding paragraph
8 (1)—

9 (i) in clause (x), by striking “or” at
10 the end;

11 (ii) in clause (xi), by adding “or” at
12 the end; and

13 (iii) by inserting after clause (xi), the
14 following:

15 “(xii) employed individuals with a medically im-
16 proved disability (as defined in subsection (v)),”.

17 (3) STATE AUTHORITY TO IMPOSE INCOME-RE-
18 LATED PREMIUMS AND COST-SHARING.—Section
19 1916 of such Act (42 U.S.C. 1396o) is amended—

20 (A) in subsection (a), by striking “The
21 State plan” and inserting “Subject to sub-
22 section (g), the State plan”; and

23 (B) by adding at the end the following:

24 “(g) With respect to individuals provided medical as-
25 sistance only under subclause (XV) or (XVI) of section

1 1902(a)(10)(A)(ii), a State may (in a uniform manner for
2 individuals described in either such subclause)—

3 “(1) require such individuals to pay premiums
4 or other cost-sharing charges set on a sliding scale
5 based on income that the State may determine; and

6 “(2) require payment of 100 percent of such
7 premiums in the case of such an individual who has
8 income that exceeds 250 percent of the income offi-
9 cial poverty line (referred to in subsection (c)(1)) ap-
10 plicable to a family of the size involved.”

11 (4) PROHIBITION AGAINST SUPPLANTATION OF
12 STATE FUNDS AND STATE FAILURE TO MAINTAIN
13 EFFORT.—Section 1903(i) of such Act (42 U.S.C.
14 1396b(i)) is amended—

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

17 (B) by inserting after such paragraph the
18 following:

19 “(19) with respect to amounts expended for
20 medical assistance provided to an individual de-
21 scribed in subclause (XV) or (XVI) of section
22 1902(a)(10)(A)(ii) for a fiscal year unless the State
23 demonstrates to the satisfaction of the Secretary
24 that the level of State funds expended for such fiscal
25 year for programs to enable working individuals with

1 disabilities to work (other than for such medical as-
2 sistance) is not less than the level expended for such
3 programs during the most recent State fiscal year
4 ending before the date of enactment of this para-
5 graph.”.

6 (b) CONFORMING AMENDMENTS.—

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

12 (2) Section 1903(f)(4) of such Act, as amended
13 by paragraph (1), is amended by inserting
14 “1902(a)(10)(A)(ii)(XIII),” before
15 “1902(a)(10)(A)(ii)(XV)”.

16 (c) EFFECTIVE DATE.—

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

21 (2) RETROACTIVITY OF CONFORMING AMEND-
22 MENT.—The amendment made by subsection (b)(2)
23 takes effect as if included in the enactment of the
24 Balanced Budget Act of 1997.

1 **SEC. 102. CONTINUATION OF MEDICARE COVERAGE FOR**
2 **WORKING INDIVIDUALS WITH DISABILITIES.**

3 (a) CONTINUATION OF COVERAGE.—

4 (1) IN GENERAL.—Section 226 of the Social
5 Security Act (42 U.S.C. 426) is amended—

6 (A) in the third sentence of subsection (b),
7 by inserting “, except as provided in subsection
8 (j)” after “but not in excess of 24 such
9 months”; and

10 (B) by adding at the end the following:

11 “(j) The 24-month limitation on deemed entitlement
12 under the third sentence of subsection (b) shall not
13 apply—

14 “(1) for months occurring during the 10-year
15 period beginning with the first month that begins
16 after the date of enactment of this subsection; and

17 “(2) for subsequent months, in the case of an
18 individual who was entitled to benefits under sub-
19 section (b) as of the last month of such 10-year pe-
20 riod and would continue (but for such 24-month lim-
21 itation) to be so entitled.”.

22 (2) CONFORMING AMENDMENT.—Section
23 1818A(a)(2)(C) of the Social Security Act (42
24 U.S.C. 1395i-2a(a)(2)(C)) is amended—

25 (A) by striking “solely”; and

1 (B) by inserting “or the expiration of the
2 last month of the 10-year period described in
3 section 226(j)” before the semicolon.

4 (b) GAO REPORT.—Not later than 8 years after the
5 date of the enactment of this Act, the Comptroller General
6 of the United States shall submit a report to Congress
7 that—

8 (1) examines the effectiveness and cost of sub-
9 section (j) of section 226 of the Social Security Act
10 (42 U.S.C. 426); and

11 (2) recommends whether that subsection should
12 continue to be applied beyond the 10-year period de-
13 scribed in the subsection.

14 (c) EFFECTIVE DATE.—The amendments made by
15 subsection (a) apply to months beginning with the first
16 month that begins after the date of the enactment of this
17 Act.

18 (d) TREATMENT OF CERTAIN INDIVIDUALS.—An in-
19 dividual enrolled under section 1818A of the Social Secu-
20 rity Act (42 U.S.C. 1395i–2a) shall be treated with re-
21 spect to premium payment obligations under such section
22 as though the individual had continued to be entitled to
23 benefits under section 226(b) of such Act for—

1 (1) months described in section 226(j)(1) of
2 such Act (42 U.S.C. 426(j)(1)) (as added by sub-
3 section (a)); and

4 (2) subsequent months, in the case of an indi-
5 vidual who was so enrolled as of the last month de-
6 scribed in section 226(j)(2) of such Act (42 U.S.C.
7 426(j)(2)) (as so added).

8 **SEC. 103. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**
9 **FRASTRUCTURES TO SUPPORT WORKING IN-**
10 **DIVIDUALS WITH DISABILITIES.**

11 (a) **ESTABLISHMENT.—**

12 (1) **IN GENERAL.—**The Secretary of Health and
13 Human Services (in this section referred to as the
14 “Secretary”) shall award grants described in sub-
15 section (b) to States to support the design, establish-
16 ment, and operation of State infrastructures that
17 provide items and services to support working indi-
18 viduals with disabilities.

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

24 (3) **DEFINITION OF STATE.—**In this section,
25 the term “State” means each of the 50 States, the

1 District of Columbia, Puerto Rico, Guam, the
2 United States Virgin Islands, American Samoa, and
3 the Commonwealth of the Northern Mariana Is-
4 lands.

5 (b) GRANTS FOR INFRASTRUCTURE AND OUT-
6 REACH.—

7 (1) IN GENERAL.—Out of the funds appro-
8 priated under subsection (e), the Secretary shall
9 award grants to States to—

10 (A) support the establishment, implemen-
11 tation, and operation of the State infrastruc-
12 tures described in subsection (a); and

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

15 (2) ELIGIBILITY FOR GRANTS.—

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

18 (i) has an approved amendment to the
19 State plan under title XIX of the Social
20 Security Act (42 U.S.C. 1396 et seq.) that
21 provides medical assistance under such
22 plan to individuals described in section
23 1902(a)(10)(A)(ii)(XV) of the Social Secu-
24 rity Act (42 U.S.C.
25 1396a(a)(10)(A)(ii)(XV)); and

1 (ii) demonstrates to the satisfaction of
2 the Secretary that the State makes per-
3 sonal assistance services available under
4 the State plan under title XIX of the So-
5 cial Security Act (42 U.S.C. 1396 et seq.)
6 to the extent necessary to enable individ-
7 uals described in clause (i) to remain em-
8 ployed (as determined under section
9 1905(v)(2) of the Social Security Act (42
10 U.S.C. 1396d(v)(2))).

11 (B) DEFINITION OF PERSONAL ASSIST-
12 ANCE SERVICES.—In this paragraph, the term
13 “personal assistance services” means a range of
14 services, provided by 1 or more persons, de-
15 signed to assist an individual with a disability
16 to perform daily activities on and off the job
17 that the individual would typically perform if
18 the individual did not have a disability. Such
19 services shall be designed to increase the indi-
20 vidual’s control in life and ability to perform ev-
21 eryday activities on or off the job.

22 (3) DETERMINATION OF AWARDS.—

23 (A) IN GENERAL.—Subject to subpara-
24 graph (B), the Secretary shall determine a for-
25 mula for awarding grants to States under this

1 section that provides special consideration to
2 States that provide medical assistance under
3 title XIX of the Social Security Act to individ-
4 uals described in section
5 1902(a)(10)(A)(ii)(XVI) of that Act (42 U.S.C.
6 1396a(a)(10)(A)(ii)(XVI)).

7 (B) AWARD LIMITS.—

8 (i) MINIMUM AWARDS.—

9 (I) IN GENERAL.—Subject to
10 subclause (II), no State with an ap-
11 proved application under this section
12 shall receive a grant for a fiscal year
13 that is less than \$500,000.

14 (II) PRO RATA REDUCTIONS.—If
15 the funds appropriated under sub-
16 section (e) for a fiscal year are not
17 sufficient to pay each State with an
18 application approved under this sec-
19 tion the minimum amount described
20 in subclause (I), the Secretary shall
21 pay each such State an amount equal
22 to the pro rata share of the amount
23 made available.

24 (ii) MAXIMUM AWARDS.—No State
25 with an application that has been approved

1 under this section shall receive a grant for
2 a fiscal year that exceeds 15 percent of the
3 total expenditures by the State (including
4 the reimbursed Federal share of such ex-
5 penditures) for medical assistance for indi-
6 viduals eligible under subclause (XV) and
7 (XVI) of section 1902(a)(10)(A)(ii) of the
8 Social Security Act (42 U.S.C.
9 1396a(a)(10)(A)(ii)), as estimated by the
10 State and approved by the Secretary.

11 (c) AVAILABILITY OF FUNDS.—

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

16 (2) FUNDS NOT AWARDED TO STATES.—Funds
17 not awarded to States in the fiscal year for which
18 they are appropriated shall remain available in suc-
19 ceeding fiscal years for awarding by the Secretary.

20 (d) ANNUAL REPORT.—A State that is awarded a
21 grant under this section shall submit an annual report to
22 the Secretary on the use of funds provided under the
23 grant. Each report shall include the percentage increase
24 in the number of title II disability beneficiaries, as defined
25 in section 1148(k)(3) of the Social Security Act (as

1 amended by section 201) in the State, and title XVI dis-
2 ability beneficiaries, as defined in section 1148(k)(4) of
3 the Social Security Act (as so amended) in the State who
4 return to work.

5 (e) APPROPRIATION.—

6 (1) IN GENERAL.—Out of any funds in the
7 Treasury not otherwise appropriated, there is appro-
8 priated to make grants under this section—

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

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

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

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

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

14 (F) for each of fiscal years 2005 through
15 2010, the amount appropriated for the pre-
16 ceding fiscal year increased by the percentage
17 increase (if any) in the Consumer Price Index
18 for All Urban Consumers (United States city
19 average) for the preceding fiscal year.

20 (2) BUDGET AUTHORITY.—This subsection con-
21 stitutes budget authority in advance of appropria-
22 tions Acts and represents the obligation of the Fed-
23 eral Government to provide for the payment of the
24 amounts appropriated under paragraph (1).

1 (f) RECOMMENDATION.—Not later than October 1,
2 2009, the Secretary, in consultation with the Work Incen-
3 tives Advisory Panel established under section 201(f),
4 shall submit a recommendation to the Committee on Com-
5 merce of the House of Representatives and the Committee
6 on Finance of the Senate regarding whether the grant pro-
7 gram established under this section should be continued
8 after fiscal year 2010.

9 **SEC. 104. DEMONSTRATION OF COVERAGE UNDER THE**
10 **MEDICAID PROGRAM OF WORKERS WITH PO-**
11 **TENTIALLY SEVERE DISABILITIES.**

12 (a) STATE APPLICATION.—A State may apply to the
13 Secretary of Health and Human Services (in this section
14 referred to as the “Secretary”) for approval of a dem-
15 onstration project (in this section referred to as a “dem-
16 onstration project”) under which up to a specified max-
17 imum number of individuals who are workers with a po-
18 tentially severe disability (as defined in subsection (b)(1))
19 are provided medical assistance equal to that provided
20 under section 1905(a) of the Social Security Act (42
21 U.S.C. 1396d(a)) to individuals described in section
22 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C.
23 1396a(a)(10)(A)(ii)(XV)).

24 (b) WORKER WITH A POTENTIALLY SEVERE DIS-
25 ABILITY DEFINED.—For purposes of this section—

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

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

6 (B) has a specific physical or mental im-
7 pairment that, as defined by the State under
8 the demonstration project, is reasonably ex-
9 pected, but for the receipt of items and services
10 described in section 1905(a) of the Social Secu-
11 rity Act (42 U.S.C. 1396d(a)), to become blind
12 or disabled (as defined under section 1614(a) of
13 the Social Security Act (42 U.S.C. 1382c(a)));
14 and

15 (C) is employed (as defined in paragraph
16 (2)).

17 (2) DEFINITION OF EMPLOYED.—An individual
18 is considered to be “employed” if the individual—

19 (A) is earning at least the applicable min-
20 imum wage requirement under section 6 of the
21 Fair Labor Standards Act (29 U.S.C. 206) and
22 working at least 40 hours per month; or

23 (B) is engaged in a work effort that meets
24 substantial and reasonable threshold criteria for
25 hours of work, wages, or other measures, as de-

1 fined under the demonstration project and ap-
2 proved by the Secretary.

3 (c) APPROVAL OF DEMONSTRATION PROJECTS.—

4 (1) IN GENERAL.—Subject to paragraph (3),
5 the Secretary shall approve applications under sub-
6 section (a) that meet the requirements of paragraph
7 (2) and such additional terms and conditions as the
8 Secretary may require. The Secretary may waive the
9 requirement of section 1902(a)(1) of the Social Se-
10 curity Act (42 U.S.C. 1396a(a)(1)) to allow for sub-
11 State demonstrations.

12 (2) TERMS AND CONDITIONS OF DEMONSTRA-
13 TION PROJECTS.—The Secretary may not approve a
14 demonstration project under this section unless the
15 State provides assurances satisfactory to the Sec-
16 retary that the following conditions are or will be
17 met:

18 (A) ELECTION OF OPTIONAL CATEGORY.—

19 The State has elected to provide coverage under
20 its plan under title XIX of the Social Security
21 Act of individuals described in section
22 1902(a)(10)(A)(ii)(XV) of the Social Security
23 Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).

24 (B) MAINTENANCE OF STATE EFFORT.—

25 Federal funds paid to a State pursuant to this

1 section must be used to supplement, but not
2 supplant, the level of State funds expended for
3 workers with potentially severe disabilities
4 under programs in effect for such individuals
5 at the time the demonstration project is ap-
6 proved under this section.

7 (C) INDEPENDENT EVALUATION.—The
8 State provides for an independent evaluation of
9 the project.

10 (3) LIMITATIONS ON FEDERAL FUNDING.—

11 (A) APPROPRIATION.—

12 (i) IN GENERAL.—Out of any funds in
13 the Treasury not otherwise appropriated,
14 there is appropriated to carry out this
15 section—

16 (I) for fiscal year 2000,
17 \$70,000,000;

18 (II) for fiscal year 2001,
19 \$73,000,000;

20 (III) for fiscal year 2002,
21 \$77,000,000; and

22 (IV) for fiscal year 2003,
23 \$80,000,000.

24 (ii) BUDGET AUTHORITY.—Clause (i)
25 constitutes budget authority in advance of

1 appropriations Acts and represents the ob-
2 ligation of the Federal Government to pro-
3 vide for the payment of the amounts ap-
4 propriated under clause (i).

5 (B) LIMITATION ON PAYMENTS.—In no
6 case may—

7 (i) the aggregate amount of payments
8 made by the Secretary to States under this
9 section exceed \$300,000,000; or

10 (ii) payments be provided by the Sec-
11 retary for a fiscal year after fiscal year
12 2005.

13 (C) FUNDS ALLOCATED TO STATES.—The
14 Secretary shall allocate funds to States based
15 on their applications and the availability of
16 funds. Funds allocated to a State under a grant
17 made under this section for a fiscal year shall
18 remain available until expended.

19 (D) FUNDS NOT ALLOCATED TO STATES.—
20 Funds not allocated to States in the fiscal year
21 for which they are appropriated shall remain
22 available in succeeding fiscal years for alloca-
23 tion by the Secretary using the allocation for-
24 mula established under this section.

1 (E) PAYMENTS TO STATES.—The Sec-
2 retary shall pay to each State with a dem-
3 onstration project approved under this section,
4 from its allocation under subparagraph (C), an
5 amount for each quarter equal to the Federal
6 medical assistance percentage (as defined in
7 section 1905(b) of the Social Security Act (42
8 U.S.C. 1395d(b)) of expenditures in the quarter
9 for medical assistance provided to workers with
10 a potentially severe disability.

11 (d) RECOMMENDATION.—Not later than October 1,
12 2002, the Secretary shall submit a recommendation to the
13 Committee on Commerce of the House of Representatives
14 and the Committee on Finance of the Senate regarding
15 whether the demonstration project established under this
16 section should be continued after fiscal year 2003.

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

1 **TITLE II—TICKET TO WORK AND**
2 **SELF-SUFFICIENCY AND RE-**
3 **LATED PROVISIONS**

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

6 **SEC. 201. ESTABLISHMENT OF THE TICKET TO WORK AND**
7 **SELF-SUFFICIENCY PROGRAM.**

8 (a) IN GENERAL.—Part A of title XI of the Social
9 Security Act (42 U.S.C. 1301 et seq.) is amended by add-
10 ing after section 1147 (as added by section 8 of the Non-
11 citizen Benefit Clarification and Other Technical Amend-
12 ments Act of 1998 (Public Law 105–306; 112 Stat.
13 2928)) the following:

14 “TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

15 “SEC. 1148. (a) IN GENERAL.—The Commissioner
16 shall establish a Ticket to Work and Self-Sufficiency Pro-
17 gram, under which a disabled beneficiary may use a ticket
18 to work and self-sufficiency issued by the Commissioner
19 in accordance with this section to obtain employment serv-
20 ices, vocational rehabilitation services, or other support
21 services from an employment network which is of the bene-
22 ficiary’s choice and which is willing to provide such serv-
23 ices to the beneficiary.

24 “(b) TICKET SYSTEM.—

1 “(1) DISTRIBUTION OF TICKETS.—The Com-
2 missioner may issue a ticket to work and self-suffi-
3 ciency to disabled beneficiaries for participation in
4 the Program.

5 “(2) ASSIGNMENT OF TICKETS.—A disabled
6 beneficiary holding a ticket to work and self-suffi-
7 ciency may assign the ticket to any employment net-
8 work of the beneficiary’s choice which is serving
9 under the Program and is willing to accept the as-
10 signment.

11 “(3) TICKET TERMS.—A ticket issued under
12 paragraph (1) shall consist of a document which evi-
13 dences the Commissioner’s agreement to pay (as
14 provided in paragraph (4)) an employment network,
15 which is serving under the Program and to which
16 such ticket is assigned by the beneficiary, for such
17 employment services, vocational rehabilitation serv-
18 ices, and other support services as the employment
19 network may provide to the beneficiary.

20 “(4) PAYMENTS TO EMPLOYMENT NET-
21 WORKS.—The Commissioner shall pay an employ-
22 ment network under the Program in accordance with
23 the outcome payment system under subsection
24 (h)(2) or under the outcome-milestone payment sys-
25 tem under subsection (h)(3) (whichever is elected

1 pursuant to subsection (h)(1)). An employment net-
2 work may not request or receive compensation for
3 such services from the beneficiary.

4 “(c) STATE PARTICIPATION.—

5 “(1) IN GENERAL.—Each State agency admin-
6 istering or supervising the administration of the
7 State plan approved under title I of the Rehabilita-
8 tion Act of 1973 may elect to participate in the Pro-
9 gram as an employment network with respect to a
10 disabled beneficiary. If the State agency does elect
11 to participate in the Program, the State agency also
12 shall elect to be paid under the outcome payment
13 system or the outcome-milestone payment system in
14 accordance with subsection (h)(1). With respect to a
15 disabled beneficiary that the State agency does not
16 elect to have participate in the Program, the State
17 agency shall be paid for services provided to that
18 beneficiary under the system for payment applicable
19 under section 222(d) and subsections (d) and (e) of
20 section 1615. The Commissioner shall provide for
21 periodic opportunities for exercising such elections
22 (and revocations).

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

1 “(A) STATE AGENCIES PARTICIPATING.—

2 In any case in which a State agency described
3 in paragraph (1) elects under that paragraph to
4 participate in the Program, the employment
5 services, vocational rehabilitation services, and
6 other support services which, upon assignment
7 of tickets to work and self-sufficiency, are pro-
8 vided to disabled beneficiaries by the State
9 agency acting as an employment network shall
10 be governed by plans for vocational rehabilita-
11 tion services approved under title I of the Reha-
12 bilitation Act of 1973.

13 “(B) STATE AGENCIES ADMINISTERING
14 MATERNAL AND CHILD HEALTH SERVICES PRO-
15 GRAMS.—Subparagraph (A) shall not apply
16 with respect to any State agency administering
17 a program under title V of this Act.

18 “(3) SPECIAL REQUIREMENTS APPLICABLE TO
19 CROSS-REFERRAL TO CERTAIN STATE AGENCIES.—

20 “(A) IN GENERAL.—In any case in which
21 an employment network has been assigned a
22 ticket to work and self-sufficiency by a disabled
23 beneficiary, no State agency shall be deemed re-
24 quired, under this section, title I of the Work-
25 force Investment Act of 1998, title I of the Re-

1 habilitation Act of 1973, or a State plan ap-
2 proved under such title, to accept any referral
3 of such disabled beneficiary from such employ-
4 ment network unless such employment network
5 and such State agency have entered into a writ-
6 ten agreement that meets the requirements of
7 subparagraph (B). Any beneficiary who has as-
8 signed a ticket to work and self-sufficiency to
9 an employment network that has not entered
10 into such a written agreement with such a
11 State agency may not access vocational rehabili-
12 tation services under title I of the Rehabilita-
13 tion Act of 1973 until such time as the bene-
14 ficiary is reassigned to a State vocational reha-
15 bilitation agency by the Program Manager.

16 “(B) TERMS OF AGREEMENT.—An agree-
17 ment required by subparagraph (A) shall speci-
18 fy, in accordance with regulations prescribed
19 pursuant to subparagraph (C)—

20 “(i) the extent (if any) to which the
21 employment network holding the ticket will
22 provide to the State agency—

23 “(I) reimbursement for costs in-
24 curred in providing services described

1 in subparagraph (A) to the disabled
2 beneficiary; and

3 “(II) other amounts from pay-
4 ments made by the Commissioner to
5 the employment network pursuant to
6 subsection (h); and

7 “(ii) any other conditions that may be
8 required by such regulations.

9 “(C) REGULATIONS.—The Commissioner
10 and the Secretary of Education shall jointly
11 prescribe regulations specifying the terms of
12 agreements required by subparagraph (A) and
13 otherwise necessary to carry out the provisions
14 of this paragraph.

15 “(D) PENALTY.—No payment may be
16 made to an employment network pursuant to
17 subsection (h) in connection with services pro-
18 vided to any disabled beneficiary if such em-
19 ployment network makes referrals described in
20 subparagraph (A) in violation of the terms of
21 the agreement required under subparagraph (A)
22 or without having entered into such an agree-
23 ment.

24 “(d) RESPONSIBILITIES OF THE COMMISSIONER.—

1 “(1) SELECTION AND QUALIFICATIONS OF PRO-
2 GRAM MANAGERS.—The Commissioner shall enter
3 into agreements with 1 or more organizations in the
4 private or public sector for service as a program
5 manager to assist the Commissioner in admin-
6 istering the Program. Any such program manager
7 shall be selected by means of a competitive bidding
8 process, from among organizations in the private or
9 public sector with available expertise and experience
10 in the field of vocational rehabilitation and employ-
11 ment services.

12 “(2) TENURE, RENEWAL, AND EARLY TERMI-
13 NATION.—Each agreement entered into under para-
14 graph (1) shall provide for early termination upon
15 failure to meet performance standards which shall be
16 specified in the agreement and which shall be
17 weighted to take into account any performance in
18 prior terms. Such performance standards shall
19 include—

20 “(A) measures for ease of access by bene-
21 ficiaries to services; and

22 “(B) measures for determining the extent
23 to which failures in obtaining services for bene-
24 ficiaries fall within acceptable parameters, as
25 determined by the Commissioner.

1 “(3) PRECLUSION FROM DIRECT PARTICIPA-
2 TION IN DELIVERY OF SERVICES IN OWN SERVICE
3 AREA.—Agreements under paragraph (1) shall
4 preclude—

5 “(A) direct participation by a program
6 manager in the delivery of employment services,
7 vocational rehabilitation services, or other sup-
8 port services to beneficiaries in the service area
9 covered by the program manager’s agreement;
10 and

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

16 “(4) SELECTION OF EMPLOYMENT NET-
17 WORKS.—

18 “(A) IN GENERAL.—The Commissioner
19 shall select and enter into agreements with em-
20 ployment networks for service under the Pro-
21 gram. Such employment networks shall be in
22 addition to State agencies serving as employ-
23 ment networks pursuant to elections under sub-
24 section (c).

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

9 “(5) TERMINATION OF AGREEMENTS WITH EM-
10 PLOYMENT NETWORKS.—The Commissioner shall
11 terminate agreements with employment networks for
12 inadequate performance, as determined by the Com-
13 missioner.

14 “(6) QUALITY ASSURANCE.—The Commissioner
15 shall provide for such periodic reviews as are nec-
16 essary to provide for effective quality assurance in
17 the provision of services by employment networks.
18 The Commissioner shall solicit and consider the
19 views of consumers and the program manager under
20 which the employment networks serve and shall con-
21 sult with providers of services to develop perform-
22 ance measurements. The Commissioner shall ensure
23 that the results of the periodic reviews are made
24 available to beneficiaries who are prospective service
25 recipients as they select employment networks. The

1 Commissioner shall ensure that the periodic surveys
2 of beneficiaries receiving services under the Program
3 are designed to measure customer service satisfac-
4 tion.

5 “(7) DISPUTE RESOLUTION.—The Commis-
6 sioner shall provide for a mechanism for resolving
7 disputes between beneficiaries and employment net-
8 works, between program managers and employment
9 networks, and between program managers and pro-
10 viders of services. The Commissioner shall afford a
11 party to such a dispute a reasonable opportunity for
12 a full and fair review of the matter in dispute.

13 “(e) PROGRAM MANAGERS.—

14 “(1) IN GENERAL.—A program manager shall
15 conduct tasks appropriate to assist the Commis-
16 sioner in carrying out the Commissioner’s duties in
17 administering the Program.

18 “(2) RECRUITMENT OF EMPLOYMENT NET-
19 WORKS.—A program manager shall recruit, and rec-
20 ommend for selection by the Commissioner, employ-
21 ment networks for service under the Program. The
22 program manager shall carry out such recruitment
23 and provide such recommendations, and shall mon-
24 itor all employment networks serving in the Program
25 in the geographic area covered under the program

1 manager's agreement, to the extent necessary and
2 appropriate to ensure that adequate choices of serv-
3 ices are made available to beneficiaries. Employment
4 networks may serve under the Program only pursu-
5 ant to an agreement entered into with the Commis-
6 sioner under the Program incorporating the applica-
7 ble provisions of this section and regulations there-
8 under, and the program manager shall provide and
9 maintain assurances to the Commissioner that pay-
10 ment by the Commissioner to employment networks
11 pursuant to this section is warranted based on com-
12 pliance by such employment networks with the terms
13 of such agreement and this section. The program
14 manager shall not impose numerical limits on the
15 number of employment networks to be recommended
16 pursuant to this paragraph.

17 “(3) FACILITATION OF ACCESS BY BENE-
18 FICIARIES TO EMPLOYMENT NETWORKS.—A pro-
19 gram manager shall facilitate access by beneficiaries
20 to employment networks. The program manager
21 shall ensure that each beneficiary is allowed changes
22 in employment networks for good cause, as deter-
23 mined by the Commissioner, without being deemed
24 to have rejected services under the Program. The
25 program manager shall establish and maintain lists

1 of employment networks available to beneficiaries
2 and shall make such lists generally available to the
3 public. The program manager shall ensure that all
4 information provided to disabled beneficiaries pursu-
5 ant to this paragraph is provided in accessible for-
6 mats.

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

14 “(5) REASONABLE ACCESS TO SERVICES.—The
15 program manager shall take such measures as are
16 necessary to ensure that sufficient employment net-
17 works are available and that each beneficiary receiv-
18 ing services under the Program has reasonable ac-
19 cess to employment services, vocational rehabilitation
20 services, and other support services. Services pro-
21 vided under the Program may include case manage-
22 ment, work incentives planning, supported employ-
23 ment, career planning, career plan development, vo-
24 cational assessment, job training, placement, fol-
25 lowup services, and such other services as may be

1 specified by the Commissioner under the Program.
2 The program manager shall ensure that such serv-
3 ices are available in each service area.

4 “(f) EMPLOYMENT NETWORKS.—

5 “(1) QUALIFICATIONS FOR EMPLOYMENT NET-
6 WORKS.—

7 “(A) IN GENERAL.—Each employment net-
8 work serving under the Program shall consist of
9 an agency or instrumentality of a State (or a
10 political subdivision thereof) or a private entity
11 that assumes responsibility for the coordination
12 and delivery of services under the Program to
13 individuals assigning to the employment net-
14 work tickets to work and self-sufficiency issued
15 under subsection (b).

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

21 “(C) COMPLIANCE WITH SELECTION CRI-
22 TERIA.—No employment network may serve
23 under the Program unless it meets and main-
24 tains compliance with both general selection cri-
25 teria (such as professional and educational

1 qualifications (where applicable)) and specific
2 selection criteria (such as substantial expertise
3 and experience in providing relevant employ-
4 ment services and supports).

5 “(D) SINGLE OR ASSOCIATED PROVIDERS
6 ALLOWED.—An employment network shall con-
7 sist of either a single provider of such services
8 or of an association of such providers organized
9 so as to combine their resources into a single
10 entity. An employment network may meet the
11 requirements of subsection (e)(4) by providing
12 services directly, or by entering into agreements
13 with other individuals or entities providing ap-
14 propriate employment services, vocational reha-
15 bilitation services, or other support services.

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

20 “(A) serve prescribed service areas; and

21 “(B) take such measures as are necessary
22 to ensure that employment services, vocational
23 rehabilitation services, and other support serv-
24 ices provided under the Program by, or under
25 agreements entered into with, the employment

1 network are provided under appropriate indi-
2 vidual work plans meeting the requirements of
3 subsection (g).

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

7 “(4) PERIODIC OUTCOMES REPORTING.—Each
8 employment network shall prepare periodic reports,
9 on at least an annual basis, itemizing for the covered
10 period specific outcomes achieved with respect to
11 specific services provided by the employment net-
12 work. Such reports shall conform to a national
13 model prescribed under this section. Each employ-
14 ment network shall provide a copy of the latest re-
15 port issued by the employment network pursuant to
16 this paragraph to each beneficiary upon enrollment
17 under the Program for services to be received
18 through such employment network. Upon issuance of
19 each report to each beneficiary, a copy of the report
20 shall be maintained in the files of the employment
21 network. The program manager shall ensure that
22 copies of all such reports issued under this para-
23 graph are made available to the public under reason-
24 able terms.

25 “(g) INDIVIDUAL WORK PLANS.—

1 “(1) REQUIREMENTS.—Each employment net-
2 work shall—

3 “(A) take such measures as are necessary
4 to ensure that employment services, vocational
5 rehabilitation services, and other support serv-
6 ices provided under the Program by, or under
7 agreements entered into with, the employment
8 network are provided under appropriate indi-
9 vidual work plans that meet the requirements of
10 subparagraph (C);

11 “(B) develop and implement each such in-
12 dividual work plan in partnership with each
13 beneficiary receiving such services in a manner
14 that affords the beneficiary the opportunity to
15 exercise informed choice in selecting an employ-
16 ment goal and specific services needed to
17 achieve that employment goal;

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

20 “(i) a statement of the vocational goal
21 developed with the beneficiary;

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

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

4 “(iv) a statement of understanding re-
5 garding the beneficiary’s rights under the
6 Program (such as the right to retrieve the
7 ticket to work and self-sufficiency if the
8 beneficiary is dissatisfied with the services
9 being provided by the employment net-
10 work) and remedies available to the indi-
11 vidual, including information on the avail-
12 ability of advocacy services and assistance
13 in resolving disputes through the State
14 grant program authorized under section
15 1150;

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

20 “(E) make each beneficiary’s individual
21 work plan available to the beneficiary in, as ap-
22 propriate, an accessible format chosen by the
23 beneficiary.

24 “(2) EFFECTIVE UPON WRITTEN APPROVAL.—

25 A beneficiary’s individual work plan shall take effect

1 upon written approval by the beneficiary or a rep-
2 resentative of the beneficiary and a representative of
3 the employment network that, in providing such
4 written approval, acknowledges assignment of the
5 beneficiary's ticket to work and self-sufficiency.

6 “(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

7 “(1) ELECTION OF PAYMENT SYSTEM BY EM-
8 PLOYMENT NETWORKS.—

9 “(A) IN GENERAL.—The Program shall
10 provide for payment authorized by the Commis-
11 sioner to employment networks under either an
12 outcome payment system or an outcome-mile-
13 stone payment system. Each employment net-
14 work shall elect which payment system will be
15 utilized by the employment network, and, for
16 such period of time as such election remains in
17 effect, the payment system so elected shall be
18 utilized exclusively in connection with such em-
19 ployment network (except as provided in sub-
20 paragraph (B)).

21 “(B) NO CHANGE IN METHOD OF PAY-
22 MENT FOR BENEFICIARIES WITH TICKETS AL-
23 READY ASSIGNED TO THE EMPLOYMENT NET-
24 WORKS.—Any election of a payment system by
25 an employment network that would result in a

1 change in the method of payment to the em-
2 ployment network for services provided to a
3 beneficiary who is receiving services from the
4 employment network at the time of the election
5 shall not be effective with respect to payment
6 for services provided to that beneficiary and the
7 method of payment previously selected shall
8 continue to apply with respect to such services.

9 “(2) OUTCOME PAYMENT SYSTEM.—

10 “(A) IN GENERAL.—The outcome payment
11 system shall consist of a payment structure gov-
12 erning employment networks electing such sys-
13 tem under paragraph (1)(A) which meets the
14 requirements of this paragraph.

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

24 “(C) COMPUTATION OF PAYMENTS TO EM-
25 PLOYMENT NETWORK.—The payment schedule

1 of the outcome payment system shall be de-
2 signed so that—

3 “(i) the payment for each of the 60
4 months during the outcome payment pe-
5 riod for which benefits (described in para-
6 graphs (3) and (4) of subsection (k)) are
7 not payable is equal to a fixed percentage
8 of the payment calculation base for the cal-
9 endar year in which such month occurs;
10 and

11 “(ii) such fixed percentage is set at a
12 percentage which does not exceed 40 per-
13 cent.

14 “(3) OUTCOME-MILESTONE PAYMENT SYS-
15 TEM.—

16 “(A) IN GENERAL.—The outcome-mile-
17 stone payment system shall consist of a pay-
18 ment structure governing employment networks
19 electing such system under paragraph (1)(A)
20 which meets the requirements of this para-
21 graph.

22 “(B) EARLY PAYMENTS UPON ATTAIN-
23 MENT OF MILESTONES IN ADVANCE OF OUT-
24 COME PAYMENT PERIODS.—The outcome-mile-
25 stone payment system shall provide for 1 or

1 more milestones with respect to beneficiaries re-
2 ceiving services from an employment network
3 under the Program that are directed toward the
4 goal of permanent employment. Such milestones
5 shall form a part of a payment structure that
6 provides, in addition to payments made during
7 outcome payment periods, payments made prior
8 to outcome payment periods in amounts based
9 on the attainment of such milestones.

10 “(C) LIMITATION ON TOTAL PAYMENTS TO
11 EMPLOYMENT NETWORK.—The payment sched-
12 ule of the outcome-milestone payment system
13 shall be designed so that the total of the pay-
14 ments to the employment network with respect
15 to each beneficiary is less than, on a net
16 present value basis (using an interest rate de-
17 termined by the Commissioner that appro-
18 priately reflects the cost of funds faced by pro-
19 viders), the total amount to which payments to
20 the employment network with respect to the
21 beneficiary would be limited if the employment
22 network were paid under the outcome payment
23 system.

24 “(4) DEFINITIONS.—In this subsection:

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

4 “(i) in connection with a title II dis-
5 ability beneficiary, the average disability
6 insurance benefit payable under section
7 223 for all beneficiaries for months during
8 the preceding calendar year; and

9 “(ii) in connection with a title XVI
10 disability beneficiary (who is not concur-
11 rently a title II disability beneficiary), the
12 average payment of supplemental security
13 income benefits based on disability payable
14 under title XVI (excluding State sup-
15 plementation) for months during the pre-
16 ceding calendar year to all beneficiaries
17 who have attained age 18 but have not at-
18 tained age 65.

19 “(B) OUTCOME PAYMENT PERIOD.—The
20 term ‘outcome payment period’ means, in con-
21 nection with any individual who had assigned a
22 ticket to work and self-sufficiency to an employ-
23 ment network under the Program, a period—

24 “(i) beginning with the first month,
25 ending after the date on which such ticket

1 was assigned to the employment network,
2 for which benefits (described in paragraphs
3 (3) and (4) of subsection (k)) are not pay-
4 able to such individual by reason of en-
5 gagement in substantial gainful activity or
6 by reason of earnings from work activity;
7 and

8 “(ii) ending with the 60th month
9 (consecutive or otherwise), ending after
10 such date, for which such benefits are not
11 payable to such individual by reason of en-
12 gagement in substantial gainful activity or
13 by reason of earnings from work activity.

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

16 “(A) PERCENTAGES AND PERIODS.—The
17 Commissioner shall periodically review the per-
18 centage specified in paragraph (2)(C), the total
19 payments permissible under paragraph (3)(C),
20 and the period of time specified in paragraph
21 (4)(B) to determine whether such percentages,
22 such permissible payments, and such period
23 provide an adequate incentive for employment
24 networks to assist beneficiaries to enter the
25 workforce, while providing for appropriate

1 economies. The Commissioner may alter such
2 percentage, such total permissible payments, or
3 such period of time to the extent that the Com-
4 missioner determines, on the basis of the Com-
5 missioner's review under this paragraph, that
6 such an alteration would better provide the in-
7 centive and economies described in the pre-
8 ceding sentence.

9 “(B) NUMBER AND AMOUNTS OF MILE-
10 STONE PAYMENTS.—The Commissioner shall
11 periodically review the number and amounts of
12 milestone payments established by the Commis-
13 sioner pursuant to this section to determine
14 whether they provide an adequate incentive for
15 employment networks to assist beneficiaries to
16 enter the workforce, taking into account infor-
17 mation provided to the Commissioner by pro-
18 gram managers, the Work Incentives Advisory
19 Panel established under section 201(f) of the
20 Work Incentives Improvement Act of 1999, and
21 other reliable sources. The Commissioner may
22 from time to time alter the number and
23 amounts of milestone payments initially estab-
24 lished by the Commissioner pursuant to this
25 section to the extent that the Commissioner de-

1 termines that such an alteration would allow an
2 adequate incentive for employment networks to
3 assist beneficiaries to enter the workforce. Such
4 alteration shall be based on information pro-
5 vided to the Commissioner by program man-
6 agers, the Work Incentives Advisory Panel es-
7 tablished under section 201(f) of the Work In-
8 centives Improvement Act of 1999, or other re-
9 liable sources.

10 “(i) SUSPENSION OF DISABILITY REVIEWS.—During
11 any period for which an individual is using, as defined by
12 the Commissioner, a ticket to work and self-sufficiency
13 issued under this section, the Commissioner (and any ap-
14 plicable State agency) may not initiate a continuing dis-
15 ability review or other review under section 221 of whether
16 the individual is or is not under a disability or a review
17 under title XVI similar to any such review under section
18 221.

19 “(j) ALLOCATION OF COSTS.—

20 “(1) PAYMENTS TO EMPLOYMENT NET-
21 WORKS.—Payments to employment networks (in-
22 cluding State agencies that elect to participate in the
23 Program as an employment network) shall be made
24 from the Federal Old-Age and Survivors Insurance
25 Trust Fund or the Federal Disability Insurance

1 Trust Fund, as appropriate, in the case of ticketed
2 title II disability beneficiaries who return to work, or
3 from the appropriation made available for making
4 supplemental security income payments under title
5 XVI, in the case of title XVI disability beneficiaries
6 who return to work. With respect to ticketed bene-
7 ficiaries who concurrently are entitled to benefits
8 under title II and eligible for payments under title
9 XVI who return to work, the Commissioner shall al-
10 locate the cost of payments to employment networks
11 to which the tickets of such beneficiaries have been
12 assigned among such Trust Funds and appropria-
13 tion, as appropriate.

14 “(2) ADMINISTRATIVE EXPENSES.—The costs
15 of administering this section (other than payments
16 to employment networks) shall be paid from
17 amounts made available for the administration of
18 title II and amounts made available for the adminis-
19 tration of title XVI, and shall be allocated among
20 those amounts as appropriate.

21 “(k) DEFINITIONS.—In this section:

22 “(1) COMMISSIONER.—The term ‘Commis-
23 sioner’ means the Commissioner of Social Security.

1 “(2) DISABLED BENEFICIARY.—The term ‘dis-
2 abled beneficiary’ means a title II disability bene-
3 ficiary or a title XVI disability beneficiary.

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

12 “(4) TITLE XVI DISABILITY BENEFICIARY.—
13 The term ‘title XVI disability beneficiary’ means an
14 individual eligible for supplemental security income
15 benefits under title XVI on the basis of blindness
16 (within the meaning of section 1614(a)(2)) or dis-
17 ability (within the meaning of section 1614(a)(3)).
18 An individual is a title XVI disability beneficiary for
19 each month for which such individual is eligible for
20 such benefits.

21 “(5) SUPPLEMENTAL SECURITY INCOME BEN-
22 EFIT UNDER TITLE XVI.—The term ‘supplemental
23 security income benefit under title XVI’ means a
24 cash benefit under section 1611 or 1619(a), and

1 does not include a State supplementary payment,
2 administered federally or otherwise.

3 “(l) REGULATIONS.—Not later than 1 year after the
4 date of enactment of this section, the Commissioner shall
5 prescribe such regulations as are necessary to carry out
6 the provisions of this section.

7 “(m) REAUTHORIZATION OF PROGRAM.—

8 “(1) IN GENERAL.—The Program established
9 under this section shall terminate on the date that
10 is 5 years after the date that the Commissioner com-
11 mences implementation of the Program.

12 “(2) ASSURANCE OF OUTCOME PAYMENT PE-
13 RIOD.—Notwithstanding paragraph (1)—

14 “(A) any individual who has initiated a
15 work plan in accordance with subsection (g)
16 may use services provided under the Program
17 in accordance with this section; and

18 “(B) any employment network that pro-
19 vides services to such an individual shall receive
20 payments for such services,

21 during the individual’s outcome payment period (as
22 defined in paragraph (4)(B) of subsection (h), in-
23 cluding any alteration of such period in accordance
24 with paragraph (5) of that subsection).”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) AMENDMENTS TO TITLE II.—

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

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

8 (B) Section 222(a) of the Social Security
9 Act (42 U.S.C. 422(a)) is repealed.

10 (C) Section 222(b) of the Social Security
11 Act (42 U.S.C. 422(b)) is repealed.

12 (D) Section 225(b)(1) of the Social Secu-
13 rity Act (42 U.S.C. 425(b)(1)) is amended by
14 striking “a program of vocational rehabilitation
15 services” and inserting “a program consisting
16 of the Ticket to Work and Self-Sufficiency Pro-
17 gram under section 1148 or another program of
18 vocational rehabilitation services, employment
19 services, or other support services”.

20 (2) AMENDMENTS TO TITLE XVI.—

21 (A) Section 1615(a) of the Social Security
22 Act (42 U.S.C. 1382d(a)) is amended to read
23 as follows:

24 “SEC. 1615. (a) In the case of any blind or disabled
25 individual who—

1 “(1) has not attained age 16, and
2 “(2) with respect to whom benefits are paid
3 under this title,
4 the Commissioner of Social Security shall make provision
5 for referral of such individual to the appropriate State
6 agency administering the State program under title V.”.

7 (B) Section 1615(c) of the Social Security
8 Act (42 U.S.C. 1382d(c)) is repealed.

9 (C) Section 1631(a)(6)(A) of the Social
10 Security Act (42 U.S.C. 1383(a)(6)(A)) is
11 amended by striking “a program of vocational
12 rehabilitation services” and inserting “a pro-
13 gram consisting of the Ticket to Work and Self-
14 Sufficiency Program under section 1148 or an-
15 other program of vocational rehabilitation serv-
16 ices, employment services, or other support
17 services”.

18 (D) Section 1633(c) of the Social Security
19 Act (42 U.S.C. 1383b(c)) is amended—

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

21 (ii) by adding at the end the fol-
22 lowing:

23 “(2) For suspension of continuing disability reviews
24 and other reviews under this title similar to reviews under

1 section 221 in the case of an individual using a ticket to
2 work and self-sufficiency, see section 1148(i).”.

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

7 (d) GRADUATED IMPLEMENTATION OF PROGRAM.—

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

24 (2) REQUIREMENTS.—Implementation of the
25 Program at each phase-in site shall be carried out

1 on a wide enough scale to permit a thorough evalua-
2 tion of the alternative methods under consideration,
3 so as to ensure that the most efficacious methods
4 are determined and in place for full implementation
5 of the Program on a timely basis.

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

12 (4) ONGOING EVALUATION OF PROGRAM.—

13 (A) IN GENERAL.—The Commissioner
14 shall design and conduct a series of evaluations
15 to assess the cost-effectiveness of activities car-
16 ried out under this section and the amendments
17 made thereby, as well as the effects of this sec-
18 tion and the amendments made thereby on
19 work outcomes for beneficiaries receiving tickets
20 to work and self-sufficiency under the Program.

21 (B) CONSULTATION.—The Commissioner
22 shall design and carry out the series of evalua-
23 tions after receiving relevant advice from ex-
24 perts in the fields of disability, vocational reha-
25 bilitation, and program evaluation and individ-

1 uals using tickets to work and self-sufficiency
2 under the Program and consulting with the
3 Work Incentives Advisory Panel established
4 under section 201(f), the Comptroller General
5 of the United States, other agencies of the Fed-
6 eral Government, and private organizations
7 with appropriate expertise.

8 (C) METHODOLOGY.—

9 (i) IMPLEMENTATION.—The Commis-
10 sioner, in consultation with the Work In-
11 centives Advisory Panel established under
12 section 201(f), shall ensure that plans for
13 evaluations and data collection methods
14 under the Program are appropriately de-
15 signed to obtain detailed employment infor-
16 mation.

17 (ii) SPECIFIC MATTERS TO BE AD-
18 DRESSED.—Each such evaluation shall ad-
19 dress (but is not limited to)—

20 (I) the annual cost (including net
21 cost) of the Program and the annual
22 cost (including net cost) that would
23 have been incurred in the absence of
24 the Program;

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

5 (III) the types of employment
6 services, vocational rehabilitation serv-
7 ices, and other support services fur-
8 nished to beneficiaries in receipt of
9 tickets under the Program who return
10 to work and to those who do not re-
11 turn to work;

12 (IV) the duration of employment
13 services, vocational rehabilitation serv-
14 ices, and other support services fur-
15 nished to beneficiaries in receipt of
16 tickets under the Program who return
17 to work and the duration of such serv-
18 ices furnished to those who do not re-
19 turn to work and the cost to employ-
20 ment networks of furnishing such
21 services;

22 (V) the employment outcomes,
23 including wages, occupations, benefits,
24 and hours worked, of beneficiaries
25 who return to work after receiving

1 tickets under the Program and those
2 who return to work without receiving
3 such tickets;

4 (VI) the characteristics of pro-
5 viders whose services are provided
6 within an employment network under
7 the Program;

8 (VII) the extent (if any) to which
9 employment networks display a great-
10 er willingness to provide services to
11 beneficiaries with a range of disabil-
12 ities;

13 (VIII) the characteristics (includ-
14 ing employment outcomes) of those
15 beneficiaries who receive services
16 under the outcome payment system
17 and of those beneficiaries who receive
18 services under the outcome-milestone
19 payment system;

20 (IX) measures of satisfaction
21 among beneficiaries in receipt of tick-
22 ets under the Program; and

23 (X) reasons for (including com-
24 ments solicited from beneficiaries re-
25 garding) their choice not to use their

1 tickets or their inability to return to
2 work despite the use of their tickets.

3 (D) PERIODIC EVALUATION REPORTS.—

4 Following the close of the third and fifth fiscal
5 years ending after the effective date under sub-
6 section (c), and prior to the close of the seventh
7 fiscal year ending after such date, the Commis-
8 sioner shall transmit to the Committee on Ways
9 and Means of the House of Representatives and
10 the Committee on Finance of the Senate a re-
11 port containing the Commissioner's evaluation
12 of the progress of activities conducted under the
13 provisions of this section and the amendments
14 made thereby. Each such report shall set forth
15 the Commissioner's evaluation of the extent to
16 which the Program has been successful and the
17 Commissioner's conclusions on whether or how
18 the Program should be modified. Each such re-
19 port shall include such data, findings, materials,
20 and recommendations as the Commissioner may
21 consider appropriate.

22 (5) EXTENT OF STATE'S RIGHT OF FIRST RE-
23 FUSAL IN ADVANCE OF FULL IMPLEMENTATION OF
24 AMENDMENTS IN SUCH STATE.—

1 (A) IN GENERAL.—In the case of any
2 State in which the amendments made by sub-
3 section (a) have not been fully implemented
4 pursuant to this subsection, the Commissioner
5 shall determine by regulation the extent to
6 which—

7 (i) the requirement under section
8 222(a) of the Social Security Act for
9 prompt referrals to a State agency, and

10 (ii) the authority of the Commissioner
11 under section 222(d)(2) of the Social Secu-
12 rity Act to provide vocational rehabilitation
13 services in such State by agreement or
14 contract with other public or private agen-
15 cies, organizations, institutions, or individ-
16 uals,

17 shall apply in such State.

18 (B) EXISTING AGREEMENTS.—Nothing in
19 subparagraph (A) or the amendments made by
20 subsection (a) shall be construed to limit, im-
21 pede, or otherwise affect any agreement entered
22 into pursuant to section 222(d)(2) of the Social
23 Security Act before the date of enactment of
24 this Act with respect to services provided pursu-
25 ant to such agreement to beneficiaries receiving

1 services under such agreement as of such date,
2 except with respect to services (if any) to be
3 provided after 3 years after the effective date
4 provided in subsection (c).

5 (e) SPECIFIC REGULATIONS REQUIRED.—

6 (1) IN GENERAL.—The Commissioner of Social
7 Security shall prescribe such regulations as are nec-
8 essary to implement the amendments made by this
9 section.

10 (2) SPECIFIC MATTERS TO BE INCLUDED IN
11 REGULATIONS.—The matters which shall be ad-
12 dressed in such regulations shall include—

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

17 (B) the format and wording of such tick-
18 ets, which shall incorporate by reference any
19 contractual terms governing service by employ-
20 ment networks under the Program;

21 (C) the form and manner in which State
22 agencies may elect participation in the Ticket to
23 Work and Self-Sufficiency Program (and revoke
24 such an election) pursuant to section
25 1148(e)(1) of the Social Security Act and provi-

1 sion for periodic opportunities for exercising
2 such elections (and revocations);

3 (D) the status of State agencies under sec-
4 tion 1148(c)(1) at the time that State agencies
5 exercise elections (and revocations) under that
6 section;

7 (E) the terms of agreements to be entered
8 into with program managers pursuant to sec-
9 tion 1148(d) of the Social Security Act,
10 including—

11 (i) the terms by which program man-
12 agers are precluded from direct participa-
13 tion in the delivery of services pursuant to
14 section 1148(d)(3) of the Social Security
15 Act;

16 (ii) standards which must be met by
17 quality assurance measures referred to in
18 paragraph (6) of section 1148(d) and
19 methods of recruitment of employment net-
20 works utilized pursuant to paragraph (2)
21 of section 1148(e); and

22 (iii) the format under which dispute
23 resolution will operate under section
24 1148(d)(7);

1 (F) the terms of agreements to be entered
2 into with employment networks pursuant to sec-
3 tion 1148(d)(4) of the Social Security Act,
4 including—

5 (i) the manner in which service areas
6 are specified pursuant to section
7 1148(f)(2)(A) of the Social Security Act;

8 (ii) the general selection criteria and
9 the specific selection criteria which are ap-
10 plicable to employment networks under
11 section 1148(f)(1)(C) of the Social Secu-
12 rity Act in selecting service providers;

13 (iii) specific requirements relating to
14 annual financial reporting by employment
15 networks pursuant to section 1148(f)(3) of
16 the Social Security Act; and

17 (iv) the national model to which peri-
18 odic outcomes reporting by employment
19 networks must conform under section
20 1148(f)(4) of the Social Security Act;

21 (G) standards which must be met by indi-
22 vidual work plans pursuant to section 1148(g)
23 of the Social Security Act;

1 (H) standards which must be met by pay-
2 ment systems required under section 1148(h) of
3 the Social Security Act, including—

4 (i) the form and manner in which
5 elections by employment networks of pay-
6 ment systems are to be exercised pursuant
7 to section 1148(h)(1)(A);

8 (ii) the terms which must be met by
9 an outcome payment system under section
10 1148(h)(2);

11 (iii) the terms which must be met by
12 an outcome-milestone payment system
13 under section 1148(h)(3);

14 (iv) any revision of the percentage
15 specified in paragraph (2)(C) of section
16 1148(h) of the Social Security Act or the
17 period of time specified in paragraph
18 (4)(B) of such section 1148(h); and

19 (v) annual oversight procedures for
20 such systems; and

21 (I) procedures for effective oversight of the
22 Program by the Commissioner of Social Secu-
23 rity, including periodic reviews and reporting
24 requirements.

25 (f) WORK INCENTIVES ADVISORY PANEL.—

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

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

7 (A) advise the Secretary of Health and
8 Human Services, the Secretary of Labor, the
9 Secretary of Education, and the Commissioner
10 of Social Security on issues related to work in-
11 centives programs, planning, and assistance for
12 individuals with disabilities, including work in-
13 centive provisions under titles II, XI, XVI,
14 XVIII, and XIX of the Social Security Act (42
15 U.S.C. 401 et seq., 1301 et seq., 1381 et seq.,
16 1395 et seq., 1396 et seq.); and

17 (B) with respect to the Ticket to Work and
18 Self-Sufficiency Program established under sec-
19 tion 1148 of the Social Security Act—

20 (i) advise the Commissioner of Social
21 Security with respect to establishing phase-
22 in sites for such Program and fully imple-
23 menting the Program thereafter, the re-
24 finement of access of disabled beneficiaries
25 to employment networks, payment systems,

1 and management information systems, and
2 advise the Commissioner whether such
3 measures are being taken to the extent
4 necessary to ensure the success of the Pro-
5 gram;

6 (ii) advise the Commissioner regard-
7 ing the most effective designs for research
8 and demonstration projects associated with
9 the Program or conducted pursuant to sec-
10 tion 302;

11 (iii) advise the Commissioner on the
12 development of performance measurements
13 relating to quality assurance under section
14 1148(d)(6) of the Social Security Act; and

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

18 (3) MEMBERSHIP.—

19 (A) NUMBER AND APPOINTMENT.—The
20 Panel shall be composed of 12 members ap-
21 pointed by the Commissioner of Social Security
22 in consultation with the Speaker of the House
23 of Representatives, the Minority Leader of the
24 House of Representatives, the Majority Leader

1 of the Senate, and the Minority Leader of the
2 Senate.

3 (B) REPRESENTATION.—All members ap-
4 pointed to the Panel shall have experience or
5 expert knowledge in the fields of, or related to,
6 work incentive programs, employment services,
7 vocational rehabilitation services, health care
8 services, and other support services for individ-
9 uals with disabilities. At least 7 members of the
10 Panel shall be individuals with disabilities or
11 representatives of individuals with disabilities,
12 except that, of those 7 members, at least 5
13 members shall be current or former title II dis-
14 ability beneficiaries or title XVI disability bene-
15 ficiaries (as such terms are defined in section
16 1148(k) of the Social Security Act (as added by
17 subsection (a)).

18 (C) TERMS.—

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

1 (ii) TERMS OF INITIAL AP-
2 POINTEES.—As designated by the Commis-
3 sioner at the time of appointment, of the
4 members first appointed—

5 (I) 6 of the members appointed
6 under subparagraph (A) shall be ap-
7 pointed for a term of 2 years; and

8 (II) 6 of the members appointed
9 under subparagraph (A) shall be ap-
10 pointed for a term of 4 years.

11 (iii) VACANCIES.—Any member ap-
12 pointed to fill a vacancy occurring before
13 the expiration of the term for which the
14 member's predecessor was appointed shall
15 be appointed only for the remainder of that
16 term. A member may serve after the expi-
17 ration of that member's term until a suc-
18 cessor has taken office. A vacancy in the
19 Panel shall be filled in the manner in
20 which the original appointment was made.

21 (D) BASIC PAY.—Members shall each be
22 paid at a rate, and in a manner, that is con-
23 sistent with guidelines established under section
24 7 of the Federal Advisory Committee Act (5
25 U.S.C. App.).

1 (E) TRAVEL EXPENSES.—Each member
2 shall receive travel expenses, including per diem
3 in lieu of subsistence, in accordance with sec-
4 tions 5702 and 5703 of title 5, United States
5 Code.

6 (F) QUORUM.—Eight members of the
7 Panel shall constitute a quorum but a lesser
8 number may hold hearings.

9 (G) CHAIRPERSON.—The Chairperson of
10 the Panel shall be designated by the Commis-
11 sioner. The term of office of the Chairperson
12 shall be 4 years.

13 (H) MEETINGS.—The Panel shall meet at
14 least quarterly and at other times at the call of
15 the Chairperson or a majority of its members.

16 (4) DIRECTOR AND STAFF OF PANEL; EXPERTS
17 AND CONSULTANTS.—

18 (A) DIRECTOR.—The Panel shall have a
19 Director who shall be appointed by the Commis-
20 sioner and paid at a rate, and in a manner,
21 that is consistent with guidelines established
22 under section 7 of the Federal Advisory Com-
23 mittee Act (5 U.S.C. App.).

24 (B) STAFF.—Subject to rules prescribed
25 by the Commissioner, the Director may appoint

1 and fix the pay of additional personnel as the
2 Director considers appropriate.

3 (C) EXPERTS AND CONSULTANTS.—Sub-
4 ject to rules prescribed by the Commissioner,
5 the Director may procure temporary and inter-
6 mittent services under section 3109(b) of title
7 5, United States Code.

8 (D) STAFF OF FEDERAL AGENCIES.—
9 Upon request of the Panel, the head of any
10 Federal department or agency may detail, on a
11 reimbursable basis, any of the personnel of that
12 department or agency to the Panel to assist it
13 in carrying out its duties under this subsection.

14 (5) POWERS OF PANEL.—

15 (A) HEARINGS AND SESSIONS.—The Panel
16 may, for the purpose of carrying out its duties
17 under this subsection, hold such hearings, sit
18 and act at such times and places, and take such
19 testimony and evidence as the Panel considers
20 appropriate.

21 (B) POWERS OF MEMBERS AND AGENTS.—
22 Any member or agent of the Panel may, if au-
23 thorized by the Panel, take any action which
24 the Panel is authorized to take by this sub-
25 section.

1 (C) MAILS.—The Panel may use the
2 United States mails in the same manner and
3 under the same conditions as other departments
4 and agencies of the United States.

5 (6) REPORTS.—

6 (A) INTERIM REPORTS.—The Panel shall
7 submit to the President and Congress interim
8 reports at least annually.

9 (B) FINAL REPORT.—The Panel shall
10 transmit a final report to the President and
11 Congress not later than 8 years after the date
12 of enactment of this Act. The final report shall
13 contain a detailed statement of the findings and
14 conclusions of the Panel, together with its rec-
15 ommendations for legislation and administrative
16 actions which the Panel considers appropriate.

17 (7) TERMINATION.—The Panel shall terminate
18 30 days after the date of the submission of its final
19 report under paragraph (6)(B).

20 (8) ALLOCATION OF COSTS.—The costs of car-
21 rying out this subsection shall be paid from amounts
22 made available for the administration of title II of
23 the Social Security Act (42 U.S.C. 401 et seq.) and
24 amounts made available for the administration of
25 title XVI of that Act (42 U.S.C. 1381 et seq.), and

1 shall be allocated among those amounts as appro-
2 priate.

3 **Subtitle B—Elimination of Work**
4 **Disincentives**

5 **SEC. 211. WORK ACTIVITY STANDARD AS A BASIS FOR RE-**
6 **VIEW OF AN INDIVIDUAL'S DISABLED STATUS.**

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

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

14 “(A) no continuing disability review conducted
15 by the Commissioner may be scheduled for the indi-
16 vidual solely as a result of the individual’s work ac-
17 tivity;

18 “(B) no work activity engaged in by the indi-
19 vidual may be used as evidence that the individual
20 is no longer disabled; and

21 “(C) no cessation of work activity by the indi-
22 vidual may give rise to a presumption that the indi-
23 vidual is unable to engage in work.

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

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

3 “(B) termination of benefits under this title in
4 the event that the individual has earnings that ex-
5 ceed the level of earnings established by the Com-
6 missioner to represent substantial gainful activity.”.

7 **SEC. 212. EXPEDITED REINSTATEMENT OF DISABILITY**
8 **BENEFITS.**

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

11 (1) by redesignating subsection (i) as subsection
12 (j); and

13 (2) by inserting after subsection (h) the fol-
14 lowing:

15 “Reinstatement of Entitlement

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

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

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

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

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

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

15 “(iii) the individual’s disability renders the indi-
16 vidual unable to perform substantial gainful activity.

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

24 “(ii) In the case of an individual who fails to file a
25 reinstatement request within the period prescribed in

1 clause (i), the Commissioner may extend the period if the
2 Commissioner determines that the individual had good
3 cause for the failure to so file.

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

7 “(ii) A request for reinstatement shall include express
8 declarations by the individual that the individual meets the
9 requirements specified in clauses (ii) and (iii) of para-
10 graph (1)(B).

11 “(B) A request for reinstatement filed in accordance
12 with subparagraph (A) may constitute an application for
13 benefits in the case of any individual who the Commis-
14 sioner determines is not entitled to reinstated benefits
15 under this subsection.

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

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

23 “(ii) An individual whose entitlement to a benefit for
24 any month would have been reinstated under this sub-
25 section had the individual filed a request for reinstatement

1 before the end of such month shall be entitled to such ben-
2 efit for such month if such request for reinstatement is
3 filed before the end of the twelfth month immediately suc-
4 ceeding such month.

5 “(B)(i) Subject to clauses (ii) and (iii), the amount
6 of the benefit payable for any month pursuant to the rein-
7 statement of entitlement under this subsection shall be de-
8 termined in accordance with the provisions of this title.

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

16 “(iii) Benefits under this section or section 202 pay-
17 able for any month pursuant to a request for reinstate-
18 ment filed in accordance with paragraph (2) shall be re-
19 duced by the amount of any provisional benefit paid to
20 such individual for such month under paragraph (7).

21 “(C) No benefit shall be payable pursuant to an enti-
22 tlement reinstated under this subsection to an individual
23 for any month in which the individual engages in substan-
24 tial gainful activity.

1 “(D) The entitlement of any individual that is rein-
2 stated under this subsection shall end with the benefits
3 payable for the month preceding whichever of the following
4 months is the earliest:

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

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

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

10 “(5) Whenever an individual’s entitlement to benefits
11 under this section is reinstated under this subsection, enti-
12 tlement to benefits payable on the basis of such individ-
13 ual’s wages and self-employment income may be reinstated
14 with respect to any person previously entitled to such ben-
15 efits on the basis of an application if the Commissioner
16 determines that such person satisfies all the requirements
17 for entitlement to such benefits, except requirements re-
18 lated to the filing of an application. The provisions of
19 paragraph (4) shall apply to the reinstated entitlement of
20 any such person to the same extent that they apply to
21 the reinstated entitlement of such individual.

22 “(6) An individual to whom benefits are payable
23 under this section or section 202 pursuant to a reinstate-
24 ment of entitlement under this subsection for 24 months
25 (whether or not consecutive) shall, with respect to benefits

1 so payable after such twenty-fourth month, be deemed for
2 purposes of paragraph (1)(B)(i)(I) and the determination,
3 if appropriate, of the termination month in accordance
4 with subsection (a)(1) of this section, or subsection (d)(1),
5 (e)(1), or (f)(1) of section 202, to be entitled to such bene-
6 fits on the basis of an application filed therefore.

7 “(7)(A) An individual described in paragraph (1)(B)
8 who files a request for reinstatement in accordance with
9 the provisions of paragraph (2)(A) shall be entitled to pro-
10 visional benefits payable in accordance with this para-
11 graph, unless the Commissioner determines that the indi-
12 vidual does not meet the requirements of paragraph
13 (1)(B)(i) or that the individual’s declaration under para-
14 graph (2)(A)(ii) is false. Any such determination by the
15 Commissioner shall be final and not subject to review
16 under subsection (b) or (g) of section 205.

17 “(B) The amount of a provisional benefit for a month
18 shall equal the amount of the last monthly benefit payable
19 to the individual under this title on the basis of an applica-
20 tion increased by an amount equal to the amount, if any,
21 by which such last monthly benefit would have been in-
22 creased as a result of the operation of section 215(i).

23 “(C)(i) Provisional benefits shall begin with the
24 month in which a request for reinstatement is filed in ac-
25 cordance with paragraph (2)(A).

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

3 “(I) the month in which the Commissioner
4 makes a determination regarding the individual’s en-
5 titlement to reinstated benefits;

6 “(II) the fifth month following the month de-
7 scribed in clause (i);

8 “(III) the month in which the individual per-
9 forms substantial gainful activity; or

10 “(IV) the month in which the Commissioner de-
11 termines that the individual does not meet the re-
12 quirements of paragraph (1)(B)(i) or that the indi-
13 vidual’s declaration made in accordance with para-
14 graph (2)(A)(ii) is false.

15 “(D) In any case in which the Commissioner deter-
16 mines that an individual is not entitled to reinstated bene-
17 fits, any provisional benefits paid to the individual under
18 this paragraph shall not be subject to recovery as an over-
19 payment unless the Commissioner determines that the in-
20 dividual knew or should have known that the individual
21 did not meet the requirements of paragraph (1)(B).”.

22 (b) SSI BENEFITS.—

23 (1) IN GENERAL.—Section 1631 of the Social
24 Security Act (42 U.S.C. 1383) is amended by add-
25 ing at the end the following:

1 “Reinstatement of Eligibility on the Basis of Blindness
2 or Disability .

3 “(p)(1)(A) Eligibility for benefits under this title
4 shall be reinstated in any case where the Commissioner
5 determines that an individual described in subparagraph
6 (B) has filed a request for reinstatement meeting the re-
7 quirements of paragraph (2)(A) during the period pre-
8 scribed in subparagraph (C). Reinstatement of eligibility
9 shall be in accordance with the terms of this subsection.

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

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

14 “(I) the individual was eligible for benefits
15 under this title on the basis of blindness or dis-
16 ability pursuant to an application filed there-
17 fore; and

18 “(II) the individual thereafter was ineli-
19 gible for such benefits due to earned income (or
20 earned and unearned income) for a period of 12
21 or more consecutive months;

22 “(ii) the individual is blind or disabled and the
23 physical or mental impairment that is the basis for
24 the finding of blindness or disability is the same as
25 (or related to) the physical or mental impairment

1 that was the basis for the finding of blindness or
2 disability that gave rise to the eligibility described in
3 clause (i);

4 “(iii) the individual’s blindness or disability ren-
5 ders the individual unable to perform substantial
6 gainful activity; and

7 “(iv) the individual satisfies the nonmedical re-
8 quirements for eligibility for benefits under this title.

9 “(C)(i) Except as provided in clause (ii), the period
10 prescribed in this subparagraph with respect to an indi-
11 vidual is 60 consecutive months beginning with the month
12 following the most recent month for which the individual
13 was eligible for a benefit under this title (including section
14 1619) prior to the period of ineligibility described in sub-
15 paragraph (B)(i)(II).

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

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

24 “(ii) A request for reinstatement shall include express
25 declarations by the individual that the individual meets the

1 requirements specified in clauses (ii) through (iv) of para-
2 graph (1)(B).

3 “(B) A request for reinstatement filed in accordance
4 with subparagraph (A) may constitute an application for
5 benefits in the case of any individual who the Commis-
6 sioner determines is not eligible for reinstated benefits
7 under this subsection.

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

11 “(4)(A) Eligibility for benefits reinstated under this
12 subsection shall commence with the benefit payable for the
13 month following the month in which a request for rein-
14 statement is filed.

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

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

24 “(C) Except as otherwise provided in this subsection,
25 eligibility for benefits under this title reinstated pursuant

1 to a request filed under paragraph (2) shall be subject
2 to the same terms and conditions as eligibility established
3 pursuant to an application filed therefore.

4 “(5) Whenever an individual’s eligibility for benefits
5 under this title is reinstated under this subsection, eligi-
6 bility for such benefits shall be reinstated with respect to
7 the individual’s spouse if such spouse was previously an
8 eligible spouse of the individual under this title and the
9 Commissioner determines that such spouse satisfies all the
10 requirements for eligibility for such benefits except re-
11 quirements related to the filing of an application. The pro-
12 visions of paragraph (4) shall apply to the reinstated eligi-
13 bility of the spouse to the same extent that they apply
14 to the reinstated eligibility of such individual.

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

22 “(7)(A) An individual described in paragraph (1)(B)
23 who files a request for reinstatement in accordance with
24 the provisions of paragraph (2)(A) shall be eligible for pro-
25 visional benefits payable in accordance with this para-

1 graph, unless the Commissioner determines that the indi-
2 vidual does not meet the requirements of paragraph
3 (1)(B)(i) or that the individual's declaration under para-
4 graph (2)(A)(ii) is false. Any such determination by the
5 Commissioner shall be final and not subject to review
6 under paragraph (1) or (3) of subsection (c).

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

12 “(ii) If the individual has a spouse who was pre-
13 viously an eligible spouse of the individual under this title
14 and the Commissioner determines that such spouse satis-
15 fies all the requirements of section 1614(b) except require-
16 ments related to the filing of an application, the amount
17 of a provisional benefit for a month shall equal the amount
18 of the month benefit that would be payable to an eligible
19 individual and eligible spouse under this title with the
20 same kind and amount of income.

21 “(C)(i) Provisional benefits shall begin with the
22 month following the month in which a request for rein-
23 statement is filed in accordance with paragraph (2)(A).

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

1 “(I) the month in which the Commissioner
2 makes a determination regarding the individual’s eli-
3 gibility for reinstated benefits;

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

7 “(III) the month in which the Commissioner de-
8 termines that the individual does not meet the re-
9 quirements of paragraph (1)(B)(i) or that the indi-
10 vidual’s declaration made in accordance with para-
11 graph (2)(A)(ii) is false.

12 “(D) In any case in which the Commissioner deter-
13 mines that an individual is not eligible for reinstated bene-
14 fits, any provisional benefits paid to the individual under
15 this paragraph shall not be subject to recovery as an over-
16 payment unless the Commissioner determines that the in-
17 dividual knew or should have known that the individual
18 did not meet the requirements of paragraph (1)(B).

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

24 (2) CONFORMING AMENDMENTS.—

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

7 (B) Section 1631(j)(2)(A)(i)(I) of such Act
8 (42 U.S.C. 1383(j)(2)(A)(i)(I)) is amended by
9 inserting “(other than pursuant to a request for
10 reinstatement under subsection (p))” after “eli-
11 gible”.

12 (c) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by
14 this section shall take effect on the first day of the
15 thirteenth month beginning after the date of enact-
16 ment of this Act.

17 (2) LIMITATION.—No benefit shall be payable
18 under title II or XVI of the Social Security Act on
19 the basis of a request for reinstatement filed under
20 section 223(i) or 1631(p) of such Act before the ef-
21 fective date described in paragraph (1).

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

3 **SEC. 221. WORK INCENTIVES OUTREACH PROGRAM.**

4 Part A of title XI of the Social Security Act (42
5 U.S.C. 1301 et seq.), as amended by section 201, is
6 amended by adding after section 1148 the following:

7 “WORK INCENTIVES OUTREACH PROGRAM

8 “SEC. 1149. (a) ESTABLISHMENT.—

9 “(1) IN GENERAL.—The Commissioner, in con-
10 sultation with the Work Incentives Advisory Panel
11 established under section 201(f) of the Work Incen-
12 tives Improvement Act of 1999, shall establish a
13 community-based work incentives planning and as-
14 sistance program for the purpose of disseminating
15 accurate information to disabled beneficiaries on
16 work incentives programs and issues related to such
17 programs.

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

22 “(A) establish a competitive program of
23 grants, cooperative agreements, or contracts to
24 provide benefits planning and assistance, in-
25 cluding information on the availability of pro-

1 tection and advocacy services, to disabled bene-
2 ficiaries, including individuals participating in
3 the Ticket to Work and Self-Sufficiency Pro-
4 gram established under section 1148, the pro-
5 gram established under section 1619, and other
6 programs that are designed to encourage dis-
7 abled beneficiaries to work;

8 “(B) conduct directly, or through grants,
9 cooperative agreements, or contracts, ongoing
10 outreach efforts to disabled beneficiaries (and
11 to the families of such beneficiaries) who are
12 potentially eligible to participate in Federal or
13 State work incentive programs that are de-
14 signed to assist disabled beneficiaries to work,
15 including—

16 “(i) preparing and disseminating in-
17 formation explaining such programs; and

18 “(ii) working in cooperation with
19 other Federal, State, and private agencies
20 and nonprofit organizations that serve dis-
21 abled beneficiaries, and with agencies and
22 organizations that focus on vocational re-
23 habilitation and work-related training and
24 counseling;

1 “(C) establish a corps of trained, acces-
2 sible, and responsive work incentives specialists
3 within the Social Security Administration who
4 will specialize in disability work incentives
5 under titles II and XVI for the purpose of dis-
6 seminating accurate information with respect to
7 inquiries and issues relating to work incentives
8 to—

9 “(i) disabled beneficiaries;

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

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

15 “(D) provide—

16 “(i) training for work incentives spe-
17 cialists and individuals providing planning
18 assistance described in subparagraph (C);
19 and

20 “(ii) technical assistance to organiza-
21 tions and entities that are designed to en-
22 courage disabled beneficiaries to return to
23 work.

24 “(3) COORDINATION WITH OTHER PRO-
25 GRAMS.—The responsibilities of the Commissioner

1 established under this section shall be coordinated
2 with other public and private programs that provide
3 information and assistance regarding rehabilitation
4 services and independent living supports and bene-
5 fits planning for disabled beneficiaries including the
6 program under section 1619, the plans for achieving
7 self-support program (PASS), and any other Federal
8 or State work incentives programs that are designed
9 to assist disabled beneficiaries, including educational
10 agencies that provide information and assistance re-
11 garding rehabilitation, school-to-work programs,
12 transition services (as defined in, and provided in ac-
13 cordance with, the Individuals with Disabilities Edu-
14 cation Act (20 U.S.C. 1400 et seq.)), a one-stop de-
15 livery system established under subtitle B of title I
16 of the Workforce Investment Act of 1998, and other
17 services.

18 “(b) CONDITIONS.—

19 “(1) SELECTION OF ENTITIES.—

20 “(A) APPLICATION.—An entity shall sub-
21 mit an application for a grant, cooperative
22 agreement, or contract to provide benefits plan-
23 ning and assistance to the Commissioner at
24 such time, in such manner, and containing such
25 information as the Commissioner may deter-

1 mine is necessary to meet the requirements of
2 this section.

3 “(B) STATEWIDENESS.—The Commis-
4 sioner shall ensure that the planning, assist-
5 ance, and information described in paragraph
6 (2) shall be available on a statewide basis.

7 “(C) ELIGIBILITY OF STATES AND PRI-
8 VATE ORGANIZATIONS.—

9 “(i) IN GENERAL.—The Commissioner
10 may award a grant, cooperative agreement,
11 or contract under this section to a State or
12 a private agency or organization (other
13 than Social Security Administration Field
14 Offices and the State agency administering
15 the State medicaid program under title
16 XIX, including any agency or entity de-
17 scribed in clause (ii), that the Commis-
18 sioner determines is qualified to provide
19 the planning, assistance, and information
20 described in paragraph (2)).

21 “(ii) AGENCIES AND ENTITIES DE-
22 SCRIBED.—The agencies and entities de-
23 scribed in this clause are the following:

24 “(I) Any public or private agency
25 or organization (including Centers for

1 Independent Living established under
2 title VII of the Rehabilitation Act of
3 1973, protection and advocacy organi-
4 zations, client assistance programs es-
5 tablished in accordance with section
6 112 of the Rehabilitation Act of 1973,
7 and State Developmental Disabilities
8 Councils established in accordance
9 with section 124 of the Developmental
10 Disabilities Assistance and Bill of
11 Rights Act (42 U.S.C. 6024)) that the
12 Commissioner determines satisfies the
13 requirements of this section.

14 “(II) The State agency admin-
15 istering the State program funded
16 under part A of title IV.

17 “(D) EXCLUSION FOR CONFLICT OF IN-
18 TEREST.—The Commissioner may not award a
19 grant, cooperative agreement, or contract under
20 this section to any entity that the Commissioner
21 determines would have a conflict of interest if
22 the entity were to receive a grant, cooperative
23 agreement, or contract under this section.

24 “(2) SERVICES PROVIDED.—A recipient of a
25 grant, cooperative agreement, or contract to provide

1 benefits planning and assistance shall select individ-
2 uals who will act as planners and provide informa-
3 tion, guidance, and planning to disabled beneficiaries
4 on the—

5 “(A) availability and interrelation of any
6 Federal or State work incentives programs de-
7 signed to assist disabled beneficiaries that the
8 individual may be eligible to participate in;

9 “(B) adequacy of any health benefits cov-
10 erage that may be offered by an employer of
11 the individual and the extent to which other
12 health benefits coverage may be available to the
13 individual; and

14 “(C) availability of protection and advo-
15 cacy services for disabled beneficiaries and how
16 to access such services.

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

19 “(A) BASED ON POPULATION OF DIS-
20 ABLED BENEFICIARIES.—Subject to subpara-
21 graph (B), the Commissioner shall award a
22 grant, cooperative agreement, or contract under
23 this section to an entity based on the percent-
24 age of the population of the State where the en-
25 tity is located who are disabled beneficiaries.

1 “(B) LIMITATIONS.—

2 “(i) PER GRANT.—No entity shall re-
3 ceive a grant, cooperative agreement, or
4 contract under this section for a fiscal year
5 that is less than \$50,000 or more than
6 \$300,000.

7 “(ii) TOTAL AMOUNT FOR ALL
8 GRANTS, COOPERATIVE AGREEMENTS, AND
9 CONTRACTS.—The total amount of all
10 grants, cooperative agreements, and con-
11 tracts awarded under this section for a fis-
12 cal year may not exceed \$23,000,000.

13 “(4) ALLOCATION OF COSTS.—The costs of car-
14 rying out this section shall be paid from amounts
15 made available for the administration of title II and
16 amounts made available for the administration of
17 title XVI, and shall be allocated among those
18 amounts as appropriate.

19 “(c) DEFINITIONS.—In this section:

20 “(1) COMMISSIONER.—The term ‘Commis-
21 sioner’ means the Commissioner of Social Security.

22 “(2) DISABLED BENEFICIARY.—The term ‘dis-
23 abled beneficiary’ has the meaning given that term
24 in section 1148(k)(2).”.

1 **SEC. 222. STATE GRANTS FOR WORK INCENTIVES ASSIST-**
2 **ANCE TO DISABLED BENEFICIARIES.**

3 Part A of title XI of the Social Security Act (42
4 U.S.C. 1301 et seq.), as amended by section 221, is
5 amended by adding after section 1149 the following:

6 “STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO
7 **DISABLED BENEFICIARIES**

8 “SEC. 1150. (a) **IN GENERAL.**—Subject to subsection
9 (c), the Commissioner may make payments in each State
10 to the protection and advocacy system established pursu-
11 ant to part C of title I of the Developmental Disabilities
12 Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.)
13 for the purpose of providing services to disabled bene-
14 ficiaries.

15 “(b) **SERVICES PROVIDED.**—Services provided to dis-
16 abled beneficiaries pursuant to a payment made under this
17 section may include—

18 “(1) information and advice about obtaining vo-
19 cational rehabilitation and employment services; and

20 “(2) advocacy or other services that a disabled
21 beneficiary may need to secure or regain gainful em-
22 ployment.

23 “(c) **APPLICATION.**—In order to receive payments
24 under this section, a protection and advocacy system shall
25 submit an application to the Commissioner, at such time,

1 in such form and manner, and accompanied by such infor-
2 mation and assurances as the Commissioner may require.

3 “(d) AMOUNT OF PAYMENTS.—

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

8 “(A) in the case of a protection and advo-
9 cacy system located in a State (including the
10 District of Columbia and Puerto Rico) other
11 than Guam, American Samoa, the United
12 States Virgin Islands, and the Commonwealth
13 of the Northern Mariana Islands, the greater
14 of—

15 “(i) \$100,000; or

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

19 “(B) in the case of a protection and advo-
20 cacy system located in Guam, American Samoa,
21 the United States Virgin Islands, and the Com-
22 monwealth of the Northern Mariana Islands,
23 \$50,000.

24 “(2) INFLATION ADJUSTMENT.—For each fiscal
25 year in which the total amount appropriated to carry

1 out this section exceeds the total amount appro-
2 priated to carry out this section in the preceding fis-
3 cal year, the Commissioner shall increase each min-
4 imum payment under subparagraphs (A) and (B) of
5 paragraph (1) by a percentage equal to the percent-
6 age increase in the total amount appropriated to
7 carry out this section between the preceding fiscal
8 year and the fiscal year involved.

9 “(e) ANNUAL REPORT.—Each protection and advo-
10 cacy system that receives a payment under this section
11 shall submit an annual report to the Commissioner and
12 the Work Incentives Advisory Panel established under sec-
13 tion 201(f) of the Work Incentives Improvement Act of
14 1999 on the services provided to individuals by the system.

15 “(f) FUNDING.—

16 “(1) ALLOCATION OF PAYMENTS.—

17 “(A) IN GENERAL.—Subject to subpara-
18 graph (B), payments under this section shall be
19 made from amounts made available for the ad-
20 ministration of title II and amounts made avail-
21 able for the administration of title XVI, and
22 shall be allocated among those amounts as ap-
23 propriate.

24 “(B) LIMITATION.—Payments under this
25 section shall not exceed \$7,000,000 for fiscal

1 year 2000, and such sums as may be necessary
2 for any fiscal year thereafter.

3 “(2) CARRYOVER.—Any amounts allotted for
4 payment to a protection and advocacy system under
5 this section for a fiscal year shall remain available
6 for payment to or on behalf of the protection and
7 advocacy system until the end of the succeeding fis-
8 cal year.

9 “(g) DEFINITIONS.—In this section:

10 “(1) COMMISSIONER.—The term ‘Commis-
11 sioner’ means the Commissioner of Social Security.

12 “(2) DISABLED BENEFICIARY.—The term ‘dis-
13 abled beneficiary’ has the meaning given that term
14 in section 1148(k)(2).

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

1 **TITLE III—DEMONSTRATION**
2 **PROJECTS AND STUDIES**

3 **SEC. 301. PERMANENT EXTENSION OF DISABILITY INSUR-**
4 **ANCE PROGRAM DEMONSTRATION PROJECT**
5 **AUTHORITY.**

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

9 “DEMONSTRATION PROJECT AUTHORITY

10 “SEC. 234. (a) AUTHORITY.—

11 “(1) IN GENERAL.—The Commissioner of So-
12 cial Security (in this section referred to as the ‘Com-
13 missioner’) shall develop and carry out experiments
14 and demonstration projects designed to determine
15 the relative advantages and disadvantages of—

16 “(A) various alternative methods of treat-
17 ing the work activity of individuals entitled to
18 disability insurance benefits under section 223
19 or to monthly insurance benefits under section
20 202 based on such individual’s disability (as de-
21 fined in section 223(d)), including such meth-
22 ods as a reduction in benefits based on earn-
23 ings, designed to encourage the return to work
24 of such individuals;

1 “(B) altering other limitations and condi-
2 tions applicable to such individuals (including
3 lengthening the trial work period (as defined in
4 section 222(c)), altering the 24-month waiting
5 period for hospital insurance benefits under sec-
6 tion 226, altering the manner in which the pro-
7 gram under this title is administered, earlier re-
8 ferral of such individuals for rehabilitation, and
9 greater use of employers and others to develop,
10 perform, and otherwise stimulate new forms of
11 rehabilitation); and

12 “(C) implementing sliding scale benefit off-
13 sets using variations in—

14 “(i) the amount of the offset as a pro-
15 portion of earned income;

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

18 “(iii) the method of determining the
19 amount of income earned by such individ-
20 uals,

21 to the end that savings will accrue to the Trust
22 Funds, or to otherwise promote the objectives or fa-
23 cilitate the administration of this title.

24 “(2) AUTHORITY FOR EXPANSION OF SCOPE.—

25 The Commissioner may expand the scope of any

1 such experiment or demonstration project to include
2 any group of applicants for benefits under the pro-
3 gram established under this title with impairments
4 that reasonably may be presumed to be disabling for
5 purposes of such demonstration project, and may
6 limit any such demonstration project to any such
7 group of applicants, subject to the terms of such
8 demonstration project which shall define the extent
9 of any such presumption.

10 “(b) REQUIREMENTS.—The experiments and dem-
11 onstration projects developed under subsection (a) shall be
12 of sufficient scope and shall be carried out on a wide
13 enough scale to permit a thorough evaluation of the alter-
14 native methods under consideration while giving assurance
15 that the results derived from the experiments and projects
16 will obtain generally in the operation of the disability in-
17 surance program under this title without committing such
18 program to the adoption of any particular system either
19 locally or nationally.

20 “(c) AUTHORITY TO WAIVE COMPLIANCE WITH
21 BENEFITS REQUIREMENTS.—In the case of any experi-
22 ment or demonstration project conducted under subsection
23 (a), the Commissioner may waive compliance with the ben-
24 efit requirements of this title, and the Secretary may
25 (upon the request of the Commissioner) waive compliance

1 with the benefits requirements of title XVIII, insofar as
2 is necessary for a thorough evaluation of the alternative
3 methods under consideration. No such experiment or
4 project shall be actually placed in operation unless at least
5 90 days prior thereto a written report, prepared for pur-
6 poses of notification and information only and containing
7 a full and complete description thereof, has been trans-
8 mitted by the Commissioner to the Committee on Ways
9 and Means of the House of Representatives and to the
10 Committee on Finance of the Senate. Periodic reports on
11 the progress of such experiments and demonstration
12 projects shall be submitted by the Commissioner to such
13 committees. When appropriate, such reports shall include
14 detailed recommendations for changes in administration
15 or law, or both, to carry out the objectives stated in sub-
16 section (a).

17 “(d) REPORTS.—

18 “(1) INTERIM REPORTS.—On or before June 9
19 of each year, the Commissioner shall submit to the
20 Committee on Ways and Means of the House of
21 Representatives and to the Committee on Finance of
22 the Senate an interim report on the progress of the
23 experiments and demonstration projects carried out
24 under this subsection together with any related data

1 and materials that the Commissioner may consider
2 appropriate.

3 “(2) FINAL REPORTS.—Not later than 90 days
4 after the termination of any experiment or dem-
5 onstration project carried out under this section, the
6 Commissioner shall submit to the Committee on
7 Ways and Means of the House of Representatives
8 and to the Committee on Finance of the Senate a
9 final report with respect to that experiment and
10 demonstration project.”.

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

13 (1) CONFORMING AMENDMENTS.—

14 (A) REPEAL OF PRIOR AUTHORITY.—Para-
15 graphs (1) through (4) of subsection (a) and
16 subsection (c) of section 505 of the Social Secu-
17 rity Disability Amendments of 1980 (42 U.S.C.
18 1310 note) are repealed.

19 (B) CONFORMING AMENDMENT REGARD-
20 ING FUNDING.—Section 201(k) of the Social
21 Security Act (42 U.S.C. 401(k)) is amended by
22 striking “section 505(a) of the Social Security
23 Disability Amendments of 1980” and inserting
24 “section 234”.

1 (2) TRANSFER OF PRIOR AUTHORITY.—With
2 respect to any experiment or demonstration project
3 being conducted under section 505(a) of the Social
4 Security Disability Amendments of 1980 (42 U.S.C.
5 1310 note) as of the date of enactment of this Act,
6 the authority to conduct such experiment or dem-
7 onstration project (including the terms and condi-
8 tions applicable to the experiment or demonstration
9 project) shall be treated as if that authority (and
10 such terms and conditions) had been established
11 under section 234 of the Social Security Act, as
12 added by subsection (a).

13 **SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-**
14 **DUCTIONS IN DISABILITY INSURANCE BENE-**
15 **FITS BASED ON EARNINGS.**

16 (a) AUTHORITY.—The Commissioner of Social Secu-
17 rity shall conduct demonstration projects for the purpose
18 of evaluating, through the collection of data, a program
19 for title II disability beneficiaries (as defined in section
20 1148(k)(3) of the Social Security Act) under which each
21 \$1 of benefits payable under section 223, or under section
22 202 based on the beneficiary's disability, is reduced for
23 each \$2 of such beneficiary's earnings that is above a level
24 to be determined by the Commissioner. Such projects shall
25 be conducted at a number of localities which the Commis-

1 sioner shall determine is sufficient to adequately evaluate
2 the appropriateness of national implementation of such a
3 program. Such projects shall identify reductions in Fed-
4 eral expenditures that may result from the permanent im-
5 plementation of such a program.

6 (b) SCOPE AND SCALE AND MATTERS TO BE DETER-
7 MINED.—

8 (1) IN GENERAL.—The demonstration projects
9 developed under subsection (a) shall be of sufficient
10 duration, shall be of sufficient scope, and shall be
11 carried out on a wide enough scale to permit a thor-
12 ough evaluation of the project to determine—

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

16 (B) the extent, if any, to which the project
17 being tested is affected by whether it is in oper-
18 ation in a locality within an area under the ad-
19 ministration of the Ticket to Work and Self-
20 Sufficiency Program established under section
21 1148 of the Social Security Act; and

22 (C) the savings that accrue to the Federal
23 Old-Age and Survivors Insurance Trust Fund,
24 the Federal Disability Insurance Trust Fund,

1 and other Federal programs under the project
2 being tested.

3 The Commissioner shall take into account advice
4 provided by the Work Incentives Advisory Panel pur-
5 suant to section 201(f)(2)(B)(ii).

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

8 (A) the annual cost (including net cost) of
9 the project and the annual cost (including net
10 cost) that would have been incurred in the ab-
11 sence of the project;

12 (B) the determinants of return to work, in-
13 cluding the characteristics of the beneficiaries
14 who participate in the project; and

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

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

22 (c) WAIVERS.—The Commissioner may waive compli-
23 ance with the benefit provisions of title II of the Social
24 Security Act, and the Secretary of Health and Human
25 Services may waive compliance with the benefit require-

1 ments of title XVIII of that Act, insofar as is necessary
2 for a thorough evaluation of the alternative methods under
3 consideration. No such project shall be actually placed in
4 operation unless at least 90 days prior thereto a written
5 report, prepared for purposes of notification and informa-
6 tion only and containing a full and complete description
7 thereof, has been transmitted by the Commissioner to the
8 Committee on Ways and Means of the House of Rep-
9 resentatives and to the Committee on Finance of the Sen-
10 ate. Periodic reports on the progress of such projects shall
11 be submitted by the Commissioner to such committees.
12 When appropriate, such reports shall include detailed rec-
13 ommendations for changes in administration or law, or
14 both, to carry out the objectives stated in subsection (a).

15 (d) INTERIM REPORTS.—Not later than 2 years after
16 the date of enactment of this Act, and annually thereafter,
17 the Commissioner of Social Security shall submit to Con-
18 gress an interim report on the progress of the demonstra-
19 tion projects carried out under this subsection together
20 with any related data and materials that the Commis-
21 sioner of Social Security may consider appropriate.

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

1 (f) EXPENDITURES.—Expenditures made for dem-
2 onstration projects under this section shall be made from
3 the Federal Disability Insurance Trust Fund and the Fed-
4 eral Old-Age and Survivors Insurance Trust Fund, as de-
5 termined appropriate by the Commissioner of Social Secu-
6 rity, and from the Federal Hospital Insurance Trust Fund
7 and the Federal Supplementary Medical Insurance Trust
8 Fund, as determined appropriate by the Secretary of
9 Health and Human Services, to the extent provided in ad-
10 vance in appropriation Acts.

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

12 (a) STUDY BY GENERAL ACCOUNTING OFFICE OF
13 EXISTING DISABILITY-RELATED EMPLOYMENT INCEN-
14 TIVES.—

15 (1) STUDY.—As soon as practicable after the
16 date of enactment of this Act, the Comptroller Gen-
17 eral of the United States shall undertake a study to
18 assess existing tax credits and other disability-re-
19 lated employment incentives under the Americans
20 with Disabilities Act of 1990 and other Federal
21 laws. In such study, the Comptroller General shall
22 specifically address the extent to which such credits
23 and other incentives would encourage employers to
24 hire and retain individuals with disabilities.

1 (2) REPORT.—Not later than 3 years after the
2 date of enactment of this Act, the Comptroller Gen-
3 eral shall transmit to the Committee on Ways and
4 Means of the House of Representatives and the
5 Committee on Finance of the Senate a written re-
6 port presenting the results of the Comptroller Gen-
7 eral's study conducted pursuant to this subsection,
8 together with such recommendations for legislative
9 or administrative changes as the Comptroller Gen-
10 eral determines are appropriate.

11 (b) STUDY BY GENERAL ACCOUNTING OFFICE OF
12 EXISTING COORDINATION OF THE DI AND SSI PROGRAMS
13 AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAV-
14 ING CONCURRENT ENTITLEMENT.—

15 (1) STUDY.—As soon as practicable after the
16 date of enactment of this Act, the Comptroller Gen-
17 eral of the United States shall undertake a study to
18 evaluate the coordination under current law of the
19 disability insurance program under title II of the So-
20 cial Security Act and the supplemental security in-
21 come program under title XVI of that Act, as such
22 programs relate to individuals entering or leaving
23 concurrent entitlement under such programs. In
24 such study, the Comptroller General shall specifically
25 address the effectiveness of work incentives under

1 such programs with respect to such individuals and
2 the effectiveness of coverage of such individuals
3 under titles XVIII and XIX of the Social Security
4 Act.

5 (2) REPORT.—Not later than 3 years after the
6 date of enactment of this Act, the Comptroller Gen-
7 eral shall transmit to the Committee on Ways and
8 Means of the House of Representatives and the
9 Committee on Finance of the Senate a written re-
10 port presenting the results of the Comptroller Gen-
11 eral's study conducted pursuant to this subsection,
12 together with such recommendations for legislative
13 or administrative changes as the Comptroller Gen-
14 eral determines are appropriate.

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

18 (1) STUDY.—As soon as practicable after the
19 date of enactment of this Act, the Comptroller Gen-
20 eral of the United States shall undertake a study of
21 the substantial gainful activity level applicable as of
22 that date to recipients of benefits under section 223
23 of the Social Security Act (42 U.S.C. 423) and
24 under section 202 of that Act (42 U.S.C. 402) on
25 the basis of a recipient having a disability, and the

1 effect of such level as a disincentive for those recipi-
2 ents to return to work. In the study, the Comptroller
3 General also shall address the merits of increasing
4 the substantial gainful activity level applicable to
5 such recipients of benefits and the rationale for not
6 yearly indexing that level to inflation.

7 (2) REPORT.—Not later than 2 years after the
8 date of enactment of this Act, the Comptroller Gen-
9 eral shall transmit to the Committee on Ways and
10 Means of the House of Representatives and the
11 Committee on Finance of the Senate a written re-
12 port presenting the results of the Comptroller Gen-
13 eral's study conducted pursuant to this subsection,
14 together with such recommendations for legislative
15 or administrative changes as the Comptroller Gen-
16 eral determines are appropriate.

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

23 (1) identifies all income, assets, and resource
24 disregards (imposed under statutory or regulatory
25 authority) that are applicable to individuals receiving

1 benefits under title II or XVI of the Social Security
2 Act (42 U.S.C. 401 et seq., 1381 et seq.);

3 (2) with respect to each such disregard—

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

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

9 (3) with respect to the disregard described in
10 section 1612(b)(7) of the Social Security Act (42
11 U.S.C. 1382a(b)(7)) (relating to grants, scholar-
12 ships, or fellowships received for use in paying the
13 cost of tuition and fees at any educational (including
14 technical or vocational education) institution)—

15 (A) identifies the number of individuals re-
16 ceiving benefits under title XVI of such Act (42
17 U.S.C. 1381 et seq.) who have attained age 22
18 and have not had any portion of any grant,
19 scholarship, or fellowship received for use in
20 paying the cost of tuition and fees at any edu-
21 cational (including technical or vocational edu-
22 cation) institution excluded from their income
23 in accordance with that section;

24 (B) recommends whether the age at which
25 such grants, scholarships, or fellowships are ex-

1 cluded from income for purposes of determining
2 eligibility under title XVI of the Social Security
3 Act should be increased to age 25; and

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

9 **TITLE IV—TECHNICAL** 10 **AMENDMENTS**

11 **SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG** 12 **ADDICTS AND ALCOHOLICS.**

13 (a) CLARIFICATION RELATING TO THE EFFECTIVE
14 DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY
15 BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.—Sec-
16 tion 105(a)(5) of the Contract with America Advancement
17 Act of 1996 (Public Law 104–121; 110 Stat. 853) is
18 amended—

19 (1) in subparagraph (A), by striking “by the
20 Commissioner of Social Security” and “by the Com-
21 missioner”; and

22 (2) by adding at the end the following:

23 “(D) For purposes of this paragraph, an
24 individual’s claim, with respect to benefits
25 under title II of the Social Security Act based

1 on disability, which has been denied in whole
2 before the date of enactment of this Act, may
3 not be considered to be finally adjudicated be-
4 fore such date if, on or after such date—

5 “(i) there is pending a request for ei-
6 ther administrative or judicial review with
7 respect to such claim, or

8 “(ii) there is pending, with respect to
9 such claim, a readjudication by the Com-
10 missioner of Social Security pursuant to
11 relief in a class action or implementation
12 by the Commissioner of a court remand
13 order.

14 “(E) Notwithstanding the provisions of
15 this paragraph, with respect to any individual
16 for whom the Commissioner of Social Security
17 does not perform the entitlement redetermina-
18 tion before the date prescribed in subparagraph
19 (C), the Commissioner shall perform such enti-
20 tlement redetermination in lieu of a continuing
21 disability review whenever the Commissioner de-
22 termines that the individual’s entitlement is
23 subject to redetermination based on the pre-
24 ceding provisions of this paragraph, and the
25 provisions of section 223(f) of the Social Secu-

1 rity Act shall not apply to such redetermina-
2 tion.”.

3 (b) CORRECTION TO EFFECTIVE DATE OF PROVI-
4 SIONS CONCERNING REPRESENTATIVE PAYEES AND
5 TREATMENT REFERRALS OF SOCIAL SECURITY BENE-
6 FICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—
7 Section 105(a)(5)(B) of the Contract with America Ad-
8 vancement Act of 1996 (42 U.S.C. 405 note) is amended
9 to read as follows:

10 “(B) The amendments made by para-
11 graphs (2) and (3) shall take effect on July 1,
12 1996, with respect to any individual—

13 “(i) whose claim for benefits is finally
14 adjudicated on or after the date of enact-
15 ment of this Act; or

16 “(ii) whose entitlement to benefits is
17 based on an entitlement redetermination
18 made pursuant to subparagraph (C).”.

19 (c) EFFECTIVE DATES.—The amendments made by
20 this section shall take effect as if included in the enact-
21 ment of section 105 of the Contract with America Ad-
22 vancement Act of 1996 (Public Law 104–121; 110 Stat.
23 852 et seq.).

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

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

4 (1) IN GENERAL.—Section 202(x)(3) of the So-
5 cial Security Act (42 U.S.C. 402(x)(3)) is
6 amended—

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

8 (B) by adding at the end the following:

9 “(B)(i) The Commissioner shall enter into an agree-
10 ment under this subparagraph with any interested State
11 or local institution comprising a jail, prison, penal institu-
12 tion, or correctional facility, or comprising any other insti-
13 tution a purpose of which is to confine individuals as de-
14 scribed in paragraph (1)(A)(ii). Under such agreement—

15 “(I) the institution shall provide to the Com-
16 missioner, on a monthly basis and in a manner spec-
17 ified by the Commissioner, the names, Social Secu-
18 rity account numbers, dates of birth, confinement
19 commencement dates, and, to the extent available to
20 the institution, such other identifying information
21 concerning the individuals confined in the institution
22 as the Commissioner may require for the purpose of
23 carrying out paragraph (1); and

24 “(II) the Commissioner shall pay to the institu-
25 tion, with respect to information described in sub-
26 clause (I) concerning each individual who is confined

1 therein as described in paragraph (1)(A), who re-
2 ceives a benefit under this title for the month pre-
3 ceding the first month of such confinement, and
4 whose benefit under this title is determined by the
5 Commissioner to be not payable by reason of con-
6 finement based on the information provided by the
7 institution, \$400 (subject to reduction under clause
8 (ii)) if the institution furnishes the information to
9 the Commissioner within 30 days after the date such
10 individual's confinement in such institution begins,
11 or \$200 (subject to reduction under clause (ii)) if
12 the institution furnishes the information after 30
13 days after such date but within 90 days after such
14 date.

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

20 “(iii) There is authorized to be transferred from the
21 Federal Old-Age and Survivors Insurance Trust Fund and
22 the Federal Disability Insurance Trust Fund, as appro-
23 priate, such sums as may be necessary to enable the Com-
24 missioner to make payments to institutions required by
25 clause (i)(II).

1 “(iv) The Commissioner is authorized to provide, on
2 a reimbursable basis, information obtained pursuant to
3 agreements entered into under clause (i) to any agency
4 administering a Federal or federally assisted cash, food,
5 or medical assistance program for eligibility purposes.”.

6 (2) CONFORMING AMENDMENT TO THE PRI-
7 VACY ACT.—Section 552a(a)(8)(B) of title 5, United
8 States Code, is amended—

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

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

13 (C) by adding at the end the following:

14 “(viii) matches performed pursuant to
15 section 202(x)(3)(B) or 1611(e)(1)(I) of
16 the Social Security Act (42 U.S.C.
17 402(x)(3)(B), 1382(e)(1)(I));”.

18 (3) EFFECTIVE DATE.—The amendments made
19 by this subsection shall apply to individuals whose
20 period of confinement in an institution commences
21 on or after the first day of the fourth month begin-
22 ning after the month in which this Act is enacted.

23 (b) ELIMINATION OF TITLE II REQUIREMENT THAT
24 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-
25 PRISONMENT FOR MORE THAN 1 YEAR.—

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

4 (A) in the matter preceding clause (i), by
5 striking “during” and inserting “throughout”;

6 (B) in clause (i), by striking “an offense
7 punishable by imprisonment for more than 1
8 year (regardless of the actual sentence im-
9 posed)” and inserting “a criminal offense”; and

10 (C) in clause (ii)(I), by striking “an of-
11 fense punishable by imprisonment for more
12 than 1 year” and inserting “a criminal of-
13 fense”.

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

19 (c) CONFORMING TITLE XVI AMENDMENTS.—

20 (1) FIFTY PERCENT REDUCTION IN TITLE XVI
21 PAYMENT IN CASE INVOLVING COMPARABLE TITLE II
22 PAYMENT.—Section 1611(e)(1)(I) of the Social Se-
23 curity Act (42 U.S.C. 1382(e)(1)(I)) is amended—

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

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

6 (C) by inserting after clause (i) the fol-
7 lowing:

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

13 (2) EXPANSION OF CATEGORIES OF INSTITU-
14 TIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH
15 THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of
16 the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i))
17 is amended in the matter preceding subclause (I) by
18 striking “institution” and all that follows through
19 “section 202(x)(1)(A),” and inserting “institution
20 comprising a jail, prison, penal institution, or correc-
21 tional facility, or with any other interested State or
22 local institution a purpose of which is to confine in-
23 dividuals as described in section 202(x)(1)(A)(ii),”.

24 (3) ELIMINATION OF OVERLY BROAD EXEMP-
25 TION.—Section 1611(e)(1)(I)(iii) of such Act (42

1 U.S.C. 1382(e)(1)(I)(iii)) (as redesignated by para-
2 graph (1)(B), is amended by striking “(I) The provi-
3 sions” and all that follows through “(II)”.

4 (4) EFFECTIVE DATE.—The amendments made
5 by this subsection shall take effect as if included in
6 the enactment of section 203(a) of the Personal Re-
7 sponsibility and Work Opportunity Reconciliation
8 Act of 1996 (Public Law 104–193; 110 Stat. 2186).
9 The reference to section 202(x)(1)(A)(ii) of the So-
10 cial Security Act in section 1611(e)(1)(I)(i) of the
11 Social Security Act as amended by paragraph (2)
12 shall be deemed a reference to such section
13 202(x)(1)(A)(ii) as amended by subsection (b)(1)(C).

14 (d) CONTINUED DENIAL OF BENEFITS TO SEX OF-
15 FENDERS REMAINING CONFINED TO PUBLIC INSTITU-
16 TIONS UPON COMPLETION OF PRISON TERM.—

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

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

22 (B) in clause (ii)(IV), by striking the pe-
23 riod and inserting “, or”; and

24 (C) by adding at the end the following:

1 “(iii) immediately upon completion of confine-
2 ment as described in clause (i) pursuant to convic-
3 tion of a criminal offense an element of which is sex-
4 ual activity, is confined by court order in an institu-
5 tion at public expense pursuant to a finding that the
6 individual is a sexually dangerous person or a sexual
7 predator or a similar finding.”.

8 (2) CONFORMING AMENDMENT.—Section
9 202(x)(1)(B)(ii) of the Social Security Act (42
10 U.S.C. 402(x)(1)(B)(ii)) is amended by striking
11 “clause (ii)” and inserting “clauses (ii) and (iii)”.

12 (3) EFFECTIVE DATE.—The amendments made
13 by this subsection shall apply with respect to bene-
14 fits for months ending after the date of enactment
15 of this Act.

16 **SEC 403. REVOCATION BY MEMBERS OF THE CLERGY OF**
17 **EXEMPTION FROM SOCIAL SECURITY COV-**
18 **ERAGE.**

19 (a) IN GENERAL.—Notwithstanding section
20 1402(e)(4) of the Internal Revenue Code of 1986, any ex-
21 emption which has been received under section 1402(e)(1)
22 of such Code by a duly ordained, commissioned, or li-
23 censed minister of a church, a member of a religious order,
24 or a Christian Science practitioner, and which is effective
25 for the taxable year in which this Act is enacted, may be

1 revoked by filing an application therefore (in such form
2 and manner, and with such official, as may be prescribed
3 by the Commissioner of the Internal Revenue Service), if
4 such application is filed no later than the due date of the
5 Federal income tax return (including any extension there-
6 of) for the applicant's second taxable year beginning after
7 December 31, 1999. Any such revocation shall be effective
8 (for purposes of chapter 2 of the Internal Revenue Code
9 of 1986 and title II of the Social Security Act), as speci-
10 fied in the application, either with respect to the appli-
11 cant's first taxable year beginning after December 31,
12 1999, or with respect to the applicant's second taxable
13 year beginning after such date, and for all succeeding tax-
14 able years; and the applicant for any such revocation may
15 not thereafter again file application for an exemption
16 under such section 1402(e)(1). If the application is filed
17 after the due date of the applicant's Federal income tax
18 return for a taxable year and is effective with respect to
19 that taxable year, it shall include or be accompanied by
20 payment in full of an amount equal to the total of the
21 taxes that would have been imposed by section 1401 of
22 the Internal Revenue Code of 1986 with respect to all of
23 the applicant's income derived in that taxable year which
24 would have constituted net earnings from self-employment
25 for purposes of chapter 2 of such Code (notwithstanding

1 paragraph (4) or (5) of section 1402(e) of such Code) ex-
2 cept for the exemption under section 1402(e)(1) of such
3 Code.

4 (b) EFFECTIVE DATE.—Subsection (a) shall apply
5 with respect to service performed (to the extent specified
6 in such subsection) in taxable years beginning after De-
7 cember 31, 1999, and with respect to monthly insurance
8 benefits payable under title II of the Social Security Act
9 on the basis of the wages and self-employment income of
10 any individual for months in or after the calendar year
11 in which such individual's application for revocation (as
12 described in such subsection) is effective (and lump-sum
13 death payments payable under such title on the basis of
14 such wages and self-employment income in the case of
15 deaths occurring in or after such calendar year).

16 **SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING**
17 **TO COOPERATIVE RESEARCH OR DEM-**
18 **ONSTRATION PROJECTS UNDER TITLES II**
19 **AND XVI.**

20 (a) IN GENERAL.—Section 1110(a)(3) of the Social
21 Security Act (42 U.S.C. 1310(a)(3)) is amended by strik-
22 ing “title XVI” and inserting “title II or XVI”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 subsection (a) shall take effect as if included in the enact-
25 ment of the Social Security Independence and Program

1 Improvements Act of 1994 (Public Law 103-296; 108
2 Stat. 1464).

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

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

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

17 (1) by striking “(as defined in section
18 453A(a)(2)(B)(iii))”; and

19 (2) by inserting “(as defined in section
20 453A(a)(2)(B))” after “employers” .

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

○

WORK INCENTIVES IMPROVEMENT ACT OF 1999

JULY 1, 1999.—Ordered to be printed

Mr. BLILEY, from the Committee on Commerce,
 submitted the following

R E P O R T

[To accompany H.R. 1180]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, to whom was referred the bill (H.R. 1180) to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

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AMENDMENT

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 6, line 22, insert “, who is at least 16, but less than 65, years of age,” after “income”.

Page 11, line 19, insert a comma after “(XVI)”.

Page 25, after line 20, insert the following new section (and conform the table of contents accordingly):

SEC. 105. 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.

PURPOSE AND SUMMARY

H.R. 1180, the Work Incentives Improvement Act of 1999, as reported by the Committee on Commerce, provides States the option to expand the Medicaid program for workers with disabilities, continues Medicare coverage for working individuals with disabilities, and establishes a Ticket to Work and Self-Sufficiency Program for the purpose of helping individuals with disabilities go to work if they so choose.

BACKGROUND AND NEED FOR LEGISLATION

Many persons with disabilities who currently receive Federal disability benefits, such as Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI), want to work. Less than one half of one percent of SSDI beneficiaries and approximately one percent of SSI beneficiaries successfully forego disability benefits and become self-sufficient. If disabled individuals try to work and increase their income, they lose their disability cash benefits and, subsequently lose their health care coverage. The threat of losing

health benefits is a powerful disincentive for disabled beneficiaries who want to work.

The unemployment rate among working-age adults with disabilities is nearly 75 percent. Today, more than 7.5 million disabled Americans receive cash benefits from SSI and SSDI. Disability benefit spending for SSI and SSDI total \$73 billion a year, making these disability programs the fourth largest entitlement expenditure in the Federal government. If only one percent—or 75,000—of the 7.5 million disabled adults were to become employed, Federal savings in disability benefits would total \$3.5 billion over the lifetime of the beneficiaries. Removing barriers to work is a major benefit to disabled Americans in their pursuit of self-sufficiency, and it also contributes to preserving the Social Security Trust Fund.

Both SSDI and SSI are administered by the Social Security Administration (SSA). SSDI is an insurance program that provides disability benefits based on previous employment. SSDI coverage and benefit levels for disabled workers (and their dependents) are based on a worker's earnings record in jobs covered by the Social Security tax. It is financed out of a portion of Social Security payroll taxes, which are accounted for through a separate disability insurance (DI) trust fund. Generally, workers are insured for SSDI benefits if they have a total of at least 20 quarters of coverage during the 40-quarter period ending with the quarter in which they became disabled. In addition, an initial 5-month "waiting period" is required before SSDI benefits are paid. The cost of the SSDI program for FY 1998 was estimated at \$47.7 billion.

The SSI program is a means-tested (welfare) program intended to assure a minimum monthly cash income to low-income aged, blind, or disabled individuals with limited resources. There is no "waiting period" for SSI benefits. The SSI program is funded from general revenues of the Treasury. The cost of the SSI program for disabled adults was estimated at \$18.7 billion for FY 1998.

The definition of disability is identical under the two programs. Disability is defined as the inability to engage in any "substantial gainful activity" by reason of a medically determinable physical or mental impairment that is expected to last for not less than 12 months, or to result in death. (Both programs have separate definitions and requirements for persons who are blind.)

Most SSDI and SSI recipients also are entitled to health insurance coverage through Medicare (Title XVIII) and Medicaid (Title XIX), respectively. People qualify for Social Security and Medicare by virtue of having paid payroll taxes while employed. Medicare, Part A (i.e., hospital insurance), provides coverage to almost all persons age 65 or over who are entitled to benefits under the Old-Age and Survivors Insurance (OASI) program. In addition, it provides coverage, after a 24-month waiting period, for persons under age 65 who are receiving Social Security cash benefits on the basis of disability. In FY 1998, total outlays of the Medicare program were \$190.9 billion.

The Medicaid program, which is a Federal-State matching entitlement program, provides medical assistance to low-income individuals who are aged, blind, disabled, members of families with dependent children, and certain other pregnant women and children. Medicaid does not provide medical assistance to all poor persons.

States are required to serve some population groups and are permitted to serve others. In FY 1998, total outlays of the Medicaid program were \$101.2 billion.

Work incentives and disincentives

Current law provides a number of incentives to permit or encourage disabled SSI beneficiaries to work. In the SSI program, beneficiaries who return to work despite having severe impairments continue to receive cash benefits (under a program established by Section 1619(a) of the Social Security Act) as long as they meet the SSI income standards. Under the income disregard formula in the SSI program, the amount of the recipient's monthly cash benefit is gradually reduced as his or her earnings increase until the recipient's earnings reduce the SSI benefit to zero. At this income level (known as the "breakeven point," i.e., \$1,085 per month in calendar year 1999), the person would no longer be eligible for SSI benefits.

Disabled SSI beneficiaries may retain their Medicaid eligibility as long as they meet specified requirements (pursuant to Section 1619(b)). Eligible persons with annual earnings below the State "threshold" amounts are guaranteed continued Medicaid coverage. Since January 1, 1996, the "threshold" amount has ranged from a low of \$12,300 in Arizona and the Northern Mariana Islands to a high of \$32,643 in Alaska. Further, if the individual's earnings exceed the threshold, SSA can calculate an individualized threshold if the person has: impairment-related work expenses, a plan to achieve self-support, publicly funded attendant or personal care, or Medicaid expenses above the State per capita amount. In effect, Medicaid eligibility for a working disabled recipient continues until the individual's earnings reach a higher plateau which takes into account the person's ability to afford medical care as well as normal living expenses.

In addition, the SSI program does not count certain income in determining eligibility and benefits, including a portion of earned income for recipients, and excludes income and resources for SSI recipients who are participating in a plan for achieving self-support (PASS). Moreover, SSI provides continued payment of cash benefits while a beneficiary is enrolled in a vocational rehabilitation (VR) program.

The work disincentives in the SSI program are connected to the inability of SSI applicants to access the Section 1619 benefits mentioned above. Individuals are considered disabled for purposes of the SSI program if they are unable to engage in substantial gainful activity (SGA) 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. Thus, SSI applicants who earn more than \$500 per month (i.e., the current substantial gainful activity limit) do not meet the program's definition of disability. Section 1619 benefits only apply to people actually receiving SSI benefits.

Under current law, disabled Social Security beneficiaries are provided a period of time during which they can test their ability to work without losing their entitlement to SSDI benefits and Medicare Part A benefits.

For SSDI benefits, this period is essentially limited to 12 months, consisting of (1) a trial work period during which disabled beneficiaries can work and continue to receive SSDI benefits for up to 9 months (within a 5-year period) with no effect on their SSDI benefits; followed by (2) a 3-month "grace" period, during which the disabled individual continues to receive SSDI benefits. After beneficiaries have completed the nine-month trial work period, they enter into a 36-month automatic extended period of eligibility. The first three months of the extended period of eligibility is often referred to as the SSDI "grace" period, mentioned above. During the last 33 months of the extended period of eligibility, an individual can be automatically reinstated for SSDI benefits for any month in which the person's earnings drop below the substantial gainful activity limit. After the 36-month automatic extended period of eligibility, disabled persons who are no longer employed would have to reapply for SSDI benefits in order to have both SSDI and Medicare benefits reinstated.

For Medicare benefits, this period can be as long as 48 months but may end sooner if the beneficiary is determined to be no longer medically disabled. Individuals who work beyond the trial work period and three-month SSDI grace period and who are still medically disabled are entitled to Medicare coverage for an additional 36 months. At the end of this 48-month period, disabled individuals have two years during which they can reapply for SSDI and have their Medicare coverage reinstated without being subject to the five-month SSDI waiting period or the two-year Medicare waiting period.

Policymakers and advocates for the disabled have long argued that SSA's work incentives are complex, difficult to understand, and poorly implemented. They contend that some of the reasons for the high rate of unemployment among disabled beneficiaries include confusing rules, arcane procedures, and disincentives built into the Social Security and SSI programs. They note surveys that show that most people with disabilities who are of working age want to work, and maintain that the numerous Federal regulations and program rules have the perverse effect of discouraging otherwise qualified and eager job seekers with disabilities from seeking employment.

According to the Social Security Administration (SSA), currently less than one-half of one percent of SSDI beneficiaries, and about one percent of SSI beneficiaries actually leave the disability rolls by returning to work. According to a 1998 report by the Social Security Advisory Board:

To a large extent, the small incidence of return to work on the part of disabled beneficiaries reflects the fact that eligibility is restricted to those with impairments which have been found to make them unable to engage in any substantial work activity. By definition, therefore, the disability population is composed of those who appear least capable of employment. Moreover, since eligibility depends upon proving the inability to work, attempted work activity represents a risk of losing both cash and medical benefits. While some of this risk has been moderated by the work incentive features adopted in recent years, it remains

true that the initial message the program presents is that the individual must prove that he or she cannot work in order to qualify for benefits. (Social Security Advisory Board, How SSA's Disability Programs Can Be Improved, August 1998, p. 37.)

Further, the availability of Federal income and health insurance benefits for disabled persons, in and of themselves, are often cited as a major disincentive to work because earnings from employment may mean eventual loss of these benefits. An ongoing Rehabilitation Services Administration (RSA)-supported longitudinal evaluation of the vocational rehabilitation (VR) program evaluated the interaction between these disincentives and employment. Former recipients of VR services who were not employed were asked what prevented them from working. Of those who were receiving SSDI or SSI benefits while receiving VR services, half indicated that they would be afraid of not being able to regain these income benefits if they got, and then lost, a job; almost half indicated that they were afraid of losing health care coverage.

In order to address some of the concerns about the lack of health care coverage for persons with disabilities who work, the Balanced Budget Act of 1997 (P.L. 105-33; BBA 97), allowed States to provide Medicaid coverage to individuals and families with income up to 250 percent of the Federal poverty level and who, except for earned income, would be eligible for SSI. Beneficiaries under this more liberal income limit may "buy into" Medicaid by paying premium or other cost-sharing charges on a sliding fee scale established by the State. This provision was intended to allow disabled persons with income from earnings to have access to health care through Medicaid, up to the specified income ceiling.

HEARINGS

The Subcommittee on Health and the Environment held a hearing on H.R. 1180 on March 23, 1999. The Subcommittee received testimony from: The Honorable Rick Lazio, U.S. House of Representatives, Second Congressional District, State of New York; The Honorable Henry A. Waxman, U.S. House of Representatives, 29th Congressional District, State of California; The Honorable Anthony A. Williams, Mayor, District of Columbia; Ms. Sally Richardson, Director, Center for Medicaid and State Operations, Health Care Financing Administration; Mr. Jeff Bangsberg, Interim Public Policy Director, Courage Center; Mr. Tom Deeley and Mr. Harold Deeley, private citizens; Ms. Mary Gennaro, Director of Federal-State Relations, National Association of Developmental Disabilities Councils; Mr. Alan Bergman, President & CEO, Brain Injury Association, Inc.; Mr. Steven R. Cooley, Fellow, American Board of Disability Analysts, representing the National Association of Rehabilitation Professionals in the Private Sector; Mr. Roger Auerbach, Administrator, Oregon Senior and Disabled Services; and Mr. Craig Gray, Director of Program Management, Services for Independent Living, UNUM Life Insurance Company of America.

COMMITTEE CONSIDERATION

On April 20, 1999, the Subcommittee on Health and Environment met in open markup session and approved H.R. 1180, the Work Incentives Improvement Act of 1999, for Full Committee consideration, amended, by a voice vote. On May 19, 1999, the Full Committee met in open markup session and ordered H.R. 1180 reported to the House, as amended, by a voice vote, a quorum being present.

ROLLCALL VOTES

Clause 3(b) of rule XIII of the Rules of the House requires the Committee to list the record votes on the motion to report legislation and amendments thereto. There were no record votes taken in connection with ordering H.R. 1180 reported. No amendments were offered to the bill during Full Committee consideration. A motion by Mr. Bliley to order H.R. 1180 reported to the House, amended, was agreed to by a voice vote, a quorum being present.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held a legislative hearing and made findings that are reflected in this report.

COMMITTEE ON GOVERNMENT REFORM OVERSIGHT FINDINGS

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, no oversight findings have been submitted to the Committee by the Committee on Government Reform.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimates of budget authority, entitlement authority, tax expenditures, and revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
 CONGRESSIONAL BUDGET OFFICE,
 Washington, DC, June 22, 1999.

Hon. TOM BLILEY,
 Chairman, Committee on Commerce,
 House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1180, the Work Incentives Improvement Act of 1999.

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. 1180—Work Incentives Improvement Act of 1999

Summary: H.R. 1180, the Work Incentives Improvement Act of 1999, would alter cash and health-care benefits for people with disabilities. Title I would provide states with options to extend Medicaid coverage to certain disabled workers, enhance Medicare for certain former recipients of Social Security Disability Insurance (DI), and establish grants and demonstration projects for states to assist disabled workers. Title II would revamp the system under which people collecting benefits for 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. Titles III and IV would require several demonstration projects, give certain members of the clergy another opportunity to enroll in the Social Security system, and tighten restrictions on the payment of Social Security benefits to prisoners. CBO estimates that the bill would reduce the total federal surplus by \$0.7 billion over the 2000–2004 period; of that amount \$0.1 billion would represent a reduction in the off-budget (Social Security) surplus.

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. 1180 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. 1180 on direct spending and revenues is summarized in Table 1. The costs of this legislation fall within 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. 1180, CBO assumes enactment by September 1999.

Current law

About 8 million people between the ages of 18 and 64 now collect cash benefits under DI, SSI, or both. In both programs, applicants must show that they are incapable of substantial work in order to be awarded benefits. Nevertheless, the programs have several provisions that are meant to smooth beneficiaries' return to work. The law permits DI recipients to earn unlimited amounts for a nine-month period (known as the trial work period, or TWP) and a subsequent three-month grace period before suspending benefits. During the three years after the TWP—a period known as the extended period of eligibility, or EPE—those beneficiaries may automatically return to the DI rolls if their earnings sink below substantial gainful activity (SGA, now defined in regulation as \$700 per month). Furthermore, Medicare benefits (for which DI beneficiaries qualify after two years on the rolls) also continue for three years even if cash benefits are suspended. Medicare coverage then stops unless the worker pays a steep premium (up to \$309 a month in 1999).

The SSI disability program is restricted to people with low income and few resources. Although applicants for SSI benefits must meet the same disability criteria as in the DI program, the SSI program's subsequent treatment of earnings differs somewhat. SSI recipients who work get a reduced benefit (essentially, losing \$1 of benefits for each \$2 of earnings over \$85 a month) but do not give up their benefit entirely. If their earnings top SGA but they are still medically disabled, they move into section 1619(a) status (and still collect a small cash benefit). If their earnings rise further, they enter 1619(b) status (where they collect no cash benefit but retain Medicaid). If their incomes are too high even for the 1619(b) program, they may still enroll in Medicaid if their state offers a buy-in program permitted by the Balanced Budget Act of 1997 (BBA).

TABLE 1.—SUMMARY OF ESTIMATED BUDGETARY EFFECTS OF H.R. 1180

	By fiscal years, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
DIRECT SPENDING						
Spending Under Current Law:						
Old-Age, Survivors, and Disability Insurance (OASDI)	387,451	404,075	422,855	442,719	463,820	486,589
Supplemental Security Income	28,179	29,625	31,258	33,005	34,826	36,766
Medicare ¹	191,815	205,707	219,269	227,239	247,888	265,755
Medicaid	107,484	116,578	124,841	134,927	146,073	159,094
Other Health and Human Services	0	0	0	0	0	0
Total	714,929	755,985	798,223	837,890	892,607	948,204
Proposed Changes:						
Old-Age, Survivors, and Disability Insurance (OASDI)	0	7	15	26	32	29
Supplemental Security Income	0	-1	-6	-7	-7	-11
Medicare ¹	0	12	35	55	75	106
Medicaid	0	16	18	21	24	27
Other Health and Human Services	0	16	57	82	83	84
Total	0	50	119	177	207	235
On-Budget	0	43	104	151	175	206

TABLE 1.—SUMMARY OF ESTIMATED BUDGETARY EFFECTS OF H.R. 1180—Continued

	By fiscal years, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
Off-Budget (OASDI)	0	7	15	26	32	29
Proposed Spending Under H.R. 1180:						
Old-Age, Survivors, and Disability Insurance (OASDI)	387,451	404,082	422,870	442,745	463,582	486,618
Supplemental Security Income	28,179	29,624	31,252	32,998	34,819	36,755
Medicare ¹	191,815	205,719	219,304	227,294	247,963	265,861
Medicaid	107,484	116,594	124,859	134,948	146,097	159,121
Other Health and Human Services	0	16	57	82	83	84
Total	714,929	756,035	798,342	838,067	892,814	948,439
REVENUES						
Proposed Changes:						
On-Budget	0	1	1	1	1	1
Off-Budget (OASDI)	0	2	7	9	9	9
Total	0	3	8	10	10	10
SURPLUS ²						
Proposed Changes:						
On-Budget	0	-42	-103	-150	-174	-205
Off-Budget (OASDI)	0	-5	-7	-17	-23	-20
Total	0	-47	-110	-167	-197	-225

¹ Medicare consists of outlays of the Hospital Insurance and Supplementary Medical Insurance trust fund, less premiums.

² A negative number means a reduction in the surplus or an increase in the deficit. A positive number means an increase in the surplus or a reduction in the deficit.

Note.—Components may not sum to totals due to rounding.

Both DI and SSI recipients are evaluated at the time of award for their potential to go back to work. Sketchy data suggest that a minority are referred to VR providers, chiefly state agencies, and only a minority of those referred are served. If the beneficiary successfully completes nine months of employment at SGA, the VR provider is reimbursed by the Social Security Administration (SSA). In 1996, SSA began recruiting alternate providers under the Referral System for Vocational Rehabilitation Providers (RSVP) program. Candidates for this program must first be referred to and rejected by the state VR agencies, and the alternate providers face the same reimbursement system (that is, a single payment after nine months of substantial work). Thus, VR for DI and SSI recipients remains fundamentally a state program.

In both the DI and SSI programs, recipients are reviewed periodically to verify that they are still disabled. These Continuing Disability Reviews (CDRs) are scheduled according to the recipient's perceived likelihood of improvement. If medical improvement is deemed possible, the cycle calls for a review every three years. (Those beneficiaries thought likely to improve are reviewed more often, and those unlikely to improve less often.) If the CDR results in a finding that the beneficiary is no longer disabled, cash and medical benefits stop. A CDR can also be triggered by a report of earnings.

Expanded availability of health care services (title I)

Title I of H.R. 1180 would increase federal spending by about \$0.7 billion over the 2000–2004 period and by about \$2 billion over

the 2000–2009 period through policies that would expand the availability of health care services. It would expand existing state options for covering the working disabled under Medicaid and would extend Medicare coverage for DI recipients who return to work. Title I would also provide states with grants to develop infrastructure to assist the working disabled and establish demonstration projects for states to provide Medicaid benefits to workers with severe impairments who are likely to become disabled.

State Option to Eliminate Income, Resource, and Asset Limitations for Medicaid Buy-in. Section 101 of H.R. 1180 would amend Medicaid law to allow states the option to raise certain income, asset, and resource limitations for workers with disabilities who buy into Medicaid. This policy, combined with the incentives created by grants and demonstration projects (discussed below), would induce some states to expand Medicaid to include the working disabled and would marginally increase enrollment in those states that would otherwise have expanded Medicaid to include this group, resulting in an increase in spending of about \$100 million over five years (see Table 2).

TABLE 2.—ESTIMATED DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 1180, BY PROVISION

	By fiscal years, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TITLE I										
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
Extension of Medicare with No HI Premium for Former DI Beneficiaries Who Exhaust Their Current-Law EPE: Medicare	10	29	48	68	95	125	163	195	234	294
Grants to states to Provide Infrastructure to Support Working Individuals with Disabilities: HHS outlays	6	7	7	8	9	10	11	12	13	14
Demonstration Project for States Covering Workers with Potentially Severe Disabilities: HHS outlays	10	50	75	75	75	15	0	0	0	0
TITLE II										
Establishment of the Ticket to Work and Self-Sufficiency Program:										
Disability insurance	1	2	3	5	-3	-18	-48	-77	-33	-37
Medicare	(1)	(1)	(1)	(1)	1	1	1	-3	-14	-31
Supplemental Security Income	(1)	1	1	2	-1	-6	-16	-30	-10	-11
Subtotal (effect on outlays)	1	3	4	7	-3	-23	-63	-110	-57	-79

TABLE 2.—ESTIMATED DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 1180, BY PROVISION—
Continued

	By fiscal years, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Bar on Work CDRs for Certain DI Beneficiaries With Earnings:										
Disability Insurance	5	15	20	20	20	25	25	25	25	25
Medicare	2	6	7	7	8	8	9	10	10	11
Subtotal (effect on outlays)	7	21	27	27	28	33	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	(1)	(1)	(1)	1	1	1	2	2	3
Subtotal (effect on outlays)	0	1	1	1	3	4	4	6	7	9
TITLE III										
Permanent Extension of DI Demonstration Project Authority:										
Disability Insurance	3	5	5	5	5	5	5	5	5	5
\$1-for \$2 Demonstration Projects:										
Contractor Costs (DI)	0	(1)	4	5	6	6	4	4	4	4
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	1	7	13	20	28	29	31	31	31
Provisions Affecting Prisoners:										
Payments to Prison Officials (OASDI)	2	7	8	9	9	10	10	10	10	10
Payments to Prison Officials (SSI)	(1)	1	1	1	1	1	1	1	1	1
Savings in Benefits (OASDI)	-3	-15	-18	-20	-23	-25	-25	-25	-25	-25
Savings in Benefits (SSI)	-2	-7	-8	-9	-11	-11	-11	-11	-11	-11
Subtotal (effect on outlays)	-3	-15	-17	-20	-24	-25	-25	-25	-25	-25
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	(1)	-1	-1	-1	-1	-1	-1	-1	-1	-1
OASDI Benefits	(1)	(1)	(1)	(1)	(1)	(1)	1	1	1	1
Subtotal (effect on total surplus)	3	8	10	10	10	10	10	10	11	11
TOTAL										
Outlays:										
On-Budget	43	104	151	175	206	178	199	222	277	327
Off-Budget	7	15	26	32	29	25	-7	-35	9	6
Total	50	119	177	207	235	203	192	187	287	334

TABLE 2.—ESTIMATED DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 1180, BY PROVISION—
Continued

	By fiscal years, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
Surplus:²										
On-Budget	-42	-103	-150	-174	-205	-177	-198	-221	-276	-326
Off-Budget	-5	-7	-17	-23	-20	-15	17	45	1	4
Total	-47	-110	-167	-197	-225	-192	-181	-176	-275	-322

¹ Less than \$500,000² A negative number means a reduction in the surplus or an increase in the deficit. A positive number means an increase in the surplus or a reduction in the deficit.

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), HHS=Department of Health and Human Services.

Notes.—Components may not sum to totals due to rounding.

Under current law, states have the option of extending Medicaid coverage to certain workers with disabilities with incomes under 250 percent of poverty. This option was created in the Balanced Budget Act of 1997, and to date only one state has an approved state plan amendment to implement it. Based on discussions with state officials, CBO assumes that states with one-quarter of eligible people will develop small expansion programs under this option over the next few years. Some of those states are likely to use current authority under the Medicaid program to disregard some income of people applying under this option, thus effectively enrolling persons with incomes slightly higher than 250 percent of poverty. Other states may develop income cut-offs at or below that level. Based on figures from SSA of the number of people who graduate from the 1619(b) program due to earnings, CBO calculates that about 1,000 working disabled will be enrolled in Medicaid on an average annual basis under current law.

Under H.R. 1180, CBO assumes that about half of the states adopting the current-law option would revise their plans to raise certain income, asset, and resource limitations beyond the 250 percent limit. Taking up the option would allow those states access to incentive grants and demonstration funds made available under the bill and would relieve states of administering complex eligibility determinations in instances where states would otherwise have disregarded income. A possible effect of H.R. 1180 in those states would be that more people would seek out the benefit if states made higher income limits explicit. As a result, there would be a small increase in the number of people enrolled under that option.

CBO also assumes that several additional states would exercise the option to buy-in the working disabled under H.R. 1180 to gain access to incentive grants and demonstration funds made available

under the bill. In total, CBO assumes that states with half the potential eligibles would pursue the option under H.R. 1180, increasing Medicaid enrollment by about 2,500 people on an average annual basis.

The estimated federal share of Medicaid benefits for the working disabled population is about \$6,500 per capita in fiscal year 2000 and about \$9,000 per capita in 2004. States would incur administrative costs for expanding the program to include the working disabled population. Beneficiaries would also pay cost-sharing amounting to an estimated 5 percent of the total cost of the benefits. The resulting net increase in federal spending attributable to this policy would be about \$100 million over five years and \$250 million over 10 years.

CBO's estimate takes into account a range of assumptions about state participation and about the eligibility limits that states would establish. Based on discussions with state officials developing or implementing policies in this area, CBO assumes that states would be likely to proceed cautiously, so as to limit financial exposure. If several large states were to participate in this program, new program enrollment could potentially be twice CBO's estimate; conversely, fewer participating states would decrease the estimate. If all states were to take up the option and have no ability to restrict or limit the benefits to all qualified working disabled people meeting the federal definition of disability regardless of any income, assets, and resources, federal costs could be substantially higher than the estimate. At the same time, states could maintain current limits or set eligibility limits to target a narrow subset of eligibles, thus resulting in a smaller increase in costs.

State Option to Continue Medicaid Buy-In for Participants Whose DI or SSI Benefits are Terminated After a CDR. Section 101 would also provide states the option to continue Medicaid coverage for persons enrolled under the buy-in option for the working disabled if those persons lose SSI or DI due to medical improvement, as established at a regularly scheduled CDR, yet still have conditions that qualify as a "severe medically determinable impairment." Under current law, an estimated 5 percent of the buy-in population will have medical improvements each year that will result in the loss of their disability status, and thus eligibility for the Medicaid buy-in. Continuing coverage for those people would raise federal Medicaid spending by \$15 million over five years and \$60 million over 10 years, assuming that most states choosing the Medicaid buy-in option under current-law would also take up this option.

Extension of Medicare with No HI Premium to Former DI Beneficiaries Who Exhaust Their Current-Law EPE. Section 102 of H.R. 1180 would allow graduates of the EPE in the next 10 years to continue to receive Medicare benefits indefinitely without having to pay any Part A premium. The federal cost of this provision is estimated at \$10 million in 2000 and about \$250 million over five years.

About 15,000 people start an EPE each year, and about 6,000 finish one. The bill would provide Medicare coverage to people who otherwise would have lost it at the end of the EPE. CBO estimates that an extra 27,000 people would continue to be eligible for Medicare in 2004, the fifth year of the provision, growing to 60,000 in

2009. CBO assumes that the per capita cost for those beneficiaries is about one-half the cost of the average disabled beneficiary, reflecting the likelihood that they are somewhat healthier than other disabled beneficiaries, and the possibility that some beneficiaries would gain employer-sponsored insurance and rely on Medicare as a secondary payor.

Grants to States to Provide Infrastructure to Support Working Individuals with Disabilities. To states that choose at least the first of the two Medicaid buy-in options, section 103 of the bill would make available grants to develop and establish state capacity for providing items and services to workers with disabilities. The bill would appropriate \$20 million in 2000, \$25 million in 2001, \$30 million in 2002, \$35 million in 2003, and \$40 million in 2004. The amount would be indexed to the consumer price index (CPI-U) through 2010. Each state's grant would be limited in each year to 15 percent of the estimated total federal and state spending on the more costly of the two state options in the bill. Based on CBO's estimate of the state option to expand the Medicaid buy-in, the limitation would hold spending levels to about \$10 million annually; five-year costs would be \$40 million and 10-year costs would be \$100 million. Funds not allocated would remain available for allocation to states in future years. Funds allocated to states would be available until expended.

Demonstration Project for States Covering Workers with Potentially Severe Disabilities. Under section 104 of H.R. 1180, states electing the first option under section 101 would also be eligible for grants to pay for demonstration projects that provide Medicaid to working persons with physical or mental impairments who could potentially become blind or disabled without Medicaid benefits. Those people would be ineligible for Medicaid benefits under current law because they do not have conditions that meet the DI or SSI definition of disability. The bill would appropriate \$70 million in 2000, \$73 million in 2001, \$77 million in 2002, and \$80 million in 2003. Funds would remain available until expended, except that no payment could be made by the federal government after fiscal year 2005. CBO estimates that the cost of the provision would total \$285 million over the 2000–2004 period.

Ticket to Work and Self-Sufficiency Program and related provisions (title II)

Ticket to Work and Self-Sufficiency Program. Title II would temporarily change the way that VR services are provided to recipients of DI and SSI benefits. The budgetary effects of the proposed tickets program comprise several components, which are detailed in Table 3.

TABLE 3.—ESTIMATED EFFECTS ON OUTLAYS OF THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

	By fiscal years, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	DI BENEFICIARIES									
Payments to Program Manager ...	1	2	1	2	3	3	1	(1)	0	0
Milestone Payments to Providers	0	(1)	1	6	14	22	26	11	(1)	(1)

TABLE 3.—ESTIMATED EFFECTS ON OUTLAYS OF THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM—Continued

	By fiscal years, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Incentive Payments to Providers	0	(¹)	(¹)	3	15	33	59	81	62	49
Partial Repeat of Current VR										
System	0	(¹)	(¹)	-4	-13	-22	-33	-50	(¹)	(¹)
Benefits Avoided	0	(¹)	(¹)	-5	-25	-59	-104	-122	-98	-89
Extra Benefits Paid	0	(¹)	1	2	3	5	5	3	3	3
Subtotal, DI	1	2	3	5	-3	-18	-48	-77	-33	-37
Medicare Savings ²	0	0	(¹)	(¹)	1	1	1	-3	-14	-31
Total	1	2	3	5	-2	-16	-46	-79	-47	-68
SSI BENEFICIARIES										
Payments to Program Manager ...	(¹)	1	(¹)	1	1	1	(¹)	(¹)	(¹)	(¹)
Milestone Payments to Providers	0	(¹)	1	3	7	11	13	6	(¹)	(¹)
Incentive Payments to Providers	0	(¹)	(¹)	1	4	9	15	21	16	13
Partial Repeat of Current VR										
System	0	(¹)	(¹)	-2	-6	-11	-17	-25	(¹)	(¹)
Benefits Avoided	0	(¹)	(¹)	-1	-7	-16	-27	-32	-26	-23
Extra Benefits Paid	0	0	0	0	0	0	0	0	0	0
Subtotal, SSI	(¹)	1	1	2	-1	-6	-16	-30	-10	-11
Medicaid Savings	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)
Total	(¹)	1	1	2	-1	-6	-16	-30	-10	-11

¹ Less than \$500,000.² These amounts are the Medicare savings that would occur under current law. Title I of the bill would extend Medicare for these beneficiaries.³ CBO assumes that nearly all of the vocational rehabilitation recipients who leave the SSI rolls would continue to get Medicaid coverage through the 1619(b) program.

DI = Disability Insurance, SSI = Supplemental Security Income.

Notes.—Components may not sum to totals due to rounding.

The current VR program serves a fraction of DI and SSI recipients. Approximately 10 percent to 15 percent of new DI and SSI recipients are referred to state VR agencies; although SSA does not track what happens to them next, scattered clues suggest that about 10 percent of those referred are accepted. Recently, SSA has made approximately 650,000 DI awards a year; therefore, around 7,000 to 8,000 probably received VR services. SSA pays about 6,000 claims per year for VR services provided to DI recipients. SSA also pays about 6,000 claims for VR services to SSI recipients. Since about 3,000 claims are for people who collect benefits under both programs, total claims reimbursed are about 9,000 a year.

Some DI and SSI recipients return to work without the help of VR agencies. Research suggests that only 10 percent to 20 percent of DI recipients ever work after they start collecting benefits, and only 2 percent to 3 percent eventually have benefits withheld because of earnings. In contrast, SSA reimburses claims for VR services for about 1 percent of recipients. Thus, for each VR success, one or two other DI recipients go back to work and are suspended from the rolls without VR.

H.R. 1180 would revamp the VR system by permitting nearly any recipient who desires VR to receive it, by allowing clients to choose from a variety of providers in addition to state VR agencies, and by stretching out reimbursements to providers for up to five years, contingent on their clients' sustained absence from the rolls.

Under H.R. 1180, SSA would issue tickets to DI and SSI beneficiaries that they could assign to approved VR providers, whether state, private for-profit, or nonprofit. The bill would grant wide latitude to SSA in deciding the terms and conditions of the tickets; SSA tentatively plans to issue tickets to new beneficiaries at the time of award, unless they are deemed likely to recover, and to current beneficiaries after a CDR. By accepting a ticket, providers—labeled “networks” in the bill—would agree to supply services, such as training, assistive technology, physical therapy, or placement. A program manager, selected by SSA, would aid in recruiting providers and handling the nuts-and-bolts administration of the program.

Providers could choose between two forms of reimbursement from SSA. One system would be based solely on outcomes; the provider would receive 40 percent of the average DI or SSI benefit for up to five years, so long as the client stayed off the rolls. Some providers fear, though, that they would experience acute cash-flow problems under such a system. To address that concern, the bill also offers a blended system, dubbed the “milestone-outcome” system. Under that system, SSA would make some payments earlier, but would trim subsequent payments to ensure that the overall cost (calculated on a net present value basis) did not exceed the cost of a pure outcomes system.

The new program would be phased in gradually but last only five years. H.R. 1180 calls for it to start in selected areas a year after enactment, and to operate nationwide three years after that. The last tickets would be issued five years after the start of implementation. Because the program would then end unless reauthorized, potential providers may hesitate to enlarge their capacity to serve DI and SSI clients.

CBO estimates that about 7 percent of newly awarded beneficiaries would seek VR services if they were readily available, versus only about 1 percent who receive them under current law. Both the Transitional Employment Demonstration (TED, a demonstration conducted in the mid-1980s and confined to mentally retarded recipients) and Project Network (a demonstration begun in 1992 and open to both DI and SSI beneficiaries) suggested that about 5 percent of beneficiaries would enroll in VR if given the chance. CBO judged that the level of interest ultimately would slightly exceed 5 percent for two reasons. First, intake under Project Network developed bottlenecks, which may have discouraged some potential participants. Second, Project Network barred any recipients who were employed or self-employed from enrolling; no such bar would be in place under H.R. 1180, however, and those recipients would probably be interested in receiving services and would be attractive to providers.

Research suggests that getting VR raises the propensity to work, and thus the chances for an earnings-related suspension. But raw figures can easily exaggerate the effectiveness of VR. The handful of beneficiaries who would sign up for VR are probably the most motivated, and many would have worked anyway. In fact, CBO assumes that one effect of H.R. 1180 would be to enable providers to be reimbursed for providing services for many people who would have worked anyway.

These expected effects can be illustrated by following the experiences of one hypothetical cohort of 650,000 new DI beneficiaries. Under current law, about 7,800 might be served under the state VR programs; 6,100 of them would eventually generate a reimbursement by SSA and would be suspended for at least a month. Another 8,300 would be suspended due to earnings, for at least one month, without any reimbursement to VR. Thus, total suspensions would be about 14,400, or about 2 percent of the cohort, under current law. CBO estimates that, if those beneficiaries could freely enroll in VR using a "ticket," about 7 percent or 47,000 would get VR services. Most of those VR clients would work, and many (about 13,400) would be suspended for at least one month, an increase of 7,300 in VR-reimbursed cases. However, CBO estimates that about 5,900 of those workers would have gone back to work unaided. Thus, for this cohort, net suspensions would be about 1,400 higher.

In estimating H.R. 1180, CBO adjusted those hypothetical figures for its caseload projections and timing factors. First, CBO projects that the volume of disabled-worker awards gradually climbs from 625,000 in 1999 to about 780,000 in 2005. That increase reflects the aging of the baby-boom generation into its high-disability years and the scheduled increases in Social Security's normal retirement age. Second, CBO assumed that some extra rehabilitations would occur among the nearly 5 million people now on the DI rolls, not just among new awards, although current beneficiaries are generally poorer candidates for VR than new applicants with more recent work experience. Third, CBO adjusted the numbers for the gradual phase-in of the new system. Under the bill's schedule, assuming enactment by September 1999, the first services would be rendered at a handful of sites in fiscal year 2001. If those clients engaged in trial work in 2002, the first extra suspensions would occur in 2003. The last tickets would be issued in 2005, and the last extra suspensions would occur in 2007.

Specifically, CBO estimates that the number of net additional suspensions in DI—that is, suspensions that would not occur in the absence of the new program—would equal 500 in 2003, 2,200 in 2004, and an average of 4,600 annually between 2005 and 2007. Gross suspensions that involve reimbursement to a VR provider would climb gradually from 6,000 to 8,000 a year under current law, but would be markedly higher—about 15,000 in 2007, almost double the current-law estimate—under the proposal. And the number of suspensions involving no reimbursement to VR would fall.

CBO also had to make assumptions about recidivism. Many studies have documented that DI recipients who leave the rolls often return. It is not clear whether recipients of VR services are more or less likely to return to the rolls than others; some evidence suggests that the extra boost provided by VR fades over time. Because H.R. 1180 proposes to pay providers for up to five years, but only if the recipient stays off the rolls, assumptions about recidivism are critical. Based on a variety of sources, CBO assumes that recipients suspended from the rolls have about a two-thirds chance of still being suspended one year later, about a one-half chance three years later (when, technically, their DI entitlement is terminated), and a 40 percent chance after five years.

Effects of the Tickets Program in DI. The budgetary consequences of H.R. 1180, from the standpoint of the DI program, would consist of seven effects:

- *Payments to the program manager.* SSA would hire a program manager to coordinate issuance of tickets, the recruitment of providers, and other tasks. Based on a similar arrangement in the RSVP program, CBO assumes that payments to the program manager would amount to just a few million dollars a year.

- *Milestone payments to providers.* As explained earlier, the bill would give providers a choice between a pure outcome-based system (in which providers would get periodic payments only during the period of suspension) and a blended outcome-milestone system (in which they could get some money earlier). CBO assumes that most providers would opt for the blended system, which CBO assumes to consist of a \$500 payment after several months of work and a \$1,000 bonus on the date of suspension. Placements would be considerably easier for providers to achieve than suspension. The first milestone payments would be made in 2002 but would be very small. They would peak at \$26 million in 2006; an estimated \$15 million for 30,000 gross placements, mostly from ticketholders served in 2005, and another \$11 million for 11,000 suspensions, mostly from ticketholders served in 2004 (and who spent 2005 in trial work).

- *Incentive payments to providers.* The incentive payments would occur over a period of up to five years if the beneficiary remained off the rolls. Therefore, they would continue throughout CBO's 10-year horizon even though the last tickets would be issued in 2005. In the pure outcomes system, incentive payments would be 40 percent of average benefits. CBO assumes that most providers would opt for the blended payment system, under which—in return for getting some earlier milestone payments—they would accept incentive payments of 30 percent. Again, outlays would be very small in the early years. Incentive payments would peak at \$81 million in 2007. That is the year in which the last batch of VR clients, who got their tickets in 2005, would be suspended (under the assumption that they got services in 2005 and engaged in trial work in 2006). By 2007, gross suspensions of ticketholders over the preceding five years are assumed to be about 35,000. Some of those would have returned to the rolls, but 25,000 would remain suspended. Incentive payments would equal 25,000 times 30 percent of the previous year's average DI benefit (about \$900 a month), or \$81 million. By 2009, under CBO's assumptions about recidivism, only 17,000 of those 25,000 would still be off the rolls, and the 2,000 who were first suspended in 2003 and 2004 would no longer be in the five-year period for incentive payments. Thus, incentive payments in that year would be \$49 million.

- *Partial repeal of current VR system.* CBO assumes that, under current law, the DI trust fund would reimburse about 6,000 claims for VR services at present (at an average cost of about \$11,000) and about 7,300 in 2007 (at an average cost of about \$14,000). The new program would partially displace the current system for five years. Specifically, if tickets were issued in 2001 through 2005, they would partially divert clients who would otherwise have generated reimbursements to VR providers (at the end of trial work) in 2003

through 2007. In 2007, \$50 million in reduced payments would result.

H.R. 1180 would grant state VR agencies the option of remaining in the current reimbursement system—that is, charging SSA for the full amount of costs incurred after the client has worked for nine months. Because the new program would expire after five years, many state agencies might choose not to undergo the disruption of a switch.

- *Benefits avoided.* The various payments to providers discussed above all depend on the number of gross rehabilitations. The savings in DI benefits, in contrast, depend on the number of net or extra rehabilitations. That distinction is important: when providers serve clients who would have worked and eventually been suspended anyway, they do not generate savings in DI benefits.

Over the 2003–2007 period, CBO estimates that there would be a total of 35,000 gross rehabilitations of ticket holders, of which only 17,000 would represent extra rehabilitations. Under CBO's assumptions about recidivism, about 11,000 of those 17,000 would still be off the rolls in 2007; at an average monthly benefit of about \$900, \$122 million in savings would result. That year marks the peak savings, because no more tickets would be issued after 2005. By 2009, the 11,000 would have shrunk to 8,000, and \$89 million in benefit savings would be realized.

- *Extra benefits paid.* Some people might file for DI benefits in order to get VR services. They may even be encouraged to do so by prospective providers (for example, by an insurance company that helps to run their employer's private disability or workers' compensation coverage). For those induced filers, the entire benefit cost (for any time they spend on the rolls) and the VR cost (if they do eventually get suspended) would be a net cost to the DI program.

To some extent, SSA could minimize this problem by setting the terms and conditions under which it would issue tickets—for example, by denying them to beneficiaries who are expected to recover medically. But some such filers might still seep through. CBO assumes that a few hundred such filers would be attracted to DI during the five years of the tickets program, and some would remain on the rolls, leading to extra benefit costs of up to \$5 million annually.

- *Resulting Medicare savings.* DI recipients who return to work continue to receive Medicare coverage for three years after their suspension from DI. By leading to the rehabilitation and suspension of more DI recipients, the Ticket to Work Self-Sufficiency Act would generate some savings to Medicare. DI beneficiaries who are capable of working are probably healthier than other beneficiaries, and their per capita Medicare costs therefore less than average.

Under CBO's assumption that the first services would be rendered in 2001 and the first resulting suspensions in 2003, small Medicare savings would begin in 2006. By 2009, 13,000 extra suspensions are assumed to have occurred over the 2003–2006 period (the group for whom the three-year EPE would have expired); 5,700 would still be off the rolls; and \$35 million in Medicare savings would result.

Although these Medicare savings would result if the Ticket to Work and Self-Sufficiency Act were enacted in isolation, elsewhere

H.R. 1180 proposes to give continued Medicare coverage to all beneficiaries who complete an EPE. Therefore, these Medicare savings would be rendered moot by the cost (shown in title I) of that proposal.

Small costs—estimated by CBO to be between \$1 million and \$4 million a year—would result from the induced filers who remain on DI long enough (two years) to qualify for Medicare.

Over the 1999–2003 period, CBO estimates a small net cost in the DI program from the proposed tickets, mainly because there would be few extra rehabilitations but there would be some startup costs and small payments to induce filers. Later, CBO foresees small net savings, chiefly because the DI benefit savings from extra suspensions slightly outweigh the costs of paying for VR services rendered by an expanded pool of providers.

Effects of the Tickets Program in SSI. H.R. 1180 would also bring SSI participation into the new tickets to work program. CBO estimated the effects on the SSI program in a manner similar to its estimates for DI. There are a few notable differences.

The number of SSI recipients affected by the bill is generally estimated to be only half as many as in DI. Under current law, SSA pays for about 9,000 rehabilitations a year—6,000 in DI and 6,000 in SSI, of which 3,000 are concurrent. Under the bill, services rendered by providers to concurrent beneficiaries would essentially be compensated under the DI rules. Thus, to avoid double-counting concurrent beneficiaries, CBO generally assumed only half as many cases in its SSI estimates as in the analogous DI estimates.

Average benefits for disabled SSI beneficiaries are also only about half as large as in the DI program—in 2003, for example, about \$425 in SSI versus \$825 in DI. Therefore, all payments under the proposed system that are pegged to the average benefit, such as the incentive payments to providers, would be smaller in SSI. In fact, that provision has aroused concern that providers would be less willing to provide services to the SSI population. CBO implicitly assumes that providers would serve this group, perhaps emphasizing cheaper services with repeated interventions if necessary.

Because SSI is limited to beneficiaries with low income and few resources, CBO assumed that there would be few induced filers. CBO also assumed that most SSI beneficiaries affected by the bill would retain Medicaid coverage through section 1619(b).

The upshot of HR. 1180 in the SSI program is a pattern that resembles that for DI: small early costs, giving way to small savings after 2003.

Ban on Work CDRs for Certain DI Beneficiaries With Earnings. The bill would bar so-called work CDRs if the beneficiary has been on the rolls for more than 24 months. Work CDRs are triggered by a report of earnings. Beneficiaries would still be subject to regularly-scheduled periodic CDRs.

SSA conducts approximately 80,000 work CDRs a year. CBO estimates that about 1,500 people whose entitlement would otherwise be terminated would benefit from this provision. Assuming that they are, on average, halfway between periodic CDRs scheduled at three-year intervals, they would get an extra 18 months of benefits.

When fully effective, the provision is expected to lead to annual DI costs of about \$25 million and Medicare costs of about \$10 million.

Expedited Reinstatement of DI Benefits Within 60 Months of Termination. The bill would provide for expedited reinstatement of benefits for former DI recipients whose benefits were terminated because of earnings in the last 60 months. Under current law, those beneficiaries have the usual five-month waiting period waived if they seek benefits; but their application is judged no differently from one filed by someone who has never been on the rolls. H.R. 1180 would alter that by stipulating that benefits must be awarded unless SSA can demonstrate that the applicant's medical condition has improved. H.R. 1180 would also provide for automatic payment of up to five months of provisional benefits while the request for reinstatement is under consideration. Generally, those provisional payments would not be subject to recoupment even if the request is ultimately denied. CBO estimates that these liberalized procedures would tip the balance in up to a hundred cases each year, ultimately costing about \$6 million in DI and \$3 million in Medicare by 2009.

CBO does not estimate that either of these two provisions would lead to additional suspensions from the DI rolls as a result of earnings, because there are no firm empirical data on which to base such an assumption.

Demonstration projects and studies (title III)

Permanent Extension of DI Demonstration Project Authority. SSA has had the authority to conduct certain research and demonstration projects that occasionally require waivers of provisions of title II of the Social Security Act. That waiver authority expired on June 10, 1996. This bill would extend it permanently. This extension would be the fifth since the waiver authority was enacted in 1980. This general waiver authority should not be confused with the so-called \$1-for-\$2 demonstrations in the next section; those demonstrations are costlier and longer-lasting than the modest projects that SSA would likely conduct on its own initiative.

When the waiver authority has been in effect, SSA has generally spent between \$2 million and \$4 million annually on the affected projects. CBO judges that the proposed extension would lead to extra outlays of \$3 million in 2000 and \$5 million a year thereafter.

\$1-for-\$2 Demonstration Projects. Under current law, after completing the TWP and the three-month grace period during which earnings are disregarded, a disabled worker gives up his or her entire benefit in any month that earnings exceed SGA. Both anecdotal and statistical evidence suggest that many beneficiaries balk at that, instead quitting work or holding their earnings just below the threshold. Some advocates favor, instead, cutting benefits by \$1 for every \$2 of earnings over SGA. More modestly, some favor a treatment of earnings more like the SSI program's—a cut of \$1 in benefits for every \$2 of earnings over \$85 a month.

Such proposals would probably encourage more people who are already on the DI rolls to work. Although fewer beneficiaries would be suspended (i.e., have their benefit reduced to zero), many might have their benefit substantially reduced. A major concern about such proposals, though, is that they would encourage an unknown

number of people to file for benefits. Survey data suggest that there are millions of severely impaired people who are nevertheless working and not collecting DI. Filing for benefits, and working part-time, might actually improve their standards of living. That incentive would be much stronger if the DI program liberalized its treatment of earnings. The SSA Office of the Actuary in 1994 estimated that applying a \$1-for-\$2 policy for earnings above \$500, the threshold for SGA at that time, would cost \$5 billion in extra DI benefits over a five-year period and that setting the threshold at \$85 would cost \$2 billion.

H.R. 1180 would require SSA to conduct demonstrations to test the effects of a \$1 reduction in benefits for each \$2 of earnings. It would require that SSA conduct the demonstrations on a wide enough scale, and for a long enough period, to permit valid analysis of the results. CBO assumed that, to meet those criteria, the demonstrations would have to include perhaps half a dozen small states, that the intake of the project would have to last three or four years to permit observation of induced filers, and that the incentives themselves would have to be promised to the beneficiaries for an indefinite period. Because the demonstrations would pose formidable issues of design and administration, CBO assumes they would not get under way until 2002. CBO also assumes that the demonstration would be conducted in areas with and without the tickets to work and self-sufficiency, to enable the effect of the incentives to be isolated from the effects of the new VR program. Even a relatively small-scale demonstration might thereby apply to approximately 2 percent to 3 percent of the nation. Multiplying that percentage times the DI benefit costs suggested by the SSA's 1994 memo implies that the demonstration would, after intake is complete, cost almost \$20 million in extra DI benefits a year. It would also lead to slightly higher Medicare costs, since the induced filers would qualify for Medicare after two years on the DI rolls. Finally, CBO assumes that running the demonstrations and collecting and analyzing data would be handled by an expert contractor, at a cost of several million dollars a year. In sum, the \$1-for-\$2 demonstration projects proposed by the bill are estimated to cost \$190 million over the 2002–2009 period.

Technical amendments (title IV)

Title IV contains technical corrections and clarifications to the Social Security Act. Two sections have budgetary effects.

Provisions Affecting Prisoners. H.R. 1180 would tighten restrictions on the payment of Social Security benefits to prisoners. Current law sets strict limits on the payment of SSI benefits to incarcerated people and somewhat milder limits on payments of OASDI. SSI recipients who are in prison for a full month—regardless of whether they are convicted—have their benefits suspended while they are incarcerated. OASDI recipients who have been convicted of an offense carrying a maximum sentence of one year or more have their benefits suspended. Those who are convicted of lesser crimes, and those who are in jail awaiting trial, may still collect OASDI benefits. Those provisions are enforced chiefly by an exchange of computerized data between SSA and the Federal Bureau of Prisons, state prisons, and some county jails. Those agreements

are voluntary and, until recently, involved no payments to the institutions.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 changed that arrangement by directing SSA to pay institutions for reporting information that led to the identification of ineligible SSI recipients. The payment is \$400 if the institution reports information within 30 days of confinement and \$200 if the report is made 30 to 90 days after confinement. The law also exempts matching agreements between SSA and correctional institutions from certain provisions of the Privacy Act.

This bill would establish analogous arrangements for the OASDI program. It would also drop the requirement that OASDI benefits be suspended only if the maximum sentence for the offense is one year or more. (A conviction would still be required; inmates who are in jail while they await trial could continue to collect benefits.) CBO estimated the effects of this provision, like its predecessor in the welfare reform law, by analyzing data from several sources that suggest about 4 percent to 5 percent of prisoners were receiving Social Security, SSI benefits, or both before incarceration. Reports from SSA's Inspector General showed that some of those prisoners were overlooked under matching arrangements either because their institution had not signed an agreement, had not renewed it promptly, or did not submit data on schedule.

CBO estimates that, over the 2000–2009 period, the provisions would lead to payments of \$85 million to correctional institutions out of the OASDI trust funds and benefit savings of \$205 million, for a net saving of \$120 million. CBO also expects that the broader arrangement, by doubling the pool of potential payments, would encourage more jailers to submit information accurately and promptly and would therefore lead to spillover savings in the SSI program amounting to about \$90 million over the 10-year period.

Open Season for Clergy to Enroll in Social Security. Section 1402(e) of the Internal Revenue Code allows certain clergy to exempt the self-employment income from their ministry from Social Security and Medicare taxes. Under current law, such an exemption is irrevocable.

Section 403 of H.R. 1180 would allow clergy who have received an exemption a two-year opportunity to revoke that exemption beginning in calendar year 2000. Similar opportunities were offered in 1978 and 1987. Based on those experiences, CBO estimates that 3,500 taxpayers would choose to revoke their exemptions, and that the average new enrollee would have about \$20,000 of self-employment income. (There would be a slight decrease in income tax revenue, since a portion of payroll taxes is deductible for income tax purposes.) From 2000 through 2009, off-budget revenues would increase by \$87 million, and on-budget revenues would increase by \$10 million.

Those taxpayers who revoke their exemption will eventually receive higher Social Security benefits, but that effect will mostly occur in years beyond the 10-year estimation period. CBO estimates that outlays will increase by \$4 million in the 2000–2009 period.

Authorization for State to Permit Annual Wage Reports. H.R. 1180 would amend the Social Security Act to allow states to permit

employers of domestic workers to report on such employment annually rather than quarterly. State-maintained employment histories are used to verify eligibility for certain benefits, such as unemployment insurance, Food Stamps, and SSI. This change would not affect eligibility requirements. It could present an administrative burden to states that choose to allow annual reporting, because they would have to research cases annually if they suspect domestic employment. CBO expects any budgetary effects to be insignificant.

Spending subject to appropriation: H.R. 1180 would also create several new programs or activities to be funded out of SSA's annual appropriation (see Table 4).

TABLE 4.—SPENDING SUBJECT TO APPROPRIATION

	By fiscal years, in millions of dollars—				
	2000	2001	2002	2003	2004
WITH ADJUSTMENTS FOR INFLATION					
Work Incentives Advisory Panel:					
Budget authority	1	1	1	2	2
Outlays	1	1	1	2	2
Work Incentives Outreach:					
Budget authority	23	23	23	23	23
Outlays	2	14	23	23	23
State Grants for Work Incentives Assistance:					
Budget authority	7	7	7	7	8
Outlays	3	6	7	7	7
Total:					
Budget authority	31	32	32	32	32
Outlays	7	21	32	32	32
WITHOUT ADJUSTMENTS FOR INFLATION					
Work Incentives Advisory Panel:					
Budget authority	1	1	1	1	1
Outlays	1	1	1	1	1
Work Incentives Outreach:					
Budget authority	23	23	23	23	23
Outlays	2	14	23	23	23
State Grants for Work Incentives Assistance:					
Budget authority	7	7	7	7	7
Outlays	3	6	7	7	7
Total:					
Budget authority	31	31	31	31	31
Outlays	7	21	31	31	31

Note.—Components may not sum to totals due to rounding.

Section 201 of H.R. 1180 would create a Work Incentives Advisory Panel to advise the Secretaries of Health and Human Services (HHS), Labor, and Education, and the Commissioner of Social Security on work incentives for the disabled and to advise SSA on implementation and evaluation of the Ticket to Work program. The panel would consist of 12 members appointed by the Commissioner in consultation with the Congress. At least five of the members would be current or former SSI or DI recipients. H.R. 1180 would permit the panel to hire a director and other staff and pay other necessary expenses. CBO estimates that the panel would cost between \$1 million and \$2 million a year.

Section 221 would establish a community-based program to disseminate information about work incentives and related issues. Grants totaling no more than \$23 million a year would be awarded

competitively to community-based groups. Because this would be a brand-new program, CBO assumes that spending would be low at first, not reaching \$23 million until the third year.

Section 222 would require the Commissioner of Social Security to make grants to the protection and advocacy (P&A) system established under part C of title I of the Developmental Disabilities Act to assist disabled people to obtain vocational rehabilitation or employment. That P&A system is currently funded by the Children and Family Services Program in the Department of HHS. The bill would authorize \$7 million in 2000 and such sums as shall be necessary thereafter; CBO assumed that funding would remain at about \$7 million. Estimated outlays would be \$3 million in 2000 and \$6 million a year thereafter.

Although they do not explicitly call for further appropriations, several other provisions of H.R. 1180 would affect SSA's workload and thus the pressures on its annual appropriation. The Ticket to Work program (section 201) would require significant planning and oversight by SSA staff. Section 221 would direct SSA to establish a special corps of work incentive specialists to deal with questions from applicants, beneficiaries, and the community-based organizations funded under the same section. Enforcement of the tougher restrictions on prisoners in section 402 would require SSA staff time, because suspension of benefits occurs only after care verification. Partly offsetting these extra costs, SSA would no longer be required to do work CDRs under section 211. CBO estimates that these effects on SSA's workload would, on balance, cost the agency between \$10 million and \$30 million in the 2000-2004 period.

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 the following table. 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 5.—SUMMARY OF PAY-AS-YOU-GO EFFECTS OF H.R. 1180

	By fiscal years, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	43	104	151	175	206	178	199	222	277	327
Changes in receipts	1	1	1	1	1	1	1	1	1	1

Estimated impact on State, local, and tribal governments: 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. 1180 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.

Title I contains a number of options 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 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. States would also have the option of charging participants premiums or other fees to offset a portion of the costs.

Title I would also allow states to establish demonstration projects that would provide Medicaid to working individuals with physical or mental impairments who, without Medicaid, 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.

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 requires such insurers to reinstate coverage that disabled beneficiaries had previously suspended because they had group health coverage if the beneficiaries lose 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 also be very small—less than \$5 million a year by 2009.

Previous CBO estimate: On March 19, 1999, CBO released a cost estimate for S. 331, the Work Incentives Improvement Act of 1999, as ordered reported by the Senate Committee on Finance on March 4, 1999. The major difference between the bills is that S. 331 contains several provisions that would increase revenues (title V), while H.R. 1180 does not. As a result, CBO estimated that S. 331 would add \$0.7 billion to the total federal surplus over the 2000–2004 period.

Estimated 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: Sandra Christensen.

Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

Section 201(f) of the bill establishes the Work Incentives Advisory Panel to advise the Commissioner of the Social Security Administration, the Secretaries of Health and Human Services, Labor, and Education on issues related to work incentives programs, planning, and assistance for individuals with disabilities. In addition, the Panel would advise the Commissioner on implementation of the Ticket to Work and Self-Sufficiency Program including establishment of phase-in sites, research and demonstrations related to the program, and development of performance measures. Pursuant to the requirements of subsection 5(b) of the Federal Advisory Committee Act, the Committee finds that the functions of the proposed advisory committee are not and cannot be performed by an existing Federal agency or advisory commission or by enlarging the mandate of an existing advisory committee.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional authority for this legislation is provided in Article I, section 8, clause 3, which grants Congress the power to regulate commerce with foreign nations, among the several States, and with the Indian tribes.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Sec. 1. Short title; table of contents

Section 1 provides the short title of the legislation, the "Work Incentives Improvement Act of 1999." The section also contains the table of contents for the bill.

Sec. 2. Findings and purposes

Section 2(a) sets forth various congressional findings and the purposes of the Act.

TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

Sec. 101. Expanding State options under the Medicaid program for workers with disabilities

Section 101(a) provides that, for purposes of Medicaid eligibility, States would be able to establish more liberal income and resource limits than are currently required for certain individuals with dis-

abilities. They would have the option to establish one or two new Medicaid eligibility categories.

First, States would have the option to cover persons with disabilities who would be eligible for SSI, except for earned income that exceeds the SSI limits. States may establish limits on assets, resources, and earned or unearned income that differ from the Federal requirements. This means that income levels set by the State could exceed 250 percent of the Federal poverty level (as provided by BBA 97) 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 described above, they may also provide coverage to individuals with disabilities, aged 16-64, who are employed and who cease to be eligible for Medicaid under the option above because their medical condition has improved, but who continue to have a severe medically determinable impairment. 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 reasonable and substantial criteria for work hours, wages, or other measures established by the State and approved by the Secretary of the Department of Health and Human Services (HHS).

Individuals covered under these options could be required by States to "buy into" Medicaid coverage by paying premiums or other cost-sharing charges on a sliding fee scale based on an individual's income as established by the State. The State would be required to make premium or other cost-sharing charges the same for both these two new optional eligibility groups. In addition, a State may require individuals with income above 250 percent of the Federal poverty level to pay the full premium cost.

Section 101(b) makes conforming amendments.

Federal funds may be paid to a State for Medicaid coverage of these new eligibility groups as long as the State maintains the same level of expenditures to assist disabled persons to work (other than medical assistance) as in the year prior to enactment.

Section 101(c) provides an effective date that would apply to medical assistance for items and services furnished on or after October 1, 1999.

Sec. 102. Continuation of Medicare coverage for working individuals with disabilities

Section 102(a) provides that during the ten-year period following enactment of the bill, disabled Social Security beneficiaries who engage in substantial gainful activity would receive free Medicare Part A coverage. In addition, Medicare Part A coverage could continue after the termination of the ten-year period for any individual who is enrolled in the Medicare Part A program for the month that ends the initial 10-year period, without requiring the beneficiaries to pay the premium.

Section 102(b) requires the General Accounting Office (GAO) to submit a report to Congress no later than 8 years after enactment of the bill that would examine the effectiveness and cost of extending Medicare Part A coverage to working disabled persons without charging them a premium. The report also requires GAO to rec-

ommend whether the Medicare coverage extension should continue beyond the initial 10-year period provided under the bill.

Section 102(c) provides that the effective date for the amendments made by this section are required to apply to months beginning with the first month that begins after the date of enactment.

Section 102(d) provides that disabled individuals who had been enrolled in Medicare Part A, and continue to have a disabling physical or mental impairment, but whose entitlement to SSDI benefits ended solely because of earnings exceeding the substantial gainful activity amount, are required to be treated with respect to premium payment obligations under Medicare Part A as though such individuals had continued to be entitled to SSDI benefits.

Sec. 103. Grants to develop and establish State infrastructures to support working individuals with disabilities

Section 103(a) requires HHS to award grants to States to design, establish, and operate supportive 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: (1) they must provide Medicaid coverage to the first proposed eligibility category discussed above (i.e., persons whose income exceeds 250 percent of the Federal poverty guidelines, and meets resource, assets, and earned or unearned income limits set by the State); and (2) they must provide personal assistance services to assist individuals eligible under the bill 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 HHS). Personal assistance services refers to a range of services, provided by one or more persons, to assist individuals with a disability 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.

Section 103(b) of the bill requires HHS to develop a formula for the award of infrastructure grants. The formula would provide special consideration to States that extend Medicaid coverage to persons who cease to be eligible for SSI because of an improvement in their medical condition, but who have a severe medically determinable impairment, and who are employed.

Grant amounts to States would be a minimum of at least \$500,000 per year. They may be up to a maximum amount of 15 percent of Federal and State Medicaid expenditures for individuals eligible under one or both of the new eligibility groups described above, whichever is greater. If insufficient funds are appropriated to pay States the minimum grant amount, the Secretary of Health and Human Services (the Secretary) would be required to pay States a pro rata amount.

Section 103(c) of the bill provides that funds awarded to a State under a grant for a fiscal year are required to remain available until expended. Funds not awarded to States in the fiscal year for which they are appropriated are required to remain available in succeeding fiscal years for awarding by the Secretary.

Section 103(d) of the bill requires States to submit an annual report to the Secretary on the use of the grant funds. In addition, the report would be required to indicate the percent increase in the number of disabled Social Security and SSI beneficiaries who receive a ticket to work (as established under Title II of the bill) who return to work.

Section 103(e) of the bill authorizes appropriations in the following amounts:

- FY 2000, \$20 million;
- FY 2001, \$25 million;
- FY 2002, \$30 million;
- FY 2003, \$35 million;
- FY 2004, \$40 million, and
- FY 2005–FY 2010, the amount of appropriations for the preceding fiscal year plus the percent increase in the Consumer Price Index for All Urban Consumers for the preceding fiscal year.

The bill provides that this provision constitutes budget authority in advance of appropriations and represents the obligation of the Federal government to provide payment of the amounts appropriated.

Section 103(f) requires the Secretary of HHS, in consultation with the Work Incentives Advisory Panel established by the bill, to submit a recommendation, by October 1, 2009, to the Committee on Commerce in the House and the Committee on Finance in the Senate, on whether the grant program should be continued after FY 2010.

Sec. 104. Demonstration of coverage under the Medicaid program of workers with potentially severe disabilities

Section 104(a) allows States to apply to the Secretary for approval of a demonstration project under which a specified maximum number of individuals who are workers with a potentially severe disability are provided medical assistance equal to that provided under Medicaid for disabled persons age 16–64.

Section 104(b) defines a “worker with a potentially severe disability” as an individual, who is employed, age 16–64, and who has a specific physical or mental impairment that, as defined by the State under the demonstration project, is reasonably expected to meet SSI’s definition of blindness or disability if they did not receive Medicaid services. States’ definitions can include individuals with a potentially severe disability that can be traced to congenital birth defects as well as diseases developed in childhood or adulthood.

For purposes of the demonstration, individuals are 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 hours, wages, or other measures as defined by the demonstration project and approved by the Secretary.

Section 104(c) requires the Secretary to approve applications for the demonstration projects if the State meets the following requirements: (1) the State has elected to provide Medicaid coverage to persons who meet the more liberal income, resources, assets, and earned and unearned income tests as set by the State described in

Section 101 of the bill; (2) Federal funds are used to supplement State funds used for workers with potentially severe disabilities at the time the demonstration is approved; and (3) the State conducts an independent evaluation of the demonstration program. The bill permits the Secretary to approve demonstration programs that operate on a sub-State basis.

The bill authorizes appropriations of the following amounts:

- FY 2000, \$70 million;
- FY 2001, \$73 million;
- FY 2002, \$77 million; and,
- FY 2003, \$80 million.

The bill provides that this provision constitutes budget authority in advance of appropriations and represents the obligation of the Federal government to provide payment of the amounts appropriated.

Payments under this demonstration program could not exceed, in the aggregate, \$300 million. Payments may be provided to States only through FY 2005. The Secretary would be 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. Funds not allocated to States in the fiscal years in which they are appropriated will remain available in succeeding fiscal years.

Section 104(d) of the bill requires the Secretary to submit by no later than October 1, 2002, a recommendation to the House Commerce and Senate Finance Committees regarding whether the demonstration project established under this section should be continued after FY 2003.

Section 104(e) defines a State as having the meaning under Medicaid, which includes all 50 States, the District of Columbia, Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the Virgin Islands.

Sec. 105. Election by disabled beneficiaries to suspend Medigap insurance when covered under a group health plan

Section 105(a) requires 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 policy holder provides notice of the loss of such coverage within 90 days of the date of losing group coverage.

Section 105(b) provides that the effective date for this provision is the date of enactment.

TITLE II—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS

Subtitle A—Ticket to Work and Self-Sufficiency

Sec. 201. Establishment of the Ticket to Work and Self-Sufficiency Program

Section 201(a) of the bill establishes the Ticket to Work and Self-Sufficiency Program under Title XI of the Social Security Act. The bill requires the Commissioner of the Social Security Administration (SSA) (the Commissioner) to establish the program, under which "tickets to work" would be provided to disabled Social Security and SSI beneficiaries to obtain employment services, vocational rehabilitation (VR) services, or other support services provided by employment networks. Under the ticket system, the Commissioner is authorized to issue tickets to work to disabled beneficiaries for participation in the program, who would be permitted to assign the ticket to any employment network providing services under the program and willing to accept the assignment. The Commissioner would be required to pay the employment network for the services provided to beneficiaries under the payment systems provided by the bill. Employment networks would be prohibited from requesting or receiving compensation from the beneficiary.

The bill provides special rules for State VR agencies electing to participate in the program. Services provided by State VR agencies participating in the Ticket to Work and Self-Sufficiency Program would be governed by plans for VR services approved under Title I of the Rehabilitation Act of 1973, as amended. State VR agencies would not be required to accept referrals from employment networks unless they enter into an agreement with such employment network that specified the terms of reimbursement. If VR agencies elect to participate in the program, they may also elect to receive payment under the outcome payment system or the outcome milestone payment system established by the bill.

The bill requires the Commissioner to enter into agreements with one or more organizations in the private or public sector for service as a program manager to assist in administering the program. The selection of a program manager is required to be through a competitive bidding process, from among organizations in the private or public sector with expertise and experience in the field of vocational rehabilitation or employment services. Program managers would be precluded from direct participation in the delivery of employment, vocational rehabilitation, or other support services to beneficiaries in the area covered by the agreement. The agreements would also preclude a program manager from holding a financial interest in an employment network or service provider operating in a geographic area covered under the manager's agreement. The Commissioner is required to terminate agreements with employment networks for inadequate performance, provide for periodic quality assurance review of employment networks, and establish a method for resolving disputes between beneficiaries and networks.

The bill requires program managers to conduct tasks appropriate to assist the Commissioner in administering the program, including

recruiting, and making recommendations for selection by the Commissioner, of employment networks for service under the program. Program managers would be required to facilitate access by beneficiaries to employment networks and ensure that beneficiaries would be allowed to change employment networks for good cause without being deemed to have rejected services under the program. Program managers would be required to establish and maintain lists of employment networks available to beneficiaries; ensure that adequate services are available to beneficiaries throughout the geographic area covered under the agreement, including rural areas; monitor activities of employment networks; and ensure that sufficient employment networks are available and that beneficiaries have reasonable access to services, including case management, work incentive planning, supported employment, career planning, career plan development, vocational assessment, job training, placement, follow-up services, and other services as specified by the Commissioner.

The bill requires that employment networks serving under the Ticket to Work and Self-Sufficiency Program consist of an agency or instrumentality of a State (or political subdivision thereof) or a private entity that assumes responsibility for the coordination and delivery of services under the program. An employment network could also consist of one-stop delivery systems established under Title I of the Workforce Investment Act of 1998.

The bill requires employment networks to have substantial expertise and experience in providing employment, vocational rehabilitation, or other support services for individuals with disabilities, and to demonstrate professional and educational qualifications in these services. Employment networks must ensure that services are provided to beneficiaries pursuant to appropriate individual work plans that are developed with beneficiaries.

The bill also requires employment networks to develop and implement individual work plans in partnership with beneficiaries in a manner that allows the beneficiary the opportunity to exercise informed choice in selecting an employment goal and specific services needed to achieve that employment goal. The bill requires that each individual work plan must include: a statement of the vocational goal developed with the beneficiary; the services and supports and coordination necessary for the beneficiary to accomplish his/her vocational goal; a statement of any terms and conditions related to the provision of such services and supports to the beneficiary; a statement regarding the beneficiary's rights and responsibilities, including the right to retrieve the ticket to work if the beneficiary is dissatisfied with services provided by the employment network; and, remedies available to the individual, including information on availability of advocacy services and assistance in resolving disputes.

The bill requires payment be made to employment networks authorized by the Commissioner under either an outcome payment system or an outcome-milestone payment system. Each employment network would be required to elect which payment system would be used to determine the method of payment for services provided to beneficiaries.

The outcome payment system would provide payment to employment networks from funds that would have otherwise been paid to SSDI or SSI beneficiaries if they were not working. That is, employment networks would be paid up to 40 percent of the average monthly benefit for all disabled beneficiaries (either SSDI or SSI, whichever applies) in the preceding year, for each month (up to 60 months) that cash benefits are not being paid to ticket to work recipients who are engaged in substantial gainful activity, or who had earnings from work.

The outcome-milestone payment system is similar to the outcome payment system, except that it provides for early payment(s) based on the achievement of one or more milestones directed towards the goal of permanent employment. The total amount payable under the outcome-milestone payment system would be less than the total amount payable to a provider that would have been payable for an individual under the outcome payment system.

The bill requires the Commissioner to periodically review both payment systems, and if necessary, alter the percentages, milestones, or payment periods to ensure that employment networks have adequate incentives to assist beneficiaries into the workforce.

The bill prohibits the Commissioner from initiating continuing disability reviews (CDRs) for beneficiaries who are using tickets to work. A CDR is a process in which the disability status of current beneficiaries is reviewed to determine if they show medical improvement that would make them ineligible for benefits under the SSA definition of disability.

The bill requires that Federal funds to pay employment networks are to be made from the Federal OASI (for disabled dependents and survivors), or DI trust funds (for disabled workers), as appropriate, or from general revenue funds (for disabled SSI beneficiaries).

The bill requires that the Ticket to Work and Self-Sufficiency Program terminate five years after the Commissioner commences implementation of the program. It further provides that any individual who has initiated a work plan under the program prior to the termination date may use services provided under the program, and any employment network that provides services to such individual is required to receive payment for such services.

Section 201(b) provides conforming amendments to various sections of the Social Security Act, including the repeal of the provision that terminates SSDI and SSI cash benefits if a beneficiary refuses to accept State VR agency services.

Section 201(c) requires the effective date for Sections 201(a) and 201(b) of the bill to be the first month following 1 year after the date of enactment of the bill.

Section 201(d) requires that, not later than one year after enactment of the Ticket to Work and Self-Sufficiency Program, the Commissioner commence the implementation of the program in graduated phases at phase-in sites selected by the Commissioner. The Commissioner is required to ensure that the ability to provide tickets and services to individuals under the program exists in every State as soon as practicable on or after enactment, but no later than three years after enactment. The bill requires the Commissioner to conduct a series of evaluations to assess the cost-effectiveness

ness and effects of the program. The Commissioner's evaluation reports must be transmitted to the House Ways and Means and Senate Finance Committees following the close of the third, fifth, and seventh fiscal years after the program's effective date, and include a detailed evaluation of the program's progress, costs, and success.

Section 201(e) requires the Commissioner to prescribe regulations necessary to carry out the Ticket to Work and Self-Sufficiency Program not later than 1 year after enactment.

Section 201(f) establishes within the Social Security Administration a Work Incentives Advisory Panel consisting of experts representing consumers, providers of services, employers, and employees. The Panel is required to advise the Commissioner, the Secretaries of Health and Human Services, Labor, and Education on issues related to work incentives programs, planning, and assistance for individuals with disabilities. In addition, the Panel is to advise the Commissioner on implementation of the Ticket to Work and Self-Sufficiency Program, including establishment of phase-in sites, research and demonstrations related to the program, and development of performance measures.

Subtitle B—Elimination of Work Disincentives

Sec. 211. Work activity standard as a basis for review of an individual's disabled status

Section 211 of the bill provides that in any case in which an individual is entitled to Social Security disability benefits and has received Social Security benefits for at least two years—(1) the person shall not be the subject of a CDR solely because of the person's work activity; (2) no work activity by the person may be used as evidence that the person is no longer disabled; and (3) no cessation of work activity by the person may be used to presume that the person is unable to work. The bill clarifies that the individual in question is subject to (1) CDRs on a regularly scheduled basis if the CDR is not triggered by the person's work activity and (2) termination of Social Security benefits if the person has earnings that exceed the substantial gainful activity level.

Sec. 212. Expedited reinstatement of disability benefits

Section 212 provides that the following two groups of individuals may request reinstatement of those benefits without filing a new disability application: (1) an individual whose entitlement to SSDI benefits had been terminated on the basis of work activity following completion of an extended period of eligibility or (2) an individual whose eligibility for SSI benefits (including Section 1619(b) of the Social Security Act) had been terminated following suspension of those benefits for 12 consecutive months because of excess income resulting from work activity. The individual must have become unable to continue working on the basis of 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 of a reinstatement request, the individual will be eligible for provisional benefits (cash benefits and Medicare or Medicaid, as appropriate) for a period of not more than six 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.

The bill provides an effective date for the amendments made by this section of the first day of the thirteenth month after the date of enactment.

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

Sec. 221. Work incentives outreach program

Section 221 requires the Commissioner of Social Security, in consultation with the proposed Work Incentives Advisory Panel, to 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.

The bill directs the Commissioner to establish a competitive program of grants, cooperative agreements, or contracts to provide benefit planning and assistance, including information on the availability of protection and advocacy services, to disabled beneficiaries, including persons participating in the Ticket to Work and Self-Sufficiency Program, the SSI Section 1619 program, and other programs that are designed to encourage disabled beneficiaries to work.

The bill requires the Commissioner to conduct directly, or through grants, cooperative agreements, or contracts, ongoing outreach efforts to disabled beneficiaries (and their families) who are potentially eligible to participate in Federal or State work incentive programs that are designed to assist disabled beneficiaries to work. The outreach efforts are to include (1) preparing and issuing information explaining work incentive programs and (2) cooperating 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.

The bill requires the Commissioner to establish a group of trained, accessible, and responsive work incentives specialists within SSA who will focus on disability work incentives under the Social Security and SSI programs for the purpose of dispensing accurate information with respect to inquiries and issues relating to work incentives to (1) disabled beneficiaries, (2) Social Security and SSI applicants, and (3) individuals or entities awarded grants to provide benefits planning and assistance or outreach services. Since some beneficiaries attempt work without receiving rehabilitation services, work incentive information would be available to all beneficiaries, not just those participating in the Ticket to Work and Self-Sufficiency Program.

The bill requires the Commissioner to provide (1) training for the work incentive specialists and the individuals providing benefits planning assistance and (2) technical assistance to organizations and entities whose purpose is to encourage disabled beneficiaries to return to work.

The bill specifies responsibilities of the Commissioner (mentioned above) are to 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 SSI Section 1619 program, the plan for achieving self-support program (PASS), and any other Federal or State work incentive programs that are designed to assist disabled beneficiaries, including educational agencies that provide information and assistance regarding rehabilitation, school-to-work programs, and transition services programs.

An application for a grant, cooperative agreement, or contract to provide benefits planning and assistance must be submitted to the SSA Commissioner. The Commissioner may award a grant, cooperative agreement, or contract to a State or a private agency or organization, except for SSA field offices and the agency administering the Medicaid program or any entity that might be subject to a conflict of interest. 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).

Recipients of an award must select individuals to provide information, guidance, and planning to disabled beneficiaries concerning the (1) availability and interrelationship of any Federal or State work incentives programs for which the individual may qualify, (2) 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 (3) availability of protection and advocacy services for disabled beneficiaries and how to access such services. The Commissioner must ensure that information, planning, and assistance provided be available on a statewide basis.

The bill requires the Commissioner of Social Security to award a grant, cooperative agreement, or contract to an entity based on the percentage of disabled beneficiaries in the State who live in the applicant entity's locale. The maximum amount permitted for a grant, cooperative agreement, or contract is \$300,000 and the minimum is \$50,000. The bill limits the total amount for a fiscal year to \$23 million.

Sec. 222. State grants for work incentives assistance to disabled beneficiaries

Section 222 of the bill authorizes the Commissioner of Social Security to award grants to State protection and advocacy systems authorized by the Developmental Disabilities Assistance and Bill of Rights Act. These grants would be in addition to the current program grants. The purpose of the grants is to provide information and advice about obtaining vocational rehabilitation, employment, advocacy, or other services that disabled SSDI or SSI beneficiaries may need to secure or regain gainful employment.

The bill provides that a protection and advocacy system must be funded at least at a level the greater of \$100,000, or one-third of

one percent of the appropriation. Grants to certain territories would be at least \$50,000. The minimum payments may be increased to reflect an inflation adjustment in certain circumstances. The bill limits appropriations for the program to \$7 million in FY 2000, and such sums as needed thereafter.

Each protection and advocacy system that receives a grant must submit an annual report to the Commissioner of Social Security and the Work Incentives Advisory Panel on the services provided to individuals by the system.

TITLE III—DEMONSTRATION PROJECTS AND STUDIES

Sec. 301. Permanent extension of disability insurance program demonstration project authority

Section 301 permanently extends SSA's Social Security demonstration project authority. Section 301 also adds another purpose to experiments and demonstration projects. Namely, they may be designed to determine the advantages and disadvantages of the following: implementing a sliding scale benefit offsets procedure using variations in the amount of the offset as a proportion of earned income; changing the duration of the offset period; revising the method of determining the amount of income earned by the beneficiaries; using state-of-the-art information technology and electronic funds transfer technology to streamline the reporting of data and the implementation of the offset; and developing and making available to beneficiaries, their families, guardians, and advocates, information through the Internet on work incentives and assistance so that beneficiaries may make informed decisions regarding work.

The bill also permits the Commissioner to expand the scope of the demonstration projects to include applicants as well as beneficiaries.

Sec. 302. Demonstration projects providing for reductions in disability insurance benefits based on earnings

Section 302 requires the Commissioner to conduct demonstration projects for the purpose of evaluating a program for disabled Social Security beneficiaries under which the beneficiary's benefit is reduced \$1 for every \$2 of earned income above an amount specified by the Commissioner. The demonstration projects would be conducted at a number of localities which the Commissioner determines is sufficient to adequately evaluate the appropriateness of national implementation of such a program. The demonstration projects would identify reductions in Federal expenditures that may result from the permanent implementation of such a program.

The bill requires the demonstration projects to be sufficient in scope and scale to determine: (1) the effects, if any, of induced entry into the project and reduced exit from the project; (2) 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 proposed Ticket to Work and Self-Sufficiency Program; and (3) the savings, if any, that accrue to the Social Security trust funds, and other Federal programs. The Commissioner must take into account services provided by the Work Incentives Advisory

Panel in determining the scope and scale of the demonstration projects.

Under the bill, the Commissioner also must determine: (1) 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; (2) the determinants of return-to-work activities, including the characteristics of the beneficiaries who participate in the project; and (3) the employment outcomes, including wages, occupations, benefits, and hours worked, of beneficiaries who return to work as a result of their participation in the demonstration project.

The bill permits the Commissioner to evaluate the merits of trial work periods and periods of extended eligibility.

The Commissioner may waive compliance with Title II (Social Security) law and the Secretary of HHS may waive compliance with the benefit requirements of Title XVIII (Medicare) law, insofar as necessary for a thorough evaluation of the alternative methods under consideration. The Commissioner is required to submit a description of the demonstration project along with notification of its pending operation to the House Ways and Means and Senate Finance Committees at least 90 days before the project is implemented.

The Commissioner is required to submit to Congress an interim report on the progress of the demonstration projects not later than two years after the date of enactment, and annually thereafter. The Commissioner is required to submit to Congress a final report on all of the demonstration projects not later than one year after their completion.

The bill provides that expenditures for the demonstration projects are to come from the DI or OASI trust funds, as determined appropriate by the Commissioner, and from the Hospital Insurance (HI) or Supplementary Medical Insurance (SMI) trust funds, as determined appropriate by the HHS Secretary, to the extent provided in advance in appropriation Acts.

Sec. 303. Studies and reports

Section 303 requires GAO to undertake three studies. The first requires GAO to study existing tax credits and other disability-related employment incentives under the Americans with Disabilities Act of 1990 and other Federal laws. The study must address the extent to which such credits and other incentives would encourage employers to hire and retain individuals with disabilities. The report must be submitted to the House Ways and Means and Senate Finance Committees no later than three years after enactment.

The second study requires GAO to evaluate the coordination of the Social Security and SSI programs as it relates to disabled individuals entering or leaving concurrent entitlement under such programs. The study must address the effectiveness of work incentives under these programs with respect to the effectiveness of coverage of such disabled Social Security beneficiaries. The report must be submitted to the House Ways and Means and Senate Finance Committees no later than three years after enactment.

The third study requires GAO to undertake a study of the substantial gainful activity level currently applicable to disabled Social

Security and SSI beneficiaries, and the effect of such levels as disincentives for those recipients to return to work. The study must address the merits of increasing the substantial gainful activity level applicable to such beneficiaries and the rationale for not annually indexing that level for inflation. The report must be transmitted to the House Ways and Means and Senate Finance Committees no later than two years after enactment.

The bill also directs the Commissioner of Social Security to identify all income, assets, and resource disregards under Title II (Social Security) and Title XVI (SSI); specify the most recent statutory or regulatory change in each disregard and recommend whether further statutory or regulatory modification is appropriate; and report certain additional information and recommendations on disregards related to grants, scholarships, or fellowships used in attending any educational institution. The report is to be submitted within 90 days of enactment of the bill to the House Ways and Means and Senate Finance Committees.

TITLE IV—TECHNICAL AMENDMENTS

Sec. 401. Technical amendments relating to drug addicts and alcoholics

Section 401 clarifies that the meaning of the term “final adjudication” includes a pending request for administrative or judicial review or a pending readjudication pursuant to a class action or court remand. (There has been at least one court case construing the meaning of “final adjudication.”) The bill clarifies that if the Commissioner does not perform the entitlement redetermination before January 1, 1997, an entitlement redetermination must be performed instead of a continuing disability review.

The bill 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 recipient be referred for treatment.

The amendments made by this section are to take effect as if included in the enactment of section 105 of P.L. 104–121.

Sec. 402. Treatment of prisoners

Section 402(a) establishes analogous incentive payment provisions to correctional facilities that currently pertain to SSI recipients to Social Security beneficiaries (both disabled and elderly). This incentive payment program is identical to that now operating under the SSI program pursuant to P.L. 104–193. Under the incentive payment program, the Commissioner is to enter into an agreement with State and local correctional institutions to provide monthly reports which list the names, Social Security numbers, confinement date, dates of birth, and other identifying information regarding prisoners who receive Social Security benefits. Certain requirements for computer matching agreements do not apply. For each eligible individual who becomes ineligible as a result, the Commissioner pays the institution an amount up to \$400 if the information is provided within 30 days of incarceration, and up to

\$200 if the information is provided after 30 days but within 90 days.

The bill reduces payments to correctional institutions by 50 percent for multiple reports on the same individual who receives both SSI and Social Security benefits. Payments made to correctional institutions are to be made from OASI or DI trust funds, as appropriate.

The bill expands the categories of institutions eligible to enter into agreements with the Commissioner. It provides that the Commissioner shall enter into an agreement with any interested State or local 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 prisoners.

The bill also authorizes the Commissioner of Social Security to provide, on a reimbursable basis, information obtained pursuant to the agreements to any Federal or Federally-assisted cash, food, or medical assistance program for eligibility purposes.

The bill provides that the effective date for the amendments made by this subsection are required to 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 of enactment.

Section 402(b) of the bill prohibits Social Security payments to any person convicted of a criminal offense for any month throughout which he or she has been an inmate in a jail, prison, or other penal institution, or correctional facility.

The bill provides that the effective date for the amendments made by this subsection are required to 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 of enactment.

Section 402(c) of the bill provides conforming amendments to SSI law to ensure that payments to correctional institutions are reduced by 50 percent for multiple reports on the same individual who receives both SSI and SSDI benefits. It also expands the categories of institutions eligible to enter into agreements with the Commissioner.

The bill provides that the effective date for the amendments made by this subsection are required to take effect as if included in the enactment of Section 203(a) of P.L. 104-193.

Section 402(d) prohibits Social Security 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.

The bill provides that the effective date for the amendments made by this subsection are required to apply with respect to benefits for months ending after the date of enactment.

Sec. 403. Revocation by members of the clergy of exemption from Social Security coverage

Section 403(a) of the bill provides a two-year "open season," beginning January 1, 1999, for members of the clergy who want to revoke their exemption from Social Security. The decision to join Social Security would be irrevocable. A member of the clergy choos-

ing such coverage becomes subject to self-employment taxes and his or her subsequent earnings are credited for Social Security (and Medicare) benefit purposes. H.R. 1180 would give clergy a limited opportunity to enroll in the Social Security system, similar to those opportunities provided by Congress in 1977 and 1986.

Section 403(b) of the bill provides that the effective date for the amendments made by this section are required to apply with respect to service performed in taxable years beginning after December 31, 1999, and with respect to monthly insurance benefits payable under Title II of the Social Security Act 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 is effective.

Sec. 404. Additional technical amendment relating to cooperative research or demonstration projects under titles II and XVI

Section 404(a) of the bill includes a technical amendment that adds the Title II program to a reference regarding "any jointly financed cooperative agreement or grant concerning Title XVI."

Section 404(b) of the bill provides that the effective date for the amendments made by this section are required to take effect as if included in the enactment of P.L. 103-296.

Sec. 405. Authorization for State to permit annual wage reports

Section 405 of the bill provides that in the case of wage reports with respect to domestic service employment, a State may permit employers that make returns with respect to such employment on a calendar year basis to make such reports on an annual basis.

The bill provides that the effective date for the amendments made by this section are required to apply to wage reports required to be submitted on and after the date of enactment.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

The bill was referred to this committee for consideration of such provisions of the bill as fall within the jurisdiction of this committee pursuant to clause 2 of rule XII of the Rules of the House of Representatives. In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported by this committee, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

* * * * *

**TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND
DISABILITY INSURANCE BENEFITS**

* * * * *

ENTITLEMENT TO HOSPITAL INSURANCE BENEFITS

SEC. 226. (a) * * *

(b) Every individual who—

(1) * * *

* * * * *

shall be entitled to hospital insurance benefits under part A of title XVIII for each month beginning with the later of (I) July 1973 or (II) the twenty-fifth month of his entitlement or status as a qualified railroad retirement beneficiary described in paragraph (2), and ending (subject to the last sentence of this subsection) with the month following the month in which notice of termination of such entitlement to benefits or status as a qualified railroad retirement beneficiary described in paragraph (2) is mailed to him, or if earlier, with the month before the month in which he attains age 65. In applying the previous sentence in the case of an individual described in paragraph (2)(C), the "twenty-fifth month of his entitlement" refers to the first month after the twenty-fourth month of entitlement to specified benefits referred to in paragraph (2)(C) and "notice of termination of such entitlement" refers to a notice that the individual would no longer be determined to be entitled to such specified benefits under the conditions described in that paragraph. For purposes of this subsection, an individual who has had a period of trial work which ended as provided in section 222(c)(4)(A), and whose entitlement to benefits or status as a qualified railroad retirement beneficiary as described in paragraph (2) has subsequently terminated, shall be deemed to be entitled to such benefits or to occupy such status (notwithstanding the termination of such entitlement or status) for the period of consecutive months throughout all of which the physical or mental impairment, on which such entitlement or status was based, continues, and throughout all of which such individual would have been entitled to monthly insurance benefits under title II or as a qualified railroad retirement beneficiary had such individual been unable to engage in substantial gainful activity, but not in excess of 24 such months, *except as provided in subsection (j)*. In determining when an individual's entitlement or status terminates for purposes of the preceding sentence, the term "36 months" in the second sentence of section 223(a)(1), in section 202(d)(1)(G)(i), in the last sentence of section 202(e)(1), and in the last sentence of section 202(f)(1) shall be applied as though it read "15 months".

* * * * *

(j) *The 24-month limitation on deemed entitlement under the third sentence of subsection (b) shall not apply—*

(1) for months occurring during the 10-year period beginning with the first month that begins after the date of enactment of this subsection; and

(2) for subsequent months, in the case of an individual who was entitled to benefits under subsection (b) as of the last month of such 10-year period and would continue (but for such 24-month limitation) to be so entitled.

* * * * *

TITLE XVIII—HEALTH INSURANCE FOR THE AGED AND DISABLED

* * * * *

PART A—HOSPITAL INSURANCE BENEFITS FOR THE AGED AND
DISABLED

* * * * *

HOSPITAL INSURANCE BENEFITS FOR DISABLED INDIVIDUALS WHO
HAVE EXHAUSTED OTHER ENTITLEMENT

SEC. 1818A. (a) Every individual who—

(1) has not attained the age of 65;

(2)(A) has been entitled to benefits under this part under
section 226(b), and

* * * * *

(C) whose entitlement under section 226(b) ends due [solely]
to the individual having earnings that exceed the substantial
gainful activity amount (as defined in section 223(d)(4)) or the
expiration of the last month of the 10-year period described in
section 226(j); and

* * * * *

PART D—MISCELLANEOUS PROVISIONS

* * * * *

CERTIFICATION OF MEDICARE SUPPLEMENTAL HEALTH INSURANCE
POLICIES

SEC. 1882. (a) * * *

* * * * *

(q) The requirements of this subsection are as follows:

(1) * * *

* * * * *

(5)(A) Each medicare supplemental policy shall provide that
benefits and premiums under the policy shall be suspended at
the request of the policyholder for the period (not to exceed 24
months) in which the policyholder has applied for and is deter-
mined to be entitled to medical assistance under title XIX, but
only if the policyholder notifies the issuer of such policy within
90 days after the date the individual becomes entitled to such
assistance. If such suspension occurs and if the policyholder or
certificate holder loses entitlement to such medical assistance,
such policy shall be automatically reinstated (effective as of
the date of termination of such entitlement) under terms de-
scribed in subsection (n)(6)(A)(ii) as of the termination of such
entitlement if the policyholder provides notice of loss of such
entitlement within 90 days after the date of such loss.

* * * * *

(C) Any person who issues a medicare supplemental policy
and fails to comply with the requirements of this paragraph or
paragraph (6) is subject to a civil money penalty of not to ex-
ceed \$25,000 for each such violation. The provisions of section
1128A (other than the first sentence of subsection (a) and other
than subsection (b)) shall apply to a civil money penalty under

the previous sentence in the same manner as such provisions apply to a penalty or proceeding under section 1128A(a).

(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.

* * * * *

TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

* * * * *

STATE PLANS FOR MEDICAL ASSISTANCE

SEC. 1902. (a) A State plan for medical assistance must—

(1) * * *

* * * * *

(10) provide—

(A) for making medical assistance available, including at least the care and services listed in paragraphs (1) through (5), (17) and (21) of section 1905(a), to—

(i) all individuals—

(ii) at the option of the State, to any group or groups of individuals described in section 1905(a) (or, in the case of individuals described in section 1905(a)(i), to any reasonable categories of such individuals) who are not individuals described in clause (i) of this subparagraph but—

(I) * * *

* * * * *

(XIII) who are in families whose income is less than 250 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved, and 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 (subject, notwithstanding section 1916, to payment of premiums or other cost-sharing charges (set on a sliding scale based on income) that the State may determine); [or]

(XIV) who are optional targeted low-income children described in section 1905(u)(2)(C);

(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; or

(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);

* * * * *

PAYMENT TO STATES

SEC. 1903. (a) * * *

* * * * *

(f)(1) * * *

* * * * *

(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual described in section 1902(a)(10)(A)(i)(III), 1902(a)(10)(A)(i)(IV), 1902(a)(10)(A)(i)(V), 1902(a)(10)(A)(i)(VI), 1902(a)(10)(A)(i)(VII), 1902(a)(10)(A)(ii)(IX), 1902(a)(10)(A)(ii)(X), 1902(a)(10)(A)(ii)(XIII), 1902(a)(10)(A)(ii)(XV), 1902(a)(10)(A)(ii)(XVI), 1905(p)(1), or 1905(u) or for any individual—

(A) * * *

* * * * *

(i) Payment under the preceding provisions of this section shall not be made—

(1) * * *

* * * * *

(18) with respect to any amount expended for home health care services provided by an agency or organization unless the agency or organization provides the State agency on a continuing basis a surety bond in a form specified by the Secretary under paragraph (7) of section 1861(o) and in an amount that is not less than \$50,000 or such comparable surety bond as the Secretary may permit under the last sentence of such section[.]; or

(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.

* * * * *

DEFINITIONS

SEC. 1905. For purposes of this title—

(a) The term “medical assistance” means payment of part or all of the cost of the following care and services (if provided in or after the third month before the month in which the recipient makes application for assistance or, in the case of medicare cost-sharing with respect to a qualified medicare beneficiary described in subsection (p)(1), if provided after the month in which the individual becomes such a beneficiary) for individuals, and, with respect to physicians’ or dentists’ services, at the option of the State, to individuals (other than individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)) not receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI, who are—

(i) * * *

* * * * *

(x) individuals described in section 1902(u)(1), [or]

(xi) individuals described in section 1902(z)(1), or

(xii) employed individuals with a medically improved disability (as defined in subsection (v)),

but whose income and resources are insufficient to meet all of such cost—

(1) inpatient hospital services (other than services in an institution for mental diseases);

* * * * *

(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

(E) 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.

* * * * *

USE OF ENROLLMENT FEES, PREMIUMS, DEDUCTIONS, COST SHARING,
AND SIMILAR CHARGES

SEC. 1916. (a) **[The State plan]** *Subject to subsection (g), the State plan shall provide that in the case of individuals described in subparagraph (A) or (E)(i) of section 1902(a)(10) who are eligible under the plan—*

(1) * * *

* * * * *

(g) With respect to individuals provided medical assistance only under subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii), a State may (in a uniform manner for individuals described in either such subclause)—

(1) 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

(2) require payment of 100 percent of such premiums in the case of such an individual who has income that exceeds 250 percent of the income official poverty line (referred to in subsection (c)(1)) applicable to a family of the size involved.

* * * * *



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. Prevention of fraud and abuse associated with certain payments under the medicaid program. Extension of authority of State medicaid fraud control units.
- Sec. 408. Extension of authority of State medicaid fraud control units.
- Sec. 409. Special allowance adjustment for student loans.

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

TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT OF 1999

Mr. ARCHER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1180) to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1180

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

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.

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 employment 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 Pro-

gram 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 services (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)(E) 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 ½ 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) ½ 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 dis-

ability 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 bene-

fits 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 non-profit 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) 1/2 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 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)) is amended—

(i) in subclause (XIII), by striking "or" at the end;

(ii) in subclause (XIV), by adding "or" at the end; and

(iii) by adding at the end the following:

"(XV) 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 (XIII)."

(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)(XIII) 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))."

(2) 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) of section 1902(a)(10)(A)(ii), a State may (in a uniform manner for individuals described in either such subclause)—

"(1) 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

"(2) require payment of 100 percent of such premiums in the case of such an individual who has income that exceeds 250 percent of the income official poverty line (referred to in subsection (c)(1)) applicable to a family of the size involved."

(3) 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 (19) and inserting "; or"; and

(B) by inserting after such paragraph the following:

"(20) with respect to amounts expended for medical assistance provided to an individual described in subclause (XV) 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)," 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) 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)(XIII) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)); 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)(XV) of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).

(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 (XIII) or (XV) 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 bene-

ficiaries, as defined in section 1148(k)(3) of the Social Security Act (as amended by section 101(a) 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) APPROPRIATION.—

(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to make grants under this section—

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

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

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

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

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

(F) for each of fiscal years 2005 through 2010, the amount appropriated for the preceding fiscal year 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.

(2) BUDGET AUTHORITY.—This subsection constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment of the amounts appropriated under paragraph (1).

(f) RECOMMENDATION.—Not later than October 1, 2009, the Secretary, in consultation with the Work Incentives Advisory Panel established under section 201(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)(XIII) of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)).

(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)(XIII) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)).

(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) APPROPRIATION.—

(i) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to carry out this section for the 5-fiscal-year period beginning with fiscal year 2000, \$56,000,000.

(ii) BUDGET AUTHORITY.—Clause (i) constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment of the amounts appropriated under clause (i).

(B) LIMITATION ON PAYMENTS.—In no case may—

(i) the aggregate amount of payments made by the Secretary to States under this section exceed \$56,000,000; or

(ii) 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) 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.

(e) 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 Com-

ptroller 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 redemption 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,".

(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)(i)."

(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. PREVENTION 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)) (as amended by section 201(a)(3)(B)) is amended further—

(1) in paragraph (20), by striking the period at the end and inserting "; or"; and

(2) by inserting immediately after paragraph (20) the following:

"(21) 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 State or local educational agency or school district, unless payment for the item, service, or administrative expense is made in accordance with a methodology approved in advance by the Secretary under which—

"(A) in the case of payment for—

"(i) a group of individual items, services, and administrative expenses, the methodology—

"(I) provides for an itemization to the Secretary that assures accountability of the 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, services, and administrative expenses with items and services provided and administrative expenses incurred under this title; or

"(ii) an individual item, service, or administrative expense, the amount of payment for the item, service, or administrative expense does not exceed the amount that would be paid for the item, service, or administrative expense if the item, service, or administrative expense were incurred by an entity other than a State or local educational agency or school district, unless the State can demonstrate to the satisfaction of the Secretary a higher amount for such item, service, or administrative expense; and

"(B) in the case of a transportation service for an individual under age 21 who is eligible for medical assistance under this title (whether or not the child has an individualized education program established pursuant to part B of the Individuals with Disabilities Education Act)—

"(i) a medical need for transportation is noted in such an individualized education program (if any) for the individual, including such an individual residing in a geographic area within which school bus transportation is otherwise not provided;

"(ii) in the case of a child with special medical needs, the vehicle used to furnish such transportation service is specially equipped or staffed to accommodate individuals with special medical needs; and

"(iii) payment for such service only—

"(I) is made with respect to costs directly attributable to the costs associated with transporting such individuals whose medical needs require transport in such a vehicle; and

"(II) reflects the proportion of transportation costs equal to the proportion of the school day spent by such individuals in activities relating to the receipt of covered services under this title or 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 or on behalf of a State or local agency (including a State or local educational agency or school district) that enters into a contract or other arrangement with a person or entity for, or in connection with, the collection or submission of claims for such expenditures, unless, notwithstanding section 1902(a)(32), the agency—

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

"(B) requires that any fees (including any administrative fees) to be paid to the person or entity for the collection or submission of such claims 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), and (21)".

(b) **PROVISION OF ITEMS AND SERVICES THROUGH MEDICAID MANAGED CARE ORGANIZATIONS.**—

(1) **CONTRACTUAL REQUIREMENT.**—Section 1903(m)(2)(A) of the Social Security Act (42 U.S.C. 1396b(m)(2)(A)) is amended by redesignating clause (xd) (as added by section

nating 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:

"(xi) such contract provides that with respect to payment for, and coverage of, such services, the contract requires coordination between the State or local educational agency or school district and the medicaid managed care organization to prevent duplication of services and duplication of payments under this title for such services."

(2) **PROHIBITION ON DUPLICATIVE PAYMENTS.**—

(A) **IN GENERAL.**—Section 1903(i) of the Social Security Act (42 U.S.C. 1396b(i)), as amended by subsection (a), is amended—

(i) in paragraph (2), by striking the period and inserting "; or"; and

(ii) by adding at the end the following:
 "(23) with respect to any amount expended under the plan for an item, service, or administrative expense for which payment is or may be made directly to a person or entity (including a State or local educational agency or school district) under the State plan if payment for such item, service, or administrative expense was included in the determination of a prepaid capitation or other risk-based rate of payment to an entity under a contract pursuant to section 1903(m)."

(B) **CONFORMING AMENDMENT.**—The third sentence of section 1903(i) of such Act (42 U.S.C. 1396b(i)), as amended by subsection (a)(3), is amended by striking "and (21)" and inserting "(21), and (23)".

(C) **ALLOWABLE SHARE OF FFP WITH RESPECT TO PAYMENT FOR SERVICES FURNISHED IN SCHOOL SETTING.**—Section 1903(w)(6) of the Social Security Act (42 U.S.C. 1396b(w)(6)) is amended—

(i) in subparagraph (A), by inserting "subject to subparagraph (C)," after "subsection."; and

(2) by adding at the end the following:
 "(C) 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, that is furnished by a State or local educational agency or school district, the State shall provide that there is paid to the agency or district a percent of such amount that is not less than the percentage of such expenditure or expense that is paid by such agency or district."

(D) **UNIFORM METHODOLOGY FOR SCHOOL-BASED ADMINISTRATIVE 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 State educational agencies and local school systems, shall develop and implement a uniform methodology for claims for payment of administrative expenses furnished under title XIX of the Social Security Act by State or local educational agencies or school districts. Such methodology 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.**—

(1) **IN GENERAL.**—The amendments made by this section (other than by subsection (b)) 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.

(2) **MANAGED CARE AMENDMENTS.**—The amendments made by subsection (b) shall apply to contracts entered into or renewed on or after the date of the enactment of this Act.

(3) **REGULATIONS.**—The Secretary of Health and Human Services shall promulgate such

final regulations as are necessary to carry out the amendments made by this section not later than 1 year after the date of the enactment of this Act.

SEC. 408. EXTENSION OF AUTHORITY OF STATE MEDICAID FRAUD CONTROL UNITS.

(A) **EXTENSION OF 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, 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 the suspected fraud or violation of law in such case or investigation is primarily related to the State plan under this title."

(B) **RECUPMENT 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. 409. SPECIAL ALLOWANCE ADJUSTMENT FOR STUDENT LOANS.

(A) **AMENDMENT.**—Section 438(b)(2) of the Higher Education Act of 1965 (20 U.S.C. 1087-1(b)(2)) is amended—

(1) in subparagraph (A), by striking "(G), and (H)" and inserting "(G), (H), and (I)";

(2) in subparagraph (B)(iv), by striking "(G), or (H)" and inserting "(G), (H), or (I)";

(3) in subparagraph (C)(ii), by striking "(G) and (H)" and inserting "(G), (H), and (I)";

(4) in the heading of subparagraph (H), by striking "JULY 1, 2003" and inserting "JANUARY 1, 2000";

(5) in subparagraph (H), by striking "July 1, 2003," each place it appears and inserting "January 1, 2000."; and

(6) by inserting after subparagraph (H) the following new subparagraph:

"(I) **LOANS DISBURSED ON OR AFTER JANUARY 1, 2000, AND BEFORE JULY 1, 2003.**—

(i) **IN GENERAL.**—Notwithstanding subparagraphs (G) and (H), but subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, and except as provided in subparagraph (B), the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after January 1, 2000, and before July 1, 2003, shall be computed—

(I) by determining the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H-15 (or its successor) for such 3-month period;

(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

(III) by adding 2.34 percent to the resultant percent; and

(IV) by dividing the resultant percent by 4.

(ii) **IN SCHOOL AND GRACE PERIOD.**—In the case of any loan for which the first disbursement is made on or after January 1, 2000, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(k)(2), clause (i)(III) of this subparagraph shall be applied by substituting "1.74 percent" for "2.34 percent".

(iii) **PLUS LOANS.**—In the case of any loan for which the first disbursement is made on or after January 1, 2000, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(k)(3), clause (i)(III) of this subparagraph shall be applied by substituting "2.64 percent" for "2.34 percent", subject to clause (v) of this subparagraph.

(iv) **CONSOLIDATION LOANS.**—In the case of any consolidation loan for which the application is received by an eligible lender on or after January 1, 2000, and before July 1, 2003, and for which the applicable interest rate is determined under section 427A(k)(4), clause (i)(III) of this subparagraph shall be applied by substituting "2.64 percent" for "2.34 percent", subject to clause (vi) of this subparagraph.

(v) **LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.**—In the case of PLUS loans made under section 428B and first disbursed on or after January 1, 2000, and before July 1, 2003, for which the interest rate is determined under section 427A(k)(3), a special allowance shall not be paid for such loan during any 12-month period beginning on July 1 and ending on June 30 unless, on the June 1 preceding such July 1—

(I) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1 (as determined by the Secretary for purposes of such section); plus

(II) 3.1 percent,

exceeds 9.0 percent.

(vi) **LIMITATION ON SPECIAL ALLOWANCES FOR CONSOLIDATION LOANS.**—In the case of consolidation loans made under section 428C and for which the application is received on or after January 1, 2000, and before July 1, 2003, for which the interest rate is determined under section 427A(k)(4), a special allowance shall not be paid for such loan during any 3-month period ending March 31,

June 30, September 30, or December 31 unless—

"(I) the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H-15 (or its successor) for such 3-month period; plus

"(II) 2.64 percent.

exceeds the rate determined under section 427A(k)(4)."

(b) EFFECTIVE DATE.—Subparagraph (I) of section 438(b)(2) of the Higher Education Act of 1965 (20 U.S.C. 1087-1(b)(2)) as added by subsection (a) of this section shall apply with respect to any payment pursuant to such section with respect to any 3-month period beginning on or after January 1, 2000, for loans for which the first disbursement is made after such date.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas (Mr. ARCHER) and the gentleman from New York (Mr. RANGEL) each will control 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. ARCHER).

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1180.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, the Social Security disability program provides essential income to those who are unable to work due to severe illness or injury. Last year, benefits were paid to over 6 million workers, their wives and their children. Since arriving on Capitol Hill some 27 years ago, I have worked to find ways to make this complex and often unfriendly program work better.

Most of those receiving disability benefits, due to the severity of their impairments, cannot attempt to work. Today, however, because of the Americans with Disabilities Act, along with advancements in assistive technology, medical treatment and rehabilitation, doors are opening for opportunities never thought possible to individuals with disabilities. Now one can telecommute to work, there are voice-activated computers, and as technology provides new ways to clear hurdles presented by a disability, government must also keep pace by providing opportunity and not just dependency.

Yet, current law still tends to chain individuals with disabilities to the system through complex so-called "work incentives." In essence, individuals who work lose cash benefits along with access to essential medical coverage. This bill assists beneficiaries to pass through those doors of opportunity and return to self-sufficiency. I cannot think of anything more important than providing support to allow individuals the freedom to reach their utmost potential and that is what this bill is all about.

□ 1545

During the last Congress, former Social Security Chairman JIM BUNNING and ranking member Barbara Kennelly initiated similar bipartisan legislation. This bill passed the Committee on Ways and Means by 33 to 1. The bill last year passed the House of Representatives by 410 to 1. Unfortunately, in the last Congress it was never considered by the other body. I compliment the gentleman from Missouri (Mr. HULSHOF) for taking up the cause in the 106th Congress and introducing this bill. It is an outstanding piece of legislation, and I strongly recommend it to my colleagues.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me congratulate the gentleman from Texas for this bipartisan effort to make certain that those people who are disabled can make that transition into the labor market.

This is a bill that was cosponsored by all of the Democrats on the Committee on Ways and Means. It was a bill that has been worked out by Republicans and Democrats not working in a partisan way, but trying to make life easier without losing benefits for those people that suffer disabilities. This, I think, really shows what can happen when people put partisanship behind them and try to work together.

This was not a case where the majority was asking for the President to send them a plan, no. It was as legislators they got together and drafted the plan. As we have been able to work out differences on this bill, why can we not do this with Medicare? Why can we not do it with prescription drugs? Why can we not do it with Social Security?

Oh, I know we will hear screams that the President really ought to send us something to guide us. Mr. Speaker, my colleagues did not ask the President for any guidance when they decided to enact the \$792 billion tax cut, and we did not ask for a whole lot of guidance to come up with this decent piece of legislation.

So, Mr. Speaker, I say congratulations to Democrats and Republicans for doing the right thing, and I hope this might be just one giant step forward in moving toward resolving the Social Security problem that we have.

Mr. Speaker, I yield the balance of my time to the gentleman from California (Mr. MATSUI), and I ask unanimous consent that he be allowed to control that time.

The SPEAKER pro tempore (Mr. BURR of North Carolina). Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. Without objection, the gentleman from Missouri (Mr. HULSHOF) will control the remaining time for the gentleman from Texas (Mr. ARCHER).

There was no objection.

Mr. HULSHOF. Mr. Speaker, I yield 2½ minutes to the gentleman from Florida (Mr. SHAW), the Chairman of

the Subcommittee on Social Security who has been championing this issue through our subcommittee.

(Mr. SHAW asked and was given permission to revise and extend his remarks.)

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding this time to me and congratulate the gentleman for his good work in seeing that this was reintroduced and brought to the House floor, an extremely important piece of legislation.

Mr. Speaker, today I welcome the chance to speak in support of this excellent bill. Simply put, this bill is about work. Its aim is to help individuals with disability achieve their goals of working and supporting themselves and their family.

Through Subcommittee on Social Security hearings over the past 4 years, we have been told over and over again that people with disabilities do want to work. That has always been the case. What has changed is the fact that advances in medicine, technology, and the field of rehabilitation have given many individuals with disabilities a real chance to work. The next step is to redesign our programs to encourage, rather than discourage, their efforts.

With H.R. 1180 we are helping disabled individuals take advantage of these advances in science and medicine both by allowing them to obtain needed rehabilitation and support services and by removing barriers that have prevented them from becoming self-sufficient. Topping the list of barriers is fear of losing health coverage, the cash benefits.

Another disincentive is that beneficiaries currently have limited choices in selecting rehabilitation services and the providers of these services. To address these concerns we would allow the Social Security Administration to begin offering new tickets that disabled Social Security supplemental security income beneficiaries could use to purchase services to help them enter the work force. Disabled individuals in every State will be able to meet with service providers of their choice to develop a personalized employment plan. The Government will pay for services needed to help them work, rewarding the results by paying the service provider part of the benefit savings when disabled individuals leave the rolls.

I would just like to take this one-half minute to ask really the other side and the White House to really bring the spirit of cooperation together. We have reached out to the Democrat side on many occasions in order to try to bring the spirit of the ticket of work to Social Security.

Social Security should not be a partisan issue. There are Democrats and Republicans, millions across this country, who are dependent upon and will be dependent upon the Social Security Administration to keep them out of poverty, and it is time that this Congress and the White House stops the politicking and the wall of silence that

we are receiving from the other side end and that we work together to do great things like we are doing today.

Mr. MATSUI. Mr. Speaker, I yield myself 3 minutes.

I do not know if I will take the entire 3 minutes, in which case I will reserve my time; but let me just say that this bill passed in the last Congress with over 400 votes. Only one Member voted against it, and obviously it has strong bipartisan support at this time. It is a kind of bill that all of us obviously realize is extremely important for the disabled. Basically what it will do that is so important to the disabled is continue Medicare benefits once the disabled person is in the work force.

The real issue here is that we give, instead of 4 years, we give them a total of 10 years; and in my opinion this will go a long ways in keeping people that have disabilities in the work force.

In addition to this, one of the major components of it is that it sets up a program that allows the disabled to go into private or public type agencies for support services such as job training, job searches and things of that nature.

I want to commend both the majority and the minority staff for their leadership in making this work out. We did have some problems obviously before the committee markup and after the committee markup and during the committee markup. On the other hand, I think the results that we have today on the floor of the House are excellent.

I want to also commend both the Committee on Commerce and the Committee on Ways and Means for working together and ironing out our differences.

Hopefully, this bill will get to conference soon so that we can get it to the President, and there is no politics in this issue. I think people had a good-faith belief in their differences, but we were able to resolve them and come to some conclusion.

Mr. Speaker, I reserve the balance of my time.

Mr. HULSHOF. Mr. Speaker, I ask unanimous consent that each side will have an additional 5 minutes for a total of 10 minutes to be added to the entirety of the debate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota (Mr. RAMSTAD), cochair of the Disability Caucus.

(Mr. RAMSTAD asked and was given permission to revise and extend his remarks.)

Mr. RAMSTAD. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, this day has been a long time coming. I first heard about this problem in 1981 when I was attending a meeting as a young State senator at the Courage Center in Golden Valley, Minnesota. Jeff Bangsberg, a person with quadriplegia, told me how it was

not economically sensible for him to work because he would lose his health benefits, and then Tom Haben told me the same thing, and one after another people with disabilities at that meeting in 1981 when I was a young State senator explained why it did not make sense for them from an economic standpoint to work, and that is why I am so grateful for this day when we are getting near to passing this important legislation because eliminating work disincentives for people with disabilities is not just humane public policy, it is sound fiscal policy.

It is not only the right thing to do, but it is clearly the cost-effective thing to do. People with disabilities have to make decisions on financial reality, and they should not be penalized for going to work, they should have incentives to go to work, and I appreciate the bipartisan cooperation on this important legislation.

Mr. Speaker, I want to thank the people back in Minnesota who have advised me on this bill, people with disabilities who will be outlined for the RECORD, and I have said many times before passing this bill, passing this bill today is one of the most important things we could do as a Congress and as a people.

Mr. Speaker, this day has been a long time coming. Since my election to this body in 1990, and as a Minnesota State Senator ten years prior, I have worked hard to help people with disabilities live up to their full potential. That's why, in 1993, Representative PETE STARK and I introduced legislation to achieve the same goal we seek today. Glad we're finally here, PETE.

Nine years ago, President Bush signed the ADA into law and reminded us that "many of our fellow citizens with disabilities are unemployed. They want to work and they can work . . . this is a tremendous pool of people who will bring to jobs diversity, loyalty, low turnover rate, and only one request: the chance to prove themselves."

Mr. Speaker, despite the remarkably low unemployment rate in this country today, many of those with disabilities are still asking for this chance to prove themselves in the workplace.

Despite all the good that the ADA has done to date, there is still room for improvement. The ADA did not remove all the barriers within current federal programs that prohibit people with disabilities from working. It's time to eliminate work disincentives for people with disabilities!

Eliminating work disincentives for people with disabilities is not just humane public policy, it is sound fiscal policy. It's not only the right thing to do; it's the cost-effective thing to do!

Discouraging people with disabilities from working, earning a regular paycheck, paying taxes and moving off public assistance actually results in reduced federal revenues.

Like everyone else, people with disabilities have to make decisions based on financial reality. Should they consider returning to work or even making it through vocational rehabilitation, the risk of losing vital federal health benefits often becomes too threatening to future financial stability. As a result, they are compelled not to work. Given the sorry state of

present law, that's generally a reasonable and rational decision.

Transforming these federal programs to spring-boards into the workforce for people with disabilities is the goal of legislation that I have cosponsored this important legislation before us today.

I want to publicly thank the people who have worked so tirelessly on this legislation, especially Kim Hildred and Beverly Crawford of the Ways and Means Committee.

But most importantly, I want to thank my friends with disabilities back in Minnesota who have counseled me on these issues for two decades.

Mary O'Hara Anderson, Mary Jean Babock, Jeff and Anita Bangsberg, Bill Blom, Gary Boetcher, Wendy Brower, Mary Helen Gunkler, Tom Haben, Mark Hughes, Carol and Jonathan Hughes, Mary Kay Kennedy, Mary Jo Nichols, Joyce Scanlan, Rand Stenhjem, Colleen Wieck, Leah Welch—this day is for you!

As I have said many times, preventing people from working runs counter to the American spirit, one that thrives on individual achievements and the larger contributions to society that result. We must stay true to our Nation's spirit and pass H.R. 1180 today!

Mr. MATSUI. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, I thank my friend from California (Mr. MATSUI) for yielding this time to me.

Mr. Speaker, if we can help disabled individuals reenter and stay in the work force, we should do that. It clearly makes sense from a fiscal perspective, and it exemplifies our values as a Nation. I plan to vote for H.R. 1180 for one reason and one reason only. The programs it establishes are in the best interests of disabled individuals and the Nation.

However, it is important for us to recognize that this bill is not the same as the one 279 Members of this body cosponsored. It started out stronger, but that was before Members less dedicated to the policy and more dedicated to the politics of this bill got hold of it. Republican members of the Committee on Ways and Means got a hold of the original bill.

As a result, we are being asked to consider without amendment a weak alternative to a strong bill. For political reasons rather than policy reasons we are only partially funding H.R. 1180. The Ways and Means majority ignored committee jurisdiction to include Medicaid offsets in H.R. 1180, then refused to cooperate on a noncontroversial offset for which the Committee on Commerce has primary jurisdiction.

Apparently some Committee on Ways and Means members' feathers were ruffled that the Committee on Commerce would even suggest the Medicare part B offset. Somehow they felt justified in claiming the Committee on Commerce had overstepped our jurisdiction. In fact, of the two committees, the Committee on Commerce is the one that did not attempt to overstep its jurisdiction.

Republican Ways and Means leadership claims the administration refused

to lift a finger to help find offsets for this bill. I was there. I can assure my colleagues that this assertion is patently false. As a matter of fact, the administration helped us identify the very offset that the Committee on Ways and Means refused to accept. Basically, the Committee on Ways and Means majority leadership broke the rules to fund the pieces of the bill they liked and co-opted the rules in attempt to kill the sections of the bill they did not like, and none of their actions reflects what is best for the disabled community or for American taxpayers.

The original Work Incentive Act that passed out of the Committee on Commerce has well over a majority of Members of this body sponsoring it. H.R. 1180 funds Medicare and Medicaid options for disabled individuals who want to return to work. It funds a demonstration program, the goal of which is to prevent disabled individuals from being forced to leave a job because of a degenerative illness. Ignoring for a moment what our values as a Nation say about supporting the effort to contribute to society, let us talk dollars and cents. The work incentives bill enables disabled individuals to work instead of being dependent on cash assistance.

□ 1600

The effect of the bill is to reduce the cost of cash assistance programs. Knowing they will have health insurance should they return to work, disabled people would not need to remain dependent on cash assistance. We should be considering full funding for H.R. 1180, which means we should be considering the Commerce bill.

Finally, Mr. Speaker, I want to address the issue of offsets. The majority cited the fact that offsets have not been agreed upon as a justification for weakening this bill. I have to say that concerns raised by the majority are more than a little ironic given their arbitrary application of pay-as-you-go rules. The \$792 billion tax cut bill had no offsets nor did the \$48 billion tax cut for buying health insurance. Both bills are touted as helping one population, but in reality, help another.

The tax bill ostensibly would provide the bulk of the tax cut to those Americans who make up the majority of the population and happen to need the money; that is, to low- and middle-income families. Simply not so. The access bill ostensibly would expand access to those most likely to be uninsured and least able to afford coverage. Again, not so. These bills generally skip over those in need of help and help those with influence.

In contrast, the Work Incentives Act which we know would actually help the intended beneficiaries, people with disabilities, apparently has been slashed by the Committee on Ways and Means for the lack of considerably fewer dollars in offsets. Apparently, there is one set of rules for bills that aid Americans with money and power and another set

of rules for those bills that help the less fortunate.

Mr. Speaker, I am going to vote for this bill. I expect and hope a majority of our colleagues will vote for this bill, but I hope those who underfunded this version of H.R. 1180 will reconsider and work with us in conference to achieve the strongest bill possible.

Mr. HULSHOF. Mr. Speaker. I yield myself 30 seconds.

I am disappointed, Mr. Speaker, that the gentleman from Ohio who just spoke would take such a negative tone. This really was an effort to reach bipartisan consensus. In fact, I would point out to the gentleman that in the last Congress, by a vote of 410-to-1, we passed a Ticket to Work piece of legislation and made vast improvements to that bill, and that is the bill that is in front of the House today. I would regrettably urge the gentleman to support the bill.

Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Speaker. I rise today in support of H.R. 1180 in memory of a fine San Diegan who died last May, who died too soon, whose life work lives on.

Holly Caudill of San Diego, California was a vigorous and tireless advocate for persons with disabilities. She was a young lawyer, a native of the State of Washington, an assistant U.S. Attorney, and she was a quadriplegic. She died last year.

I would like to quote from San Diego Union Columnist Peter Rowe who was a preeminent teller of Holly's life and her advocacy. "There are thousands of people, there may be tens of thousands of people, just like her," said Cyndi Jones, Director of the Accessible Society Action Project, ASAP, a San Diego-based organization that lobbies on behalf of the disabled.

"If you are disabled and Washington, via Social Security or Medicare, pays some of your health bills, you cannot work. Without a job, there is a good chance you will end up on welfare."

Holly fought until the very last second not to be on welfare, to fight because she wanted to work, she wanted to be an active member of this society, but our government stopped it.

I laud the authors of this bill.

Mr. Speaker, I met Ms. Caudill some years ago in a meeting where she gave me the benefit of her experience. Notwithstanding the fact that she was eager and qualified to work, the existing system of medical benefits, disability coverage, and other government programs made productive work almost impossible.

A job with greater pay meant a severe reduction in benefits payments, providing a powerful disincentive against paid work for her and for other Americans with severe disabilities.

Her knowledge of the system, and her determination to succeed, together with support from others that she inspired, helped Ms. Caudill to continue to work and be a tax-paying citizen. When it came to this basic principle—that people who work for pay should not have the government arrayed against

them—Holly Caudill was second to none as a vigorous, determined, effective and inspirational advocate.

I recall most vividly that in the 105th Congress, at her request, I helped her to meet with House Speaker Newt Gingrich. He was the sponsor of H.R. 2020, the Medicaid Community Attendant Services Act, which would have made a greater amount of attendant services benefits payable under the Medicaid program. She had a long and wide-ranging discussion with the Speaker and his staff—about her life, about the Speaker's bill, and, most importantly, about how important it was to stop government programs from being such a barrier to work and dignity for persons with disabilities.

The Speaker himself remarked to me on several occasions about Ms. Caudill's vigor and determination, and what an inspiration she was.

With her advice, I was privileged to add my name as a cosponsor to H.R. 2020, which had 76 cosponsors at the close of the 105th Congress.

And in this Congress, I am honored to be one of 249 cosponsors of a similar measure introduced by the gentleman from New York, Mr. LAZIO, which is H.R. 1180, the Work Incentives Improvement Act.

The fact that this legislation is before us today is testimony to the power of Holly Caudill's message: that, in America, the system ought to work for people with disabilities, not against them, so that we all have a fighting chance to achieve the American Dream.

Mr. Speaker, Holly Caudill had the ability. She had the desire. She found the whole system aligned against her iron will to work. Yet she did work. She helped to make our system of justice work as an Assistant U.S. Attorney, while she so vigorously advocated for justice and dignity in work for persons with disabilities.

Before she reached her goal, of an America where people with disabilities could work and enjoy the fruits of their labors, our Heavenly Father brought her home. There are no wheelchairs there, Mr. Speaker.

Let the permanent Record of the Congress of the United States today note that Ms. Holly Caudill, Assistant U.S. Attorney in San Diego, California, was an inspiration to me and to many others, and a friend of America. May God rest her soul, and give peace to her family, friends, co-workers, and to so many others that she touched.

Today, by adopting this bill, we help to remember well her life's purpose.

Mr. MATSUI. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from the State of Maryland (Mr. CARDIN), the ranking member of the Committee on Ways and Means and the Subcommittee on Human Resources.

Mr. CARDIN. Mr. Speaker, I want to thank the gentleman for yielding me this time and thank him for the work that he has done on this very important legislation. I want to compliment the leadership of both the Committee on Ways and Means and the Committee on Commerce on both sides of the aisle.

I think the gentleman from Ohio (Mr. BROWN) has pointed out that we have not completed our work yet, but this is a good bill. This is a bill that we need

to move forward, and I do hope that it will be even strengthened as it moves through the Senate, the other body, and through conference.

Mr. Speaker, we are talking about 4.7 million Americans who are currently on SSDI, Social Security Disability, and 4.3 that are on SSI. Of this number, only about 10,000 move off the rolls every year to work. That is not acceptable for this Nation.

Let me just talk economics for a moment, if I might. For every 1 percent of the disabled that we can move off of SSDI and SSI into work, we save during their beneficiary's lifetime \$3 billion in benefits. So it is in our financial interests to work to get people who are on disability to work.

The problem is that the current system puts too many barriers in the way for people to leave the disability rolls to work. People want to work, but our system prevents them from working. What the Ticket to Work legislation does is provide more providers, a choice of providers, to help people with disabilities to become gainfully employed. It offers incentive payments so that the provider has incentives to work with the beneficiary to get the individual a job, to get the individual employed.

It removes the disincentives. Perhaps the greatest disincentive is health benefits. Currently, only 35 percent of the people who leave disability to get gainful employment find health insurance, and yet if one is disabled, it is virtually impossible for one to leave the disability rolls where one has guaranteed health benefits unless one has health insurance.

So what this legislation does is provide a way that we can continue health benefits for people who work off of the disability rolls. That makes sense for the individual, it makes sense for us.

We also make it easier for an individual to be able to get back on cash assistance if the work experience does not work. We want people to take the risk to go to work. If it does not work, we should be able to come back and help that individual. We have taken care of that particular problem.

Mr. Speaker, we brag, both parties, about how low the unemployment rates are in this Nation. We are very proud of what we have been able to do with our economy, and yet, for the disabled population, the unemployment rate is 75 percent. That is unacceptable. We need to do something about it. The Ticket to Work legislation is aimed at reducing that unemployment number to help people become employed. This is a good step forward; I hope that we can improve it as it goes through the process, but I would urge all of my colleagues to support the legislation.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. ENGLISH).

Mr. ENGLISH. Mr. Speaker, it seems axiomatic that every American should have the right to aspire to the American dream. In America, every citizen

should have the opportunity to participate in our economy to the extent of their talent or abilities in order to claim their stake in the American dream. Unfortunately, many individuals with disabilities have had the American dream recede beyond their reach, not because of physical limitations, but because of roadblocks created within our system of social services. These artificial barriers unfairly and arbitrarily reduce work force participation and economic opportunity for many of these Americans who want to work.

Mr. Speaker, the time has come to empower these Americans to participate fully in the cornucopia of our national economy.

I rise in strong support of this legislation, a bill that would empower citizens with disabilities by improving their access to the job market, extending their health care coverage when they participate in the work force, and by selectively liberalizing the Social Security earnings limit. These changes are long overdue and need to be regarded as an initial modest step in the direction of giving those among us with disabilities greater control over their own destiny and ultimately freedom.

Mr. MATSUI. Mr. Speaker, may I inquire as to how much time each side has remaining?

The SPEAKER pro tempore (Mr. BURR of North Carolina). The gentleman from California (Mr. MATSUI) has 14 minutes remaining; the gentleman from Missouri (Mr. HULSHOF) has 17 minutes remaining.

Mr. MATSUI. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Speaker, no group is more deserving of our support than persons with severe disabilities who want to work and be contributing members of society but who need help, particularly medical help, to be able to work. And, no public policy makes more sense than providing that support at a stage that will prevent a potentially severe disability from getting worse.

Both of these things are what this bill is about. That is why I recommend that members vote for it and move this process forward into conference with the Senate.

Of course, I regret that the House does not have the opportunity today to pass H.R. 1180 as it was reported out by the Committee on Commerce with unanimous bipartisan support.

That legislation, which had some 247 bipartisan cosponsors in the House, provided, in my view, the most complete and necessary assurance of coverage for severely disabled individuals who need medical help to work, and provided assured support for State efforts to also help potentially severely disabled individuals from deteriorating to the point of complete disability before they can get help. It provided assurance of permanent Medicare cov-

erage, and it provided incentives to States to extend Medicaid services and establish the infrastructure to help assure help to these individuals.

This legislation falls short in several ways. It does, though, give us the opportunity to join in a conference with the Senate. It is good enough to take the steps to move this process forward, and I hope and expect that we will bring back to this House from the conference with the Senate a stronger bill, much closer in its provisions to H.R. 1180 as it was introduced. Clearly, there is much work still to be done.

I commend those who have worked so hard in support of this legislation. Groups representing the disability community have worked tirelessly to bring legislation to fruition. The President, who urged action in his State of the Union message, the members on both sides of the aisle in the Senate, Senators ROTH and MOYNIHAN, JEFFORDS and KENNEDY, in particular. In the House, the gentleman from New York (Mr. LAZIO), who introduced the original bill; the gentleman from California (Mr. MATSUI), who has been working in this area for a great deal of time and has produced a good bill out of the Committee on Ways and Means; and so many of our colleagues in the House all deserve credit that this legislation is moving today.

I urge support for the bill, but even more, I urge that we all work to better meet the promise we have made to those Americans facing or dealing with severe disabilities who want to work. They deserve the best bill we can give them. I hope when we send this legislation on to the President, it will be just that.

Mr. HULSHOF. Mr. Speaker, if the gentleman from California will indulge me, we have a handful of 1-minute speakers, and at this time I yield 1 minute to the gentleman from Arizona (Mr. HAYWORTH), my good friend.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Missouri for his hard work on the Committee on Ways and Means. I rise in strong support of this legislation.

Mr. Speaker, I find it unfortunate that in the midst of this triumph for all of the American people, and especially the disabled, there are those on this floor who would come to deal with jurisdictional issues and inside baseball issues that at this point seem, quite frankly, rather petty.

I have heard from many of my constituents. A dear lady in Apache Junction, Arizona at our town hall meeting who came to point out to me that she wants to work, but that there have been disincentives that eventually barred her from the opportunity to work. This legislation deals with that problem. It allows her to get back to work.

Mr. Speaker, 75 percent of working-age adults with disabilities are out of work. That is the unemployment rate. That is what we are dealing with here, Mr. Speaker, not jurisdictional issues,

but a chance to give those people an opportunity to work, for the limits they have confronted are not physical, they are financial.

I rise in strong support of the legislation and I am pleased to urge its passage.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. FOLEY), another champion on the Committee on Ways and Means.

Mr. FOLEY. Mr. Speaker, I commend this legislation. I am pleased to join my colleagues in supporting the Work Incentive Improvement Act on the House floor here today.

It has been almost 10 years since the Americans with Disabilities Act was signed into law. This law was intended to remove barriers that prevent disabled individuals from enjoying a full life. It is ironic that many of the doors that were supposed to be opened by the ADA are still firmly closed because people who choose to work risk losing the health care benefits they desperately need. It is like giving someone a driver's license and telling them they are capable of driving a car, but charging them \$50,000 a year for insurance. They would not be able to drive unless they were rich.

For too long, many individuals with disabilities have not had the freedom that the rest of us have to pursue their goals and dreams.

□ 1615

They live in fear of losing the health care that is essential to their functioning independently. They have lived with the frustration of trying to enter a job market that is becoming increasingly technical and competitive. They cannot earn enough to buy a home on their own or to build up a savings account.

I hope that this Ticket to Work Act will ease some of this fear and frustration and restore a sense of freedom.

We all know the barriers in discrimination still exist with the disabled as with other groups in society; but if we could pass this bill, it will have another significant step toward removing these barriers. A disability should not be a hindrance to achieving the American dream.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. HERGER), another member of the Committee on Ways and Means.

Mr. HERGER. Mr. Speaker, I rise today in strong support of the Ticket to Work and the Work Incentive Improvement Act. I am particularly pleased that this legislation includes a provision that I offered, the Criminal Welfare Prevention Act Part Two, which will save taxpayers millions of dollars by bolstering efforts to deny fraudulent Social Security benefits to prisoners.

My original Criminal Welfare Prevention Act has enabled the Social Security Administration to establish a system for cutting off these fraudulent government benefits. This new provi-

sion included in the legislation before us today will improve this system; thus, saving taxpayers an estimated \$123 million over the next 5 years.

I want to thank the gentleman from Texas (Chairman ARCHER), the gentleman from Florida (Chairman SHAW) and the gentleman from Missouri (Mr. HULSHOF) for their continued support. I look forward to seeing this worthy legislation enacted into law.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from Kansas (Mr. MORAN), my good friend and classmate.

(Mr. MORAN of Kansas asked and was given permission to revise and extend his remarks.)

Mr. MORAN of Kansas. Mr. Speaker, in this chorus of accolades, and I wholeheartedly support the original intent of this bill, in fact I am a cosponsor of H.R. 1180, improving the current system to provide real choices for people with disabilities is essential; but unfortunately, this bill we are considering today is not H.R. 1180. This bill includes troubling language from the substitute bill which will cost Kansans and other State school districts millions of dollars.

Section 408 of this bill would impact medicaid funding for school districts and their education of disabled children. 408 precludes or significantly restricts the use of bundled rates. The bundling system allows schools to minimize paperwork for billing, rather than individual services provided to each child.

Kansas is one of seven States that has a HCFA-approved bundling system. This administrative change will impose burdens, economic costs upon our schools to the tune of \$17 million.

Mr. Speaker, small schools are struggling today to survive and in the time and cost it takes to package this reimbursement opportunity we will not be able to afford the reimbursement.

Mr. Speaker, I ask that the conferees take a look at this provision.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, as an original cosponsor of this measure back in March, I was particularly pleased when it received the unanimous approval of the United States Senate. However, I dissented from this particular version of the bill when it was before the Committee on Ways and Means because some last minute changes in the bill changed its form and substantially weakened it.

I am pleased that today a number of further amendments have restored much of the harm that was done prior to the Committee on Ways and Means meeting. My concern has been that without the guarantee of health insurance this will not be for individuals with disabilities a ticket to work. It will be a ticket to nowhere.

It is essential that these provisions be fully funded and guaranteed to individuals with disabilities so that we

have more than a title to the bill; we have something that is meaningful for the many Americans who have disabilities and want to work in the labor force.

A second concern was the effect on individuals who are HIV positive, who have Parkinson's Disease, multiple sclerosis, or some other type of disease which allows them to work now and who do not want to have to leave their job in order to get insurance benefits. It is my understanding that these last-minute amendments that have been made today address those concerns, and so I applaud them.

I think to the extent that we are returning to the bill that a total of 247 Members of the House cosponsored we are moving in the right direction. Certainly, I agree that this bill must be fully paid for, as with any other measure, and that we not dip into Social Security funds. However, I can say that in the Committee on Ways and Means, there was no visible effort to pay for the abandoned provisions, and the one pay-for that was included in this bill is a new tax that is simply going to make it more difficult for people with disabilities to secure the representation they need in combatting a Social Security Administration which is often not sympathetic to their concerns.

It is still flawed, but in order to move the process along my vote today is for a flawed bill, with the hope that the Senate will hang as tough as it did in the last session and give us truly meaningful legislation.

Mr. HULSHOF. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Maryland (Mrs. MORELLA).

(Mrs. MORELLA asked and was given permission to revise and extend her remarks.)

Mrs. MORELLA. Mr. Speaker, I want to thank the gentleman from Missouri (Mr. HULSHOF) for yielding to me, and for his work on the bill; the ranking member, the gentleman (Mr. MATSUI); the gentleman from New York (Mr. LAZIO), who has been so involved with H.R. 1180. This is a great bill.

Mr. Speaker, today's demographics show that there are about 54 million Americans living with a disability, almost 20 percent of our constituents. They are our largest minority. Further studies show that individuals with disabilities are the most underemployed, among the poorest also of our citizens.

H.R. 1180, the Work Incentives Improvement Act, will assist Americans with disabilities to become gainfully employed and self-reliant.

I am pleased to rise in strong support of this critically needed legislation.

The bill takes an essential step toward reforming Federal disability programs and removing the barriers to work. By passing this legislation, it is going to help people with disabilities to go to work and become productive members of our society and to become taxpayers instead of tax users.

People with disabilities should not have to choose between working and

maintaining access to necessary health benefits. Current law puts people with disabilities in a Catch-22 situation. The risk of losing health care benefits under the Medicare and Medicaid program is a terrible disincentive for millions of beneficiaries of both SSI and SSDI. This bill would remove these fears and risks by allowing disabled individuals to keep their Medicaid benefits such as personal assistance and prescription drugs while they take their job.

We are going into the Information Age. We are having trouble keeping up with employment, the demand for technology personnel. If we are going to stay on top, we have to make sure that we utilize all of our talent. This is a good bill.

Mr. Speaker, today's demographics show that there are about 54 million Americans living with a disability, almost 20% of our constituents. They are our largest minority. Further studies show that individuals with disabilities are the most underemployed, and among the poorest of our citizens. H.R. 1180, the Work Incentives Improvement Act, will assist Americans with disabilities to become gainfully employed and self-reliant, and I am pleased to rise in strong support of this critically important legislation.

H.R. 1180 takes an essential step toward reforming federal disability programs and removing the barriers to work. Passing this legislation will help people with disabilities to go to work and become productive members of society, to become taxpayers instead of tax users.

People with disabilities should not have to choose between working and maintaining access to necessary health benefits. Current law puts people with disabilities in a Catch-22 situation. The risk of losing health care benefits under the Medicare and Medicaid program is a terrible disincentive for millions of beneficiaries of both the SSI and SSDI programs. H.R. 1180 would remove those fears and risks by allowing disabled individuals to keep their Medicaid benefits, such as personal assistance and prescription drugs, when they take a job.

This is an ideal time for us to remove barriers and help disabled Americans return to work. Our economy is one of the most dynamic and diverse in history, and the unemployment rate is low. We have achieved a level of technological advancement unequalled around the world.

However, while we are leading the world into the Information Age, we are having trouble keeping up with the demand for new technology personnel. If we are to stay on top, we must promote legislation, such as H.R. 1180, that will ensure economic vitality and enhanced opportunities for all Americans. If we are to stay on top, we must make sure that we are utilizing 100% of our talent.

We must give people with disabilities a chance to unleash their creativity, to become productive members of society, and to fulfill their dreams. Disabled individuals are part of the American family. They are here to participate and teach us as well as to learn with us. We must give them the opportunity to be accepted by everyone in their community, and to live and work in regular environments. We can do this by passing the Work Incentives Improvement Act.

I urge a "yes" vote on H.R. 1180.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Speaker, I first want to thank my colleague, the gentleman from California (Mr. MATSUI), for yielding and for his strong commitment to justice for all.

Some of us here in this House have members of our families who are disabled, and so I just want to thank all of the cosponsors and all of the supporters of H.R. 1180 for that, on a very personal level.

We know that the current system is extremely frustrating for disabled people eligible for Medicaid. This bill will help disabled workers by extending the period of Medicaid coverage as needed. It also creates options for States by removing senseless limitations for workers with disabilities.

Now, many of these individuals who can work want desperately to contribute to society and to become self-sufficient. However, the current system of cumbersome Federal regulations and conflicting rules discourage and block many qualified, competent, and energetic individuals with disabilities from the world of work.

They can provide our Nation with tremendous resources, experience, and knowledge by directly investing their abilities in the workforce. We are currently denying our Nation the talent of these individuals and limiting their ability to exhibit their untapped resources. So let us stop limiting the rights of so many competent people. Let us pass 1180 on a bipartisan vote and send the right signal so that so many eager and valuable Americans may be included.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from New Hampshire (Mr. BASS).

Mr. BASS. Mr. Speaker, I rise in strong support of the legislation before us today. I believe that Government certainly has a legitimate role to provide assistance for those who are truly in need, but the fact is when Government traps people in poverty, out of work year after year, that is not a program that works.

What this piece of legislation will do, in a common sense fashion, is allow disabled Americans to go back into the workforce without losing their health care. It will help them in a time of high technology. It will help them be empowered to get back into the workforce.

True compassion in government empowers people, Mr. Speaker. It does not hold them down.

With the unemployment rate amongst disabled individuals in excess of 75 percent, it is time we passed a piece of legislation in an environment where unemployment is at historic lows. It will bring these people into the workforce and do it in such a fashion so they will be able to maintain their health care. So I strongly support this piece of legislation and urge that the Congress adopt it.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Wisconsin (Ms. BALDWIN).

Ms. BALDWIN. Mr. Speaker, I rise in strong support of the Work Incentives Improvement Act, this important legislation that removes the disincentives that people with disabilities face when entering or reentering the workforce. I also rise in strong tribute to my friend Charlie.

I want to say a little bit about my friend Charlie. I met him one day on the campaign trail as I was running for Congress. I walked into my headquarters, and there he was working incredibly hard early in the morning. I left for a variety of appointments and came back in the afternoon and Charlie was still there working very diligently. I left for further appointments and I came back, and into the evening hours Charlie was still working.

At the end of this long day, I walked up to Charlie, and I said, "Thank you so much for all you are doing to help me."

Charlie corrected me very quickly. He said, "I am not doing this to help you. I am doing this to help myself."

Charlie has a very significant disability. He also has a simple dream. His dream is to finish up school and to get a job, but he can't afford to risk losing the benefits for health care and other things that make a difference in his life.

Charlie and the many that he symbolizes have so much talent and energy to give our economy and our country. This legislation is also going to help Wisconsin's newly developed Pathways to Independence program. Pathways has already demonstrated that people with disabilities can work with the right support and assistance and encouragement.

It is time to pass this legislation and, I might add, provide the appropriate funding to remove the barriers that keep people with disabilities from becoming fully contributing members to our communities.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. WELLER), another member of the Committee on Ways and Means, and my seat mate.

(Mr. WELLER asked and was given permission to revise and extend his remarks.)

Mr. WELLER. Mr. Speaker, let me first begin by commending my seat mate, the gentleman from Missouri (Mr. HULSHOF), for his leadership on shepherding this important legislation, which is in response to a question that I have heard often back home. I remember when representatives of the Will County Center for Independent Living came into my office shortly after I was elected and they said, We understand that under current laws and under current rules that it is really difficult, if you are disabled, to work; that there are limitations that make it hard for us to participate in the workforce, and they asked for help.

I am pleased that this Congress, this House, is moving forward with this ticket to work legislation, legislation designed to give those with disabilities the full opportunity to participate in today's workforce.

Unfortunately, our current system makes it difficult, in fact, to the point of difficulty where many of those who are disabled are discouraged and, in fact, almost afraid to seek work. They are most concerned that they will lose their benefits they currently have and wondering if they have further health conditions, what it means for them.

This legislation addresses that, giving those with disabilities a full ticket, punching their ticket so they have the opportunity to work. It deserves bipartisan support. I commend the gentleman from Missouri (Mr. HULSHOF) for his leadership and I urge a bipartisan yes vote.

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Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas Mr. BENTSEN).

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I rise today to express some concerns regarding consideration of H.R. 1180, the Work Incentives Improvement Act. As a cosponsor of the original legislation, I am pleased that the House is taking this up. But I do have some concerns.

The gentleman from Arizona Mr. HAYWORTH earlier said that it was petty to be concerned about the fact that we did not follow the regular order in this bill. But while we are concerned and supportive of the underlying scope of this bill, some of us are also concerned about what the impact of the offsets of this bill will do on school districts.

In my State of Texas and in my home district, I have the La Porte School District, which is the lead school for a consortium of 200 small and rural Texas school districts. They do not think it is petty at all that this bill might squeeze them on their reimbursement under the Medicaid administrative claiming program.

In fact, Members, particularly Members from the other side might be coming over and saying this is some sort of an unfunded mandate that we are putting on the local school districts. So I do not think it is petty at all.

We have 4½ million children in this country who have no health insurance but are eligible for Medicaid, and we are asking the school districts to help us in screening these children to get them into the Medicaid Program. My home State of Texas leads the Nation in uninsured children. In this bill, we are going to make that problem worse. So I do not think that is petty at all.

The underlying bill is good, but there are some real problems. I know the staff has been working overnight to try to work this out, but the staff are the only ones who know what is in this bill.

It is not like we are in a big rush. We have not finished our budget. We are going to be here next week and the week after. I think following the regular order and making sure we do not stick it to the school districts back in our home districts in our home States maybe was not such a bad idea because all of us, or certainly the vast majority of us, including this Member, agree with what the intent of the bill is. But the process is not very good, and I do not think the majority really wants to stick it to the school districts either.

So, hopefully, in the conference, the staff can get together and work this out, and we can get a bill that everyone can approve of.

Mr. Speaker, I rise today to express my concerns regarding consideration of H.R. 1180, the Work Incentives Improvement Act. As a cosponsor of the original legislation, I am pleased that the House of Representatives will be voting upon this legislation on an expedited basis. However, I am concerned that this legislation will be considered under the suspension calendar and is not subject to amendments. And I am concerned about the offsets included in this bill.

Last Thursday, during consideration by the House Ways and Means Committee of this bill, the House Republican Leadership added several provisions to help pay for the Medicaid benefits included in this bill. Unfortunately, these offsets could be detrimental to local school districts which are helping to screen children for Medicaid eligibility. According to the U.S. Census Bureau there are 4.4 million children who are eligible for, but not enrolled in, Medicaid. I believe it is wrong to include provisions included in this measure that threaten the Medicaid Administrative Claiming (MAC) expenses paid to local schools and increase the number of uninsured children. In my district, for example, the La Porte School District is the lead school district for a consortium of 200 small and rural Texas school districts participating in this program. These offset provisions would require the Health Care Financing Administration (HCFA) to issue new regulations related to this program that would make it more difficult to administer and may lower reimbursements to schools. I am pleased that these regulations would require consultation with public schools, but I am concerned about their impact on smaller school districts.

This "one-size-fits-all" regulation would restrict payments for contracts related to this program. This offset section includes a provision requiring a competitive bidding process for such contracts as well as a restriction on contingency fees. As a result, many of the 200 school districts in the Texas consortia would likely drop this program. Since there is only one private company currently providing such services, I am concerned that competitive bidding may not be possible in the short term. Also, the restriction on contingency fees could reduce incentives for private companies to develop the software necessary for these outreach screenings. As a result, only the largest school districts would continue to participate in these programs. It would not be economically feasible for our nation's smallest school districts to develop and maintain software for their individual system. The consortia provide a mechanism whereby these smaller, but less

urban school districts can help with Medicaid screenings. Although fraud and abuse in Medicaid must not be tolerated, this provision is not the right answer. In Texas, schools receive a total of \$14 per child who is deemed eligible for Medicaid.

I am also concerned that these provisions were added to this bill without consultation with the House Commerce Committee, which has exclusive jurisdiction over Medicaid programs.

Regardless of my concerns, I will support final passage of this bill because it would ensure that disabled persons can keep their health insurance when they return to work. I will work with conferees on this legislation to make appropriate changes to protect local school districts. Under current law, disabled persons who are eligible for social security disability benefits are precluded from earning significant income without losing their Medicare or Medicaid health insurance. This bill would permit disabled persons to work while maintaining their health insurance coverage. For many disabled persons, this health insurance is critically important since they can neither afford nor purchase health insurance in the open market. This bill would provide SSDI beneficiaries with Medicare coverage for 10 years, instead of the current 4-year term. This legislation also provides vocational rehabilitative services to disabled persons to ensure that they can receive the training they need to become more self-sufficient. I support all of these provisions.

I urge my colleagues to support this legislation with the caveat that these offset provisions should be revised in order to protect local school districts.

Mr. HULSHOF. Mr. Speaker, I am happy to yield 1 minute to the gentleman from New Mexico (Mrs. WILSON), another classmate of mine.

Mrs. WILSON. Mr. Speaker, about a year ago, Zig and Charlene Piscotti came to visit me in Albuquerque. Their daughter is disabled, and she works at Kirkland Air Force Base, and she works as an hourly employee. But they told me they had to be careful to make sure that their daughter could not get more hours than she could afford because she could potentially lose her eligibility for Social Security.

They knew that they were not going to be around forever. Their daughter is in independent living. She is doing very well. But the last thing they wanted was their daughter to lose Social Security benefits because they knew, if she lost those benefits and then had a reduction in her hours, it would be very hard and time consuming for her to get back on those benefits.

This bill is for Michelle. It allows her easy-on provisions so she can go back to work as much as she wants to at Kirkland Air Force Base and do as well as she possibly can in the work force without that fear of not being able to get back on Social Security if her hours are cut back. I commend the gentleman for bringing forward his bill.

The SPEAKER pro tempore (Mr. BURR of North Carolina). The Chair would inform Members that the gentleman from California (Mr. MATSUI)

has 4 minutes remaining, and the gentleman from Missouri (Mr. HULSHOF) has 8½ minutes remaining.

Mr. HULSHOF. Mr. Speaker, I am happy to yield 1 minute to the gentleman from Connecticut (Mrs. JOHNSON), another tireless advocate for this bill, and a trusted Committee on Ways and Means member.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of this legislation and commend my House colleagues on funding it. It was frustrating to have the Senate vote 98 to 2 for it. But without any money and without the means, where is the promise?

I want to just say that work may be the one thing that matters most in our lives. It is the means by which we achieve our dreams. It is the means by which we come to know ourselves. Stretching ourselves, challenging ourselves at work, develops our minds, develops our skills.

We have passed in this Congress legislation to prevent discrimination against people with disabilities in the workplace. We have passed legislation to provide training and education for people with disabilities so they can participate in the workplace. Today we knock down what is probably the last and one of the biggest barriers to that freedom to work, the barrier of health insurance.

With this bill, they will not have to fear losing their health insurance. If they want to work more hours, if they want to develop themselves further, they will know that, with a relapse, they will be able to come back to the program.

This is for the people at Prime Time and throughout my district, the disabled who want to work and see us as standing in their way. We are getting out of the way with this bill.

Mr. HULSHOF. Mr. Speaker, I am happy to yield 1 minute to the gentleman from Connecticut (Mr. SHAYS).

Mr. SHAYS. Mr. Speaker, I appreciate the gentleman from Missouri yielding me this time. I just want to say that I think I came in part because I wanted to debate something where we could be bipartisan, something where we could talk about the real needs of our communities.

I have people with disabilities who want to work. Yet, if they work, they make less and have less benefits than if they stay home. So I just applaud my colleagues for bringing this legislation forward. It makes tremendous sense, I say to the gentleman from New York (Mr. LAZIO) in particular and the gentleman from Connecticut (Mrs. JOHNSON) who just spoke.

The bottom line is, under our current system, the government pays for health benefits for people with disabilities who do not work, but is unwilling to pay for those same benefits when people with disabilities get a job. We are going to change that, and it is about time.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California (Mr. BECERRA).

(Mr. BECERRA asked and was given permission to revise and extend his remarks.)

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding the time, and I also thank him for his efforts over the past several years to try to move us to the point where we now have legislation that we can move to the President for signature.

As I said, I rise in support of H.R. 1180, the Work Incentives Improvement Act, more because we are finally going to be able to remove a barrier that laws have imposed on people who have had the desire for quite some time to do simply what most of us take for granted; that is, to work. But simply because of the disability, many of these individuals have not been able to go forward with those desires to work. Simply because public policy has not caught up to their desire, they have found that they are either discouraged from taking a job or they are discouraged from keeping a job.

We must remove those barriers and make it possible for those who many of us would sometimes look at them and say, well, there is no way that they can work. We should applaud their efforts. Many of these folks, and I know all of us knows someone who has some form of disability, are out there in the work force doing tremendous work out there. We applaud those efforts.

But to think that, because laws that Congress passed some time ago made it very difficult for these individuals to continue to work full time or for a full year oftentimes decided it was better not to even start. So this is a good step forward.

I would also underscore the admonition by the gentleman from Texas (Mr. BENTSEN) regarding the pay fors. We have to make sure that, in the process of doing good, we do not do harm to some other program where we must seek money to pay for this program.

But, certainly, at the end of the day, I would hope that we realize that someone who has shown the desire to work and has shown the ability to work is given that opportunity.

All we have to do is make sure that someone who says I want that opportunity has that chance to, not only work, but also keep Medicaid if that is essential for the person to continue to just exist, to live, not just let alone work.

We could talk about a lot of examples, but I can mention one real quickly, and that is my father. He has got a bum knee. He has had an operation on his knee. His tendons have been shot in both hands for several years where he has had to have them split open, the tendons split so that he could have movement in his fingers. Of course, he has had cataract surgery for his eyes. Yet he still works at the age of 70; day in, day out. He does not stop. I suspect there are millions of Americans who would do the same. Let us pass this bill.

Mr. HULSHOF. May I inquire, Mr. Speaker, of the time remaining.

The SPEAKER pro tempore. The gentleman from Missouri (Mr. HULSHOF) has 6½ minutes remaining. The gentleman from California (Mr. MATSUI) has 2 minutes remaining.

Mr. HULSHOF. Mr. Speaker, I yield myself 1½ minutes.

Mr. Speaker, 50 years ago, the only President of the United States from the show-me State, Harry S. Truman, set a goal for our Nation to give every American with a disability the chance to play a full part in strengthening our Nation and sharing in the greatest satisfaction of American life, that being independence and the right to self-supporting and self-reliance.

But, yet, even as we continue to enjoy low unemployment, as the gentleman from Maryland mentioned at the very beginning of this debate, three out of four individuals with disabilities remain unemployed. The vast majority want to go back to work. How often do we have a segment of the population that comes to Washington to say, we want to be taxpayers?

Yet, as many Members have taken to the floor to talk about constituents, a constituent of mine, Rich Blakely from Columbia, Missouri, the former executive director of the Services for Independent Living, came to our committee at his own expense to talk about the barriers that are in place.

For instance, going to vocational rehabilitation, the question is, "Can you go back to work?" The answer to that one government agency is, "Yes, I can." Yet, in order to qualify for SSDI or SSI benefits, when that agency asks, "Can you work?," the answer has to be "no." So there is inconsistency even among these agencies as we try to help these individuals regain their independence.

Now, I think this bill is a major step forward, especially considering the ticket to work bill that we had on the floor last year. We made some strong concessions.

It happens that October is National Disability Employment Awareness Month, and I can think of no better way to celebrate that event than to pass this ticket to work bill. I urge its adoption.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the very distinguished gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Speaker, I thank the gentleman from California for yielding me this time.

The gentleman from Missouri (Mr. HULSHOF) mentioned Harry Truman's remarks about the disabled community. I had the privilege of cosponsoring the Americans with Disabilities Act that President Bush signed in July of 1990. That bill said that we were going to give opportunity to 43 million Americans who were disabled.

What this bill does, as the gentleman from Missouri (Mr. HULSHOF) has pointed out and as the gentleman from California (Mr. MATSUI) has pointed out so well, is to facilitate the entry into the workplace for those who, but for this

bill, may not be able to risk it or afford it.

The good news is that the bill for a portion of time made optional the payment of some of these expenses. I want to thank the committee and those who worked on this bill to reinstate the mandatory nature under Medicaid of the payments that have been provided for. That is essential not to discriminate against those who might be disabled and who do, as the gentleman has said, want to enter the workplace, want to be taxpayers, and want to enjoy the full opportunities that America has to offer.

Mr. MATSUI. Mr. Speaker, I yield myself such time as I may consume to close now.

Mr. Speaker, I am just going to close by saying that everybody has really acted in good faith on this legislation. It has been a very, very difficult piece of legislation. It has had a number of committees involved in it. Obviously, feelings were very high, and there were a number of components to this legislation. But I think it is well taken on both sides of the aisle, both Republicans and Democrats have problems with some of the offsets.

When we get into conference, it is my hope that we will have time to vent some of these issues, find out what the implications of them are, which I am sure everybody will want to do, and then come up with a very good piece of legislation.

We should try to finish this before we leave, otherwise, undoubtedly, if we go into the year 2000, it could get stale, and advocacy groups will, maybe, lose some kind of involvement in it. So we need to finish this quickly. But we really need to know the implications of these offsets, because they have come up at the last minute.

I urge strong support of this legislation. Everybody works hard in good faith, and we need to do this for the disabled of America.

Mr. HULSHOF. Mr. Speaker, I yield the balance of our time to the gentleman from New York (Mr. LAZIO).

Mr. LAZIO. Mr. Speaker, I do not think in my four terms in the House that I have ever felt better or stronger about a piece of legislation than I do about this one.

□ 1645

Nearly 7 months to the day I introduced H.R. 1180, and 5 days after that we had the first hearing on it. It was introduced with bipartisan spirit. And I want to thank the gentleman from California (Mr. MATSUI), the gentleman from California (Mr. WAXMAN), the gentleman from Virginia (Mr. BLILEY), and the gentleman from Texas (Mr. ARCHER) for their continued and sustained support throughout all the difficulties in bringing this bill forward.

In my mind's eye, Mr. Speaker, this is the most dramatic breakthrough for Americans with disabilities since the Americans with Disabilities Act. It is a major stride forward, and I think it is

one of the most important pieces of legislation that this House will consider not just this year but this entire session. Why? Because it opens up opportunities. Because it empowers Americans with disabilities. Because it says to people who would otherwise stay home that they can have the courage to go to work because we are going to extend their health care benefits and give them the peace of mind to know that when they go to work and become a taxpayer they will not leave their family or themselves destitute. That is a false choice, Mr. Speaker, and we reject it today.

I am proud of the 247 cosponsors on both sides of the aisle who have stepped up and cosponsored H.R. 1180. I am proud of their work. I am proud of their patience. I am proud of their perseverance. This bill is supported by over 100 health care organizations and disabilities groups. I could name many, but I want to name at least a few: The United Cerebral Palsy Association, the National Alliance for the Mentally Ill, and the National Association of Development Disability Councils. It is also supported by major business groups, including the U.S. Chamber of Commerce, which speaks to the fact that our economy needs Americans with disabilities in the work force.

Over the last 3 decades, Mr. Speaker, America has made tremendous progress when it comes to empowering people. We have helped them with housing. We have tried to empower them through the Tax Code. We have tried to empower that for people with disabilities, and now we move forward. We have provided disabled Americans with social services that dramatically improve the quality of their lives. We have passed legislation to make it illegal to discriminate against them. We have made sure our businesses and public spaces are accessible to everybody. But disabled Americans still face barriers to their full integration in society. Today we tear those barriers down.

Mr. Speaker, most disabled Americans are heavily reliant on Federal health care and social services, assistance that makes it possible for them to lead independent, productive lives. But we have conditioned that assistance on them not working. People with disabilities must get poor and stay poor if they are going to retain their health care benefits, and that is just plain wrong. It is a perverse system and we need to change it today.

That is why we introduced this Work Incentives Improvement Act. This bill will help provide hope and opportunity for millions of Americans who have disabilities. It will improve Federal job training by giving disabled people new freedom to choose from various public and private sector employment services. It will help people continue their health care benefits.

Mr. Speaker, a 1998 Harris Poll surveyed disabled Americans, and in that poll 72 percent of disabled Americans said they want to go to work. How

many who are disabled are actually able to go to work and get off public assistance? One-half of 1 percent. We can do better and we will do better.

In the meantime, in this age of technological explosion, all the recent innovations in the field of assistive technology have made it far easier for disabled people to hold on to good jobs. There are hands-free mouses, word prediction programs, on-screen keyboards, and increasingly sophisticated voice recognition software. This is all aimed at helping people achieve a higher quality of life.

But in the end, this bill is simply about empowering people to change their lives. This bill is for people like Tom Deeley, a developmentally challenged young man who holds a part-time job performing custodial services in Virginia. He testified before our Committee on Commerce. He is limited to working only 2 days a week because working more would jeopardize his health care benefits. He is a star in our community. He is a hard worker. He is eager to work full time. And his employer would love to have him work full time.

As a matter of fact, Tom has been named employee of the year in his firm. He has been awarded a \$200 bonus. And guess what our system says to Tom Deeley, who is developmentally disabled and loves to work? It says that he has to give that \$200 bonus back, that he cannot accept it. What kind of a perverse system holds that as a rule?

We are going to change that today and bring that curtain down. We are going to let Tom Deeley and others like him accept their bonuses for their hard work. We are going to rip down bureaucratic walls.

Mr. Speaker, we have come a long way. It is time to remove the barriers to integration for disabled Americans into society. Millions of Americans, Mr. Speaker, are waiting for us to give them a chance to pursue the American Dream. Today, let us tell them that their wait is over. Let us pass the Work Incentives Improvement Act with a unanimous vote.

Ms. SCHAKOWSKY. Mr. Speaker, I am a cosponsor and strong supporter of H.R. 1180, the Work Incentives Improvement Act of 1999. Access to health care is important to all of us. To persons with disabilities, it is critical. Unfortunately, current policies penalize those persons with disabilities who are able to work but, by doing so, lose access to Medicare and Medical coverage.

The loss of health care is the major reason why persons with disabilities are locked out of the workplace. According to the report issued last fall by the President's Task Force on the Employment of Persons with Disabilities, "(a)ccess to health care is accepted as the primary barrier to keeping people with disabilities outside the world of work." While 72 percent of persons with disabilities want to work and could be productive members of the community, the loss of health care coverage keeps them from doing so. H.R. 1180, as originally introduced, corrects this situation. It would

allow persons with disabilities to return to work and retain access to a broad array of services.

The bill before us today, however, is significantly different from H.R. 1180 as introduced. While I will support this version, I strongly urge the conferees to improve the Work Incentives Improvement in order to bring it closer to the provisions of the original bill. I am concerned that, despite last minute negotiations, the bill does not provide full funding to ensure that services will be available to Medicaid beneficiaries who return to work. Because this bill has been rushed to the floor with little chance for review and no chance for amendments, it has been difficult to analyze fully the impacts of those funding sources that have been identified. There are numerous ways to fully fund the Work Incentives Improvement Act without taking funding from other essential programs. I hope that the original provisions of H.R. 1180 will be restored in conference, and that we find funding sources that do not jeopardize critical health care programs such as school-based health care.

I am also concerned that just as we are working to help persons with disabilities move into the workforce, the new 6.3 percent attorney tax will harm other persons with disabilities receive their Social Security benefits. Legal representation is critical in Social Security disability cases—it often makes the difference between whether a person receives or does not receive disability benefits. Taxing the attorneys who help persons with disabilities receive the benefits to which they are entitled may mean that those persons never receive their benefits. I believe that this is an unwise and dangerous provision, and I hope that the conferees will eliminate it from the final bill.

We can act now to give persons with disabilities the opportunity to be productive members of their community. We can provide sufficient funding so that those who move into the workforce receive comprehensive, quality health care. And we can find this major initiative in a manner that is fair. I urge my colleagues to work for improvements in H.R. 1180 so that its full promise will be realized.

Ms. ESHOO. Mr. Speaker, I'm proud to count myself among the cosponsors of H.R. 1180 as it will truly improve the lives of people with disabilities by helping them to achieve self-sufficiency through employment. People with disabilities want to work yet our current system discourages them from doing so by taking away their health care coverage. This bill will undo this practice and provide job opportunities for the estimated 72 percent of Americans with disabilities who want to work yet remain unemployed.

Under existing law, when a person with a disability takes a job, they lose health care coverage through the Medicare or Medicaid programs. Yet private sector health coverage is often unavailable or unaffordable for people with disabilities specifically because of their disability. H.R. 1180 would allow states to extend Medicaid health care coverage to working people with disabilities who would otherwise be eligible but for their income.

We should not be forcing Americans with disabilities to choose between work and losing their health benefits or forgoing work in order to maintain them. Now, more than ever, thanks to innovations in medicine and technology, people with disabilities can and should be able to work. People with disabilities deserve to be able to contribute their talents and

skills to society and to have broad options for obtaining the care and services they need to be productive workers.

H.R. 1180 provides these services—services like Medicaid coverage and Tickets to Work. The bill also provides grants to states to develop infrastructures for working people with disabilities and for outreach efforts aimed at getting more people with disabilities to work.

We took the first step toward significantly improving the lives of people with disabilities when we enacted the Americans with Disabilities Act (ADA) in 1990. Thanks to that law, people with disabilities can no longer be discriminated against in hiring. With passage of H.R. 1180, we will take the next important step to ensuring that the thousands of Americans with disabilities who are offered jobs this year will be able to take them.

Mr. SWEENEY. Mr. Speaker, I thank the gentleman for the opportunity to address this important issue for people with disabilities.

I rise in strong support of the Work Incentives Improvement Act.

This legislation gives Americans with disabilities the freedom to achieve self-sufficiency through employment.

As Labor commissioner in New York State I worked to ensure that individuals with disabilities were given ample opportunity to return to work thus freeing themselves from the despair of dependency.

In doing this they are able to experience the dignity of self sufficiency.

Currently, people with disabilities are actually given incentives to stay unemployed because they often can not obtain adequate health care if they receive outside income.

In 1998, the National Organization on Disability found that 72 percent of unemployed Americans with disabilities want to go to work.

However, only 1 in 500 people receiving Social Security Disability Insurance ever returns to work.

Mr. John T. Svingala from Hudson, New York is one of the 72 percent of unemployed Americans with disabilities who, in his words, "can't wait to become a tax payer instead of a recipient."

Mr. Svingala is a 42-year-old diabetic, kidney transplant recipient.

Mr. Svingala is an educated man who was a dedicated physical education teacher in Hudson and Catskill, New York until he was not longer able to work because of his illness.

Unfortunately, if Ms. Svingala were to return to work, he would lose all of his unearned income and half his wages in order to access personal assistance coverage under Medicaid.

To remedy such circumstances, H.R. 1180 provides states with incentive grants to set up their own affordable Medicaid buy-in programs when Mr. Svingala and thousands like him go to work.

Individuals with disabilities represent a major untapped resource in the workplace of the 21st century.

Now is the time to remove barriers and enable people like Mr. Svingala to work. Congress has an obligation to help people with disabilities achieve their American Dream.

I strongly urge my colleague to vote in favor of the Work Incentives Improvement Act.

Mr. DOOLITTLE. Mr. Speaker, the bill currently before the House, H.R. 1180, the Work Incentives Improvements Act of 1999, allows the disabled to retain healthcare coverage that they would lose if they went back to work.

Under current law, after a nine-month trial work period, a disabled worker who receives Social Security disability benefits but earns more than \$700 per month will lose his or her Medicare health coverage. In addition, workers who receive Supplemental Security Income (SSI) disability benefits will lose their Medicaid coverage once their earnings reach the basis SSI benefit level. As a result, current law tends to trap individuals with disabilities in the system. In essence, individuals who try to work lose cash benefits, along with access to medical coverage they so desperately need.

H.R. 1180 would revamp present law so that individuals receiving Social Security Disability and Supplemental Security Income could return to work without losing Medicare or Medicaid insurance. It would also create a system of vouchers that could be used to purchase job training and rehabilitation services from government or private sources.

I support providing legislative relief and feel that it would help remove some of the most significant barriers to the employment of people with disabilities. However, I am voting against this bill because of a provision that would require the Social Security Administration to impose fees upon attorneys who represent disability claimants during the appeals process.

At present, 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. The Work Incentives Improvement Act seeks to impose an "assessment" of 6.3 percent on all such payments to attorneys. I believe that this "assessment" is unnecessary in the context of this bill, and would likely deter some attorneys from representing disability claimants. The reliance on a user fee assessed on attorneys' fees in Social Security case to fund the important work incentives bill is poor policy. It would hurt many of the very people that work incentives legislation is designed to help.

I strongly hope that these differences can be resolved when the House and Senate come together to work on a final version of this bill. We need to enact legislation that fulfills the promise of the Work Incentives Improvement Act and does not harm those people with disabilities whom the bill is designed to assist.

Mr. RODRIGUEZ. Mr. Speaker, I rise in support of HR 1180, the Work Incentives Improvement Act of 1999. More than 100 organizations dedicated to helping people with disabilities support this bill and I welcome the concept behind allowing those who face obstacles help themselves.

However, I have grave concerns with the funding mechanism for this bill. The 6.3 percent user fee on SSI claimant representatives represents a blow to those who need able counsel in filing and guiding their SSI claim. The extensive time, preparation and expense in filing a claim for SSI disability creates barriers for many, and we are taking a step in the wrong direction by imposing a fee on those who provide this assistance.

As this bill progresses, I look forward to working with my colleagues in eliminating this user fee which would have a disproportionate impact on those who need representation in order to pursue their claim.

Mr. STARK. Mr. Speaker, this bill is a vitally important for disabled people in our country. It

will finally make changes to the disability system that will assist beneficiaries' desires to return to or enter the workforce. This should have been done years ago—and we should be doing more now. That being said, there is no question that this bill is a tremendous improvement from the status quo.

The most significant component of this legislation is that it will provide disabled people with the ability to maintain their Medicare coverage for ten years after returning to work.

Under current law, a disabled beneficiary who returns to work loses Medicare coverage after 4 years. That reality keeps people from even thinking about entering the workforce because losing disability status is not an easy thing to reverse. Maintaining health insurance is a priority for anyone, but for someone who is disabled, health insurance coverage is a lifeline they cannot afford to mess around with.

Stretching that Medicare eligibility time period to 10 years is a giant step forward. Of course, the real solution is making Medicare coverage permanent for a disabled person regardless of work status. I wish we were voting on that full provision today and I will certainly continue working toward that goal.

It is also worth noting that the process for this bill reaching the House floor has been horrendous. The Republicans have continued to play political games with this legislation every step of the way.

Until just before this debate began, we weren't even sure if this bill would contain important Medicaid components that were in both the Senate-passed version of the legislation and the House Commerce Committee bill. Those two provisions directly appropriate funds for grants to states to establish support services for working individuals with disabilities and funds for demonstration projects to the states to extend Medicaid coverage to a wider group of workers with potentially severe disabilities.

Those two Medicaid improvements are very important—they expand the number of people helped by this legislation and they are both strongly supported by the disability community.

I am pleased that the bill before us today does now include those key provisions, but it has been a struggle to make sure that was the case.

The Senate passed their version of this legislation unanimously more than 4 months ago. I don't understand why it's taken 4 months for the House to act, but I am glad this day is finally here. Let's pass this bill, get to conference, and enact this law which will finally correct a serious problem in our disability system by empowering disabled people to enter the workforce without fear of losing their health coverage.

Mr. DINGELL. Mr. Speaker, I am pleased that the Work Incentives Improvement Act has finally made it to the floor. This bill had its origins in the 105th Congress and has been accumulating an impressive array of support ever since. H.R. 1180, the Work Incentives Act as introduced by my colleagues Mr. LAZIO and Mr. WAXMAN, has 247 cosponsors. The Senate passed a similar bill by a vote of 99 to 0. Finally, the people whom his bill would benefit—the disability groups—have shown us how important this legislation is by campaigning tirelessly for its passage.

During the past months, the House has seen many controversial pieces of legislation. However, no one disputes the value of the

Work Incentives Improvement Act. This bill helps people with disabilities who want to get off cash assistance and start working. The bill allows people to keep their Medicaid or Medicare health benefits when they return to work, so that they can stay healthy enough to keep working. It provides grants to states to help set up the kinds of personal services that working people with disabilities require. The bill creates a demonstration project that would give Medicaid coverage to working people with serious medical conditions—such as multiple sclerosis or Parkinson's disease—before their diseases become so disabling that they have to apply for cash assistance. This bill makes sense.

The only argument against the Work Incentives Act as it was originally introduced was its cost. The Commerce Committee has acted in a fiscally prudent manner by providing offsets for the provisions in its jurisdiction. However, these offsets are about 100 million dollars shy of fully funding the Work Incentives Improvement Act as reported by the Commerce Committee. Consequently, the bill before us today omits the Committee's improved Medicaid buy-in option and leaves the demonstration program partially funded.

But I do note that, just a few weeks ago, the House passed a measure to provide tax deductions for individuals to purchase health coverage. This bill would cost about \$43 billion, provided benefits mainly to the healthy and wealthy, and none of it was funded. This double standard for the disabled prevented us from passing the entire bill here today. I hope we can do better in conference.

Mr. DAVIS of Virginia. Mr. Speaker, I rise today to offer my strong support for H.R. 1180, and particularly the provisions within the bill that will help financially modernize the private student loan industry. Not only will we assure the future of the private student loan industry and protect student's interest rates, we will also be providing at least a \$20 million offset to help pay for other provisions in this very important bill.

The Federal Family Education Loan Program (FFELP), the largest source of federal student loans to college students and parents, has undergone a revolution in recent years. FFELP service providers are employing a range of new technologies, such as the Internet, to vastly improve the delivery of student loans. Intense competition among FFELP providers has generated efficiencies that have driven down cost to both education loan borrowers and to U.S. taxpayers. Regrettably, the gains in efficiency and cost-reduction are being hampered by an archaic federal financing system that does not promote the most modern, efficient practices for student loan providers.

Private student loan lenders and student loan secondary markets tap global capital markets to raise the \$25 billion needed annually to support new student loans. The job of raising this private capital is more difficult, because federal law ties student loan interest rates to the 91-day Treasury bill, which does not necessarily reflect supply and demand issues in private capital markets. The student loan program, and the students, families and colleges that rely on it, will benefit from a more reliable supply of funding if Congress adopts a true market-based index for determining lender yields on student loans.

Importantly, the fundamental improvement to the private sector student loan program can

be achieved with a savings to the U.S. taxpayer, Mr. Speaker, that bears repeating. We can vastly improve the ability of private student loan providers to more efficiently and cheaply deliver their products to student and family borrowers, while saving the America people more than \$20 million over the next four years alone. In addition, this proposal would not change the index or formula used for determining interest rates paid by student loan borrowers.

Ironically, Mr. Speaker, the necessity of this provision was not highlighted until our economy began booming and the Federal Government began operating with a non-Social Security surplus. The Treasury bill is not a market-based index. By definition, only the U.S. government borrows at the T-bill rate. Other than the federal government and Government-Sponsored Enterprises (GSEs), virtually no organizations issue market securities that are tied to the T-bill.

Unfortunately, private student loan lenders are statutorily required to raise the capital they need from private capital markets at the T-bill rate. The capital raised privately to fund student loans is typically pegged to market indices that do not necessarily move in tandem with the T-bill rate. This means that lenders and student loan secondary markets have to account for the risk that the T-bill rate and these market rates will be different. To do so, lenders partly protect themselves against this risk through hedging agreements, whereby others bear the risk. These hedging agreements inject uncertainty and add to the lenders' cost of funds.

When the difference between T-bill rates and market-based rates widen, lenders incur significant additional cost to finance student loans. This scenario was realized in the last half of 1998 when the wide spreads between T-bill rates and market-based rates effectively "dried up" the market for student loan asset-backed securities, which represent a major source of student loan funding. In essence, the Treasury Department stopped issuing T-bills and the supply disappeared.

Mr. Speaker, it is situations like these, that if allowed to continue, could drive private lenders out of the student loan business. That is why I am very grateful that this bill could include the provisions that will shift the index for determining lender yields on Federal Education Loans from the 91-day T-bill rate to the 90-day Commercial Paper rate. This is an important amendment. It will protect private student loans lenders, increase efficiency and reduce the cost of delivering the funds, save the taxpayer a minimum of \$20 million, while guaranteeing the interest rate student and family borrowers pay does not increase.

The SPEAKER pro tempore (Mr. BURR of North Carolina). The question is on the motion offered by the gentleman from Texas (Mr. ARCHER) that the House suspend the rules and pass the bill, H.R. 1180, as amended.

The question was taken.

Mr. HULSHOF. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

ed, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 412, nays 9, not voting 12, as follows:

[Roll No. 513]

YEAS—412

Abercrombie	DeLay	Jackson-Lee
Ackerman	DeMint	(TX)
Aderholt	Deutsch	Jenkins
Allen	Diaz-Balart	John
Andrews	Dickey	Johnson (CT)
Archer	Dicks	Johnson, E. B.
Bachus	Dingell	Jones (NC)
Baird	Dixon	Jones (OH)
Baker	Doggett	Kanjorski
Baldacci	Dooley	Kaptur
Baldwin	Doyle	Kasich
Ballenger	Dreier	Kelly
Barcia	Duncan	Kennedy
Barr	Dunn	Kildee
Barrett (NE)	Edwards	Kilpatrick
Barrett (WI)	Ehlers	Kind (WI)
Bartlett	Ehrlich	King (NY)
Barton	Emerson	Kingston
Bass	Engel	Kleczka
Bateman	English	Klink
Becerra	Eshoo	Knollenberg
Bentsen	Etheridge	Kolbe
Bercuter	Evans	Kucinich
Berkley	Everett	Kuykendall
Berman	Ewing	LaFalce
Berry	Farr	LaHood
Biggert	Fattah	Lampson
Bilbray	Filner	Lantos
Bilirakis	Fletcher	Largent
Bishop	Foley	Larson
Blagojevich	Forbes	Latham
Bliley	Ford	LaTourette
Blumenauer	Fossella	Lazio
Blunt	Frank (MA)	Leach
Boehner	Franks (NJ)	Lee
Bonilla	Frelinghuysen	Levin
Bonior	Frost	Lewis (CA)
Bono	Gallegly	Lewis (KY)
Borski	Ganske	Linder
Boswell	Gejdenson	Lipinski
Boucher	Gekas	LoBiondo
Boyd	Gibbons	Lofgren
Brady (PA)	Gilchrest	Lowe
Brady (TX)	Gillmor	Lucas (KY)
Brown (FL)	Gilman	Lucas (OK)
Brown (OH)	Gonzalez	Luther
Bryant	Goode	Maloney (CT)
Burr	Goodlatte	Maloney (NY)
Burton	Goodling	Manzullo
Callahan	Gordon	Markey
Calvert	Goss	Mascara
Campbell	Graham	Matsui
Canady	Granger	McCarthy (MO)
Capps	Green (TX)	McCarthy (NY)
Capuano	Green (WI)	McCollum
Cardin	Greenwood	McCrery
Carson	Gutierrez	McDermott
Castle	Gutknecht	McGovern
Chabot	Hall (OH)	McHugh
Chambless	Hall (TX)	McInnis
Chenoweth-Hage	Hastings (FL)	McIntyre
Clay	Hastings (WA)	McKeon
Clayton	Hayes	McKinney
Clement	Hayworth	McNulty
Clyburn	Hefley	Meehan
Coble	Herger	Meek (FL)
Collins	Hill (IN)	Meeke (NY)
Combest	Hill (MT)	Menendez
Condit	Hilleary	Metcalfe
Conyers	Hilliary	Mica
Cooksey	Hinche	Millender-
Costello	Hinojosa	McDonald
Cox	Hobson	Miller (FL)
Coyne	Hoeffel	Miller, Gary
Cramer	Hoekstra	Miller, George
Crane	Holden	Minge
Crowley	Holt	Mink
Cubin	Hooley	Moakley
Cummings	Horn	Mollohan
Cunningham	Hostettler	Moore
Danner	Houghton	Moran (VA)
Davis (FL)	Hoyer	Morella
Davis (IL)	Hulshof	Murtha
Davis (VA)	Hunter	Myrick
Deal	Hutchinson	Nadler
DeFazio	Hyde	Napolitano
DeGette	Inslee	Neal
Delahunt	Isakson	Nethercutt
DeLauro	Istook	Ney
	Jackson (IL)	Northup

ANNOUNCEMENT BY THE SPEAKER
PRO TEMPORE

The SPEAKER pro tempore. Debate has concluded on all motions to suspend the rules.

Pursuant to clause 8 of rule XX, the Chair will now put the question on each motion to suspend the rules on which further proceedings were postponed earlier today in the order in which that motion was entertained. Votes will be taken in the following order:

- H.R. 1180 by the yeas and nays, and
- H.R. 1887 by the yeas and nays.

The Chair will reduce to 5 minutes the time for the second electronic vote.

TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT OF 1999

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 1180, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. ARCHER) that the House suspend the rules and pass the bill, H.R. 1180, as amend-

Norwood	Ryan (WI)	Tanner
Nussle	Ryun (KS)	Tauscher
Oberstar	Sabo	Tauzin
Obey	Salmon	Taylor (MS)
Olver	Sanchez	Taylor (NC)
Ortiz	Sanders	Terry
Ose	Sandlin	Thomas
Owens	Sanford	Thompson (CA)
Oxley	Sawyer	Thompson (MS)
Packard	Saxton	Thornberry
Pallone	Schaffer	Thune
Pascrell	Schakowsky	Thurman
Pastor	Scott	Tiaht
Payne	Sensenbrenner	Tierney
Pease	Serrano	Toomey
Pelosi	Sessions	Towns
Peterson (MN)	Shadegg	Traficant
Peterson (PA)	Shaw	Turner
Petri	Shays	Udall (CO)
Phelps	Sherman	Udall (NM)
Pickering	Sherwood	Upton
Pickett	Shimkus	Velazquez
Pitts	Shows	Vento
Pombo	Shuster	Visclosky
Pomeroy	Simpson	Vitter
Porter	Sisisky	Walden
Portman	Skeen	Walsh
Price (NC)	Skelton	Wamp
Pryce (OH)	Slaughter	Waters
Quinn	Smith (MI)	Watkins
Radanovich	Smith (NJ)	Watt (NC)
Rahall	Smith (TX)	Watts (OK)
Ramstad	Smith (WA)	Waxman
Rangel	Snyder	Weiner
Regula	Souder	Weldon (FL)
Reyes	Spence	Weldon (PA)
Reynolds	Spratt	Weller
Riley	Stabenow	Wexler
Rivers	Stark	Weygand
Rodriguez	Stearns	Whitfield
Roemer	Stenholm	Wicker
Rogan	Strickland	Wilson
Rogers	Stump	Wolf
Rohrabacher	Stupak	Woolsey
Rothman	Sununu	Wu
Roukema	Sweeney	Wynn
Roybal-Allard	Talent	Young (AK)
Royce	Tancredo	Young (FL)

NAYS—9

Cannon	Doolittle	McIntosh
Coburn	Hansen	Moran (KS)
Cook	Johnson, Sam	Paul

NOT VOTING—12

Armey	Gephardt	Ros-Lehtinen
Buyer	Jefferson	Rush
Camp	Lewis (GA)	Scarborough
Fowler	Martinez	Wise

□ 1759

Mr. COOK and Mr. HANSEN changed their vote from "yea" to "nay."

Mr. SERRANO changed his vote from "nay" to yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

106TH CONGRESS
1ST SESSION

H. R. 1180

AN ACT

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

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

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

7 (b) **TABLE OF CONTENTS.**—The table of contents is
 8 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 dis-
 abled 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 au-
 thority.

Sec. 302. Demonstration projects providing for reductions in disability insur-
 ance 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. Prevention of fraud and abuse associated with certain payments under the medicaid program. Extension of authority of State medicaid fraud control units.
 Sec. 408. Extension of authority of State medicaid fraud control units.
 Sec. 409. Special allowance adjustment for student loans.

1 **TITLE I—TICKET TO WORK AND**
 2 **SELF-SUFFICIENCY AND RE-**
 3 **LATED PROVISIONS**

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

6 **SEC. 101. ESTABLISHMENT OF THE TICKET TO WORK AND**
 7 **SELF-SUFFICIENCY PROGRAM.**

8 (a) IN GENERAL.—Part A of title XI of the Social
 9 Security Act (42 U.S.C. 1301 et seq.) is amended by add-
 10 ing after section 1147 (as added by section 8 of the Non-
 11 citizen Benefit Clarification and Other Technical Amend-
 12 ments Act of 1998 (Public Law 105–306; 112 Stat.
 13 2928)) the following:

14 “THE TICKET TO WORK AND SELF-SUFFICIENCY
 15 PROGRAM

16 “SEC. 1148. (a) IN GENERAL.—The Commissioner
 17 of Social Security shall establish a Ticket to Work and
 18 Self-Sufficiency Program, under which a disabled bene-

1 ficiary may use a ticket to work and self-sufficiency issued
2 by the Commissioner in accordance with this section to
3 obtain employment services, vocational rehabilitation serv-
4 ices, or other support services from an employment net-
5 work which is of the beneficiary's choice and which is will-
6 ing to provide such services to such beneficiary.

7 “(b) TICKET SYSTEM.—

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

12 “(2) ASSIGNMENT OF TICKETS.—A disabled
13 beneficiary holding a ticket to work and self-suffi-
14 ciency may assign the ticket to any employment net-
15 work of the beneficiary's choice which is serving
16 under the Program and is willing to accept the as-
17 signment.

18 “(3) TICKET TERMS.—A ticket issued under
19 paragraph (1) shall consist of a document which evi-
20 dences the Commissioner's agreement to pay (as
21 provided in paragraph (4)) an employment network,
22 which is serving under the Program and to which
23 such ticket is assigned by the beneficiary, for such
24 employment services, vocational rehabilitation serv-

1 ices, and other support services as the employment
2 network may provide to the beneficiary.

3 “(4) PAYMENTS TO EMPLOYMENT NET-
4 WORKS.—The Commissioner shall pay an employ-
5 ment network under the Program in accordance with
6 the outcome payment system under subsection
7 (h)(2) or under the outcome-milestone payment sys-
8 tem under subsection (h)(3) (whichever is elected
9 pursuant to subsection (h)(1)). An employment net-
10 work may not request or receive compensation for
11 such services from the beneficiary.

12 “(c) STATE PARTICIPATION.—

13 “(1) IN GENERAL.—Each State agency admin-
14 istering or supervising the administration of the
15 State plan approved under title I of the Rehabilita-
16 tion Act of 1973 may elect to participate in the Pro-
17 gram as an employment network with respect to a
18 disabled beneficiary. If the State agency does elect
19 to participate in the Program, the State agency also
20 shall elect to be paid under the outcome payment
21 system or the outcome-milestone payment system in
22 accordance with subsection (h)(1). With respect to a
23 disabled beneficiary that the State agency does not
24 elect to have participate in the Program, the State
25 agency shall be paid for services provided to that

1 beneficiary under the system for payment applicable
2 under section 222(d) and subsections (d) and (e) of
3 section 1615. The Commissioner shall provide for
4 periodic opportunities for exercising such elections.

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

7 “(A) STATE AGENCIES PARTICIPATING.—

8 In any case in which a State agency described
9 in paragraph (1) elects under that paragraph to
10 participate in the Program, the employment
11 services, vocational rehabilitation services, and
12 other support services which, upon assignment
13 of tickets to work and self-sufficiency, are pro-
14 vided to disabled beneficiaries by the State
15 agency acting as an employment network shall
16 be governed by plans for vocational rehabilita-
17 tion services approved under title I of the Reha-
18 bilitation Act of 1973.

19 “(B) STATE AGENCIES ADMINISTERING
20 MATERNAL AND CHILD HEALTH SERVICES PRO-
21 GRAMS.—Subparagraph (A) shall not apply
22 with respect to any State agency administering
23 a program under title V of this Act.

24 “(3) AGREEMENTS BETWEEN STATE AGENCIES
25 AND EMPLOYMENT NETWORKS.—State agencies and

1 employment networks shall enter into agreements re-
2 garding the conditions under which services will be
3 provided when an individual is referred by an em-
4 ployment network to a State agency for services.
5 The Commissioner of Social Security shall establish
6 by regulations the timeframe within which such
7 agreements must be entered into and the mecha-
8 nisms for dispute resolution between State agencies
9 and employment networks with respect to such
10 agreements.

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

13 “(1) SELECTION AND QUALIFICATIONS OF PRO-
14 GRAM MANAGERS.—The Commissioner of Social Se-
15 curity shall enter into agreements with 1 or more or-
16 ganizations in the private or public sector for service
17 as a program manager to assist the Commissioner in
18 administering the Program. Any such program man-
19 ager shall be selected by means of a competitive bid-
20 ding process, from among organizations in the pri-
21 vate or public sector with available expertise and ex-
22 perience in the field of vocational rehabilitation or
23 employment services.

24 “(2) TENURE, RENEWAL, AND EARLY TERMI-
25 NATION.—Each agreement entered into under para-

1 graph (1) shall provide for early termination upon
2 failure to meet performance standards which shall be
3 specified in the agreement and which shall be
4 weighted to take into account any performance in
5 prior terms. Such performance standards shall
6 include—

7 “(A) measures for ease of access by bene-
8 ficiaries to services; and

9 “(B) measures for determining the extent
10 to which failures in obtaining services for bene-
11 ficiaries fall within acceptable parameters, as
12 determined by the Commissioner.

13 “(3) PRECLUSION FROM DIRECT PARTICIPA-
14 TION IN DELIVERY OF SERVICES IN OWN SERVICE
15 AREA.—Agreements under paragraph (1) shall
16 preclude—

17 “(A) direct participation by a program
18 manager in the delivery of employment services,
19 vocational rehabilitation services, or other sup-
20 port services to beneficiaries in the service area
21 covered by the program manager’s agreement;
22 and

23 “(B) the holding by a program manager of
24 a financial interest in an employment network
25 or service provider which provides services in a

1 geographic area covered under the program
2 manager's agreement.

3 “(4) SELECTION OF EMPLOYMENT NET-
4 WORKS.—

5 “(A) IN GENERAL.—The Commissioner
6 shall select and enter into agreements with em-
7 ployment networks for service under the Pro-
8 gram. Such employment networks shall be in
9 addition to State agencies serving as employ-
10 ment networks pursuant to elections under sub-
11 section (c).

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

20 “(5) TERMINATION OF AGREEMENTS WITH EM-
21 PLOYMENT NETWORKS.—The Commissioner shall
22 terminate agreements with employment networks for
23 inadequate performance, as determined by the Com-
24 missioner.

1 “(6) QUALITY ASSURANCE.—The Commissioner
2 shall provide for such periodic reviews as are nec-
3 essary to provide for effective quality assurance in
4 the provision of services by employment networks.
5 The Commissioner shall solicit and consider the
6 views of consumers and the program manager under
7 which the employment networks serve and shall con-
8 sult with providers of services to develop perform-
9 ance measurements. The Commissioner shall ensure
10 that the results of the periodic reviews are made
11 available to beneficiaries who are prospective service
12 recipients as they select employment networks. The
13 Commissioner shall ensure that the periodic surveys
14 of beneficiaries receiving services under the Program
15 are designed to measure customer service satisfac-
16 tion.

17 “(7) DISPUTE RESOLUTION.—The Commis-
18 sioner shall provide for a mechanism for resolving
19 disputes between beneficiaries and employment net-
20 works, between program managers and employment
21 networks, and between program managers and pro-
22 viders of services. The Commissioner shall afford a
23 party to such a dispute a reasonable opportunity for
24 a full and fair review of the matter in dispute.

25 “(e) PROGRAM MANAGERS.—

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

5 “(2) RECRUITMENT OF EMPLOYMENT NET-
6 WORKS.—A program manager shall recruit, and rec-
7 ommend for selection by the Commissioner, employ-
8 ment networks for service under the Program. The
9 program manager shall carry out such recruitment
10 and provide such recommendations, and shall mon-
11 itor all employment networks serving in the Program
12 in the geographic area covered under the program
13 manager’s agreement, to the extent necessary and
14 appropriate to ensure that adequate choices of serv-
15 ices are made available to beneficiaries. Employment
16 networks may serve under the Program only pursu-
17 ant to an agreement entered into with the Commis-
18 sioner under the Program incorporating the applica-
19 ble provisions of this section and regulations there-
20 under, and the program manager shall provide and
21 maintain assurances to the Commissioner that pay-
22 ment by the Commissioner to employment networks
23 pursuant to this section is warranted based on com-
24 pliance by such employment networks with the terms
25 of such agreement and this section. The program

1 manager shall not impose numerical limits on the
2 number of employment networks to be recommended
3 pursuant to this paragraph.

4 “(3) FACILITATION OF ACCESS BY BENE-
5 FICIARIES TO EMPLOYMENT NETWORKS.—A pro-
6 gram manager shall facilitate access by beneficiaries
7 to employment networks. The program manager
8 shall ensure that each beneficiary is allowed changes
9 in employment networks without being deemed to
10 have rejected services under the Program. When
11 such a change occurs, the program manager shall re-
12 assign the ticket based on the choice of the bene-
13 ficiary. Upon the request of the employment net-
14 work, the program manager shall make a determina-
15 tion of the allocation of the outcome or milestone-
16 outcome payments based on the services provided by
17 each employment network. The program manager
18 shall establish and maintain lists of employment net-
19 works available to beneficiaries and shall make such
20 lists generally available to the public. The program
21 manager shall ensure that all information provided
22 to disabled beneficiaries pursuant to this paragraph
23 is provided in accessible formats.

24 “(4) ENSURING AVAILABILITY OF ADEQUATE
25 SERVICES.—The program manager shall ensure that

1 employment services, vocational rehabilitation serv-
2 ices, and other support services are provided to
3 beneficiaries throughout the geographic area covered
4 under the program manager's agreement, including
5 rural areas.

6 “(5) REASONABLE ACCESS TO SERVICES.—The
7 program manager shall take such measures as are
8 necessary to ensure that sufficient employment net-
9 works are available and that each beneficiary receiv-
10 ing services under the Program has reasonable ac-
11 cess to employment services, vocational rehabilitation
12 services, and other support services. Services pro-
13 vided under the Program may include case manage-
14 ment, work incentives planning, supported employ-
15 ment, career planning, career plan development, vo-
16 cational assessment, job training, placement, follow-
17 up services, and such other services as may be speci-
18 fied by the Commissioner under the Program. The
19 program manager shall ensure that such services are
20 available in each service area.

21 “(f) EMPLOYMENT NETWORKS.—

22 “(1) QUALIFICATIONS FOR EMPLOYMENT NET-
23 WORKS.—

24 “(A) IN GENERAL.—Each employment net-
25 work serving under the Program shall consist of

1 an agency or instrumentality of a State (or a
2 political subdivision thereof) or a private entity,
3 that assumes responsibility for the coordination
4 and delivery of services under the Program to
5 individuals assigning to the employment net-
6 work tickets to work and self-sufficiency issued
7 under subsection (b).

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

13 “(C) COMPLIANCE WITH SELECTION CRI-
14 TERIA.—No employment network may serve
15 under the Program unless it meets and main-
16 tains compliance with both general selection cri-
17 teria (such as professional and educational
18 qualifications, where applicable) and specific se-
19 lection criteria (such as substantial expertise
20 and experience in providing relevant employ-
21 ment services and supports).

22 “(D) SINGLE OR ASSOCIATED PROVIDERS
23 ALLOWED.—An employment network shall con-
24 sist of either a single provider of such services
25 or of an association of such providers organized

1 so as to combine their resources into a single
2 entity. An employment network may meet the
3 requirements of subsection (e)(4) by providing
4 services directly, or by entering into agreements
5 with other individuals or entities providing ap-
6 propriate employment services, vocational reha-
7 bilitation services, or other support services.

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

12 “(A) serve prescribed service areas; and

13 “(B) take such measures as are necessary
14 to ensure that employment services, vocational
15 rehabilitation services, and other support serv-
16 ices provided under the Program by, or under
17 agreements entered into with, the employment
18 network are provided under appropriate indi-
19 vidual work plans meeting the requirements of
20 subsection (g).

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

24 “(4) PERIODIC OUTCOMES REPORTING.—Each
25 employment network shall prepare periodic reports,

1 on at least an annual basis, itemizing for the covered
2 period specific outcomes achieved with respect to
3 specific services provided by the employment net-
4 work. Such reports shall conform to a national
5 model prescribed under this section. Each employ-
6 ment network shall provide a copy of the latest re-
7 port issued by the employment network pursuant to
8 this paragraph to each beneficiary upon enrollment
9 under the Program for services to be received
10 through such employment network. Upon issuance of
11 each report to each beneficiary, a copy of the report
12 shall be maintained in the files of the employment
13 network. The program manager shall ensure that
14 copies of all such reports issued under this para-
15 graph are made available to the public under reason-
16 able terms.

17 “(g) INDIVIDUAL WORK PLANS.—

18 “(1) REQUIREMENTS.—Each employment net-
19 work shall—

20 “(A) take such measures as are necessary
21 to ensure that employment services, vocational
22 rehabilitation services, and other support serv-
23 ices provided under the Program by, or under
24 agreements entered into with, the employment
25 network are provided under appropriate indi-

1 individual work plans that meet the requirements of
2 subparagraph (C);

3 “(B) develop and implement each such in-
4 dividual work plan, in partnership with each
5 beneficiary receiving such services, in a manner
6 that affords such beneficiary the opportunity to
7 exercise informed choice in selecting an employ-
8 ment goal and specific services needed to
9 achieve that employment goal;

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

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

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

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

22 “(iv) a statement of understanding re-
23 garding the beneficiary’s rights under the
24 Program (such as the right to retrieve the
25 ticket to work and self-sufficiency if the

1 beneficiary is dissatisfied with the services
2 being provided by the employment net-
3 work) and remedies available to the indi-
4 vidual, including information on the avail-
5 ability of advocacy services and assistance
6 in resolving disputes through the State
7 grant program authorized under section
8 1150;

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

13 “(E) make each beneficiary’s individual
14 work plan available to the beneficiary in, as ap-
15 propriate, an accessible format chosen by the
16 beneficiary.

17 “(2) EFFECTIVE UPON WRITTEN APPROVAL.—

18 A beneficiary’s individual work plan shall take effect
19 upon written approval by the beneficiary or a rep-
20 resentative of the beneficiary and a representative of
21 the employment network that, in providing such
22 written approval, acknowledges assignment of the
23 beneficiary’s ticket to work and self-sufficiency.

24 “(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

1 “(1) ELECTION OF PAYMENT SYSTEM BY EM-
2 PLOYMENT NETWORKS.—

3 “(A) IN GENERAL.—The Program shall
4 provide for payment authorized by the Commis-
5 sioner to employment networks under either an
6 outcome payment system or an outcome-mile-
7 stone payment system. Each employment net-
8 work shall elect which payment system will be
9 utilized by the employment network, and, for
10 such period of time as such election remains in
11 effect, the payment system so elected shall be
12 utilized exclusively in connection with such em-
13 ployment network (except as provided in sub-
14 paragraph (B)).

15 “(B) NO CHANGE IN METHOD OF PAY-
16 MENT FOR BENEFICIARIES WITH TICKETS AL-
17 READY ASSIGNED TO THE EMPLOYMENT NET-
18 WORKS.—Any election of a payment system by
19 an employment network that would result in a
20 change in the method of payment to the em-
21 ployment network for services provided to a
22 beneficiary who is receiving services from the
23 employment network at the time of the election
24 shall not be effective with respect to payment
25 for services provided to that beneficiary and the

1 method of payment previously selected shall
2 continue to apply with respect to such services.

3 “(2) OUTCOME PAYMENT SYSTEM.—

4 “(A) IN GENERAL.—The outcome payment
5 system shall consist of a payment structure gov-
6 erning employment networks electing such sys-
7 tem under paragraph (1)(A) which meets the
8 requirements of this paragraph.

9 “(B) PAYMENTS MADE DURING OUTCOME
10 PAYMENT PERIOD.—The outcome payment sys-
11 tem shall provide for a schedule of payments to
12 an employment network, in connection with
13 each individual who is a beneficiary, for each
14 month, during the individual’s outcome pay-
15 ment period, for which benefits (described in
16 paragraphs (3) and (4) of subsection (k)) are
17 not payable to such individual because of work
18 or earnings.

19 “(C) COMPUTATION OF PAYMENTS TO EM-
20 PLOYMENT NETWORK.—The payment schedule
21 of the outcome payment system shall be de-
22 signed so that—

23 “(i) the payment for each month dur-
24 ing the outcome payment period for which
25 benefits (described in paragraphs (3) and

1 (4) of subsection (k)) are not payable is
2 equal to a fixed percentage of the payment
3 calculation base for the calendar year in
4 which such month occurs; and

5 “(ii) such fixed percentage is set at a
6 percentage which does not exceed 40 per-
7 cent.

8 “(3) OUTCOME-MILESTONE PAYMENT SYS-
9 TEM.—

10 “(A) IN GENERAL.—The outcome-mile-
11 stone payment system shall consist of a pay-
12 ment structure governing employment networks
13 electing such system under paragraph (1)(A)
14 which meets the requirements of this para-
15 graph.

16 “(B) EARLY PAYMENTS UPON ATTAIN-
17 MENT OF MILESTONES IN ADVANCE OF OUT-
18 COME PAYMENT PERIODS.—The outcome-mile-
19 stone payment system shall provide for 1 or
20 more milestones, with respect to beneficiaries
21 receiving services from an employment network
22 under the Program, that are directed toward
23 the goal of permanent employment. Such mile-
24 stones shall form a part of a payment structure
25 that provides, in addition to payments made

1 during outcome payment periods, payments
2 made prior to outcome payment periods in
3 amounts based on the attainment of such mile-
4 stones.

5 “(C) LIMITATION ON TOTAL PAYMENTS TO
6 EMPLOYMENT NETWORK.—The payment sched-
7 ule of the outcome milestone payment system
8 shall be designed so that the total of the pay-
9 ments to the employment network with respect
10 to each beneficiary is less than, on a net
11 present value basis (using an interest rate de-
12 termined by the Commissioner that appro-
13 priately reflects the cost of funds faced by pro-
14 viders), the total amount to which payments to
15 the employment network with respect to the
16 beneficiary would be limited if the employment
17 network were paid under the outcome payment
18 system.

19 “(4) DEFINITIONS.—In this subsection:

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

23 “(i) in connection with a title II dis-
24 ability beneficiary, the average disability
25 insurance benefit payable under section

1 223 for all beneficiaries for months during
2 the preceding calendar year; and

3 “(ii) in connection with a title XVI
4 disability beneficiary (who is not concu-
5 rently a title II disability beneficiary), the
6 average payment of supplemental security
7 income benefits based on disability payable
8 under title XVI (excluding State sup-
9 plementation) for months during the pre-
10 ceeding calendar year to all beneficiaries
11 who have attained 18 years of age but
12 have not attained 65 years of age.

13 “(B) OUTCOME PAYMENT PERIOD.—The
14 term ‘outcome payment period’ means, in con-
15 nection with any individual who had assigned a
16 ticket to work and self-sufficiency to an employ-
17 ment network under the Program, a period—

18 “(i) beginning with the first month,
19 ending after the date on which such ticket
20 was assigned to the employment network,
21 for which benefits (described in paragraphs
22 (3) and (4) of subsection (k)) are not pay-
23 able to such individual by reason of en-
24 gagement in substantial gainful activity or

1 by reason of earnings from work activity;
2 and

3 “(ii) ending with the 60th month
4 (consecutive or otherwise), ending after
5 such date, for which such benefits are not
6 payable to such individual by reason of en-
7 gagement in substantial gainful activity or
8 by reason of earnings from work activity.

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

11 “(A) PERCENTAGES AND PERIODS.—The
12 Commissioner shall periodically review the per-
13 centage specified in paragraph (2)(C), the total
14 payments permissible under paragraph (3)(C),
15 and the period of time specified in paragraph
16 (4)(B) to determine whether such percentages,
17 such permissible payments, and such period
18 provide an adequate incentive for employment
19 networks to assist beneficiaries to enter the
20 workforce, while providing for appropriate
21 economies. The Commissioner may alter such
22 percentage, such total permissible payments, or
23 such period of time to the extent that the Com-
24 missioner determines, on the basis of the Com-
25 missioner’s review under this paragraph, that

1 such an alteration would better provide the in-
2 centive and economies described in the pre-
3 ceding sentence.

4 “(B) NUMBER AND AMOUNT OF MILE-
5 STONE PAYMENTS.—The Commissioner shall
6 periodically review the number and amounts of
7 milestone payments established by the Commis-
8 sioner pursuant to this section to determine
9 whether they provide an adequate incentive for
10 employment networks to assist beneficiaries to
11 enter the workforce, taking into account infor-
12 mation provided to the Commissioner by pro-
13 gram managers, the Ticket to Work and Work
14 Incentives Advisory Panel established by section
15 101(f) of the Ticket to Work and Work Incen-
16 tives Improvement Act of 1999, and other reli-
17 able sources. The Commissioner may from time
18 to time alter the number and amounts of mile-
19 stone payments initially established by the
20 Commissioner pursuant to this section to the
21 extent that the Commissioner determines that
22 such an alteration would allow an adequate in-
23 centive for employment networks to assist bene-
24 ficiaries to enter the workforce. Such alteration
25 shall be based on information provided to the

1 Commissioner by program managers, the Ticket
2 to Work and Work Incentives Advisory Panel
3 established by section 101(f) of the Ticket to
4 Work and Work Incentives Improvement Act of
5 1999, or other reliable sources.

6 “(C) REPORT ON THE ADEQUACY OF IN-
7 CENTIVES.—The Commissioner shall submit to
8 Congress not later than 36 months after the
9 date of the enactment of the Ticket to Work
10 and Work Incentives Improvement Act of 1999
11 a report with recommendations for a method or
12 methods to adjust payment rates under sub-
13 paragraphs (A) and (B), that would ensure ade-
14 quate incentives for the provision of services by
15 employment networks of—

16 “(i) individuals with a need for ongo-
17 ing support and services;

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

20 “(iii) individuals who earn a submin-
21 imum wage; and

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

24 The Commissioner shall consult with the Ticket
25 to Work and Work Incentives Advisory Panel

1 established under section 101(f) of the Ticket
2 to Work and Work Incentives Improvement Act
3 of 1999 during the development and evaluation
4 of the study. The Commissioner shall imple-
5 ment the necessary adjusted payment rates
6 prior to full implementation of the Ticket to
7 Work and Self-Sufficiency Program.

8 “(i) SUSPENSION OF DISABILITY REVIEWS.—During
9 any period for which an individual is using, as defined by
10 the Commissioner, a ticket to work and self-sufficiency
11 issued under this section, the Commissioner (and any ap-
12 plicable State agency) may not initiate a continuing dis-
13 ability review or other review under section 221 of whether
14 the individual is or is not under a disability or a review
15 under title XVI similar to any such review under section
16 221.

17 “(j) AUTHORIZATIONS.—

18 “(1) PAYMENTS TO EMPLOYMENT NET-
19 WORKS.—

20 “(A) TITLE II DISABILITY BENE-
21 FICIARIES.—There are authorized to be trans-
22 ferred from the Federal Old-Age and Survivors
23 Insurance Trust Fund and the Federal Dis-
24 ability Insurance Trust Fund each fiscal year
25 such sums as may be necessary to make pay-

1 ments to employment networks under this sec-
2 tion. Money paid from the Trust Funds under
3 this section with respect to title II disability
4 beneficiaries who are entitled to benefits under
5 section 223 or who are entitled to benefits
6 under section 202(d) on the basis of the wages
7 and self-employment income of such bene-
8 ficiaries, shall be charged to the Federal Dis-
9 ability Insurance Trust Fund, and all other
10 money paid from the Trust Funds under this
11 section shall be charged to the Federal Old-Age
12 and Survivors Insurance Trust Fund.

13 “(B) TITLE XVI DISABILITY BENE-
14 FICIARIES.—Amounts authorized to be appro-
15 priated to the Social Security Administration
16 under section 1601 (as in effect pursuant to the
17 amendments made by section 301 of the Social
18 Security Amendments of 1972) shall include
19 amounts necessary to carry out the provisions
20 of this section with respect to title XVI dis-
21 ability beneficiaries.

22 “(2) ADMINISTRATIVE EXPENSES.—The costs
23 of administering this section (other than payments
24 to employment networks) shall be paid from
25 amounts made available for the administration of

1 title II and amounts made available for the adminis-
2 tration of title XVI, and shall be allocated among
3 such amounts as appropriate.

4 “(k) DEFINITIONS.—In this section:

5 “(1) COMMISSIONER.—The term ‘Commis-
6 sioner’ means the Commissioner of Social Security.

7 “(2) DISABLED BENEFICIARY.—The term ‘dis-
8 abled beneficiary’ means a title II disability bene-
9 ficiary or a title XVI disability beneficiary.

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

18 “(4) TITLE XVI DISABILITY BENEFICIARY.—
19 The term ‘title XVI disability beneficiary’ means an
20 individual eligible for supplemental security income
21 benefits under title XVI on the basis of blindness
22 (within the meaning of section 1614(a)(2)) or dis-
23 ability (within the meaning of section 1614(a)(3)).
24 An individual is a title XVI disability beneficiary for

1 each month for which such individual is eligible for
2 such benefits.

3 “(5) SUPPLEMENTAL SECURITY INCOME BEN-
4 EFIT.—The term ‘supplemental security income ben-
5 efit under title XVI’ means a cash benefit under sec-
6 tion 1611 or 1619(a), and does not include a State
7 supplementary payment, administered federally or
8 otherwise.

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

14 (b) CONFORMING AMENDMENTS.—

15 (1) AMENDMENTS TO TITLE II.—

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

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

22 (B) Section 222(a) of such Act (42 U.S.C.
23 422(a)) is repealed.

24 (C) Section 222(b) of such Act (42 U.S.C.
25 422(b)) is repealed.

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

9 (2) AMENDMENTS TO TITLE XVI.—

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

12 “SEC. 1615. (a) In the case of any blind or disabled
13 individual who—

14 “(1) has not attained age 16; and

15 “(2) with respect to whom benefits are paid
16 under this title,

17 the Commissioner of Social Security shall make provision
18 for referral of such individual to the appropriate State
19 agency administering the State program under title V.”.

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

22 (C) Section 1631(a)(6)(A) of such Act (42
23 U.S.C. 1383(a)(6)(A)) is amended by striking
24 “a program of vocational rehabilitation serv-
25 ices” and inserting “a program consisting of

1 the Ticket to Work and Self-Sufficiency Pro-
2 gram under section 1148 or another program of
3 vocational rehabilitation services, employment
4 services, or other support services”.

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

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

8 (ii) by adding at the end the fol-

9 lowing:

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

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

18 (d) GRADUATED IMPLEMENTATION OF PROGRAM.—

19 (1) IN GENERAL.—Not later than 1 year after
20 the date of the enactment of this Act, the Commis-
21 sioner of Social Security shall commence implemen-
22 tation of the amendments made by this section
23 (other than paragraphs (1)(C) and (2)(B) of sub-
24 section (b)) in graduated phases at phase-in sites se-
25 lected by the Commissioner. Such phase-in sites

1 shall be selected so as to ensure, prior to full imple-
2 mentation of the Ticket to Work and Self-Suffi-
3 ciency Program, the development and refinement of
4 referral processes, payment systems, computer link-
5 ages, management information systems, and admin-
6 istrative processes necessary to provide for full im-
7 plementation of such amendments. Subsection (c)
8 shall apply with respect to paragraphs (1)(C) and
9 (2)(B) of subsection (b) without regard to this sub-
10 section.

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

18 (3) FULL IMPLEMENTATION.—The Commis-
19 sioner shall ensure that ability to provide tickets and
20 services to individuals under the Program exists in
21 every State as soon as practicable on or after the ef-
22 fective date specified in subsection (c) but not later
23 than 3 years after such date.

24 (4) ONGOING EVALUATION OF PROGRAM.—

1 (A) IN GENERAL.—The Commissioner
2 shall design and conduct a series of evaluations
3 to assess the cost-effectiveness of activities car-
4 ried out under this section and the amendments
5 made thereby, as well as the effects of this sec-
6 tion and the amendments made thereby on
7 work outcomes for beneficiaries receiving tickets
8 to work and self-sufficiency under the Program.

9 (B) CONSULTATION.—The Commissioner
10 shall design and carry out the series of evalua-
11 tions after receiving relevant advice from ex-
12 perts in the fields of disability, vocational reha-
13 bilitation, and program evaluation and individ-
14 uals using tickets to work and self-sufficiency
15 under the Program and consulting with the
16 Ticket to Work and Work Incentives Advisory
17 Panel established under section 101(f), the
18 Comptroller General of the United States, other
19 agencies of the Federal Government, and pri-
20 vate organizations with appropriate expertise.

21 (C) METHODOLOGY.—

22 (i) IMPLEMENTATION.—The Commis-
23 sioner, in consultation with the Ticket to
24 Work and Work Incentives Advisory Panel
25 established under section 101(f), shall en-

1 sure that plans for evaluations and data
2 collection methods under the Program are
3 appropriately designed to obtain detailed
4 employment information.

5 (ii) SPECIFIC MATTERS TO BE AD-
6 DRESSED.—Each such evaluation shall ad-
7 dress (but is not limited to)—

8 (I) the annual cost (including net
9 cost) of the Program and the annual
10 cost (including net cost) that would
11 have been incurred in the absence of
12 the Program;

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

17 (III) the types of employment
18 services, vocational rehabilitation serv-
19 ices, and other support services fur-
20 nished to beneficiaries in receipt of
21 tickets under the Program who return
22 to work and to those who do not re-
23 turn to work;

24 (IV) the duration of employment
25 services, vocational rehabilitation serv-

1 ices, and other support services fur-
2 nished to beneficiaries in receipt of
3 tickets under the Program who return
4 to work and the duration of such serv-
5 ices furnished to those who do not re-
6 turn to work and the cost to employ-
7 ment networks of furnishing such
8 services;

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

16 (VI) the characteristics of indi-
17 viduals in possession of tickets under
18 the Program who are not accepted for
19 services and, to the extent reasonably
20 determinable, the reasons for which
21 such beneficiaries were not accepted
22 for services;

23 (VII) the characteristics of pro-
24 viders whose services are provided

1 within an employment network under
2 the Program;

3 (VIII) the extent (if any) to
4 which employment networks display a
5 greater willingness to provide services
6 to beneficiaries with a range of dis-
7 abilities;

8 (IX) the characteristics (includ-
9 ing employment outcomes) of those
10 beneficiaries who receive services
11 under the outcome payment system
12 and of those beneficiaries who receive
13 services under the outcome-milestone
14 payment system;

15 (X) measures of satisfaction
16 among beneficiaries in receipt of tick-
17 ets under the Program; and

18 (XI) reasons for (including com-
19 ments solicited from beneficiaries re-
20 garding) their choice not to use their
21 tickets or their inability to return to
22 work despite the use of their tickets.

23 (D) PERIODIC EVALUATION REPORTS.—
24 Following the close of the third and fifth fiscal
25 years ending after the effective date under sub-

1 section (c), and prior to the close of the seventh
2 fiscal year ending after such date, the Commis-
3 sioner shall transmit to the Committee on Ways
4 and Means of the House of Representatives and
5 the Committee on Finance of the Senate a re-
6 port containing the Commissioner's evaluation
7 of the progress of activities conducted under the
8 provisions of this section and the amendments
9 made thereby. Each such report shall set forth
10 the Commissioner's evaluation of the extent to
11 which the Program has been successful and the
12 Commissioner's conclusions on whether or how
13 the Program should be modified. Each such re-
14 port shall include such data, findings, materials,
15 and recommendations as the Commissioner may
16 consider appropriate.

17 (5) EXTENT OF STATE'S RIGHT OF FIRST RE-
18 FUSAL IN ADVANCE OF FULL IMPLEMENTATION OF
19 AMENDMENTS IN SUCH STATE.—

20 (A) IN GENERAL.—In the case of any
21 State in which the amendments made by sub-
22 section (a) have not been fully implemented
23 pursuant to this subsection, the Commissioner
24 shall determine by regulation the extent to
25 which—

1 (i) the requirement under section
2 222(a) for prompt referrals to a State
3 agency; and

4 (ii) the authority of the Commissioner
5 under section 222(d)(2) of the Social Secu-
6 rity Act to provide vocational rehabilitation
7 services in such State by agreement or
8 contract with other public or private agen-
9 cies, organizations, institutions, or individ-
10 uals,

11 shall apply in such State.

12 (B) EXISTING AGREEMENTS.—Nothing in
13 subparagraph (A) or the amendments made by
14 subsection (a) shall be construed to limit, im-
15 pede, or otherwise affect any agreement entered
16 into pursuant to section 222(d)(2) of the Social
17 Security Act before the date of the enactment
18 of this Act with respect to services provided
19 pursuant to such agreement to beneficiaries re-
20 ceiving services under such agreement as of
21 such date, except with respect to services (if
22 any) to be provided after 3 years after the ef-
23 fective date provided in subsection (c).

24 (e) SPECIFIC REGULATIONS REQUIRED.—

1 (1) IN GENERAL.—The Commissioner of Social
2 Security shall prescribe such regulations as are nec-
3 essary to implement the amendments made by this
4 section.

5 (2) SPECIFIC MATTERS TO BE INCLUDED IN
6 REGULATIONS.—The matters which shall be ad-
7 dressed in such regulations shall include—

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

12 (B) the format and wording of such tick-
13 ets, which shall incorporate by reference any
14 contractual terms governing service by employ-
15 ment networks under the Program;

16 (C) the form and manner in which State
17 agencies may elect participation in the Ticket to
18 Work and Self-Sufficiency Program pursuant to
19 section 1148(c)(1) of such Act and provision for
20 periodic opportunities for exercising such elec-
21 tions;

22 (D) the status of State agencies under sec-
23 tion 1148(c)(1) of such Act at the time that
24 State agencies exercise elections under that sec-
25 tion;

1 (E) the terms of agreements to be entered
2 into with program managers pursuant to sec-
3 tion 1148(d) of such Act, including—

4 (i) the terms by which program man-
5 agers are precluded from direct participa-
6 tion in the delivery of services pursuant to
7 section 1148(d)(3) of such Act;

8 (ii) standards which must be met by
9 quality assurance measures referred to in
10 paragraph (6) of section 1148(d) of such
11 Act and methods of recruitment of employ-
12 ment networks utilized pursuant to para-
13 graph (2) of section 1148(e) of such Act;
14 and

15 (iii) the format under which dispute
16 resolution will operate under section
17 1148(d)(7) of such Act;

18 (F) the terms of agreements to be entered
19 into with employment networks pursuant to sec-
20 tion 1148(d)(4) of such Act, including—

21 (i) the manner in which service areas
22 are specified pursuant to section
23 1148(f)(2)(A) of such Act;

24 (ii) the general selection criteria and
25 the specific selection criteria which are ap-

1 plicable to employment networks under
2 section 1148(f)(1)(C) of such Act in select-
3 ing service providers;

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

8 (iv) the national model to which peri-
9 odic outcomes reporting by employment
10 networks must conform under section
11 1148(f)(4) of such Act;

12 (G) standards which must be met by indi-
13 vidual work plans pursuant to section 1148(g)
14 of such Act;

15 (H) standards which must be met by pay-
16 ment systems required under section 1148(h) of
17 such Act, including—

18 (i) the form and manner in which
19 elections by employment networks of pay-
20 ment systems are to be exercised pursuant
21 to section 1148(h)(1)(A) of such Act;

22 (ii) the terms which must be met by
23 an outcome payment system under section
24 1148(h)(2) of such Act;

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

4 (iv) any revision of the percentage
5 specified in paragraph (2)(C) of section
6 1148(h) of such Act or the period of time
7 specified in paragraph (4)(B) of such sec-
8 tion 1148(h) of such Act; and

9 (v) annual oversight procedures for
10 such systems; and

11 (I) procedures for effective oversight of the
12 Program by the Commissioner of Social Secu-
13 rity, including periodic reviews and reporting
14 requirements.

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

17 (1) ESTABLISHMENT.—There is established
18 within the Social Security Administration a panel to
19 be known as the “Ticket to Work and Work Incen-
20 tives Advisory Panel” (in this subsection referred to
21 as the “Panel”).

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

24 (A) advise the President, the Congress,
25 and the Commissioner of Social Security on

1 issues related to work incentives programs,
2 planning, and assistance for individuals with
3 disabilities, including work incentive provisions
4 under titles II, XI, XVI, XVIII, and XIX of the
5 Social Security Act (42 U.S.C. 401 et seq.,
6 1301 et seq., 1381 et seq., 1395 et seq., 1396
7 et seq.); and

8 (B) with respect to the Ticket to Work and
9 Self-Sufficiency Program established under sec-
10 tion 1148 of such Act—

11 (i) advise the Commissioner of Social
12 Security with respect to establishing phase-
13 in sites for such Program and fully imple-
14 menting the Program thereafter, the re-
15 finement of access of disabled beneficiaries
16 to employment networks, payment systems,
17 and management information systems, and
18 advise the Commissioner whether such
19 measures are being taken to the extent
20 necessary to ensure the success of the Pro-
21 gram;

22 (ii) advise the Commissioner regard-
23 ing the most effective designs for research
24 and demonstration projects associated with

1 the Program or conducted pursuant to sec-
2 tion 302 of this Act;

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

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

10 (3) MEMBERSHIP.—

11 (A) NUMBER AND APPOINTMENT.—The
12 Panel shall be composed of 12 members as fol-
13 lows:

14 (i) 4 members appointed by the Presi-
15 dent, not more than 2 of whom may be of
16 the same political party;

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

22 (iii) 2 members appointed by the mi-
23 nority leader of the House of Representa-
24 tives, in consultation with the ranking

1 member of the Committee on Ways and
2 Means of the House of Representatives;

3 (iv) 2 members appointed by the ma-
4 jority leader of the Senate, in consultation
5 with the Chairman of the Committee on
6 Finance of the Senate; and

7 (v) 2 members appointed by the mi-
8 nority leader of the Senate, in consultation
9 with the ranking member of the Committee
10 on Finance of the Senate.

11 (B) REPRESENTATION.—Of the members
12 appointed under subparagraph (A), at least 8
13 shall have experience or expert knowledge as a
14 recipient, provider, employer, or employee in the
15 fields of, or related to, employment services, vo-
16 cational rehabilitation services, and other sup-
17 port services, of whom—

18 (i) at least 2 shall represent the inter-
19 ests of recipients of employment services,
20 vocational rehabilitation services, and other
21 support services;

22 (ii) at least 2 shall represent the in-
23 terests of providers of employment serv-
24 ices, vocational rehabilitation services, and
25 other support services;

1 (iii) at least 2 shall represent the in-
2 terests of private employers; and

3 (iv) at least 2 shall represent the in-
4 terests of employees.

5 At least $\frac{1}{2}$ of the members described in each
6 clause of subparagraph (A) shall be individuals
7 with disabilities, or representatives of individ-
8 uals with disabilities, with consideration to cur-
9 rent or former title II disability beneficiaries or
10 title XVI disability beneficiaries (as such terms
11 are defined in section 1148(k) of the Social Se-
12 curity Act (as added by subsection (a))).

13 (C) TERMS.—

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

21 (ii) TERMS OF INITIAL AP-
22 POINTEES.—As designated by the Presi-
23 dent at the time of appointment, of the
24 members first appointed—

1 (I) 1/2 of the members appointed
2 under subparagraph (A) shall be ap-
3 pointed for a term of 2 years; and

4 (II) the remaining members ap-
5 pointed under subparagraph (A) shall
6 be appointed for a term of 4 years.

7 (iii) VACANCIES.—Any member ap-
8 pointed to fill a vacancy occurring before
9 the expiration of the term for which the
10 member's predecessor was appointed shall
11 be appointed only for the remainder of that
12 term. A member may serve after the expi-
13 ration of that member's term until a suc-
14 cesssor has taken office. A vacancy in the
15 Panel shall be filled in the manner in
16 which the original appointment was made.

17 (D) BASIC PAY.—Members shall each be
18 paid at a rate, and in a manner, that is con-
19 sistent with guidelines established under section
20 7 of the Federal Advisory Committee Act (5
21 U.S.C. App.).

22 (E) TRAVEL EXPENSES.—Each member
23 shall receive travel expenses, including per diem
24 in lieu of subsistence, in accordance with sec-

1 tions 5702 and 5703 of title 5, United States
2 Code.

3 (F) QUORUM.—8 members of the Panel
4 shall constitute a quorum but a lesser number
5 may hold hearings.

6 (G) CHAIRPERSON.—The Chairperson of
7 the Panel shall be designated by the President.
8 The term of office of the Chairperson shall be
9 4 years.

10 (H) MEETINGS.—The Panel shall meet at
11 least quarterly and at other times at the call of
12 the Chairperson or a majority of its members.

13 (4) DIRECTOR AND STAFF OF PANEL; EXPERTS
14 AND CONSULTANTS.—

15 (A) DIRECTOR.—The Panel shall have a
16 Director who shall be appointed by the Panel,
17 and paid at a rate, and in a manner, that is
18 consistent with guidelines established under sec-
19 tion 7 of the Federal Advisory Committee Act
20 (5 U.S.C. App.).

21 (B) STAFF.—Subject to rules prescribed
22 by the Commissioner of Social Security, the Di-
23 rector may appoint and fix the pay of additional
24 personnel as the Director considers appropriate.

1 (C) EXPERTS AND CONSULTANTS.—Sub-
2 ject to rules prescribed by the Commissioner of
3 Social Security, the Director may procure tem-
4 porary and intermittent services under section
5 3109(b) of title 5, United States Code.

6 (D) STAFF OF FEDERAL AGENCIES.—
7 Upon request of the Panel, the head of any
8 Federal department or agency may detail, on a
9 reimbursable basis, any of the personnel of that
10 department or agency to the Panel to assist it
11 in carrying out its duties under this Act.

12 (5) POWERS OF PANEL.—

13 (A) HEARINGS AND SESSIONS.—The Panel
14 may, for the purpose of carrying out its duties
15 under this subsection, hold such hearings, sit
16 and act at such times and places, and take such
17 testimony and evidence as the Panel considers
18 appropriate.

19 (B) POWERS OF MEMBERS AND AGENTS.—
20 Any member or agent of the Panel may, if au-
21 thorized by the Panel, take any action which
22 the Panel is authorized to take by this section.

23 (C) MAILS.—The Panel may use the
24 United States mails in the same manner and

1 under the same conditions as other departments
2 and agencies of the United States.

3 (6) REPORTS.—

4 (A) INTERIM REPORTS.—The Panel shall
5 submit to the President and the Congress in-
6 terim reports at least annually.

7 (B) FINAL REPORT.—The Panel shall
8 transmit a final report to the President and the
9 Congress not later than eight years after the
10 date of the enactment of this Act. The final re-
11 port shall contain a detailed statement of the
12 findings and conclusions of the Panel, together
13 with its recommendations for legislation and ad-
14 ministrative actions which the Panel considers
15 appropriate.

16 (7) TERMINATION.—The Panel shall terminate
17 30 days after the date of the submission of its final
18 report under paragraph (6)(B).

19 (8) AUTHORIZATION OF APPROPRIATIONS.—
20 There are authorized to be appropriated from the
21 Federal Old-Age and Survivors Insurance Trust
22 Fund, the Federal Disability Insurance Trust Fund,
23 and the general fund of the Treasury, as appro-
24 priate, such sums as are necessary to carry out this
25 subsection.

1 **Subtitle B—Elimination of Work**
2 **Disincentives**

3 **SEC. 111. WORK ACTIVITY STANDARD AS A BASIS FOR RE-**
4 **VIEW OF AN INDIVIDUAL'S DISABLED STATUS.**

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

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

13 “(A) no continuing disability review conducted
14 by the Commissioner may be scheduled for the indi-
15 vidual solely as a result of the individual’s work ac-
16 tivity;

17 “(B) no work activity engaged in by the indi-
18 vidual may be used as evidence that the individual
19 is no longer disabled; and

20 “(C) no cessation of work activity by the indi-
21 vidual may give rise to a presumption that the indi-
22 vidual is unable to engage in work.

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

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

3 “(B) termination of benefits under this title in
4 the event that the individual has earnings that ex-
5 ceed the level of earnings established by the Com-
6 missioner to represent substantial gainful activity.”.

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

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

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

13 (1) by redesignating subsection (i) as subsection
14 (j); and

15 (2) by inserting after subsection (h) the fol-
16 lowing:

17 “Reinstatement of Entitlement

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

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

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

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

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

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

17 “(iii) the individual’s disability renders the indi-
18 vidual unable to perform substantial gainful activity.

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

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

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

9 “(ii) A request for reinstatement shall include express
10 declarations by the individual that the individual meets the
11 requirements specified in clauses (ii) and (iii) of para-
12 graph (1)(B).

13 “(B) A request for reinstatement filed in accordance
14 with subparagraph (A) may constitute an application for
15 benefits in the case of any individual who the Commis-
16 sioner determines is not entitled to reinstated benefits
17 under this subsection.

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

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

1 “(ii) An individual whose entitlement to a benefit for
2 any month would have been reinstated under this sub-
3 section had the individual filed a request for reinstatement
4 before the end of such month shall be entitled to such ben-
5 efit for such month if such request for reinstatement is
6 filed before the end of the twelfth month immediately suc-
7 ceeding such month.

8 “(B)(i) Subject to clauses (ii) and (iii), the amount
9 of the benefit payable for any month pursuant to the rein-
10 statement of entitlement under this subsection shall be de-
11 termined in accordance with the provisions of this title.

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

19 “(iii) Benefits under this section or section 202 pay-
20 able for any month pursuant to a request for reinstate-
21 ment filed in accordance with paragraph (2) shall be re-
22 duced by the amount of any provisional benefit paid to
23 such individual for such month under paragraph (7).

24 “(C) No benefit shall be payable pursuant to an enti-
25 tlement reinstated under this subsection to an individual

1 for any month in which the individual engages in substan-
2 tial gainful activity.

3 “(D) The entitlement of any individual that is rein-
4 stated under this subsection shall end with the benefits
5 payable for the month preceding whichever of the following
6 months is the earliest:

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

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

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

12 “(5) Whenever an individual’s entitlement to benefits
13 under this section is reinstated under this subsection, enti-
14 tlement to benefits payable on the basis of such individ-
15 ual’s wages and self-employment income may be reinstated
16 with respect to any person previously entitled to such ben-
17 efits on the basis of an application if the Commissioner
18 determines that such person satisfies all the requirements
19 for entitlement to such benefits except requirements re-
20 lated to the filing of an application. The provisions of
21 paragraph (4) shall apply to the reinstated entitlement of
22 any such person to the same extent that they apply to
23 the reinstated entitlement of such individual.

24 “(6) An individual to whom benefits are payable
25 under this section or section 202 pursuant to a reinstatement

1 ment of entitlement under this subsection for 24 months
2 (whether or not consecutive) shall, with respect to benefits
3 so payable after such twenty-fourth month, be deemed for
4 purposes of paragraph (1)(B)(i)(I) and the determination,
5 if appropriate, of the termination month in accordance
6 with subsection (a)(1) of this section, or subsection (d)(1),
7 (e)(1), or (f)(1) of section 202, to be entitled to such bene-
8 fits on the basis of an application filed therefor.

9 “(7)(A) An individual described in paragraph (1)(B)
10 who files a request for reinstatement in accordance with
11 the provisions of paragraph (2)(A) shall be entitled to pro-
12 visional benefits payable in accordance with this para-
13 graph, unless the Commissioner determines that the indi-
14 vidual does not meet the requirements of paragraph
15 (1)(B)(i) or that the individual’s declaration under para-
16 graph (2)(A)(ii) is false. Any such determination by the
17 Commissioner shall be final and not subject to review
18 under subsection (b) or (g) of section 205.

19 “(B) The amount of a provisional benefit for a month
20 shall equal the amount of the last monthly benefit payable
21 to the individual under this title on the basis of an applica-
22 tion increased by an amount equal to the amount, if any,
23 by which such last monthly benefit would have been in-
24 creased as a result of the operation of section 215(i).

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

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

6 “(I) the month in which the Commissioner
7 makes a determination regarding the individual’s en-
8 titlement to reinstated benefits;

9 “(II) the fifth month following the month de-
10 scribed in clause (i);

11 “(III) the month in which the individual per-
12 forms substantial gainful activity; or

13 “(IV) the month in which the Commissioner de-
14 termines that the individual does not meet the re-
15 quirements of paragraph (1)(B)(i) or that the indi-
16 vidual’s declaration made in accordance with para-
17 graph (2)(A)(ii) is false.

18 “(D) In any case in which the Commissioner deter-
19 mines that an individual is not entitled to reinstated bene-
20 fits, any provisional benefits paid to the individual under
21 this paragraph shall not be subject to recovery as an over-
22 payment unless the Commissioner determines that the in-
23 dividual knew or should have known that the individual
24 did not meet the requirements of paragraph (1)(B).”.

25 (b) SSI BENEFITS.—

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

8 “(iii) the individual’s blindness or disability ren-
9 ders the individual unable to perform substantial
10 gainful activity; and

11 “(iv) the individual satisfies the nonmedical re-
12 quirements for eligibility for benefits under this title.

13 “(C)(i) Except as provided in clause (ii), the period
14 prescribed in this subparagraph with respect to an indi-
15 vidual is 60 consecutive months beginning with the month
16 following the most recent month for which the individual
17 was eligible for a benefit under this title (including section
18 1619) prior to the period of ineligibility described in sub-
19 paragraph (B)(i)(II).

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

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

4 “(ii) A request for reinstatement shall include express
5 declarations by the individual that the individual meets the
6 requirements specified in clauses (ii) through (iv) of para-
7 graph (1)(B).

8 “(B) A request for reinstatement filed in accordance
9 with subparagraph (A) may constitute an application for
10 benefits in the case of any individual who the Commis-
11 sioner determines is not eligible for reinstated benefits
12 under this subsection.

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

16 “(4)(A) Eligibility for benefits reinstated under this
17 subsection shall commence with the benefit payable for the
18 month following the month in which a request for rein-
19 statement is filed.

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

24 “(ii) The benefit under this title payable for any
25 month pursuant to a request for reinstatement filed in ac-

1 cordance with paragraph (2) shall be reduced by the
2 amount of any provisional benefit paid to such individual
3 for such month under paragraph (7).

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

9 “(5) Whenever an individual’s eligibility for benefits
10 under this title is reinstated under this subsection, eligi-
11 bility for such benefits shall be reinstated with respect to
12 the individual’s spouse if such spouse was previously an
13 eligible spouse of the individual under this title and the
14 Commissioner determines that such spouse satisfies all the
15 requirements for eligibility for such benefits except re-
16 quirements related to the filing of an application. The pro-
17 visions of paragraph (4) shall apply to the reinstated eligi-
18 bility of the spouse to the same extent that they apply
19 to the reinstated eligibility of such individual.

20 “(6) An individual to whom benefits are payable
21 under this title pursuant to a reinstatement of eligibility
22 under this subsection for twenty-four months (whether or
23 not consecutive) shall, with respect to benefits so payable
24 after such twenty-fourth month, be deemed for purposes

1 of paragraph (1)(B)(i)(I) to be eligible for such benefits
2 on the basis of an application filed therefor.

3 “(7)(A) An individual described in paragraph (1)(B)
4 who files a request for reinstatement in accordance with
5 the provisions of paragraph (2)(A) shall be eligible for pro-
6 visional benefits payable in accordance with this para-
7 graph, unless the Commissioner determines that the indi-
8 vidual does not meet the requirements of paragraph
9 (1)(B)(i) or that the individual’s declaration under para-
10 graph (2)(A)(ii) is false. Any such determination by the
11 Commissioner shall be final and not subject to review
12 under paragraph (1) or (3) of subsection (c).

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

18 “(ii) If the individual has a spouse who was pre-
19 viously an eligible spouse of the individual under this title
20 and the Commissioner determines that such spouse satis-
21 fies all the requirements of section 1614(b) except require-
22 ments related to the filing of an application, the amount
23 of a provisional benefit for a month shall equal the amount
24 of the monthly benefit that would be payable to an eligible

1 individual and eligible spouse under this title with the
2 same kind and amount of income.

3 “(C)(i) Provisional benefits shall begin with the
4 month following the month in which a request for rein-
5 statement is filed in accordance with paragraph (2)(A).

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

8 “(I) the month in which the Commissioner
9 makes a determination regarding the individual’s eli-
10 gibility for reinstated benefits;

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

14 “(III) the month in which the Commissioner de-
15 termines that the individual does not meet the re-
16 quirements of paragraph (1)(B)(i) or that the indi-
17 vidual’s declaration made in accordance with para-
18 graph (2)(A)(ii) is false.

19 “(D) In any case in which the Commissioner deter-
20 mines that an individual is not eligible for reinstated bene-
21 fits, any provisional benefits paid to the individual under
22 this paragraph shall not be subject to recovery as an over-
23 payment unless the Commissioner determines that the in-
24 dividual knew or should have known that the individual
25 did not meet the requirements of paragraph (1)(B).

1 “(8) For purposes of this subsection other than para-
2 graph (7), the term ‘benefits under this title’ includes
3 State supplementary payments made pursuant to an
4 agreement under section 1616(a) of this Act or section
5 212(b) of Public Law 93-66.”.

6 (2) CONFORMING AMENDMENTS.—

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

13 (B) Section 1631(j)(2)(A)(i)(I) of such Act
14 (42 U.S.C. 1383(j)(2)(A)(i)(I)) is amended by
15 inserting “(other than pursuant to a request for
16 reinstatement under subsection (p))” after “eli-
17 gible”.

18 (c) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendments made by
20 this section shall take effect on the first day of the
21 thirteenth month beginning after the date of the en-
22 actment of this Act.

23 (2) LIMITATION.—No benefit shall be payable
24 under title II or XVI on the basis of a request for
25 reinstatement filed under section 223(i) or 1631(p)

1 of the Social Security Act before the effective date
2 described in paragraph (1).

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

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

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

9 “WORK INCENTIVES OUTREACH PROGRAM

10 “SEC. 1149. (a) ESTABLISHMENT.—

11 “(1) IN GENERAL.—The Commissioner, in con-
12 sultation with the Ticket to Work and Work Incen-
13 tives Advisory Panel established under section 101(f)
14 of the Ticket to Work and Work Incentives Improve-
15 ment Act of 1999, shall establish a community-based
16 work incentives planning and assistance program for
17 the purpose of disseminating accurate information to
18 disabled beneficiaries on work incentives programs
19 and issues related to such programs.

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

24 “(A) establish a competitive program of
25 grants, cooperative agreements, or contracts to
26 provide benefits planning and assistance, in-

1 cluding information on the availability of pro-
2 tection and advocacy services, to disabled bene-
3 ficiaries, including individuals participating in
4 the Ticket to Work and Self-Sufficiency Pro-
5 gram established under section 1148, the pro-
6 gram established under section 1619, and other
7 programs that are designed to encourage dis-
8 abled beneficiaries to work;

9 “(B) conduct directly, or through grants,
10 cooperative agreements, or contracts, ongoing
11 outreach efforts to disabled beneficiaries (and
12 to the families of such beneficiaries) who are
13 potentially eligible to participate in Federal or
14 State work incentive programs that are de-
15 signed to assist disabled beneficiaries to work,
16 including—

17 “(i) preparing and disseminating in-
18 formation explaining such programs; and

19 “(ii) working in cooperation with
20 other Federal, State, and private agencies
21 and nonprofit organizations that serve dis-
22 abled beneficiaries, and with agencies and
23 organizations that focus on vocational re-
24 habilitation and work-related training and
25 counseling;

1 “(C) establish a corps of trained, acces-
2 sible, and responsive work incentives specialists
3 within the Social Security Administration who
4 will specialize in disability work incentives
5 under titles II and XVI for the purpose of dis-
6 seminating accurate information with respect to
7 inquiries and issues relating to work incentives
8 to—

9 “(i) disabled beneficiaries;

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

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

15 “(D) provide—

16 “(i) training for work incentives spe-
17 cialists and individuals providing planning
18 assistance described in subparagraph (C);
19 and

20 “(ii) technical assistance to organiza-
21 tions and entities that are designed to en-
22 courage disabled beneficiaries to return to
23 work.

24 “(3) COORDINATION WITH OTHER PRO-
25 GRAMS.—The responsibilities of the Commissioner

1 established under this section shall be coordinated
2 with other public and private programs that provide
3 information and assistance regarding rehabilitation
4 services and independent living supports and bene-
5 fits planning for disabled beneficiaries including the
6 program under section 1619, the plans for achieving
7 self-support program (PASS), and any other Federal
8 or State work incentives programs that are designed
9 to assist disabled beneficiaries, including educational
10 agencies that provide information and assistance re-
11 garding rehabilitation, school-to-work programs,
12 transition services (as defined in, and provided in ac-
13 cordance with, the Individuals with Disabilities Edu-
14 cation Act (20 U.S.C. 1400 et seq.)), a one-stop de-
15 livery system established under subtitle B of title I
16 of the Workforce Investment Act of 1998, and other
17 services.

18 “(b) CONDITIONS.—

19 “(1) SELECTION OF ENTITIES.—

20 “(A) APPLICATION.—An entity shall sub-
21 mit an application for a grant, cooperative
22 agreement, or contract to provide benefits plan-
23 ning and assistance to the Commissioner at
24 such time, in such manner, and containing such
25 information as the Commissioner may deter-

1 mine is necessary to meet the requirements of
2 this section.

3 “(B) STATEWIDENESS.—The Commis-
4 sioner shall ensure that the planning, assist-
5 ance, and information described in paragraph
6 (2) shall be available on a statewide basis.

7 “(C) ELIGIBILITY OF STATES AND PRI-
8 VATE ORGANIZATIONS.—

9 “(i) IN GENERAL.—The Commissioner
10 may award a grant, cooperative agreement,
11 or contract under this section to a State or
12 a private agency or organization (other
13 than Social Security Administration Field
14 Offices and the State agency administering
15 the State medicaid program under title
16 XIX, including any agency or entity de-
17 scribed in clause (ii), that the Commis-
18 sioner determines is qualified to provide
19 the planning, assistance, and information
20 described in paragraph (2)).

21 “(ii) AGENCIES AND ENTITIES DE-
22 SCRIBED.—The agencies and entities de-
23 scribed in this clause are the following:

24 “(I) Any public or private agency
25 or organization (including Centers for

1 Independent Living established under
2 title VII of the Rehabilitation Act of
3 1973, protection and advocacy organi-
4 zations, client assistance programs es-
5 tablished in accordance with section
6 112 of the Rehabilitation Act of 1973,
7 and State Developmental Disabilities
8 Councils established in accordance
9 with section 124 of the Developmental
10 Disabilities Assistance and Bill of
11 Rights Act (42 U.S.C. 6024)) that the
12 Commissioner determines satisfies the
13 requirements of this section.

14 “(II) The State agency admin-
15 istering the State program funded
16 under part A of title IV.

17 “(D) EXCLUSION FOR CONFLICT OF IN-
18 TEREST.—The Commissioner may not award a
19 grant, cooperative agreement, or contract under
20 this section to any entity that the Commissioner
21 determines would have a conflict of interest if
22 the entity were to receive a grant, cooperative
23 agreement, or contract under this section.

24 “(2) SERVICES PROVIDED.—A recipient of a
25 grant, cooperative agreement, or contract to provide

1 benefits planning and assistance shall select individ-
2 uals who will act as planners and provide informa-
3 tion, guidance, and planning to disabled beneficiaries
4 on the—

5 “(A) availability and interrelation of any
6 Federal or State work incentives programs de-
7 signed to assist disabled beneficiaries that the
8 individual may be eligible to participate in;

9 “(B) adequacy of any health benefits cov-
10 erage that may be offered by an employer of
11 the individual and the extent to which other
12 health benefits coverage may be available to the
13 individual; and

14 “(C) availability of protection and advo-
15 cacy services for disabled beneficiaries and how
16 to access such services.

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

19 “(A) BASED ON POPULATION OF DIS-
20 ABLED BENEFICIARIES.—Subject to subpara-
21 graph (B), the Commissioner shall award a
22 grant, cooperative agreement, or contract under
23 this section to an entity based on the percent-
24 age of the population of the State where the en-
25 tity is located who are disabled beneficiaries.

1 “(B) LIMITATIONS.—

2 “(i) PER GRANT.—No entity shall re-
3 ceive a grant, cooperative agreement, or
4 contract under this section for a fiscal year
5 that is less than \$50,000 or more than
6 \$300,000.

7 “(ii) TOTAL AMOUNT FOR ALL
8 GRANTS, COOPERATIVE AGREEMENTS, AND
9 CONTRACTS.—The total amount of all
10 grants, cooperative agreements, and con-
11 tracts awarded under this section for a fis-
12 cal year may not exceed \$23,000,000.

13 “(4) ALLOCATION OF COSTS.—The costs of car-
14 rying out this section shall be paid from amounts
15 made available for the administration of title II and
16 amounts made available for the administration of
17 title XVI, and shall be allocated among those
18 amounts as appropriate.

19 “(e) DEFINITIONS.—In this section:

20 “(1) COMMISSIONER.—The term ‘Commis-
21 sioner’ means the Commissioner of Social Security.

22 “(2) DISABLED BENEFICIARY.—The term ‘dis-
23 abled beneficiary’ has the meaning given that term
24 in section 1148(k)(2).

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

6 “(d) AMOUNT OF PAYMENTS.—

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

11 “(A) in the case of a protection and advoca-
12 cacy system located in a State (including the
13 District of Columbia and Puerto Rico) other
14 than Guam, American Samoa, the United
15 States Virgin Islands, and the Commonwealth
16 of the Northern Mariana Islands, the greater
17 of—

18 “(i) \$100,000; or

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

1 monwealth of the Northern Mariana Islands,
2 \$50,000.

3 “(2) INFLATION ADJUSTMENT.—For each fiscal
4 year in which the total amount appropriated to carry
5 out this section exceeds the total amount appro-
6 priated to carry out this section in the preceding fis-
7 cal year, the Commissioner shall increase each min-
8 imum payment under subparagraphs (A) and (B) of
9 paragraph (1) by a percentage equal to the percent-
10 age increase in the total amount so appropriated to
11 carry out this section.

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

19 “(f) FUNDING.—

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

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

7 “(g) DEFINITIONS.—In this section:

8 “(1) COMMISSIONER.—The term ‘Commis-
9 sioner’ means the Commissioner of Social Security.

10 “(2) DISABLED BENEFICIARY.—The term ‘dis-
11 abled beneficiary’ has the meaning given that term
12 in section 1148(k)(2).

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

19 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
20 is authorized to be appropriated to carry out this section
21 \$7,000,000 for each of the fiscal years 2000 through
22 2004.”.

1 **TITLE II—EXPANDED AVAIL-**
2 **ABILITY OF HEALTH CARE**
3 **SERVICES**

4 **SEC. 201. EXPANDING STATE OPTIONS UNDER THE MED-**
5 **ICAID PROGRAM FOR WORKERS WITH DIS-**
6 **ABILITIES.**

7 (a) IN GENERAL.—

8 (1) STATE OPTION TO PROVIDE OPPORTUNITY
9 FOR EMPLOYED INDIVIDUALS WITH A MEDICALLY
10 IMPROVED DISABILITY TO BUY INTO MEDICAID.—

11 (A) ELIGIBILITY.—Section
12 1902(a)(10)(A)(ii) of the Social Security Act
13 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

14 (i) in subclause (XIII), by striking
15 “or” at the end;

16 (ii) in subclause (XIV), by adding
17 “or” at the end; and

18 (iii) by adding at the end the fol-
19 lowing:

20 “(XV) who are employed individ-
21 uals with a medically improved dis-
22 ability described in section 1905(v)(1)
23 and whose assets, resources, and
24 earned or unearned income (or both)
25 do not exceed such limitations (if any)

1 as the State may establish, but only if
2 the State provides medical assistance
3 to individuals described in subclause
4 (XIII);”.

5 (B) DEFINITION OF EMPLOYED INDIVID-
6 UALS WITH A MEDICALLY IMPROVED DIS-
7 ABILITY.—Section 1905 of the Social Security
8 Act (42 U.S.C. 1396d) is amended by adding at
9 the end the following:

10 “(v)(1) The term ‘employed individual with a medi-
11 cally improved disability’ means an individual who—

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

14 “(B) is employed (as defined in paragraph (2));

15 “(C) ceases to be eligible for medical assistance
16 under section 1902(a)(10)(A)(ii)(XIII) because the
17 individual, by reason of medical improvement, is de-
18 termined at the time of a regularly scheduled con-
19 tinuing disability review to no longer be eligible for
20 benefits under section 223(d) or 1614(a)(3); and

21 “(D) continues to have a severe medically deter-
22 minable impairment, as determined under regula-
23 tions of the Secretary.

24 “(2) For purposes of paragraph (1), an individual is
25 considered to be ‘employed’ if the individual—

1 “(A) is earning at least the applicable minimum
2 wage requirement under section 6 of the Fair Labor
3 Standards Act (29 U.S.C. 206) and working at least
4 40 hours per month; or

5 “(B) is engaged in a work effort that meets
6 substantial and reasonable threshold criteria for
7 hours of work, wages, or other measures, as defined
8 by the State and approved by the Secretary.”.

9 (C) CONFORMING AMENDMENT.—Section
10 1905(a) of such Act (42 U.S.C. 1396d(a)) is
11 amended in the matter preceding paragraph
12 (1)—

13 (i) in clause (x), by striking “or” at
14 the end;

15 (ii) in clause (xi), by adding “or” at
16 the end; and

17 (iii) by inserting after clause (xi), the
18 following:

19 “(xii) employed individuals with a medically im-
20 proved disability (as defined in subsection (v)),”.

21 (2) STATE AUTHORITY TO IMPOSE INCOME-RE-
22 LATED PREMIUMS AND COST-SHARING.—Section
23 1916 of such Act (42 U.S.C. 1396o) is amended—

1 (A) in subsection (a), by striking “The
2 State plan” and inserting “Subject to sub-
3 section (g), the State plan”; and

4 (B) by adding at the end the following:

5 “(g) With respect to individuals provided medical as-
6 sistance only under subclause (XV) of section
7 1902(a)(10)(A)(ii), a State may (in a uniform manner for
8 individuals described in either such subclause)—

9 “(1) require such individuals to pay premiums
10 or other cost-sharing charges set on a sliding scale
11 based on income that the State may determine; and

12 “(2) require payment of 100 percent of such
13 premiums in the case of such an individual who has
14 income that exceeds 250 percent of the income offi-
15 cial poverty line (referred to in subsection (c)(1)) ap-
16 plicable to a family of the size involved.”.

17 (3) PROHIBITION AGAINST SUPPLANTATION OF
18 STATE FUNDS AND STATE FAILURE TO MAINTAIN
19 EFFORT.—Section 1903(i) of such Act (42 U.S.C.
20 1396b(i)) is amended—

21 (A) by striking the period at the end of
22 paragraph (19) and inserting “; or”; and

23 (B) by inserting after such paragraph the
24 following:

1 apply to medical assistance for items and services
2 furnished on or after October 1, 1999.

3 (2) RETROACTIVITY OF CONFORMING AMEND-
4 MENT.—The amendment made by subsection (b)(2)
5 takes effect as if included in the enactment of the
6 Balanced Budget Act of 1997.

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

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

12 (b) EFFECTIVE DATE.—The amendment made by
13 subsection (a) shall be effective on and after October 1,
14 2000.

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

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

21 (2) examines the necessity and effectiveness of
22 providing continuation of medicare coverage under
23 section 226(b) of the Social Security Act to individ-
24 uals whose annual income exceeds the contribution

1 and benefit base (as determined under section 230
2 of such Act);

3 (3) examines the viability of providing the con-
4 tinuation of medicare coverage under such section
5 226(b) based on a sliding scale premium for individ-
6 uals whose annual income exceeds such contribution
7 and benefit base;

8 (4) examines the viability of providing the con-
9 tinuation of medicare coverage under such section
10 226(b) based on a premium buy-in by the bene-
11 ficiary's employer in lieu of coverage under private
12 health insurance;

13 (5) examines the interrelation between the use
14 of the continuation of medicare coverage under such
15 section 226(b) and the use of private health insur-
16 ance coverage by individuals during the extended pe-
17 riod; and

18 (6) recommends such legislative or administra-
19 tive changes relating to the continuation of medicare
20 coverage for recipients of social security disability
21 benefits as the Comptroller General determines are
22 appropriate.

1 **SEC. 203. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**
2 **FRASTRUCTURES TO SUPPORT WORKING IN-**
3 **DIVIDUALS WITH DISABILITIES.**

4 (a) **ESTABLISHMENT.**—

5 (1) **IN GENERAL.**—The Secretary of Health and
6 Human Services (in this section referred to as the
7 “Secretary”) shall award grants described in sub-
8 section (b) to States to support the design, establish-
9 ment, and operation of State infrastructures that
10 provide items and services to support working indi-
11 viduals with disabilities.

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

17 (3) **DEFINITION OF STATE.**—In this section,
18 the term “State” means each of the 50 States, the
19 District of Columbia, Puerto Rico, Guam, the
20 United States Virgin Islands, American Samoa, and
21 the Commonwealth of the Northern Mariana Is-
22 lands.

23 (b) **GRANTS FOR INFRASTRUCTURE AND OUT-**
24 **REACH.**—

1 (1) IN GENERAL.—Out of the funds appro-
2 priated under subsection (e), the Secretary shall
3 award grants to States to—

4 (A) support the establishment, implemen-
5 tation, and operation of the State infrastruc-
6 tures described in subsection (a); and

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

9 (2) ELIGIBILITY FOR GRANTS.—

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

12 (i) has an approved amendment to the
13 State plan under title XIX of the Social
14 Security Act (42 U.S.C. 1396 et seq.) that
15 provides medical assistance under such
16 plan to individuals described in section
17 1902(a)(10)(A)(ii)(XIII) of the Social Se-
18 curity Act (42 U.S.C.
19 1396a(a)(10)(A)(ii)(XIII)); and

20 (ii) demonstrates to the satisfaction of
21 the Secretary that the State makes per-
22 sonal assistance services available under
23 the State plan under title XIX of the So-
24 cial Security Act (42 U.S.C. 1396 et seq.)
25 to the extent necessary to enable individ-

1 uals described in clause (i) to remain em-
2 ployed (as determined under section
3 1905(v)(2) of the Social Security Act (42
4 U.S.C. 1396d(v)(2))).

5 (B) DEFINITION OF PERSONAL ASSIST-
6 ANCE SERVICES.—In this paragraph, the term
7 “personal assistance services” means a range of
8 services, provided by 1 or more persons, de-
9 signed to assist an individual with a disability
10 to perform daily activities on and off the job
11 that the individual would typically perform if
12 the individual did not have a disability. Such
13 services shall be designed to increase the indi-
14 vidual’s control in life and ability to perform ev-
15 eryday activities on or off the job.

16 (3) DETERMINATION OF AWARDS.—

17 (A) IN GENERAL.—Subject to subpara-
18 graph (B), the Secretary shall determine a for-
19 mula for awarding grants to States under this
20 section that provides special consideration to
21 States that provide medical assistance under
22 title XIX of the Social Security Act to individ-
23 uals described in section
24 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C.
25 1396a(a)(10)(A)(ii)(XV)).

1 (B) AWARD LIMITS.—

2 (i) MINIMUM AWARDS.—

3 (I) IN GENERAL.—Subject to
4 subclause (II), no State with an ap-
5 proved application under this section
6 shall receive a grant for a fiscal year
7 that is less than \$500,000.

8 (II) PRO RATA REDUCTIONS.—If
9 the funds appropriated under sub-
10 section (e) for a fiscal year are not
11 sufficient to pay each State with an
12 application approved under this sec-
13 tion the minimum amount described
14 in subclause (I), the Secretary shall
15 pay each such State an amount equal
16 to the pro rata share of the amount
17 made available.

18 (ii) MAXIMUM AWARDS.—No State
19 with an application that has been approved
20 under this section shall receive a grant for
21 a fiscal year that exceeds 15 percent of the
22 total expenditures by the State (including
23 the reimbursed Federal share of such ex-
24 penditures) for medical assistance for indi-
25 viduals eligible under subclause (XIII) or

1 (XV) of section 1902(a)(10)(A)(ii) of the
2 Social Security Act (42 U.S.C.
3 1396a(a)(10)(A)(ii)), as estimated by the
4 State and approved by the Secretary.

5 (c) AVAILABILITY OF FUNDS.—

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

10 (2) FUNDS NOT AWARDED TO STATES.—Funds
11 not awarded to States in the fiscal year for which
12 they are appropriated shall remain available in suc-
13 ceeding fiscal years for awarding by the Secretary.

14 (d) ANNUAL REPORT.—A State that is awarded a
15 grant under this section shall submit an annual report to
16 the Secretary on the use of funds provided under the
17 grant. Each report shall include the percentage increase
18 in the number of title II disability beneficiaries, as defined
19 in section 1148(k)(3) of the Social Security Act (as
20 amended by section 101(a)) in the State, and title XVI
21 disability beneficiaries, as defined in section 1148(k)(4) of
22 the Social Security Act (as so amended) in the State who
23 return to work.

24 (e) APPROPRIATION.—

1 (1) IN GENERAL.—Out of any funds in the
2 Treasury not otherwise appropriated, there is appro-
3 priated to make grants under this section—

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

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

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

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

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

9 (F) for each of fiscal years 2005 through

10 2010, the amount appropriated for the pre-

11 ceding fiscal year increased by the percentage

12 increase (if any) in the Consumer Price Index

13 for All Urban Consumers (United States city

14 average) for the preceding fiscal year.

15 (2) BUDGET AUTHORITY.—This subsection con-
16 stitutes budget authority in advance of appropria-
17 tions Acts and represents the obligation of the Fed-
18 eral Government to provide for the payment of the
19 amounts appropriated under paragraph (1).

20 (f) RECOMMENDATION.—Not later than October 1,
21 2009, the Secretary, in consultation with the Work Incen-
22 tives Advisory Panel established under section 201(f),
23 shall submit a recommendation to the Committee on Com-
24 merce of the House of Representatives and the Committee
25 on Finance of the Senate regarding whether the grant pro-

1 gram established under this section should be continued
2 after fiscal year 2010.

3 **SEC. 204. DEMONSTRATION OF COVERAGE UNDER THE**
4 **MEDICAID PROGRAM OF WORKERS WITH PO-**
5 **TENTIALLY SEVERE DISABILITIES.**

6 (a) STATE APPLICATION.—A State may apply to the
7 Secretary of Health and Human Services (in this section
8 referred to as the “Secretary”) for approval of a dem-
9 onstration project (in this section referred to as a “dem-
10 onstration project”) under which up to a specified max-
11 imum number of individuals who are workers with a po-
12 tentially severe disability (as defined in subsection (b)(1))
13 are provided medical assistance equal to that provided
14 under section 1905(a) of the Social Security Act (42
15 U.S.C. 1396d(a)) to individuals described in section
16 1902(a)(10)(A)(ii)(XIII) of that Act (42 U.S.C.
17 1396a(a)(10)(A)(ii)(XIII)).

18 (b) WORKER WITH A POTENTIALLY SEVERE DIS-
19 ABILITY DEFINED.—For purposes of this section—

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

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

1 (B) has a specific physical or mental im-
2 pairment that, as defined by the State under
3 the demonstration project, is reasonably ex-
4 pected, but for the receipt of items and services
5 described in section 1905(a) of the Social Secu-
6 rity Act (42 U.S.C. 1396d(a)), to become blind
7 or disabled (as defined under section 1614(a) of
8 the Social Security Act (42 U.S.C. 1382c(a)));
9 and

10 (C) is employed (as defined in paragraph
11 (2)).

12 (2) DEFINITION OF EMPLOYED.—An individual
13 is considered to be “employed” if the individual—

14 (A) is earning at least the applicable min-
15 imum wage requirement under section 6 of the
16 Fair Labor Standards Act (29 U.S.C. 206) and
17 working at least 40 hours per month; or

18 (B) is engaged in a work effort that meets
19 substantial and reasonable threshold criteria for
20 hours of work, wages, or other measures, as de-
21 fined under the demonstration project and ap-
22 proved by the Secretary.

23 (c) APPROVAL OF DEMONSTRATION PROJECTS.—

24 (1) IN GENERAL.—Subject to paragraph (3),
25 the Secretary shall approve applications under sub-

1 section (a) that meet the requirements of paragraph
2 (2) and such additional terms and conditions as the
3 Secretary may require. The Secretary may waive the
4 requirement of section 1902(a)(1) of the Social Se-
5 curity Act (42 U.S.C. 1396a(a)(1)) to allow for sub-
6 State demonstrations.

7 (2) TERMS AND CONDITIONS OF DEMONSTRA-
8 TION PROJECTS.—The Secretary may not approve a
9 demonstration project under this section unless the
10 State provides assurances satisfactory to the Sec-
11 retary that the following conditions are or will be
12 met:

13 (A) ELECTION OF OPTIONAL CATEGORY.—

14 The State has elected to provide coverage under
15 its plan under title XIX of the Social Security
16 Act of individuals described in section
17 1902(a)(10)(A)(ii)(XIII) of the Social Security
18 Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)).

19 (B) MAINTENANCE OF STATE EFFORT.—

20 Federal funds paid to a State pursuant to this
21 section must be used to supplement, but not
22 supplant, the level of State funds expended for
23 workers with potentially severe disabilities
24 under programs in effect for such individuals at

1 the time the demonstration project is approved
2 under this section.

3 (C) INDEPENDENT EVALUATION.—The
4 State provides for an independent evaluation of
5 the project.

6 (3) LIMITATIONS ON FEDERAL FUNDING.—

7 (A) APPROPRIATION.—

8 (i) IN GENERAL.—Out of any funds in
9 the Treasury not otherwise appropriated,
10 there is appropriated to carry out this sec-
11 tion for the 5-fiscal-year period beginning
12 with fiscal year 2000, \$56,000,000.

13 (ii) BUDGET AUTHORITY.—Clause (i)
14 constitutes budget authority in advance of
15 appropriations Acts and represents the ob-
16 ligation of the Federal Government to pro-
17 vide for the payment of the amounts ap-
18 propriated under clause (i).

19 (B) LIMITATION ON PAYMENTS.—In no
20 case may—

21 (i) the aggregate amount of payments
22 made by the Secretary to States under this
23 section exceed \$56,000,000; or

1 (ii) payments be provided by the Sec-
2 retary for a fiscal year after fiscal year
3 2005.

4 (C) FUNDS ALLOCATED TO STATES.—The
5 Secretary shall allocate funds to States based
6 on their applications and the availability of
7 funds. Funds allocated to a State under a grant
8 made under this section for a fiscal year shall
9 remain available until expended.

10 (D) FUNDS NOT ALLOCATED TO STATES.—
11 Funds not allocated to States in the fiscal year
12 for which they are appropriated shall remain
13 available in succeeding fiscal years for alloca-
14 tion by the Secretary using the allocation for-
15 mula established under this section.

16 (E) PAYMENTS TO STATES.—The Sec-
17 retary shall pay to each State with a dem-
18 onstration project approved under this section,
19 from its allocation under subparagraph (C), an
20 amount for each quarter equal to the Federal
21 medical assistance percentage (as defined in
22 section 1905(b) of the Social Security Act (42
23 U.S.C. 1395d(b)) of expenditures in the quarter
24 for medical assistance provided to workers with
25 a potentially severe disability.

1 (d) RECOMMENDATION.—Not later than October 1,
2 2002, the Secretary shall submit a recommendation to the
3 Committee on Commerce of the House of Representatives
4 and the Committee on Finance of the Senate regarding
5 whether the demonstration project established under this
6 section should be continued after fiscal year 2003.

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

11 **SEC. 205. ELECTION BY DISABLED BENEFICIARIES TO SUS-**
12 **PEND MEDIGAP INSURANCE WHEN COVERED**
13 **UNDER A GROUP HEALTH PLAN.**

14 (a) IN GENERAL.—Section 1882(q) of the Social Se-
15 curity Act (42 U.S.C. 1395ss(q)) is amended—

16 (1) in paragraph (5)(C), by inserting “or para-
17 graph (6)” after “this paragraph”; and

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

20 “(6) Each medicare supplemental policy shall
21 provide that benefits and premiums under the policy
22 shall be suspended at the request of the policyholder
23 if the policyholder is entitled to benefits under sec-
24 tion 226(b) and is covered under a group health
25 plan (as defined in section 1862(b)(1)(A)(v)). If

1 such suspension occurs and if the policyholder or
 2 certificate holder loses coverage under the group
 3 health plan, such policy shall be automatically re-
 4 instituted (effective as of the date of such loss of
 5 coverage) under terms described in subsection
 6 (n)(6)(A)(ii) as of the loss of such coverage if the
 7 policyholder provides notice of loss of such coverage
 8 within 90 days after the date of such loss.”.

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

12 **TITLE III—DEMONSTRATION** 13 **PROJECTS AND STUDIES**

14 **SEC. 301. EXTENSION OF DISABILITY INSURANCE PRO-** 15 **GRAM DEMONSTRATION PROJECT AUTHOR-** 16 **ITY.**

17 (a) EXTENSION OF AUTHORITY.—Title II of the So-
 18 cial Security Act (42 U.S.C. 401 et seq.) is amended by
 19 adding at the end the following:

20 “DEMONSTRATION PROJECT AUTHORITY

21 “SEC. 234. (a) AUTHORITY.—

22 “(1) IN GENERAL.—The Commissioner of So-
 23 cial Security (in this section referred to as the ‘Com-
 24 missioner’) shall develop and carry out experiments
 25 and demonstration projects designed to determine
 26 the relative advantages and disadvantages of—

1 “(A) various alternative methods of treat-
2 ing the work activity of individuals entitled to
3 disability insurance benefits under section 223
4 or to monthly insurance benefits under section
5 202 based on such individual’s disability (as de-
6 fined in section 223(d)), including such meth-
7 ods as a reduction in benefits based on earn-
8 ings, designed to encourage the return to work
9 of such individuals;

10 “(B) altering other limitations and condi-
11 tions applicable to such individuals (including
12 lengthening the trial work period (as defined in
13 section 222(c)), altering the 24-month waiting
14 period for hospital insurance benefits under sec-
15 tion 226, altering the manner in which the pro-
16 gram under this title is administered, earlier re-
17 ferral of such individuals for rehabilitation, and
18 greater use of employers and others to develop,
19 perform, and otherwise stimulate new forms of
20 rehabilitation); and

21 “(C) implementing sliding scale benefit off-
22 sets using variations in—

23 “(i) the amount of the offset as a pro-
24 portion of earned income;

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

2 and

3 “(iii) the method of determining the
4 amount of income earned by such individ-
5 uals,

6 to the end that savings will accrue to the Trust
7 Funds, or to otherwise promote the objectives or fa-
8 cilitate the administration of this title.

9 “(2) AUTHORITY FOR EXPANSION OF SCOPE.—

10 The Commissioner may expand the scope of any
11 such experiment or demonstration project to include
12 any group of applicants for benefits under the pro-
13 gram established under this title with impairments
14 that reasonably may be presumed to be disabling for
15 purposes of such demonstration project, and may
16 limit any such demonstration project to any such
17 group of applicants, subject to the terms of such
18 demonstration project which shall define the extent
19 of any such presumption.

20 “(b) REQUIREMENTS.—The experiments and dem-
21 onstration projects developed under subsection (a) shall be
22 of sufficient scope and shall be carried out on a wide
23 enough scale to permit a thorough evaluation of the alter-
24 native methods under consideration while giving assurance
25 that the results derived from the experiments and projects

1 will obtain generally in the operation of the disability in-
2 surance program under this title without committing such
3 program to the adoption of any particular system either
4 locally or nationally.

5 “(c) AUTHORITY TO WAIVE COMPLIANCE WITH
6 BENEFITS REQUIREMENTS.—In the case of any experi-
7 ment or demonstration project conducted under subsection
8 (a), the Commissioner may waive compliance with the ben-
9 efit requirements of this title and the requirements of sec-
10 tion 1148 as they relate to the program established under
11 this title, and the Secretary may (upon the request of the
12 Commissioner) waive compliance with the benefits require-
13 ments of title XVIII, insofar as is necessary for a thorough
14 evaluation of the alternative methods under consideration.
15 No such experiment or project shall be actually placed in
16 operation unless at least 90 days prior thereto a written
17 report, prepared for purposes of notification and informa-
18 tion only and containing a full and complete description
19 thereof, has been transmitted by the Commissioner to the
20 Committee on Ways and Means of the House of Rep-
21 resentatives and to the Committee on Finance of the Sen-
22 ate. Periodic reports on the progress of such experiments
23 and demonstration projects shall be submitted by the
24 Commissioner to such committees. When appropriate,
25 such reports shall include detailed recommendations for

1 changes in administration or law, or both, to carry out
2 the objectives stated in subsection (a).

3 “(d) REPORTS.—

4 “(1) INTERIM REPORTS.—On or before June 9
5 of each year, the Commissioner shall submit to the
6 Committee on Ways and Means of the House of
7 Representatives and to the Committee on Finance of
8 the Senate an annual interim report on the progress
9 of the experiments and demonstration projects car-
10 ried out under this subsection together with any re-
11 lated data and materials that the Commissioner may
12 consider appropriate.

13 “(2) TERMINATION AND FINAL REPORT.—The
14 authority under the preceding provisions of this sec-
15 tion (including any waiver granted pursuant to sub-
16 section (c)) shall terminate 5 years after the date of
17 the enactment of this Act. Not later than 90 days
18 after the termination of any experiment or dem-
19 onstration project carried out under this section, the
20 Commissioner shall submit to the Committee on
21 Ways and Means of the House of Representatives
22 and to the Committee on Finance of the Senate a
23 final report with respect to that experiment or dem-
24 onstration project.”.

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

3 (1) CONFORMING AMENDMENTS.—

4 (A) REPEAL OF PRIOR AUTHORITY.—Para-
5 graphs (1) through (4) of subsection (a) and
6 subsection (c) of section 505 of the Social Secu-
7 rity Disability Amendments of 1980 (42 U.S.C.
8 1310 note) are repealed.

9 (B) CONFORMING AMENDMENT REGARD-
10 ING FUNDING.—Section 201(k) of the Social
11 Security Act (42 U.S.C. 401(k)) is amended by
12 striking “section 505(a) of the Social Security
13 Disability Amendments of 1980” and inserting
14 “section 234”.

15 (2) TRANSFER OF PRIOR AUTHORITY.—With
16 respect to any experiment or demonstration project
17 being conducted under section 505(a) of the Social
18 Security Disability Amendments of 1980 (42 U.S.C.
19 1310 note) as of the date of the enactment of this
20 Act, the authority to conduct such experiment or
21 demonstration project (including the terms and con-
22 ditions applicable to the experiment or demonstra-
23 tion project) shall be treated as if that authority
24 (and such terms and conditions) had been estab-

1 lished under section 234 of the Social Security Act,
2 as added by subsection (a).

3 **SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-**
4 **DUCTIONS IN DISABILITY INSURANCE BENE-**
5 **FITS BASED ON EARNINGS.**

6 (a) **AUTHORITY.**—The Commissioner of Social Secu-
7 rity shall conduct demonstration projects for the purpose
8 of evaluating, through the collection of data, a program
9 for title II disability beneficiaries (as defined in section
10 1148(k)(3) of the Social Security Act) under which bene-
11 fits payable under section 223 of such Act, or under sec-
12 tion 202 of such Act based on the beneficiary's disability,
13 are reduced by \$1 for each \$2 of the beneficiary's earnings
14 that is above a level to be determined by the Commis-
15 sioner. Such projects shall be conducted at a number of
16 localities which the Commissioner shall determine is suffi-
17 cient to adequately evaluate the appropriateness of na-
18 tional implementation of such a program. Such projects
19 shall identify reductions in Federal expenditures that may
20 result from the permanent implementation of such a pro-
21 gram.

22 (b) **SCOPE AND SCALE AND MATTERS TO BE DETER-**
23 **MINED.**—

24 (1) **IN GENERAL.**—The demonstration projects
25 developed under subsection (a) shall be of sufficient

1 duration, shall be of sufficient scope, and shall be
2 carried out on a wide enough scale to permit a thor-
3 ough evaluation of the project to determine—

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

7 (B) the extent, if any, to which the project
8 being tested is affected by whether it is in oper-
9 ation in a locality within an area under the ad-
10 ministration of the Ticket to Work and Self-
11 Sufficiency Program established under section
12 1148 of the Social Security Act; and

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

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

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

24 (A) the annual cost (including net cost) of
25 the project and the annual cost (including net

1 cost) that would have been incurred in the ab-
2 sence of the project;

3 (B) the determinants of return to work, in-
4 cluding the characteristics of the beneficiaries
5 who participate in the project; and

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

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

13 (c) WAIVERS.—The Commissioner may waive compli-
14 ance with the benefit provisions of title II of the Social
15 Security Act, and the Secretary of Health and Human
16 Services may waive compliance with the benefit require-
17 ments of title XVIII of such Act, insofar as is necessary
18 for a thorough evaluation of the alternative methods under
19 consideration. No such project shall be actually placed in
20 operation unless at least 90 days prior thereto a written
21 report, prepared for purposes of notification and informa-
22 tion only and containing a full and complete description
23 thereof, has been transmitted by the Commissioner to the
24 Committee on Ways and Means of the House of Rep-
25 resentatives and to the Committee on Finance of the Sen-

1 ate. Periodic reports on the progress of such projects shall
2 be submitted by the Commissioner to such committees.
3 When appropriate, such reports shall include detailed rec-
4 ommendations for changes in administration or law, or
5 both, to carry out the objectives stated in subsection (a).

6 (d) INTERIM REPORTS.—Not later than 2 years after
7 the date of the enactment of this Act, and annually there-
8 after, the Commissioner of Social Security shall submit
9 to Congress an interim report on the progress of the dem-
10 onstration projects carried out under this subsection to-
11 gether with any related data and materials that the Com-
12 missioner of Social Security may consider appropriate.

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

17 (f) EXPENDITURES.—Expenditures made for dem-
18 onstration projects under this section shall be made from
19 the Federal Disability Insurance Trust Fund and the Fed-
20 eral Old-Age and Survivors Insurance Trust Fund, as de-
21 termined appropriate by the Commissioner of Social Secu-
22 rity, and from the Federal Hospital Insurance Trust Fund
23 and the Federal Supplementary Medical Insurance Trust
24 Fund, as determined appropriate by the Secretary of

1 Health and Human Services, to the extent provided in ad-
2 vance in appropriation Acts.

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

4 (a) STUDY BY GENERAL ACCOUNTING OFFICE OF
5 EXISTING DISABILITY-RELATED EMPLOYMENT INCEN-
6 TIVES.—

7 (1) STUDY.—As soon as practicable after the
8 date of the enactment of this Act, the Comptroller
9 General of the United States shall undertake a study
10 to assess existing tax credits and other disability-re-
11 lated employment incentives under the Americans
12 with Disabilities Act of 1990 and other Federal
13 laws. In such study, the Comptroller General shall
14 specifically address the extent to which such credits
15 and other incentives would encourage employers to
16 hire and retain individuals with disabilities.

17 (2) REPORT.—Not later than 3 years after the
18 date of the enactment of this Act, the Comptroller
19 General shall transmit to the Committee on Ways
20 and Means of the House of Representatives and the
21 Committee on Finance of the Senate a written re-
22 port presenting the results of the Comptroller Gen-
23 eral's study conducted pursuant to this subsection,
24 together with such recommendations for legislative

1 or administrative changes as the Comptroller Gen-
2 eral determines are appropriate.

3 (b) STUDY BY GENERAL ACCOUNTING OFFICE OF
4 EXISTING COORDINATION OF THE DI AND SSI PROGRAMS
5 AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAV-
6 ING CONCURRENT ENTITLEMENT.—

7 (1) STUDY.—As soon as practicable after the
8 date of the enactment of this Act, the Comptroller
9 General of the United States shall undertake a study
10 to evaluate the coordination under current law of the
11 disability insurance program under title II of the So-
12 cial Security Act and the supplemental security in-
13 come program under title XVI of such Act, as such
14 programs relate to individuals entering or leaving
15 concurrent entitlement under such programs. In
16 such study, the Comptroller General shall specifically
17 address the effectiveness of work incentives under
18 such programs with respect to such individuals and
19 the effectiveness of coverage of such individuals
20 under titles XVIII and XIX of such Act.

21 (2) REPORT.—Not later than 3 years after the
22 date of the enactment of this Act, the Comptroller
23 General shall transmit to the Committee on Ways
24 and Means of the House of Representatives and the
25 Committee on Finance of the Senate a written re-

1 port presenting the results of the Comptroller Gen-
2 eral's study conducted pursuant to this subsection,
3 together with such recommendations for legislative
4 or administrative changes as the Comptroller Gen-
5 eral determines are appropriate.

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

9 (1) STUDY.—As soon as practicable after the
10 date of the enactment of this Act, the Comptroller
11 General of the United States shall undertake a study
12 of the substantial gainful activity level applicable as
13 of that date to recipients of benefits under section
14 223 of the Social Security Act (42 U.S.C. 423) and
15 under section 202 of such Act (42 U.S.C. 402) on
16 the basis of a recipient having a disability, and the
17 effect of such level as a disincentive for those recipi-
18 ents to return to work. In the study, the Comptroller
19 General also shall address the merits of increasing
20 the substantial gainful activity level applicable to
21 such recipients of benefits and the rationale for not
22 yearly indexing that level to inflation.

23 (2) REPORT.—Not later than 2 years after the
24 date of the enactment of this Act, the Comptroller
25 General shall transmit to the Committee on Ways

1 and Means of the House of Representatives and the
2 Committee on Finance of the Senate a written re-
3 port presenting the results of the Comptroller Gen-
4 eral's study conducted pursuant to this subsection,
5 together with such recommendations for legislative
6 or administrative changes as the Comptroller Gen-
7 eral determines are appropriate.

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

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

19 (2) with respect to each such disregard—

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

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

1 (3) with respect to the disregard described in
2 section 1612(b)(7) of such Act (42 U.S.C.
3 1382a(b)(7)) (relating to grants, scholarships, or fel-
4 lowships received for use in paying the cost of tui-
5 tion and fees at any educational (including technical
6 or vocational education) institution)—

7 (A) identifies the number of individuals re-
8 ceiving benefits under title XVI of such Act (42
9 U.S.C. 1381 et seq.) who have attained age 22
10 and have not had any portion of any grant,
11 scholarship, or fellowship received for use in
12 paying the cost of tuition and fees at any edu-
13 cational (including technical or vocational edu-
14 cation) institution excluded from their income
15 in accordance with that section;

16 (B) recommends whether the age at which
17 such grants, scholarships, or fellowships are ex-
18 cluded from income for purposes of determining
19 eligibility under title XVI of such Act should be
20 increased to age 25; and

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

1 (e) STUDY BY THE GENERAL ACCOUNTING OFFICE
2 OF SOCIAL SECURITY ADMINISTRATION'S DISABILITY IN-
3 SURANCE PROGRAM DEMONSTRATION AUTHORITY.—

4 (1) STUDY.—As soon as practicable after the
5 date of the enactment of this Act, the Comptroller
6 General of the United States shall undertake a study
7 to assess the results of the Social Security Adminis-
8 tration's efforts to conduct disability demonstrations
9 authorized under prior law as well as under section
10 301 of this Act.

11 (2) REPORT.—Not later than 5 years after the
12 date of the enactment of this Act, the Comptroller
13 General shall transmit to the Committee on Ways
14 and Means of the House of Representatives and the
15 Committee on Finance of the Senate a written re-
16 port presenting the results of the Comptroller Gen-
17 eral's study conducted pursuant to this section, to-
18 gether with a recommendation as to whether the
19 demonstration authority authorized under section
20 301 of this Act should be made permanent.

1 **TITLE IV—MISCELLANEOUS AND**
2 **TECHNICAL AMENDMENTS**

3 **SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG**
4 **ADDICTS AND ALCOHOLICS.**

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

10 (1) in subparagraph (A), by striking “by the
11 Commissioner of Social Security” and “by the Com-
12 missioner”; and

13 (2) by adding at the end the following:

14 “(D) For purposes of this paragraph, an
15 individual’s claim, with respect to benefits
16 under title II based on disability, which has
17 been denied in whole before the date of the en-
18 actment of this Act, may not be considered to
19 be finally adjudicated before such date if, on or
20 after such date—

21 “(i) there is pending a request for ei-
22 ther administrative or judicial review with
23 respect to such claim; or

24 “(ii) there is pending, with respect to
25 such claim, a readjudication by the Com-

1 missioner of Social Security pursuant to
2 relief in a class action or implementation
3 by the Commissioner of a court remand
4 order.

5 “(E) Notwithstanding the provisions of
6 this paragraph, with respect to any individual
7 for whom the Commissioner of Social Security
8 does not perform the entitlement redetermina-
9 tion before the date prescribed in subparagraph
10 (C), the Commissioner shall perform such enti-
11 tlement redetermination in lieu of a continuing
12 disability review whenever the Commissioner de-
13 termines that the individual’s entitlement is
14 subject to redetermination based on the pre-
15 ceding provisions of this paragraph, and the
16 provisions of section 223(f) shall not apply to
17 such redetermination.”.

18 (b) CORRECTION TO EFFECTIVE DATE OF PROVI-
19 SIONS CONCERNING REPRESENTATIVE PAYEES AND
20 TREATMENT REFERRALS OF SOCIAL SECURITY BENE-
21 FICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—
22 Section 105(a)(5)(B) of the Contract with America Ad-
23 vancement Act of 1996 (42 U.S.C. 405 note) is amended
24 to read as follows:

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

4 “(i) whose claim for benefits is finally
5 adjudicated on or after the date of the en-
6 actment of this Act; or

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

10 (c) **EFFECTIVE DATES.**—The amendments made by
11 this section shall take effect as if included in the enact-
12 ment of section 105 of the Contract with America Ad-
13 vancement Act of 1996 (Public Law 104–121; 110 Stat.
14 852 et seq.).

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

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

18 (1) **IN GENERAL.**—Section 202(x)(3) of the So-
19 cial Security Act (42 U.S.C. 402(x)(3)) is
20 amended—

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

22 (B) by adding at the end the following:

23 “(B)(i) The Commissioner shall enter into an agree-
24 ment under this subparagraph with any interested State
25 or local institution comprising a jail, prison, penal institu-

1 tion, or correctional facility, or comprising any other insti-
2 tution a purpose of which is to confine individuals as de-
3 scribed in paragraph (1)(A)(ii). Under such agreement—

4 “(I) the institution shall provide to the Com-
5 missioner, on a monthly basis and in a manner spec-
6 ified by the Commissioner, the names, Social Secu-
7 rity account numbers, dates of birth, confinement
8 commencement dates, and, to the extent available to
9 the institution, such other identifying information
10 concerning the individuals confined in the institution
11 as the Commissioner may require for the purpose of
12 carrying out paragraph (1) and other provisions of
13 this title; and

14 “(II) the Commissioner shall pay to the institu-
15 tion, with respect to information described in sub-
16 clause (I) concerning each individual who is confined
17 therein as described in paragraph (1)(A), who re-
18 ceives a benefit under this title for the month pre-
19 ceeding the first month of such confinement, and
20 whose benefit under this title is determined by the
21 Commissioner to be not payable by reason of con-
22 finement based on the information provided by the
23 institution, \$400 (subject to reduction under clause
24 (ii)) if the institution furnishes the information to
25 the Commissioner within 30 days after the date such

1 individual's confinement in such institution begins,
2 or \$200 (subject to reduction under clause (ii)) if
3 the institution furnishes the information after 30
4 days after such date but within 90 days after such
5 date.

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

11 “(iii) There are authorized to be transferred from the
12 Federal Old-Age and Survivors Insurance Trust Fund and
13 the Federal Disability Insurance Trust Fund, as appro-
14 priate, such sums as may be necessary to enable the Com-
15 missioner to make payments to institutions required by
16 clause (i)(II).

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

23 (2) CONFORMING AMENDMENTS TO THE PRI-
24 VACY ACT.—Section 552a(a)(8)(B) of title 5, United
25 States Code, is amended—

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

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

5 (C) by adding at the end the following:

6 “(viii) matches performed pursuant to
7 section 202(x)(3) or 1611(e)(1) of the So-
8 cial Security Act (42 U.S.C. 402(x)(3),
9 1382(e)(1));”.

10 (3) CONFORMING AMENDMENTS TO TITLE
11 XVI.—

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

16 (B) Section 1611(e)(1)(I)(ii)(II) of such
17 Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amend-
18 ed by striking “is authorized to provide, on a
19 reimbursable basis,” and inserting “shall main-
20 tain, and shall provide on a reimbursable
21 basis,”.

22 (4) EFFECTIVE DATE.—The amendments made
23 by this subsection shall apply to individuals whose
24 period of confinement in an institution commences

1 on or after the first day of the fourth month begin-
2 ning after the month in which this Act is enacted.

3 (b) ELIMINATION OF TITLE II REQUIREMENT THAT
4 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-
5 PRISONMENT FOR MORE THAN 1 YEAR.—

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

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

14 (B) in clause (i), by striking “an offense
15 punishable by imprisonment for more than 1
16 year (regardless of the actual sentence im-
17 posed)” and inserting “a criminal offense”; and

18 (C) in clause (ii)(I), by striking “an of-
19 fense punishable by imprisonment for more
20 than 1 year” and inserting “a criminal of-
21 fense”.

22 (2) EFFECTIVE DATE.—The amendments made
23 by this subsection shall apply to individuals whose
24 period of confinement in an institution commences

1 on or after the first day of the fourth month begin-
2 ning after the month in which this Act is enacted.

3 (c) CONFORMING TITLE XVI AMENDMENTS.—

4 (1) 50 PERCENT REDUCTION IN TITLE XVI PAY-
5 MENT IN CASE INVOLVING COMPARABLE TITLE II
6 PAYMENT.—Section 1611(e)(1)(I) of the Social Se-
7 curity Act (42 U.S.C. 1382(e)(1)(I)) is amended—

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

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

13 (C) by inserting after clause (i) the fol-
14 lowing:

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

20 (2) EXPANSION OF CATEGORIES OF INSTITU-
21 TIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH
22 THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of
23 such Act (42 U.S.C. 1382(e)(1)(I)(i)) is amended in
24 the matter preceding subclause (I) by striking “in-
25 stitution” and all that follows through “section

1 202(x)(1)(A),” and inserting “institution comprising
2 a jail, prison, penal institution, or correctional facil-
3 ity, or with any other interested State or local insti-
4 tution a purpose of which is to confine individuals
5 as described in section 202(x)(1)(A)(ii),”.

6 (3) ELIMINATION OF OVERLY BROAD EXEMP-
7 TION.—Section 1611(e)(1)(I)(iii) of such Act (as re-
8 designated by paragraph (1)(B)) is amended
9 further—

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

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

15 (4) EFFECTIVE DATE.—The amendments made
16 by this subsection shall take effect as if included in
17 the enactment of section 203(a) of the Personal Re-
18 sponsibility and Work Opportunity Reconciliation
19 Act of 1996 (Public Law 104–193; 110 Stat. 2186).
20 The reference to section 202(x)(1)(A)(ii) in section
21 1611(e)(1)(I)(i) of the Social Security Act as
22 amended by paragraph (2) shall be deemed a ref-
23 erence to such section 202(x)(1)(A)(ii) of such Act
24 as amended by subsection (b)(1)(C).

1 (d) CONTINUED DENIAL OF BENEFITS TO SEX OF-
2 FENDERS REMAINING CONFINED TO PUBLIC INSTITU-
3 TIONS UPON COMPLETION OF PRISON TERM.—

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

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

9 (B) in clause (ii)(IV), by striking the pe-
10 riod and inserting “, or”; and

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

13 “(iii) immediately upon completion of confine-
14 ment as described in clause (i) pursuant to convic-
15 tion of a criminal offense an element of which is sex-
16 ual activity, is confined by court order in an institu-
17 tion at public expense pursuant to a finding that the
18 individual is a sexually dangerous person or a sexual
19 predator or a similar finding.”.

20 (2) CONFORMING AMENDMENT.—Section
21 202(x)(1)(B)(ii) of such Act (42 U.S.C.
22 402(x)(1)(B)(ii)) is amended by striking “clause
23 (ii)” and inserting “clauses (ii) and (iii)”.

24 (3) EFFECTIVE DATE.—The amendments made
25 by this subsection shall apply with respect to bene-

1 fits for months ending after the date of the enact-
2 ment of this Act.

3 **SEC. 403. REVOCATION BY MEMBERS OF THE CLERGY OF**
4 **EXEMPTION FROM SOCIAL SECURITY COV-**
5 **ERAGE.**

6 (a) IN GENERAL.—Notwithstanding section
7 1402(e)(4) of the Internal Revenue Code of 1986, any ex-
8 emption which has been received under section 1402(e)(1)
9 of such Code by a duly ordained, commissioned, or li-
10 censed minister of a church, a member of a religious order,
11 or a Christian Science practitioner, and which is effective
12 for the taxable year in which this Act is enacted, may be
13 revoked by filing an application therefor (in such form and
14 manner, and with such official, as may be prescribed by
15 the Commissioner of Internal Revenue), if such applica-
16 tion is filed no later than the due date of the Federal in-
17 come tax return (including any extension thereof) for the
18 applicant's second taxable year beginning after December
19 31, 1999. Any such revocation shall be effective (for pur-
20 poses of chapter 2 of the Internal Revenue Code of 1986
21 and title II of the Social Security Act), as specified in the
22 application, either with respect to the applicant's first tax-
23 able year beginning after December 31, 1999, or with re-
24 spect to the applicant's second taxable year beginning
25 after such date, and for all succeeding taxable years; and

1 the applicant for any such revocation may not thereafter
2 again file application for an exemption under such section
3 1402(e)(1). If the application is filed after the due date
4 of the applicant's Federal income tax return for a taxable
5 year and is effective with respect to that taxable year, it
6 shall include or be accompanied by payment in full of an
7 amount equal to the total of the taxes that would have
8 been imposed by section 1401 of the Internal Revenue
9 Code of 1986 with respect to all of the applicant's income
10 derived in that taxable year which would have constituted
11 net earnings from self-employment for purposes of chapter
12 2 of such Code (notwithstanding paragraphs (4) and (5)
13 of section 1402(c)) except for the exemption under section
14 1402(e)(1) of such Code.

15 (b) EFFECTIVE DATE.—Subsection (a) shall apply
16 with respect to service performed (to the extent specified
17 in such subsection) in taxable years beginning after De-
18 cember 31, 1999, and with respect to monthly insurance
19 benefits payable under title II on the basis of the wages
20 and self-employment income of any individual for months
21 in or after the calendar year in which such individual's
22 application for revocation (as described in such sub-
23 section) is effective (and lump-sum death payments pay-
24 able under such title on the basis of such wages and self-

1 employment income in the case of deaths occurring in or
2 after such calendar year).

3 **SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING**
4 **TO COOPERATIVE RESEARCH OR DEM-**
5 **ONSTRATION PROJECTS UNDER TITLES II**
6 **AND XVI.**

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

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

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

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

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

4 (1) by striking “(as defined in section
5 453A(a)(2)(B)(iii))”; and

6 (2) by inserting “(as defined in section
7 453A(a)(2)(B))” after “employers” .

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to wage reports required to be sub-
10 mitted on and after the date of the enactment of this Act.

11 **SEC. 406. ASSESSMENT ON ATTORNEYS WHO RECEIVE**
12 **THEIR FEES VIA THE SOCIAL SECURITY AD-**
13 **MINISTRATION.**

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

17 “(d) ASSESSMENT ON ATTORNEYS.—

18 “(1) IN GENERAL.—Whenever a fee for services
19 is required to be certified for payment to an attorney
20 from a claimant’s past-due benefits pursuant to sub-
21 section (a)(4)(A) or (b)(1)(A), the Commissioner
22 shall impose on the attorney an assessment cal-
23 culated in accordance with paragraph (2).

24 “(2) AMOUNT.—

1 “(A) The amount of an assessment under
2 paragraph (1) shall be equal to the product ob-
3 tained by multiplying the amount of the rep-
4 resentative’s fee that would be required to be so
5 certified by subsection (a)(4)(A) or (b)(1)(A)
6 before the application of this subsection, by the
7 percentage specified in subparagraph (B).

8 “(B) The percentage specified in this sub-
9 paragraph is—

10 “(i) for calendar years before 2001,
11 6.3 percent, and

12 “(ii) for calendar years after 2000,
13 6.3 percent or such different percentage
14 rate as the Commissioner determines is
15 necessary in order to achieve full recovery
16 of the costs of certifying fees to attorneys
17 from the past-due benefits of claimants.

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

24 “(4) PROHIBITION ON CLAIMANT REIMBURSE-
25 MENT.—An attorney subject to an assessment under

1 paragraph (1) may not, directly or indirectly, re-
2 quest or otherwise obtain reimbursement for such
3 assessment from the claimant whose claim gave rise
4 to the assessment.

5 “(5) DISPOSITION OF ASSESSMENTS.—Assess-
6 ments on attorneys collected under this subsection
7 shall be credited to the Federal Old-Age and Sur-
8 vivors Insurance Trust Fund and the Federal Dis-
9 ability Insurance Trust Fund, as appropriate.

10 “(6) AUTHORIZATION OF APPROPRIATIONS.—
11 The assessments authorized under this section shall
12 be collected and available for obligation only to the
13 extent and in the amount provided in advance in ap-
14 propriations Acts. Amounts so appropriated are au-
15 thorized to remain available until expended, for ad-
16 ministrative expenses in carrying out title II of the
17 Social Security Act and related laws.

18 (b) CONFORMING AMENDMENTS.—

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

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

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply in the case of any attorney with
3 respect to whom a fee for services is required to be cer-
4 tified for payment from a claimant's past-due benefits
5 pursuant to subsection (a)(4)(A) or (b)(4)(A) of section
6 206 of the Social Security Act after—

7 (1) December 31, 1999, or

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

10 **SEC. 407. PREVENTION OF FRAUD AND ABUSE ASSOCIATED**
11 **WITH CERTAIN PAYMENTS UNDER THE MED-**
12 **ICAID PROGRAM.**

13 (a) REQUIREMENTS FOR PAYMENTS.—Section
14 1903(i) of the Social Security Act (42 U.S.C. 1396b(i))
15 (as amended by section 201(a)(3)(B)) is amended
16 further—

17 (1) in paragraph (20), by striking the period at
18 the end and inserting “; or”; and

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

21 “(21) with respect to any amount expended for
22 an item or service provided under the plan, or for
23 any administrative expense incurred to carry out the
24 plan, which is provided or incurred by, or on behalf
25 of, a State or local educational agency or school dis-

1 trict, unless payment for the item, service, or admin-
2 istrative expense is made in accordance with a meth-
3 odology approved in advance by the Secretary under
4 which—

5 “(A) in the case of payment for—

6 “(i) a group of individual items, serv-
7 ices, and administrative expenses, the
8 methodology—

9 “(I) provides for an itemization
10 to the Secretary that assures account-
11 ability of the cost of the grouped
12 items, services, and administrative ex-
13 penses and includes payment rates
14 and the methodologies underlying the
15 establishment of such rates;

16 “(II) has an actuarially sound
17 basis for determining the payment
18 rates and the methodologies; and

19 “(III) reconciles payments for
20 the grouped items, services, and ad-
21 ministrative expenses with items and
22 services provided and administrative
23 expenses incurred under this title; or

24 “(ii) an individual item, service, or ad-
25 ministrative expense, the amount of pay-

1 ment for the item, service, or administra-
2 tive expense does not exceed the amount
3 that would be paid for the item, service, or
4 administrative expense if the item, service,
5 or administrative expense were incurred by
6 an entity other than a State or local edu-
7 cational agency or school district, unless
8 the State can demonstrate to the satisfac-
9 tion of the Secretary a higher amount for
10 such item, service, or administrative ex-
11 pense; and

12 “(B) in the case of a transportation service
13 for an individual under age 21 who is eligible
14 for medical assistance under this title (whether
15 or not the child has an individualized education
16 program established pursuant to part B of the
17 Individuals with Disabilities Education Act)—

18 “(i) a medical need for transportation
19 is noted in such an individualized edu-
20 cation program (if any) for the individual,
21 including such an individual residing in a
22 geographic area within which school bus
23 transportation is otherwise not provided;

24 “(ii) in the case of a child with special
25 medical needs, the vehicle used to furnish

1 such transportation service is specially
2 equipped or staffed to accommodate indi-
3 viduals with special medical needs; and

4 “(iii) payment for such service only—

5 “(I) is made with respect to costs
6 directly attributable to the costs asso-
7 ciated with transporting such individ-
8 uals whose medical needs require
9 transport in such a vehicle; and

10 “(II) reflects the proportion of
11 transportation costs equal to the pro-
12 portion of the school day spent by
13 such individuals in activities relating
14 to the receipt of covered services
15 under this title or such other propor-
16 tion based on an allocation method
17 that the Secretary finds reasonable in
18 light of the benefit to the program
19 under this title and consistent with
20 the cost principles contained in OMB
21 Circular A-87; or

22 “(22) with respect to any amount expended for
23 an item or service under the plan or for any admin-
24 istrative expense to carry out the plan provided by
25 or on behalf of a State or local agency (including a

1 State or local educational agency or school district)
2 that enters into a contract or other arrangement
3 with a person or entity for, or in connection with,
4 the collection or submission of claims for such ex-
5 penditures, unless, notwithstanding section
6 1902(a)(32), the agency—

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

11 “(B) requires that any fees (including any
12 administrative fees) to be paid to the person or
13 entity for the collection or submission of such
14 claims are identified as a non-contingent, speci-
15 fied dollar amount in the contract.”; and

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

18 (b) PROVISION OF ITEMS AND SERVICES THROUGH
19 MEDICAID MANAGED CARE ORGANIZATIONS.—

20 (1) CONTRACTUAL REQUIREMENT.—Section
21 1903(m)(2)(A) of the Social Security Act (42 U.S.C.
22 1396b(m)(2)(A)) is amended by redesignating clause
23 (xi) (as added by section 4701(c)(3) of the Balanced
24 Budget Act of 1997) as clause (xiii), by striking

1 “and” at the end of clause (xi), and by inserting
2 after clause (xi) the following:

3 “(xii) such contract provides that with respect
4 to payment for, and coverage of, such services, the
5 contract requires coordination between the State or
6 local educational agency or school district and the
7 medicaid managed care organization to prevent du-
8 plication of services and duplication of payments
9 under this title for such services.”

10 (2) PROHIBITION ON DUPLICATIVE PAY-
11 MENTS.—

12 (A) IN GENERAL.—Section 1903(i) of the
13 Social Security Act (42 U.S.C 1396b(i)), as
14 amended by subsection (a), is amended—

15 (i) in paragraph (22), by striking the
16 period and inserting “; or”; and

17 (ii) by adding at the end the fol-
18 lowing:

19 “(23) with respect to any amount ex-
20 pended under the plan for an item, service, or
21 administrative expense for which payment is or
22 may be made directly to a person or entity (in-
23 cluding a State or local educational agency or
24 school district) under the State plan if payment
25 for such item, service, or administrative expense

1 was included in the determination of a prepaid
2 capitation or other risk-based rate of payment
3 to an entity under a contract pursuant to sec-
4 tion 1903(m).”.

5 (B) CONFORMING AMENDMENT.—The
6 third sentence of section 1903(i) of such Act
7 (42 U.S.C. 1396b(i)), as amended by subsection
8 (a)(3), is amended by striking “and (21)” and
9 inserting “(21), and (23)”.

10 (c) ALLOWABLE SHARE OF FFP WITH RESPECT TO
11 PAYMENT FOR SERVICES FURNISHED IN SCHOOL SET-
12 TING.—Section 1903(w)(6) of the Social Security Act (42
13 U.S.C. 1396b(w)(6)) is amended—

14 (1) in subparagraph (A), by inserting “subject
15 to subparagraph (C),” after “subsection,”; and

16 (2) by adding at the end the following:

17 “(C) In the case of any Federal financial participa-
18 tion amount determined under subsection (a) with respect
19 to any expenditure for an item or service under the plan,
20 or for any administrative expense to carry out the plan,
21 that is furnished by a State or local educational agency
22 or school district, the State shall provide that there is paid
23 to the agency or district a percent of such amount that
24 is not less than the percentage of such expenditure or ex-
25 pense that is paid by such agency or district.”.

1 (d) UNIFORM METHODOLOGY FOR SCHOOL-BASED
2 ADMINISTRATIVE CLAIMS.—Not later than 90 days after
3 the date of the enactment of this Act, the Administrator
4 of the Health Care Financing Administration, in consulta-
5 tion with State medicaid and State educational agencies
6 and local school systems, shall develop and implement a
7 uniform methodology for claims for payment of adminis-
8 trative expenses furnished under title XIX of the Social
9 Security Act by State or local educational agencies or
10 school districts. Such methodology shall be based on
11 standards related to time studies and population estimates
12 and a national standard for determining payment for such
13 administrative expenses.

14 (e) EFFECTIVE DATE.—

15 (1) IN GENERAL.—The amendments made by
16 this section (other than by subsection (b)) shall
17 apply to items and services provided on and after
18 the date of the enactment of this Act, without re-
19 gard to whether implementing regulations are in ef-
20 fect.

21 (2) MANAGED CARE AMENDMENTS.—The
22 amendments made by subsection (b) shall apply to
23 contracts entered into or renewed on or after the
24 date of the enactment of this Act.

1 (3) REGULATIONS.—The Secretary of Health
2 and Human Services shall promulgate such final
3 regulations as are necessary to carry out the amend-
4 ments made by this section not later than 1 year
5 after the date of the enactment of this Act.

6 **SEC. 408. EXTENSION OF AUTHORITY OF STATE MEDICAID**
7 **FRAUD CONTROL UNITS.**

8 (a) EXTENSION OF AUTHORITY TO INVESTIGATE
9 AND PROSECUTE FRAUD IN OTHER FEDERAL HEALTH
10 CARE PROGRAMS.—Section 1903(q)(3) of the Social Secu-
11 rity Act (42 U.S.C. 1396b(q)(3)) is amended—

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

14 (2) by striking “title.” and inserting “title; and
15 (B) upon the approval of the Inspector General of
16 the relevant Federal agency, any aspect of the provi-
17 sion of health care services and activities of pro-
18 viders of such services under any Federal health
19 care program (as defined in section 1128B(f)(1)), if
20 the suspected fraud or violation of law in such case
21 or investigation is primarily related to the State plan
22 under this title.”.

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

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

3 (2) by adding at the end the following: “All
4 funds collected in accordance with this paragraph
5 shall be credited exclusively to, and available for ex-
6 penditure under, the Federal health care program
7 (including the State plan under this title) that was
8 subject to the activity that was the basis for the col-
9 lection.”.

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

15 “(4)(A) The entity has—

16 “(i) procedures for reviewing complaints of
17 abuse or neglect of patients in health care fa-
18 cilities which receive payments under the State
19 plan under this title;

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

24 “(iii) procedures for acting upon such com-
25 plaints under the criminal laws of the State or

1 for referring such complaints to other State
2 agencies for action.

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

10 “(i) Nursing care services provided by, or
11 under the supervision of, a registered nurse, li-
12 censed practical nurse, or licensed nursing as-
13 sistant.

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

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

1 **SEC. 409. SPECIAL ALLOWANCE ADJUSTMENT FOR STU-**
2 **DENT LOANS.**

3 (a) **AMENDMENT.**—Section 438(b)(2) of the Higher
4 Education Act of 1965 (20 U.S.C. 1087–1(b)(2)) is
5 amended—

6 (1) in subparagraph (A), by striking “(G), and
7 (H)” and inserting “(G), (H), and (I)”;

8 (2) in subparagraph (B)(iv), by striking “(G),
9 or (H)” and inserting “(G), (H), or (I)”;

10 (3) in subparagraph (C)(ii), by striking “(G)
11 and (H)” and inserting “(G), (H), and (I)”;

12 (4) in the heading of subparagraph (H), by
13 striking “JULY 1, 2003” and inserting “JANUARY 1,
14 2000”;

15 (5) in subparagraph (H), by striking “July 1,
16 2003,” each place it appears and inserting “January
17 1, 2000,”; and

18 (6) by inserting after subparagraph (H) the fol-
19 lowing new subparagraph:

20 “(I) **LOANS DISBURSED ON OR AFTER JAN-**
21 **UARY 1, 2000, AND BEFORE JULY 1, 2003.**—

22 “(i) **IN GENERAL.**—Notwithstanding
23 subparagraphs (G) and (H), but subject to
24 paragraph (4) and clauses (ii), (iii), and
25 (iv) of this subparagraph, and except as
26 provided in subparagraph (B), the special

1 allowance paid pursuant to this subsection
2 on loans for which the first disbursement
3 is made on or after January 1, 2000, and
4 before July 1, 2003, shall be computed—

5 “(I) by determining the average
6 of the bond equivalent rates of the
7 quotes of the 3-month commercial
8 paper (financial) rates in effect for
9 each of the days in such quarter as
10 reported by the Federal Reserve in
11 Publication H-15 (or its successor)
12 for such 3-month period;

13 “(II) by subtracting the applica-
14 ble interest rates on such loans from
15 such average bond equivalent rate;

16 “(III) by adding 2.34 percent to
17 the resultant percent; and

18 “(IV) by dividing the resultant
19 percent by 4.

20 “(ii) IN SCHOOL AND GRACE PE-
21 RIOD.—In the case of any loan for which
22 the first disbursement is made on or after
23 January 1, 2000, and before July 1, 2003,
24 and for which the applicable rate of inter-
25 est is described in section 427A(k)(2),

1 clause (i)(III) of this subparagraph shall
2 be applied by substituting '1.74 percent'
3 for '2.34 percent'.

4 "(iii) PLUS LOANS.—In the case of
5 any loan for which the first disbursement
6 is made on or after January 1, 2000, and
7 before July 1, 2003, and for which the ap-
8 plicable rate of interest is described in sec-
9 tion 427A(k)(3), clause (i)(III) of this sub-
10 paragraph shall be applied by substituting
11 '2.64 percent' for '2.34 percent', subject to
12 clause (v) of this subparagraph.

13 "(iv) CONSOLIDATION LOANS.—In the
14 case of any consolidation loan for which
15 the application is received by an eligible
16 lender on or after January 1, 2000, and
17 before July 1, 2003, and for which the ap-
18 plicable interest rate is determined under
19 section 427A(k)(4), clause (i)(III) of this
20 subparagraph shall be applied by sub-
21 stituting '2.64 percent' for '2.34 percent',
22 subject to clause (vi) of this subparagraph.

23 "(v) LIMITATION ON SPECIAL ALLOW-
24 ANCES FOR PLUS LOANS.—In the case of
25 PLUS loans made under section 428B and

1 first disbursed on or after January 1,
2 2000, and before July 1, 2003, for which
3 the interest rate is determined under sec-
4 tion 427A(k)(3), a special allowance shall
5 not be paid for such loan during any 12-
6 month period beginning on July 1 and
7 ending on June 30 unless, on the June 1
8 preceding such July 1—

9 “(I) the bond equivalent rate of
10 91-day Treasury bills auctioned at the
11 final auction held prior to such June
12 1 (as determined by the Secretary for
13 purposes of such section); plus

14 “(II) 3.1 percent,
15 exceeds 9.0 percent.

16 “(vi) LIMITATION ON SPECIAL ALLOW-
17 ANCES FOR CONSOLIDATION LOANS.—In
18 the case of consolidation loans made under
19 section 428C and for which the application
20 is received on or after January 1, 2000,
21 and before July 1, 2003, for which the in-
22 terest rate is determined under section
23 427A(k)(4), a special allowance shall not
24 be paid for such loan during any 3-month

1 period ending March 31, June 30, Sep-
2 tember 30, or December 31 unless—

3 “(I) the average of the bond
4 equivalent rates of the quotes of the
5 3-month commercial paper (financial)
6 rates in effect for each of the days in
7 such quarter as reported by the Fed-
8 eral Reserve in Publication H-15 (or
9 its successor) for such 3-month pe-
10 riod; plus

11 “(II) 2.64 percent,
12 exceeds the rate determined under section
13 427A(k)(4).”

14 (b) EFFECTIVE DATE.—Subparagraph (I) of section
15 438(b)(2) of the Higher Education Act of 1965 (20
16 U.S.C. 1087-1(b)(2)) as added by subsection (a) of this
17 section shall apply with respect to any payment pursuant
18 to such section with respect to any 3-month period begin-
19 ning on or after January 1, 2000, for loans for which the
20 first disbursement is made after such date.

Passed the House of Representatives October 19,
1999.

Attest:

Clerk.

106TH CONGRESS
1ST SESSION

H. R. 1180

AN ACT

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

106TH CONGRESS
1ST SESSION

S. 331

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 28, 1999

Mr. JEFFORDS (for himself, Mr. KENNEDY, Mr. ROTH, Mr. MOYNIHAN, Mr. CHAFEE, Mr. GRASSLEY, Mr. HATCH, Mr. MURKOWSKI, Mr. BREUX, Mr. GRAHAM, Mr. KERREY, Mr. ROBB, Mr. ROCKEFELLER, Mr. BINGAMAN, Mrs. BOXER, Mr. CLELAND, Ms. COLLINS, Mr. DASCHLE, Mr. DEWINE, Mr. DODD, Mr. DURBIN, Mr. ENZI, Mrs. FEINSTEIN, Mr. GRAMS, Mr. HARKIN, Mr. HOLLINGS, Mr. HUTCHINSON, Mr. INOUE, Mr. JOHNSON, Mr. KERRY, Ms. MIKULSKI, Mrs. MURRAY, Mr. REED, Mr. REID, Mr. SARBANES, Ms. SNOWE, Mr. STEVENS, Mr. TORRICELLI, and Mr. WELLSTONE) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

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

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

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

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purposes.

TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

Sec. 101. Expanding State options under medicaid for workers with disabilities.

Sec. 102. Continuation of medicare coverage for working individuals with disabilities.

Sec. 103. Grants to develop and establish State infrastructures to support working individuals with disabilities.

Sec. 104. Demonstration of coverage of workers with potentially severe disabilities.

TITLE II—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS

Subtitle A—Ticket to Work and Self-Sufficiency

Sec. 201. Establishment of the Ticket to Work and Self-Sufficiency Program.

Sec. 202. Work Incentives Advisory Panel.

Subtitle B—Elimination of Work Disincentives

Sec. 211. Prohibition on using work activity as a basis for review of an individual's disabled status.

Sec. 212. Expedited eligibility determinations for applications of former long-term beneficiaries that completed an extended period of eligibility.

Subtitle C—Work Incentives Planning, Assistance, and Outreach

Sec. 221. Work incentives outreach program.

Sec. 222. State grants for work incentives assistance to disabled beneficiaries.

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. Sense of Congress regarding additional demonstration projects.

Sec. 304. Studies and reports.

TITLE IV—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.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—Congress makes the following find-
3 ings:

4 (1) Health care is important to all Americans.

5 (2) Health care is particularly important to in-
6 dividuals with disabilities and special health care
7 needs who often cannot afford the insurance avail-
8 able to them through the private market, are unin-
9 surable by the plans available in the private sector,
10 and are at great risk of incurring very high and eco-
11 nomically devastating health care costs.

12 (3) Americans with significant disabilities often
13 are unable to obtain health care insurance that pro-
14 vides coverage of the services and supports that en-
15 able them to live independently and enter or rejoin
16 the workforce. Personal assistance services (such as
17 attendant services, personal assistance with trans-
18 portation to and from work, reader services, job
19 coaches, and related assistance) remove many of the
20 barriers between significant disability and work.
21 Coverage for such services, as well as for prescrip-
22 tion drugs, durable medical equipment, and basic
23 health care are powerful and proven tools for indi-

1 individuals with significant disabilities to obtain and re-
2 tain employment.

3 (4) For individuals with disabilities, the fear of
4 losing health care and related services is one of the
5 greatest barriers keeping the individuals from maxi-
6 mizing their employment, earning potential, and
7 independence.

8 (5) Individuals with disabilities who are bene-
9 ficiaries under title II or XVI of the Social Security
10 Act (42 U.S.C. 401 et seq., 1381 et seq.) risk losing
11 medicare or medicaid coverage that is linked to their
12 cash benefits, a risk that is an equal, or greater,
13 work disincentive than the loss of cash benefits asso-
14 ciated with working.

15 (6) Currently, less than $\frac{1}{2}$ of 1 percent of so-
16 cial security disability insurance and supplemental
17 security income beneficiaries cease to receive benefits
18 as a result of employment.

19 (7) Beneficiaries have cited the lack of adequate
20 employment training and placement services as an
21 additional barrier to employment.

22 (8) If an additional $\frac{1}{2}$ of 1 percent of the cur-
23 rent social security disability insurance (DI) and
24 supplemental security income (SSI) recipients were
25 to cease receiving benefits as a result of employ-

1 ment, the savings to the Social Security Trust
2 Funds in cash assistance would total
3 \$3,500,000,000 over the worklife of the individuals.

4 (b) PURPOSES.—The purposes of this Act are as fol-
5 lows:

6 (1) To provide health care and employment
7 preparation and placement services to individuals
8 with disabilities that will enable those individuals to
9 reduce their dependency on cash benefit programs.

10 (2) To encourage States to adopt the option of
11 allowing individuals with disabilities to purchase
12 medicaid coverage that is necessary to enable such
13 individuals to maintain employment.

14 (3) To provide individuals with disabilities the
15 option of maintaining medicare coverage while work-
16 ing.

17 (4) To establish a return to work ticket pro-
18 gram that will allow individuals with disabilities to
19 seek the services necessary to obtain and retain em-
20 ployment and reduce their dependency on cash bene-
21 fit programs.

1 **TITLE I—EXPANDED AVAILABIL-**
2 **ITY OF HEALTH CARE SERV-**
3 **ICES**

4 **SEC. 101. EXPANDING STATE OPTIONS UNDER MEDICAID**
5 **FOR WORKERS WITH DISABILITIES.**

6 (a) STATE OPTION TO ELIMINATE INCOME, ASSETS,
7 AND RESOURCE LIMITATIONS FOR WORKERS WITH DIS-
8 ABILITIES BUYING INTO MEDICAID.—Section
9 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C.
10 1396a(a)(10)(A)(ii)) is amended—

11 (1) in subclause (XIII), by striking “or” at the
12 end;

13 (2) in subclause (XIV), by adding “or” at the
14 end; and

15 (3) by adding at the end the following:

16 “(XV) who, but for earnings in
17 excess of the limit established under
18 section 1905(q)(2)(B), and subject to
19 limitations on assets, resources, or un-
20 earned income that may be set by the
21 State, would be considered to be re-
22 ceiving supplemental security income
23 (subject, notwithstanding section
24 1916, to payment of premiums or
25 other cost-sharing charges (set on a

1 sliding scale based on income that the
 2 State may determine and that may re-
 3 quire an individual with income that
 4 exceeds 250 percent of the income of-
 5 ficial poverty line (as defined by the
 6 Office of Management and Budget,
 7 and revised annually in accordance
 8 with section 673(2) of the Omnibus
 9 Budget Reconciliation Act of 1981)
 10 applicable to a family of the size in-
 11 volved to pay an amount equal to 100
 12 percent of the premium cost for pro-
 13 viding medical assistance to the indi-
 14 vidual), so long as any such premiums
 15 or other cost-sharing charges are the
 16 same as any premiums or other cost-
 17 sharing charges imposed for individ-
 18 uals described in subclause (XVI));”.

19 (b) STATE OPTION TO EXPAND OPPORTUNITIES FOR
 20 WORKERS WITH DISABILITIES TO BUY INTO MEDIC-
 21 AID.—

22 (1) ELIGIBILITY.—Section 1902(a)(10)(A)(ii)
 23 of the Social Security Act (42 U.S.C.
 24 1396a(a)(10)(A)(ii)), as amended by subsection (a),
 25 is amended—

1 (A) in subclause (XIV), by striking “or” at
2 the end;

3 (B) in subclause (XV), by adding “or” at
4 the end; and

5 (C) by adding at the end the following:

6 “(XVI) who are working individ-
7 uals with disabilities described in sec-
8 tion 1905(v) (subject, notwithstanding
9 section 1916, to payment of premiums
10 or other cost-sharing charges (set on
11 a sliding scale based on income) that
12 the State may determine so long as
13 any such premiums or other cost-shar-
14 ing charges are the same as any pre-
15 miums or other cost-sharing charges
16 imposed for individuals described in
17 subclause (XV)), but only if the State
18 provides medical assistance to individ-
19 uals described in subclause (XV);”.

20 (2) DEFINITION OF WORKING INDIVIDUALS
21 WITH DISABILITIES.—Section 1905 of the Social Se-
22 curity Act (42 U.S.C. 1396d) is amended by adding
23 at the end the following:

24 “(v)(1) The term ‘working individuals with disabil-
25 ities’ means individuals ages 16 through 64 who—

1 “(A) by reason of medical improvement, cease
2 to be eligible for benefits under section 223(d) or
3 1614(a)(3) at the time of a regularly scheduled con-
4 tinuing disability review but who continue to have a
5 severe medically determinable impairment; and

6 “(B) are employed.

7 “(2) An individual is considered to be ‘employed’ if
8 the individual—

9 “(A) is earning at least the applicable minimum
10 wage requirement under section 6 of the Fair Labor
11 Standards Act (29 U.S.C. 206) and working at least
12 40 hours per month; or

13 “(B) is engaged in a work effort that meets
14 substantial and reasonable threshold criteria for
15 hours of work, wages, or other measures, as defined
16 by the State and approved by the Secretary.”.

17 (3) CONFORMING AMENDMENT.—Section
18 1905(a) of the Social Security Act (42 U.S.C.
19 1396d(a)) is amended in the matter preceding para-
20 graph (1)—

21 (A) in clause (x), by striking “or” at the
22 end;

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

1 (C) by inserting after clause (xi), the fol-
2 lowing:

3 “(xii) individuals described in subsection (v),”.

4 (c) PROHIBITION AGAINST SUPPLANTATION OF
5 STATE FUNDS; MAINTENANCE OF EFFORT REQUIRE-
6 MENT; CONDITION FOR APPROVAL OF STATE PLAN
7 AMENDMENT.—

8 (1) NO SUPPLANTATION OF STATE FUNDS.—

9 Federal funds paid to a State for medical assistance
10 provided to an individual described in subclause
11 (XV) or (XVI) of section 1902(a)(10)(A)(ii) of the
12 Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii))
13 must be used to supplement but not supplant the
14 level of State funds expended as of October 1, 1998
15 for programs to enable working individuals with dis-
16 abilities to work.

17 (2) MAINTENANCE OF EFFORT.—With respect
18 to a fiscal year quarter, no Federal funds may be
19 paid to a State for medical assistance provided to an
20 individual described in subclause (XV) or (XVI) of
21 section 1902(a)(10)(A)(ii) of the Social Security Act
22 (42 U.S.C. 1396a(a)(10)(A)(ii)) for such fiscal year
23 quarter if the Secretary of Health and Human Serv-
24 ices determines that the total of the State expendi-
25 tures for programs to enable working individuals

1 with disabilities to work for the preceding fiscal year
2 quarter is less than the total of such expenditures
3 for the same fiscal year quarter of the preceding fis-
4 cal year.

5 (3) CONDITION FOR APPROVAL OF STATE PLAN
6 AMENDMENTS.—No State plan amendment that pro-
7 poses to provide medical assistance to an individual
8 described in subclause (XV) or (XVI) of section
9 1902(a)(10)(A)(ii) of the Social Security Act (42
10 U.S.C. 1396a(a)(10)(A)(ii)) may be approved unless
11 the chief executive officer of the State certifies to
12 the Secretary of Health and Human Services that
13 the plan, as so amended, will satisfy the require-
14 ments of paragraphs (1) and (2) of this subsection.
15 (d) EFFECTIVE DATE.—

16 (1) IN GENERAL.—The amendments made by
17 this section shall apply on and after October 1,
18 1999.

19 (2) EXTENSION OF EFFECTIVE DATE FOR
20 STATE LAW AMENDMENT.—In the case of a State
21 plan under title XIX of the Social Security Act
22 which the Secretary of Health and Human Services
23 determines requires State legislation in order for the
24 plan to meet the additional requirements imposed by
25 the amendments made by this section, the State

1 plan shall not be regarded as failing to comply with
 2 the requirements of this section solely on the basis
 3 of its failure to meet these additional requirements
 4 before the first day of the first calendar quarter be-
 5 ginning after the close of the first regular session of
 6 the State legislature that begins after the date of en-
 7 actment of this Act. For purposes of the previous
 8 sentence, in the case of a State that has a 2-year
 9 legislative session, each year of the session is consid-
 10 ered to be a separate regular session of the State
 11 legislature.

12 **SEC. 102. CONTINUATION OF MEDICARE COVERAGE FOR**
 13 **WORKING INDIVIDUALS WITH DISABILITIES.**

14 (a) CONTINUATION OF COVERAGE.—Section 1818A
 15 of the Social Security Act (42 U.S.C. 1395i-2a) is amend-
 16 ed by adding at the end the following:

17 “(e)(1) During the 10-year period beginning with the
 18 first month that begins after the date of enactment of this
 19 subsection, this section shall apply—

20 “(A) in subsection (a), by inserting—

21 “(i) in paragraph (2)(C), “on or after the
 22 date of enactment of the Work Incentives Im-
 23 provement Act of 1999” after “ends”; and

24 “(ii) “without being subject to a premium”
 25 before the period; and

1 “(B) without regard to subsections (c)(2)(D)
2 and (d).

3 “(2) Any individual who, as of the date of enactment
4 of this subsection is enrolled in the medicare program
5 under this section and would, without regard to paragraph
6 (1), otherwise satisfy the eligibility requirements for en-
7 rollment set forth in subsection (a) shall be deemed to sat-
8 isfy the requirement of subsection (a)(2)(C) of that section
9 after the application of paragraph (1)(A)(i) for purposes
10 of not being subject to a premium for enrollment in the
11 medicare program under this section.

12 “(3) Notwithstanding paragraph (1), paragraph (1)
13 shall continue to apply after the termination of the 10-
14 year period described in that paragraph in the case of any
15 individual who is enrolled in the medicare program under
16 this section for the month that ends such 10-year period.”.

17 (b) GAO REPORT.—Not later than 8 years after the
18 date of enactment of this Act, the Comptroller General
19 of the United States shall submit a report to Congress
20 that—

21 (1) examines the effectiveness and cost of sec-
22 tion 1818A of the Social Security Act (42 U.S.C.
23 1395i-2a) as amended by subsection (a); and

24 (2) recommends whether that section should
25 continue to be applied, as so amended, beyond the

1 10-year period described in subsection (e) of that
2 section.

3 **SEC. 103. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**
4 **FRASTRUCTURES TO SUPPORT WORKING IN-**
5 **DIVIDUALS WITH DISABILITIES.**

6 (a) **ESTABLISHMENT.**—

7 (1) **IN GENERAL.**—The Secretary of Health and
8 Human Services (in this section referred to as the
9 “Secretary”) shall award grants described in sub-
10 section (b) to States to support the design, establish-
11 ment, and operation of State infrastructures that
12 provide items and services to support working indi-
13 viduals with disabilities. A State may submit an ap-
14 plication for a grant authorized under this section at
15 such time, in such manner, and containing such in-
16 formation as the Secretary may determine.

17 (2) **DEFINITION OF STATE.**—In this section,
18 the term “State” means each of the 50 States, the
19 District of Columbia, Puerto Rico, Guam, the
20 United States Virgin Islands, American Samoa, and
21 the Commonwealth of the Northern Mariana Is-
22 lands.

23 (b) **GRANTS FOR INFRASTRUCTURE AND OUT-**
24 **REACH.**—

1 (1) IN GENERAL.—Out of the funds appro-
2 priated under subsection (e), the Secretary shall
3 award grants to States to—

4 (A) support the establishment, implemen-
5 tation, and operation of the State infrastruc-
6 tures described in subsection (a); and

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

9 (2) ELIGIBILITY FOR GRANTS.—

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

12 (i) the State has an approved amend-
13 ment to the State plan under title XIX of
14 the Social Security Act (42 U.S.C. 1396 et
15 seq.) that—

16 (I) provides medical assistance
17 under such plan to individuals de-
18 scribed in section
19 1902(a)(10)(A)(ii)(XV) of the Social
20 Security Act (42 U.S.C.
21 1396a(a)(10)(A)(ii)(XV)); or

22 (II) provides medical assistance
23 under such plan to individuals de-
24 scribed in subclauses (XV) and (XVI)
25 of section 1902(a)(10)(A)(ii) of the

1 Social Security Act (42 U.S.C.
2 1396a(a)(10)(A)(ii)); and

3 (ii) the State demonstrates to the sat-
4 isfaction of the Secretary that the State
5 makes personal assistance services avail-
6 able under the State plan under title XIX
7 of the Social Security Act (42 U.S.C. 1396
8 et seq.) to the extent necessary to enable
9 individuals described in subclause (I) or
10 (II) of clause (i) to remain employed (as
11 determined under section 1905(v)(2) of the
12 Social Security Act (42 U.S.C.
13 1396d(v)(2)).

14 (B) DEFINITION OF PERSONAL ASSIST-
15 ANCE SERVICES.—In this paragraph, the term
16 “personal assistance services” means a range of
17 services, provided by 1 or more persons, de-
18 signed to assist an individual with a disability
19 to perform daily activities on and off the job
20 that the individual would typically perform if
21 the individual did not have a disability. Such
22 services shall be designed to increase the indi-
23 vidual’s control in life and ability to perform ev-
24 eryday activities on or off the job.

25 (3) DETERMINATION OF AWARDS.—

1 (A) IN GENERAL.—Subject to subpara-
2 graph (B), the Secretary shall determine a for-
3 mula for awarding grants to States under this
4 section that provides special consideration to
5 States that provide medical assistance under
6 title XIX of the Social Security Act to individ-
7 uals described in section
8 1902(a)(10)(A)(ii)(XVI) of that Act (42 U.S.C.
9 1396a(a)(10)(A)(ii)(XVI)).

10 (B) AWARD LIMITS.—

11 (i) MINIMUM AWARDS.—No State that
12 submits an approved application for fund-
13 ing under this section shall receive a grant
14 for a fiscal year that is less than \$500,000.

15 (ii) MAXIMUM AWARDS.—No State
16 that submits an approved application for
17 funding under this section shall receive a
18 grant for a fiscal year that exceeds 15 per-
19 cent of the total expenditures by the State
20 (including the reimbursed Federal share of
21 such expenditures) for medical assistance
22 for individuals eligible under subclause
23 (XV) or (XVI) of section
24 1902(a)(10)(A)(ii), whichever is greater, as

1 estimated by the State and approved by
2 the Secretary.

3 (c) AVAILABILITY OF FUNDS.—

4 (1) FUNDS ALLOCATED TO STATES.—Funds al-
5 located to a State under a grant made under this
6 section for a fiscal year shall remain available until
7 expended.

8 (2) FUNDS NOT ALLOCATED TO STATES.—
9 Funds not allocated to States in the fiscal year for
10 which they are appropriated shall remain available
11 in succeeding fiscal years for allocation by the Sec-
12 retary using the allocation formula established by
13 the Secretary under subsection (c)(3)(A).

14 (d) ANNUAL REPORT.—A State that receives a grant
15 under this section shall submit an annual report to the
16 Secretary on the use of funds provided under the grant.
17 Each report shall include the percentage increase in the
18 number of title II disability beneficiaries, as defined in sec-
19 tion 1148(k)(3) of the Social Security Act (as amended
20 by section 201) in the State, and title XVI disability bene-
21 ficiaries, as defined in section 1148(k)(4) of the Social Se-
22 curity Act (as so amended) in the State who return to
23 work.

24 (e) APPROPRIATION.—Out of any funds in the Treas-
25 ury not otherwise appropriated, there is authorized to be

1 appropriated and there is appropriated to make grants
2 under this section—

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

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

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

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

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

8 (6) for fiscal years 2005 through 2010, the
9 amount appropriated for the preceding fiscal year
10 increased by the percentage increase (if any) in the
11 Consumer Price Index for All Urban Consumers
12 (United States city average) for the preceding fiscal
13 year.

14 (f) RECOMMENDATION.—Not later than October 1,
15 2009, the Secretary of Health and Human Services, in
16 consultation with the Work Incentives Advisory Panel es-
17 tablished under section 202, shall submit a recommenda-
18 tion to the Committee on Commerce and the Committee
19 on Ways and Means of the House of Representatives and
20 the Committee on Finance of the Senate regarding wheth-
21 er the grant program established under this section should
22 be continued after fiscal year 2010.

1 **SEC. 104. DEMONSTRATION OF COVERAGE OF WORKERS**
2 **WITH POTENTIALLY SEVERE DISABILITIES.**

3 (a) **STATE APPLICATION.**—A State may apply to the
4 Secretary of Health and Human Services (in this section
5 referred to as the “Secretary”) for approval of a dem-
6 onstration project (in this section referred to as a “dem-
7 onstration project”) under which up to a specified maxi-
8 mum number of individuals who are workers with a poten-
9 tially severe disability (as defined in subsection (b)(1)) are
10 provided medical assistance equal to that provided under
11 section 1905(a) of the Social Security Act (42 U.S.C.
12 1396d(a)) to individuals described in section
13 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C.
14 1396a(a)(10)(A)(ii)(XV)).

15 (b) **WORKER WITH A POTENTIALLY SEVERE DIS-**
16 **ABILITY DEFINED.**—For purposes of this section—

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

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

22 (B) has a specific physical or mental im-
23 pairment that, as defined by the State under
24 the demonstration project, is reasonably ex-
25 pected, but for the receipt of items and services
26 described in section 1905(a) of the Social Secu-

1 rity Act, to become blind or disabled (as defined
2 under section 1614(a) of the Social Security
3 Act); and

4 (C) is employed (as defined in paragraph
5 (2)).

6 (2) DEFINITION OF EMPLOYED.—An individual
7 is considered to be “employed” if the individual—

8 (A) is earning at least the applicable mini-
9 mum wage requirement under section 6 of the
10 Fair Labor Standards Act (29 U.S.C. 206) and
11 working at least 40 hours per month; or

12 (B) is engaged in a work effort that meets
13 substantial and reasonable threshold criteria for
14 hours of work, wages, or other measures, as de-
15 fined under the demonstration project and ap-
16 proved by the Secretary.

17 (c) APPROVAL OF DEMONSTRATION PROJECTS.—

18 (1) IN GENERAL.—Subject to paragraph (3),
19 the Secretary shall approve applications under sub-
20 section (a) that meet the requirements of paragraph
21 (2) and such additional terms and conditions as the
22 Secretary may require. The Secretary may waive the
23 requirement of section 1902(a)(1) of the Social Se-
24 curity Act (42 U.S.C. 1396a(a)(1)) to allow for sub-
25 State demonstrations.

1 (2) TERMS AND CONDITIONS OF DEMONSTRA-
2 TION PROJECTS.—The Secretary may not approve a
3 demonstration project under this section unless the
4 State provides assurances satisfactory to the Sec-
5 retary that the following conditions are or will be
6 met:

7 (A) ELECTION OF OPTIONAL CATEGORY.—

8 The State has elected to provide coverage under
9 its plan under title XIX of the Social Security
10 Act of individuals described in section
11 1902(a)(10)(A)(ii)(XV) of the Social Security
12 Act.

13 (B) MAINTENANCE OF STATE EFFORT.—

14 Federal funds paid to a State pursuant to this
15 section must be used to supplement, but not
16 supplant, the level of State funds expended for
17 workers with potentially severe disabilities
18 under programs in effect for such individuals at
19 the time the demonstration project is approved
20 under this section.

21 (C) INDEPENDENT EVALUATION.—The

22 State provides for an independent evaluation of
23 the project.

24 (3) LIMITATIONS ON FEDERAL FUNDING.—

1 (A) APPROPRIATION.—Out of any funds in
2 the Treasury not otherwise appropriated, there
3 is authorized to be appropriated and there is
4 appropriated to carry out this section—

5 (i) for fiscal year 2000, \$70,000,000;

6 (ii) for fiscal year 2001, \$73,000,000;

7 (iii) for fiscal year 2002, \$77,000,000;

8 and

9 (iv) for fiscal year 2003, \$80,000,000.

10 (B) LIMITATION ON PAYMENTS.—In no
11 case may—

12 (i) the aggregate amount of payment
13 made by the Secretary to States under this
14 section exceed \$300,000,000; or

15 (ii) payment be provided by the Sec-
16 retary for a fiscal year after fiscal year
17 2005.

18 (C) FUNDS ALLOCATED TO STATES.—The
19 Secretary shall allocate funds to States based
20 on their applications and the availability of
21 funds. Funds allocated to a State under a grant
22 made under this section for a fiscal year shall
23 remain available until expended.

24 (D) FUNDS NOT ALLOCATED TO STATES.—
25 Funds not allocated to States in the fiscal year

1 for which they are appropriated shall remain
2 available in succeeding fiscal years for alloca-
3 tion by the Secretary using the allocation for-
4 mula established under this section.

5 (E) PAYMENTS TO STATES.—Subject to
6 the succeeding provisions of this section, the
7 Secretary shall pay to each State with a dem-
8 onstration project approved under this section,
9 from its allocation under subparagraph (C), an
10 amount for each quarter equal to the Federal
11 medical assistance percentage (as defined in
12 section 1905(b) of the Social Security Act (42
13 U.S.C. 1395d(b)) of expenditures in the quarter
14 for medical assistance provided to workers with
15 a potentially severe disability.

16 (d) STATE DEFINED.—In this section, the term
17 “State” has the meaning given such term for purposes of
18 title XIX of the Social Security Act.

1 **TITLE II—TICKET TO WORK AND**
2 **SELF-SUFFICIENCY AND RE-**
3 **LATED PROVISIONS**

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

6 **SEC. 201. ESTABLISHMENT OF THE TICKET TO WORK AND**
7 **SELF-SUFFICIENCY PROGRAM.**

8 (a) **IN GENERAL.**—Part A of title XI of the Social
9 Security Act (42 U.S.C. 1301 et seq.) is amended by add-
10 ing after section 1147 (as added by section 8 of the Non-
11 citizen Benefit Clarification and Other Technical Amend-
12 ments Act of 1998 (Public Law 105–306; 112 Stat.
13 2928)) the following:

14 “**TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM**

15 “**SEC. 1148. (a) IN GENERAL.**—The Commissioner
16 shall establish a Ticket to Work and Self-Sufficiency Pro-
17 gram, under which a disabled beneficiary may use a ticket
18 to work and self-sufficiency issued by the Commissioner
19 in accordance with this section to obtain employment serv-
20 ices, vocational rehabilitation services, or other support
21 services from an employment network which is of the bene-
22 ficiary’s choice and which is willing to provide such serv-
23 ices to the beneficiary.

24 “(b) **TICKET SYSTEM.**—

1 “(1) DISTRIBUTION OF TICKETS.—The Com-
2 missioner may issue a ticket to work and self-suffi-
3 ciency to disabled beneficiaries for participation in
4 the Program.

5 “(2) ASSIGNMENT OF TICKETS.—A disabled
6 beneficiary holding a ticket to work and self-suffi-
7 ciency may assign the ticket to any employment net-
8 work of the beneficiary’s choice which is serving
9 under the Program and is willing to accept the as-
10 signment.

11 “(3) TICKET TERMS.—A ticket issued under
12 paragraph (1) shall consist of a document which evi-
13 dences the Commissioner’s agreement to pay (as
14 provided in paragraph (4)) an employment network,
15 which is serving under the Program and to which
16 such ticket is assigned by the beneficiary, for such
17 employment services, vocational rehabilitation serv-
18 ices, and other support services as the employment
19 network may provide to the beneficiary.

20 “(4) PAYMENTS TO EMPLOYMENT NET-
21 WORKS.—The Commissioner shall pay an employ-
22 ment network under the Program in accordance with
23 the outcome payment system under subsection
24 (h)(2) or under the outcome-milestone payment sys-
25 tem under subsection (h)(3) (whichever is elected

1 pursuant to subsection (h)(1)). An employment net-
2 work may not request or receive compensation for
3 such services from the beneficiary.

4 “(c) STATE PARTICIPATION.—

5 “(1) IN GENERAL.—Each State agency admin-
6 istering or supervising the administration of the
7 State plan approved under title I of the Rehabilita-
8 tion Act of 1973 may elect to participate in the Pro-
9 gram as an employment network with respect to a
10 disabled beneficiary. If the State agency does elect
11 to participate in the Program, the State agency also
12 shall elect to be paid under the outcome payment
13 system or the outcome-milestone payment system in
14 accordance with subsection (h)(1). With respect to a
15 disabled beneficiary that the State agency does not
16 elect to have participate in the Program, the State
17 agency shall be paid for services provided to that
18 beneficiary under the system for payment applicable
19 under section 222(d) and subsections (d) and (e) of
20 section 1615. The Commissioner shall provide for
21 periodic opportunities for exercising such elections
22 (and revocations).

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

1 “(A) STATE AGENCIES PARTICIPATING.—

2 In any case in which a State agency described
3 in paragraph (1) elects under that paragraph to
4 participate in the Program, the employment
5 services, vocational rehabilitation services, and
6 other support services which, upon assignment
7 of tickets to work and self-sufficiency, are pro-
8 vided to disabled beneficiaries by the State
9 agency acting as an employment network shall
10 be governed by plans for vocational rehabilita-
11 tion services approved under title I of the Reha-
12 bilitation Act of 1973.

13 “(B) STATE AGENCIES ADMINISTERING
14 MATERNAL AND CHILD HEALTH SERVICES PRO-
15 GRAMS.—Subparagraph (A) shall not apply
16 with respect to any State agency administering
17 a program under title V of this Act.

18 “(3) SPECIAL REQUIREMENTS APPLICABLE TO
19 CROSS-REFERRAL TO CERTAIN STATE AGENCIES.—

20 “(A) IN GENERAL.—In any case in which
21 an employment network has been assigned a
22 ticket to work and self-sufficiency by a disabled
23 beneficiary, no State agency shall be deemed re-
24 quired, under this section, title I of the Work-
25 force Investment Act of 1998, title I of the Re-

1 habilitation Act of 1973, or a State plan ap-
2 proved under such title, to accept any referral
3 of such disabled beneficiary from such employ-
4 ment network unless such employment network
5 and such State agency have entered into a writ-
6 ten agreement that meets the requirements of
7 subparagraph (B). Any beneficiary who has as-
8 signed a ticket to work and self-sufficiency to
9 an employment network that has not entered
10 into such a written agreement with such a
11 State agency may not access vocational rehabili-
12 tation services under title I of the Rehabilita-
13 tion Act of 1973 until such time as the bene-
14 ficiary is reassigned to a State vocational reha-
15 bilitation agency by the Program Manager.

16 “(B) TERMS OF AGREEMENT.—An agree-
17 ment required by subparagraph (A) shall speci-
18 fy, in accordance with regulations prescribed
19 pursuant to subparagraph (C)—

20 “(i) the extent (if any) to which the
21 employment network holding the ticket will
22 provide to the State agency—

23 “(I) reimbursement for costs in-
24 curred in providing services described

1 in subparagraph (A) to the disabled
2 beneficiary; and

3 “(II) other amounts from pay-
4 ments made by the Commissioner to
5 the employment network pursuant to
6 subsection (h); and

7 “(ii) any other conditions that may be
8 required by such regulations.

9 “(C) REGULATIONS.—The Commissioner
10 and the Secretary of Education shall jointly
11 prescribe regulations specifying the terms of
12 agreements required by subparagraph (A) and
13 otherwise necessary to carry out the provisions
14 of this paragraph.

15 “(D) PENALTY.—No payment may be
16 made to an employment network pursuant to
17 subsection (h) in connection with services pro-
18 vided to any disabled beneficiary if such em-
19 ployment network makes referrals described in
20 subparagraph (A) in violation of the terms of
21 the agreement required under subparagraph (A)
22 or without having entered into such an agree-
23 ment.

24 “(d) RESPONSIBILITIES OF THE COMMISSIONER.—

1 “(1) SELECTION AND QUALIFICATIONS OF PRO-
2 GRAM MANAGERS.—The Commissioner shall enter
3 into agreements with 1 or more organizations in the
4 private or public sector for service as a program
5 manager to assist the Commissioner in administer-
6 ing the Program. Any such program manager shall
7 be selected by means of a competitive bidding proc-
8 ess, from among organizations in the private or pub-
9 lic sector with available expertise and experience in
10 the field of vocational rehabilitation and employment
11 services.

12 “(2) TENURE, RENEWAL, AND EARLY TERMI-
13 NATION.—Each agreement entered into under para-
14 graph (1) shall provide for early termination upon
15 failure to meet performance standards which shall be
16 specified in the agreement and which shall be
17 weighted to take into account any performance in
18 prior terms. Such performance standards shall
19 include—

20 “(A) measures for ease of access by bene-
21 ficiaries to services; and

22 “(B) measures for determining the extent
23 to which failures in obtaining services for bene-
24 ficiaries fall within acceptable parameters, as
25 determined by the Commissioner.

1 “(3) PRECLUSION FROM DIRECT PARTICIPA-
2 TION IN DELIVERY OF SERVICES IN OWN SERVICE
3 AREA.—Agreements under paragraph (1) shall
4 preclude—

5 “(A) direct participation by a program
6 manager in the delivery of employment services,
7 vocational rehabilitation services, or other sup-
8 port services to beneficiaries in the service area
9 covered by the program manager’s agreement;
10 and

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

16 “(4) SELECTION OF EMPLOYMENT NET-
17 WORKS.—

18 “(A) IN GENERAL.—The Commissioner
19 shall select and enter into agreements with em-
20 ployment networks for service under the Pro-
21 gram. Such employment networks shall be in
22 addition to State agencies serving as employ-
23 ment networks pursuant to elections under sub-
24 section (c).

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

9 “(5) TERMINATION OF AGREEMENTS WITH EM-
10 PLOYMENT NETWORKS.—The Commissioner shall
11 terminate agreements with employment networks for
12 inadequate performance, as determined by the Com-
13 missioner.

14 “(6) QUALITY ASSURANCE.—The Commissioner
15 shall provide for such periodic reviews as are nec-
16 essary to provide for effective quality assurance in
17 the provision of services by employment networks.
18 The Commissioner shall solicit and consider the
19 views of consumers and the program manager under
20 which the employment networks serve and shall con-
21 sult with providers of services to develop perform-
22 ance measurements. The Commissioner shall ensure
23 that the results of the periodic reviews are made
24 available to beneficiaries who are prospective service
25 recipients as they select employment networks. The

1 Commissioner shall ensure that the periodic surveys
2 of beneficiaries receiving services under the Program
3 are designed to measure customer service satisfac-
4 tion.

5 “(7) DISPUTE RESOLUTION.—The Commis-
6 sioner shall provide for a mechanism for resolving
7 disputes between beneficiaries and employment net-
8 works, between program managers and employment
9 networks, and between program managers and pro-
10 viders of services. The Commissioner shall afford a
11 party to such a dispute a reasonable opportunity for
12 a full and fair review of the matter in dispute.

13 “(e) PROGRAM MANAGERS.—

14 “(1) IN GENERAL.—A program manager shall
15 conduct tasks appropriate to assist the Commis-
16 sioner in carrying out the Commissioner’s duties in
17 administering the Program.

18 “(2) RECRUITMENT OF EMPLOYMENT NET-
19 WORKS.—A program manager shall recruit, and rec-
20 ommend for selection by the Commissioner, employ-
21 ment networks for service under the Program. The
22 program manager shall carry out such recruitment
23 and provide such recommendations, and shall mon-
24 itor all employment networks serving in the Program
25 in the geographic area covered under the program

1 manager's agreement, to the extent necessary and
2 appropriate to ensure that adequate choices of serv-
3 ices are made available to beneficiaries. Employment
4 networks may serve under the Program only pursu-
5 ant to an agreement entered into with the Commis-
6 sioner under the Program incorporating the applica-
7 ble provisions of this section and regulations there-
8 under, and the program manager shall provide and
9 maintain assurances to the Commissioner that pay-
10 ment by the Commissioner to employment networks
11 pursuant to this section is warranted based on com-
12 pliance by such employment networks with the terms
13 of such agreement and this section. The program
14 manager shall not impose numerical limits on the
15 number of employment networks to be recommended
16 pursuant to this paragraph.

17 “(3) FACILITATION OF ACCESS BY BENE-
18 FICIARIES TO EMPLOYMENT NETWORKS.—A pro-
19 gram manager shall facilitate access by beneficiaries
20 to employment networks. The program manager
21 shall ensure that each beneficiary is allowed changes
22 in employment networks for good cause, as deter-
23 mined by the Commissioner, without being deemed
24 to have rejected services under the Program. The
25 program manager shall establish and maintain lists

1 of employment networks available to beneficiaries
2 and shall make such lists generally available to the
3 public. The program manager shall ensure that all
4 information provided to disabled beneficiaries pursu-
5 ant to this paragraph is provided in accessible for-
6 mats.

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

14 “(5) REASONABLE ACCESS TO SERVICES.—The
15 program manager shall take such measures as are
16 necessary to ensure that sufficient employment net-
17 works are available and that each beneficiary receiv-
18 ing services under the Program has reasonable ac-
19 cess to employment services, vocational rehabilitation
20 services, and other support services. Services pro-
21 vided under the Program may include case manage-
22 ment, work incentives planning, supported employ-
23 ment, career planning, career plan development, vo-
24 cational assessment, job training, placement, follow-
25 up services, and such other services as may be speci-

1 fied by the Commissioner under the Program. The
2 program manager shall ensure that such services are
3 available in each service area.

4 “(f) EMPLOYMENT NETWORKS.—

5 “(1) QUALIFICATIONS FOR EMPLOYMENT NET-
6 WORKS.—

7 “(A) IN GENERAL.—Each employment net-
8 work serving under the Program shall consist of
9 an agency or instrumentality of a State (or a
10 political subdivision thereof) or a private entity
11 that assumes responsibility for the coordination
12 and delivery of services under the Program to
13 individuals assigning to the employment net-
14 work tickets to work and self-sufficiency issued
15 under subsection (b).

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

21 “(C) COMPLIANCE WITH SELECTION CRI-
22 TERIA.—No employment network may serve
23 under the Program unless it meets and main-
24 tains compliance with both general selection cri-
25 teria (such as professional and educational

1 qualifications (where applicable)) and specific
2 selection criteria (such as substantial expertise
3 and experience in providing relevant employ-
4 ment services and supports).

5 “(D) SINGLE OR ASSOCIATED PROVIDERS
6 ALLOWED.—An employment network shall con-
7 sist of either a single provider of such services
8 or of an association of such providers organized
9 so as to combine their resources into a single
10 entity. An employment network may meet the
11 requirements of subsection (e)(4) by providing
12 services directly, or by entering into agreements
13 with other individuals or entities providing ap-
14 propriate employment services, vocational reha-
15 bilitation services, or other support services.

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

20 “(A) serve prescribed service areas; and

21 “(B) take such measures as are necessary
22 to ensure that employment services, vocational
23 rehabilitation services, and other support serv-
24 ices provided under the Program by, or under
25 agreements entered into with, the employment

1 network are provided under appropriate individ-
2 ual work plans meeting the requirements of
3 subsection (g).

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

7 “(4) PERIODIC OUTCOMES REPORTING.—Each
8 employment network shall prepare periodic reports,
9 on at least an annual basis, itemizing for the covered
10 period specific outcomes achieved with respect to
11 specific services provided by the employment net-
12 work. Such reports shall conform to a national
13 model prescribed under this section. Each employ-
14 ment network shall provide a copy of the latest re-
15 port issued by the employment network pursuant to
16 this paragraph to each beneficiary upon enrollment
17 under the Program for services to be received
18 through such employment network. Upon issuance of
19 each report to each beneficiary, a copy of the report
20 shall be maintained in the files of the employment
21 network. The program manager shall ensure that
22 copies of all such reports issued under this para-
23 graph are made available to the public under reason-
24 able terms.

25 “(g) INDIVIDUAL WORK PLANS.—

1 “(1) REQUIREMENTS.—Each employment net-
2 work shall—

3 “(A) take such measures as are necessary
4 to ensure that employment services, vocational
5 rehabilitation services, and other support serv-
6 ices provided under the Program by, or under
7 agreements entered into with, the employment
8 network are provided under appropriate individ-
9 ual work plans that meet the requirements of
10 subparagraph (C);

11 “(B) develop and implement each such in-
12 dividual work plan in partnership with each
13 beneficiary receiving such services in a manner
14 that affords the beneficiary the opportunity to
15 exercise informed choice in selecting an employ-
16 ment goal and specific services needed to
17 achieve that employment goal;

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

20 “(i) a statement of the vocational goal
21 developed with the beneficiary;

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

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

4 “(iv) a statement of understanding re-
5 garding the beneficiary’s rights under the
6 Program (such as the right to retrieve the
7 ticket to work and self-sufficiency if the
8 beneficiary is dissatisfied with the services
9 being provided by the employment net-
10 work) and remedies available to the indi-
11 vidual, including information on the avail-
12 ability of advocacy services and assistance
13 in resolving disputes through the State
14 grant program authorized under section
15 1150;

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

20 “(E) make each beneficiary’s individual
21 work plan available to the beneficiary in, as ap-
22 propriate, an accessible format chosen by the
23 beneficiary.

24 “(2) EFFECTIVE UPON WRITTEN APPROVAL.—
25 A beneficiary’s individual work plan shall take effect

1 upon written approval by the beneficiary or a rep-
2 resentative of the beneficiary and a representative of
3 the employment network that, in providing such
4 written approval, acknowledges assignment of the
5 beneficiary's ticket to work and self-sufficiency.

6 “(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

7 “(1) ELECTION OF PAYMENT SYSTEM BY EM-
8 PLOYMENT NETWORKS.—

9 “(A) IN GENERAL.—The Program shall
10 provide for payment authorized by the Commis-
11 sioner to employment networks under either an
12 outcome payment system or an outcome-mile-
13 stone payment system. Each employment net-
14 work shall elect which payment system will be
15 utilized by the employment network, and, for
16 such period of time as such election remains in
17 effect, the payment system so elected shall be
18 utilized exclusively in connection with such em-
19 ployment network (except as provided in sub-
20 paragraph (B)).

21 “(B) NO CHANGE IN METHOD OF PAY-
22 MENT FOR BENEFICIARIES WITH TICKETS AL-
23 READY ASSIGNED TO THE EMPLOYMENT NET-
24 WORKS.—Any election of a payment system by
25 an employment network that would result in a

1 change in the method of payment to the em-
2 ployment network for services provided to a
3 beneficiary who is receiving services from the
4 employment network at the time of the election
5 shall not be effective with respect to payment
6 for services provided to that beneficiary and the
7 method of payment previously selected shall
8 continue to apply with respect to such services.

9 “(2) OUTCOME PAYMENT SYSTEM.—

10 “(A) IN GENERAL.—The outcome payment
11 system shall consist of a payment structure gov-
12 erning employment networks electing such sys-
13 tem under paragraph (1)(A) which meets the
14 requirements of this paragraph.

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

24 “(C) COMPUTATION OF PAYMENTS TO EM-
25 PLOYMENT NETWORK.—The payment schedule

1 of the outcome payment system shall be de-
 2 signed so that—

3 “(i) the payment for each of the 60
 4 months during the outcome payment pe-
 5 riod for which benefits (described in para-
 6 graphs (3) and (4) of subsection (k)) are
 7 not payable is equal to a fixed percentage
 8 of the payment calculation base for the cal-
 9 endar year in which such month occurs;
 10 and

11 “(ii) such fixed percentage is set at a
 12 percentage which does not exceed 40 per-
 13 cent.

14 “(3) OUTCOME-MILESTONE PAYMENT SYS-
 15 TEM.—

16 “(A) IN GENERAL.—The outcome-mile-
 17 stone payment system shall consist of a pay-
 18 ment structure governing employment networks
 19 electing such system under paragraph (1)(A)
 20 which meets the requirements of this para-
 21 graph.

22 “(B) EARLY PAYMENTS UPON ATTAIN-
 23 MENT OF MILESTONES IN ADVANCE OF OUT-
 24 COME PAYMENT PERIODS.—The outcome-mile-
 25 stone payment system shall provide for 1 or

1 more milestones with respect to beneficiaries re-
2 ceiving services from an employment network
3 under the Program that are directed toward the
4 goal of permanent employment. Such milestones
5 shall form a part of a payment structure that
6 provides, in addition to payments made during
7 outcome payment periods, payments made prior
8 to outcome payment periods in amounts based
9 on the attainment of such milestones.

10 “(C) LIMITATION ON TOTAL PAYMENTS TO
11 EMPLOYMENT NETWORK.—The payment sched-
12 ule of the outcome-milestone payment system
13 shall be designed so that the total of the pay-
14 ments to the employment network with respect
15 to each beneficiary is less than, on a net
16 present value basis (using an interest rate de-
17 termined by the Commissioner that appro-
18 priately reflects the cost of funds faced by pro-
19 viders), the total amount to which payments to
20 the employment network with respect to the
21 beneficiary would be limited if the employment
22 network were paid under the outcome payment
23 system.

24 “(4) DEFINITIONS.—In this subsection:

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

4 “(i) in connection with a title II dis-
5 ability beneficiary, the average disability
6 insurance benefit payable under section
7 223 for all beneficiaries for months during
8 the preceding calendar year; and

9 “(ii) in connection with a title XVI
10 disability beneficiary (who is not concu-
11 rently a title II disability beneficiary), the
12 average payment of supplemental security
13 income benefits based on disability payable
14 under title XVI (excluding State sup-
15 plementation) for months during the pre-
16 ceding calendar year to all beneficiaries
17 who have attained age 18 but have not at-
18 tained age 65.

19 “(B) OUTCOME PAYMENT PERIOD.—The
20 term ‘outcome payment period’ means, in con-
21 nection with any individual who had assigned a
22 ticket to work and self-sufficiency to an employ-
23 ment network under the Program, a period—

24 “(i) beginning with the first month,
25 ending after the date on which such ticket

1 was assigned to the employment network,
2 for which benefits (described in paragraphs
3 (3) and (4) of subsection (k)) are not pay-
4 able to such individual by reason of en-
5 gagement in substantial gainful activity or
6 by reason of earnings from work activity;
7 and

8 “(ii) ending with the 60th month
9 (consecutive or otherwise), ending after
10 such date, for which such benefits are not
11 payable to such individual by reason of en-
12 gagement in substantial gainful activity or
13 by reason of earnings from work activity.

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

16 “(A) PERCENTAGES AND PERIODS.—The
17 Commissioner shall periodically review the per-
18 centage specified in paragraph (2)(C), the total
19 payments permissible under paragraph (3)(C),
20 and the period of time specified in paragraph
21 (4)(B) to determine whether such percentages,
22 such permissible payments, and such period
23 provide an adequate incentive for employment
24 networks to assist beneficiaries to enter the
25 workforce, while providing for appropriate

1 economies. The Commissioner may alter such
2 percentage, such total permissible payments, or
3 such period of time to the extent that the Com-
4 missioner determines, on the basis of the Com-
5 missioner's review under this paragraph, that
6 such an alteration would better provide the in-
7 centive and economies described in the preced-
8 ing sentence.

9 “(B) NUMBER AND AMOUNTS OF MILE-
10 STONE PAYMENTS.—The Commissioner shall
11 periodically review the number and amounts of
12 milestone payments established by the Commis-
13 sioner pursuant to this section to determine
14 whether they provide an adequate incentive for
15 employment networks to assist beneficiaries to
16 enter the workforce, taking into account infor-
17 mation provided to the Commissioner by pro-
18 gram managers, the Work Incentives Advisory
19 Panel established under section 202 of the
20 Work Incentives Improvement Act of 1999, and
21 other reliable sources. The Commissioner may
22 from time to time alter the number and
23 amounts of milestone payments initially estab-
24 lished by the Commissioner pursuant to this
25 section to the extent that the Commissioner de-

1 termines that such an alteration would allow an
2 adequate incentive for employment networks to
3 assist beneficiaries to enter the workforce. Such
4 alteration shall be based on information pro-
5 vided to the Commissioner by program man-
6 agers, the Work Incentives Advisory Panel es-
7 tablished under section 202 of the Work Incen-
8 tives Improvement Act of 1999, or other reli-
9 able sources.

10 “(i) SUSPENSION OF DISABILITY REVIEWS.—During
11 any period for which an individual is using, as defined by
12 the Commissioner, a ticket to work and self-sufficiency
13 issued under this section, the Commissioner (and any ap-
14 plicable State agency) may not initiate a continuing dis-
15 ability review or other review under section 221 of whether
16 the individual is or is not under a disability or a review
17 under title XVI similar to any such review under section
18 221.

19 “(j) ALLOCATION OF COSTS.—

20 “(1) PAYMENTS TO EMPLOYMENT NET-
21 WORKS.—Payments to employment networks (in-
22 cluding State agencies that elect to participate in the
23 Program as an employment network) shall be made
24 from the Federal Old-Age and Survivors Insurance
25 Trust Fund or the Federal Disability Insurance

1 Trust Fund, as appropriate, in the case of ticketed
2 title II disability beneficiaries who return to work,
3 or from the appropriation made available for making
4 supplemental security income payments under title
5 XVI, in the case of title XVI disability beneficiaries
6 who return to work. With respect to ticketed bene-
7 ficiaries who concurrently are entitled to benefits
8 under title II and eligible for payments under title
9 XVI who return to work, the Commissioner shall al-
10 locate the cost of payments to employment networks
11 to which the tickets of such beneficiaries have been
12 assigned among such Trust Funds and appropria-
13 tion, as appropriate.

14 “(2) ADMINISTRATIVE EXPENSES.—The costs
15 of administering this section (other than payments
16 to employment networks) shall be paid from
17 amounts made available for the administration of
18 title II and amounts made available for the adminis-
19 tration of title XVI, and shall be allocated among
20 those amounts as appropriate.

21 “(k) DEFINITIONS.—In this section:

22 “(1) COMMISSIONER.—The term ‘Commis-
23 sioner’ means the Commissioner of Social Security.

1 “(2) DISABLED BENEFICIARY.—The term ‘dis-
2 abled beneficiary’ means a title II disability bene-
3 ficiary or a title XVI disability beneficiary.

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

12 “(4) TITLE XVI DISABILITY BENEFICIARY.—
13 The term ‘title XVI disability beneficiary’ means an
14 individual eligible for supplemental security income
15 benefits under title XVI on the basis of blindness
16 (within the meaning of section 1614(a)(2)) or dis-
17 ability (within the meaning of section 1614(a)(3)).
18 An individual is a title XVI disability beneficiary for
19 each month for which such individual is eligible for
20 such benefits.

21 “(5) SUPPLEMENTAL SECURITY INCOME BENE-
22 FIT UNDER TITLE XVI.—The term ‘supplemental se-
23 curity income benefit under title XVI’ means a cash
24 benefit under section 1611 or 1619(a), and does not

1 include a State supplementary payment, adminis-
2 tered federally or otherwise.

3 “(l) REGULATIONS.—Not later than 1 year after the
4 date of enactment of this section, the Commissioner shall
5 prescribe such regulations as are necessary to carry out
6 the provisions of this section.

7 “(m) SUNSET OF PROGRAM.—The Program estab-
8 lished under this section shall terminate on September 30,
9 2004.”

10 (b) CONFORMING AMENDMENTS.—

11 (1) AMENDMENTS TO TITLE II.—

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

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

18 (B) Section 222(a) of the Social Security
19 Act (42 U.S.C. 422(a)) is repealed.

20 (C) Section 222(b) of the Social Security
21 Act (42 U.S.C. 422(b)) is repealed.

22 (D) Section 225(b)(1) of the Social Secu-
23 rity Act (42 U.S.C. 425(b)(1)) is amended by
24 striking “a program of vocational rehabilitation
25 services” and inserting “a program consisting

1 of the Ticket to Work and Self-Sufficiency Pro-
2 gram under section 1148 or another program of
3 vocational rehabilitation services, employment
4 services, or other support services”.

5 (2) AMENDMENTS TO TITLE XVI.—

6 (A) Section 1615(a) of the Social Security
7 Act (42 U.S.C. 1382d(a)) is amended to read
8 as follows:

9 “SEC. 1615. (a) In the case of any blind or disabled
10 individual who—

11 “(1) has not attained age 16, and

12 “(2) with respect to whom benefits are paid
13 under this title,

14 the Commissioner of Social Security shall make provision
15 for referral of such individual to the appropriate State
16 agency administering the State program under title V.”.

17 (B) Section 1615(c) of the Social Security
18 Act (42 U.S.C. 1382d(c)) is repealed.

19 (C) Section 1631(a)(6)(A) of the Social
20 Security Act (42 U.S.C. 1383(a)(6)(A)) is
21 amended by striking “a program of vocational
22 rehabilitation services” and inserting “a pro-
23 gram consisting of the Ticket to Work and Self-
24 Sufficiency Program under section 1148 or an-
25 other program of vocational rehabilitation serv-

1 ices, employment services, or other support
2 services”.

3 (D) Section 1633(c) of the Social Security
4 Act (42 U.S.C. 1383b(c)) is amended—

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

6 (ii) by adding at the end the follow-
7 ing:

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

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

16 (d) GRADUATED IMPLEMENTATION OF PROGRAM.—

17 (1) IN GENERAL.—Not later than 1 year after
18 the date of enactment of this Act, the Commissioner
19 of Social Security shall commence implementation of
20 the amendments made by this section (other than
21 paragraphs (1)(C) and (2)(B) of subsection (b)) in
22 graduated phases at phase-in sites selected by the
23 Commissioner. Such phase-in sites shall be selected
24 so as to ensure, prior to full implementation of the
25 Ticket to Work and Self-Sufficiency Program, the

1 development and refinement of referral processes,
2 payment systems, computer linkages, management
3 information systems, and administrative processes
4 necessary to provide for full implementation of such
5 amendments. Subsection (c) shall apply with respect
6 to paragraphs (1)(C) and (2)(B) of subsection (b)
7 without regard to this subsection.

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

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

21 (4) ONGOING EVALUATION OF PROGRAM.—

22 (A) IN GENERAL.—The Commissioner
23 shall design and conduct a series of evaluations
24 to assess the cost-effectiveness of activities car-
25 ried out under this section and the amendments

1 made thereby, as well as the effects of this sec-
2 tion and the amendments made thereby on
3 work outcomes for beneficiaries receiving tickets
4 to work and self-sufficiency under the Program.

5 (B) CONSULTATION.—The Commissioner
6 shall design and carry out the series of evalua-
7 tions after receiving relevant advice from ex-
8 perts in the fields of disability, vocational reha-
9 bilitation, and program evaluation and individ-
10 uals using tickets to work and self-sufficiency
11 under the Program and consulting with the
12 Work Incentives Advisory Panel established
13 under section 202, the Comptroller General of
14 the United States, other agencies of the Federal
15 Government, and private organizations with ap-
16 propriate expertise.

17 (C) METHODOLOGY.—

18 (i) IMPLEMENTATION.—The Commis-
19 sioner, in consultation with the Work In-
20 centives Advisory Panel established under
21 section 202, shall ensure that plans for
22 evaluations and data collection methods
23 under the Program are appropriately de-
24 signed to obtain detailed employment infor-
25 mation.

1 (ii) SPECIFIC MATTERS TO BE AD-
2 DRESSED.—Each such evaluation shall ad-
3 dress (but is not limited to)—

4 (I) the annual cost (including net
5 cost) of the Program and the annual
6 cost (including net cost) that would
7 have been incurred in the absence of
8 the Program;

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

13 (III) the types of employment
14 services, vocational rehabilitation serv-
15 ices, and other support services fur-
16 nished to beneficiaries in receipt of
17 tickets under the Program who return
18 to work and to those who do not re-
19 turn to work;

20 (IV) the duration of employment
21 services, vocational rehabilitation serv-
22 ices, and other support services fur-
23 nished to beneficiaries in receipt of
24 tickets under the Program who return
25 to work and the duration of such serv-

1 ices furnished to those who do not re-
2 turn to work and the cost to employ-
3 ment networks of furnishing such
4 services;

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

12 (VI) the characteristics of provid-
13 ers whose services are provided within
14 an employment network under the
15 Program;

16 (VII) the extent (if any) to which
17 employment networks display a great-
18 er willingness to provide services to
19 beneficiaries with a range of disabil-
20 ities;

21 (VIII) the characteristics (includ-
22 ing employment outcomes) of those
23 beneficiaries who receive services
24 under the outcome payment system
25 and of those beneficiaries who receive

1 services under the outcome-milestone
2 payment system;

3 (IX) measures of satisfaction
4 among beneficiaries in receipt of tick-
5 ets under the Program; and

6 (X) reasons for (including com-
7 ments solicited from beneficiaries re-
8 garding) their choice not to use their
9 tickets or their inability to return to
10 work despite the use of their tickets.

11 (D) PERIODIC EVALUATION REPORTS.—

12 Following the close of the third and fifth fiscal
13 years ending after the effective date under sub-
14 section (c), and prior to the close of the seventh
15 fiscal year ending after such date, the Commis-
16 sioner shall transmit to the Committee on Ways
17 and Means of the House of Representatives and
18 the Committee on Finance of the Senate a re-
19 port containing the Commissioner's evaluation
20 of the progress of activities conducted under the
21 provisions of this section and the amendments
22 made thereby. Each such report shall set forth
23 the Commissioner's evaluation of the extent to
24 which the Program has been successful and the
25 Commissioner's conclusions on whether or how

1 the Program should be modified. Each such re-
2 port shall include such data, findings, materials,
3 and recommendations as the Commissioner may
4 consider appropriate.

5 (5) EXTENT OF STATE'S RIGHT OF FIRST RE-
6 FUSAL IN ADVANCE OF FULL IMPLEMENTATION OF
7 AMENDMENTS IN SUCH STATE.—

8 (A) IN GENERAL.—In the case of any
9 State in which the amendments made by sub-
10 section (a) have not been fully implemented
11 pursuant to this subsection, the Commissioner
12 shall determine by regulation the extent to
13 which—

14 (i) the requirement under section
15 222(a) of the Social Security Act for
16 prompt referrals to a State agency, and

17 (ii) the authority of the Commissioner
18 under section 222(d)(2) of the Social Secu-
19 rity Act to provide vocational rehabilitation
20 services in such State by agreement or
21 contract with other public or private agen-
22 cies, organizations, institutions, or individ-
23 uals,

24 shall apply in such State.

1 (B) EXISTING AGREEMENTS.—Nothing in
2 subparagraph (A) or the amendments made by
3 subsection (a) shall be construed to limit, im-
4 pede, or otherwise affect any agreement entered
5 into pursuant to section 222(d)(2) of the Social
6 Security Act before the date of enactment of
7 this Act with respect to services provided pursu-
8 ant to such agreement to beneficiaries receiving
9 services under such agreement as of such date,
10 except with respect to services (if any) to be
11 provided after 3 years after the effective date
12 provided in subsection (c).

13 (e) SPECIFIC REGULATIONS REQUIRED.—

14 (1) IN GENERAL.—The Commissioner of Social
15 Security shall prescribe such regulations as are nec-
16 essary to implement the amendments made by this
17 section.

18 (2) SPECIFIC MATTERS TO BE INCLUDED IN
19 REGULATIONS.—The matters which shall be ad-
20 dressed in such regulations shall include—

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

1 (B) the format and wording of such tick-
2 ets, which shall incorporate by reference any
3 contractual terms governing service by employ-
4 ment networks under the Program;

5 (C) the form and manner in which State
6 agencies may elect participation in the Ticket to
7 Work and Self-Sufficiency Program (and revoke
8 such an election) pursuant to section
9 1148(c)(1) of the Social Security Act and provi-
10 sion for periodic opportunities for exercising
11 such elections (and revocations);

12 (D) the status of State agencies under sec-
13 tion 1148(c)(1) at the time that State agencies
14 exercise elections (and revocations) under that
15 section;

16 (E) the terms of agreements to be entered
17 into with program managers pursuant to sec-
18 tion 1148(d) of the Social Security Act,
19 including—

20 (i) the terms by which program man-
21 agers are precluded from direct participa-
22 tion in the delivery of services pursuant to
23 section 1148(d)(3) of the Social Security
24 Act;

1 (ii) standards which must be met by
2 quality assurance measures referred to in
3 paragraph (6) of section 1148(d) and
4 methods of recruitment of employment net-
5 works utilized pursuant to paragraph (2)
6 of section 1148(e); and

7 (iii) the format under which dispute
8 resolution will operate under section
9 1148(d)(7);

10 (F) the terms of agreements to be entered
11 into with employment networks pursuant to sec-
12 tion 1148(d)(4) of the Social Security Act,
13 including—

14 (i) the manner in which service areas
15 are specified pursuant to section
16 1148(f)(2)(A) of the Social Security Act;

17 (ii) the general selection criteria and
18 the specific selection criteria which are ap-
19 plicable to employment networks under
20 section 1148(f)(1)(C) of the Social Secu-
21 rity Act in selecting service providers;

22 (iii) specific requirements relating to
23 annual financial reporting by employment
24 networks pursuant to section 1148(f)(3) of
25 the Social Security Act; and

1 (iv) the national model to which peri-
2 odic outcomes reporting by employment
3 networks must conform under section
4 1148(f)(4) of the Social Security Act;

5 (G) standards which must be met by indi-
6 vidual work plans pursuant to section 1148(g)
7 of the Social Security Act;

8 (H) standards which must be met by pay-
9 ment systems required under section 1148(h) of
10 the Social Security Act, including—

11 (i) the form and manner in which
12 elections by employment networks of pay-
13 ment systems are to be exercised pursuant
14 to section 1148(h)(1)(A);

15 (ii) the terms which must be met by
16 an outcome payment system under section
17 1148(h)(2);

18 (iii) the terms which must be met by
19 an outcome-milestone payment system
20 under section 1148(h)(3);

21 (iv) any revision of the percentage
22 specified in paragraph (2)(C) of section
23 1148(h) of the Social Security Act or the
24 period of time specified in paragraph
25 (4)(B) of such section 1148(h); and

1 (v) annual oversight procedures for
2 such systems; and

3 (I) procedures for effective oversight of the
4 Program by the Commissioner of Social Secu-
5 rity, including periodic reviews and reporting
6 requirements.

7 **SEC. 202. WORK INCENTIVES ADVISORY PANEL.**

8 (a) ESTABLISHMENT.—There is established within
9 the Social Security Administration a panel to be known
10 as the “Work Incentives Advisory Panel” (in this section
11 referred to as the “Panel”).

12 (b) DUTIES OF PANEL.—It shall be the duty of the
13 Panel to—

14 (1) advise the Secretary of Health and Human
15 Services, the Secretary of Labor, the Secretary of
16 Education, and the Commissioner of Social Security
17 on issues related to work incentives programs, plan-
18 ning, and assistance for individuals with disabilities,
19 including work incentive provisions under titles II,
20 XI, XVI, XVIII, and XIX of the Social Security Act
21 (42 U.S.C. 401 et seq., 1301 et seq., 1381 et seq.,
22 1395 et seq., 1396 et seq.); and

23 (2) with respect to the Ticket to Work and Self-
24 Sufficiency Program established under section 1148
25 of the Social Security Act—

1 (A) advise the Commissioner of Social Se-
2 curity with respect to establishing phase-in sites
3 for such Program and fully implementing the
4 Program thereafter, the refinement of access of
5 disabled beneficiaries to employment networks,
6 payment systems, and management information
7 systems, and advise the Commissioner whether
8 such measures are being taken to the extent
9 necessary to ensure the success of the Program;

10 (B) advise the Commissioner regarding the
11 most effective designs for research and dem-
12 onstration projects associated with the Program
13 or conducted pursuant to section 302;

14 (C) advise the Commissioner on the devel-
15 opment of performance measurements relating
16 to quality assurance under section 1148(d)(6)
17 of the Social Security Act; and

18 (D) furnish progress reports on the Pro-
19 gram to the Commissioner and each House of
20 Congress.

21 (c) MEMBERSHIP.—

22 (1) NUMBER AND APPOINTMENT.—The Panel
23 shall be composed of 12 members appointed by the
24 Commissioner of Social Security in consultation with
25 the Speaker of the House of Representatives, the

1 Minority Leader of the House of Representatives,
2 the Majority Leader of the Senate, and the Minority
3 Leader of the Senate.

4 (2) REPRESENTATION.—All members appointed
5 to the Panel shall have experience or expert knowl-
6 edge in the fields of, or related to, work incentive
7 programs, employment services, vocational rehabili-
8 tation services, health care services, and other sup-
9 port services for individuals with disabilities. At least
10 7 members of the Panel shall be individuals with dis-
11 abilities or representatives of individuals with dis-
12 abilities, except that, of those 7 members, at least 5
13 members shall be current or former title II disability
14 beneficiaries or title XVI disability beneficiaries (as
15 such terms are defined in section 1148(k) of the So-
16 cial Security Act (as added by section 201(a) of this
17 Act)).

18 (3) TERMS.—

19 (A) IN GENERAL.—Each member shall be
20 appointed for a term of 4 years (or, if less, for
21 the remaining life of the Panel), except as pro-
22 vided in subparagraphs (B) and (C). The initial
23 members shall be appointed not later than 90
24 days after the date of enactment of this Act.

1 (B) TERMS OF INITIAL APPOINTEES.—As
2 designated by the Commissioner at the time of
3 appointment, of the members first appointed—

4 (i) 6 of the members appointed under
5 paragraph (1) shall be appointed for a
6 term of 2 years, and

7 (ii) 6 of the members appointed under
8 paragraph (1) shall be appointed for a
9 term of 4 years.

10 (C) VACANCIES.—Any member appointed
11 to fill a vacancy occurring before the expiration
12 of the term for which the member's predecessor
13 was appointed shall be appointed only for the
14 remainder of that term. A member may serve
15 after the expiration of that member's term until
16 a successor has taken office. A vacancy in the
17 Panel shall be filled in the manner in which the
18 original appointment was made.

19 (4) BASIC PAY.—Members shall each be paid at
20 a rate, and in a manner, that is consistent with
21 guidelines established under section 7 of the Federal
22 Advisory Committee Act (5 U.S.C. App.).

23 (5) TRAVEL EXPENSES.—Each member shall
24 receive travel expenses, including per diem in lieu of

1 subsistence, in accordance with sections 5702 and
2 5703 of title 5, United States Code.

3 (6) QUORUM.—Eight members of the Panel
4 shall constitute a quorum but a lesser number may
5 hold hearings.

6 (7) CHAIRPERSON.—The Chairperson of the
7 Panel shall be designated by the Commissioner. The
8 term of office of the Chairperson shall be 4 years.

9 (8) MEETINGS.—The Panel shall meet at least
10 quarterly and at other times at the call of the Chair-
11 person or a majority of its members.

12 (d) DIRECTOR AND STAFF OF PANEL; EXPERTS AND
13 CONSULTANTS.—

14 (1) DIRECTOR.—The Panel shall have a Direc-
15 tor who shall be appointed by the Commissioner and
16 paid at a rate, and in a manner, that is consistent
17 with guidelines established under section 7 of the
18 Federal Advisory Committee Act (5 U.S.C. App.).

19 (2) STAFF.—Subject to rules prescribed by the
20 Commissioner, the Director may appoint and fix the
21 pay of additional personnel as the Director considers
22 appropriate.

23 (3) EXPERTS AND CONSULTANTS.—Subject to
24 rules prescribed by the Commissioner, the Director

1 may procure temporary and intermittent services
2 under section 3109(b) of title 5, United States Code.

3 (4) STAFF OF FEDERAL AGENCIES.—Upon re-
4 quest of the Panel, the head of any Federal depart-
5 ment or agency may detail, on a reimbursable basis,
6 any of the personnel of that department or agency
7 to the Panel to assist it in carrying out its duties
8 under this section.

9 (e) POWERS OF PANEL.—

10 (1) HEARINGS AND SESSIONS.—The Panel may,
11 for the purpose of carrying out its duties under this
12 section, hold such hearings, sit and act at such times
13 and places, and take such testimony and evidence as
14 the Panel considers appropriate.

15 (2) POWERS OF MEMBERS AND AGENTS.—Any
16 member or agent of the Panel may, if authorized by
17 the Panel, take any action which the Panel is au-
18 thorized to take by this section.

19 (3) MAILS.—The Panel may use the United
20 States mails in the same manner and under the
21 same conditions as other departments and agencies
22 of the United States.

23 (f) REPORTS.—

1 (1) INTERIM REPORTS.—The Panel shall sub-
2 mit to the President and Congress interim reports at
3 least annually.

4 (2) FINAL REPORT.—The Panel shall transmit
5 a final report to the President and Congress not
6 later than 8 years after the date of enactment of
7 this Act. The final report shall contain a detailed
8 statement of the findings and conclusions of the
9 Panel, together with its recommendations for legisla-
10 tion and administrative actions which the Panel con-
11 siders appropriate.

12 (g) TERMINATION.—The Panel shall terminate 30
13 days after the date of the submission of its final report
14 under subsection (f)(2).

15 (h) ALLOCATION OF COSTS.—The costs of carrying
16 out this section shall be paid from amounts made available
17 for the administration of title II of the Social Security Act
18 (42 U.S.C. 401 et seq.) and amounts made available for
19 the administration of title XVI of that Act (42 U.S.C.
20 1381 et seq.), and shall be allocated among those amounts
21 as appropriate.

1 **Subtitle B—Elimination of Work**
2 **Disincentives**

3 **SEC. 211. PROHIBITION ON USING WORK ACTIVITY AS A**
4 **BASIS FOR REVIEW OF AN INDIVIDUAL'S DIS-**
5 **ABLED STATUS.**

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

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

13 “(A) no continuing disability review conducted
14 by the Commissioner may be scheduled for the indi-
15 vidual solely as a result of the individual’s work ac-
16 tivity;

17 “(B) no work activity engaged in by the individ-
18 ual may be used as evidence that the individual is
19 no longer disabled; and

20 “(C) no cessation of work activity by the indi-
21 vidual may give rise to a presumption that the indi-
22 vidual is unable to engage in work.

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

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

3 “(B) termination of benefits under this title in
4 the event that the individual has earnings that ex-
5 ceed the level of earnings established by the Com-
6 missioner to represent substantial gainful activity.”.

7 **SEC. 212. EXPEDITED ELIGIBILITY DETERMINATIONS FOR**
8 **APPLICATIONS OF FORMER LONG-TERM**
9 **BENEFICIARIES THAT COMPLETED AN EX-**
10 **TENDED PERIOD OF ELIGIBILITY.**

11 Section 223 of the Social Security Act (42 U.S.C.
12 423) is amended by adding at the end the following:

13 “Expedited Eligibility Determinations for Applications of
14 Former Long-Term Beneficiaries That Completed
15 an Extended Period of Eligibility

16 “(j) The Commissioner of Social Security shall estab-
17 lish a process for providing an expedited eligibility deter-
18 mination in the case of an application for disability insur-
19 ance benefits under this section, or for monthly insurance
20 benefits under section 202 based on another individual’s
21 disability, that is filed by an individual that previously—

22 “(1) received such benefits for at least 24
23 months; and

1 “(2) engaged in substantial gainful activity dur-
2 ing the 36-month period following the end of a trial
3 work period under section 222(c).”.

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

6 **SEC. 221. WORK INCENTIVES OUTREACH PROGRAM.**

7 Part A of title XI of the Social Security Act (42
8 U.S.C. 1301 et seq.), as amended by section 201, is
9 amended by adding after section 1148 the following:

10 “WORK INCENTIVES OUTREACH PROGRAM

11 “SEC. 1149. (a) ESTABLISHMENT.—

12 “(1) IN GENERAL.—The Commissioner, in con-
13 sultation with the Work Incentives Advisory Panel
14 established under section 202 of the Work Incentives
15 Improvement Act of 1999, shall establish a commu-
16 nity-based work incentives planning and assistance
17 program for the purpose of disseminating accurate
18 information to disabled beneficiaries on work incen-
19 tives programs and issues related to such programs.

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

24 “(A) establish a competitive program of
25 grants, cooperative agreements, or contracts to
26 provide benefits planning and assistance, in-

1 including information on the availability of pro-
2 tection and advocacy services, to disabled bene-
3 ficiaries, including individuals participating in
4 the Ticket to Work and Self-Sufficiency Pro-
5 gram established under section 1148, the pro-
6 gram established under section 1619, and other
7 programs that are designed to encourage dis-
8 abled beneficiaries to work;

9 “(B) conduct directly, or through grants,
10 cooperative agreements, or contracts, ongoing
11 outreach efforts to disabled beneficiaries (and
12 to the families of such beneficiaries) who are
13 potentially eligible to participate in Federal or
14 State work incentive programs that are de-
15 signed to assist disabled beneficiaries to work,
16 including—

17 “(i) preparing and disseminating in-
18 formation explaining such programs; and

19 “(ii) working in cooperation with
20 other Federal, State, and private agencies
21 and nonprofit organizations that serve dis-
22 abled beneficiaries, and with agencies and
23 organizations that focus on vocational re-
24 habilitation and work-related training and
25 counseling;

1 “(C) establish a corps of trained, acces-
2 sible, and responsive work incentives specialists
3 within the Social Security Administration who
4 will specialize in disability work incentives
5 under titles II and XVI for the purpose of dis-
6 seminating accurate information with respect to
7 inquiries and issues relating to work incentives
8 to—

9 “(i) disabled beneficiaries;

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

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

15 “(D) provide—

16 “(i) training for the work incentive
17 specialists and the individuals providing
18 planning assistance described in subpara-
19 graph (C); and

20 “(ii) technical assistance to organiza-
21 tions and entities that are designed to en-
22 courage disabled beneficiaries to return to
23 work.

24 “(3) COORDINATION WITH OTHER PRO-
25 GRAMS.—The responsibilities of the Commissioner

1 established under this section shall be coordinated
2 with other public and private programs that provide
3 information and assistance regarding rehabilitation
4 services and independent living supports and bene-
5 fits planning for disabled beneficiaries including the
6 program under section 1619, the plans for achieving
7 self-support program (PASS), and any other Federal
8 or State work incentives programs that are designed
9 to assist disabled beneficiaries, including educational
10 agencies that provide information and assistance re-
11 garding rehabilitation, school-to-work programs,
12 transition services (as defined in, and provided in ac-
13 cordance with, the Individuals with Disabilities Edu-
14 cation Act (20 U.S.C. 1400 et seq.)), and other serv-
15 ices.

16 “(b) CONDITIONS.—

17 “(1) SELECTION OF ENTITIES.—

18 “(A) APPLICATION.—An entity shall sub-
19 mit an application for a grant, cooperative
20 agreement, or contract to provide benefits plan-
21 ning and assistance to the Commissioner at
22 such time, in such manner, and containing such
23 information as the Commissioner may deter-
24 mine is necessary to meet the requirements of
25 this section.

1 “(B) STATEWIDENESS.—The Commis-
2 sioner shall ensure that the planning, assist-
3 ance, and information described in paragraph
4 (2) shall be available on a statewide basis.

5 “(C) ELIGIBILITY OF STATES AND PRI-
6 VATE ORGANIZATIONS.—

7 “(i) IN GENERAL.—The Commissioner
8 may award a grant, cooperative agreement,
9 or contract under this section to a State or
10 a private agency or organization (other
11 than Social Security Administration Field
12 Offices and the State agency administering
13 the State medicaid program under title
14 XIX, including any agency or entity de-
15 scribed in clause (ii), that the Commis-
16 sioner determines is qualified to provide
17 the planning, assistance, and information
18 described in paragraph (2)).

19 “(ii) AGENCIES AND ENTITIES DE-
20 SCRIBED.—The agencies and entities de-
21 scribed in this clause are the following:

22 “(I) Any public or private agency
23 or organization (including Centers for
24 Independent Living established under
25 title VII of the Rehabilitation Act of

1 1973, protection and advocacy organi-
2 zations, client assistance programs es-
3 tablished in accordance with section
4 112 of the Rehabilitation Act of 1973,
5 and State Developmental Disabilities
6 Councils established in accordance
7 with section 124 of the Developmental
8 Disabilities Assistance and Bill of
9 Rights Act (42 U.S.C. 6024)) that the
10 Commissioner determines satisfies the
11 requirements of this section.

12 “(II) The State agency admin-
13 istering the State program funded
14 under part A of title IV.

15 “(D) EXCLUSION FOR CONFLICT OF IN-
16 TEREST.—The Commissioner may not award a
17 grant, cooperative agreement, or contract under
18 this section to any entity that the Commissioner
19 determines would have a conflict of interest if
20 the entity were to receive a grant, cooperative
21 agreement, or contract under this section.

22 “(2) SERVICES PROVIDED.—A recipient of a
23 grant, cooperative agreement, or contract to provide
24 benefits planning and assistance shall select individ-
25 uals who will act as planners and provide informa-

1 tion, guidance, and planning to disabled beneficiaries
2 on the—

3 “(A) availability and interrelation of any
4 Federal or State work incentives programs de-
5 signed to assist disabled beneficiaries that the
6 individual may be eligible to participate in;

7 “(B) adequacy of any health benefits cov-
8 erage that may be offered by an employer of
9 the individual and the extent to which other
10 health benefits coverage may be available to the
11 individual; and

12 “(C) availability of protection and adv-
13 cacy services for disabled beneficiaries and how
14 to access such services.

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

17 “(A) BASED ON POPULATION OF DIS-
18 ABLED BENEFICIARIES.—Subject to subpara-
19 graph (B), the Commissioner shall award a
20 grant, cooperative agreement, or contract under
21 this section to an entity based on the percent-
22 age of the population of the State where the en-
23 tity is located who are disabled beneficiaries.

24 “(B) LIMITATIONS.—

1 “(i) PER GRANT.—No entity shall re-
2 ceive a grant, cooperative agreement, or
3 contract under this section for a fiscal year
4 that is less than \$50,000 or more than
5 \$300,000.

6 “(ii) TOTAL AMOUNT FOR ALL
7 GRANTS, COOPERATIVE AGREEMENTS, AND
8 CONTRACTS.—The total amount of all
9 grants, cooperative agreements, and con-
10 tracts awarded under this section for a fis-
11 cal year may not exceed \$23,000,000.

12 “(4) ALLOCATION OF COSTS.—The costs of car-
13 rying out this section shall be paid from amounts
14 made available for the administration of title II and
15 amounts made available for the administration of
16 title XVI, and shall be allocated among those
17 amounts as appropriate.

18 “(c) DEFINITIONS.—In this section:

19 “(1) COMMISSIONER.—The term ‘Commis-
20 sioner’ means the Commissioner of Social Security.

21 “(2) DISABLED BENEFICIARY.—The term ‘dis-
22 abled beneficiary’ has the meaning given that term
23 in section 1148(k)(2).”.

1 **SEC. 222. STATE GRANTS FOR WORK INCENTIVES ASSIST-**
 2 **ANCE TO DISABLED BENEFICIARIES.**

3 Part A of title XI of the Social Security Act (42
 4 U.S.C. 1301 et seq.), as amended by section 221, is
 5 amended by adding after section 1149 the following:

6 “STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO
 7 DISABLED BENEFICIARIES

8 “SEC. 1150. (a) IN GENERAL.—Subject to subsection
 9 (c), the Commissioner may make payments in each State
 10 to the protection and advocacy system established pursu-
 11 ant to part C of title I of the Developmental Disabilities
 12 Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.)
 13 for the purpose of providing services to disabled bene-
 14 ficiaries.

15 “(b) SERVICES PROVIDED.—

16 “(1) IN GENERAL.—Subject to paragraph (2),
 17 services provided to disabled beneficiaries pursuant
 18 to a payment made under this section may include—

19 “(A) information and advice about obtain-
 20 ing vocational rehabilitation and employment
 21 services; and

22 “(B) advocacy or other services that a dis-
 23 abled beneficiary may need to secure or regain
 24 gainful employment.

25 “(c) APPLICATION.—In order to receive payments
 26 under this section, a protection and advocacy system shall

1 submit an application to the Commissioner, at such time,
2 in such form and manner, and accompanied by such infor-
3 mation and assurances as the Commissioner may require.

4 “(d) AMOUNT OF PAYMENTS.—

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

9 “(A) in the case of a protection and advo-
10 cacy system located in a State (including the
11 District of Columbia and Puerto Rico) other
12 than Guam, American Samoa, the United
13 States Virgin Islands, and the Commonwealth
14 of the Northern Mariana Islands, the greater
15 of—

16 “(i) \$100,000; or

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

20 “(B) in the case of a protection and advo-
21 cacy system located in Guam, American Samoa,
22 the United States Virgin Islands, and the Com-
23 monwealth of the Northern Mariana Islands,
24 \$50,000.

1 “(2) INFLATION ADJUSTMENT.—For each fiscal
2 year in which the total amount appropriated to carry
3 out this section exceeds the total amount appro-
4 priated to carry out this section in the preceding fis-
5 cal year, the Commissioner shall increase each mini-
6 mum payment under subparagraphs (A) and (B) of
7 paragraph (1) by a percentage equal to the percent-
8 age increase in the total amount appropriated to
9 carry out this section between the preceding fiscal
10 year and the fiscal year involved.

11 “(e) ANNUAL REPORT.—Each protection and advo-
12 cacy system that receives a payment under this section
13 shall submit an annual report to the Commissioner and
14 the Work Incentives Advisory Panel established under sec-
15 tion 202 of the Work Incentives Improvement Act of 1999
16 on the services provided to individuals by the system.

17 “(f) FUNDING.—

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

24 “(2) CARRYOVER.—Any amounts allotted for
25 payment to a protection and advocacy system under

1 this section for a fiscal year shall remain available
 2 for payment to or on behalf of the protection and
 3 advocacy system until the end of the succeeding fis-
 4 cal year.

5 “(g) DEFINITIONS.—In this section:

6 “(1) COMMISSIONER.—The term ‘Commis-
 7 sioner’ means the Commissioner of Social Security.

8 “(2) DISABLED BENEFICIARY.—The term ‘dis-
 9 abled beneficiary’ has the meaning given that term
 10 in section 1148(k)(2).

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

17 **TITLE III—DEMONSTRATION**
 18 **PROJECTS AND STUDIES**

19 **SEC. 301. EXTENSION OF DISABILITY INSURANCE PRO-**
 20 **GRAM DEMONSTRATION PROJECT AUTHOR-**
 21 **ITY.**

22 Section 505 of the Social Security Disability Amend-
 23 ments of 1980 (42 U.S.C. 1310 note) is amended—

24 (1) in subsection (a)(1)—

1 (A) by striking “and (B)” and inserting “,
2 (B)”;

3 (B) by inserting “, and (C) implementing
4 sliding scale benefit offsets using variations in
5 the amount of the offset as a proportion of
6 earned income, the duration of the offset pe-
7 riod, and the method of determining the
8 amount of income earned by the beneficiaries,
9 and using state-of-the-art information tech-
10 nology and electronic funds transfer technology
11 to streamline the reporting of data and the im-
12 plementation of the offsets, and developing and
13 making available to beneficiaries, their families,
14 guardians, and advocates, through the Internet
15 information regarding work incentives and as-
16 sistance for beneficiaries to make informed deci-
17 sions regarding work,” after “rehabilitation),”;
18 and

19 (C) by adding at the end the following:
20 “The Commissioner may expand the scope of
21 any such demonstration project to include any
22 group of applicants for benefits under such pro-
23 gram with impairments which may reasonably
24 be presumed to be disabling for purposes of
25 such demonstration project, and may limit any

1 such demonstration project to any such group
 2 of applicants, subject to the terms of such dem-
 3 onstration project which shall define the extent
 4 of any such presumption.”;

5 (2) in subsection (a)(3), by striking “June 10,
 6 1996” and inserting “June 10, 2001”;

7 (3) in subsection (a)(4), by inserting “and on or
 8 before October 1, 2000,” after “1995,”; and

9 (4) in subsection (c), by striking “October 1,
 10 1996” and inserting “October 1, 2002”.

11 **SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-**
 12 **DUCTIONS IN DISABILITY INSURANCE BENE-**
 13 **FITS BASED ON EARNINGS.**

14 (a) **AUTHORITY.**—The Commissioner of Social Secu-
 15 rity shall conduct demonstration projects for the purpose
 16 of evaluating, through the collection of data, a program
 17 for title II disability beneficiaries (as defined in section
 18 1148(k)(3) of the Social Security Act) under which each
 19 \$1 of benefits payable under section 223, or under section
 20 202 based on the beneficiary’s disability, is reduced for
 21 each \$2 of such beneficiary’s earnings that is above a level
 22 to be determined by the Commissioner. Such projects shall
 23 be conducted at a number of localities which the Commis-
 24 sioner shall determine is sufficient to adequately evaluate
 25 the appropriateness of national implementation of such a

1 program. Such projects shall identify reductions in Fed-
2 eral expenditures that may result from the permanent im-
3 plementation of such a program.

4 (b) SCOPE AND SCALE AND MATTERS TO BE DETER-
5 MINED.—

6 (1) IN GENERAL.—The demonstration projects
7 developed under subsection (a) shall be of sufficient
8 duration, shall be of sufficient scope, and shall be
9 carried out on a wide enough scale to permit a thor-
10 ough evaluation of the project to determine—

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

14 (B) the extent, if any, to which the project
15 being tested is affected by whether it is in oper-
16 ation in a locality within an area under the ad-
17 ministration of the Ticket to Work and Self-
18 Sufficiency Program established under section
19 1148 of the Social Security Act; and

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

1 The Commissioner shall take into account advice
2 provided by the Work Incentives Advisory Panel pur-
3 suant to section 202(b)(2)(B).

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

6 (A) the annual cost (including net cost) of
7 the project and the annual cost (including net
8 cost) that would have been incurred in the ab-
9 sence of the project;

10 (B) the determinants of return to work, in-
11 cluding the characteristics of the beneficiaries
12 who participate in the project; and

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

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

20 (c) WAIVERS.—The Commissioner may waive compli-
21 ance with the benefit provisions of title II of the Social
22 Security Act, and the Secretary of Health and Human
23 Services may waive compliance with the benefit require-
24 ments of title XVIII of that Act, insofar as is necessary
25 for a thorough evaluation of the alternative methods under

1 consideration. No such project shall be actually placed in
2 operation unless at least 90 days prior thereto a written
3 report, prepared for purposes of notification and informa-
4 tion only and containing a full and complete description
5 thereof, has been transmitted by the Commissioner to the
6 Committee on Ways and Means of the House of Rep-
7 resentatives and to the Committee on Finance of the Sen-
8 ate. Periodic reports on the progress of such projects shall
9 be submitted by the Commissioner to such committees.
10 When appropriate, such reports shall include detailed rec-
11 ommendations for changes in administration or law, or
12 both, to carry out the objectives stated in subsection (a).

13 (d) INTERIM REPORTS.—Not later than 2 years after
14 the date of enactment of this Act, and annually thereafter,
15 the Commissioner of Social Security shall submit to Con-
16 gress an interim report on the progress of the demonstra-
17 tion projects carried out under this subsection together
18 with any related data and materials which the Commis-
19 sioner of Social Security may consider appropriate.

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

24 (f) EXPENDITURES.—Expenditures made for dem-
25 onstration projects under this section shall be made from

1 the Federal Disability Insurance Trust Fund and the Fed-
2 eral Old-Age and Survivors Insurance Trust Fund, as de-
3 termined appropriate by the Commissioner of Social Secu-
4 rity, and from the Federal Hospital Insurance Trust Fund
5 and the Federal Supplementary Medical Insurance Trust
6 Fund, as determined appropriate by the Secretary of
7 Health and Human Services, to the extent provided in ad-
8 vance in appropriation Acts.

9 **SEC. 303. SENSE OF CONGRESS REGARDING ADDITIONAL**
10 **DEMONSTRATION PROJECTS.**

11 It is the sense of Congress that the Commissioner
12 of Social Security and the Secretary of Health and Human
13 Services should establish additional demonstration
14 projects to assist individuals with disabilities to engage in
15 work.

16 **SEC. 304. STUDIES AND REPORTS.**

17 (a) **STUDY BY GENERAL ACCOUNTING OFFICE OF**
18 **EXISTING DISABILITY-RELATED EMPLOYMENT INCEN-**
19 **TIVES.—**

20 (1) **STUDY.—**As soon as practicable after the
21 date of enactment of this Act, the Comptroller Gen-
22 eral of the United States shall undertake a study to
23 assess existing tax credits and other disability-relat-
24 ed employment incentives under the Americans with
25 Disabilities Act of 1990 and other Federal laws. In

1 such study, the Comptroller General shall specifically
2 address the extent to which such credits and other
3 incentives would encourage employers to hire and re-
4 tain individuals with disabilities.

5 (2) REPORT.—Not later than 3 years after the
6 date of enactment of this Act, the Comptroller Gen-
7 eral shall transmit to the Committee on Ways and
8 Means of the House of Representatives and the
9 Committee on Finance of the Senate a written re-
10 port presenting the results of the Comptroller Gen-
11 eral's study conducted pursuant to this subsection,
12 together with such recommendations for legislative
13 or administrative changes as the Comptroller Gen-
14 eral determines are appropriate.

15 (b) STUDY BY GENERAL ACCOUNTING OFFICE OF
16 EXISTING COORDINATION OF THE DI AND SSI PROGRAMS
17 AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAV-
18 ING CONCURRENT ENTITLEMENT.—

19 (1) STUDY.—As soon as practicable after the
20 date of enactment of this Act, the Comptroller Gen-
21 eral of the United States shall undertake a study to
22 evaluate the coordination under current law of the
23 disability insurance program under title II of the So-
24 cial Security Act and the supplemental security in-
25 come program under title XVI of that Act, as such

1 programs relate to individuals entering or leaving
2 concurrent entitlement under such programs. In
3 such study, the Comptroller General shall specifically
4 address the effectiveness of work incentives under
5 such programs with respect to such individuals and
6 the effectiveness of coverage of such individuals
7 under titles XVIII and XIX of the Social Security
8 Act.

9 (2) REPORT.—Not later than 3 years after the
10 date of enactment of this Act, the Comptroller Gen-
11 eral shall transmit to the Committee on Ways and
12 Means of the House of Representatives and the
13 Committee on Finance of the Senate a written re-
14 port presenting the results of the Comptroller Gen-
15 eral's study conducted pursuant to this subsection,
16 together with such recommendations for legislative
17 or administrative changes as the Comptroller Gen-
18 eral determines are appropriate.

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

22 (1) STUDY.—As soon as practicable after the
23 date of enactment of this Act, the Comptroller Gen-
24 eral of the United States shall undertake a study of
25 the substantial gainful activity level applicable as of

1 that date to recipients of benefits under section 223
2 of the Social Security Act (42 U.S.C. 423) and
3 under section 202 of that Act (42 U.S.C. 402) on
4 the basis of a recipient having a disability, and the
5 effect of such level as a disincentive for those recipi-
6 ents to return to work. In the study, the Comptroller
7 General also shall address the merits of increasing
8 the substantial gainful activity level applicable to
9 such recipients of benefits and the rationale for not
10 yearly indexing that level to inflation.

11 (2) REPORT.—Not later than 2 years after the
12 date of enactment of this Act, the Comptroller Gen-
13 eral shall transmit to the Committee on Ways and
14 Means of the House of Representatives and the
15 Committee on Finance of the Senate a written re-
16 port presenting the results of the Comptroller Gen-
17 eral's study conducted pursuant to this subsection,
18 together with such recommendations for legislative
19 or administrative changes as the Comptroller Gen-
20 eral determines are appropriate.

1 **TITLE IV—TECHNICAL**
2 **AMENDMENTS**

3 **SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG**
4 **ADDICTS AND ALCOHOLICS.**

5 (a) CLARIFICATION RELATING TO THE EFFECTIVE
6 DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY
7 BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.—Sec-
8 tion 105(a)(5) of the Contract with America Advancement
9 Act of 1996 (Public Law 104–121; 110 Stat. 853) is
10 amended—

11 (1) in subparagraph (A), by striking “by the
12 Commissioner of Social Security” and “by the Com-
13 missioner”; and

14 (2) by adding at the end the following:

15 “(D) For purposes of this paragraph, an
16 individual’s claim, with respect to benefits
17 under title II of the Social Security Act based
18 on disability, which has been denied in whole
19 before the date of enactment of this Act, may
20 not be considered to be finally adjudicated be-
21 fore such date if, on or after such date—

22 “(i) there is pending a request for ei-
23 ther administrative or judicial review with
24 respect to such claim, or

1 “(ii) there is pending, with respect to
2 such claim, a readjudication by the Com-
3 missioner of Social Security pursuant to
4 relief in a class action or implementation
5 by the Commissioner of a court remand
6 order.

7 “(E) Notwithstanding the provisions of
8 this paragraph, with respect to any individual
9 for whom the Commissioner of Social Security
10 does not perform the entitlement redetermina-
11 tion before the date prescribed in subparagraph
12 (C), the Commissioner shall perform such enti-
13 tlement redetermination in lieu of a continuing
14 disability review whenever the Commissioner de-
15 termines that the individual’s entitlement is
16 subject to redetermination based on the preced-
17 ing provisions of this paragraph, and the provi-
18 sions of section 223(f) of the Social Security
19 Act shall not apply to such redetermination.”.

20 (b) CORRECTION TO EFFECTIVE DATE OF PROVI-
21 SIONS CONCERNING REPRESENTATIVE PAYEES AND
22 TREATMENT REFERRALS OF SOCIAL SECURITY BENE-
23 FICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—
24 Section 105(a)(5)(B) of the Contract with America Ad-

1 vancement Act of 1996 (42 U.S.C. 405 note) is amended
2 to read as follows:

3 “(B) The amendments made by para-
4 graphs (2) and (3) shall take effect on July 1,
5 1996, with respect to any individual—

6 “(i) whose claim for benefits is finally
7 adjudicated on or after the date of enact-
8 ment of this Act; or

9 “(ii) whose entitlement to benefits is
10 based on an entitlement redetermination
11 made pursuant to subparagraph (C).”.

12 (c) EFFECTIVE DATES.—The amendments made by
13 this section shall take effect as if included in the enact-
14 ment of section 105 of the Contract with America Ad-
15 vancement Act of 1996 (Public Law 104–121; 110 Stat.
16 852 et seq.).

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

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

20 (1) IN GENERAL.—Section 202(x)(3) of the So-
21 cial Security Act (42 U.S.C. 402(x)(3)) is
22 amended—

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

24 (B) by adding at the end the following:

1 “(B)(i) The Commissioner shall enter into an agree-
2 ment under this subparagraph with any interested State
3 or local institution comprising a jail, prison, penal institu-
4 tion, or correctional facility, or comprising any other insti-
5 tution a purpose of which is to confine individuals as de-
6 scribed in paragraph (1)(A)(ii). Under such agreement—

7 “(I) the institution shall provide to the Com-
8 missioner, on a monthly basis and in a manner spec-
9 ified by the Commissioner, the names, Social Secu-
10 rity account numbers, dates of birth, confinement
11 commencement dates, and, to the extent available to
12 the institution, such other identifying information
13 concerning the individuals confined in the institution
14 as the Commissioner may require for the purpose of
15 carrying out paragraph (1); and

16 “(II) the Commissioner shall pay to the institu-
17 tion, with respect to information described in sub-
18 clause (I) concerning each individual who is confined
19 therein as described in paragraph (1)(A), who re-
20 ceives a benefit under this title for the month pre-
21 ceding the first month of such confinement, and
22 whose benefit under this title is determined by the
23 Commissioner to be not payable by reason of con-
24 finement based on the information provided by the
25 institution, \$400 (subject to reduction under clause

1 (ii) if the institution furnishes the information to
2 the Commissioner within 30 days after the date such
3 individual's confinement in such institution begins,
4 or \$200 (subject to reduction under clause (ii)) if
5 the institution furnishes the information after 30
6 days after such date but within 90 days after such
7 date.

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

13 “(iii) The provisions of section 552a of title 5, United
14 States Code, shall not apply to any agreement entered into
15 under clause (i) or to information exchanged pursuant to
16 such agreement.

17 “(iv) There is authorized to be transferred from the
18 Federal Old-Age and Survivors Insurance Trust Fund and
19 the Federal Disability Insurance Trust Fund, as appro-
20 priate, such sums as may be necessary to enable the Com-
21 missioner to make payments to institutions required by
22 clause (i)(II).

23 “(v) The Commissioner is authorized to provide, on
24 a reimbursable basis, information obtained pursuant to
25 agreements entered into under clause (i) to any agency

1 administering a Federal or federally assisted cash, food,
2 or medical assistance program for eligibility purposes.”.

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

8 (b) ELIMINATION OF TITLE II REQUIREMENT THAT
9 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-
10 PRISONMENT FOR MORE THAN 1 YEAR.—

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

14 (A) in the matter preceding clause (i), by
15 striking “during” and inserting “throughout”;

16 (B) in clause (i), by striking “an offense
17 punishable by imprisonment for more than 1
18 year (regardless of the actual sentence im-
19 posed)” and inserting “a criminal offense”; and

20 (C) in clause (ii)(I), by striking “an of-
21 fense punishable by imprisonment for more
22 than 1 year” and inserting “a criminal of-
23 fense”.

24 (2) EFFECTIVE DATE.—The amendments made
25 by this subsection shall apply to individuals whose

1 period of confinement in an institution commences
 2 on or after the first day of the fourth month begin-
 3 ning after the month in which this Act is enacted.

4 (c) CONFORMING TITLE XVI AMENDMENTS.—

5 (1) FIFTY PERCENT REDUCTION IN TITLE XVI
 6 PAYMENT IN CASE INVOLVING COMPARABLE TITLE II
 7 PAYMENT.—Section 1611(e)(1)(I) of the Social Se-
 8 curity Act (42 U.S.C. 1382(e)(1)(I)) is amended—

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

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

14 (C) by inserting after clause (i) the follow-
 15 ing:

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

21 (2) EXPANSION OF CATEGORIES OF INSTITU-
 22 TIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH
 23 THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of
 24 the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i))
 25 is amended in the matter preceding subclause (I) by

1 striking “institution” and all that follows through
 2 “section 202(x)(1)(A),” and inserting “institution
 3 comprising a jail, prison, penal institution, or correc-
 4 tional facility, or with any other interested State or
 5 local institution a purpose of which is to confine in-
 6 dividuals as described in section 202(x)(1)(A)(ii),”.

7 (3) EFFECTIVE DATE.—The amendments made
 8 by this subsection shall take effect as if included in
 9 the enactment of section 203(a) of the Personal Re-
 10 sponsibility and Work Opportunity Reconciliation
 11 Act of 1996 (Public Law 104–193; 110 Stat. 2186).
 12 The reference to section 202(x)(1)(A)(ii) of the So-
 13 cial Security Act in section 1611(e)(1)(I)(i) of the
 14 Social Security Act as amended by paragraph (2)
 15 shall be deemed a reference to such section
 16 202(x)(1)(A)(ii) as amended by subsection (b)(1)(C).

17 (d) CONTINUED DENIAL OF BENEFITS TO SEX OF-
 18 FENDERS REMAINING CONFINED TO PUBLIC INSTITU-
 19 TIONS UPON COMPLETION OF PRISON TERM.—

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

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

1 (B) in clause (ii)(IV), by striking the pe-
 2 riod and inserting “, or”; and

3 (C) by adding at the end the following:

4 “(iii) immediately upon completion of confine-
 5 ment as described in clause (i) pursuant to convic-
 6 tion of a criminal offense an element of which is sex-
 7 ual activity, is confined by court order in an institu-
 8 tion at public expense pursuant to a finding that the
 9 individual is a sexually dangerous person or a sexual
 10 predator or a similar finding.”.

11 (2) CONFORMING AMENDMENT.—Section
 12 202(x)(1)(B)(ii) of the Social Security Act (42
 13 U.S.C. 402(x)(1)(B)(ii)) is amended by striking
 14 “clause (ii)” and inserting “clauses (ii) and (iii)”.

15 (3) EFFECTIVE DATE.—The amendments made
 16 by this subsection shall apply with respect to bene-
 17 fits for months ending after the date of enactment
 18 of this Act.

19 **SEC 403. REVOCATION BY MEMBERS OF THE CLERGY OF**
 20 **EXEMPTION FROM SOCIAL SECURITY COV-**
 21 **ERAGE.**

22 (a) IN GENERAL.—Notwithstanding section
 23 1402(e)(4) of the Internal Revenue Code of 1986, any ex-
 24 emption which has been received under section 1402(e)(1)
 25 of such Code by a duly ordained, commissioned, or li-

1 censed minister of a church, a member of a religious order,
2 or a Christian Science practitioner, and which is effective
3 for the taxable year in which this Act is enacted, may be
4 revoked by filing an application therefore (in such form
5 and manner, and with such official, as may be prescribed
6 in regulations made under chapter 2 of such Code), if such
7 application is filed no later than the due date of the Fed-
8 eral income tax return (including any extension thereof)
9 for the applicant's second taxable year beginning after De-
10 cember 31, 1999. Any such revocation shall be effective
11 (for purposes of chapter 2 of the Internal Revenue Code
12 of 1986 and title II of the Social Security Act), as speci-
13 fied in the application, either with respect to the appli-
14 cant's first taxable year beginning after December 31,
15 1999, or with respect to the applicant's second taxable
16 year beginning after such date, and for all succeeding tax-
17 able years; and the applicant for any such revocation may
18 not thereafter again file application for an exemption
19 under such section 1402(e)(1). If the application is filed
20 after the due date of the applicant's Federal income tax
21 return for a taxable year and is effective with respect to
22 that taxable year, it shall include or be accompanied by
23 payment in full of an amount equal to the total of the
24 taxes that would have been imposed by section 1401 of
25 the Internal Revenue Code of 1986 with respect to all of

1 the applicant's income derived in that taxable year which
2 would have constituted net earnings from self-employment
3 for purposes of chapter 2 of such Code (notwithstanding
4 paragraph (4) or (5) of section 1402(e) of such Code) ex-
5 cept for the exemption under section 1402(e)(1) of such
6 Code.

7 (b) EFFECTIVE DATE.—Subsection (a) shall apply
8 with respect to service performed (to the extent specified
9 in such subsection) in taxable years beginning after De-
10 cember 31, 1999, and with respect to monthly insurance
11 benefits payable under title II of the Social Security Act
12 on the basis of the wages and self-employment income of
13 any individual for months in or after the calendar year
14 in which such individual's application for revocation (as
15 described in such subsection) is effective (and lump-sum
16 death payments payable under such title on the basis of
17 such wages and self-employment income in the case of
18 deaths occurring in or after such calendar year).

19 **SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING**
20 **TO COOPERATIVE RESEARCH OR DEM-**
21 **ONSTRATION PROJECTS UNDER TITLES II**
22 **AND XVI.**

23 (a) IN GENERAL.—Section 1110(a)(3) of the Social
24 Security Act (42 U.S.C. 1310(a)(3)) is amended by strik-
25 ing “title XVI” and inserting “title II or XVI”.

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

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

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

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

20 (1) by striking “(as defined in section
21 453A(a)(2)(B)(iii))”; and

22 (2) by inserting “(as defined in section
23 453A(a)(2)(B))” after “employers” .

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to wage reports required to be sub-
3 mitted on and after the date of enactment of this Act.

○

Calendar No. 80

106TH CONGRESS }
1st Session }

SENATE

{ REPORT
106-37

WORK INCENTIVES IMPROVEMENT ACT OF 1999

MARCH 26, 1999.—Ordered to be printed

Filed, under authority of the order of the Senate of March 25, 1999

Mr. ROTH, from the Committee on Finance,
submitted the following

R E P O R T

[To accompany S. 331]

[Including cost estimate of the Congressional Budget Office]

The Committee on Finance, to which was referred the bill (S. 331) to expand the availability of health care services for workers with disabilities and create a Ticket to Work and Self-Sufficiency Program, having considered the same, reports favorably thereon as amended by the Committee, and recommends that the bill do pass.

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I. SUMMARY AND BACKGROUND

A. SUMMARY

S. 331, as reported by the Committee on Finance, expands new options to States under the Medicaid program for workers with disabilities; continues Medicare coverage for working individuals with disabilities; and establishes a Ticket to Work and Self-Sufficiency Program.

B. BACKGROUND AND REASONS FOR LEGISLATION

The goal of the bill is to help individuals with disabilities go to work if they so choose. The bill takes significant steps toward reforming Federal disability programs; improving access to needed services, including health care and employment assistance; and removing barriers to work.

Many persons with disabilities who currently receive Federal disability benefits, such as Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI), want to work. However, less than one-half of 1 percent of these beneficiaries leave the disability rolls and become self-sufficient. If disabled individuals try to work and increase their income, they lose their disability cash benefits and, subsequently, lose their health care coverage. The threat

of losing health benefits is a powerful disincentive for disabled beneficiaries who want to work.

The unemployment rate among working-age adults with severe disabilities is nearly 75 percent. Today, more than 7.5 million disabled Americans receive cash benefits from SSI and SSDI. Disability benefit spending for SSI and SSDI total \$73 billion a year, making these disability programs the fourth largest entitlement expenditure in the Federal Government. If only 1 percent—or 75,000—of the 7.5 million disabled adults were to become employed, Federal savings in disability benefits would total \$3.5 billion over the worklife of the beneficiaries. Removing barriers to work is a major benefit to disabled Americans in their pursuit of self-sufficiency and independence, and it also contributes to preserving the Social Security Trust Fund.

C. LEGISLATIVE HISTORY

The Finance Committee's first hearing on removing barriers to work for individuals with disabilities was held on July 29, 1998. At this hearing, and at a subsequent hearing on February 4, 1999, a total of 11 witnesses including disability services consumers, providers, and advocates testified about barriers to employment that currently exist in Federal disability and health care programs. The witnesses particularly singled out lack of access to health insurance as a primary obstacle to employment.

On January 28, 1999, Senator Jeffords, on behalf of himself, Senator Kennedy, Senator Roth and Senator Moynihan, introduced S. 331, the Work Incentives Improvement Act of 1999, a bill designed to remove barriers to employment for individuals with disabilities. At the February 4 hearing, S. 331 was specifically endorsed by Senator Bob Dole as well as representatives of the disability community.

On March 4, 1999, the Finance Committee ordered reported favorably, as amended by the Committee, S. 331, the Work Incentives Improvement Act of 1999, by a recorded vote of 11 to 1, with an additional 5 proxy votes in favor of the bill and with 1 proxy voted no.

II. EXPLANATION OF THE BILL

A. SECTION 1. SHORT TITLE

The short title of the bill is the "Work Incentives Improvement Act of 1999."

B. SECTION 2. PURPOSES

The Chairman's mark is based on S. 331 and has four primary purposes as set forth in the bill. First, the mark provides health care and employment preparation and placement services to individuals with disabilities to support efforts to return to work and to reduce dependency on cash assistance. Second, the mark creates new options for States to allow individuals with disabilities to purchase Medicaid coverage. Third, the mark lengthens the current period of extended eligibility for Medicare coverage for disabled beneficiaries who are leaving cash benefits for work. Finally, the

mark establishes a return to work "ticket" program that will allow beneficiaries to seek the services necessary to obtain and retain employment and reduce their dependency on cash benefit programs.

C. TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

1. SECTION 101. EXPANDING OPTIONS UNDER MEDICAID FOR WORKERS WITH DISABILITIES

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 \$500 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 209(b) 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 disabled and blind individuals who no longer receive SSI because they work and their earnings cause them to exceed SSI income eligibility thresholds. SSI cash benefits phase down until their earnings reach the current threshold of \$1,085 per month. Medicaid coverage continues for those with incomes rising above this threshold until earnings reach a level that takes into account amounts needed to cover health care costs and living expenses. That earnings level varies by State. For 1998, that level ranges from \$34,125 annually or \$2,844 per month to \$13,792 annually or \$1,149 per month. This eligibility status applies as long as the beneficiary:

- (1) continues to be blind or have a disabling impairment;
- (2) except for earnings, continues to meet all the other requirements for SSI eligibility;
- (3) would be seriously inhibited from continuing or obtaining employment if Medicaid eligibility were to end; and
- (4) 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 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 described above, they may also opt to continue to provide coverage to individuals, aged 16-64, who cease to be eligible for Medicaid under the previous option because of medical improvement, but who still have a severe medically determinable impairment, and who are employed. Individuals covered by Medicaid through other disability options (such as 1619b or the Balanced Budget Act of 1997 option) would continue Medicaid if eligibility ceases because of medical improvement. States may establish limits on resources and income 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 the Department 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 an individual's income, as established by the State. (Premium and cost-sharing changes do not apply to existing Medicaid mandatory or optional groups.) The State would be required to make premium or other cost-sharing charges the same for both these two new eligibility groups. In addition, a State may require individuals with income above 250 percent of the Federal poverty level to pay the full premium cost.

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. The new options would provide access to Medicaid coverage for working disabled individuals without requiring them to first receive cash benefits to qualify.

Effective date

The proposal would be effective on or after October 1, 1999.

2. SECTION 102. CONTINUATION OF MEDICARE COVERAGE FOR WORKING INDIVIDUALS WITH DISABILITIES

Present law

Disabled beneficiaries are provided with an extended period of time to test their ability to work without losing their entitlement to Social Security Disability Insurance (SSDI) and Medicare Part A benefits. The period consists of:

- (1) a *trial work period* during which disabled beneficiaries can work for up to 9 months (within a 5-year period) with no effect on their cash disability or Medicare benefits; and
- (2) after a 3-month grace period, Medicare Part A coverage continues for a 36-month *extended period of eligibility*, while cash benefits are suspended for any month in which the individual is engaged in substantial gainful activity (\$500 in monthly earnings).

When the Medicare entitlement ends because of the individual's work activity, if the individual is still medically disabled, Medicare coverage can be purchased by the individual through the payment of monthly premiums (currently \$309 per month for Part A, and \$45.50 per month for Part B).

Explanation of provision

The proposal would extend Medicare Part A coverage for working SSDI beneficiaries engaged in substantial gainful activity for the 10-year period following enactment of this subsection of the bill without requiring beneficiaries to pay the Medicare Part A premium. In addition, Medicare Part A coverage could continue after the termination of the 10-year period for any individual who is enrolled in the Medicare Part A program for the month that ends the initial 10-year period, without requiring the beneficiaries to pay the premium.

The proposal would require the Comptroller General of the United States to submit a report to Congress no later than 8 years after enactment that would examine the effectiveness and cost of extending Medicare Part A coverage to working disabled beneficiaries without charging them a premium. The report would be required to recommend whether the Medicare coverage extension should continue beyond the initial 10-year period set forth in the bill.

Reason for change

Fear of losing Medicare coverage, or being required to make premium payments totaling \$309 per month, has contributed significantly to the very low rate of SSDI beneficiaries returning to work (only 1 percent of SSDI beneficiaries move through the extended period of eligibility and ultimately leave the program). This provision would lengthen the current extended period of eligibility to remove a real barrier to employment.

Many individuals with disabilities who join the workforce do not initially secure positions that offer health insurance benefits. However, if private sector coverage is offered, current law related to when Medicare is primary rather than secondary payer is unchanged.

Effective date

The proposal would be effective on or after the date of enactment of the bill.

3. SECTION 103. GRANTS TO DEVELOP AND ESTABLISH STATE INFRASTRUCTURES TO SUPPORT WORKING INDIVIDUALS WITH DISABILITIES

Present law

No provision.

Explanation of provision

Infrastructure grants.—The proposal would require 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:

(1) they must provide Medicaid coverage to the first new eligibility category described above; and

(2) 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.

Formula for allocation of demonstration funds and award amounts.—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 improvement in their medical condition, but who have a severe medically determinable impairment, and who are employed.

Grant amounts to States must be a minimum of \$500,000 per year. They may be up to a maximum amount of 15 percent of Fed-

eral and State Medicaid expenditures in a given fiscal year for individuals eligible under one or both of the new eligibility groups described above, whichever is greater.

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

Funding. The proposal would authorize the following amounts:

- FY2000, \$20 million;
- FY2001, \$25 million;
- FY2002, \$30 million;
- FY2003, \$35 million;
- FY2004, \$40 million; and
- FY2005–FY2010, 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 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, whether the grant program should be continued after FY2010.

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

This provision would be effective October 1, 1999.

4. SECTION 104. DEMONSTRATION OF COVERAGE OF WORKERS WITH POTENTIALLY SEVERE DISABILITIES

Present law

No provision.

Explanation of provision

The Secretary would be required 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:

- (1) 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;
- (2) Federal funds are used to supplement State funds used for workers with potentially severe disabilities at the time the demonstration is approved; and

(3) 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 hours, wages, or other measures as defined by the demonstration project and approved by the Secretary.

Funding. The proposal would authorize the following amounts:

- FY2000, \$70 million;
- FY2001, \$73 million;
- FY2002, \$77 million; and
- FY2003, \$80 million.

Payments to States. Payments under this demonstration program could not exceed, in the aggregate, \$300 million. Payments may be provided to States 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, 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

This provision would be effective October 1, 1999.

D. TITLE II—TICKET TO WORK AND SELF-SUFFICIENCY
AND RELATED PROVISIONS

1. SUBTITLE A. TICKET TO WORK AND SELF-SUFFICIENCY

A. SECTION 201. ESTABLISHMENT OF THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

Present law

The Commissioner is required to promptly refer individuals applying for Social Security disability insurance (SSDI) or Supplemental Security Income (SSI) benefits for necessary vocational rehabilitation (VR) services to State vocational rehabilitation (VR) agencies. State VR agencies are established pursuant to Title I of the Rehabilitation Act of 1973, as amended. A State VR agency is reimbursed for the costs of VR services to SSDI and SSI beneficiaries with a single payment after the beneficiary performs "sub-

stantial gainful activity" (i.e., had earnings in excess of \$500 per month) for a continuous period of at least 9 months. The Social Security Administration (SSA) has also established an "alternate participant program" in regulation where private or other public agencies are eligible to receive reimbursement from SSA for providing VR and related services to SSDI and SSI beneficiaries. To participate in the alternate participant program, a beneficiary must first be referred to, and declined by, a State VR agency. Such private and public agencies are reimbursed according to the same procedures as State VR agencies.

Explanation of provision

The Committee provision would direct the Commissioner of Social Security to establish a "Ticket to Work and Self-Sufficiency Program" under Title XI of the Social Security Act. Each eligible SSI or SSDI beneficiary would receive a "ticket" which may be used to obtain employment services, VR services, and other support services (e.g., assistive technology) from a participating provider (termed "employment networks") of his or her choice. The Commissioner is expected to issue regulations regarding eligibility for participation in the program.

Employment networks may include both State VR agencies and private and other public providers. Employment networks would be prohibited from seeking additional compensation from beneficiaries. Any disabled beneficiary who is enrolled with an employment network is otherwise ineligible for services from a State VR agency unless the employment network has entered into an agreement with that State VR agency.

The Committee provision would direct the Commissioner to contract with one or more private or public entities with expertise and experience in the field of vocational rehabilitation and employment services to serve as a "program manager" to assist the Commissioner in administering the program. Program managers would be selected through a competitive bidding process. Such assistance would include recruiting and monitoring employment networks; ensuring the availability of adequate services in the geographic area covered by the program manager; providing information to beneficiaries about available employment networks; and ensuring that any beneficiary may change employment networks for good cause. Program managers are ineligible to serve as employment networks, or have a financial interest in an employment network, in the geographic area served by the program manager.

Employment networks (i.e., providers of services) would consist of a single provider (public or private) or an association of providers, and may include a one-stop delivery system established under Title I of the Workforce Investment Act of 1998. Employment networks would be required to demonstrate relevant expertise and experience; meet certain financial reporting requirements; and prepare annual performance reports that would be provided to beneficiaries and to the public. Employment networks and beneficiaries would together develop an individual work plan in such a way that the beneficiary can exercise informed choices in selecting an employment goal and specific services need to achieve that goal. A beneficiary's written plan would take effect upon written approval by

the beneficiary or beneficiary's representative. The Commissioner would not initiate a continuing disability review for beneficiaries enrolled in the program.

Each employment network (i.e., providers) would elect to be paid according to one of two payment systems:

- (1) an outcome payment system, or
- (2) an outcome milestone payment system. However, a participating State VR program also retains the option of seeking reimbursement for services to any beneficiary under the current law payment system. Under the outcome payment system, each month that a beneficiary is not receiving cash benefits the beneficiary's employment network would receive an amount not to exceed 40 percent of the average SSDI or SSI monthly payment (as applicable to the beneficiary) in the previous calendar year. Such payments would not continue for more than 60 months.

Note: In 1997, the average monthly SSDI benefit payment was \$722; the average monthly SSI benefit payment was \$389.

Under the outcome milestone payment system, employment networks may receive payment when one or more milestones (as determined by the Commissioner) are achieved leading to the goal of permanent employment. The payment schedule of the outcome milestone payment system would be designed so that the total of the payments with respect to any beneficiary is less than (on a net present value basis) the total amount of payments to which the employment network would be entitled 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 networks have adequate assistance to assist beneficiaries into the workforce.

The Committee provision provides for graduated implementation of the program nationwide. Implementation would commence no later than 1 year after enactment of the legislation, and full implementation would be completed within 3 additional years.

The Committee provision would authorize transfers from the Social Security Trust Funds for reimbursement of employment networks, and authorize amounts to be appropriated to the Social Security Administration for SSI recipients. The Committee provision would also authorize appropriations for the administrative expenses of the program.

The Committee provision provides for reauthorization of the program 5 years after the Commissioner commences implementation of the program. However, payment for any beneficiary who is enrolled in the program would continue for the period otherwise provided regardless of whether the program is reauthorized in a timely manner.

The Commissioner is directed to conduct an evaluation of the program. Evaluation reports would be transmitted to the Senate Finance Committee and the House Ways and Means Committee at the end of the third, fifth, and seventh year of program operation.

The Committee provision would also establish within the Social Security Administration a "Work Incentives Advisory Panel." The panel would consist of 12 members, whose duties would include ad-

vising the Commissioner of Social Security and other cabinet officials on implementation of the Ticket to Work program; on demonstration programs relating to work incentives, and on any other issues related to work incentives planning relating to Social Security disability insurance (SSDI), Supplemental Security Income (SSI), Medicaid, and Medicare.

Reason for change

Currently, few Social Security disability insurance (SSDI) or Supplemental Security Income (SSI) beneficiaries are referred for vocational rehabilitation (VR) services, and fewer actually return to work because of VR services. The Congressional Budget Office (CBO) has estimated that about 10 to 15 percent of new SSDI and SSI beneficiaries are referred to State VR agencies, and that about 10 percent of those referred are accepted for services. According to the Social Security Administration (SSA), in 1998, 9,950 SSDI or SSI beneficiaries graduated from the disability benefit rolls to employment because of VR services paid for by SSA. During that time, about 4.8 million disabled workers received SSDI benefits each month, and about 3.6 million disabled individuals (ages 18–64), SSI benefits. The General Accounting Office (GAO), as well as public and private commissions, have recommended major changes in SSA's approach to employment assistance.

The Committee provision is intended to improve not only VR services but actual employment outcomes by permitting nearly any SSDI or SSI beneficiary who desires VR services to receive them; by permitting beneficiaries to choose from a variety of providers in addition to State VR agencies, and by improving the payment for services by stretching out reimbursements to VR providers for up to 5 years, contingent on their clients' sustained employment. By maintaining a link between payments and successful job outcomes, the program is intended to reward employment and not simply the provision of VR services. Given SSA's limited experience in administering employment and vocational rehabilitation services, the Committee provision would provide for program managers to assist in recruiting employment networks and handling the nuts-and-bolts of administration of the program.

The Committee provision is based on H.R. 3433, the "Ticket to Work and Self-Sufficiency Act of 1998," as passed by the House of Representatives on June 4, 1998.

Effective date

Generally 1 year after enactment.

2. SUBTITLE B. ELIMINATION OF WORK DISINCENTIVES

A. SECTION 211. WORK ACTIVITY STANDARD AS A BASIS FOR REVIEW OF AN INDIVIDUAL'S DISABLED STATUS

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 that exceeds an amount

set in regulation, currently \$500 per month. Continuing disability reviews (CDRs) are conducted by the Social Security Administration to determine whether an individual remains disabled and thus eligible for continued benefits. CDRs may be triggered by evidence of recovery from disability, including, for example, return to work. The Social Security Administration is also required to conduct periodic CDRs—every 3 years for any beneficiary who is determined to be nonpermanently disabled, and at times determined by the Commissioner for beneficiaries with a permanent disability.

Explanation of provision

The Committee provision would establish that the standard for work-related CDRs for long-term SSDI beneficiaries (i.e., individuals who have been receiving disability benefits for at least 24 months) would be limited to those triggered by employment that results in earnings that exceed substantial gainful activity, or to periodic continuing disability reviews.

Reason for change

The Committee provision is intended to encourage long-term SSDI beneficiaries to return to work by ensuring that a small amount of work activity would not trigger a continuing disability review. However, like all beneficiaries, long-term beneficiaries would have benefits suspended if earnings exceed the substantial gainful activity level, and would be subject to periodic continuing disability reviews.

Effective date

On enactment.

B. SECTION 212. EXPEDITED REINSTATEMENT OF BENEFITS

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 (EPE). That is, benefits may be reinstated without the need for a new application and disability determination. Individuals eligible for Supplemental Security Income (SSI) benefits whose benefits have been terminated because of work may receive expedited reinstatement at any time until benefits have been suspended for 12 consecutive months because of work. Otherwise, the Commissioner of Social Security must make a new determination of disability before a claimant can reestablish reentitlement to disability benefits.

Explanation of provision

The Committee provision would provide that an individual:

- (1) whose entitlement to Social Security disability insurance (SSDI) benefits had been terminated on the basis of work activity following completion of an extended period of eligibility (EPE); or
- (2) whose eligibility for Supplemental Security Income (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 on the basis of 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 of a reinstatement request, the individual will 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.

Reason for change

The Committee 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.

3. SUBTITLE C. WORK INCENTIVES PLANNING, ASSISTANCE, AND OUTREACH

A. SECTION 221. WORK INCENTIVES OUTREACH PROGRAM

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, including on the Internet. 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 eligibility period during which cash benefits can be reinstated at any time; continued eligibility for Medicaid and Medicare; continued payment of benefits while a beneficiary is enrolled in vocational rehabilitation program; and plans for achieving self-support (PASS).

Explanation of provision

The Commissioner of Social Security is directed to 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:

- (1) 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

(2) establish a corps of work incentive specialists located within the Social Security Administration.

The Commissioner would determine the qualifications of agencies eligible for award of a grant, cooperative agreement, or contract. 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).

Annual appropriations for this program would not to exceed \$23 million. The grant amount in each State would be based on the number of beneficiaries in a State, subject to certain limits.

Reason for change

The Committee provision is intended to improve information about, and encourage the use of, work incentives by, Social Security disability insurance (SSDI) and Supplemental Security Income (SSI) beneficiaries. Disabled beneficiaries and advocates report that the work incentives for SSI and SSI beneficiaries are complex, difficult to understand, and information and assistance from the Social Security Administration is frequently not helpful. The Committee provision 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. 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

Fiscal year 2000.

B. SECTION 222. STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO DISABLED BENEFICIARIES

Present law

Grants to States to provide assistance to individuals with disabilities are authorized under the Developmental Disabilities Assistance 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 be authorized to 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 and employment services, and 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.

Appropriations for this program would not to exceed \$7 million for fiscal year 2000, and such sums as needed thereafter. Individual grant amounts would be based on the number of beneficiaries in a State, subject to certain limits.

Reason for change

The Committee provision is intended to improve direct assistance and supports to Social Security disability insurance (SSDI) and Supplemental Security Income (SSI) beneficiaries in making use of vocational rehabilitation, work incentives, and any related assistance or supports that would help a beneficiary to go to work or maintain employment. Disabled beneficiaries and advocates report that the work incentives for SSI and SSDI beneficiaries are complex, difficult to understand, and information and assistance from the Social Security Administration is frequently not helpful. The Committee provision would improve "hands on" assistance to people with disabilities in obtaining access to employment assistance and work incentives 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

Fiscal year 2000.

E. TITLE III—DEMONSTRATION PROJECTS AND STUDIES

**1. SECTION 301. EXTENSION OF DISABILITY INSURANCE PROGRAM
DEMONSTRATION AUTHORITY**

Present law

Section 505 of the Social Security Disability Amendments of 1980, as amended (42 U.S.C. 1310) provides the Commissioner of Social Security authority to conduct certain demonstration projects. The Commissioner may initiate experiments and demonstration projects to test ways to encourage Social Security Disability Insurance (SSDI) beneficiaries to return to work, and may waive compliance with certain benefit requirements in connection with these projects. This demonstration authority has expired.

Explanation of provision

The Committee provision would permanently authorize section 505 of the Social Security Disability Amendments of 1980, and provide new authority to:

(1) conduct demonstrations related to sliding scale benefit offsets using variations in the amount of the offset as a proportion of earned income; and

(2) conduct demonstration projects with presumptively eligible applicants.

Reason for change

Current demonstration authority has expired.

Effective date

Date of enactment.

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

Present law

No provision.

Explanation of provision

The Committee provision would require the Commissioner of Social Security to conduct a demonstration project under which payments to Social Security disability insurance (SSDI) beneficiaries would be reduced \$1 for every \$2 of beneficiary earnings. The Commissioner would be required to annually report to the Congress on the progress of this demonstration project; the first report is due June 9, 2000.

Reason for change

SSDI beneficiaries lose all cash benefits when they work and earn more than the substantial gainful activity limit (currently \$500 a month), after participating in the 9-month trial work period. Because of the \$500 "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 determine whether changes in this earnings-cliff hurdle would in fact encourage SSDI beneficiaries to return to work, the Committee provision 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 would lessen the total loss of benefits to beneficiaries who attempt work. However, 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 large costs to the Social Security Trust Funds because it would encourage disabled individuals who currently work despite their impairments to apply for benefits. The Committee provision would examine these several effects.

Effective date

On enactment.

3. SECTION 304. STUDIES AND REPORTS

Present law

No provision.

Explanation of provision

1. *Study by GAO of Existing Disability-Related Employment Incentives.*—The Committee provision would direct the General Accounting Office (GAO) to assess the value of existing tax credits and disability-related employment initiatives under the Americans with Disabilities Act and other Federal laws. The report is to be submitted within 3 years to the Senate Committee on Finance and the House Committee on Ways and Means.

2. *Study by GAO of Existing Coordination of the DI and SSI Programs as They Relate to Individuals Entering or Leaving Concurrent Entitlement.*—The Committee provision would direct the General Accounting Office (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 is to be submitted within 3 years to the Senate Committee on Finance and the House Committee on Ways and Means.

3. *Study by GAO on the Impact of the Substantial Gainful Activity Limit on Return to Work.*—The Committee provision would direct the General Accounting Office (GAO) to examine substantial gainful activity limit as a disincentive for return to work. The report is to be submitted within 2 years to the Senate Committee on Finance and the House Committee on Ways and Means.

4. *Report on Disregards Under the DI and SSI Programs.*—The Committee provision would direct the Commissioner of Social Security to identify all income disregards under the Social Security disability insurance (SSDI) and Supplemental Security Income (SSI) programs; to specify the most recent statutory or regulatory change in each disregard; the estimated current value of any disregard if the disregard had been indexed for inflation; 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 is to be submitted within 90 days to the Senate Committee on Finance and the House Committee on Ways and Means.

Reason for change

These reports would provide new information to evaluate or improve employment and related assistance to SSDI and SSI beneficiaries.

Effective date

On enactment.

F. TITLE IV—TECHNICAL AMENDMENTS

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

Present law

Public Law 104–121 included amendments to the Social Security disability insurance (SSDI) and Supplemental Security Income (SSI) 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. For those individuals whose claims 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 but who were also determined to have a drug addiction or alcoholism condition, and the referral of those individuals for treatment effective with applications and reapplications filed after July 1, 1996.

Explanation of provision

The Committee provision clarifies 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. The provision also clarifies 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 Committee 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 recipient 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 the court 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 requirement that a representative payee be appointed and that they be referred for treatment. The Committee 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 (March 29, 1996).

2. SECTION 402. TREATMENT OF PRISONERS

*Implementation of Prohibition Against Payment of Title II Benefits to Prisoners**Present law*

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

Explanation of provision

The Committee provision requires the Commissioner to make agreements with any interested State or local institution to provide monthly the names, Social Security numbers (SSNs), confinement dates, dates of birth, and other identifying information of residents. The Commissioner is required to pay the institution \$400 for each Social Security recipient who becomes ineligible for benefits as a result of such a report, if the information is provided within 30 days of incarceration, and \$200 if the information is furnished 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. 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.

Reason for change

The Committee provision provides new financial incentives for State and local correctional institutions to report information on inmates to the Social Security Administration (SSA) so that payment of Social Security benefits to prisoners being supported at taxpayer expense are discontinued promptly. Moreover, the Committee provision provides identical incentives now available to report identical information that leads to termination of Supplemental Security Income (SSI) benefits. Under current law, the Commissioner of Social Security already pays institutions \$400 for each Supplemental Security Income (SSI) recipient who becomes ineligible for benefits as a result of such a report, if the information is provided within 30 days of incarceration, and \$200 if the information is furnished after 30 days but within 90 days.

Effective date

Three months after the date of enactment.

Elimination of Title II Requirement That Confinement Stem From Crime Punishable by Imprisonment for More Than 1 Year

Present law

Title II of the Social Security Act bars payment of Old Age, Survivors, or Disability Insurance (OASDI) benefits to prisoners convicted of, or who are institutionalized because they are found guilty but insane, not guilty by reason of insanity, incompetent to stand trial, or the subject of a similar verdict or finding based on a mental disease, a mental defect, or mental incompetence with respect to, any crime punishable by imprisonment of more than a year (regardless of the actual sentence imposed).

Explanation of provision

This provision would bar payment of OASDI benefits to prisoners and other individuals convicted of a criminal offense and confined, throughout a month, to:

- (1) a penal institution; or
- (2) other institution if found guilty but insane, regardless of the total duration of the confinement.

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 impedes timely suspension of benefits. As a matter of fairness, 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

Three months after enactment.

Continued Denial of Benefits to Sex Offenders Remaining Confined to Public Institutions Upon Completion of Prison Term

Present law

No provision.

Explanation of provision

The amendment would prohibit Old Age, Survivors, or Disability Insurance (OASDI) benefits 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

On enactment.

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

Present law

Practicing members of the clergy are automatically covered by Social Security as self-employed workers unless they file an application for an exemption from Social Security coverage; the application must be filed within a period ending with the due date of the tax return for the second taxable year (not necessarily consecutive) in which they receive remuneration for their ministerial services and must include a statement of the applicants' objection to the acceptance of Social Security benefits on religious principles. Applicants must also inform the ordaining, commissioning, and licensing body of their church or order about their objection. If granted, this exemption is irrevocable.

Explanation of provision

The proposal would provide a 2-year "open season," beginning December 31, 1999, for members of the clergy who want to revoke their exemption from Social Security, i.e., wish to join 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 life times and would be among those most likely to rely on Social Security (and Medicare) for much of their basic health care and living expenses in retirement. This proposal gives them 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 with respect to service performed in taxable years beginning after December 31, 1999, for a period of 2 years, and with respect to monthly benefits in or after the calendar year the individual's application for revocation is effective.

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

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

Clarifies current law to include agreements or grants concerning title II of the Social Security Act.

Reason for change

Corrects an omission of intended Title II authority.

Effective date

August 4, 1994.

5. SECTION 405. AUTHORIZATION FOR STATES TO PERMIT ANNUAL
WAGES REPORTS

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 Committee provision would permit 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 for certain public benefits.

Reason for change

The Committee provision provides for consistency of certain State wage reporting with revised Federal requirements.

Effective date

On enactment.

G. TITLE V—REVENUE OFFSETS

1. SECTION 501 OF THE BILL AND SECTION 901 OF THE CODE.
MODIFICATIONS TO FOREIGN TAX CREDIT CARRYOVER RULES

Present law

U.S. persons may credit foreign taxes against U.S. tax on foreign-source income. The amount of foreign tax credits that can be claimed in a year is subject to a limitation that prevents taxpayers from using foreign tax credits to offset U.S. tax on U.S.-source income. Separate foreign tax credit limitations are applied to specific categories of income.

The amount of creditable taxes paid or accrued (or deemed paid) in any taxable year which exceeds the foreign tax credit limitation is permitted to be carried back 2 years and forward 5 years. The amount carried over may be used as a credit in a carryover year to the extent the taxpayer otherwise has excess foreign tax credit limitation for such year. The separate foreign tax credit limitations apply for purposes of the carryover rules.

Explanation of provision

The bill reduces the carryback period for excess foreign tax credits from 2 years to 1 year. The bill also extends the excess foreign tax credit carryforward period from 5 years to 7 years.

Reason for change

The Committee believes that reducing the carryback period for foreign tax credits to 1 year and increasing the carryforward period to 7 years will reduce some of the complexity associated with carrybacks while continuing to address the timing difference between U.S. and foreign tax rules.

Effective date

The provision applies to foreign tax credits arising in taxable years beginning after December 31, 2001.

2. SECTION 502 OF THE BILL AND SECTION 448 OF THE CODE. LIMIT USE OF NON-ACCRUAL EXPERIENCE METHOD OF ACCOUNTING TO AMOUNTS TO BE RECEIVED FOR THE PERFORMANCE OF QUALIFIED PERSONAL SERVICES

Present law

An accrual method taxpayer generally must recognize income when all the events have occurred that fix the right to receive the income and the amount of the income can be determined with reasonable accuracy. An accrual method taxpayer may deduct the amount of any receivable that was previously included in income that becomes worthless during the year.

Accrual method taxpayers are not required to include in income amounts to be received for the performance of services which, on the basis of experience, will not be collected (the "non-accrual experience method"). The availability of this method is conditioned on the taxpayer not charging interest or a penalty for failure to timely pay the amount charged.

A cash method taxpayer is not required to include an amount in income until it is received. A taxpayer may not use the cash method if purchase, production, or sale of merchandise is a material income producing factor. Such taxpayers are generally required to keep inventories and use the accrual method of accounting. In addition, corporations (and partnerships with corporate partners) generally may not use the cash method of accounting if their average annual gross receipts exceed \$5 million. An exception to this \$5 million rule is provided for qualified personal service corporations, corporations:

- (1) substantially all of whose activities involve the performance of services in the fields of health, law, engineering, archi-

itecture, accounting, actuarial science, performing arts or consulting; and

(2) substantially all of the stock of which is owned by current or former employees performing such services, their estates or heirs. Qualified personal service corporations are allowed to use the cash method without regard to whether their average annual gross receipts exceed \$5 million.

Explanation of provision

The bill provides that the non-accrual experience method will be available only for amounts to be received for the performance of qualified personal services. Amounts to be received for the performance of all other services will be subject to the general rule regarding inclusion in income. Qualified personal services are personal services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts or consulting. As under present law, the availability of the method is conditioned on the taxpayer not charging interest or a penalty for failure to timely pay the amount.

Reason for change

The Committee understands that the use of the non-accrual experience method provides the equivalent of a bad debt reserve, which generally is not available to taxpayers using the accrual method of accounting. The Committee believes that accrual method taxpayers should be treated similarly, unless there is a strong indication that different treatment is necessary to clearly reflect income or to address a particular competitive situation.

The Committee understands that accrual basis providers of qualified personal services (services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts or consulting) compete on a regular basis and on an even footing with competitors using the cash method of accounting. The Committee believes that this competitive situation justifies the continued availability of the non-accrual experience method with respect to amounts to be received for the performance of qualified personal services. The Committee believes that it is important to avoid the disparity of treatment between competing cash and accrual method providers of qualified personal services that could result if the non-accrual experience method were eliminated with regard to amounts to be received for such services.

Effective date

The provision is effective for taxable years ending after the date of enactment. Any change in the taxpayer's method of accounting necessitated as a result of the proposal will be treated as a voluntary change initiated by the taxpayer with the consent of the Secretary of the Treasury. Any required section 481(a) adjustment is to be taken into account over a period not to exceed 4 years under principles consistent with those in Rev. Proc. 98-60.¹

¹1998-51 I.R.B. 16.

3. SECTION 503 OF THE BILL AND NEW SECTION 7527 OF THE CODE.
EXTENSION OF IRS USER FEES

Present law

The IRS provides written responses to questions of individuals, corporations, and organizations relating to their tax status or the effects of particular transactions for tax purposes. The IRS generally charges a fee for requests for a letter ruling, determination letter, opinion letter, or other similar ruling or determination. Public Law 104-117² extended the statutory authorization for these user fees³ through September 30, 2003.

Explanation of provision

The bill extends the statutory authorization for these user fees through September 30, 2006. The bill also moves the statutory authorization for these fees into the Internal Revenue Code.

Reason for change

The Committee believes that it is appropriate to extend the statutory authorization for these user fees for an additional 3 years.

Effective date

The provision is effective on the date of enactment.

III. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATES

In compliance with paragraph 11(a) of Rule XXVI of the Standing Rules of the Senate, the following table is presented concerning the estimated budget effects of S. 331 as reported.

² An Act to provide that members of the Armed Forces performing services for the peacekeeping efforts in Bosnia and Herzegovina, Croatia, and Macedonia shall be entitled to tax benefits in the same manner as if such services were performed in a combat zone, and for other purposes (March 20, 1996).

³ These user fees were originally enacted in section 10511 of the Revenue Act of 1987 (Public Law 100-203, December 22, 1987).

**ESTIMATED BUDGET EFFECTS OF S. 231,
THE "WORK INCENTIVES IMPROVEMENT ACT OF 1999,"
AS APPROVED BY THE SENATE COMMITTEE ON FINANCE ON MARCH 4, 1999**

Fiscal Years 1999 - 2008

(Millions of Dollars)

Provision	Effective	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1999-03	2004-08	1999-08
Outlay Provisions:														
Title I. -- Expanded Availability of Health Care Services [1]		--	-71	-168	-248	-310	-383	-409	-477	-571	-678	-795	-2,516	-3,311
Title II. -- Ticket to Work and Self-Sufficiency and Related Provisions [1]		--	-8	-24	-31	-34	-25	-10	21	35	48	-87	69	-28
Title III. -- Demonstration Projects and Studies [1]		--	-3	-6	-12	-18	-20	-28	-28	-31	-31	-36	-139	-175
Title IV. -- Technical Amendments [1]		--	6	24	29	32	35	37	37	38	38	90	183	275
Subtotal of Outlay Provisions [1]		--	-76	-171	-263	-326	-393	-410	-448	-536	-623	-828	-2,403	-3,239
Revenue Offsets (Title V.):														
1. 1-year carryback of foreign tax credits and 7-year carryforward	cal type 12/31/01	--	--	--	94	506	533	498	464	431	295	690	2,219	2,909
2. Limit use of non-accrual expense method of accounting to amounts to be received for the performance of qualified professional services	type DOE	15	57	52	48	44	10	12	14	18	18	218	70	286
3. Extension of IRS user fees through 8/30/08 [1]	8/30/03	--	--	--	--	--	50	53	56	--	--	--	159	159
Subtotal of Revenue Offsets		15	57	52	142	640	683	661	634	447	313	906	2,448	3,354
NET TOTAL		15	-19	-119	-121	312	290	181	86	-82	-310	68	45	118

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column:
cal = credits arising in
DOE = date of enactment

type = taxable years beginning after
type = taxable years ending after

[1] Estimate provided by the Congressional Budget Office.

B. BUDGET AUTHORITY AND TAX EXPENDITURES

Budget Authority

In compliance with section 308(a)(1) of the Budget Act, the Committee states that Titles I–IV of the bill involve net budget outlays (budget authority) of \$3,239 million over fiscal years 1999–2008. (See table in A., above.)

Tax Expenditures

In compliance with section 308(a)(2) of the Budget Act, the Committee states that bill section 502 involves a reduction in tax expenditures of \$286 million over fiscal years 1999–2008.

C. CONSULTATION WITH CONGRESSIONAL BUDGET OFFICE

In accordance with section 403 of the Budget Act, the Committee advises that the Congressional Budget Office submitted the following statement on S. 331, as amended by the Committee.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 19, 1999.

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Committee on Finance, U.S. Senate,
Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 331, the Work Incentives Improvement Act of 1999.

Sincerely,

BARRY B. ANDERSON,
for
DAN L. CRIPPEN, *Director*.

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 331—Work Incentives Improvement Act

(As ordered reported by the Senate Committee on Finance on March 4, 1999)

SUMMARY

S. 331, the Work Incentives Improvement Act of 1999, would alter cash and health-care benefits for people with disabilities. Title I would provide States with options to extend Medicaid coverage to certain disabled workers, enhance Medicare for certain former recipients of Social Security Disability Insurance (DI), and establish grants and demonstration projects for States to assist disabled workers. Title II would revamp the system under which people collecting benefits from 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. Titles III and IV would require several demonstration projects, give certain members of the clergy another opportunity to enroll in the

Social Security system, and tighten restrictions on the payment of Social Security benefits to prisoners. To offset the costs of the bill, Title V would increase certain revenues. CBO estimates that the bill would add to the total Federal surplus by \$0.7 billion over the 2000–2004 period; of that amount, \$0.1 billion would represent a reduction in the off-budget Social Security surplus, and the remaining \$0.8 billion an improvement in the on-budget surplus.

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 Subtitles A and B in Title II and Titles III and IV of this bill fall within that exclusion. The remainder of the bill contains no intergovernmental mandates as defined in UMRA. However, the optional programs would result in greater State spending if they chose to participate.

The Joint Committee on Taxation has determined that two provisions in the revenue section of the bill constitute private-sector mandates. The direct cost of those provisions would exceed the statutory threshold specified in 2002 through 2004.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 331 on direct spending and revenues is summarized in Table 1. The costs of this legislation fall within budget functions 550 (Health), 570 (Medicare), 600 (Income Security), 650 (Social Security), and 800 (General Government).

BASIS OF ESTIMATE

For purposes of estimating the budgetary effects of S. 331, CBO assumes enactment by September 1999.

Current Law

About 8 million people between the ages of 18 and 64 now collect cash benefits under DI, SSI, or both. In both programs, applicants must show that they are incapable of substantial work in order to be awarded benefits. Nevertheless, the programs have several provisions that are meant to smooth beneficiaries' return to work. The law permits DI recipients to earn unlimited amounts for a nine-month period (known as the trial work period, or TWP) and a subsequent three-month grace period before suspending benefits. During the three years after the TWP—a period known as the extended period of eligibility, or EPE—those beneficiaries may automatically return to the DI rolls if their earnings sink below substantial gainful activity (SGA, now defined in regulation as \$500 per month and soon to increase to \$700). Furthermore, Medicare benefits (for which DI beneficiaries qualify after two years on the rolls) also continue for three years even if cash benefits are suspended. Medicare coverage then stops unless the worker pays a steep premium (up to \$309 a month in 1999).

The SSI disability program is restricted to people with low income and few resources. Although applicants for SSI benefits must meet the same disability criteria as in the DI program, the SSI pro-

gram's subsequent treatment of earnings differs somewhat. SSI recipients who work get a reduced benefit (essentially, losing \$1 of benefits for each \$2 of earnings over \$85 a month) but do not give up their benefit entirely. If their earnings top SGA but they are still medically disabled, they move into section 1619(a) status (and still collect a small cash benefit). If their earnings rise further, they enter 1619(b) status (where they collect no cash benefit but retain Medicaid). If their incomes are too high even for the 1619(b) program, they may still enroll in Medicaid if their State offers a buy-in program permitted by the Balanced Budget Act of 1997 (BBA).

Table 1. Summary of Estimated Budgetary Effects of S. 331

	By Fiscal Year, in Millions of Dollars					
	1999	2000	2001	2002	2003	2004
DIRECT SPENDING						
Spending Under Current Law						
Old-Age, Survivors, and Disability Insurance (OASDI)	387,451	404,075	422,855	442,719	463,820	486,589
Supplemental Security Income	28,179	29,625	31,258	33,005	34,826	36,766
Medicare *	191,815	205,707	219,269	227,239	247,888	265,755
Medicaid	107,484	116,578	124,841	134,927	146,073	159,094
IRS spending	95	102	104	106	108	110
Other Health and Human Services	0	0	0	0	0	0
Total	715,024	756,087	798,327	837,996	892,715	948,314
Proposed Changes						
Old-Age, Survivors, and Disability Insurance (OASDI)	0	7	15	26	32	29
Supplemental Security Income	0	-1	-6	-7	-7	-11
Medicare *	0	12	35	55	75	106
Medicaid	0	16	18	21	24	27
IRS spending	0	0	0	0	0	3
Other Health and Human Services	0	16	27	32	33	34
Total	0	50	119	177	207	238
On-Budget						
Off-Budget (OASDI)	0	43	104	151	175	209
Off-Budget (OASDI)	0	7	15	26	32	29
Proposed Spending Under S. 331						
Old-Age, Survivors, and Disability Insurance (OASDI)	387,451	404,082	422,870	442,745	463,852	486,618
Supplemental Security Income	28,179	29,624	31,252	32,998	34,819	36,755
Medicare *	191,815	205,719	219,304	227,294	247,963	265,861
Medicaid	107,484	116,594	124,859	134,948	146,097	159,121
IRS spending	95	102	104	106	108	113
Other Health and Human Services	0	16	27	32	33	34
Total	715,024	756,137	798,446	838,173	892,922	948,552
REVENUES						
Proposed Changes						
On-Budget	0	73	53	143	641	594
Off-Budget (OASDI)	0	2	7	9	9	9
Total	0	75	60	152	650	603
DEFICIT (-) OR SURPLUS						
Proposed Changes						
On-Budget	0	30	-51	-8	466	385
Off-Budget (OASDI)	0	-5	-7	-17	-22	-20
Total	0	25	-58	-25	445	365

Note: Components may not sum to totals due to rounding.
 * Medicare consists of outlays of the Hospital Insurance and Supplementary Medical Insurance trust funds, less premiums.

Both DI and SSI recipients are evaluated at the time of award for their potential to go back to work. Sketchy data suggest that a minority are referred to VR providers, chiefly State agencies, and only a minority of those referred are served. If the beneficiary successfully completes nine months of employment at SGA, the VR

provider is reimbursed by the Social Security Administration (SSA). In 1996, SSA began recruiting alternate providers under the Referral System for Vocational Rehabilitation Providers (RSVP) program. Candidates for this program must first be referred to and rejected by the State VR agencies, and the alternate providers face the same reimbursement system (that is, a single payment after nine months of substantial work). Thus, VR for DI and SSI recipients remains fundamentally a State program.

In both the DI and SSI programs, recipients are reviewed periodically to verify that they are still disabled. These Continuing Disability Reviews (CDRs) are scheduled according to the recipient's perceived likelihood of improvement. If medical improvement is deemed possible, the cycle calls for a review every three years. (Those beneficiaries thought likely to improve are reviewed more often, and those unlikely to improve less often.) If the CDR results in a finding that the beneficiary is no longer disabled, cash and medical benefits stop. A CDR can also be triggered by a report of earnings.

Expanded Availability of Health Care Services (Title I)

Title I of S. 331 would increase Federal spending by about \$0.7 billion over the 2000–2004 period and by about \$2 billion over the 2000–2009 period through policies that would expand the availability of health care services. It would expand existing State options for covering the working disabled under Medicaid and would extend Medicare coverage for DI recipients who return to work. Title I would also provide States with grants to develop infrastructure to assist the working disabled and establish demonstration projects for States to provide Medicaid benefits to workers with severe impairments who are likely to become disabled.

State Option to Eliminate Income, Resource, and Asset Limitations for Medicaid Buy In. Section 101 of S. 331 would amend Medicaid law to allow States the option to raise certain income, asset, and resource limitations for workers with disabilities who buy into Medicaid. This policy, combined with the incentives created by grants and demonstration projects (discussed below), would induce some States to expand Medicaid to include the working disabled and would marginally increase enrollment in those States that would otherwise have expanded Medicaid to include this group, resulting in an increase in spending of about \$100 million over five years (see Table 2).

Table 2. Estimated Direct Spending and Revenue Effects of S. 331, By Provision

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Title I										
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
Extension of Medicare with No HI Premium for Former DI Beneficiaries Who Exhaust Their Current-Law EPE										
Medicare	10	29	48	68	95	125	163	195	234	294
Grants to States to Provide Infrastructure to Support Working Individuals with Disabilities										
HHS outlays	6	7	7	8	9	10	11	12	13	14
Demonstration Project for States Covering Workers with Potentially Severe Disabilities										
HHS outlays	10	50	75	75	75	15	0	0	0	0
Title II										
Establishment of the Ticket to Work and Self-Sufficiency Program										
Disability Insurance	1	2	3	5	-3	-18	-48	-77	-33	-37
Medicare	a	a	a	a	1	1	1	-3	-14	-31
Supplemental Security Income	8	1	1	2	-1	-6	-16	-30	-10	-11
Subtotal (effect on outlays)	1	3	4	7	-3	-23	-63	-110	-57	-79
Bar on Work CDRs for Certain DI Beneficiaries With Earnings										
Disability Insurance	5	15	20	20	20	25	25	25	25	25
Medicare	2	6	7	7	8	8	9	10	10	11
Subtotal (effect on outlays)	7	21	27	27	28	33	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	a	a	a	1	1	1	2	2	2
Subtotal (effect on outlays)	0	1	1	1	3	4	4	6	7	9
Title III										
Permanent Extension of DI Demonstration Project Authority										
Disability Insurance	3	5	5	5	5	5	5	5	5	5
\$1-for-\$2 Demonstration Projects										
Contractor Costs (DI)	0	a	4	5	6	6	4	4	4	4
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	a	7	13	20	28	29	31	31	31

Continued

Table 2. Continued

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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)	a	1	1	1	1	1	1	1	1	1
Savings in Benefits (OASDI)	-3	-15	-18	-20	-23	-25	-25	-25	-25	-25
Savings in Benefits (SSI)	-2	-7	-8	-9	-11	-11	-11	-11	-11	-11
Subtotal (effect on outlays)	-3	-15	-17	-20	-24	-25	-25	-25	-25	-25
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	a	-1	-1	-1	-1	-1	-1	-1	-1	-1
OASDI Benefits	a	a	a	a	a	a	1	1	1	1
Subtotal (effect on total surplus)	3	8	10	10	10	10	10	10	11	11
Title V										
Modification to Foreign Tax Credit Carryback and Carryover Periods										
Revenues	0	0	94	596	533	496	464	431	295	na
Repeal of Non-accrual Experience Method for Service Providers										
Revenues	72	52	48	44	10	12	14	16	18	na
Extension of IRS User Fees										
Revenues	0	0	0	0	50	53	56	0	0	0
Outlays	0	0	0	0	3	3	3	0	0	0
Subtotal (effect on total surplus)	0	0	0	0	47	50	53	0	0	0
Total										
Outlays										
On-Budget	43	104	151	175	209	181	202	222	277	327
Off-Budget	7	15	26	32	29	25	-7	-35	9	6
Total	50	119	177	207	238	206	195	187	287	334
Revenues										
On-Budget	73	53	143	641	594	562	535	448	314	na
Off-Budget	2	7	9	9	9	10	10	10	10	11
Total	75	60	152	650	603	572	545	458	324	na
Deficit (-) or Surplus (+)										
On-Budget	30	-51	-8	466	385	381	333	226	37	na
Off-Budget	-5	-7	-17	-23	-20	-15	17	45	1	4
Total	25	-58	-25	443	365	366	350	271	38	na
Notes: Components may not sum to totals due to rounding.										
na= not available.										
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), HHS=Department of Health and Human Services, IRS=Internal Revenue Service										
a. Less than \$500,000.										

Under current law, States have the option of extending Medicaid coverage to certain workers with disabilities with incomes under 250 percent of poverty. This option was created in the Balanced Budget Act of 1997 and to date, only one State has an approved State plan amendment to implement it. Based on discussions with State officials, CBO assumes that States with one-quarter of eligible people will develop small expansion programs under this option

over the next few years. Some of those States are likely to use current authority under the Medicaid program to disregard some income of people applying under this option, thus effectively enrolling persons with incomes slightly higher than 250 percent of poverty. Other States may develop income cut-offs at or below that level. Based on figures from SSA of the number of people who graduate from the 1619(b) program due to earnings, CBO calculates that about 1,000 working disabled will be enrolled in Medicaid on an average annual basis under current law.

Under S. 331, CBO assumes that about half of the States adopting the current law option would revise their plans to raise certain income, asset and resource limitations beyond the 250 percent limit. Taking up the option would allow those States access to incentive grants and demonstration funds made available under the bill and would relieve States of administering complex eligibility determinations in instances where States would otherwise have disregarded income. A possible effect of S. 331 in those States would be that more people would seek out the benefit if States made higher income limits explicit. As a result, there would be a small increase in the number of people enrolled under that option.

CBO also assumes that several additional States would exercise the option to buy-in the working disabled under S. 331 to gain access to incentive grants and demonstration funds made available under the bill. In total, CBO assumes that States with half the potential eligibles would pursue the option under S. 331, increasing Medicaid enrollment by about 2,500 people on an average annual basis.

The estimated Federal share of Medicaid benefits for the working disabled population is about \$6,500 per capita in fiscal year 2000 and about \$9,000 per capita in 2004. States would incur administrative costs for expanding the program to include the working disabled population. Beneficiaries would also pay cost-sharing amounting to an estimated 5 percent of the total cost of the benefits. The resulting net increase in Federal spending attributable to this policy would be about \$100 million over five years and \$250 million over 10 years.

CBO's estimate takes into account a range of assumptions about State participation and about the eligibility limits that States would establish. Based on discussions with State officials developing or implementing policies in this area, CBO assumes that States would be likely to proceed cautiously, so as to limit financial exposure. If several large States were to participate in this program, new program enrollment could potentially be twice CBO's estimate; conversely, fewer participating States would decrease the estimate. If all States were to take up the option and have no ability to restrict or limit the benefits to all qualified working disabled people meeting the Federal definition of disability regardless of any income, assets and resources, Federal costs could be substantially higher than the estimate. At the same time, States could maintain current limits or set eligibility limits to target a narrow subset of eligibles, thus resulting in a smaller increase in costs.

State Option to Continue Medicaid Buy-In for Participants Whose DI or SSI Benefits are Terminated After a CDR. Section 101 would also provide States the option to continue Medicaid coverage for

persons enrolled under the buy-in option for the working disabled if those persons lose SSI or DI due to medical improvement, as established at a regularly scheduled CDR, yet still have conditions that qualify as a "severe medically determinable impairment." Under current law, an estimated 5 percent of the buy-in population will have medical improvements each year that will result in the loss of their disability status, and thus eligibility for the Medicaid buy-in. Continuing coverage for those people would raise Federal Medicaid spending by \$15 million over five years and \$60 million over 10 years, assuming that most States choosing the Medicaid buy-in option would take up this option. If all States took up this option, Federal Medicaid costs would be \$20 million over five years and \$80 million over 10 years.

Extension of Medicare with No HI Premium to Former DI Beneficiaries Who Exhaust Their Current Law EPE. Section 102 of S. 331 would allow graduates of the EPE in the next 10 years to continue to receive Medicare benefits indefinitely without having to pay any Part A premium. The Federal cost of this provision is estimated at \$10 million in 2000 and about \$250 million over five years.

About 15,000 people start an EPE each year, and about 6,000 finish one. The bill would provide Medicare coverage to people who otherwise would have lost it at the end of the EPE. CBO estimates that an extra 27,000 people would continue to be eligible for Medicare in 2004, the fifth year of the provision, growing to 60,000 in 2009. CBO assumes that the per capita cost for those beneficiaries is about one-half the cost of the average disabled beneficiary, reflecting the likelihood that they are somewhat healthier than other disabled beneficiaries, and the possibility that some beneficiaries would gain employer-sponsored insurance and rely on Medicare as a secondary payor.

Grants to States to Provide Infrastructure to Support Working Individuals with Disabilities. To States that choose at least the first of the two Medicaid buy-in options, section 103 of the bill would make available grants to develop and establish State capacity for providing items and services to workers with disabilities. The bill would appropriate \$20 million in 2000, \$25 million in 2001, \$30 million in 2002, \$35 million in 2003, and \$40 million in 2004. The amount would be indexed to the consumer price index (CPI-U) through 2010. Each State's grant would be limited in each year to 15 percent of the estimated total Federal and State spending on the more costly of the two State options in the bill. Based on CBO's estimate of the State option to expand the Medicaid buy-in, the limitation would hold spending levels to about \$10 million annually; five-year costs would be \$40 million and 10-year costs would be \$100 million. Funds not allocated would remain available for allocation to States in future years. Funds allocated to States would be available until expended.

Demonstration Project for States Covering Workers with Potentially Severe Disabilities. Under section 104 of S. 331, States electing the first option under section 101 would also be eligible for grants to pay for demonstration projects that provide Medicaid to working persons with physical or mental impairments who could potentially become blind or disabled without Medicaid benefits.

Those people would be ineligible for Medicaid benefits under current law because they do not have conditions that meet the DI or SSI definition of disability. The bill would appropriate \$70 million in 2000, \$73 million in 2001, \$77 million in 2002, and \$80 million in 2003. Funds would remain available until expended, except that no payment could be made by the Federal Government after fiscal year 2005. CBO estimates that the costs of the provision would total \$300 million over the 2000–2004 period.

TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM AND RELATED PROVISIONS (TITLE II)

Ticket to Work and Self-Sufficiency Program. Title II would temporarily change the way that VR services are provided to recipients of DI and SSI benefits. The budgetary effects of the proposed tickets program comprise several components, which are detailed in Table 3.

Table 3. Estimated Effects on Outlays of the Ticket to Work and Self-Sufficiency Program

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
DI Beneficiaries											
Payments to Program Manager	1	2	1	2	3	3	1	a	0	0	
Milestone Payments to Providers	0	a	1	6	14	22	26	11	a	a	
Incentive Payments to Providers	0	a	a	3	15	33	59	81	62	49	
Partial Repeal of Current VR System	0	a	a	-4	-13	-22	-33	-50	a	a	
Benefits Avoided	0	a	a	-5	-25	-59	-104	-122	-98	-89	
Extra Benefits Paid	0	a	1	2	2	2	2	2	2	2	
Subtotal, DI	1	2	3	5	-3	-18	-48	-77	-33	-37	
Medicare Savings ^b	0	0	a	a	1	1	1	-3	-14	-31	
Total	1	2	3	5	-2	-16	-46	-79	-47	-68	
SSI Beneficiaries											
Payments to Program Manager	a	1	a	1	1	1	a	a	a	a	
Milestone Payments to Providers	0	a	1	3	7	11	13	6	a	a	
Incentive Payments to Providers	0	a	a	1	4	9	15	21	16	13	
Partial Repeal of Current VR System	0	a	a	-2	-6	-11	-17	-25	a	a	
Benefits Avoided	0	a	a	-1	-7	-16	-27	-32	-26	-23	
Extra Benefits Paid	0	0	0	0	0	0	0	0	0	0	
Subtotal, SSI	a	1	1	2	-1	-6	-16	-30	-10	-11	
Medicaid Savings	c	c	c	c	c	c	c	c	c	c	
Total	a	1	1	2	-1	-6	-16	-30	-10	-11	

Notes: Components may not sum to totals due to rounding.

DI = Disability Insurance, SSI = Supplemental Security Income.

a. Less than \$500,000.

b. These amounts are the Medicare savings that would occur under current law. Title I of the bill would extend Medicare for these beneficiaries.

c. CBO assumes that nearly all of the vocational rehabilitation recipients who leave the SSI rolls would continue to get Medicaid coverage through the 1619(b) program.

The current VR program serves a fraction of DI and SSI recipients. Approximately 10 percent to 15 percent of new DI and SSI recipients are referred to State VR agencies; although SSA does not track what happens to them next, scattered clues suggest that about 10 percent of those referred are accepted. Recently, SSA has made approximately 650,000 DI awards a year; therefore, around 7,000 to 8,000 probably received VR services. SSA pays about 6,000 claims per year for VR services provided to DI recipients. SSA also pays about 6,000 claims for VR services to SSI recipients. Since about 3,000 claims are for people who collect benefits under both programs, total claims reimbursed are about 9,000 a year.

Some DI and SSI recipients return to work without the help of VR agencies. Research suggests that only 10 percent to 20 percent of DI recipients ever work after they start collecting benefits, and only 2 percent to 3 percent eventually have benefits withheld because of earnings. In contrast, SSA reimburses claims for VR services for about 1 percent of recipients. Thus, for each VR success, one or two other DI recipients go back to work and are suspended from the rolls without VR.

S. 331 would revamp the VR system by permitting nearly any recipient who desires VR to receive it, by allowing clients to choose from a variety of providers in addition to State VR agencies, and by stretching out reimbursements to providers for up to five years, contingent on their clients' sustained absence from the rolls.

Under S. 331, SSA would issue tickets to DI and SSI beneficiaries that they could assign to approved VR providers, whether State, private for-profit, or nonprofit. The bill would grant wide latitude to SSA in deciding the terms and conditions of the tickets; SSA tentatively plans to issue tickets to new beneficiaries at the time of award, unless they are deemed likely to recover, and to current beneficiaries after a CDR. By accepting a ticket, providers—labeled “networks” in the bill—would agree to supply services, such as training, assistive technology, physical therapy, or placement. A program manager, selected by SSA, would aid in recruiting providers and handling the nuts-and-bolts administration of the program.

Providers could choose between two forms of reimbursement from SSA. One system would be based solely on outcomes; the provider would receive 40 percent of the average DI or SSI benefit for up to five years, so long as the client stayed off the rolls. Some providers fear, though, that they would experience acute cash-flow problems under such a system. To address that concern, the bill also offers a blended system, dubbed the “milestones-outcome” system. Under that system, SSA would make some payments earlier, but would trim subsequent payments to ensure that the overall cost (calculated on a net present value basis) did not exceed the cost of a pure outcomes system.

The new program would be phased in gradually but last only five years. S. 331 calls for it to start in selected areas a year after enactment, and to operate nationwide 3 years after that. The last tickets would be issued five years after the start of implementation. Because the program would then end unless reauthorized, potential providers may hesitate to enlarge their capacity to serve DI and SSI clients.

CBO estimates that about 7 percent of newly-awarded beneficiaries would seek VR services if they were readily available, versus only about 1 percent who receive them under current law. Both the Transitional Employment Demonstration (TED, a demonstration conducted in the mid-1980s and confined to mentally retarded recipients) and Project Network (a demonstration begun in 1992 and open to both DI and SSI beneficiaries) suggested that about 5 percent of beneficiaries would enroll in VR if given the chance. CBO judged that the level of interest ultimately would slightly exceed 5 percent for two reasons. First, intake under Project Network developed bottlenecks, which may have discouraged some potential participants. Second, Project Network barred any recipients who were employed or self-employed from enrolling; no such bar would be in place under S. 331, however, and those recipients would probably be interested in receiving services and would be attractive to providers.

Research suggests that getting VR raises the propensity to work, and thus the chances for an earnings-related suspension. But raw figures can easily exaggerate the effectiveness of VR. The handful of beneficiaries who would sign up for VR are probably the most motivated, and many would have worked anyway. In fact, CBO assumes that one effect of S. 331 would be to enable providers to be reimbursed for providing services for many people who would have worked anyway.

These expected effects can be illustrated by following the experiences of one hypothetical cohort of 650,000 new DI beneficiaries. Under current law, about 7,800 might be served under the State VR programs; 6,100 of them would eventually generate a reimbursement by SSA and would be suspended for at least a month. Another 8,300 would be suspended due to earnings, for at least one month, without any reimbursement to VR. Thus, total suspensions would be about 14,400, or about 2 percent of the cohort, under current law. CBO estimates that, if those beneficiaries could freely enroll in VR using a "ticket," about 7 percent or 47,000 would get VR services. Most of those VR clients would work, and many (about 13,400) would be suspended for at least one month, an increase of 7,300 in VR-reimbursed cases. However, CBO estimates that about 5,900 of these workers would have gone back to work unaided. Thus, for this cohort, net suspensions would be about 1,400 higher.

In estimating S. 331, CBO adjusted those hypothetical figures for its caseload projections and timing factors. First, CBO projects that the volume of disabled-worker awards gradually climbs from 625,000 in 1999 to about 780,000 in 2005. That increase reflects the aging of the baby-boom generation into its high-disability years and the scheduled increases in Social Security's normal retirement age. Second, CBO assumed that some extra rehabilitations would occur among the nearly 5 million people now on the DI rolls, not just among new awards, although current beneficiaries are generally poorer candidates for VR than new applicants with more recent work experience. Third, CBO adjusted the numbers for the gradual phase-in of the new system. Under the bill's schedule, assuming enactment by September 1999, the first services would be rendered at a handful of sites in fiscal year 2001. If those clients engaged in trial work in 2002, the first extra suspensions would

occur in 2003. The last tickets would be issued in 2005, and the last extra suspensions would occur in 2007.

Specifically, CBO estimates that the number of net additional suspensions in DI—that is, suspensions that would not occur in the absence of the new program—would equal 500 in 2003, 2,200 in 2004, and an average of 4,600 annually between 2005 and 2007. Gross suspensions that involve reimbursement to a VR provider would climb gradually from 6,000 to 8,000 a year under current law, but would be markedly higher—about 15,000 in 2007, almost double the current-law estimate—under the proposal. And the number of suspensions involving no reimbursement to VR would fall.

CBO also had to make assumptions about recidivism. Many studies have documented that DI recipients who leave the rolls often return. It is not clear whether recipients of VR services are more or less likely to return to the rolls than others; some evidence suggests that the extra boost provided by VR fades over time. Because S. 331 proposes to pay providers for up to five years, but only if the recipient stays off the rolls, assumptions about recidivism are critical. Based on a variety of sources, CBO assumes that recipients suspended from the rolls have about a two-thirds chance of still being suspended one year later, about a one-half chance three years later (when, technically, their DI entitlement is terminated), and a 40 percent chance after five years.

Effects of the Tickets Program in DI. The budgetary consequences of S. 331, from the standpoint of the DI program, would consist of seven effects:

- *Payments to the program manager.* SSA would hire a program manager to coordinate issuance of tickets, the recruitment of providers, and other tasks. Based on a similar arrangement in the RSVP program, CBO assumes that payments to the program manager would amount to just a few million dollars a year.
- *Milestone payments to providers.* As explained earlier, the bill would give providers a choice between a pure outcome-based system (in which providers would get periodic payments only during the period of suspension) and a blended outcome-milestone system (in which they could get some money earlier). CBO assumes that most providers would opt for the blended system, which CBO assumes to consist of a \$500 payment after several months of work and a \$1,000 bonus on the date of suspension. Placements would be considerably easier for providers to achieve than suspensions. The first milestone payments would be made in 2002 but would be very small. They would peak at \$26 million in 2006: an estimated \$15 million for 30,000 gross placements, mostly from ticketholders served in 2005, and another \$11 million for 11,000 suspensions, mostly from ticketholders served in 2004 (and who spent 2005 in trial work).
- *Incentive payments to providers.* The incentive payments would occur over a period of up to five years if the beneficiary remained off the rolls. Therefore, they would continue throughout CBO's 10-year horizon even though the last tickets would be issued in 2005. In the pure outcomes system, incentive pay-

ments would be 40 percent of average benefits. CBO assumes that most providers would opt for the blended payment system, under which—in return for getting some earlier milestone payments—they would accept incentive payments of 30 percent. Again, outlays would be very small in the early years. Incentive payments would peak at \$81 million in 2007. That is the year in which the last batch of VR clients, who got their tickets in 2005, would be suspended (under the assumption that they got services in 2005 and engaged in trial work in 2006). By 2007, gross suspensions of ticketholders over the preceding five years are assumed to be about 35,000. Some of those would have returned to the rolls, but 25,000 would remain suspended. Incentive payments would equal 25,000 times 30 percent of the previous year's average DI benefit (about \$900 a month), or \$81 million. By 2009, under CBO's assumptions about recidivism, only 17,000 of those 25,000 would still be off the rolls, and the 2,000 who were first suspended in 2003 and 2004 would no longer be in the five-year period for incentive payments. Thus, incentive payments in that year would be \$49 million.

- *Partial repeal of current VR system.* CBO assumes that, under current law, the DI trust fund would reimburse about 6,000 claims for VR services at present (at an average cost of about \$11,000) and about 7,300 in 2007 (at an average cost of about \$14,000). The new program would partially displace the current system for five years. Specifically, if tickets were issued in 2001 through 2005, they would partially divert clients who would otherwise have generated reimbursements to VR providers (at the end of trial work) in 2003 through 2007. In 2007, \$50 million in reduced payments would result.

S. 331 would grant State VR agencies the option of remaining in the current reimbursement system—that is, charging SSA for the full amount of costs incurred after the client has worked for nine months. Because the new program would expire after five years, many State agencies might choose not to undergo the disruption of a switch.

- *Benefits avoided.* The various payments to providers discussed above all depend on the number of gross rehabilitations. The savings in DI benefits, in contrast, depend on the number of net or extra rehabilitations. That distinction is important: when providers serve clients who would have worked and eventually been suspended anyway, they do not generate savings in DI benefits. Over the 2003–2007 period, CBO estimates that there would be a total of 35,000 gross rehabilitations of ticket holders, of which only 17,000 would represent extra rehabilitations. Under CBO's assumptions about recidivism, about 11,000 of those 17,000 would still be off the rolls in 2007; at an average benefit of about \$900, \$122 million in benefit savings would result. That year marks the peak savings, because no more tickets would be issued after 2005. By 2009, the 11,000 would have shrunk further to 8,000, and \$89 million in benefit savings would be realized.
- *Extra benefits paid.* Some people might file for DI benefits in order to get VR services. They may even be encouraged to do

so by prospective providers (for example, by an insurance company that helps to run their employer's private disability or workers' compensation coverage). For those induced filers, the entire benefit cost (for any time they spend on the rolls) and the VR cost (if they do eventually get suspended) would be a net cost to the DI program.

To some extent, SSA could minimize this problem by setting the terms and conditions under which it would issue tickets—for example, by denying them to beneficiaries who are expected to recover medically. But some such filers might still seep through. CBO assumes that a few hundred such filers would be attracted to DI during the five years of the tickets program, and some would remain on the rolls, leading to extra benefit costs of up to \$5 million annually.

- *Resulting Medicare savings.* DI recipients who return to work continue to receive Medicare coverage for three years after their suspension from DI. By leading to the rehabilitation and suspension of more DI recipients, the Ticket to Work and Self-Sufficiency Act would generate some savings in Medicare. DI beneficiaries who are capable of working are probably healthier than other beneficiaries, and their per capita Medicare cost therefore less than average.

Under CBO's assumption that the first services would be rendered in 2001 and the first resulting suspensions in 2003, small Medicare savings would begin in 2006. By 2009, 13,000 extra suspensions are assumed to have occurred over the 2003–2006 period (the group for whom the three-year EPE would have expired); 5,700 would still be off the rolls; and \$35 million in Medicare savings would result.

Although these Medicare savings would result if the Ticket to Work and Self-Sufficiency Act were enacted in isolation, elsewhere S. 331 proposes to give continued Medicare coverage to all beneficiaries who complete an EPE. Therefore, these Medicare savings would be rendered moot by the cost (shown in Title I) of that proposal.

Small costs—estimated by CBO to be between \$1 million and \$4 million a year—would result from the induced filers who remain on DI long enough (two years) to qualify for Medicare.

On balance, over the 1999–2003 period, CBO estimates a small net cost in the DI program from the proposed tickets, mainly because there would be few extra rehabilitations but there would be some startup costs and small payments to induced filers. Later, CBO foresees small net savings, chiefly because the DI benefit savings from extra suspensions slightly outweigh the costs of paying for VR services rendered by an expanded pool of providers.

Effects of the Tickets Program in SSI. S. 331 would also bring SSI participants into the new tickets to work program. CBO estimated the effects on the SSI program in a manner similar to its estimates for DI. There are a few notable differences.

The number of SSI recipients affected by the bill is generally estimated to be only half as many as in DI. Under current law, SSA pays for about 9,000 rehabilitations a year—6,000 in DI and 6,000 in SSI, of which 3,000 are concurrent. Under the bill, services rendered by providers to concurrent beneficiaries would essentially be

compensated under the DI rules. Thus, to avoid double-counting concurrent beneficiaries, CBO generally assumed only half as many cases in its SSI estimates as in the analogous DI estimates.

Average benefits for disabled SSI beneficiaries are also only about half as large as in the DI program—in 2003, for example, about \$425 in SSI versus \$825 in DI. Therefore, all payments under the proposed system that are pegged to the average benefit, such as the incentive payments to providers, would be smaller in SSI. In fact, that provision has aroused concern that providers would be less willing to provide services to the SSI population. CBO implicitly assumes that providers would serve this group, perhaps emphasizing cheaper services with repeated interventions if necessary.

Because SSI is limited to beneficiaries with low income and few resources, CBO assumed that there would be few induced filers. CBO also assumed that most SSI beneficiaries affected by the bill would retain Medicaid coverage through section 1619(b).

The upshot of S. 331 in the SSI program is a pattern that resembles that for DI: small early costs, giving way to small savings after 2003.

Ban on Work CDRs for Certain DI Beneficiaries With Earnings. The bill would bar so-called work CDRs if the beneficiary has been on the rolls for more than 24 months. Work CDRs are triggered by a report of earnings. Beneficiaries would still be subject to regularly scheduled periodic CDRs.

SSA conducts approximately 80,000 work CDRs a year. CBO estimates that about 1,500 people whose benefits would otherwise be terminated would benefit from this provision. Assuming that they are, on average, halfway between periodic CDRs scheduled at three-year intervals, they would get an extra 18 months of benefits. When fully effective, the provision is expected to lead to annual DI costs of about \$25 million and Medicare costs of about \$ 10 million.

Expedited Reinstatement of DI Benefits Within 60 Months of Termination. The bill would provide for expedited reinstatement of benefits for former DI recipients whose benefits were terminated because of earnings in the last 60 months. Under current law, those beneficiaries have the usual five-month waiting period waived if they seek benefits; but their application is judged no differently from one filed by someone who has never been on the rolls. S. 331 would alter that by stipulating that benefits must be awarded unless SSA can demonstrate that the applicant's medical condition has improved. S. 331 would also provide for automatic payment of up to five months of provisional benefits while the request for reinstatement is under consideration. Generally, those provisional payments would not be subject to recoupment even if the request is ultimately denied. CBO estimates that these liberalized procedures would tip the balance in up to a hundred cases each year, ultimately costing about \$6 million in DI and \$3 million in Medicare by 2009.

CBO does not estimate that either of these two provisions would lead to additional suspensions from the DI rolls as a result of earnings, because there are no firm empirical data on which to base such an assumption.

Demonstration Projects and Studies (Title III)

Permanent Extension of DI Demonstration Project Authority. SSA has had the authority to conduct certain research and demonstration projects that occasionally require waivers of provisions of title II of the Social Security Act. That waiver authority expired on June 10, 1996. This bill would extend it permanently. This extension would be the fifth since the waiver authority was enacted in 1980. This general waiver authority should not be confused with the so-called \$1-for-\$2 demonstrations in the next section; those demonstrations are costlier and longer-lasting than the modest projects that SSA would likely conduct on its own initiative.

When the waiver authority has been in effect, SSA has generally spent between \$2 million and \$4 million annually on the affected projects. CBO judges that the proposed extension would lead to extra outlays of \$3 million in 2000 and \$5 million a year thereafter.

\$1-for-\$2 Demonstration Projects. Under current law, after completing the TWP and the three-month grace period during which earnings are disregarded, a disabled worker gives up his or her entire benefit in any month that earnings exceed SGA. Both anecdotal and statistical evidence suggest that many beneficiaries balk at that, instead quitting work or holding their earnings just below the threshold. Some advocates favor, instead, cutting benefits by \$1 for every \$2 of earnings over SGA. More modestly, some favor a treatment of earnings more like the SSI program's—a cut of \$1 in benefits for every \$2 of earnings over \$85 a month.

Such proposals would probably encourage more people who are already on the DI rolls to work. Although fewer beneficiaries would be suspended (i.e., have their benefit reduced to zero), many might have their benefit substantially reduced. A major concern about such proposals, though, is that they would encourage an unknown number of people to file for benefits. Survey data suggest that there are millions of severely impaired people who are nevertheless working and not collecting DI. Filing for benefits, and working part-time, might actually improve their standards of living. That incentive would be much stronger if the DI program liberalized its treatment of earnings. The SSA Office of the Actuary in 1994 estimated that applying a \$1-for-\$2 policy for earnings above \$500 would cost \$5 billion in extra DI benefits over a five-year period and that setting the threshold at \$85 would cost \$2 billion.

S. 331 would require SSA to conduct demonstrations to test the effects of a \$1 reduction in benefits for each \$2 of earnings. It would require that SSA conduct the demonstrations on a wide enough scale, and for a long enough period, to permit valid analysis of the results. CBO assumed that, to meet those criteria, the demonstrations would have to include perhaps half a dozen small States, that the intake phase of the project would have to last three or four years to permit observation of induced filers, and that the incentives themselves would have to be promised to the beneficiaries for an indefinite period. Because the demonstrations would pose formidable issues of design and administration, CBO assumes they would not get under way until 2002. CBO also assumes that the demonstration would be conducted in areas with and without the tickets to work and self-sufficiency, to enable the effect of the incentives to be isolated from the effects of the new VR program.

Even a relatively small-scale demonstration might thereby apply to approximately 2 percent to 3 percent of the nation. Multiplying that percentage times the DI benefit costs suggested by the Actuaries' 1994 memo suggests that the demonstration would, after intake is complete, cost almost \$20 million in extra DI benefits a year. It would also lead to slightly higher Medicare costs, since the induced filers would qualify for Medicare after two years on the DI rolls. Finally, CBO assumes that running the demonstrations and collecting and analyzing data would be handled by an expert contractor, at a cost of several million dollars a year. In sum, the \$1-for-\$2 demonstration projects proposed by the bill are estimated to cost \$190 million over the 2002–2009 period.

Technical Amendments (Title IV)

Title IV contains technical corrections and clarifications to the Social Security Act. Two sections do have budgetary effects.

Provisions Affecting Prisoners. S. 331 would tighten restrictions on the payment of Social Security benefits to prisoners. Current law sets strict limits on the payment of SSI benefits to incarcerated people and somewhat milder limits on payments of OASDI. SSI recipients who are in prison for a full month—regardless of whether they are convicted—have their benefits suspended while they are incarcerated. OASDI recipients who have been convicted of an offense carrying a maximum sentence of one year or more have their benefits suspended. Those who are convicted of lesser crimes, and those who are in jail awaiting trial, may still collect OASDI benefits. Those provisions are enforced chiefly by an exchange of computerized data between the Social Security Administration and the Federal Bureau of Prisons, State prisons, and some county jails. Those agreements are voluntary and, until recently, involved no payments to the institutions.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 changed that arrangement by directing SSA to pay institutions for reporting information that led to the identification of ineligible SSI recipients. The payment is \$400 if the institution reports information within 30 days of confinement and \$200 if the report is made 30 to 90 days after confinement. The law also exempts matching agreements between SSA and correctional institutions from certain provisions of the Privacy Act.

This bill would establish analogous arrangements for the OASDI program. It would also drop the requirement that OASDI benefits be suspended only if the maximum sentence for the offense is one year or more. (A conviction would still be required; inmates who are in jail while they await trial could continue to collect benefits.) CBO estimated the effects of this provision, like its predecessor in the welfare reform law, by analyzing data from several sources that suggest about 4 percent to 5 percent of prisoners were receiving Social Security, SSI benefits, or both before incarceration. Reports from SSA's Inspector General showed that some of those prisoners were overlooked under matching arrangements either because their institution had not signed an agreement, had not renewed it promptly, or did not submit data on schedule.

CBO estimates that, over the 2000–2009 period, the provisions would lead to payments of \$85 million to correctional institutions

out of the OASDI trust funds and benefit savings of \$205 million, for a net saving of \$120 million. CBO also expects that the broader arrangement, by doubling the pool of potential payments, would encourage more jailers to submit information accurately and promptly and would therefore lead to spillover savings in the SSI program amounting to about \$90 million over the 10-year period.

Open Season for Clergy to Enroll in Social Security. Section 1402(e) of the Internal Revenue Code allows certain clergy to exempt the self-employment income from their ministry from Social Security and Medicare taxes. Under current law, such an exemption is irrevocable.

Section 403 of S. 331 would allow clergy who have received an exemption a two-year opportunity to revoke that exemption beginning in calendar year 2000. Similar opportunities were offered in 1978 and 1987. Based on those experiences, CBO estimates that 3,500 taxpayers would choose to revoke their exemptions, and that the average new enrollee would have about \$20,000 of self-employment income. (There would be a slight decrease in income tax revenue, since a portion of payroll taxes is deductible for income tax purposes.) From 2000 through 2009, off-budget revenues would increase by \$87 million, and on-budget revenues would increase by \$10 million.

Those taxpayers who revoke their exemption will eventually receive higher Social Security benefits, but that effect will mostly occur in years beyond the 10-year estimation period. CBO estimates that outlays will increase by \$4 million in the 2000–2009 period.

Authorization for State to Permit Annual Wage Reports. S. 331 would amend the Social Security Act to allow States to permit employers of domestic workers to report on such employment annually rather than quarterly. State-maintained employment histories are used to verify eligibility for certain benefits, such as unemployment insurance, food stamps, and SSI. This change would not affect eligibility requirements. It could present an administrative burden to States that choose to allow annual reporting, because they would have to research cases manually if they suspect domestic employment. CBO expects any budgetary effects to be insignificant.

Revenues (Title V)

S. 331 would amend the tax code to modify the foreign tax credit carryback and carryforward periods. The Joint Committee on Taxation (JCT) estimates that this provision would increase governmental receipts by \$1.2 billion over the 2000–2004 period. The bill also would limit the nonaccrual experience method of accounting to amounts to be received for the performance of qualified professional services. JCT estimates that this provision would increase governmental receipts by \$0.2 billion over the 2000–2004 period.

S. 331 would extend through fiscal year 2006 the authority of the Internal Revenue Service (IRS) to charge taxpayers fees for certain rulings by the office of the chief counsel and by the office for employee plans and exempt organizations. CBO estimates that the extension of the IRS's authority to charge fees for such services, which is set to expire at the end of fiscal year 2003, would increase governmental receipts by \$159 million over fiscal years 2004

through 2006, net of income and payroll tax offsets. CBO based its estimate on recent collections data and on information from the IRS. The IRS would have the authority to retain and spend a small portion of these fees without further appropriation. CBO estimates that the extension of the fees would increase direct spending by \$9 million over fiscal years 2004 through 2006.

SPENDING SUBJECT TO APPROPRIATION

S. 331 would also create several new programs or activities to be funded out of SSA's annual appropriation (see Table 4).

Table 4. Spending Subject to Appropriation

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004
With Adjustments for Inflation					
Work Incentives Advisory Panel					
Budget authority	1	1	1	2	2
Outlays	1	1	1	2	2
Work Incentives Outreach					
Budget authority	23	23	23	23	23
Outlays	2	14	23	23	23
State Grants for Work Incentives Assistance					
Budget authority	7	7	7	7	8
Outlays	3	6	7	7	7
Total					
Budget authority	31	32	32	32	32
Outlays	7	21	32	32	32
Without Adjustments for Inflation					
Work Incentives Advisory Panel					
Budget authority	1	1	1	1	1
Outlays	1	1	1	1	1
Work Incentives Outreach					
Budget authority	23	23	23	23	23
Outlays	2	14	23	23	23
State Grants for Work Incentives Assistance					
Budget authority	7	7	7	7	7
Outlays	3	6	7	7	7
Total					
Budget authority	31	31	31	31	31
Outlays	7	21	31	31	31

Note: Components may not sum to totals due to rounding.

Section 201 of S. 331 would create a Work Incentives Advisory Panel to advise the Secretaries of Health and Human Services (HHS), Labor, and Education, and the Commissioner of Social Security on work incentives for the disabled, and to advise SSA on implementation and evaluation of the Ticket to Work program. The panel would consist of 12 members appointed by the Commissioner

in consultation with the Congress. At least 5 of the members would be current or former SSI or DI recipients. S. 331 would permit the panel to hire a director and other staff and pay other necessary expenses. CBO estimates that the panel would cost between \$1 million and \$2 million a year.

Section 221 would establish a community-based program to disseminate information about work incentives and related issues. Grants totaling no more than \$23 million a year would be awarded competitively to community-based groups. Because this would be a brand-new program, CBO assumes that spending would be low at first, not reaching \$23 million until the third year.

Section 222 would require the Commissioner of Social Security to make grants to the protection and advocacy (P&A) system established under part C of title I of the Developmental Disabilities Act to assist disabled people to obtain vocational rehabilitation or employment. That P&A system is currently funded by the Children and Family Services Program in the Department of HHS. The bill would authorize \$7 million in 2000 and such sums as shall be necessary thereafter; CBO assumed that funding would remain at about \$7 million. Actual outlays would be \$3 million in 2000, and \$6 million to \$7 million a year thereafter.

Although they do not explicitly call for future appropriations, several other provisions of S. 331 would affect SSA's workload and thus the pressures on its annual appropriation. The Ticket to Work program (section 201) would require significant planning and oversight by SSA staff. Section 221 would direct SSA to establish a special corps of work incentive specialists to deal with questions from applicants, beneficiaries, and the community-based organizations funded under the same section. Enforcement of the tougher restrictions on prisoners in section 402 would require SSA staff time, because suspension of benefits occurs only after careful verification. Partly offsetting these extra costs, SSA would no longer be required to do work CDRs under section 211. CBO estimates that these effects on SSA's workload would, on balance, cost the agency between \$10 million and \$30 million a year in the 2000–2004 period.

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 the following table. 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 5. SUMMARY OF PAY-AS-YOU-GO EFFECTS OF S. 331

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	43	104	151	175	209	181	202	222	277	327
Changes in receipts	73	53	143	641	594	562	535	448	314	na

na = not available.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

JCT has determined that S. 331 would impose two new private-sector mandates by modifying the foreign tax credit carryback and carryover periods and by limiting the use of the nonaccrual experience method of accounting. The direct costs of the new mandates would exceed the statutory threshold (\$100 million in 1996, adjusted annually for inflation) established in UMRA in each of fiscal years 2002 through 2004 (see Table 6).

TABLE 6. ESTIMATED COST OF PRIVATE-SECTOR MANDATES

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004
Cost to the Private Sector	72	52	142	640	543

Source: Joint Committee on Taxation.

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 subtitles A and B in title II and titles III and IV of this bill fall within that exclusion.

The remainder of the bill contains no intergovernmental mandates as defined in UMRA. However, it 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.

Title I contains a number of options 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 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. States would also have the option of charging participants premiums or other fees to offset a portion of the costs.

Title I would also allow States to establish demonstration projects that would provide Medicaid to working individuals with physical or mental impairments who, without Medicaid, 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.

IV. VOTE OF THE COMMITTEE

In compliance with section 133 of the Legislative Reorganization Act of 1946, the Committee states that S. 331, as amended by the Committee, was ordered reported favorably by a recorded vote of 11 to 1, with an additional 5 proxy votes in favor of the bill and with 1 proxy voted no.

V. REGULATORY IMPACT AND OTHER MATTERS

A. REGULATORY IMPACT

In compliance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee states that the legislation will not significantly regulate any individuals or businesses, will not impact on the personal privacy of individuals, and will result in no significant additional paperwork.

Title I. The regulatory impact of this title will be limited largely to the need for the Health Care Financing Administration develop regulations for the implementation of the new Medicaid options for the States. States would be free to establish their own parameters around the administration of these new Medicaid options, as specified in the legislation.

Title II-IV. The regulatory impact of Title II will limited largely to the need for the Social Security Administration and the U.S. Department of Education to develop regulations for the implementation of the new employment assistance program.

Title V. Title V of the bill provides three revenue offsets to cover the budget costs of Titles I-IV (relating to availability of certain health care services and work-related incentives):

- (1) 1-year carryback and 7-year carryforward of foreign tax credits (bill sec. 501);
- (2) limit use of non-accrual experience method of accounting to amounts to be received for the performance of qualified professional services (bill sec. 502); and
- (3) extension of Internal Revenue Service (IRS) user fees from October 1, 2003 through September 30, 2006 (bill sec. 503).

These revenue provisions should not have any significant adverse regulatory impact on taxpayers. These provisions should not have any adverse impact on personal privacy.

B. UNFUNDED MANDATES STATEMENT

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (P.L. 104-4).

The Committee has reviewed the provisions of the bill as reported. In accordance with the requirements of Public Law 104-4, the Committee has determined that the following provisions of the bill contain Federal private sector mandates:

- Modification to foreign tax credit carryback and carryover periods (bill sec. 501); and
- Limitation on use of non-accrual experience method of accounting (bill sec. 502).

These provisions are estimated to increase tax revenues by \$3,195 million over fiscal years 1999-2008, which are no greater

than the aggregate estimated amounts that the private sector will be required to pay in order to comply with the Federal private sector mandates under the bill.

These provisions will not impose a Federal intergovernmental mandate on State, local or tribal governments.

C. COMPLEXITY ANALYSIS

Section 4022(b) of the Internal Revenue Service Reform and Restructuring Act of 1998 (the "IRS Reform Act") requires the Joint Committee on Taxation (in consultation with the Internal Revenue Service and the Department of the Treasury) to provide a tax complexity analysis. The complexity analysis is required for all legislation reported by the Senate Committee on Finance, the House Committee on Ways and Means, or any committee of conference if the legislation includes a provision that directly or indirectly amends the Internal Revenue Code (the "Code") and has widespread applicability to individuals or small businesses.

Under the authority of the Joint Committee on Taxation, its staff has determined that a complexity analysis is not required under section 4022(b) of the IRS Reform Act because the bill contains no provisions that amend the Code and that have widespread applicability to individuals or small businesses.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In the opinion of the Committee, it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of paragraph 12 of rule XXVI of the Standing Rules of the Senate (relating to the showing of changes in existing law made by the bill as reported by the Committee).

Calendar No. 80

106TH CONGRESS
1ST SESSION**S. 331****[Report No. 106-37]**

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

 IN THE SENATE OF THE UNITED STATES

JANUARY 28, 1999

Mr. JEFFORDS (for himself, Mr. KENNEDY, Mr. ROTH, Mr. MOYNIHAN, Mr. CHAFEE, Mr. GRASSLEY, Mr. HATCH, Mr. MURKOWSKI, Mr. BREAUX, Mr. GRAHAM, Mr. KERREY, Mr. ROBB, Mr. ROCKEFELLER, Mr. BINGAMAN, Mrs. BOXER, Mr. CLELAND, Ms. COLLINS, Mr. DASCHLE, Mr. DEWINE, Mr. DODD, Mr. DURBIN, Mr. ENZI, Mrs. FEINSTEIN, Mr. GRAMS, Mr. HARKIN, Mr. HOLLINGS, Mr. HUTCHINSON, Mr. INOUE, Mr. JOHNSON, Mr. KERRY, Ms. MIKULSKI, Mrs. MURRAY, Mr. REED, Mr. REID, Mr. SARBANES, Ms. SNOWE, Mr. STEVENS, Mr. TORRICELLI, Mr. WELLSTONE, Mr. BOND, Mr. CONRAD, Mr. SPECTER, Mr. BRYAN, Mr. BAUCUS, Mr. AKAKA, Mr. SCHUMER, Mr. COCHRAN, Mr. DOMENICI, Mr. DORGAN, Mr. LEVIN, Mr. LEAHY, Mr. SMITH of Oregon, Mrs. LINCOLN, Mr. BIDEN, Mr. BYRD, Mr. MACK, Mr. EDWARDS, Mr. WYDEN, Ms. LANDRIEU, Mr. KOHL, Mr. LAUTENBERG, Mr. BAYH, Mr. FRIST, Mr. LIEBERMAN, Mr. CRAPO, Mr. ALLARD, Mr. FEINGOLD, Mr. GORTON, Mr. ABRAHAM, and Mr. CAMPBELL)

MARCH 26, 1999

Reported under authority of the order of the Senate of March 25, 1999, by
Mr. ROTH, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 ~~SECTION 1. SHORT TITLE; TABLE OF CONTENTS.~~

4 ~~(a) SHORT TITLE.—This Act may be cited as the~~
 5 ~~“Work Incentives Improvement Act of 1999”.~~

6 ~~(b) TABLE OF CONTENTS.—The table of contents of~~
 7 ~~this Act is as follows:~~

~~Sec. 1. Short title; table of contents.~~

~~Sec. 2. Findings and purposes.~~

~~TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES~~

~~Sec. 101. Expanding State options under medicaid for workers with disabilities.~~

~~Sec. 102. Continuation of medicare coverage for working individuals with disabilities.~~

~~Sec. 103. Grants to develop and establish State infrastructures to support working individuals with disabilities.~~

~~Sec. 104. Demonstration of coverage of workers with potentially severe disabilities.~~

~~TITLE II—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS~~

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

~~Sec. 201. Establishment of the Ticket to Work and Self-Sufficiency Program.~~

~~Sec. 202. Work Incentives Advisory Panel.~~

~~Subtitle B—Elimination of Work Disincentives~~

- Sec. 211. Prohibition on using work activity as a basis for review of an individual's disabled status.
- Sec. 212. Expedited eligibility determinations for applications of former long-term beneficiaries that completed an extended period of eligibility.

Subtitle C—Work Incentives Planning, Assistance, and Outreach

- Sec. 221. Work incentives outreach program.
- Sec. 222. State grants for work incentives assistance to disabled beneficiaries.

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. Sense of Congress regarding additional demonstration projects.
- Sec. 304. Studies and reports.

TITLE IV—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.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) **FINDINGS.**—Congress makes the following find-
3 ings:

4 (1) Health care is important to all Americans.

5 (2) Health care is particularly important to in-
6 dividuals with disabilities and special health care
7 needs who often cannot afford the insurance avail-
8 able to them through the private market, are unin-
9 surable by the plans available in the private sector,
10 and are at great risk of incurring very high and eco-
11 nomically devastating health care costs.

1 (3) Americans with significant disabilities often
2 are unable to obtain health care insurance that pro-
3 vides coverage of the services and supports that en-
4 able them to live independently and enter or rejoin
5 the workforce. Personal assistance services (such as
6 attendant services, personal assistance with trans-
7 portation to and from work, reader services, job
8 coaches, and related assistance) remove many of the
9 barriers between significant disability and work.
10 Coverage for such services, as well as for prescrip-
11 tion drugs, durable medical equipment, and basic
12 health care are powerful and proven tools for indi-
13 viduals with significant disabilities to obtain and re-
14 tain employment.

15 (4) For individuals with disabilities, the fear of
16 losing health care and related services is one of the
17 greatest barriers keeping the individuals from maxi-
18 mizing their employment, earning potential, and
19 independence.

20 (5) Individuals with disabilities who are bene-
21 ficiaries under title II or XVI of the Social Security
22 Act (42 U.S.C. 401 et seq., 1381 et seq.) risk losing
23 medicare or medicaid coverage that is linked to their
24 cash benefits, a risk that is an equal, or greater,

1 work disincentive than the loss of cash benefits asso-
2 ciated with working.

3 (6) Currently, less than $\frac{1}{2}$ of \pm percent of so-
4 cial security disability insurance and supplemental
5 security income beneficiaries cease to receive benefits
6 as a result of employment.

7 (7) Beneficiaries have cited the lack of adequate
8 employment training and placement services as an
9 additional barrier to employment.

10 (8) If an additional $\frac{1}{2}$ of \pm percent of the cur-
11 rent social security disability insurance (DI) and
12 supplemental security income (SSI) recipients were
13 to cease receiving benefits as a result of employ-
14 ment, the savings to the Social Security Trust
15 Funds in cash assistance would total
16 \$2,500,000,000 over the worklife of the individuals.

17 (b) PURPOSES.—The purposes of this Act are as fol-
18 lows:

19 (1) To provide health care and employment
20 preparation and placement services to individuals
21 with disabilities that will enable those individuals to
22 reduce their dependency on cash benefit programs.

23 (2) To encourage States to adopt the option of
24 allowing individuals with disabilities to purchase

1 medicaid coverage that is necessary to enable such
2 individuals to maintain employment.

3 (3) To provide individuals with disabilities the
4 option of maintaining medicare coverage while work-
5 ing.

6 (4) To establish a return to work ticket pro-
7 gram that will allow individuals with disabilities to
8 seek the services necessary to obtain and retain em-
9 ployment and reduce their dependency on cash ben-
10 efit programs.

11 **TITLE I—EXPANDED AVAIL-**
12 **ABILITY OF HEALTH CARE**
13 **SERVICES**

14 **SEC. 101. EXPANDING STATE OPTIONS UNDER MEDICAID**
15 **FOR WORKERS WITH DISABILITIES.**

16 (a) STATE OPTION TO ELIMINATE INCOME, ASSETS,
17 AND RESOURCE LIMITATIONS FOR WORKERS WITH DIS-
18 ABILITIES BUYING INTO MEDICAID.—Section
19 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C.
20 1396a(a)(10)(A)(ii)) is amended—

21 (1) in subclause (XIII), by striking “or” at the
22 end;

23 (2) in subclause (XIV), by adding “or” at the
24 end; and

25 (3) by adding at the end the following:

1 ~~“(XV)~~ who, but for earnings in
2 excess of the limit established under
3 section 1905(q)(2)(B), and subject to
4 limitations on assets, resources, or un-
5 earned income that may be set by the
6 State, would be considered to be re-
7 ceiving supplemental security income
8 (subject, notwithstanding section
9 1916, to payment of premiums or
10 other cost-sharing charges (set on a
11 sliding scale based on income that the
12 State may determine and that may re-
13 quire an individual with income that
14 exceeds 250 percent of the income of-
15 ficial poverty line (as defined by the
16 Office of Management and Budget,
17 and revised annually in accordance
18 with section 673(2) of the Omnibus
19 Budget Reconciliation Act of 1981)
20 applicable to a family of the size in-
21 volved to pay an amount equal to 100
22 percent of the premium cost for pro-
23 viding medical assistance to the indi-
24 vidual), so long as any such premiums
25 or other cost-sharing charges are the

1 same as any premiums or other cost-
 2 sharing charges imposed for individ-
 3 uals described in subclause (XVI)),”.

4 (b) STATE OPTION TO EXPAND OPPORTUNITIES FOR
 5 WORKERS WITH DISABILITIES TO BUY INTO MED-
 6 ICARE.—

7 (1) ELIGIBILITY.—Section 1902(a)(10)(A)(ii)
 8 of the Social Security Act (42 U.S.C.
 9 1396a(a)(10)(A)(ii)), as amended by subsection (a),
 10 is amended—

11 (A) in subclause (XIV), by striking “or” at
 12 the end;

13 (B) in subclause (XV), by adding “or” at
 14 the end; and

15 (C) by adding at the end the following:

16 “(XVI) who are working individ-
 17 uals with disabilities described in sec-
 18 tion 1905(v) (subject, notwithstanding
 19 section 1916, to payment of premiums
 20 or other cost-sharing charges (set on
 21 a sliding scale based on income) that
 22 the State may determine so long as
 23 any such premiums or other cost-shar-
 24 ing charges are the same as any pre-
 25 miums or other cost-sharing charges

1 imposed for individuals described in
 2 subclause (XV)), but only if the State
 3 provides medical assistance to individ-
 4 uals described in subclause (XV);”.

5 (2) DEFINITION OF WORKING INDIVIDUALS
 6 WITH DISABILITIES.—Section 1905 of the Social Se-
 7 curity Act (42 U.S.C. 1396d) is amended by adding
 8 at the end the following:

9 “(v)(1) The term ‘working individuals with disabil-
 10 ities’ means individuals ages 16 through 64 who—

11 “(A) by reason of medical improvement, cease
 12 to be eligible for benefits under section 223(d) or
 13 1614(a)(3) at the time of a regularly scheduled con-
 14 tinuing disability review but who continue to have a
 15 severe medically determinable impairment; and

16 “(B) are employed.

17 “(2) An individual is considered to be ‘employed’ if
 18 the individual—

19 “(A) is earning at least the applicable minimum
 20 wage requirement under section 6 of the Fair Labor
 21 Standards Act (29 U.S.C. 206) and working at least
 22 40 hours per month; or

23 “(B) is engaged in a work effort that meets
 24 substantial and reasonable threshold criteria for

1 hours of work, wages, or other measures, as defined
 2 by the State and approved by the Secretary.”.

3 (3) CONFORMING AMENDMENT.—Section
 4 1905(a) of the Social Security Act (42 U.S.C.
 5 1396d(a)) is amended in the matter preceding para-
 6 graph (1)—

7 (A) in clause (x), by striking “or” at the
 8 end;

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

11 (C) by inserting after clause (xi), the fol-
 12 lowing:

13 “(xii) individuals described in subsection (v),”.

14 (c) PROHIBITION AGAINST SUPPLANTATION OF
 15 STATE FUNDS; MAINTENANCE OF EFFORT REQUIRE-
 16 MENT; CONDITION FOR APPROVAL OF STATE PLAN
 17 AMENDMENT.—

18 (1) NO SUPPLANTATION OF STATE FUNDS.—

19 Federal funds paid to a State for medical assistance
 20 provided to an individual described in subclause
 21 (XV) or (XVI) of section 1902(a)(10)(A)(ii) of the
 22 Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii))
 23 must be used to supplement but not supplant the
 24 level of State funds expended as of October 1, 1998

1 for programs to enable working individuals with dis-
2 abilities to work.

3 (2) MAINTENANCE OF EFFORT.—With respect
4 to a fiscal year quarter, no Federal funds may be
5 paid to a State for medical assistance provided to an
6 individual described in subclause (XV) or (XVI) of
7 section 1902(a)(10)(A)(ii) of the Social Security Act
8 (42 U.S.C. 1396a(a)(10)(A)(ii)) for such fiscal year
9 quarter if the Secretary of Health and Human Serv-
10 ices determines that the total of the State expendi-
11 tures for programs to enable working individuals
12 with disabilities to work for the preceding fiscal year
13 quarter is less than the total of such expenditures
14 for the same fiscal year quarter of the preceding fis-
15 cal year.

16 (3) CONDITION FOR APPROVAL OF STATE PLAN
17 AMENDMENTS.—No State plan amendment that pro-
18 poses to provide medical assistance to an individual
19 described in subclause (XV) or (XVI) of section
20 1902(a)(10)(A)(ii) of the Social Security Act (42
21 U.S.C. 1396a(a)(10)(A)(ii)) may be approved unless
22 the chief executive officer of the State certifies to
23 the Secretary of Health and Human Services that
24 the plan, as so amended, will satisfy the require-
25 ments of paragraphs (1) and (2) of this subsection.

1 (d) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by
3 this section shall apply on and after October 1,
4 1999.

5 (2) EXTENSION OF EFFECTIVE DATE FOR
6 STATE LAW AMENDMENT.—In the case of a State
7 plan under title XIX of the Social Security Act
8 which the Secretary of Health and Human Services
9 determines requires State legislation in order for the
10 plan to meet the additional requirements imposed by
11 the amendments made by this section, the State
12 plan shall not be regarded as failing to comply with
13 the requirements of this section solely on the basis
14 of its failure to meet these additional requirements
15 before the first day of the first calendar quarter be-
16 ginning after the close of the first regular session of
17 the State legislature that begins after the date of en-
18 actment of this Act. For purposes of the previous
19 sentence, in the case of a State that has a 2-year
20 legislative session, each year of the session is consid-
21 ered to be a separate regular session of the State
22 legislature.

1 ~~SEC. 102. CONTINUATION OF MEDICARE COVERAGE FOR~~
2 ~~WORKING INDIVIDUALS WITH DISABILITIES.~~

3 (a) ~~CONTINUATION OF COVERAGE.~~—Section 1818A
4 of the Social Security Act (42 U.S.C. 1395i-2a) is amend-
5 ed by adding at the end the following:

6 “(c)(1) During the 10-year period beginning with the
7 first month that begins after the date of enactment of this
8 subsection, this section shall apply—

9 “(A) in subsection (a), by inserting—

10 “(i) in paragraph (2)(C), “on or after the
11 date of enactment of the Work Incentives Im-
12 provement Act of 1999” after “ends”; and

13 “(ii) “without being subject to a premium”
14 before the period; and

15 “(B) without regard to subsections (e)(2)(D)
16 and (d).

17 “(2) Any individual who, as of the date of enactment
18 of this subsection is enrolled in the medicare program
19 under this section and would, without regard to paragraph
20 (1), otherwise satisfy the eligibility requirements for en-
21 rollment set forth in subsection (a) shall be deemed to sat-
22 isfy the requirement of subsection (a)(2)(C) of that section
23 after the application of paragraph (1)(A)(i) for purposes
24 of not being subject to a premium for enrollment in the
25 medicare program under this section.

1 “(3) Notwithstanding paragraph (1), paragraph (1)
2 shall continue to apply after the termination of the 10-
3 year period described in that paragraph in the case of any
4 individual who is enrolled in the medicare program under
5 this section for the month that ends such 10-year period.”.

6 (b) GAO REPORT.—Not later than 8 years after the
7 date of enactment of this Act, the Comptroller General
8 of the United States shall submit a report to Congress
9 that—

10 (1) examines the effectiveness and cost of sec-
11 tion 1818A of the Social Security Act (42 U.S.C.
12 1395i-2a) as amended by subsection (a); and

13 (2) recommends whether that section should
14 continue to be applied, as so amended, beyond the
15 10-year period described in subsection (c) of that
16 section.

17 **SEC. 103. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**
18 **FRAStructures TO SUPPORT WORKING IN-**
19 **DIVIDUALS WITH DISABILITIES.**

20 (a) ESTABLISHMENT.—

21 (1) IN GENERAL.—The Secretary of Health and
22 Human Services (in this section referred to as the
23 “Secretary”) shall award grants described in sub-
24 section (b) to States to support the design, establish-
25 ment, and operation of State infrastructures that

1 provide items and services to support working indi-
 2 viduals with disabilities. A State may submit an ap-
 3 plication for a grant authorized under this section at
 4 such time, in such manner, and containing such in-
 5 formation as the Secretary may determine.

6 (2) DEFINITION OF STATE.—In this section,
 7 the term “State” means each of the 50 States, the
 8 District of Columbia, Puerto Rico, Guam, the
 9 United States Virgin Islands, American Samoa, and
 10 the Commonwealth of the Northern Mariana Is-
 11 lands.

12 (b) GRANTS FOR INFRASTRUCTURE AND OUT-
 13 REACH.—

14 (1) IN GENERAL.—Out of the funds appro-
 15 priated under subsection (c), the Secretary shall
 16 award grants to States to—

17 (A) support the establishment, implemen-
 18 tation, and operation of the State infrastruc-
 19 tures described in subsection (a); and

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

22 (2) ELIGIBILITY FOR GRANTS.—

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

1 (i) the State has an approved amend-
2 ment to the State plan under title XIX of
3 the Social Security Act (42 U.S.C. 1396 et
4 seq.) that—

5 (I) provides medical assistance
6 under such plan to individuals de-
7 scribed in section
8 1902(a)(10)(A)(ii)(XV) of the Social
9 Security Act (42 U.S.C.
10 1396a(a)(10)(A)(ii)(XV)); or

11 (II) provides medical assistance
12 under such plan to individuals de-
13 scribed in subclauses (XV) and (XVI)
14 of section 1902(a)(10)(A)(ii) of the
15 Social Security Act (42 U.S.C.
16 1396a(a)(10)(A)(ii)); and

17 (ii) the State demonstrates to the sat-
18 isfaction of the Secretary that the State
19 makes personal assistance services avail-
20 able under the State plan under title XIX
21 of the Social Security Act (42 U.S.C. 1396
22 et seq.) to the extent necessary to enable
23 individuals described in subclause (I) or
24 (II) of clause (i) to remain employed (as
25 determined under section 1905(v)(2) of the

1 Social Security Act (42 U.S.C.
2 1396d(v)(2)).

3 (B) DEFINITION OF PERSONAL ASSIST-
4 ANCE SERVICES.—In this paragraph, the term
5 “personal assistance services” means a range of
6 services, provided by 1 or more persons, de-
7 signed to assist an individual with a disability
8 to perform daily activities on and off the job
9 that the individual would typically perform if
10 the individual did not have a disability. Such
11 services shall be designed to increase the indi-
12 vidual’s control in life and ability to perform ev-
13 eryday activities on or off the job.

14 (3) DETERMINATION OF AWARDS.—

15 (A) IN GENERAL.—Subject to subpara-
16 graph (B), the Secretary shall determine a for-
17 mula for awarding grants to States under this
18 section that provides special consideration to
19 States that provide medical assistance under
20 title XIX of the Social Security Act to individ-
21 uals described in section
22 1902(a)(10)(A)(ii)(XVI) of that Act (42 U.S.C.
23 1396a(a)(10)(A)(ii)(XVI)).

24 (B) AWARD LIMITS.—

1 (i) **MINIMUM AWARDS.**—No State that
2 submits an approved application for fund-
3 ing under this section shall receive a grant
4 for a fiscal year that is less than \$500,000.

5 (ii) **MAXIMUM AWARDS.**—No State
6 that submits an approved application for
7 funding under this section shall receive a
8 grant for a fiscal year that exceeds 15 per-
9 cent of the total expenditures by the State
10 (including the reimbursed Federal share of
11 such expenditures) for medical assistance
12 for individuals eligible under subclause
13 (XV) or (XVI) of section
14 1902(a)(10)(A)(ii), whichever is greater, as
15 estimated by the State and approved by
16 the Secretary.

17 (e) **AVAILABILITY OF FUNDS.**—

18 (1) **FUNDS ALLOCATED TO STATES.**—Funds al-
19 located to a State under a grant made under this
20 section for a fiscal year shall remain available until
21 expended.

22 (2) **FUNDS NOT ALLOCATED TO STATES.**—
23 Funds not allocated to States in the fiscal year for
24 which they are appropriated shall remain available
25 in succeeding fiscal years for allocation by the Sec-

1 retary using the allocation formula established by
2 the Secretary under subsection (e)(3)(A).

3 (d) ~~ANNUAL REPORT.~~—A State that receives a grant
4 under this section shall submit an annual report to the
5 Secretary on the use of funds provided under the grant.
6 Each report shall include the percentage increase in the
7 number of title II disability beneficiaries, as defined in sec-
8 tion 1148(k)(3) of the Social Security Act (as amended
9 by section 201) in the State, and title XVI disability bene-
10 ficiaries, as defined in section 1148(k)(4) of the Social Se-
11 curity Act (as so amended) in the State who return to
12 work.

13 (e) ~~APPROPRIATION.~~—Out of any funds in the Treas-
14 ury not otherwise appropriated, there is authorized to be
15 appropriated and there is appropriated to make grants
16 under this section—

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

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

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

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

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

22 (6) for fiscal years 2005 through 2010, the
23 amount appropriated for the preceding fiscal year
24 increased by the percentage increase (if any) in the
25 Consumer Price Index for All Urban Consumers

1 (United States city average) for the preceding fiscal
2 year.

3 (f) RECOMMENDATION.—Not later than October 1,
4 2009, the Secretary of Health and Human Services, in
5 consultation with the Work Incentives Advisory Panel es-
6 tablished under section 202, shall submit a recommenda-
7 tion to the Committee on Commerce and the Committee
8 on Ways and Means of the House of Representatives and
9 the Committee on Finance of the Senate regarding wheth-
10 er the grant program established under this section should
11 be continued after fiscal year 2010.

12 **SEC. 104. DEMONSTRATION OF COVERAGE OF WORKERS**
13 **WITH POTENTIALLY SEVERE DISABILITIES.**

14 (a) STATE APPLICATION.—A State may apply to the
15 Secretary of Health and Human Services (in this section
16 referred to as the “Secretary”) for approval of a dem-
17 onstration project (in this section referred to as a “dem-
18 onstration project”) under which up to a specified max-
19 imum number of individuals who are workers with a po-
20 tentially severe disability (as defined in subsection (b)(1))
21 are provided medical assistance equal to that provided
22 under section 1905(a) of the Social Security Act (42
23 U.S.C. 1396d(a)) to individuals described in section
24 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C.
25 1396a(a)(10)(A)(ii)(XV)).

1 (b) WORKER WITH A POTENTIALLY SEVERE DIS-
 2 ABILITY DEFINED.—For purposes of this section—

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

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

8 (B) has a specific physical or mental im-
 9 pairment that, as defined by the State under
 10 the demonstration project, is reasonably ex-
 11 pected, but for the receipt of items and services
 12 described in section 1905(a) of the Social Secu-
 13 rity Act, to become blind or disabled (as defined
 14 under section 1614(a) of the Social Security
 15 Act); and

16 (C) is employed (as defined in paragraph
 17 (2)).

18 (2) DEFINITION OF EMPLOYED.—An individual
 19 is considered to be “employed” if the individual—

20 (A) is earning at least the applicable min-
 21 imum wage requirement under section 6 of the
 22 Fair Labor Standards Act (29 U.S.C. 206) and
 23 working at least 40 hours per month; or

24 (B) is engaged in a work effort that meets
 25 substantial and reasonable threshold criteria for

1 hours of work, wages, or other measures, as de-
2 fined under the demonstration project and ap-
3 proved by the Secretary.

4 (c) APPROVAL OF DEMONSTRATION PROJECTS.—

5 (1) IN GENERAL.—Subject to paragraph (3);
6 the Secretary shall approve applications under sub-
7 section (a) that meet the requirements of paragraph
8 (2) and such additional terms and conditions as the
9 Secretary may require. The Secretary may waive the
10 requirement of section 1902(a)(1) of the Social Se-
11 curity Act (42 U.S.C. 1396a(a)(1)) to allow for sub-
12 State demonstrations.

13 (2) TERMS AND CONDITIONS OF DEMONSTRA-
14 TION PROJECTS.—The Secretary may not approve a
15 demonstration project under this section unless the
16 State provides assurances satisfactory to the Sec-
17 retary that the following conditions are or will be
18 met.

19 (A) ELECTION OF OPTIONAL CATEGORY.—

20 The State has elected to provide coverage under
21 its plan under title XIX of the Social Security
22 Act of individuals described in section
23 1902(a)(10)(A)(ii)(XV) of the Social Security
24 Act.

1 (B) MAINTENANCE OF STATE EFFORT.—

2 Federal funds paid to a State pursuant to this
3 section must be used to supplement, but not
4 supplant, the level of State funds expended for
5 workers with potentially severe disabilities
6 under programs in effect for such individuals at
7 the time the demonstration project is approved
8 under this section.

9 (C) INDEPENDENT EVALUATION.—The

10 State provides for an independent evaluation of
11 the project.

12 (3) LIMITATIONS ON FEDERAL FUNDING.—

13 (A) APPROPRIATION.—Out of any funds in

14 the Treasury not otherwise appropriated, there
15 is authorized to be appropriated and there is
16 appropriated to carry out this section—

17 (i) for fiscal year 2000, \$70,000,000;

18 (ii) for fiscal year 2001, \$73,000,000;

19 (iii) for fiscal year 2002, \$77,000,000;

20 and

21 (iv) for fiscal year 2003, \$80,000,000.

22 (B) LIMITATION ON PAYMENTS.—In no

23 case may—

1 (i) the aggregate amount of payment
2 made by the Secretary to States under this
3 section exceed \$300,000,000; or

4 (ii) payment be provided by the Sec-
5 retary for a fiscal year after fiscal year
6 2005.

7 (C) FUNDS ALLOCATED TO STATES.—The
8 Secretary shall allocate funds to States based
9 on their applications and the availability of
10 funds. Funds allocated to a State under a grant
11 made under this section for a fiscal year shall
12 remain available until expended.

13 (D) FUNDS NOT ALLOCATED TO STATES.—
14 Funds not allocated to States in the fiscal year
15 for which they are appropriated shall remain
16 available in succeeding fiscal years for alloca-
17 tion by the Secretary using the allocation for-
18 mula established under this section.

19 (E) PAYMENTS TO STATES.—Subject to
20 the succeeding provisions of this section, the
21 Secretary shall pay to each State with a dem-
22 onstration project approved under this section,
23 from its allocation under subparagraph (C), an
24 amount for each quarter equal to the Federal
25 medical assistance percentage (as defined in

1 section 1905(b) of the Social Security Act (42
 2 U.S.C. 1395d(b)) of expenditures in the quarter
 3 for medical assistance provided to workers with
 4 a potentially severe disability.

5 (d) STATE DEFINED.—In this section, the term
 6 “State” has the meaning given such term for purposes of
 7 title XIX of the Social Security Act.

8 **TITLE II—TICKET TO WORK AND**
 9 **SELF-SUFFICIENCY AND RE-**
 10 **LATED PROVISIONS**

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

13 **SEC. 201. ESTABLISHMENT OF THE TICKET TO WORK AND**
 14 **SELF-SUFFICIENCY PROGRAM.**

15 (a) IN GENERAL.—Part A of title XI of the Social
 16 Security Act (42 U.S.C. 1301 et seq.) is amended by add-
 17 ing after section 1147 (as added by section 8 of the Non-
 18 citizen Benefit Clarification and Other Technical Amend-
 19 ments Act of 1998 (Public Law 105–306; 112 Stat.
 20 2928)) the following:

21 “TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

22 “SEC. 1148. (a) IN GENERAL.—The Commissioner
 23 shall establish a Ticket to Work and Self-Sufficiency Pro-
 24 gram, under which a disabled beneficiary may use a ticket
 25 to work and self-sufficiency issued by the Commissioner
 26 in accordance with this section to obtain employment serv-

1 ices, vocational rehabilitation services, or other support
2 services from an employment network which is of the bene-
3 ficiary's choice and which is willing to provide such serv-
4 ices to the beneficiary.

5 “(b) TICKET SYSTEM.—

6 “(1) DISTRIBUTION OF TICKETS.—The Com-
7 missioner may issue a ticket to work and self-suffi-
8 ciency to disabled beneficiaries for participation in
9 the Program.

10 “(2) ASSIGNMENT OF TICKETS.—A disabled
11 beneficiary holding a ticket to work and self-suffi-
12 ciency may assign the ticket to any employment net-
13 work of the beneficiary's choice which is serving
14 under the Program and is willing to accept the as-
15 signment.

16 “(3) TICKET TERMS.—A ticket issued under
17 paragraph (1) shall consist of a document which evi-
18 dences the Commissioner's agreement to pay (as
19 provided in paragraph (4)) an employment network,
20 which is serving under the Program and to which
21 such ticket is assigned by the beneficiary, for such
22 employment services, vocational rehabilitation serv-
23 ices, and other support services as the employment
24 network may provide to the beneficiary.

1 “(4) PAYMENTS TO EMPLOYMENT NET-
2 WORKS.—The Commissioner shall pay an employ-
3 ment network under the Program in accordance with
4 the outcome payment system under subsection
5 (h)(2) or under the outcome-milestone payment sys-
6 tem under subsection (h)(3) (whichever is elected
7 pursuant to subsection (h)(1)). An employment net-
8 work may not request or receive compensation for
9 such services from the beneficiary.

10 “(e) STATE PARTICIPATION.—

11 “(1) IN GENERAL.—Each State agency admin-
12 istering or supervising the administration of the
13 State plan approved under title I of the Rehabilita-
14 tion Act of 1973 may elect to participate in the Pro-
15 gram as an employment network with respect to a
16 disabled beneficiary. If the State agency does elect
17 to participate in the Program, the State agency also
18 shall elect to be paid under the outcome payment
19 system or the outcome-milestone payment system in
20 accordance with subsection (h)(1). With respect to a
21 disabled beneficiary that the State agency does not
22 elect to have participate in the Program, the State
23 agency shall be paid for services provided to that
24 beneficiary under the system for payment applicable
25 under section 222(d) and subsections (d) and (e) of

1 section 1615. The Commissioner shall provide for
2 periodic opportunities for exercising such elections
3 (and revocations).

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

6 ~~“(A) STATE AGENCIES PARTICIPATING.—~~

7 In any case in which a State agency described
8 in paragraph (1) elects under that paragraph to
9 participate in the Program, the employment
10 services, vocational rehabilitation services, and
11 other support services which, upon assignment
12 of tickets to work and self-sufficiency, are pro-
13 vided to disabled beneficiaries by the State
14 agency acting as an employment network shall
15 be governed by plans for vocational rehabilita-
16 tion services approved under title I of the Reha-
17 bilitation Act of 1973.

18 ~~“(B) STATE AGENCIES ADMINISTERING~~
19 ~~MATERNAL AND CHILD HEALTH SERVICES PRO-~~
20 ~~GRAMS.—~~Subparagraph (A) shall not apply
21 with respect to any State agency administering
22 a program under title V of this Act.

23 ~~“(3) SPECIAL REQUIREMENTS APPLICABLE TO~~
24 ~~CROSS-REFERRAL TO CERTAIN STATE AGENCIES.—~~

1 ~~“(A) IN GENERAL.—~~In any case in which
2 an employment network has been assigned a
3 ticket to work and self-sufficiency by a disabled
4 beneficiary, no State agency shall be deemed re-
5 quired, under this section, title I of the Work-
6 force Investment Act of 1998, title I of the Re-
7 habilitation Act of 1973, or a State plan ap-
8 proved under such title, to accept any referral
9 of such disabled beneficiary from such employ-
10 ment network unless such employment network
11 and such State agency have entered into a writ-
12 ten agreement that meets the requirements of
13 subparagraph ~~(B)~~. Any beneficiary who has as-
14 signed a ticket to work and self-sufficiency to
15 an employment network that has not entered
16 into such a ~~written~~ agreement with such a
17 State agency may not access vocational rehabili-
18 tation services under title I of the Rehabilita-
19 tion Act of 1973 until such time as the bene-
20 ficiary is reassigned to a State vocational reha-
21 bilitation agency by the Program Manager.

22 ~~“(B) TERMS OF AGREEMENT.—~~An agree-
23 ment required by subparagraph (A) shall speci-
24 fy, in accordance with regulations prescribed
25 pursuant to subparagraph (C)—

1 “(i) the extent (if any) to which the
2 employment network holding the ticket will
3 provide to the State agency—

4 “(I) reimbursement for costs in-
5 curred in providing services described
6 in subparagraph (A) to the disabled
7 beneficiary; and

8 “(II) other amounts from pay-
9 ments made by the Commissioner to
10 the employment network pursuant to
11 subsection (h); and

12 “(ii) any other conditions that may be
13 required by such regulations.

14 “(C) REGULATIONS.—The Commissioner
15 and the Secretary of Education shall jointly
16 prescribe regulations specifying the terms of
17 agreements required by subparagraph (A) and
18 otherwise necessary to carry out the provisions
19 of this paragraph.

20 “(D) PENALTY.—No payment may be
21 made to an employment network pursuant to
22 subsection (h) in connection with services pro-
23 vided to any disabled beneficiary if such em-
24 ployment network makes referrals described in
25 subparagraph (A) in violation of the terms of

1 the agreement required under subparagraph (A)
 2 or without having entered into such an agree-
 3 ment.

4 “(d) RESPONSIBILITIES OF THE COMMISSIONER.—

5 “(1) SELECTION AND QUALIFICATIONS OF PRO-
 6 GRAM MANAGERS.—The Commissioner shall enter
 7 into agreements with 1 or more organizations in the
 8 private or public sector for service as a program
 9 manager to assist the Commissioner in admin-
 10 istering the Program. Any such program manager
 11 shall be selected by means of a competitive bidding
 12 process, from among organizations in the private or
 13 public sector with available expertise and experience
 14 in the field of vocational rehabilitation and employ-
 15 ment services.

16 “(2) TENURE, RENEWAL, AND EARLY TERMIN-
 17 NATION.—Each agreement entered into under para-
 18 graph (1) shall provide for early termination upon
 19 failure to meet performance standards which shall be
 20 specified in the agreement and which shall be
 21 weighted to take into account any performance in
 22 prior terms. Such performance standards shall
 23 include—

24 “(A) measures for ease of access by bene-
 25 ficiaries to services; and

1 “(B) measures for determining the extent
2 to which failures in obtaining services for bene-
3 ficiaries fall within acceptable parameters, as
4 determined by the Commissioner.

5 “(3) PRECLUSION FROM DIRECT PARTICIPA-
6 TION IN DELIVERY OF SERVICES IN OWN SERVICE
7 AREA.—Agreements under paragraph (1) shall
8 preclude—

9 “(A) direct participation by a program
10 manager in the delivery of employment services,
11 vocational rehabilitation services, or other sup-
12 port services to beneficiaries in the service area
13 covered by the program manager’s agreement;
14 and

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

20 “(4) SELECTION OF EMPLOYMENT NET-
21 WORKS.—

22 “(A) IN GENERAL.—The Commissioner
23 shall select and enter into agreements with em-
24 ployment networks for service under the Pro-
25 gram. Such employment networks shall be in

1 addition to State agencies serving as employ-
2 ment networks pursuant to elections under sub-
3 section (e).

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

12 “(5) TERMINATION OF AGREEMENTS WITH EM-
13 PLOYMENT NETWORKS.—The Commissioner shall
14 terminate agreements with employment networks for
15 inadequate performance, as determined by the Com-
16 missioner.

17 “(6) QUALITY ASSURANCE.—The Commissioner
18 shall provide for such periodic reviews as are nec-
19 essary to provide for effective quality assurance in
20 the provision of services by employment networks.
21 The Commissioner shall solicit and consider the
22 views of consumers and the program manager under
23 which the employment networks serve and shall con-
24 sult with providers of services to develop perform-
25 ance measurements. The Commissioner shall ensure

1 that the results of the periodic reviews are made
2 available to beneficiaries who are prospective service
3 recipients as they select employment networks. The
4 Commissioner shall ensure that the periodic surveys
5 of beneficiaries receiving services under the Program
6 are designed to measure customer service satisfac-
7 tion.

8 “(7) DISPUTE RESOLUTION.—The Commis-
9 sioner shall provide for a mechanism for resolving
10 disputes between beneficiaries and employment net-
11 works, between program managers and employment
12 networks, and between program managers and pro-
13 viders of services. The Commissioner shall afford a
14 party to such a dispute a reasonable opportunity for
15 a full and fair review of the matter in dispute.

16 “(e) PROGRAM MANAGERS.—

17 “(1) IN GENERAL.—A program manager shall
18 conduct tasks appropriate to assist the Commis-
19 sioner in carrying out the Commissioner’s duties in
20 administering the Program.

21 “(2) RECRUITMENT OF EMPLOYMENT NET-
22 WORKS.—A program manager shall recruit, and rec-
23 ommend for selection by the Commissioner, employ-
24 ment networks for service under the Program. The
25 program manager shall carry out such recruitment

1 and provide such recommendations, and shall mon-
2 itor all employment networks serving in the Program
3 in the geographic area covered under the program
4 manager's agreement, to the extent necessary and
5 appropriate to ensure that adequate choices of serv-
6 ices are made available to beneficiaries. Employment
7 networks may serve under the Program only pursu-
8 ant to an agreement entered into with the Commis-
9 sioner under the Program incorporating the applica-
10 ble provisions of this section and regulations there-
11 under, and the program manager shall provide and
12 maintain assurances to the Commissioner that pay-
13 ment by the Commissioner to employment networks
14 pursuant to this section is warranted based on com-
15 pliance by such employment networks with the terms
16 of such agreement and this section. The program
17 manager shall not impose numerical limits on the
18 number of employment networks to be recommended
19 pursuant to this paragraph.

20 “(3) FACILITATION OF ACCESS BY BENE-
21 FICIARIES TO EMPLOYMENT NETWORKS.—A pro-
22 gram manager shall facilitate access by beneficiaries
23 to employment networks. The program manager
24 shall ensure that each beneficiary is allowed changes
25 in employment networks for good cause, as deter-

1 mined by the Commissioner, without being deemed
2 to have rejected services under the Program. The
3 program manager shall establish and maintain lists
4 of employment networks available to beneficiaries
5 and shall make such lists generally available to the
6 public. The program manager shall ensure that all
7 information provided to disabled beneficiaries pursu-
8 ant to this paragraph is provided in accessible for-
9 mats.

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

17 “(5) REASONABLE ACCESS TO SERVICES.—The
18 program manager shall take such measures as are
19 necessary to ensure that sufficient employment net-
20 works are available and that each beneficiary receiv-
21 ing services under the Program has reasonable ac-
22 cess to employment services, vocational rehabilitation
23 services, and other support services. Services pro-
24 vided under the Program may include case manage-
25 ment, work incentives planning, supported employ-

1 ment, career planning, career plan development, vo-
 2 cational assessment, job training, placement, fol-
 3 lowup services, and such other services as may be
 4 specified by the Commissioner under the Program.
 5 The program manager shall ensure that such serv-
 6 ices are available in each service area.

7 ~~“(f) EMPLOYMENT NETWORKS.—~~

8 ~~“(1) QUALIFICATIONS FOR EMPLOYMENT NET-~~
 9 ~~WORKS.—~~

10 ~~“(A) IN GENERAL.—~~Each employment net-
 11 work serving under the Program shall consist of
 12 an agency or instrumentality of a State (or a
 13 political subdivision thereof) or a private entity
 14 that assumes responsibility for the coordination
 15 and delivery of services under the Program to
 16 individuals assigning to the employment net-
 17 work tickets to work and self-sufficiency issued
 18 under subsection (b).

19 ~~“(B) ONE-STOP DELIVERY SYSTEMS.—~~An
 20 employment network serving under the Pro-
 21 gram may consist of a one-stop delivery system
 22 established under subtitle B of title I of the
 23 Workforce Investment Act of 1998.

24 ~~“(C) COMPLIANCE WITH SELECTION CRI-~~
 25 ~~TERIA.—~~No employment network may serve

1 under the Program unless it meets and main-
2 tains compliance with both general selection cri-
3 teria (such as professional and educational
4 qualifications (where applicable)) and specific
5 selection criteria (such as substantial expertise
6 and experience in providing relevant employ-
7 ment services and supports).

8 ~~“(D) SINGLE OR ASSOCIATED PROVIDERS~~
9 ~~ALLOWED.—~~An employment network shall con-
10 sist of either a single provider of such services
11 or of an association of such providers organized
12 so as to combine their resources into a single
13 entity. An employment network may meet the
14 requirements of subsection (c)(4) by providing
15 services directly, or by entering into agreements
16 with other individuals or entities providing ap-
17 propriate employment services, vocational reha-
18 bilitation services, or other support services.

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

23 ~~“(A) serve prescribed service areas; and~~

24 ~~“(B) take such measures as are necessary~~
25 ~~to ensure that employment services, vocational~~

1 rehabilitation services, and other support serv-
2 ices provided under the Program by, or under
3 agreements entered into with, the employment
4 network are provided under appropriate indi-
5 vidual work plans meeting the requirements of
6 subsection (g).

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

10 “(4) PERIODIC OUTCOMES REPORTING.—Each
11 employment network shall prepare periodic reports,
12 on at least an annual basis, itemizing for the covered
13 period specific outcomes achieved with respect to
14 specific services provided by the employment net-
15 work. Such reports shall conform to a national
16 model prescribed under this section. Each employ-
17 ment network shall provide a copy of the latest re-
18 port issued by the employment network pursuant to
19 this paragraph to each beneficiary upon enrollment
20 under the Program for services to be received
21 through such employment network. Upon issuance of
22 each report to each beneficiary, a copy of the report
23 shall be maintained in the files of the employment
24 network. The program manager shall ensure that
25 copies of all such reports issued under this para-

1 graph are made available to the public under reason-
2 able terms.

3 ~~“(g) INDIVIDUAL WORK PLANS.—~~

4 ~~“(1) REQUIREMENTS.—Each employment net-~~
5 ~~work shall—~~

6 ~~“(A) take such measures as are necessary~~
7 ~~to ensure that employment services, vocational~~
8 ~~rehabilitation services, and other support serv-~~
9 ~~ices provided under the Program by, or under~~
10 ~~agreements entered into with, the employment~~
11 ~~network are provided under appropriate indi-~~
12 ~~vidual work plans that meet the requirements of~~
13 ~~subparagraph (C);~~

14 ~~“(B) develop and implement each such in-~~
15 ~~dividual work plan in partnership with each~~
16 ~~beneficiary receiving such services in a manner~~
17 ~~that affords the beneficiary the opportunity to~~
18 ~~exercise informed choice in selecting an employ-~~
19 ~~ment goal and specific services needed to~~
20 ~~achieve that employment goal;~~

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

23 ~~“(i) a statement of the vocational goal~~
24 ~~developed with the beneficiary;~~

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

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

7 “(iv) a statement of understanding re-
8 garding the beneficiary’s rights under the
9 Program (such as the right to retrieve the
10 ticket to work and self-sufficiency if the
11 beneficiary is dissatisfied with the services
12 being provided by the employment net-
13 work) and remedies available to the indi-
14 vidual, including information on the avail-
15 ability of advocacy services and assistance
16 in resolving disputes through the State
17 grant program authorized under section
18 1150;

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

23 “(E) make each beneficiary’s individual
24 work plan available to the beneficiary in, as ap-

1 appropriate, an accessible format chosen by the
2 beneficiary.

3 ~~“(2) EFFECTIVE UPON WRITTEN APPROVAL.—~~

4 A beneficiary’s individual work plan shall take effect
5 upon written approval by the beneficiary or a rep-
6 resentative of the beneficiary and a representative of
7 the employment network that, in providing such
8 written approval, acknowledges assignment of the
9 beneficiary’s ticket to work and self-sufficiency.

10 ~~“(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—~~

11 ~~“(1) ELECTION OF PAYMENT SYSTEM BY EM-
12 PLOYMENT NETWORKS.—~~

13 ~~“(A) IN GENERAL.—~~The Program shall
14 provide for payment authorized by the Commis-
15 sioner to employment networks under either an
16 outcome payment system or an outcome-mile-
17 stone payment system. Each employment net-
18 work shall elect which payment system will be
19 utilized by the employment network, and, for
20 such period of time as such election remains in
21 effect, the payment system so elected shall be
22 utilized exclusively in connection with such em-
23 ployment network (except as provided in sub-
24 paragraph (B)).

1 ~~“(B) NO CHANGE IN METHOD OF PAY-~~
2 ~~MENT FOR BENEFICIARIES WITH TICKETS AL-~~
3 ~~READY ASSIGNED TO THE EMPLOYMENT NET-~~
4 ~~WORKS.—Any election of a payment system by~~
5 ~~an employment network that would result in a~~
6 ~~change in the method of payment to the em-~~
7 ~~ployment network for services provided to a~~
8 ~~beneficiary who is receiving services from the~~
9 ~~employment network at the time of the election~~
10 ~~shall not be effective with respect to payment~~
11 ~~for services provided to that beneficiary and the~~
12 ~~method of payment previously selected shall~~
13 ~~continue to apply with respect to such services.~~

14 ~~“(2) OUTCOME PAYMENT SYSTEM.—~~

15 ~~“(A) IN GENERAL.—The outcome payment~~
16 ~~system shall consist of a payment structure gov-~~
17 ~~erning employment networks electing such sys-~~
18 ~~tem under paragraph (1)(A) which meets the~~
19 ~~requirements of this paragraph.~~

20 ~~“(B) PAYMENTS MADE DURING OUTCOME~~
21 ~~PAYMENT PERIOD.—The outcome payment sys-~~
22 ~~tem shall provide for a schedule of payments to~~
23 ~~an employment network in connection with each~~
24 ~~individual who is a beneficiary for each month~~
25 ~~during the individual's outcome payment period~~

1 for which benefits (described in paragraphs (3)
2 and (4) of subsection (k)) are not payable to
3 such individual because of work or earnings.

4 ~~“(C) COMPUTATION OF PAYMENTS TO EM-~~
5 ~~PLOYMENT NETWORK.—~~The payment schedule
6 of the outcome payment system shall be de-
7 signed so that—

8 “(i) the payment for each of the 60
9 months during the outcome payment pe-
10 riod for which benefits (described in para-
11 graphs (3) and (4) of subsection (k)) are
12 not payable is equal to a fixed percentage
13 of the payment calculation base for the cal-
14 endar year in which such month occurs;
15 and

16 “(ii) such fixed percentage is set at a
17 percentage which does not exceed 40 per-
18 cent.

19 ~~“(3) OUTCOME-MILESTONE PAYMENT SYS-~~
20 ~~TEM.—~~

21 ~~“(A) IN GENERAL.—~~The outcome-mile-
22 stone payment system shall consist of a pay-
23 ment structure governing employment networks
24 electing such system under paragraph (1)(A)

1 which meets the requirements of this para-
2 graph.

3 “(B) EARLY PAYMENTS UPON ATTAIN-
4 MENT OF MILESTONES IN ADVANCE OF OUT-
5 COME PAYMENT PERIODS.—The outcome-mile-
6 stone payment system shall provide for 1 or
7 more milestones with respect to beneficiaries re-
8 ceiving services from an employment network
9 under the Program that are directed toward the
10 goal of permanent employment. Such milestones
11 shall form a part of a payment structure that
12 provides, in addition to payments made during
13 outcome payment periods, payments made prior
14 to outcome payment periods in amounts based
15 on the attainment of such milestones.

16 “(C) LIMITATION ON TOTAL PAYMENTS TO
17 EMPLOYMENT NETWORK.—The payment sched-
18 ule of the outcome-milestone payment system
19 shall be designed so that the total of the pay-
20 ments to the employment network with respect
21 to each beneficiary is less than, on a net
22 present value basis (using an interest rate de-
23 termined by the Commissioner that appro-
24 priately reflects the cost of funds faced by pro-
25 viders), the total amount to which payments to

1 the employment network with respect to the
2 beneficiary would be limited if the employment
3 network were paid under the outcome payment
4 system.

5 “(4) DEFINITIONS.—In this subsection:

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

9 “(i) in connection with a title II dis-
10 ability beneficiary, the average disability
11 insurance benefit payable under section
12 223 for all beneficiaries for months during
13 the preceding calendar year; and

14 “(ii) in connection with a title XVI
15 disability beneficiary (who is not concur-
16 rently a title II disability beneficiary), the
17 average payment of supplemental security
18 income benefits based on disability payable
19 under title XVI (excluding State sup-
20 plementation) for months during the pre-
21 ceeding calendar year to all beneficiaries
22 who have attained age 18 but have not at-
23 tained age 65.

24 “(B) OUTCOME PAYMENT PERIOD.—The
25 term ‘outcome payment period’ means, in con-

1 nection with any individual who had assigned a
2 ticket to work and self-sufficiency to an employ-
3 ment network under the Program, a period—

4 “(i) beginning with the first month,
5 ending after the date on which such ticket
6 was assigned to the employment network,
7 for which benefits (described in paragraphs
8 (3) and (4) of subsection (k)) are not pay-
9 able to such individual by reason of en-
10 gagement in substantial gainful activity or
11 by reason of earnings from work activity;
12 and

13 “(ii) ending with the 60th month
14 (consecutive or otherwise); ending after
15 such date, for which such benefits are not
16 payable to such individual by reason of en-
17 gagement in substantial gainful activity or
18 by reason of earnings from work activity.

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

21 “(A) PERCENTAGES AND PERIODS.—The
22 Commissioner shall periodically review the per-
23 centage specified in paragraph (2)(C); the total
24 payments permissible under paragraph (3)(C);
25 and the period of time specified in paragraph

1 ~~(4)(B)~~ to determine whether such percentages,
2 such permissible payments, and such period
3 provide an adequate incentive for employment
4 networks to assist beneficiaries to enter the
5 workforce, while providing for appropriate
6 economies. The Commissioner may alter such
7 percentage, such total permissible payments, or
8 such period of time to the extent that the Com-
9 missioner determines, on the basis of the Com-
10 missioner's review under this paragraph, that
11 such an alteration would better provide the in-
12 centive and economies described in the pre-
13 ceding sentence.

14 ~~“(B) NUMBER AND AMOUNTS OF MILE-~~
15 ~~STONE PAYMENTS.—~~The Commissioner shall
16 periodically review the number and amounts of
17 milestone payments established by the Commis-
18 sioner pursuant to this section to determine
19 whether they provide an adequate incentive for
20 employment networks to assist beneficiaries to
21 enter the workforce, taking into account infor-
22 mation provided to the Commissioner by pro-
23 gram managers, the Work Incentives Advisory
24 Panel established under section 202 of the
25 Work Incentives Improvement Act of 1999, and

1 other reliable sources. The Commissioner may
2 from time to time alter the number and
3 amounts of milestone payments initially estab-
4 lished by the Commissioner pursuant to this
5 section to the extent that the Commissioner de-
6 termines that such an alteration would allow an
7 adequate incentive for employment networks to
8 assist beneficiaries to enter the workforce. Such
9 alteration shall be based on information pro-
10 vided to the Commissioner by program man-
11 agers, the Work Incentives Advisory Panel es-
12 tablished under section 202 of the Work Incen-
13 tives Improvement Act of 1999, or other reli-
14 able sources.

15 “(i) SUSPENSION OF DISABILITY REVIEWS.—During
16 any period for which an individual is using, as defined by
17 the Commissioner, a ticket to work and self-sufficiency
18 issued under this section, the Commissioner (and any ap-
19 plicable State agency) may not initiate a continuing dis-
20 ability review or other review under section 221 of whether
21 the individual is or is not under a disability or a review
22 under title XVI similar to any such review under section
23 221.

24 “(j) ALLOCATION OF COSTS.—

1 “(1) PAYMENTS TO EMPLOYMENT NET-
2 WORKS.—Payments to employment networks (in-
3 cluding State agencies that elect to participate in the
4 Program as an employment network) shall be made
5 from the Federal Old-Age and Survivors Insurance
6 Trust Fund or the Federal Disability Insurance
7 Trust Fund, as appropriate, in the case of ticketed
8 title II disability beneficiaries who return to work,
9 or from the appropriation made available for making
10 supplemental security income payments under title
11 XVI, in the case of title XVI disability beneficiaries
12 who return to work. With respect to ticketed bene-
13 ficiaries who concurrently are entitled to benefits
14 under title II and eligible for payments under title
15 XVI who return to work, the Commissioner shall al-
16 locate the cost of payments to employment networks
17 to which the tickets of such beneficiaries have been
18 assigned among such Trust Funds and appropria-
19 tion, as appropriate.

20 “(2) ADMINISTRATIVE EXPENSES.—The costs
21 of administering this section (other than payments
22 to employment networks) shall be paid from
23 amounts made available for the administration of
24 title II and amounts made available for the adminis-

1 tration of title XVI, and shall be allocated among
2 those amounts as appropriate.

3 “(k) DEFINITIONS.—In this section:

4 “(1) COMMISSIONER.—The term ‘Commis-
5 sioner’ means the Commissioner of Social Security.

6 “(2) DISABLED BENEFICIARY.—The term ‘dis-
7 abled beneficiary’ means a title II disability bene-
8 ficiary or a title XVI disability beneficiary.

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

17 “(4) TITLE XVI DISABILITY BENEFICIARY.—
18 The term ‘title XVI disability beneficiary’ means an
19 individual eligible for supplemental security income
20 benefits under title XVI on the basis of blindness
21 (within the meaning of section 1614(a)(2)) or dis-
22 ability (within the meaning of section 1614(a)(3)).
23 An individual is a title XVI disability beneficiary for
24 each month for which such individual is eligible for
25 such benefits.

1 “(5) ~~SUPPLEMENTAL SECURITY INCOME BEN-~~
 2 ~~EFIT UNDER TITLE XVI.~~—The term ‘supplemental
 3 security income benefit under title XVI’ means a
 4 cash benefit under section 1611 or 1619(a), and
 5 does not include a State supplementary payment,
 6 administered federally or otherwise.

7 “(1) ~~REGULATIONS.~~—Not later than 1 year after the
 8 date of enactment of this section, the Commissioner shall
 9 prescribe such regulations as are necessary to carry out
 10 the provisions of this section.

11 “(m) ~~SUNSET OF PROGRAM.~~—The Program estab-
 12 lished under this section shall terminate on September 30,
 13 2004.”.

14 (b) ~~CONFORMING AMENDMENTS.~~—

15 (1) ~~AMENDMENTS TO TITLE H.~~—

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

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

22 (B) Section 222(a) of the Social Security
 23 Act (42 U.S.C. 422(a)) is repealed.

24 (C) Section 222(b) of the Social Security
 25 Act (42 U.S.C. 422(b)) is repealed.

1 (D) Section 225(b)(1) of the Social Secu-
2 rity Act (42 U.S.C. 425(b)(1)) is amended by
3 striking “a program of vocational rehabilitation
4 services” and inserting “a program consisting
5 of the Ticket to Work and Self-Sufficiency Pro-
6 gram under section 1148 or another program of
7 vocational rehabilitation services, employment
8 services, or other support services”.

9 (2) AMENDMENTS TO TITLE XVI.—

10 (A) Section 1615(a) of the Social Security
11 Act (42 U.S.C. 1382d(a)) is amended to read
12 as follows:

13 “SEC. 1615. (a) In the case of any blind or disabled
14 individual who—

15 “(1) has not attained age 16; and

16 “(2) with respect to whom benefits are paid
17 under this title;

18 the Commissioner of Social Security shall make provision
19 for referral of such individual to the appropriate State
20 agency administering the State program under title V.”.

21 (B) Section 1615(e) of the Social Security
22 Act (42 U.S.C. 1382d(e)) is repealed.

23 (C) Section 1631(a)(6)(A) of the Social
24 Security Act (42 U.S.C. 1383(a)(6)(A)) is
25 amended by striking “a program of vocational

1 rehabilitation services” and inserting “a pro-
2 gram consisting of the Ticket to Work and Self-
3 Sufficiency Program under section 1148 or an-
4 other program of vocational rehabilitation serv-
5 ices, employment services, or other support
6 services”.

7 (D) Section 1633(e) of the Social Security
8 Act (42 U.S.C. 1383b(e)) is amended—

9 (i) by inserting “(1)” after “(e)”, and

10 (ii) by adding at the end the fol-

11 lowing:

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

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

20 (d) GRADUATED IMPLEMENTATION OF PROGRAM.—

21 (1) IN GENERAL.—Not later than 1 year after
22 the date of enactment of this Act, the Commissioner
23 of Social Security shall commence implementation of
24 the amendments made by this section (other than
25 paragraphs (1)(C) and (2)(B) of subsection (b)) in

1 graduated phases at phase-in sites selected by the
2 Commissioner. Such phase-in sites shall be selected
3 so as to ensure, prior to full implementation of the
4 Ticket to Work and Self-Sufficiency Program, the
5 development and refinement of referral processes,
6 payment systems, computer linkages, management
7 information systems, and administrative processes
8 necessary to provide for full implementation of such
9 amendments. Subsection (c) shall apply with respect
10 to paragraphs (1)(C) and (2)(B) of subsection (b)
11 without regard to this subsection.

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

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

25 (4) ONGOING EVALUATION OF PROGRAM.—

1 (A) IN GENERAL.—The Commissioner
2 shall design and conduct a series of evaluations
3 to assess the cost-effectiveness of activities ear-
4 ried out under this section and the amendments
5 made thereby, as well as the effects of this sec-
6 tion and the amendments made thereby on
7 work outcomes for beneficiaries receiving tickets
8 to work and self-sufficiency under the Program.

9 (B) CONSULTATION.—The Commissioner
10 shall design and carry out the series of evalua-
11 tions after receiving relevant advice from ex-
12 perts in the fields of disability, vocational reha-
13 bilitation, and program evaluation and individ-
14 uals using tickets to work and self-sufficiency
15 under the Program and consulting with the
16 Work Incentives Advisory Panel established
17 under section 202, the Comptroller General of
18 the United States, other agencies of the Federal
19 Government, and private organizations with ap-
20 propriate expertise.

21 (C) METHODOLOGY.—

22 (i) IMPLEMENTATION.—The Commis-
23 sioner, in consultation with the Work In-
24 centives Advisory Panel established under
25 section 202, shall ensure that plans for

1 evaluations and data collection methods
2 under the Program are appropriately de-
3 signed to obtain detailed employment infor-
4 mation.

5 (ii) SPECIFIC MATTERS TO BE AD-
6 DRESSED.—Each such evaluation shall ad-
7 dress (but is not limited to)—

8 (I) the annual cost (including net
9 cost) of the Program and the annual
10 cost (including net cost) that would
11 have been incurred in the absence of
12 the Program;

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

17 (III) the types of employment
18 services, vocational rehabilitation serv-
19 ices, and other support services fur-
20 nished to beneficiaries in receipt of
21 tickets under the Program who return
22 to work and to those who do not re-
23 turn to work;

24 (IV) the duration of employment
25 services, vocational rehabilitation serv-

1 ices, and other support services fur-
2 nished to beneficiaries in receipt of
3 tickets under the Program who return
4 to work and the duration of such serv-
5 ices furnished to those who do not re-
6 turn to work and the cost to employ-
7 ment networks of furnishing such
8 services;

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

16 (VI) the characteristics of pro-
17 viders whose services are provided
18 within an employment network under
19 the Program;

20 (VII) the extent (if any) to which
21 employment networks display a great-
22 er willingness to provide services to
23 beneficiaries with a range of disabil-
24 ities;

1 ~~(VIII)~~ the characteristics (includ-
2 ing employment outcomes) of those
3 beneficiaries who receive services
4 under the outcome payment system
5 and of those beneficiaries who receive
6 services under the outcome-milestone
7 payment system;

8 ~~(IX)~~ measures of satisfaction
9 among beneficiaries in receipt of tick-
10 ets under the Program; and

11 ~~(X)~~ reasons for (including com-
12 ments solicited from beneficiaries re-
13 garding) their choice not to use their
14 tickets or their inability to return to
15 work despite the use of their tickets.

16 ~~(D)~~ PERIODIC EVALUATION REPORTS.—

17 Following the close of the third and fifth fiscal
18 years ending after the effective date under sub-
19 section (c), and prior to the close of the seventh
20 fiscal year ending after such date, the Commis-
21 sioner shall transmit to the Committee on Ways
22 and Means of the House of Representatives and
23 the Committee on Finance of the Senate a re-
24 port containing the Commissioner's evaluation
25 of the progress of activities conducted under the

1 provisions of this section and the amendments
 2 made thereby. Each such report shall set forth
 3 the Commissioner's evaluation of the extent to
 4 which the Program has been successful and the
 5 Commissioner's conclusions on whether or how
 6 the Program should be modified. Each such re-
 7 port shall include such data, findings, materials,
 8 and recommendations as the Commissioner may
 9 consider appropriate.

10 (5) EXTENT OF STATE'S RIGHT OF FIRST RE-
 11 FUSAL IN ADVANCE OF FULL IMPLEMENTATION OF
 12 AMENDMENTS IN SUCH STATE.—

13 (A) IN GENERAL.—In the case of any
 14 State in which the amendments made by sub-
 15 section (a) have not been fully implemented
 16 pursuant to this subsection, the Commissioner
 17 shall determine by regulation the extent to
 18 which—

19 (i) the requirement under section
 20 222(a) of the Social Security Act for
 21 prompt referrals to a State agency, and

22 (ii) the authority of the Commissioner
 23 under section 222(d)(2) of the Social Secu-
 24 rity Act to provide vocational rehabilitation
 25 services in such State by agreement or

1 contract with other public or private agen-
2 cies, organizations, institutions, or individ-
3 uals,

4 shall apply in such State.

5 (B) EXISTING AGREEMENTS.—Nothing in
6 subparagraph (A) or the amendments made by
7 subsection (a) shall be construed to limit, im-
8 pede, or otherwise affect any agreement entered
9 into pursuant to section 222(d)(2) of the Social
10 Security Act before the date of enactment of
11 this Act with respect to services provided pursu-
12 ant to such agreement to beneficiaries receiving
13 services under such agreement as of such date,
14 except with respect to services (if any) to be
15 provided after 3 years after the effective date
16 provided in subsection (c).

17 (c) SPECIFIC REGULATIONS REQUIRED.—

18 (1) IN GENERAL.—The Commissioner of Social
19 Security shall prescribe such regulations as are nec-
20 essary to implement the amendments made by this
21 section.

22 (2) SPECIFIC MATTERS TO BE INCLUDED IN
23 REGULATIONS.—The matters which shall be ad-
24 dressed in such regulations shall include—

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

5 (B) the format and wording of such tick-
6 ets, which shall incorporate by reference any
7 contractual terms governing service by employ-
8 ment networks under the Program;

9 (C) the form and manner in which State
10 agencies may elect participation in the Ticket to
11 Work and Self-Sufficiency Program (and revoke
12 such an election) pursuant to section
13 1148(e)(1) of the Social Security Act and provi-
14 sion for periodic opportunities for exercising
15 such elections (and revocations);

16 (D) the status of State agencies under sec-
17 tion 1148(e)(1) at the time that State agencies
18 exercise elections (and revocations) under that
19 section;

20 (E) the terms of agreements to be entered
21 into with program managers pursuant to sec-
22 tion 1148(d) of the Social Security Act,
23 including—

24 (i) the terms by which program man-
25 agers are precluded from direct participa-

1 tion in the delivery of services pursuant to
2 section 1148(d)(2) of the Social Security
3 Act;

4 (ii) standards which must be met by
5 quality assurance measures referred to in
6 paragraph (6) of section 1148(d) and
7 methods of recruitment of employment net-
8 works utilized pursuant to paragraph (2)
9 of section 1148(e); and

10 (iii) the format under which dispute
11 resolution will operate under section
12 1148(d)(7);

13 (F) the terms of agreements to be entered
14 into with employment networks pursuant to sec-
15 tion 1148(d)(4) of the Social Security Act,
16 including—

17 (i) the manner in which service areas
18 are specified pursuant to section
19 1148(f)(2)(A) of the Social Security Act;

20 (ii) the general selection criteria and
21 the specific selection criteria which are ap-
22 plicable to employment networks under
23 section 1148(f)(1)(C) of the Social Secu-
24 rity Act in selecting service providers;

1 (iii) specific requirements relating to
2 annual financial reporting by employment
3 networks pursuant to section 1148(f)(3) of
4 the Social Security Act; and

5 (iv) the national model to which peri-
6 odic outcomes reporting by employment
7 networks must conform under section
8 1148(f)(4) of the Social Security Act;

9 (G) standards which must be met by indi-
10 vidual work plans pursuant to section 1148(g)
11 of the Social Security Act;

12 (H) standards which must be met by pay-
13 ment systems required under section 1148(h) of
14 the Social Security Act, including—

15 (i) the form and manner in which
16 elections by employment networks of pay-
17 ment systems are to be exercised pursuant
18 to section 1148(h)(1)(A);

19 (ii) the terms which must be met by
20 an outcome payment system under section
21 1148(h)(2);

22 (iii) the terms which must be met by
23 an outcome-milestone payment system
24 under section 1148(h)(3);

1 (iv) any revision of the percentage
 2 specified in paragraph (2)(C) of section
 3 1148(h) of the Social Security Act or the
 4 period of time specified in paragraph
 5 (4)(B) of such section 1148(h); and

6 (v) annual oversight procedures for
 7 such systems; and

8 (I) procedures for effective oversight of the
 9 Program by the Commissioner of Social Secu-
 10 rity, including periodic reviews and reporting
 11 requirements.

12 **SEC. 202. WORK INCENTIVES ADVISORY PANEL.**

13 (a) ESTABLISHMENT.—There is established within
 14 the Social Security Administration a panel to be known
 15 as the “Work Incentives Advisory Panel” (in this section
 16 referred to as the “Panel”).

17 (b) DUTIES OF PANEL.—It shall be the duty of the
 18 Panel to—

19 (1) advise the Secretary of Health and Human
 20 Services, the Secretary of Labor, the Secretary of
 21 Education, and the Commissioner of Social Security
 22 on issues related to work incentives programs, plan-
 23 ning, and assistance for individuals with disabilities,
 24 including work incentive provisions under titles II,
 25 XI, XVI, XVIII, and XIX of the Social Security Act

1 (42 U.S.C. 401 et seq., 1301 et seq., 1381 et seq.,
2 1395 et seq., 1396 et seq.); and

3 (2) with respect to the Ticket to Work and Self-
4 Sufficiency Program established under section 1148
5 of the Social Security Act—

6 (A) advise the Commissioner of Social Se-
7 curity with respect to establishing phase-in sites
8 for such Program and fully implementing the
9 Program thereafter, the refinement of access of
10 disabled beneficiaries to employment networks,
11 payment systems, and management information
12 systems, and advise the Commissioner whether
13 such measures are being taken to the extent
14 necessary to ensure the success of the Program;

15 (B) advise the Commissioner regarding the
16 most effective designs for research and dem-
17 onstration projects associated with the Program
18 or conducted pursuant to section 302;

19 (C) advise the Commissioner on the devel-
20 opment of performance measurements relating
21 to quality assurance under section 1148(d)(6)
22 of the Social Security Act; and

23 (D) furnish progress reports on the Pro-
24 gram to the Commissioner and each House of
25 Congress.

1 (e) MEMBERSHIP.—

2 (1) NUMBER AND APPOINTMENT.—The Panel
3 shall be composed of 12 members appointed by the
4 Commissioner of Social Security in consultation with
5 the Speaker of the House of Representatives, the
6 Minority Leader of the House of Representatives,
7 the Majority Leader of the Senate, and the Minority
8 Leader of the Senate.

9 (2) REPRESENTATION.—All members appointed
10 to the Panel shall have experience or expert knowl-
11 edge in the fields of, or related to, work incentive
12 programs, employment services, vocational rehabili-
13 tation services, health care services, and other sup-
14 port services for individuals with disabilities. At least
15 7 members of the Panel shall be individuals with dis-
16 abilities or representatives of individuals with dis-
17 abilities, except that, of those 7 members, at least 5
18 members shall be current or former title II disability
19 beneficiaries or title XVI disability beneficiaries (as
20 such terms are defined in section 1148(k) of the So-
21 cial Security Act (as added by section 201(a) of this
22 Act)).

23 (3) TERMS.—

24 (A) IN GENERAL.—Each member shall be
25 appointed for a term of 4 years (or, if less, for

1 the remaining life of the Panel), except as pro-
2 vided in subparagraphs (B) and (C). The initial
3 members shall be appointed not later than 90
4 days after the date of enactment of this Act.

5 (B) TERMS OF INITIAL APPOINTEES.—As
6 designated by the Commissioner at the time of
7 appointment, of the members first appointed—

8 (i) 6 of the members appointed under
9 paragraph (1) shall be appointed for a
10 term of 2 years, and

11 (ii) 6 of the members appointed under
12 paragraph (1) shall be appointed for a
13 term of 4 years.

14 (C) VACANCIES.—Any member appointed
15 to fill a vacancy occurring before the expiration
16 of the term for which the member's predecessor
17 was appointed shall be appointed only for the
18 remainder of that term. A member may serve
19 after the expiration of that member's term until
20 a successor has taken office. A vacancy in the
21 Panel shall be filled in the manner in which the
22 original appointment was made.

23 (4) BASIC PAY.—Members shall each be paid at
24 a rate, and in a manner, that is consistent with

1 guidelines established under section 7 of the Federal
2 Advisory Committee Act (5 U.S.C. App.).

3 (5) TRAVEL EXPENSES.—Each member shall
4 receive travel expenses, including per diem in lieu of
5 subsistence, in accordance with sections 5702 and
6 5703 of title 5, United States Code.

7 (6) QUORUM.—Eight members of the Panel
8 shall constitute a quorum but a lesser number may
9 hold hearings.

10 (7) CHAIRPERSON.—The Chairperson of the
11 Panel shall be designated by the Commissioner. The
12 term of office of the Chairperson shall be 4 years.

13 (8) MEETINGS.—The Panel shall meet at least
14 quarterly and at other times at the call of the Chair-
15 person or a majority of its members.

16 (d) DIRECTOR AND STAFF OF PANEL, EXPERTS AND
17 CONSULTANTS.—

18 (1) DIRECTOR.—The Panel shall have a Direc-
19 tor who shall be appointed by the Commissioner and
20 paid at a rate, and in a manner, that is consistent
21 with guidelines established under section 7 of the
22 Federal Advisory Committee Act (5 U.S.C. App.).

23 (2) STAFF.—Subject to rules prescribed by the
24 Commissioner, the Director may appoint and fix the

1 pay of additional personnel as the Director considers
2 appropriate.

3 (3) EXPERTS AND CONSULTANTS.—Subject to
4 rules prescribed by the Commissioner, the Director
5 may procure temporary and intermittent services
6 under section 3109(b) of title 5, United States Code.

7 (4) STAFF OF FEDERAL AGENCIES.—Upon re-
8 quest of the Panel, the head of any Federal depart-
9 ment or agency may detail, on a reimbursable basis,
10 any of the personnel of that department or agency
11 to the Panel to assist it in carrying out its duties
12 under this section.

13 (e) POWERS OF PANEL.—

14 (1) HEARINGS AND SESSIONS.—The Panel may,
15 for the purpose of carrying out its duties under this
16 section, hold such hearings, sit and act at such times
17 and places, and take such testimony and evidence as
18 the Panel considers appropriate.

19 (2) POWERS OF MEMBERS AND AGENTS.—Any
20 member or agent of the Panel may, if authorized by
21 the Panel, take any action which the Panel is au-
22 thorized to take by this section.

23 (3) MAILS.—The Panel may use the United
24 States mails in the same manner and under the

1 same conditions as other departments and agencies
2 of the United States.

3 (f) REPORTS.—

4 (1) INTERIM REPORTS.—The Panel shall sub-
5 mit to the President and Congress interim reports at
6 least annually.

7 (2) FINAL REPORT.—The Panel shall transmit
8 a final report to the President and Congress not
9 later than 8 years after the date of enactment of
10 this Act. The final report shall contain a detailed
11 statement of the findings and conclusions of the
12 Panel, together with its recommendations for legisla-
13 tion and administrative actions which the Panel con-
14 siders appropriate.

15 (g) TERMINATION.—The Panel shall terminate 30
16 days after the date of the submission of its final report
17 under subsection (f)(2).

18 (h) ALLOCATION OF COSTS.—The costs of carrying
19 out this section shall be paid from amounts made available
20 for the administration of title II of the Social Security Act
21 (42 U.S.C. 401 et seq.) and amounts made available for
22 the administration of title XVI of that Act (42 U.S.C.
23 1381 et seq.); and shall be allocated among those amounts
24 as appropriate.

1 **Subtitle B—Elimination of Work**
2 **Disincentives**

3 **SEC. 211. PROHIBITION ON USING WORK ACTIVITY AS A**
4 **BASIS FOR REVIEW OF AN INDIVIDUAL'S DIS-**
5 **ABLED STATUS.**

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

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

13 “(A) no continuing disability review conducted
14 by the Commissioner may be scheduled for the indi-
15 vidual solely as a result of the individual's work ac-
16 tivity;

17 “(B) no work activity engaged in by the indi-
18 vidual may be used as evidence that the individual
19 is no longer disabled; and

20 “(C) no cessation of work activity by the indi-
21 vidual may give rise to a presumption that the indi-
22 vidual is unable to engage in work.

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

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

3 “(B) termination of benefits under this title in
4 the event that the individual has earnings that ex-
5 ceed the level of earnings established by the Com-
6 missioner to represent substantial gainful activity.”.

7 **SEC. 212. EXPEDITED ELIGIBILITY DETERMINATIONS FOR**
8 **APPLICATIONS OF FORMER LONG-TERM**
9 **BENEFICIARIES THAT COMPLETED AN EX-**
10 **TENDED PERIOD OF ELIGIBILITY.**

11 Section 223 of the Social Security Act (42 U.S.C.
12 423) is amended by adding at the end the following:

13 “Expedited Eligibility Determinations for Applications of
14 Former Long-Term Beneficiaries That Completed
15 an Extended Period of Eligibility

16 “(j) The Commissioner of Social Security shall estab-
17 lish a process for providing an expedited eligibility deter-
18 mination in the case of an application for disability insur-
19 ance benefits under this section, or for monthly insurance
20 benefits under section 202 based on another individual’s
21 disability, that is filed by an individual that previously—

22 “(1) received such benefits for at least 24
23 months; and

1 “(2) engaged in substantial gainful activity dur-
2 ing the 36-month period following the end of a trial
3 work period under section 222(e).”.

4 **Subtitle C—Work Incentives**

5 **Planning, Assistance, and Outreach**

6 **SEC. 221. WORK INCENTIVES OUTREACH PROGRAM.**

7 Part A of title XI of the Social Security Act (42
8 U.S.C. 1301 et seq.), as amended by section 201, is
9 amended by adding after section 1148 the following:

10 “WORK INCENTIVES OUTREACH PROGRAM

11 “SEC. 1149. (a) ESTABLISHMENT.—

12 “(1) IN GENERAL.—The Commissioner, in con-
13 sultation with the Work Incentives Advisory Panel
14 established under section 202 of the Work Incentives
15 Improvement Act of 1990, shall establish a commu-
16 nity-based work incentives planning and assistance
17 program for the purpose of disseminating accurate
18 information to disabled beneficiaries on work incen-
19 tives programs and issues related to such programs.

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

24 “(A) establish a competitive program of
25 grants, cooperative agreements, or contracts to
26 provide benefits planning and assistance, in-

1 including information on the availability of pro-
2 tection and advocacy services, to disabled bene-
3 ficiaries, including individuals participating in
4 the Ticket to Work and Self-Sufficiency Pro-
5 gram established under section 1148, the pro-
6 gram established under section 1619, and other
7 programs that are designed to encourage dis-
8 abled beneficiaries to work;

9 “(B) conduct directly, or through grants,
10 cooperative agreements, or contracts, ongoing
11 outreach efforts to disabled beneficiaries (and
12 to the families of such beneficiaries) who are
13 potentially eligible to participate in Federal or
14 State work incentive programs that are de-
15 signed to assist disabled beneficiaries to work,
16 including—

17 “(i) preparing and disseminating in-
18 formation explaining such programs; and

19 “(ii) working in cooperation with
20 other Federal, State, and private agencies
21 and nonprofit organizations that serve dis-
22 abled beneficiaries, and with agencies and
23 organizations that focus on vocational re-
24 habilitation and work-related training and
25 counseling;

1 “(C) establish a corps of trained, acces-
2 sible, and responsive work incentives specialists
3 within the Social Security Administration who
4 will specialize in disability work incentives
5 under titles II and XVI for the purpose of dis-
6 seminating accurate information with respect to
7 inquiries and issues relating to work incentives
8 to—

9 “(i) disabled beneficiaries;

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

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

15 “(D) provide—

16 “(i) training for the work incentive
17 specialists and the individuals providing
18 planning assistance described in subpara-
19 graph (C); and

20 “(ii) technical assistance to organiza-
21 tions and entities that are designed to en-
22 courage disabled beneficiaries to return to
23 work.

24 “(3) COORDINATION WITH OTHER PRO-
25 GRAMS.—The responsibilities of the Commissioner

1 established under this section shall be coordinated
2 with other public and private programs that provide
3 information and assistance regarding rehabilitation
4 services and independent living supports and bene-
5 fits planning for disabled beneficiaries including the
6 program under section 1619, the plans for achieving
7 self-support program (PASS), and any other Federal
8 or State work incentives programs that are designed
9 to assist disabled beneficiaries, including educational
10 agencies that provide information and assistance re-
11 garding rehabilitation, school-to-work programs,
12 transition services (as defined in, and provided in ac-
13 cordance with, the Individuals with Disabilities Edu-
14 cation Act (20 U.S.C. 1400 et seq.)), and other serv-
15 ices.

16 “(b) CONDITIONS.—

17 “(1) SELECTION OF ENTITIES.—

18 “(A) APPLICATION.—An entity shall sub-
19 mit an application for a grant, cooperative
20 agreement, or contract to provide benefits plan-
21 ning and assistance to the Commissioner at
22 such time, in such manner, and containing such
23 information as the Commissioner may deter-
24 mine is necessary to meet the requirements of
25 this section.

1 “(B) STATEWIDENESS.—The Commis-
2 sioner shall ensure that the planning, assist-
3 ance, and information described in paragraph
4 (2) shall be available on a statewide basis.

5 “(C) ELIGIBILITY OF STATES AND PRI-
6 VATE ORGANIZATIONS.—

7 “(i) IN GENERAL.—The Commissioner
8 may award a grant, cooperative agreement,
9 or contract under this section to a State or
10 a private agency or organization (other
11 than Social Security Administration Field
12 Offices and the State agency administering
13 the State medicaid program under title
14 XIX, including any agency or entity de-
15 scribed in clause (ii), that the Commis-
16 sioner determines is qualified to provide
17 the planning, assistance, and information
18 described in paragraph (2)).

19 “(ii) AGENCIES AND ENTITIES DE-
20 SCRIBED.—The agencies and entities de-
21 scribed in this clause are the following:

22 “(I) Any public or private agency
23 or organization (including Centers for
24 Independent Living established under
25 title VII of the Rehabilitation Act of

1 1973, protection and advocacy organi-
2 zations, client assistance programs es-
3 tablished in accordance with section
4 112 of the Rehabilitation Act of 1973,
5 and State Developmental Disabilities
6 Councils established in accordance
7 with section 124 of the Developmental
8 Disabilities Assistance and Bill of
9 Rights Act (42 U.S.C. 6024)) that the
10 Commissioner determines satisfies the
11 requirements of this section.

12 “(II) The State agency admin-
13 istering the State program funded
14 under part A of title IV.

15 “(D) EXCLUSION FOR CONFLICT OF IN-
16 TEREST.—The Commissioner may not award a
17 grant, cooperative agreement, or contract under
18 this section to any entity that the Commissioner
19 determines would have a conflict of interest if
20 the entity were to receive a grant, cooperative
21 agreement, or contract under this section.

22 “(2) SERVICES PROVIDED.—A recipient of a
23 grant, cooperative agreement, or contract to provide
24 benefits planning and assistance shall select individ-
25 uals who will act as planners and provide informa-

1 tion, guidance, and planning to disabled beneficiaries
2 on the—

3 “(A) availability and interrelation of any
4 Federal or State work incentives programs de-
5 signed to assist disabled beneficiaries that the
6 individual may be eligible to participate in;

7 “(B) adequacy of any health benefits cov-
8 erage that may be offered by an employer of
9 the individual and the extent to which other
10 health benefits coverage may be available to the
11 individual; and

12 “(C) availability of protection and advo-
13 cacy services for disabled beneficiaries and how
14 to access such services.

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

17 “(A) BASED ON POPULATION OF DIS-
18 ABLED BENEFICIARIES.—Subject to subpara-
19 graph (B), the Commissioner shall award a
20 grant, cooperative agreement, or contract under
21 this section to an entity based on the percent-
22 age of the population of the State where the en-
23 tity is located who are disabled beneficiaries.

24 “(B) LIMITATIONS.—

1 “(i) PER GRANT.—No entity shall re-
 2 ceive a grant, cooperative agreement, or
 3 contract under this section for a fiscal year
 4 that is less than \$50,000 or more than
 5 \$300,000.

6 “(ii) TOTAL AMOUNT FOR ALL
 7 GRANTS, COOPERATIVE AGREEMENTS, AND
 8 CONTRACTS.—The total amount of all
 9 grants, cooperative agreements, and con-
 10 tracts awarded under this section for a fis-
 11 cal year may not exceed \$23,000,000.

12 “(4) ALLOCATION OF COSTS.—The costs of ear-
 13 rying out this section shall be paid from amounts
 14 made available for the administration of title II and
 15 amounts made available for the administration of
 16 title XVI, and shall be allocated among those
 17 amounts as appropriate.

18 “(c) DEFINITIONS.—In this section:

19 “(1) COMMISSIONER.—The term ‘Commis-
 20 sioner’ means the Commissioner of Social Security.

21 “(2) DISABLED BENEFICIARY.—The term ‘dis-
 22 abled beneficiary’ has the meaning given that term
 23 in section 1148(k)(2).”

1 **SEC. 222. STATE GRANTS FOR WORK INCENTIVES ASSIST-**
 2 **ANCE TO DISABLED BENEFICIARIES.**

3 Part A of title XI of the Social Security Act (42
 4 U.S.C. 1301 et seq.), as amended by section 221, is
 5 amended by adding after section 1149 the following:

6 "STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO
 7 **DISABLED BENEFICIARIES**

8 "SEC. 1150. (a) **IN GENERAL.**—Subject to subsection
 9 (e), the Commissioner may make payments in each State
 10 to the protection and advocacy system established pursu-
 11 ant to part C of title I of the Developmental Disabilities
 12 Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.)
 13 for the purpose of providing services to disabled bene-
 14 ficiaries.

15 "(b) **SERVICES PROVIDED.**—

16 "(1) **IN GENERAL.**—Subject to paragraph (2),
 17 services provided to disabled beneficiaries pursuant
 18 to a payment made under this section may include—

19 "(A) information and advice about obtain-
 20 ing vocational rehabilitation and employment
 21 services; and

22 "(B) advocacy or other services that a dis-
 23 abled beneficiary may need to secure or regain
 24 gainful employment.

25 "(c) **APPLICATION.**—In order to receive payments
 26 under this section, a protection and advocacy system shall

1 submit an application to the Commissioner, at such time,
 2 in such form and manner, and accompanied by such infor-
 3 mation and assurances as the Commissioner may require.

4 “(d) AMOUNT OF PAYMENTS.—

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

9 “(A) in the case of a protection and advo-
 10 cacy system located in a State (including the
 11 District of Columbia and Puerto Rico) other
 12 than Guam, American Samoa, the United
 13 States Virgin Islands, and the Commonwealth
 14 of the Northern Mariana Islands, the greater
 15 of—

16 “(i) \$100,000; or

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

20 “(B) in the case of a protection and advo-
 21 cacy system located in Guam, American Samoa,
 22 the United States Virgin Islands, and the Com-
 23 monwealth of the Northern Mariana Islands,
 24 \$50,000.

1 “(2) INFLATION ADJUSTMENT.—For each fiscal
2 year in which the total amount appropriated to carry
3 out this section exceeds the total amount appro-
4 priated to carry out this section in the preceding fis-
5 cal year, the Commissioner shall increase each min-
6 imum payment under subparagraphs (A) and (B) of
7 paragraph (1) by a percentage equal to the percent-
8 age increase in the total amount appropriated to
9 carry out this section between the preceding fiscal
10 year and the fiscal year involved.

11 “(c) ANNUAL REPORT.—Each protection and advo-
12 cacy system that receives a payment under this section
13 shall submit an annual report to the Commissioner and
14 the Work Incentives Advisory Panel established under sec-
15 tion 202 of the Work Incentives Improvement Act of 1999
16 on the services provided to individuals by the system.

17 “(f) FUNDING.—

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

24 “(2) CARRYOVER.—Any amounts allotted for
25 payment to a protection and advocacy system under

1 this section for a fiscal year shall remain available
 2 for payment to or on behalf of the protection and
 3 advocacy system until the end of the succeeding fis-
 4 cal year.

5 “(g) DEFINITIONS.—In this section:

6 “(1) COMMISSIONER.—The term ‘Commis-
 7 sioner’ means the Commissioner of Social Security.

8 “(2) DISABLED BENEFICIARY.—The term ‘dis-
 9 abled beneficiary’ has the meaning given that term
 10 in section 1148(k)(2).

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

17 **TITLE III—DEMONSTRATION** 18 **PROJECTS AND STUDIES**

19 **SEC. 301. EXTENSION OF DISABILITY INSURANCE PRO-** 20 **GRAM DEMONSTRATION PROJECT AUTHOR-** 21 **ITY.**

22 Section 505 of the Social Security Disability Amend-
 23 ments of 1980 (42 U.S.C. 1310 note) is amended—

24 (1) in subsection (a)(1)—

1 (A) by striking “and (B)” and inserting “,
2 (B)”;

3 (B) by inserting “, and (C) implementing
4 sliding scale benefit offsets using variations in
5 the amount of the offset as a proportion of
6 earned income, the duration of the offset pe-
7 riod, and the method of determining the
8 amount of income earned by the beneficiaries,
9 and using state-of-the-art information tech-
10 nology and electronic funds transfer technology
11 to streamline the reporting of data and the im-
12 plementation of the offsets, and developing and
13 making available to beneficiaries, their families,
14 guardians, and advocates, through the Internet
15 information regarding work incentives and as-
16 sistance for beneficiaries to make informed deci-
17 sions regarding work,” after “rehabilitation),”;
18 and

19 (C) by adding at the end the following:
20 “The Commissioner may expand the scope of
21 any such demonstration project to include any
22 group of applicants for benefits under such pro-
23 gram with impairments which may reasonably
24 be presumed to be disabling for purposes of
25 such demonstration project, and may limit any

1 such demonstration project to any such group
 2 of applicants, subject to the terms of such dem-
 3 onstration project which shall define the extent
 4 of any such presumption.”;

5 (2) in subsection (a)(3), by striking “June 10,
 6 1996” and inserting “June 10, 2001”;

7 (3) in subsection (a)(4), by inserting “and on or
 8 before October 1, 2000,” after “1995,”; and

9 (4) in subsection (c), by striking “October 1,
 10 1996” and inserting “October 1, 2002”.

11 **SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-**
 12 **DUCTIONS IN DISABILITY INSURANCE BENE-**
 13 **FITS BASED ON EARNINGS.**

14 (a) **AUTHORITY.**—The Commissioner of Social Secu-
 15 rity shall conduct demonstration projects for the purpose
 16 of evaluating, through the collection of data, a program
 17 for title II disability beneficiaries (as defined in section
 18 1148(k)(3) of the Social Security Act) under which each
 19 \$1 of benefits payable under section 223, or under section
 20 202 based on the beneficiary’s disability, is reduced for
 21 each \$2 of such beneficiary’s earnings that is above a level
 22 to be determined by the Commissioner. Such projects shall
 23 be conducted at a number of localities which the Commis-
 24 sioner shall determine is sufficient to adequately evaluate
 25 the appropriateness of national implementation of such a

1 program. Such projects shall identify reductions in Fed-
2 eral expenditures that may result from the permanent im-
3 plementation of such a program.

4 (b) SCOPE AND SCALE AND MATTERS TO BE DETER-
5 MINED.—

6 (1) IN GENERAL.—The demonstration projects
7 developed under subsection (a) shall be of sufficient
8 duration, shall be of sufficient scope, and shall be
9 carried out on a wide enough scale to permit a thor-
10 ough evaluation of the project to determine—

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

14 (B) the extent, if any, to which the project
15 being tested is affected by whether it is in oper-
16 ation in a locality within an area under the ad-
17 ministration of the Ticket to Work and Self-
18 Sufficiency Program established under section
19 1148 of the Social Security Act, and

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

1 The Commissioner shall take into account advice
 2 provided by the Work Incentives Advisory Panel pur-
 3 suant to section 202(b)(2)(B).

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

6 ~~(A) the annual cost (including net cost) of~~
 7 ~~the project and the annual cost (including net~~
 8 ~~cost) that would have been incurred in the ab-~~
 9 ~~sence of the project;~~

10 ~~(B) the determinants of return to work, in-~~
 11 ~~cluding the characteristics of the beneficiaries~~
 12 ~~who participate in the project; and~~

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

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

20 ~~(e) WAIVERS.—~~The Commissioner may waive compli-
 21 ~~ance with the benefit provisions of title II of the Social~~
 22 ~~Security Act, and the Secretary of Health and Human~~
 23 ~~Services may waive compliance with the benefit require-~~
 24 ~~ments of title XVIII of that Act, insofar as is necessary~~
 25 ~~for a thorough evaluation of the alternative methods under~~

1 consideration. No such project shall be actually placed in
2 operation unless at least 90 days prior thereto a written
3 report, prepared for purposes of notification and informa-
4 tion only and containing a full and complete description
5 thereof, has been transmitted by the Commissioner to the
6 Committee on Ways and Means of the House of Rep-
7 resentatives and to the Committee on Finance of the Sen-
8 ate. Periodic reports on the progress of such projects shall
9 be submitted by the Commissioner to such committees.
10 When appropriate, such reports shall include detailed rec-
11 ommendations for changes in administration or law, or
12 both, to carry out the objectives stated in subsection (a).

13 (d) INTERIM REPORTS.—Not later than 2 years after
14 the date of enactment of this Act, and annually thereafter,
15 the Commissioner of Social Security shall submit to Con-
16 gress an interim report on the progress of the demonstra-
17 tion projects carried out under this subsection together
18 with any related data and materials which the Commis-
19 sioner of Social Security may consider appropriate.

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

24 (f) EXPENDITURES.—Expenditures made for dem-
25 onstration projects under this section shall be made from

1 the Federal Disability Insurance Trust Fund and the Fed-
2 eral Old-Age and Survivors Insurance Trust Fund, as de-
3 termined appropriate by the Commissioner of Social Secu-
4 rity, and from the Federal Hospital Insurance Trust Fund
5 and the Federal Supplementary Medical Insurance Trust
6 Fund, as determined appropriate by the Secretary of
7 Health and Human Services, to the extent provided in ad-
8 vance in appropriation Acts.

9 **SEC. 303. SENSE OF CONGRESS REGARDING ADDITIONAL**
10 **DEMONSTRATION PROJECTS.**

11 It is the sense of Congress that the Commissioner
12 of Social Security and the Secretary of Health and Human
13 Services should establish additional demonstration
14 projects to assist individuals with disabilities to engage in
15 work.

16 **SEC. 304. STUDIES AND REPORTS.**

17 (a) **STUDY BY GENERAL ACCOUNTING OFFICE OF**
18 **EXISTING DISABILITY-RELATED EMPLOYMENT INCEN-**
19 **TIVES.—**

20 (1) **STUDY.—**As soon as practicable after the
21 date of enactment of this Act, the Comptroller Gen-
22 eral of the United States shall undertake a study to
23 assess existing tax credits and other disability-re-
24 lated employment incentives under the Americans
25 with Disabilities Act of 1990 and other Federal

1 laws. In such study, the Comptroller General shall
2 specifically address the extent to which such credits
3 and other incentives would encourage employers to
4 hire and retain individuals with disabilities.

5 (2) REPORT.—Not later than 3 years after the
6 date of enactment of this Act, the Comptroller Gen-
7 eral shall transmit to the Committee on Ways and
8 Means of the House of Representatives and the
9 Committee on Finance of the Senate a written re-
10 port presenting the results of the Comptroller Gen-
11 eral's study conducted pursuant to this subsection,
12 together with such recommendations for legislative
13 or administrative changes as the Comptroller Gen-
14 eral determines are appropriate.

15 (b) STUDY BY GENERAL ACCOUNTING OFFICE OF
16 EXISTING COORDINATION OF THE DI AND SSI PROGRAMS
17 AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAV-
18 ING CONCURRENT ENTITLEMENT.—

19 (1) STUDY.—As soon as practicable after the
20 date of enactment of this Act, the Comptroller Gen-
21 eral of the United States shall undertake a study to
22 evaluate the coordination under current law of the
23 disability insurance program under title II of the So-
24 cial Security Act and the supplemental security in-
25 come program under title XVI of that Act, as such

1 programs relate to individuals entering or leaving
 2 concurrent entitlement under such programs. In
 3 such study, the Comptroller General shall specifically
 4 address the effectiveness of work incentives under
 5 such programs with respect to such individuals and
 6 the effectiveness of coverage of such individuals
 7 under titles XVIII and XIX of the Social Security
 8 Act.

9 (2) REPORT.—Not later than 3 years after the
 10 date of enactment of this Act, the Comptroller Gen-
 11 eral shall transmit to the Committee on Ways and
 12 Means of the House of Representatives and the
 13 Committee on Finance of the Senate a written re-
 14 port presenting the results of the Comptroller Gen-
 15 eral's study conducted pursuant to this subsection,
 16 together with such recommendations for legislative
 17 or administrative changes as the Comptroller Gen-
 18 eral determines are appropriate.

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

22 (1) STUDY.—As soon as practicable after the
 23 date of enactment of this Act, the Comptroller Gen-
 24 eral of the United States shall undertake a study of
 25 the substantial gainful activity level applicable as of

1 that date to recipients of benefits under section 223
2 of the Social Security Act (42 U.S.C. 423) and
3 under section 202 of that Act (42 U.S.C. 402) on
4 the basis of a recipient having a disability, and the
5 effect of such level as a disincentive for those recipi-
6 ents to return to work. In the study, the Comptroller
7 General also shall address the merits of increasing
8 the substantial gainful activity level applicable to
9 such recipients of benefits and the rationale for not
10 yearly indexing that level to inflation.

11 (2) REPORT.—Not later than 2 years after the
12 date of enactment of this Act, the Comptroller Gen-
13 eral shall transmit to the Committee on Ways and
14 Means of the House of Representatives and the
15 Committee on Finance of the Senate a written re-
16 port presenting the results of the Comptroller Gen-
17 eral's study conducted pursuant to this subsection,
18 together with such recommendations for legislative
19 or administrative changes as the Comptroller Gen-
20 eral determines are appropriate.

1 **TITLE IV—TECHNICAL**
2 **AMENDMENTS**

3 **SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG**
4 **ADDICTS AND ALCOHOLICS.**

5 (a) **CLARIFICATION RELATING TO THE EFFECTIVE**
6 **DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY**
7 **BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.**—Sec-
8 tion 105(a)(5) of the Contract with America Advancement
9 Act of 1996 (Public Law 104–121, 110 Stat. 853) is
10 amended—

11 (1) in subparagraph (A), by striking “by the
12 Commissioner of Social Security” and “by the Com-
13 missioner”; and

14 (2) by adding at the end the following:

15 “(D) For purposes of this paragraph, an
16 individual’s claim, with respect to benefits
17 under title II of the Social Security Act based
18 on disability, which has been denied in whole
19 before the date of enactment of this Act, may
20 not be considered to be finally adjudicated be-
21 fore such date if, on or after such date—

22 “(i) there is pending a request for ei-
23 ther administrative or judicial review with
24 respect to such claim, or

1 “(ii) there is pending, with respect to
2 such claim, a readjudication by the Com-
3 missioner of Social Security pursuant to
4 relief in a class action or implementation
5 by the Commissioner of a court remand
6 order.

7 “(E) Notwithstanding the provisions of
8 this paragraph, with respect to any individual
9 for whom the Commissioner of Social Security
10 does not perform the entitlement redetermina-
11 tion before the date prescribed in subparagraph
12 (C), the Commissioner shall perform such enti-
13 tlement redetermination in lieu of a continuing
14 disability review whenever the Commissioner de-
15 termines that the individual’s entitlement is
16 subject to redetermination based on the pre-
17 ceding provisions of this paragraph, and the
18 provisions of section 223(f) of the Social Secu-
19 rity Act shall not apply to such redetermina-
20 tion.”

21 (b) CORRECTION TO EFFECTIVE DATE OF PROVI-
22 SIONS CONCERNING REPRESENTATIVE PAYEES AND
23 TREATMENT REFERRALS OF SOCIAL SECURITY BENE-
24 FIICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—
25 Section 105(a)(5)(B) of the Contract with America Ad-

1 vancement Act of 1996 (42 U.S.C. 405 note) is amended
2 to read as follows:

3 “(B) The amendments made by para-
4 graphs (2) and (3) shall take effect on July 1,
5 1996, with respect to any individual—

6 “(i) whose claim for benefits is finally
7 adjudicated on or after the date of enact-
8 ment of this Act; or

9 “(ii) whose entitlement to benefits is
10 based on an entitlement redetermination
11 made pursuant to subparagraph (C).”.

12 (c) **EFFECTIVE DATES.**—The amendments made by
13 this section shall take effect as if included in the enact-
14 ment of section 105 of the Contract with America Ad-
15 vancement Act of 1996 (Public Law 104-121, 110 Stat.
16 852 et seq.).

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

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

20 (1) **IN GENERAL.**—Section 202(x)(3) of the So-
21 cial Security Act (42 U.S.C. 402(x)(3)) is
22 amended—

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

24 (B) by adding at the end the following:

1 “(B)(i) The Commissioner shall enter into an agree-
2 ment under this subparagraph with any interested State
3 or local institution comprising a jail, prison, penal institu-
4 tion, or correctional facility, or comprising any other insti-
5 tution a purpose of which is to confine individuals as de-
6 scribed in paragraph (1)(A)(ii). Under such agreement—

7 “(I) the institution shall provide to the Com-
8 missioner, on a monthly basis and in a manner spec-
9 ified by the Commissioner, the names, Social Secu-
10 rity account numbers, dates of birth, confinement
11 commencement dates, and, to the extent available to
12 the institution, such other identifying information
13 concerning the individuals confined in the institution
14 as the Commissioner may require for the purpose of
15 carrying out paragraph (1); and

16 “(II) the Commissioner shall pay to the institu-
17 tion, with respect to information described in sub-
18 clause (I) concerning each individual who is confined
19 therein as described in paragraph (1)(A), who re-
20 ceives a benefit under this title for the month pre-
21 ceeding the first month of such confinement, and
22 whose benefit under this title is determined by the
23 Commissioner to be not payable by reason of con-
24 finement based on the information provided by the
25 institution, \$400 (subject to reduction under clause

1 (ii) if the institution furnishes the information to
2 the Commissioner within 30 days after the date such
3 individual's confinement in such institution begins,
4 or \$200 (subject to reduction under clause (ii)) if
5 the institution furnishes the information after 30
6 days after such date but within 90 days after such
7 date.

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

13 "(iii) The provisions of section 552a of title 5, United
14 States Code, shall not apply to any agreement entered into
15 under clause (i) or to information exchanged pursuant to
16 such agreement.

17 "(iv) There is authorized to be transferred from the
18 Federal Old-Age and Survivors Insurance Trust Fund and
19 the Federal Disability Insurance Trust Fund, as appro-
20 priate, such sums as may be necessary to enable the Com-
21 missioner to make payments to institutions required by
22 clause (i)(II).

23 "(v) The Commissioner is authorized to provide, on
24 a reimbursable basis, information obtained pursuant to
25 agreements entered into under clause (i) to any agency

1 administering a Federal or federally assisted cash, food,
2 or medical assistance program for eligibility purposes.”.

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

8 (b) ELIMINATION OF TITLE II REQUIREMENT THAT
9 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-
10 PRISONMENT FOR MORE THAN 1 YEAR.—

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

14 (A) in the matter preceding clause (i), by
15 striking “during” and inserting “throughout”;

16 (B) in clause (i), by striking “an offense
17 punishable by imprisonment for more than 1
18 year (regardless of the actual sentence im-
19 posed)” and inserting “a criminal offense”; and

20 (C) in clause (ii)(I), by striking “an of-
21 fense punishable by imprisonment for more
22 than 1 year” and inserting “a criminal of-
23 fense”.

24 (2) EFFECTIVE DATE.—The amendments made
25 by this subsection shall apply to individuals whose

1 period of confinement in an institution commences
 2 on or after the first day of the fourth month begin-
 3 ning after the month in which this Act is enacted.

4 (e) CONFORMING TITLE XVI AMENDMENTS.—

5 (1) FIFTY PERCENT REDUCTION IN TITLE XVI
 6 PAYMENT IN CASE INVOLVING COMPARABLE TITLE H
 7 PAYMENT.—Section 1611(e)(1)(I) of the Social Se-
 8 curity Act (42 U.S.C. 1382(e)(1)(I)) is amended—

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

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

14 (C) by inserting after clause (i) the fol-
 15 lowing:

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

21 (2) EXPANSION OF CATEGORIES OF INSTITU-
 22 TIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH
 23 THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of
 24 the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i))
 25 is amended in the matter preceding subclause (I) by

1 striking "institution" and all that follows through
 2 "section 202(x)(1)(A)," and inserting "institution
 3 comprising a jail, prison, penal institution, or correc-
 4 tional facility, or with any other interested State or
 5 local institution a purpose of which is to confine in-
 6 dividuals as described in section 202(x)(1)(A)(ii),".

7 (3) EFFECTIVE DATE.—The amendments made
 8 by this subsection shall take effect as if included in
 9 the enactment of section 203(a) of the Personal Re-
 10 sponsibility and Work Opportunity Reconciliation
 11 Act of 1996 (Public Law 104-193, 110 Stat. 2186).
 12 The reference to section 202(x)(1)(A)(ii) of the So-
 13 cial Security Act in section 1611(c)(1)(I)(i) of the
 14 Social Security Act as amended by paragraph (2)
 15 shall be deemed a reference to such section
 16 202(x)(1)(A)(ii) as amended by subsection (b)(1)(C).

17 (d) CONTINUED DENIAL OF BENEFITS TO SEX OF-
 18 FENDERS REMAINING CONFINED TO PUBLIC INSTITU-
 19 TIONS UPON COMPLETION OF PRISON TERM.—

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

23 (A) in clause (i), by striking "or" at the
 24 end;

1 (B) in clause (ii)(IV), by striking the pe-
 2 riod and inserting “, or”; and

3 (C) by adding at the end the following:

4 “(iii) immediately upon completion of confine-
 5 ment as described in clause (i) pursuant to convic-
 6 tion of a criminal offense an element of which is sex-
 7 ual activity, is confined by court order in an institu-
 8 tion at public expense pursuant to a finding that the
 9 individual is a sexually dangerous person or a sexual
 10 predator or a similar finding.”

11 (2) CONFORMING AMENDMENT.—Section
 12 202(x)(1)(B)(ii) of the Social Security Act (42
 13 U.S.C. 402(x)(1)(B)(ii)) is amended by striking
 14 “clause (ii)” and inserting “clauses (ii) and (iii)”.

15 (3) EFFECTIVE DATE.—The amendments made
 16 by this subsection shall apply with respect to bene-
 17 fits for months ending after the date of enactment
 18 of this Act.

19 **SEC. 403. REVOCATION BY MEMBERS OF THE CLERGY OF**
 20 **EXEMPTION FROM SOCIAL SECURITY COV-**
 21 **ERAGE.**

22 (a) IN GENERAL.—Notwithstanding section
 23 1402(e)(4) of the Internal Revenue Code of 1986, any ex-
 24 emption which has been received under section 1402(e)(1)
 25 of such Code by a duly ordained, commissioned, or li-

1 censed minister of a church, a member of a religious order,
2 or a Christian Science practitioner, and which is effective
3 for the taxable year in which this Act is enacted, may be
4 revoked by filing an application therefore (in such form
5 and manner, and with such official, as may be prescribed
6 in regulations made under chapter 2 of such Code); if such
7 application is filed no later than the due date of the Fed-
8 eral income tax return (including any extension thereof)
9 for the applicant's second taxable year beginning after De-
10 cember 31, 1999. Any such revocation shall be effective
11 (for purposes of chapter 2 of the Internal Revenue Code
12 of 1986 and title II of the Social Security Act), as speci-
13 fied in the application, either with respect to the appli-
14 cant's first taxable year beginning after December 31,
15 1999, or with respect to the applicant's second taxable
16 year beginning after such date, and for all succeeding tax-
17 able years; and the applicant for any such revocation may
18 not thereafter again file application for an exemption
19 under such section 1402(e)(1). If the application is filed
20 after the due date of the applicant's Federal income tax
21 return for a taxable year and is effective with respect to
22 that taxable year, it shall include or be accompanied by
23 payment in full of an amount equal to the total of the
24 taxes that would have been imposed by section 1401 of
25 the Internal Revenue Code of 1986 with respect to all of

1 the applicant's income derived in that taxable year which
2 would have constituted net earnings from self-employment
3 for purposes of chapter 2 of such Code (notwithstanding
4 paragraph (4) or (5) of section 1402(e) of such Code) ex-
5 cept for the exemption under section 1402(e)(1) of such
6 Code.

7 (b) EFFECTIVE DATE.—Subsection (a) shall apply
8 with respect to service performed (to the extent specified
9 in such subsection) in taxable years beginning after De-
10 cember 31, 1999, and with respect to monthly insurance
11 benefits payable under title II of the Social Security Act
12 on the basis of the wages and self-employment income of
13 any individual for months in or after the calendar year
14 in which such individual's application for revocation (as
15 described in such subsection) is effective (and lump-sum
16 death payments payable under such title on the basis of
17 such wages and self-employment income in the case of
18 deaths occurring in or after such calendar year).

19 **SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING**
20 **TO COOPERATIVE RESEARCH OR DEM-**
21 **ONSTRATION PROJECTS UNDER TITLES II**
22 **AND XVI.**

23 (a) IN GENERAL.—Section 1110(a)(3) of the Social
24 Security Act (42 U.S.C. 1310(a)(3)) is amended by strik-
25 ing “title XVI” and inserting “title II or XVI”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall take effect as if included in the enact-
3 ment of the Social Security Independence and Program
4 Improvements Act of 1994 (Public Law 103-296; 108
5 Stat. 1464).

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

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

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

20 (1) by striking “(as defined in section
21 453A(a)(2)(B)(iii))”; and

22 (2) by inserting “(as defined in section
23 453A(a)(2)(B))” after “employers” .

1 (e) **EFFECTIVE DATE.**—The amendments made by
 2 this section shall apply to wage reports required to be sub-
 3 mitted on and after the date of enactment of this Act.

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

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

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

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purposes.

TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

Sec. 101. Expanding State options under the medicaid program for workers with disabilities.

Sec. 102. Continuation of medicare coverage for working individuals with disabilities.

Sec. 103. Grants to develop and establish State infrastructures to support working individuals with disabilities.

Sec. 104. Demonstration of coverage under the medicaid program of workers with potentially severe disabilities.

TITLE II—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS

Subtitle A—Ticket to Work and Self-Sufficiency

Sec. 201. Establishment of the Ticket to Work and Self-Sufficiency Program.

Subtitle B—Elimination of Work Disincentives

Sec. 211. Work activity standard as a basis for review of an individual's disabled status.

Sec. 212. Expedited reinstatement of disability benefits.

Subtitle C—Work Incentives Planning, Assistance, and Outreach

Sec. 221. Work incentives outreach program.

Sec. 222. State grants for work incentives assistance to disabled beneficiaries.

TITLE III—DEMONSTRATION PROJECTS AND STUDIES

Sec. 301. Permanent 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.*

TITLE V—REVENUE

Sec. 501. *Modification to foreign tax credit carryback and carryover periods.*

Sec. 502. *Limitation on use of non-accrual experience method of accounting.*

Sec. 503. *Extension of Internal Revenue Service user fees.*

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) *FINDINGS.—Congress makes the following findings:*

3 (1) *Health care is important to all Americans.*

4 (2) *Health care is particularly important to in-*
 5 *dividuals with disabilities and special health care*
 6 *needs who often cannot afford the insurance available*
 7 *to them through the private market, are uninsurable*
 8 *by the plans available in the private sector, and are*
 9 *at great risk of incurring very high and economically*
 10 *devastating health care costs.*

11 (3) *Americans with significant disabilities often*
 12 *are unable to obtain health care insurance that pro-*
 13 *vides coverage of the services and supports that enable*
 14 *them to live independently and enter or rejoin the*
 15 *workforce. Personal assistance services (such as at-*
 16 *tendant services, personal assistance with transpor-*
 17 *tation to and from work, reader services, job coaches,*
 18 *and related assistance) remove many of the barriers*
 19 *between significant disability and work. Coverage for*

1 *such services, as well as for prescription drugs, dura-*
2 *ble medical equipment, and basic health care are*
3 *powerful and proven tools for individuals with sig-*
4 *nificant disabilities to obtain and retain employment.*

5 (4) *For individuals with disabilities, the fear of*
6 *losing health care and related services is one of the*
7 *greatest barriers keeping the individuals from maxi-*
8 *mizing their employment, earning potential, and*
9 *independence.*

10 (5) *Individuals with disabilities who are bene-*
11 *ficiaries under title II or XVI of the Social Security*
12 *Act (42 U.S.C. 401 et seq., 1381 et seq.) risk losing*
13 *medicare or medicaid coverage that is linked to their*
14 *cash benefits, a risk that is an equal, or greater, work*
15 *disincentive than the loss of cash benefits associated*
16 *with working.*

17 (6) *Currently, less than 1/2 of 1 percent of social*
18 *security disability insurance and supplemental secu-*
19 *rity income beneficiaries cease to receive benefits as a*
20 *result of employment.*

21 (7) *Beneficiaries have cited the lack of adequate*
22 *employment training and placement services as an*
23 *additional barrier to employment.*

24 (8) *If an additional 1/2 of 1 percent of the cur-*
25 *rent social security disability insurance (DI) and*

1 *supplemental security income (SSI) recipients were to*
2 *cease receiving benefits as a result of employment, the*
3 *savings to the Social Security Trust Funds in cash*
4 *assistance would total \$3,500,000,000 over the*
5 *worklife of the individuals.*

6 **(b) PURPOSES.**—*The purposes of this Act are as fol-*
7 *lows:*

8 *(1) To provide health care and employment*
9 *preparation and placement services to individuals*
10 *with disabilities that will enable those individuals to*
11 *reduce their dependency on cash benefit programs.*

12 *(2) To encourage States to adopt the option of*
13 *allowing individuals with disabilities to purchase*
14 *medicaid coverage that is necessary to enable such in-*
15 *dividuals to maintain employment.*

16 *(3) To provide individuals with disabilities the*
17 *option of maintaining medicare coverage while work-*
18 *ing.*

19 *(4) To establish a return to work ticket program*
20 *that will allow individuals with disabilities to seek*
21 *the services necessary to obtain and retain employ-*
22 *ment and reduce their dependency on cash benefit*
23 *programs.*

1 **TITLE I—EXPANDED AVAIL-**
 2 **ABILITY OF HEALTH CARE**
 3 **SERVICES**

4 **SEC. 101. EXPANDING STATE OPTIONS UNDER THE MED-**
 5 **ICAID PROGRAM FOR WORKERS WITH DIS-**
 6 **ABILITIES.**

7 (a) *IN GENERAL.*—

8 (1) *STATE OPTION TO ELIMINATE INCOME, AS-*
 9 *SETS, AND RESOURCE LIMITATIONS FOR WORKERS*
 10 *WITH DISABILITIES BUYING INTO MEDICAID.*—Section
 11 *1902(a)(10)(A)(ii) of the Social Security Act (42*
 12 *U.S.C. 1396a(a)(10)(A)(ii)) is amended—*

13 (A) *in subclause (XIII), by striking “or” at*
 14 *the end;*

15 (B) *in subclause (XIV), by adding “or” at*
 16 *the end; and*

17 (C) *by adding at the end the following:*

18 “(XV) *who, but for earnings in*
 19 *excess of the limit established under*
 20 *section 1905(q)(2)(B), would be consid-*
 21 *ered to be receiving supplemental secu-*
 22 *rity income and whose assets, re-*
 23 *sources, and earned or unearned in-*
 24 *come (or both) do not exceed such limi-*

1 *tations (if any) as the State may es-*
 2 *tablish;”.*

3 (2) *STATE OPTION TO PROVIDE OPPORTUNITY*
 4 *FOR EMPLOYED INDIVIDUALS WITH A MEDICALLY IM-*
 5 *PROVED DISABILITY TO BUY INTO MEDICAID.—*

6 (A) *ELIGIBILITY.—Section 1902(a)(10)*
 7 *(A)(ii) of the Social Security Act (42 U.S.C.*
 8 *1396a(a)(10)(A)(ii)), as amended by paragraph*
 9 *(1), is amended—*

10 *(i) in subclause (XIV), by striking “or”*
 11 *at the end;*

12 *(ii) in subclause (XV), by adding “or”*
 13 *at the end; and*

14 *(iii) by adding at the end the fol-*
 15 *lowing:*

16 *“(XVI) who are employed individ-*
 17 *uals with a medically improved dis-*
 18 *ability described in section 1905(v)(1)*
 19 *and whose assets, resources, and earned*
 20 *or unearned income (or both) do not*
 21 *exceed such limitations (if any) as the*
 22 *State may establish, but only if the*
 23 *State provides medical assistance to*
 24 *individuals described in subclause*
 25 *(XV);”.*

1 (B) *DEFINITION OF EMPLOYED INDIVIDUALS*
2 *WITH A MEDICALLY IMPROVED DISABILITY.*—*Sec-*
3 *tion 1905 of the Social Security Act (42 U.S.C.*
4 *1396d) is amended by adding at the end the fol-*
5 *lowing:*

6 “(v)(1) *The term ‘employed individual with a medi-*
7 *cally improved disability’ means an individual who—*

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

9 “(B) *is employed (as defined in paragraph (2));*

10 “(C) *ceases to be eligible for medical assistance*
11 *under section 1902(a)(10)(A)(ii)(XV) because the in-*
12 *dividual, by reason of medical improvement, is deter-*
13 *mined at the time of a regularly scheduled continuing*
14 *disability review to no longer be eligible for benefits*
15 *under section 223(d) or 1614(a)(3); and*

16 “(D) *continues to have a severe medically deter-*
17 *minable impairment, as determined under regulations*
18 *of the Secretary.*

19 “(2) *For purposes of paragraph (1), an individual is*
20 *considered to be ‘employed’ if the individual—*

21 “(A) *is earning at least the applicable minimum*
22 *wage requirement under section 6 of the Fair Labor*
23 *Standards Act (29 U.S.C. 206) and working at least*
24 *40 hours per month; or*

1 “(B) is engaged in a work effort that meets sub-
2 stantial and reasonable threshold criteria for hours of
3 work, wages, or other measures, as defined by the
4 State and approved by the Secretary.”.

5 (C) CONFORMING AMENDMENT.—Section
6 1905(a) of such Act (42 U.S.C. 1396d(a)) is
7 amended in the matter preceding paragraph
8 (1)—

9 (i) in clause (x), by striking “or” at
10 the end;

11 (ii) in clause (xi), by adding “or” at
12 the end; and

13 (iii) by inserting after clause (xi), the
14 following:

15 “(xii) employed individuals with a medically
16 improved disability (as defined in subsection (v)),”.

17 (3) STATE AUTHORITY TO IMPOSE INCOME-RE-
18 LATED PREMIUMS AND COST-SHARING.—Section 1916
19 of such Act (42 U.S.C. 1396o) is amended—

20 (A) in subsection (a), by striking “The
21 State plan” and inserting “Subject to subsection
22 (g), the State plan”; and

23 (B) by adding at the end the following:

24 “(g) With respect to individuals provided medical as-
25 sistance only under subclause (XV) or (XVI) of section

1 1902(a)(10)(A)(ii), a State may (in a uniform manner for
2 individuals described in either such subclause)—

3 “(1) require such individuals to pay premiums
4 or other cost-sharing charges set on a sliding scale
5 based on income that the State may determine; and

6 “(2) require payment of 100 percent of such pre-
7 miums in the case of such an individual who has in-
8 come that exceeds 250 percent of the income official
9 poverty line (referred to in subsection (c)(1)) applica-
10 ble to a family of the size involved.”.

11 (4) PROHIBITION AGAINST SUPPLANTATION OF
12 STATE FUNDS AND STATE FAILURE TO MAINTAIN EF-
13 FORT.—Section 1903(i) of such Act (42 U.S.C.
14 1396b(i)) is amended—

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

17 (B) by inserting after such paragraph the
18 following:

19 “(19) with respect to amounts expended for med-
20 ical assistance provided to an individual described in
21 subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii)
22 for a fiscal year unless the State demonstrates to the
23 satisfaction of the Secretary that the level of State
24 funds expended for such fiscal year for programs to
25 enable working individuals with disabilities to work

1 (other than for such medical assistance) is not less
 2 than the level expended for such programs during the
 3 most recent State fiscal year ending before the date
 4 of enactment of this paragraph.”.

5 (b) *CONFORMING AMENDMENTS.*—

6 (1) Section 1903(f)(4) of the Social Security Act
 7 (42 U.S.C. 1396b(f)(4) is amended in the matter pre-
 8 ceding subparagraph (A) by inserting
 9 “1902(a)(10)(A)(ii)(XV), 1902(a)(10)(A)(ii)(XVI)”
 10 after “1902(a)(10)(A)(ii)(X),”.

11 (2) Section 1903(f)(4) of such Act, as amended
 12 by paragraph (1), is amended by inserting
 13 “1902(a)(10)(A)(ii)(XIII),” before
 14 “1902(a)(10)(A)(ii)(XV)”.

15 (c) *EFFECTIVE DATE.*—

16 (1) *IN GENERAL.*—Except as provided in para-
 17 graph (2), the amendments made by this section
 18 apply to medical assistance for items and services
 19 furnished on or after October 1, 1999.

20 (2) *RETROACTIVITY OF CONFORMING AMEND-*
 21 *MENT.*—The amendment made by subsection (b)(2)
 22 takes effect as if included in the enactment of the
 23 *Balanced Budget Act of 1997.*

1 **SEC. 102. CONTINUATION OF MEDICARE COVERAGE FOR**
 2 **WORKING INDIVIDUALS WITH DISABILITIES.**

3 (a) *CONTINUATION OF COVERAGE.*—

4 (1) *IN GENERAL.*—Section 226 of the Social Se-
 5 curity Act (42 U.S.C. 426) is amended—

6 (A) in the third sentence of subsection (b),
 7 by inserting “, except as provided in subsection
 8 (j)” after “but not in excess of 24 such months”;
 9 and

10 (B) by adding at the end the following:

11 “(j) The 24-month limitation on deemed entitlement
 12 under the third sentence of subsection (b) shall not apply—

13 “(1) for months occurring during the 10-year pe-
 14 riod beginning with the first month that begins after
 15 the date of enactment of this subsection; and

16 “(2) for subsequent months, in the case of an in-
 17 dividual who was entitled to benefits under subsection
 18 (b) as of the last month of such 10-year period and
 19 would continue (but for such 24-month limitation) to
 20 be so entitled.”.

21 (2) *CONFORMING AMENDMENT.*—Section
 22 1818A(a)(2)(C) of the Social Security Act (42 U.S.C.
 23 1395i-2a(a)(2)(C)) is amended—

24 (A) by striking “solely”; and

1 (B) by inserting “or the expiration of the
2 last month of the 10-year period described in sec-
3 tion 226(j)” before the semicolon.

4 (b) *GAO REPORT*.—Not later than 8 years after the
5 date of the enactment of this Act, the Comptroller General
6 of the United States shall submit a report to Congress
7 that—

8 (1) examines the effectiveness and cost of sub-
9 section (j) of section 226 of the Social Security Act
10 (42 U.S.C. 426); and

11 (2) recommends whether that subsection should
12 continue to be applied beyond the 10-year period de-
13 scribed in the subsection.

14 (c) *EFFECTIVE DATE*.—The amendments made by sub-
15 section (a) apply to months beginning with the first month
16 that begins after the date of the enactment of this Act.

17 (d) *TREATMENT OF CERTAIN INDIVIDUALS*.—An indi-
18 vidual enrolled under section 1818A of the Social Security
19 Act (42 U.S.C. 1395i-2a) shall be treated with respect to
20 premium payment obligations under such section as though
21 the individual had continued to be entitled to benefits under
22 section 226(b) of such Act for—

23 (1) months described in section 226(j)(1) of such
24 Act (42 U.S.C. 426(j)(1)) (as added by subsection
25 (a)); and

1 (2) subsequent months, in the case of an indi-
2 vidual who was so enrolled as of the last month de-
3 scribed in section 226(j)(2) of such Act (42 U.S.C.
4 426(j)(2)) (as so added).

5 **SEC. 103. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**
6 **FRASTRUCTURES TO SUPPORT WORKING IN-**
7 **DIVIDUALS WITH DISABILITIES.**

8 (a) *ESTABLISHMENT.*—

9 (1) *IN GENERAL.*—The Secretary of Health and
10 Human Services (in this section referred to as the
11 “Secretary”) shall award grants described in sub-
12 section (b) to States to support the design, establish-
13 ment, and operation of State infrastructures that pro-
14 vide items and services to support working individ-
15 uals with disabilities.

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

21 (3) *DEFINITION OF STATE.*—In this section, the
22 term “State” means each of the 50 States, the District
23 of Columbia, Puerto Rico, Guam, the United States
24 Virgin Islands, American Samoa, and the Common-
25 wealth of the Northern Mariana Islands.

1 **(b) GRANTS FOR INFRASTRUCTURE AND OUTREACH.—**

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

5 **(A)** *support the establishment, implementa-*
6 *tion, and operation of the State infrastructures*
7 *described in subsection (a); and*

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

10 **(2) ELIGIBILITY FOR GRANTS.—**

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

13 **(i)** *has an approved amendment to the*
14 *State plan under title XIX of the Social Se-*
15 *curity Act (42 U.S.C. 1396 et seq.) that pro-*
16 *vides medical assistance under such plan to*
17 *individuals described in section*
18 *1902(a)(10)(A)(ii)(XV) of the Social Secu-*
19 *urity Act (42 U.S.C.*
20 *1396a(a)(10)(A)(ii)(XV)); and*

21 **(ii)** *demonstrates to the satisfaction of*
22 *the Secretary that the State makes personal*
23 *assistance services available under the State*
24 *plan under title XIX of the Social Security*
25 *Act (42 U.S.C. 1396 et seq.) to the extent*

1 *necessary to enable individuals described in*
2 *clause (i) to remain employed (as deter-*
3 *mined under section 1905(v)(2) of the So-*
4 *cial Security Act (42 U.S.C. 1396d(v)(2))).*

5 *(B) DEFINITION OF PERSONAL ASSISTANCE*
6 *SERVICES.—In this paragraph, the term “per-*
7 *sonal assistance services” means a range of serv-*
8 *ices, provided by 1 or more persons, designed to*
9 *assist an individual with a disability to perform*
10 *daily activities on and off the job that the indi-*
11 *vidual would typically perform if the individual*
12 *did not have a disability. Such services shall be*
13 *designed to increase the individual’s control in*
14 *life and ability to perform everyday activities on*
15 *or off the job.*

16 *(3) DETERMINATION OF AWARDS.—*

17 *(A) IN GENERAL.—Subject to subparagraph*
18 *(B), the Secretary shall determine a formula for*
19 *awarding grants to States under this section that*
20 *provides special consideration to States that pro-*
21 *vide medical assistance under title XIX of the*
22 *Social Security Act to individuals described in*
23 *section 1902(a)(10)(A)(ii)(XVI) of that Act (42*
24 *U.S.C. 1396a(a)(10)(A)(ii)(XVI)).*

25 *(B) AWARD LIMITS.—*

1 (i) *MINIMUM AWARDS.*—

2 (I) *IN GENERAL.*—Subject to sub-
3 clause (II), no State with an approved
4 application under this section shall re-
5 ceive a grant for a fiscal year that is
6 less than \$500,000.

7 (II) *PRO RATA REDUCTIONS.*—If
8 the funds appropriated under sub-
9 section (e) for a fiscal year are not suf-
10 ficient to pay each State with an ap-
11 plication approved under this section
12 the minimum amount described in
13 subclause (I), the Secretary shall pay
14 each such State an amount equal to the
15 pro rata share of the amount made
16 available.

17 (ii) *MAXIMUM AWARDS.*—No State
18 with an application that has been approved
19 under this section shall receive a grant for
20 a fiscal year that exceeds 15 percent of the
21 total expenditures by the State (including
22 the reimbursed Federal share of such ex-
23 penditures) for medical assistance for indi-
24 viduals eligible under subclause (XV) and
25 (XVI) of section 1902(a)(10)(A)(ii) of the

1 *Social Security Act (42 U.S.C.*
2 *1396a(a)(10)(A)(ii)), as estimated by the*
3 *State and approved by the Secretary.*

4 *(c) AVAILABILITY OF FUNDS.—*

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

9 *(2) FUNDS NOT AWARDED TO STATES.—Funds*
10 *not awarded to States in the fiscal year for which*
11 *they are appropriated shall remain available in suc-*
12 *ceeding fiscal years for awarding by the Secretary.*

13 *(d) ANNUAL REPORT.—A State that is awarded a*
14 *grant under this section shall submit an annual report to*
15 *the Secretary on the use of funds provided under the grant.*
16 *Each report shall include the percentage increase in the*
17 *number of title II disability beneficiaries, as defined in sec-*
18 *tion 1148(k)(3) of the Social Security Act (as amended by*
19 *section 201) in the State, and title XVI disability bene-*
20 *ficiaries, as defined in section 1148(k)(4) of the Social Secu-*
21 *rity Act (as so amended) in the State who return to work.*

22 *(e) APPROPRIATION.—*

23 *(1) IN GENERAL.—Out of any funds in the*
24 *Treasury not otherwise appropriated, there is appro-*
25 *priated to make grants under this section—*

1 (A) for fiscal year 2000, \$20,000,000;
2 (B) for fiscal year 2001, \$25,000,000;
3 (C) for fiscal year 2002, \$30,000,000;
4 (D) for fiscal year 2003, \$35,000,000;
5 (E) for fiscal year 2004, \$40,000,000; and
6 (F) for each of fiscal years 2005 through
7 2010, the amount appropriated for the preceding
8 fiscal year increased by the percentage increase
9 (if any) in the Consumer Price Index for All
10 Urban Consumers (United States city average)
11 for the preceding fiscal year.

12 (2) *BUDGET AUTHORITY*.—This subsection con-
13 stitutes budget authority in advance of appropria-
14 tions Acts and represents the obligation of the Federal
15 Government to provide for the payment of the
16 amounts appropriated under paragraph (1).

17 (f) *RECOMMENDATION*.—Not later than October 1,
18 2009, the Secretary, in consultation with the Work Incen-
19 tives Advisory Panel established under section 201(f), shall
20 submit a recommendation to the Committee on Commerce
21 of the House of Representatives and the Committee on Fi-
22 nance of the Senate regarding whether the grant program
23 established under this section should be continued after fis-
24 cal year 2010.

1 **SEC. 104. DEMONSTRATION OF COVERAGE UNDER THE**
 2 **MEDICAID PROGRAM OF WORKERS WITH PO-**
 3 **TENTIALLY SEVERE DISABILITIES.**

4 (a) *STATE APPLICATION.*—A State may apply to the
 5 Secretary of Health and Human Services (in this section
 6 referred to as the “Secretary”) for approval of a demonstra-
 7 tion project (in this section referred to as a “demonstration
 8 project”) under which up to a specified maximum number
 9 of individuals who are workers with a potentially severe
 10 disability (as defined in subsection (b)(1)) are provided
 11 medical assistance equal to that provided under section
 12 1905(a) of the Social Security Act (42 U.S.C. 1396d(a))
 13 to individuals described in section 1902(a)(10)(A)(ii)(XV)
 14 of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).

15 (b) *WORKER WITH A POTENTIALLY SEVERE DIS-*
 16 *ABILITY DEFINED.*—For purposes of this section—

17 (1) *IN GENERAL.*—The term “worker with a po-
 18 tentially severe disability” means, with respect to a
 19 demonstration project, an individual who—

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

22 (B) has a specific physical or mental im-
 23 pairment that, as defined by the State under the
 24 demonstration project, is reasonably expected,
 25 but for the receipt of items and services described
 26 in section 1905(a) of the Social Security Act (42

1 U.S.C. 1396d(a)), to become blind or disabled (as
2 defined under section 1614(a) of the Social Secu-
3 rity Act (42 U.S.C. 1382c(a))); and

4 (C) is employed (as defined in paragraph
5 (2)).

6 (2) *DEFINITION OF EMPLOYED.*—An individual
7 is considered to be “employed” if the individual—

8 (A) is earning at least the applicable min-
9 imum wage requirement under section 6 of the
10 Fair Labor Standards Act (29 U.S.C. 206) and
11 working at least 40 hours per month; or

12 (B) is engaged in a work effort that meets
13 substantial and reasonable threshold criteria for
14 hours of work, wages, or other measures, as de-
15 fined under the demonstration project and ap-
16 proved by the Secretary.

17 (c) *APPROVAL OF DEMONSTRATION PROJECTS.*—

18 (1) *IN GENERAL.*—Subject to paragraph (3), the
19 Secretary shall approve applications under subsection
20 (a) that meet the requirements of paragraph (2) and
21 such additional terms and conditions as the Secretary
22 may require. The Secretary may waive the require-
23 ment of section 1902(a)(1) of the Social Security Act
24 (42 U.S.C. 1396a(a)(1)) to allow for sub-State dem-
25 onstrations.

1 (2) *TERMS AND CONDITIONS OF DEMONSTRATION*
 2 *PROJECTS.—The Secretary may not approve a dem-*
 3 *onstration project under this section unless the State*
 4 *provides assurances satisfactory to the Secretary that*
 5 *the following conditions are or will be met:*

6 (A) *ELECTION OF OPTIONAL CATEGORY.—*

7 *The State has elected to provide coverage under*
 8 *its plan under title XIX of the Social Security*
 9 *Act of individuals described in section*
 10 *1902(a)(10)(A)(ii)(XV) of the Social Security*
 11 *Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).*

12 (B) *MAINTENANCE OF STATE EFFORT.—*

13 *Federal funds paid to a State pursuant to this*
 14 *section must be used to supplement, but not sup-*
 15 *plant, the level of State funds expended for work-*
 16 *ers with potentially severe disabilities under pro-*
 17 *grams in effect for such individuals at the time*
 18 *the demonstration project is approved under this*
 19 *section.*

20 (C) *INDEPENDENT EVALUATION.—The State*

21 *provides for an independent evaluation of the*
 22 *project.*

23 (3) *LIMITATIONS ON FEDERAL FUNDING.—*

24 (A) *APPROPRIATION.—*

1 (i) *IN GENERAL.*—*Out of any funds in*
2 *the Treasury not otherwise appropriated,*
3 *there is appropriated to carry out this*
4 *section—*

5 (I) *for fiscal year 2000,*
6 \$70,000,000;

7 (II) *for fiscal year 2001,*
8 \$73,000,000;

9 (III) *for fiscal year 2002,*
10 \$77,000,000; *and*

11 (IV) *for fiscal year 2003,*
12 \$80,000,000.

13 (ii) *BUDGET AUTHORITY.*—*Clause (i)*
14 *constitutes budget authority in advance of*
15 *appropriations Acts and represents the obli-*
16 *gation of the Federal Government to provide*
17 *for the payment of the amounts appro-*
18 *priated under clause (i).*

19 (B) *LIMITATION ON PAYMENTS.*—*In no case*
20 *may—*

21 (i) *the aggregate amount of payments*
22 *made by the Secretary to States under this*
23 *section exceed \$300,000,000; or*

1 (ii) payments be provided by the Sec-
2 retary for a fiscal year after fiscal year
3 2005.

4 (C) FUNDS ALLOCATED TO STATES.—The
5 Secretary shall allocate funds to States based on
6 their applications and the availability of funds.
7 Funds allocated to a State under a grant made
8 under this section for a fiscal year shall remain
9 available until expended.

10 (D) FUNDS NOT ALLOCATED TO STATES.—
11 Funds not allocated to States in the fiscal year
12 for which they are appropriated shall remain
13 available in succeeding fiscal years for allocation
14 by the Secretary using the allocation formula es-
15 tablished under this section.

16 (E) PAYMENTS TO STATES.—The Secretary
17 shall pay to each State with a demonstration
18 project approved under this section, from its al-
19 location under subparagraph (C), an amount for
20 each quarter equal to the Federal medical assist-
21 ance percentage (as defined in section 1905(b) of
22 the Social Security Act (42 U.S.C. 1395d(b)) of
23 expenditures in the quarter for medical assist-
24 ance provided to workers with a potentially se-
25 vere disability.

1 (d) *RECOMMENDATION.*—Not later than October 1,
2 2002, the Secretary shall submit a recommendation to the
3 Committee on Commerce of the House of Representatives
4 and the Committee on Finance of the Senate regarding
5 whether the demonstration project established under this
6 section should be continued after fiscal year 2003.

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

10 **TITLE II—TICKET TO WORK AND**
11 **SELF-SUFFICIENCY AND RE-**
12 **LATED PROVISIONS**

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

15 **SEC. 201. ESTABLISHMENT OF THE TICKET TO WORK AND**
16 **SELF-SUFFICIENCY PROGRAM.**

17 (a) *IN GENERAL.*—Part A of title XI of the Social Se-
18 curity Act (42 U.S.C. 1301 et seq.) is amended by adding
19 after section 1147 (as added by section 8 of the Noncitizen
20 Benefit Clarification and Other Technical Amendments Act
21 of 1998 (Public Law 105–306; 112 Stat. 2928)) the fol-
22 lowing:

23 **“TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM**

24 **“SEC. 1148. (a) IN GENERAL.**—The Commissioner
25 shall establish a Ticket to Work and Self-Sufficiency Pro-
26 gram, under which a disabled beneficiary may use a ticket

1 to work and self-sufficiency issued by the Commissioner in
2 accordance with this section to obtain employment services,
3 vocational rehabilitation services, or other support services
4 from an employment network which is of the beneficiary's
5 choice and which is willing to provide such services to the
6 beneficiary.

7 “(b) *TICKET SYSTEM.*—

8 “(1) *DISTRIBUTION OF TICKETS.*—The Commis-
9 sioner may issue a ticket to work and self-sufficiency
10 to disabled beneficiaries for participation in the Pro-
11 gram.

12 “(2) *ASSIGNMENT OF TICKETS.*—A disabled ben-
13 eficiary holding a ticket to work and self-sufficiency
14 may assign the ticket to any employment network of
15 the beneficiary's choice which is serving under the
16 Program and is willing to accept the assignment.

17 “(3) *TICKET TERMS.*—A ticket issued under
18 paragraph (1) shall consist of a document which evi-
19 dences the Commissioner's agreement to pay (as pro-
20 vided in paragraph (4)) an employment network,
21 which is serving under the Program and to which
22 such ticket is assigned by the beneficiary, for such em-
23 ployment services, vocational rehabilitation services,
24 and other support services as the employment network
25 may provide to the beneficiary.

1 “(4) *PAYMENTS TO EMPLOYMENT NETWORKS.*—

2 *The Commissioner shall pay an employment network*
3 *under the Program in accordance with the outcome*
4 *payment system under subsection (h)(2) or under the*
5 *outcome-milestone payment system under subsection*
6 *(h)(3) (whichever is elected pursuant to subsection*
7 *(h)(1)). An employment network may not request or*
8 *receive compensation for such services from the bene-*
9 *ficiary.*

10 “(c) *STATE PARTICIPATION.*—

11 “(1) *IN GENERAL.*—*Each State agency admin-*
12 *istering or supervising the administration of the*
13 *State plan approved under title I of the Rehabilita-*
14 *tion Act of 1973 may elect to participate in the Pro-*
15 *gram as an employment network with respect to a*
16 *disabled beneficiary. If the State agency does elect to*
17 *participate in the Program, the State agency also*
18 *shall elect to be paid under the outcome payment sys-*
19 *tem or the outcome-milestone payment system in ac-*
20 *cordance with subsection (h)(1). With respect to a dis-*
21 *abled beneficiary that the State agency does not elect*
22 *to have participate in the Program, the State agency*
23 *shall be paid for services provided to that beneficiary*
24 *under the system for payment applicable under sec-*
25 *tion 222(d) and subsections (d) and (e) of section*

1 1615. *The Commissioner shall provide for periodic*
2 *opportunities for exercising such elections (and rev-*
3 *ocations).*

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

6 “(A) *STATE AGENCIES PARTICIPATING.—In*
7 *any case in which a State agency described in*
8 *paragraph (1) elects under that paragraph to*
9 *participate in the Program, the employment*
10 *services, vocational rehabilitation services, and*
11 *other support services which, upon assignment of*
12 *tickets to work and self-sufficiency, are provided*
13 *to disabled beneficiaries by the State agency act-*
14 *ing as an employment network shall be governed*
15 *by plans for vocational rehabilitation services*
16 *approved under title I of the Rehabilitation Act*
17 *of 1973.*

18 “(B) *STATE AGENCIES ADMINISTERING MA-*
19 *TERNAL AND CHILD HEALTH SERVICES PRO-*
20 *GRAMS.—Subparagraph (A) shall not apply with*
21 *respect to any State agency administering a pro-*
22 *gram under title V of this Act.*

23 “(3) *SPECIAL REQUIREMENTS APPLICABLE TO*
24 *CROSS-REFERRAL TO CERTAIN STATE AGENCIES.—*

1 “(A) *IN GENERAL.*—*In any case in which*
2 *an employment network has been assigned a*
3 *ticket to work and self-sufficiency by a disabled*
4 *beneficiary, no State agency shall be deemed re-*
5 *quired, under this section, title I of the Workforce*
6 *Investment Act of 1998, title I of the Rehabilita-*
7 *tion Act of 1973, or a State plan approved under*
8 *such title, to accept any referral of such disabled*
9 *beneficiary from such employment network un-*
10 *less such employment network and such State*
11 *agency have entered into a written agreement*
12 *that meets the requirements of subparagraph (B).*
13 *Any beneficiary who has assigned a ticket to*
14 *work and self-sufficiency to an employment net-*
15 *work that has not entered into such a written*
16 *agreement with such a State agency may not ac-*
17 *cess vocational rehabilitation services under title*
18 *I of the Rehabilitation Act of 1973 until such*
19 *time as the beneficiary is reassigned to a State*
20 *vocational rehabilitation agency by the Program*
21 *Manager.*

22 “(B) *TERMS OF AGREEMENT.*—*An agree-*
23 *ment required by subparagraph (A) shall specify,*
24 *in accordance with regulations prescribed pursu-*
25 *ant to subparagraph (C)—*

1 “(i) the extent (if any) to which the
2 employment network holding the ticket will
3 provide to the State agency—

4 “(I) reimbursement for costs in-
5 curred in providing services described
6 in subparagraph (A) to the disabled
7 beneficiary; and

8 “(II) other amounts from pay-
9 ments made by the Commissioner to
10 the employment network pursuant to
11 subsection (h); and

12 “(ii) any other conditions that may be
13 required by such regulations.

14 “(C) REGULATIONS.—The Commissioner
15 and the Secretary of Education shall jointly pre-
16 scribe regulations specifying the terms of agree-
17 ments required by subparagraph (A) and other-
18 wise necessary to carry out the provisions of this
19 paragraph.

20 “(D) PENALTY.—No payment may be made
21 to an employment network pursuant to sub-
22 section (h) in connection with services provided
23 to any disabled beneficiary if such employment
24 network makes referrals described in subpara-
25 graph (A) in violation of the terms of the agree-

1 *ment required under subparagraph (A) or with-*
2 *out having entered into such an agreement.*

3 “(d) *RESPONSIBILITIES OF THE COMMISSIONER.—*

4 “(1) *SELECTION AND QUALIFICATIONS OF PRO-*
5 *GRAM MANAGERS.—The Commissioner shall enter into*
6 *agreements with 1 or more organizations in the pri-*
7 *vate or public sector for service as a program man-*
8 *ager to assist the Commissioner in administering the*
9 *Program. Any such program manager shall be se-*
10 *lected by means of a competitive bidding process,*
11 *from among organizations in the private or public*
12 *sector with available expertise and experience in the*
13 *field of vocational rehabilitation and employment*
14 *services.*

15 “(2) *TENURE, RENEWAL, AND EARLY TERMI-*
16 *NATION.—Each agreement entered into under para-*
17 *graph (1) shall provide for early termination upon*
18 *failure to meet performance standards which shall be*
19 *specified in the agreement and which shall be weight-*
20 *ed to take into account any performance in prior*
21 *terms. Such performance standards shall include—*

22 “(A) *measures for ease of access by bene-*
23 *ficiaries to services; and*

24 “(B) *measures for determining the extent to*
25 *which failures in obtaining services for bene-*

1 *ficiaries fall within acceptable parameters, as de-*
2 *termined by the Commissioner.*

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

6 “(A) *direct participation by a program*
7 *manager in the delivery of employment services,*
8 *vocational rehabilitation services, or other sup-*
9 *port services to beneficiaries in the service area*
10 *covered by the program manager’s agreement;*
11 *and*

12 “(B) *the holding by a program manager of*
13 *a financial interest in an employment network*
14 *or service provider which provides services in a*
15 *geographic area covered under the program man-*
16 *ager’s agreement.*

17 “(4) *SELECTION OF EMPLOYMENT NETWORKS.—*

18 “(A) *IN GENERAL.—The Commissioner shall*
19 *select and enter into agreements with employ-*
20 *ment networks for service under the Program.*
21 *Such employment networks shall be in addition*
22 *to State agencies serving as employment net-*
23 *works pursuant to elections under subsection (c).*

24 “(B) *ALTERNATE PARTICIPANTS.—In any*
25 *State where the Program is being implemented,*

1 *the Commissioner shall enter into an agreement*
2 *with any alternate participant that is operating*
3 *under the authority of section 222(d)(2) in the*
4 *State as of the date of enactment of this section*
5 *and chooses to serve as an employment network*
6 *under the Program.*

7 “(5) *TERMINATION OF AGREEMENTS WITH EM-*
8 *PLOYMENT NETWORKS.—The Commissioner shall ter-*
9 *minate agreements with employment networks for in-*
10 *adequate performance, as determined by the Commis-*
11 *sioner.*

12 “(6) *QUALITY ASSURANCE.—The Commissioner*
13 *shall provide for such periodic reviews as are nec-*
14 *essary to provide for effective quality assurance in the*
15 *provision of services by employment networks. The*
16 *Commissioner shall solicit and consider the views of*
17 *consumers and the program manager under which the*
18 *employment networks serve and shall consult with*
19 *providers of services to develop performance measure-*
20 *ments. The Commissioner shall ensure that the results*
21 *of the periodic reviews are made available to bene-*
22 *ficiaries who are prospective service recipients as they*
23 *select employment networks. The Commissioner shall*
24 *ensure that the periodic surveys of beneficiaries re-*

1 ceiving services under the Program are designed to
2 measure customer service satisfaction.

3 “(7) *DISPUTE RESOLUTION.*—The Commissioner
4 shall provide for a mechanism for resolving disputes
5 between beneficiaries and employment networks, be-
6 tween program managers and employment networks,
7 and between program managers and providers of
8 services. The Commissioner shall afford a party to
9 such a dispute a reasonable opportunity for a full
10 and fair review of the matter in dispute.

11 “(e) *PROGRAM MANAGERS.*—

12 “(1) *IN GENERAL.*—A program manager shall
13 conduct tasks appropriate to assist the Commissioner
14 in carrying out the Commissioner’s duties in admin-
15 istering the Program.

16 “(2) *RECRUITMENT OF EMPLOYMENT NET-*
17 *WORKS.*—A program manager shall recruit, and rec-
18 ommend for selection by the Commissioner, employ-
19 ment networks for service under the Program. The
20 program manager shall carry out such recruitment
21 and provide such recommendations, and shall mon-
22 itor all employment networks serving in the Program
23 in the geographic area covered under the program
24 manager’s agreement, to the extent necessary and ap-
25 propriate to ensure that adequate choices of services

1 *are made available to beneficiaries. Employment net-*
2 *works may serve under the Program only pursuant*
3 *to an agreement entered into with the Commissioner*
4 *under the Program incorporating the applicable pro-*
5 *visions of this section and regulations thereunder, and*
6 *the program manager shall provide and maintain as-*
7 *surances to the Commissioner that payment by the*
8 *Commissioner to employment networks pursuant to*
9 *this section is warranted based on compliance by such*
10 *employment networks with the terms of such agree-*
11 *ment and this section. The program manager shall*
12 *not impose numerical limits on the number of em-*
13 *ployment networks to be recommended pursuant to*
14 *this paragraph.*

15 “(3) *FACILITATION OF ACCESS BY BENE-*
16 *FICIARIES TO EMPLOYMENT NETWORKS.—A program*
17 *manager shall facilitate access by beneficiaries to em-*
18 *ployment networks. The program manager shall en-*
19 *sure that each beneficiary is allowed changes in em-*
20 *ployment networks for good cause, as determined by*
21 *the Commissioner, without being deemed to have re-*
22 *jected services under the Program. The program man-*
23 *ager shall establish and maintain lists of employment*
24 *networks available to beneficiaries and shall make*
25 *such lists generally available to the public. The pro-*

1 *gram manager shall ensure that all information pro-*
2 *vided to disabled beneficiaries pursuant to this para-*
3 *graph is provided in accessible formats.*

4 *“(4) ENSURING AVAILABILITY OF ADEQUATE*
5 *SERVICES.—The program manager shall ensure that*
6 *employment services, vocational rehabilitation serv-*
7 *ices, and other support services are provided to bene-*
8 *ficiaries throughout the geographic area covered under*
9 *the program manager’s agreement, including rural*
10 *areas.*

11 *“(5) REASONABLE ACCESS TO SERVICES.—The*
12 *program manager shall take such measures as are*
13 *necessary to ensure that sufficient employment net-*
14 *works are available and that each beneficiary receiv-*
15 *ing services under the Program has reasonable access*
16 *to employment services, vocational rehabilitation serv-*
17 *ices, and other support services. Services provided*
18 *under the Program may include case management,*
19 *work incentives planning, supported employment, ca-*
20 *reer planning, career plan development, vocational*
21 *assessment, job training, placement, followup services,*
22 *and such other services as may be specified by the*
23 *Commissioner under the Program. The program man-*
24 *ager shall ensure that such services are available in*
25 *each service area.*

1 “(f) *EMPLOYMENT NETWORKS.*—

2 “(1) *QUALIFICATIONS FOR EMPLOYMENT NET-*
3 *WORKS.*—

4 “(A) *IN GENERAL.*—*Each employment net-*
5 *work serving under the Program shall consist of*
6 *an agency or instrumentality of a State (or a*
7 *political subdivision thereof) or a private entity*
8 *that assumes responsibility for the coordination*
9 *and delivery of services under the Program to in-*
10 *dividuals assigning to the employment network*
11 *tickets to work and self-sufficiency issued under*
12 *subsection (b).*

13 “(B) *ONE-STOP DELIVERY SYSTEMS.*—*An*
14 *employment network serving under the Program*
15 *may consist of a one-stop delivery system estab-*
16 *lished under subtitle B of title I of the Workforce*
17 *Investment Act of 1998.*

18 “(C) *COMPLIANCE WITH SELECTION CRI-*
19 *TERIA.*—*No employment network may serve*
20 *under the Program unless it meets and main-*
21 *tains compliance with both general selection cri-*
22 *teria (such as professional and educational*
23 *qualifications (where applicable)) and specific*
24 *selection criteria (such as substantial expertise*

1 *and experience in providing relevant employ-*
2 *ment services and supports).*

3 “(D) *SINGLE OR ASSOCIATED PROVIDERS*
4 *ALLOWED.—An employment network shall con-*
5 *sist of either a single provider of such services or*
6 *of an association of such providers organized so*
7 *as to combine their resources into a single entity.*
8 *An employment network may meet the require-*
9 *ments of subsection (e)(4) by providing services*
10 *directly, or by entering into agreements with*
11 *other individuals or entities providing appro-*
12 *priate employment services, vocational rehabili-*
13 *tation services, or other support services.*

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

18 “(A) *serve prescribed service areas; and*

19 “(B) *take such measures as are necessary to*
20 *ensure that employment services, vocational re-*
21 *habilitation services, and other support services*
22 *provided under the Program by, or under agree-*
23 *ments entered into with, the employment network*
24 *are provided under appropriate individual work*
25 *plans meeting the requirements of subsection (g).*

1 “(3) *ANNUAL FINANCIAL REPORTING.*—*Each em-*
2 *ployment network shall meet financial reporting re-*
3 *quirements as prescribed by the Commissioner.*

4 “(4) *PERIODIC OUTCOMES REPORTING.*—*Each*
5 *employment network shall prepare periodic reports,*
6 *on at least an annual basis, itemizing for the covered*
7 *period specific outcomes achieved with respect to spe-*
8 *cific services provided by the employment network.*
9 *Such reports shall conform to a national model pre-*
10 *scribed under this section. Each employment network*
11 *shall provide a copy of the latest report issued by the*
12 *employment network pursuant to this paragraph to*
13 *each beneficiary upon enrollment under the Program*
14 *for services to be received through such employment*
15 *network. Upon issuance of each report to each bene-*
16 *ficiary, a copy of the report shall be maintained in*
17 *the files of the employment network. The program*
18 *manager shall ensure that copies of all such reports*
19 *issued under this paragraph are made available to the*
20 *public under reasonable terms.*

21 “(g) *INDIVIDUAL WORK PLANS.*—

22 “(1) *REQUIREMENTS.*—*Each employment net-*
23 *work shall—*

24 “(A) *take such measures as are necessary to*
25 *ensure that employment services, vocational re-*

1 *habilitation services, and other support services*
2 *provided under the Program by, or under agree-*
3 *ments entered into with, the employment network*
4 *are provided under appropriate individual work*
5 *plans that meet the requirements of subpara-*
6 *graph (C);*

7 “(B) *develop and implement each such indi-*
8 *vidual work plan in partnership with each bene-*
9 *ficiary receiving such services in a manner that*
10 *affords the beneficiary the opportunity to exer-*
11 *cise informed choice in selecting an employment*
12 *goal and specific services needed to achieve that*
13 *employment goal;*

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

16 “(i) *a statement of the vocational goal*
17 *developed with the beneficiary;*

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

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

24 “(iv) *a statement of understanding re-*
25 *garding the beneficiary’s rights under the*

1 Program (such as the right to retrieve the
2 ticket to work and self-sufficiency if the ben-
3 eficiary is dissatisfied with the services
4 being provided by the employment network)
5 and remedies available to the individual,
6 including information on the availability of
7 advocacy services and assistance in resolv-
8 ing disputes through the State grant pro-
9 gram authorized under section 1150;

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

14 “(E) make each beneficiary’s individual
15 work plan available to the beneficiary in, as ap-
16 propriate, an accessible format chosen by the
17 beneficiary.

18 “(2) *EFFECTIVE UPON WRITTEN APPROVAL.*—A
19 beneficiary’s individual work plan shall take effect
20 upon written approval by the beneficiary or a rep-
21 resentative of the beneficiary and a representative of
22 the employment network that, in providing such writ-
23 ten approval, acknowledges assignment of the bene-
24 ficiary’s ticket to work and self-sufficiency.

25 “(h) *EMPLOYMENT NETWORK PAYMENT SYSTEMS.*—

1 “(1) *ELECTION OF PAYMENT SYSTEM BY EM-*
2 *PLOYMENT NETWORKS.—*

3 “(A) *IN GENERAL.—The Program shall pro-*
4 *vide for payment authorized by the Commis-*
5 *sioner to employment networks under either an*
6 *outcome payment system or an outcome-mile-*
7 *stone payment system. Each employment net-*
8 *work shall elect which payment system will be*
9 *utilized by the employment network, and, for*
10 *such period of time as such election remains in*
11 *effect, the payment system so elected shall be uti-*
12 *lized exclusively in connection with such employ-*
13 *ment network (except as provided in subpara-*
14 *graph (B)).*

15 “(B) *NO CHANGE IN METHOD OF PAYMENT*
16 *FOR BENEFICIARIES WITH TICKETS ALREADY AS-*
17 *SIGNED TO THE EMPLOYMENT NETWORKS.—Any*
18 *election of a payment system by an employment*
19 *network that would result in a change in the*
20 *method of payment to the employment network*
21 *for services provided to a beneficiary who is re-*
22 *ceiving services from the employment network at*
23 *the time of the election shall not be effective with*
24 *respect to payment for services provided to that*
25 *beneficiary and the method of payment pre-*

1 *viously selected shall continue to apply with re-*
2 *spect to such services.*

3 *“(2) OUTCOME PAYMENT SYSTEM.—*

4 *“(A) IN GENERAL.—The outcome payment*
5 *system shall consist of a payment structure gov-*
6 *erning employment networks electing such sys-*
7 *tem under paragraph (1)(A) which meets the re-*
8 *quirements of this paragraph.*

9 *“(B) PAYMENTS MADE DURING OUTCOME*
10 *PAYMENT PERIOD.—The outcome payment sys-*
11 *tem shall provide for a schedule of payments to*
12 *an employment network in connection with each*
13 *individual who is a beneficiary for each month*
14 *during the individual’s outcome payment period*
15 *for which benefits (described in paragraphs (3)*
16 *and (4) of subsection (k)) are not payable to such*
17 *individual because of work or earnings.*

18 *“(C) COMPUTATION OF PAYMENTS TO EM-*
19 *PLOYMENT NETWORK.—The payment schedule of*
20 *the outcome payment system shall be designed so*
21 *that—*

22 *“(i) the payment for each of the 60*
23 *months during the outcome payment period*
24 *for which benefits (described in paragraphs*
25 *(3) and (4) of subsection (k)) are not pay-*

1 able is equal to a fixed percentage of the
2 payment calculation base for the calendar
3 year in which such month occurs; and

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

6 “(3) *OUTCOME-MILESTONE PAYMENT SYSTEM.*—

7 “(A) *IN GENERAL.*—The outcome-milestone
8 payment system shall consist of a payment
9 structure governing employment networks elect-
10 ing such system under paragraph (1)(A) which
11 meets the requirements of this paragraph.

12 “(B) *EARLY PAYMENTS UPON ATTAINMENT*
13 *OF MILESTONES IN ADVANCE OF OUTCOME PAY-*
14 *MENT PERIODS.*—The outcome-milestone pay-
15 ment system shall provide for 1 or more mile-
16 stones with respect to beneficiaries receiving serv-
17 ices from an employment network under the Pro-
18 gram that are directed toward the goal of perma-
19 nent employment. Such milestones shall form a
20 part of a payment structure that provides, in
21 addition to payments made during outcome pay-
22 ment periods, payments made prior to outcome
23 payment periods in amounts based on the at-
24 tainment of such milestones.

1 “(C) *LIMITATION ON TOTAL PAYMENTS TO*
2 *EMPLOYMENT NETWORK.—The payment schedule*
3 *of the outcome-milestone payment system shall be*
4 *designed so that the total of the payments to the*
5 *employment network with respect to each bene-*
6 *ficiary is less than, on a net present value basis*
7 *(using an interest rate determined by the Com-*
8 *missioner that appropriately reflects the cost of*
9 *funds faced by providers), the total amount to*
10 *which payments to the employment network with*
11 *respect to the beneficiary would be limited if the*
12 *employment network were paid under the out-*
13 *come payment system.*

14 “(4) *DEFINITIONS.—In this subsection:*

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

18 “(i) *in connection with a title II dis-*
19 *ability beneficiary, the average disability*
20 *insurance benefit payable under section 223*
21 *for all beneficiaries for months during the*
22 *preceding calendar year; and*

23 “(ii) *in connection with a title XVI*
24 *disability beneficiary (who is not concu-*
25 *rently a title II disability beneficiary), the*

1 *average payment of supplemental security*
2 *income benefits based on disability payable*
3 *under title XVI (excluding State supplemen-*
4 *tation) for months during the preceding cal-*
5 *endar year to all beneficiaries who have at-*
6 *tained age 18 but have not attained age 65.*

7 “(B) *OUTCOME PAYMENT PERIOD.*—*The*
8 *term ‘outcome payment period’ means, in con-*
9 *nection with any individual who had assigned a*
10 *ticket to work and self-sufficiency to an employ-*
11 *ment network under the Program, a period—*

12 *“(i) beginning with the first month,*
13 *ending after the date on which such ticket*
14 *was assigned to the employment network,*
15 *for which benefits (described in paragraphs*
16 *(3) and (4) of subsection (k)) are not pay-*
17 *able to such individual by reason of engage-*
18 *ment in substantial gainful activity or by*
19 *reason of earnings from work activity; and*

20 *“(ii) ending with the 60th month (con-*
21 *secutive or otherwise), ending after such*
22 *date, for which such benefits are not pay-*
23 *able to such individual by reason of engage-*
24 *ment in substantial gainful activity or by*
25 *reason of earnings from work activity.*

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

3 “(A) *PERCENTAGES AND PERIODS.—The*
4 *Commissioner shall periodically review the per-*
5 *centage specified in paragraph (2)(C), the total*
6 *payments permissible under paragraph (3)(C),*
7 *and the period of time specified in paragraph*
8 *(4)(B) to determine whether such percentages,*
9 *such permissible payments, and such period pro-*
10 *vide an adequate incentive for employment net-*
11 *works to assist beneficiaries to enter the work-*
12 *force, while providing for appropriate economies.*
13 *The Commissioner may alter such percentage,*
14 *such total permissible payments, or such period*
15 *of time to the extent that the Commissioner de-*
16 *termines, on the basis of the Commissioner’s re-*
17 *view under this paragraph, that such an alter-*
18 *ation would better provide the incentive and*
19 *economies described in the preceding sentence.*

20 “(B) *NUMBER AND AMOUNTS OF MILESTONE*
21 *PAYMENTS.—The Commissioner shall periodi-*
22 *cally review the number and amounts of mile-*
23 *stone payments established by the Commissioner*
24 *pursuant to this section to determine whether*
25 *they provide an adequate incentive for employ-*

1 *ment networks to assist beneficiaries to enter the*
2 *workforce, taking into account information pro-*
3 *vided to the Commissioner by program man-*
4 *agers, the Work Incentives Advisory Panel estab-*
5 *lished under section 201(f) of the Work Incen-*
6 *tives Improvement Act of 1999, and other reli-*
7 *able sources. The Commissioner may from time*
8 *to time alter the number and amounts of mile-*
9 *stone payments initially established by the Com-*
10 *missioner pursuant to this section to the extent*
11 *that the Commissioner determines that such an*
12 *alteration would allow an adequate incentive for*
13 *employment networks to assist beneficiaries to*
14 *enter the workforce. Such alteration shall be*
15 *based on information provided to the Commis-*
16 *sioner by program managers, the Work Incen-*
17 *tives Advisory Panel established under section*
18 *201(f) of the Work Incentives Improvement Act*
19 *of 1999, or other reliable sources.*

20 *“(i) SUSPENSION OF DISABILITY REVIEWS.—During*
21 *any period for which an individual is using, as defined*
22 *by the Commissioner, a ticket to work and self-sufficiency*
23 *issued under this section, the Commissioner (and any ap-*
24 *plicable State agency) may not initiate a continuing dis-*
25 *ability review or other review under section 221 of whether*

1 *the individual is or is not under a disability or a review*
2 *under title XVI similar to any such review under section*
3 *221.*

4 “(j) *ALLOCATION OF COSTS.—*

5 “(1) *PAYMENTS TO EMPLOYMENT NETWORKS.—*
6 *Payments to employment networks (including State*
7 *agencies that elect to participate in the Program as*
8 *an employment network) shall be made from the Fed-*
9 *eral Old-Age and Survivors Insurance Trust Fund or*
10 *the Federal Disability Insurance Trust Fund, as ap-*
11 *propriate, in the case of ticketed title II disability*
12 *beneficiaries who return to work, or from the appro-*
13 *priation made available for making supplemental se-*
14 *curity income payments under title XVI, in the case*
15 *of title XVI disability beneficiaries who return to*
16 *work. With respect to ticketed beneficiaries who con-*
17 *currently are entitled to benefits under title II and el-*
18 *igible for payments under title XVI who return to*
19 *work, the Commissioner shall allocate the cost of pay-*
20 *ments to employment networks to which the tickets of*
21 *such beneficiaries have been assigned among such*
22 *Trust Funds and appropriation, as appropriate.*

23 “(2) *ADMINISTRATIVE EXPENSES.—The costs of*
24 *administering this section (other than payments to*
25 *employment networks) shall be paid from amounts*

1 *made available for the administration of title II and*
 2 *amounts made available for the administration of*
 3 *title XVI, and shall be allocated among those amounts*
 4 *as appropriate.*

5 “(k) *DEFINITIONS.—In this section:*

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

8 “(2) *DISABLED BENEFICIARY.—The term ‘dis-*
 9 *abled beneficiary’ means a title II disability bene-*
 10 *ficiary or a title XVI disability beneficiary.*

11 “(3) *TITLE II DISABILITY BENEFICIARY.—The*
 12 *term ‘title II disability beneficiary’ means an indi-*
 13 *vidual entitled to disability insurance benefits under*
 14 *section 223 or to monthly insurance benefits under*
 15 *section 202 based on such individual’s disability (as*
 16 *defined in section 223(d)). An individual is a title II*
 17 *disability beneficiary for each month for which such*
 18 *individual is entitled to such benefits.*

19 “(4) *TITLE XVI DISABILITY BENEFICIARY.—The*
 20 *term ‘title XVI disability beneficiary’ means an indi-*
 21 *vidual eligible for supplemental security income bene-*
 22 *fits under title XVI on the basis of blindness (within*
 23 *the meaning of section 1614(a)(2)) or disability*
 24 *(within the meaning of section 1614(a)(3)). An indi-*
 25 *vidual is a title XVI disability beneficiary for each*

1 month for which such individual is eligible for such
2 benefits.

3 “(5) SUPPLEMENTAL SECURITY INCOME BENEFIT
4 UNDER TITLE XVI.—The term ‘supplemental security
5 income benefit under title XVI’ means a cash benefit
6 under section 1611 or 1619(a), and does not include
7 a State supplementary payment, administered feder-
8 ally or otherwise.

9 “(l) REGULATIONS.—Not later than 1 year after the
10 date of enactment of this section, the Commissioner shall
11 prescribe such regulations as are necessary to carry out the
12 provisions of this section.

13 “(m) REAUTHORIZATION OF PROGRAM.—

14 “(1) IN GENERAL.—The Program established
15 under this section shall terminate on the date that is
16 5 years after the date that the Commissioner com-
17 mences implementation of the Program.

18 “(2) ASSURANCE OF OUTCOME PAYMENT PE-
19 RIOD.—Notwithstanding paragraph (1)—

20 “(A) any individual who has initiated a
21 work plan in accordance with subsection (g) may
22 use services provided under the Program in ac-
23 cordance with this section; and

1 “(B) any employment network that provides
2 services to such an individual shall receive pay-
3 ments for such services,
4 during the individual’s outcome payment period (as
5 defined in paragraph (4)(B) of subsection (h), includ-
6 ing any alteration of such period in accordance with
7 paragraph (5) of that subsection).”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) AMENDMENTS TO TITLE II.—

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

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

16 (B) Section 222(a) of the Social Security
17 Act (42 U.S.C. 422(a)) is repealed.

18 (C) Section 222(b) of the Social Security
19 Act (42 U.S.C. 422(b)) is repealed.

20 (D) Section 225(b)(1) of the Social Security
21 Act (42 U.S.C. 425(b)(1)) is amended by striking
22 “a program of vocational rehabilitation services”
23 and inserting “a program consisting of the Tick-
24 et to Work and Self-Sufficiency Program under
25 section 1148 or another program of vocational

1 *rehabilitation services, employment services, or*
2 *other support services”.*

3 (2) *AMENDMENTS TO TITLE XVI.—*

4 (A) *Section 1615(a) of the Social Security*
5 *Act (42 U.S.C. 1382d(a)) is amended to read as*
6 *follows:*

7 “*SEC. 1615. (a) In the case of any blind or disabled*
8 *individual who—*

9 “*(1) has not attained age 16, and*

10 “*(2) with respect to whom benefits are paid*
11 *under this title,*

12 *the Commissioner of Social Security shall make provision*
13 *for referral of such individual to the appropriate State*
14 *agency administering the State program under title V.”.*

15 (B) *Section 1615(c) of the Social Security*
16 *Act (42 U.S.C. 1382d(c)) is repealed.*

17 (C) *Section 1631(a)(6)(A) of the Social Se-*
18 *curity Act (42 U.S.C. 1383(a)(6)(A)) is amended*
19 *by striking “a program of vocational rehabilita-*
20 *tion services” and inserting “a program con-*
21 *sisting of the Ticket to Work and Self-Sufficiency*
22 *Program under section 1148 or another program*
23 *of vocational rehabilitation services, employment*
24 *services, or other support services”.*

1 (D) Section 1633(c) of the Social Security
2 Act (42 U.S.C. 1383b(c)) is amended—

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

4 (ii) by adding at the end the following:

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

9 (c) *EFFECTIVE DATE.*—Subject to subsection (d), the
10 amendments made by subsections (a) and (b) shall take ef-
11 fect with the first month following 1 year after the date
12 of enactment of this Act.

13 (d) *GRADUATED IMPLEMENTATION OF PROGRAM.*—

14 (1) *IN GENERAL.*—Not later than 1 year after
15 the date of enactment of this Act, the Commissioner
16 of Social Security shall commence implementation of
17 the amendments made by this section (other than
18 paragraphs (1)(C) and (2)(B) of subsection (b)) in
19 graduated phases at phase-in sites selected by the
20 Commissioner. Such phase-in sites shall be selected so
21 as to ensure, prior to full implementation of the Tick-
22 et to Work and Self-Sufficiency Program, the develop-
23 ment and refinement of referral processes, payment
24 systems, computer linkages, management information
25 systems, and administrative processes necessary to

1 provide for full implementation of such amendments.
2 Subsection (c) shall apply with respect to paragraphs
3 (1)(C) and (2)(B) of subsection (b) without regard to
4 this subsection.

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

12 (3) *FULL IMPLEMENTATION.*—The Commissioner
13 shall ensure that the ability to provide tickets and
14 services to individuals under the Program exists in
15 every State as soon as practicable on or after the ef-
16 fective date specified in subsection (c) but not later
17 than 3 years after such date.

18 (4) *ONGOING EVALUATION OF PROGRAM.*—

19 (A) *IN GENERAL.*—The Commissioner shall
20 design and conduct a series of evaluations to as-
21 sess the cost-effectiveness of activities carried out
22 under this section and the amendments made
23 thereby, as well as the effects of this section and
24 the amendments made thereby on work outcomes

1 *for beneficiaries receiving tickets to work and*
2 *self-sufficiency under the Program.*

3 (B) *CONSULTATION.—The Commissioner*
4 *shall design and carry out the series of evalua-*
5 *tions after receiving relevant advice from experts*
6 *in the fields of disability, vocational rehabilita-*
7 *tion, and program evaluation and individuals*
8 *using tickets to work and self-sufficiency under*
9 *the Program and consulting with the Work In-*
10 *centives Advisory Panel established under section*
11 *201(f), the Comptroller General of the United*
12 *States, other agencies of the Federal Government,*
13 *and private organizations with appropriate ex-*
14 *pertise.*

15 (C) *METHODOLOGY.—*

16 (i) *IMPLEMENTATION.—The Commis-*
17 *sioner, in consultation with the Work Incen-*
18 *tives Advisory Panel established under sec-*
19 *tion 201(f), shall ensure that plans for eval-*
20 *uations and data collection methods under*
21 *the Program are appropriately designed to*
22 *obtain detailed employment information.*

23 (ii) *SPECIFIC MATTERS TO BE AD-*
24 *DRESSED.—Each such evaluation shall ad-*
25 *dress (but is not limited to)—*

1 (I) the annual cost (including net
2 cost) of the Program and the annual
3 cost (including net cost) that would
4 have been incurred in the absence of
5 the Program;

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

10 (III) the types of employment
11 services, vocational rehabilitation serv-
12 ices, and other support services fur-
13 nished to beneficiaries in receipt of
14 tickets under the Program who return
15 to work and to those who do not return
16 to work;

17 (IV) the duration of employment
18 services, vocational rehabilitation serv-
19 ices, and other support services fur-
20 nished to beneficiaries in receipt of
21 tickets under the Program who return
22 to work and the duration of such serv-
23 ices furnished to those who do not re-
24 turn to work and the cost to employ-

1 *ment networks of furnishing such serv-*
2 *ices;*

3 *(V) the employment outcomes, in-*
4 *cluding wages, occupations, benefits,*
5 *and hours worked, of beneficiaries who*
6 *return to work after receiving tickets*
7 *under the Program and those who re-*
8 *turn to work without receiving such*
9 *tickets;*

10 *(VI) the characteristics of pro-*
11 *viders whose services are provided*
12 *within an employment network under*
13 *the Program;*

14 *(VII) the extent (if any) to which*
15 *employment networks display a greater*
16 *willingness to provide services to bene-*
17 *ficiaries with a range of disabilities;*

18 *(VIII) the characteristics (includ-*
19 *ing employment outcomes) of those*
20 *beneficiaries who receive services under*
21 *the outcome payment system and of*
22 *those beneficiaries who receive services*
23 *under the outcome-milestone payment*
24 *system;*

1 *(IX) measures of satisfaction*
2 *among beneficiaries in receipt of tick-*
3 *ets under the Program; and*

4 *(X) reasons for (including com-*
5 *ments solicited from beneficiaries re-*
6 *garding) their choice not to use their*
7 *tickets or their inability to return to*
8 *work despite the use of their tickets.*

9 *(D) PERIODIC EVALUATION REPORTS.—Fol-*
10 *lowing the close of the third and fifth fiscal years*
11 *ending after the effective date under subsection*
12 *(c), and prior to the close of the seventh fiscal*
13 *year ending after such date, the Commissioner*
14 *shall transmit to the Committee on Ways and*
15 *Means of the House of Representatives and the*
16 *Committee on Finance of the Senate a report*
17 *containing the Commissioner's evaluation of the*
18 *progress of activities conducted under the provi-*
19 *sions of this section and the amendments made*
20 *thereby. Each such report shall set forth the*
21 *Commissioner's evaluation of the extent to which*
22 *the Program has been successful and the Com-*
23 *missioner's conclusions on whether or how the*
24 *Program should be modified. Each such report*
25 *shall include such data, findings, materials, and*

1 *recommendations as the Commissioner may con-*
2 *sider appropriate.*

3 (5) *EXTENT OF STATE'S RIGHT OF FIRST RE-*
4 *FUSAL IN ADVANCE OF FULL IMPLEMENTATION OF*
5 *AMENDMENTS IN SUCH STATE.—*

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

11 (i) *the requirement under section*
12 *222(a) of the Social Security Act for*
13 *prompt referrals to a State agency, and*

14 (ii) *the authority of the Commissioner*
15 *under section 222(d)(2) of the Social Secu-*
16 *rity Act to provide vocational rehabilitation*
17 *services in such State by agreement or con-*
18 *tract with other public or private agencies,*
19 *organizations, institutions, or individuals,*
20 *shall apply in such State.*

21 (B) *EXISTING AGREEMENTS.—Nothing in*
22 *subparagraph (A) or the amendments made by*
23 *subsection (a) shall be construed to limit, im-*
24 *pede, or otherwise affect any agreement entered*
25 *into pursuant to section 222(d)(2) of the Social*

1 *Security Act before the date of enactment of this*
2 *Act with respect to services provided pursuant to*
3 *such agreement to beneficiaries receiving services*
4 *under such agreement as of such date, except*
5 *with respect to services (if any) to be provided*
6 *after 3 years after the effective date provided in*
7 *subsection (c).*

8 *(e) SPECIFIC REGULATIONS REQUIRED.—*

9 (1) *IN GENERAL.—The Commissioner of Social*
10 *Security shall prescribe such regulations as are nec-*
11 *essary to implement the amendments made by this*
12 *section.*

13 (2) *SPECIFIC MATTERS TO BE INCLUDED IN REG-*
14 *ULATIONS.—The matters which shall be addressed in*
15 *such regulations shall include—*

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

20 (B) *the format and wording of such tickets,*
21 *which shall incorporate by reference any contrac-*
22 *tual terms governing service by employment net-*
23 *works under the Program;*

24 (C) *the form and manner in which State*
25 *agencies may elect participation in the Ticket to*

1 *Work and Self-Sufficiency Program (and revoke*
2 *such an election) pursuant to section 1148(c)(1)*
3 *of the Social Security Act and provision for*
4 *periodic opportunities for exercising such elec-*
5 *tions (and revocations);*

6 *(D) the status of State agencies under sec-*
7 *tion 1148(c)(1) at the time that State agencies*
8 *exercise elections (and revocations) under that*
9 *section;*

10 *(E) the terms of agreements to be entered*
11 *into with program managers pursuant to section*
12 *1148(d) of the Social Security Act, including—*

13 *(i) the terms by which program man-*
14 *agers are precluded from direct participa-*
15 *tion in the delivery of services pursuant to*
16 *section 1148(d)(3) of the Social Security*
17 *Act;*

18 *(ii) standards which must be met by*
19 *quality assurance measures referred to in*
20 *paragraph (6) of section 1148(d) and meth-*
21 *ods of recruitment of employment networks*
22 *utilized pursuant to paragraph (2) of sec-*
23 *tion 1148(e); and*

1 (iii) the format under which dispute
2 resolution will operate under section
3 1148(d)(7);

4 (F) the terms of agreements to be entered
5 into with employment networks pursuant to sec-
6 tion 1148(d)(4) of the Social Security Act,
7 including—

8 (i) the manner in which service areas
9 are specified pursuant to section
10 1148(f)(2)(A) of the Social Security Act;

11 (ii) the general selection criteria and
12 the specific selection criteria which are ap-
13 plicable to employment networks under sec-
14 tion 1148(f)(1)(C) of the Social Security
15 Act in selecting service providers;

16 (iii) specific requirements relating to
17 annual financial reporting by employment
18 networks pursuant to section 1148(f)(3) of
19 the Social Security Act; and

20 (iv) the national model to which peri-
21 odic outcomes reporting by employment net-
22 works must conform under section
23 1148(f)(4) of the Social Security Act;

1 (G) standards which must be met by indi-
2 vidual work plans pursuant to section 1148(g) of
3 the Social Security Act;

4 (H) standards which must be met by pay-
5 ment systems required under section 1148(h) of
6 the Social Security Act, including—

7 (i) the form and manner in which elec-
8 tions by employment networks of payment
9 systems are to be exercised pursuant to sec-
10 tion 1148(h)(1)(A);

11 (ii) the terms which must be met by an
12 outcome payment system under section
13 1148(h)(2);

14 (iii) the terms which must be met by
15 an outcome-milestone payment system
16 under section 1148(h)(3);

17 (iv) any revision of the percentage
18 specified in paragraph (2)(C) of section
19 1148(h) of the Social Security Act or the
20 period of time specified in paragraph
21 (4)(B) of such section 1148(h); and

22 (v) annual oversight procedures for
23 such systems; and

24 (I) procedures for effective oversight of the
25 Program by the Commissioner of Social Secu-

1 *rity, including periodic reviews and reporting*
2 *requirements.*

3 (f) *WORK INCENTIVES ADVISORY PANEL.—*

4 (1) *ESTABLISHMENT.—There is established with-*
5 *in the Social Security Administration a panel to be*
6 *known as the “Work Incentives Advisory Panel” (in*
7 *this subsection referred to as the “Panel”).*

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

10 (A) *advise the Secretary of Health and*
11 *Human Services, the Secretary of Labor, the*
12 *Secretary of Education, and the Commissioner of*
13 *Social Security on issues related to work incen-*
14 *tives programs, planning, and assistance for in-*
15 *dividuals with disabilities, including work in-*
16 *centive provisions under titles II, XI, XVI,*
17 *XVIII, and XIX of the Social Security Act (42*
18 *U.S.C. 401 et seq., 1301 et seq., 1381 et seq.,*
19 *1395 et seq., 1396 et seq.); and*

20 (B) *with respect to the Ticket to Work and*
21 *Self-Sufficiency Program established under sec-*
22 *tion 1148 of the Social Security Act—*

23 (i) *advise the Commissioner of Social*
24 *Security with respect to establishing phase-*
25 *in sites for such Program and fully imple-*

1 *menting the Program thereafter, the refine-*
2 *ment of access of disabled beneficiaries to*
3 *employment networks, payment systems,*
4 *and management information systems, and*
5 *advise the Commissioner whether such*
6 *measures are being taken to the extent nec-*
7 *essary to ensure the success of the Program;*

8 *(ii) advise the Commissioner regarding*
9 *the most effective designs for research and*
10 *demonstration projects associated with the*
11 *Program or conducted pursuant to section*
12 *302;*

13 *(iii) advise the Commissioner on the*
14 *development of performance measurements*
15 *relating to quality assurance under section*
16 *1148(d)(6) of the Social Security Act; and*

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

20 (3) *MEMBERSHIP.—*

21 (A) *NUMBER AND APPOINTMENT.—The*
22 *Panel shall be composed of 12 members ap-*
23 *pointed by the Commissioner of Social Security*
24 *in consultation with the Speaker of the House of*
25 *Representatives, the Minority Leader of the*

1 *House of Representatives, the Majority Leader of*
2 *the Senate, and the Minority Leader of the Sen-*
3 *ate.*

4 (B) *REPRESENTATION.*—All members ap-
5 pointed to the Panel shall have experience or ex-
6 pert knowledge in the fields of, or related to,
7 work incentive programs, employment services,
8 vocational rehabilitation services, health care
9 services, and other support services for individ-
10 uals with disabilities. At least 7 members of the
11 Panel shall be individuals with disabilities or
12 representatives of individuals with disabilities,
13 except that, of those 7 members, at least 5 mem-
14 bers shall be current or former title II disability
15 beneficiaries or title XVI disability beneficiaries
16 (as such terms are defined in section 1148(k) of
17 the Social Security Act (as added by subsection
18 (a)).

19 (C) *TERMS.*—

20 (i) *IN GENERAL.*—Each member shall
21 be appointed for a term of 4 years (or, if
22 less, for the remaining life of the Panel), ex-
23 cept as provided in clauses (ii) and (iii).
24 The initial members shall be appointed not

1 later than 90 days after the date of enact-
2 ment of this Act.

3 (ii) *TERMS OF INITIAL APPOINTEES.*—

4 As designated by the Commissioner at the
5 time of appointment, of the members first
6 appointed—

7 (I) 6 of the members appointed
8 under subparagraph (A) shall be ap-
9 pointed for a term of 2 years; and

10 (II) 6 of the members appointed
11 under subparagraph (A) shall be ap-
12 pointed for a term of 4 years.

13 (iii) *VACANCIES.*—Any member ap-
14 pointed to fill a vacancy occurring before
15 the expiration of the term for which the
16 member's predecessor was appointed shall be
17 appointed only for the remainder of that
18 term. A member may serve after the expira-
19 tion of that member's term until a successor
20 has taken office. A vacancy in the Panel
21 shall be filled in the manner in which the
22 original appointment was made.

23 (D) *BASIC PAY.*—Members shall each be
24 paid at a rate, and in a manner, that is con-
25 sistent with guidelines established under section

1 7 of the Federal Advisory Committee Act (5
2 U.S.C. App.).

3 (E) TRAVEL EXPENSES.—Each member
4 shall receive travel expenses, including per diem
5 in lieu of subsistence, in accordance with sections
6 5702 and 5703 of title 5, United States Code.

7 (F) QUORUM.—Eight members of the Panel
8 shall constitute a quorum but a lesser number
9 may hold hearings.

10 (G) CHAIRPERSON.—The Chairperson of the
11 Panel shall be designated by the Commissioner.
12 The term of office of the Chairperson shall be 4
13 years.

14 (H) MEETINGS.—The Panel shall meet at
15 least quarterly and at other times at the call of
16 the Chairperson or a majority of its members.

17 (4) DIRECTOR AND STAFF OF PANEL; EXPERTS
18 AND CONSULTANTS.—

19 (A) DIRECTOR.—The Panel shall have a Di-
20 rector who shall be appointed by the Commis-
21 sioner and paid at a rate, and in a manner,
22 that is consistent with guidelines established
23 under section 7 of the Federal Advisory Com-
24 mittee Act (5 U.S.C. App.).

1 (B) *STAFF*.—Subject to rules prescribed by
2 the Commissioner, the Director may appoint and
3 fix the pay of additional personnel as the Direc-
4 tor considers appropriate.

5 (C) *EXPERTS AND CONSULTANTS*.—Subject
6 to rules prescribed by the Commissioner, the Di-
7 rector may procure temporary and intermittent
8 services under section 3109(b) of title 5, United
9 States Code.

10 (D) *STAFF OF FEDERAL AGENCIES*.—Upon
11 request of the Panel, the head of any Federal de-
12 partment or agency may detail, on a reimburs-
13 able basis, any of the personnel of that depart-
14 ment or agency to the Panel to assist it in car-
15 rying out its duties under this subsection.

16 (5) *POWERS OF PANEL*.—

17 (A) *HEARINGS AND SESSIONS*.—The Panel
18 may, for the purpose of carrying out its duties
19 under this subsection, hold such hearings, sit and
20 act at such times and places, and take such testi-
21 mony and evidence as the Panel considers appro-
22 priate.

23 (B) *POWERS OF MEMBERS AND AGENTS*.—
24 Any member or agent of the Panel may, if au-

1 *thorized by the Panel, take any action which the*
2 *Panel is authorized to take by this subsection.*

3 (C) *MAILS.*—*The Panel may use the United*
4 *States mails in the same manner and under the*
5 *same conditions as other departments and agen-*
6 *cies of the United States.*

7 (6) *REPORTS.*—

8 (A) *INTERIM REPORTS.*—*The Panel shall*
9 *submit to the President and Congress interim re-*
10 *ports at least annually.*

11 (B) *FINAL REPORT.*—*The Panel shall trans-*
12 *mit a final report to the President and Congress*
13 *not later than 8 years after the date of enact-*
14 *ment of this Act. The final report shall contain*
15 *a detailed statement of the findings and conclu-*
16 *sions of the Panel, together with its recommenda-*
17 *tions for legislation and administrative actions*
18 *which the Panel considers appropriate.*

19 (7) *TERMINATION.*—*The Panel shall terminate*
20 *30 days after the date of the submission of its final*
21 *report under paragraph (6)(B).*

22 (8) *ALLOCATION OF COSTS.*—*The costs of car-*
23 *rying out this subsection shall be paid from amounts*
24 *made available for the administration of title II of*
25 *the Social Security Act (42 U.S.C. 401 et seq.) and*

1 amounts made available for the administration of
 2 title XVI of that Act (42 U.S.C. 1381 et seq.), and
 3 shall be allocated among those amounts as appro-
 4 priate.

5 **Subtitle B—Elimination of Work**
 6 **Disincentives**

7 **SEC. 211. WORK ACTIVITY STANDARD AS A BASIS FOR RE-**
 8 **VIEW OF AN INDIVIDUAL'S DISABLED STATUS.**

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

11 “(m)(1) In any case where an individual entitled to
 12 disability insurance benefits under section 223 or to month-
 13 ly insurance benefits under section 202 based on such indi-
 14 vidual's disability (as defined in section 223(d)) has re-
 15 ceived such benefits for at least 24 months—

16 “(A) no continuing disability review conducted
 17 by the Commissioner may be scheduled for the indi-
 18 vidual solely as a result of the individual's work ac-
 19 tivity;

20 “(B) no work activity engaged in by the indi-
 21 vidual may be used as evidence that the individual is
 22 no longer disabled; and

23 “(C) no cessation of work activity by the indi-
 24 vidual may give rise to a presumption that the indi-
 25 vidual is unable to engage in work.

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

3 “(A) *continuing disability reviews on a regu-*
4 *larly scheduled basis that is not triggered by work;*
5 *and*

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

10 **SEC. 212. EXPEDITED REINSTATEMENT OF DISABILITY BEN-**
11 **EFITS.**

12 (a) *OASDI BENEFITS.—Section 223 of the Social Se-*
13 *curity Act (42 U.S.C. 423) is amended—*

14 (1) *by redesignating subsection (i) as subsection*
15 *(j); and*

16 (2) *by inserting after subsection (h) the fol-*
17 *lowing:*

18 *“Reinstatement of Entitlement*

19 “(i)(1)(A) *Entitlement to benefits described in sub-*
20 *paragraph (B)(i)(I) shall be reinstated in any case where*
21 *the Commissioner determines that an individual described*
22 *in subparagraph (B) has filed a request for reinstatement*
23 *meeting the requirements of paragraph (2)(A) during the*
24 *period prescribed in subparagraph (C). Reinstatement of*

1 *such entitlement shall be in accordance with the terms of*
2 *this subsection.*

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

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

7 “(I) *the individual was entitled to benefits*
8 *under this section or section 202 on the basis of*
9 *disability pursuant to an application filed there-*
10 *fore; and*

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

13 “(ii) *the individual is under a disability and the*
14 *physical or mental impairment that is the basis for*
15 *the finding of disability is the same as (or related to)*
16 *the physical or mental impairment that was the basis*
17 *for the finding of disability that gave rise to the enti-*
18 *tlement described in clause (i); and*

19 “(iii) *the individual's disability renders the in-*
20 *dividual unable to perform substantial gainful activ-*
21 *ity.*

22 “(C)(i) *Except as provided in clause (ii), the period*
23 *prescribed in this subparagraph with respect to an indi-*
24 *vidual is 60 consecutive months beginning with the month*
25 *following the most recent month for which the individual*

1 was entitled to a benefit described in subparagraph
2 (B)(i)(I) prior to the entitlement termination described in
3 subparagraph (B)(i)(II).

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

9 “(2)(A)(i) A request for reinstatement shall be filed in
10 such form, and containing such information, as the Com-
11 missioner may prescribe.

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

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

21 “(3) In determining whether an individual meets the
22 requirements of paragraph (1)(B)(ii), the provisions of sub-
23 section (f) shall apply.

24 “(4)(A)(i) Subject to clause (ii), entitlement to benefits
25 reinstated under this subsection shall commence with the

1 benefit payable for the month in which a request for rein-
2 statement is filed.

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

10 “(B)(i) Subject to clauses (ii) and (iii), the amount
11 of the benefit payable for any month pursuant to the rein-
12 statement of entitlement under this subsection shall be deter-
13 mined in accordance with the provisions of this title.

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

21 “(iii) Benefits under this section or section 202 pay-
22 able for any month pursuant to a request for reinstatement
23 filed in accordance with paragraph (2) shall be reduced by
24 the amount of any provisional benefit paid to such indi-
25 vidual for such month under paragraph (7).

1 “(C) No benefit shall be payable pursuant to an enti-
2 tlement reinstated under this subsection to an individual
3 for any month in which the individual engages in substan-
4 tial gainful activity.

5 “(D) The entitlement of any individual that is rein-
6 stated under this subsection shall end with the benefits pay-
7 able for the month preceding whichever of the following
8 months is the earliest:

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

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

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

14 “(5) Whenever an individual’s entitlement to benefits
15 under this section is reinstated under this subsection, enti-
16 tlement to benefits payable on the basis of such individual’s
17 wages and self-employment income may be reinstated with
18 respect to any person previously entitled to such benefits
19 on the basis of an application if the Commissioner deter-
20 mines that such person satisfies all the requirements for en-
21 titlement to such benefits except requirements related to the
22 filing of an application. The provisions of paragraph (4)
23 shall apply to the reinstated entitlement of any such person
24 to the same extent that they apply to the reinstated entitle-
25 ment of such individual.

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

11 “(7)(A) *An individual described in paragraph (1)(B)*
12 *who files a request for reinstatement in accordance with the*
13 *provisions of paragraph (2)(A) shall be entitled to provi-*
14 *sional benefits payable in accordance with this paragraph,*
15 *unless the Commissioner determines that the individual*
16 *does not meet the requirements of paragraph (1)(B)(i) or*
17 *that the individual’s declaration under paragraph*
18 *(2)(A)(ii) is false. Any such determination by the Commis-*
19 *sioner shall be final and not subject to review under sub-*
20 *section (b) or (g) of section 205.*

21 “(B) *The amount of a provisional benefit for a month*
22 *shall equal the amount of the last monthly benefit payable*
23 *to the individual under this title on the basis of an applica-*
24 *tion increased by an amount equal to the amount, if any,*

1 *by which such last monthly benefit would have been in-*
2 *creased as a result of the operation of section 215(i).*

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

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

8 “(I) *the month in which the Commissioner*
9 *makes a determination regarding the individual’s en-*
10 *titlement to reinstated benefits;*

11 “(II) *the fifth month following the month de-*
12 *scribed in clause (i);*

13 “(III) *the month in which the individual per-*
14 *forms substantial gainful activity; or*

15 “(IV) *the month in which the Commissioner de-*
16 *termines that the individual does not meet the re-*
17 *quirements of paragraph (1)(B)(i) or that the indi-*
18 *vidual’s declaration made in accordance with para-*
19 *graph (2)(A)(ii) is false.*

20 “(D) *In any case in which the Commissioner deter-*
21 *mines that an individual is not entitled to reinstated bene-*
22 *fits, any provisional benefits paid to the individual under*
23 *this paragraph shall not be subject to recovery as an over-*
24 *payment unless the Commissioner determines that the indi-*

1 *vidual knew or should have known that the individual did*
2 *not meet the requirements of paragraph (1)(B).”.*

3 *(b) SSI BENEFITS.—*

4 *(1) IN GENERAL.—Section 1631 of the Social Se-*
5 *curity Act (42 U.S.C. 1383) is amended by adding at*
6 *the end the following:*

7 *“Reinstatement of Eligibility on the Basis of Blindness or*
8 *Disability*

9 *“(p)(1)(A) Eligibility for benefits under this title shall*
10 *be reinstated in any case where the Commissioner deter-*
11 *mines that an individual described in subparagraph (B)*
12 *has filed a request for reinstatement meeting the require-*
13 *ments of paragraph (2)(A) during the period prescribed in*
14 *subparagraph (C). Reinstatement of eligibility shall be in*
15 *accordance with the terms of this subsection.*

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

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

20 *“(I) the individual was eligible for benefits*
21 *under this title on the basis of blindness or dis-*
22 *ability pursuant to an application filed there-*
23 *fore; and*

24 *“(II) the individual thereafter was ineligible*
25 *for such benefits due to earned income (or earned*

1 *and unearned income) for a period of 12 or more*
2 *consecutive months;*

3 “(ii) *the individual is blind or disabled and the*
4 *physical or mental impairment that is the basis for*
5 *the finding of blindness or disability is the same as*
6 *(or related to) the physical or mental impairment*
7 *that was the basis for the finding of blindness or dis-*
8 *ability that gave rise to the eligibility described in*
9 *clause (i);*

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

13 “(iv) *the individual satisfies the nonmedical re-*
14 *quirements for eligibility for benefits under this title.*

15 “(C)(i) *Except as provided in clause (ii), the period*
16 *prescribed in this subparagraph with respect to an indi-*
17 *vidual is 60 consecutive months beginning with the month*
18 *following the most recent month for which the individual*
19 *was eligible for a benefit under this title (including section*
20 *1619) prior to the period of ineligibility described in sub-*
21 *paragraph (B)(i)(II).*

22 “(ii) *In the case of an individual who fails to file a*
23 *reinstatement request within the period prescribed in clause*
24 *(i), the Commissioner may extend the period if the Commis-*

1 sioner determines that the individual had good cause for
2 the failure to so file.

3 “(2)(A)(i) A request for reinstatement shall be filed in
4 such form, and containing such information, as the Com-
5 missioner may prescribe.

6 “(ii) A request for reinstatement shall include express
7 declarations by the individual that the individual meets the
8 requirements specified in clauses (ii) through (iv) of para-
9 graph (1)(B).

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

15 “(3) In determining whether an individual meets the
16 requirements of paragraph (1)(B)(ii), the provisions of sec-
17 tion 1614(a)(4) shall apply.

18 “(4)(A) Eligibility for benefits reinstated under this
19 subsection shall commence with the benefit payable for the
20 month following the month in which a request for reinstate-
21 ment is filed.

22 “(B)(i) Subject to clause (ii), the amount of the benefit
23 payable for any month pursuant to the reinstatement of eli-
24 gibility under this subsection shall be determined in accord-
25 ance with the provisions of this title.

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

6 “(C) *Except as otherwise provided in this subsection,*
7 *eligibility for benefits under this title reinstated pursuant*
8 *to a request filed under paragraph (2) shall be subject to*
9 *the same terms and conditions as eligibility established pur-*
10 *suant to an application filed therefore.*

11 “(5) *Whenever an individual’s eligibility for benefits*
12 *under this title is reinstated under this subsection, eligi-*
13 *bility for such benefits shall be reinstated with respect to*
14 *the individual’s spouse if such spouse was previously an*
15 *eligible spouse of the individual under this title and the*
16 *Commissioner determines that such spouse satisfies all the*
17 *requirements for eligibility for such benefits except require-*
18 *ments related to the filing of an application. The provisions*
19 *of paragraph (4) shall apply to the reinstated eligibility*
20 *of the spouse to the same extent that they apply to the rein-*
21 *stated eligibility of such individual.*

22 “(6) *An individual to whom benefits are payable under*
23 *this title pursuant to a reinstatement of eligibility under*
24 *this subsection for twenty-four months (whether or not con-*
25 *secutive) shall, with respect to benefits so payable after such*

1 *twenty-fourth month, be deemed for purposes of paragraph*
2 *(1)(B)(i)(I) to be eligible for such benefits on the basis of*
3 *an application filed therefore.*

4 “(7)(A) *An individual described in paragraph (1)(B)*
5 *who files a request for reinstatement in accordance with the*
6 *provisions of paragraph (2)(A) shall be eligible for provi-*
7 *sional benefits payable in accordance with this paragraph,*
8 *unless the Commissioner determines that the individual*
9 *does not meet the requirements of paragraph (1)(B)(i) or*
10 *that the individual’s declaration under paragraph*
11 *(2)(A)(ii) is false. Any such determination by the Commis-*
12 *sioner shall be final and not subject to review under para-*
13 *graph (1) or (3) of subsection (c).*

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

19 “(ii) *If the individual has a spouse who was previously*
20 *an eligible spouse of the individual under this title and the*
21 *Commissioner determines that such spouse satisfies all the*
22 *requirements of section 1614(b) except requirements related*
23 *to the filing of an application, the amount of a provisional*
24 *benefit for a month shall equal the amount of the month*
25 *benefit that would be payable to an eligible individual and*

1 eligible spouse under this title with the same kind and
2 amount of income.

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

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

8 “(I) the month in which the Commissioner
9 makes a determination regarding the individual’s eli-
10 gibility for reinstated benefits;

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

14 “(III) the month in which the Commissioner de-
15 termines that the individual does not meet the re-
16 quirements of paragraph (1)(B)(i) or that the indi-
17 vidual’s declaration made in accordance with para-
18 graph (2)(A)(ii) is false.

19 “(D) In any case in which the Commissioner deter-
20 mines that an individual is not eligible for reinstated bene-
21 fits, any provisional benefits paid to the individual under
22 this paragraph shall not be subject to recovery as an over-
23 payment unless the Commissioner determines that the indi-
24 vidual knew or should have known that the individual did
25 not meet the requirements of paragraph (1)(B).

1 “(8) For purposes of this subsection other than para-
2 graph (7), the term ‘benefits under this title’ includes State
3 supplementary payments made pursuant to an agreement
4 under section 1616(a) or section 212(b) of Public Law 93-
5 66.”.

6 (2) *CONFORMING AMENDMENTS.*—

7 (A) Section 1631(j)(1) of such Act (42
8 U.S.C. 1383(j)(1)) is amended by striking the pe-
9 riod and inserting “, or has filed a request for
10 reinstatement of eligibility under subsection
11 (p)(2) and been determined to be eligible for re-
12 instatement.”.

13 (B) Section 1631(j)(2)(A)(i)(I) of such Act
14 (42 U.S.C. 1383(j)(2)(A)(i)(I)) is amended by
15 inserting “(other than pursuant to a request for
16 reinstatement under subsection (p))” after “eligi-
17 ble”.

18 (c) *EFFECTIVE DATE.*—

19 (1) *IN GENERAL.*—The amendments made by
20 this section shall take effect on the first day of the
21 thirteenth month beginning after the date of enact-
22 ment of this Act.

23 (2) *LIMITATION.*—No benefit shall be payable
24 under title II or XVI of the Social Security Act on
25 the basis of a request for reinstatement filed under

1 *section 223(i) or 1631(p) of such Act before the effec-*
 2 *tive date described in paragraph (1).*

3 ***Subtitle C—Work Incentives Plan-***
 4 ***ning, Assistance, and Outreach***

5 ***SEC. 221. WORK INCENTIVES OUTREACH PROGRAM.***

6 *Part A of title XI of the Social Security Act (42 U.S.C.*
 7 *1301 et seq.), as amended by section 201, is amended by*
 8 *adding after section 1148 the following:*

9 ***“WORK INCENTIVES OUTREACH PROGRAM***

10 ***“SEC. 1149. (a) ESTABLISHMENT.—***

11 ***“(1) IN GENERAL.—The Commissioner, in con-***
 12 ***sultation with the Work Incentives Advisory Panel es-***
 13 ***tablished under section 201(f) of the Work Incentives***
 14 ***Improvement Act of 1999, shall establish a commu-***
 15 ***nity-based work incentives planning and assistance***
 16 ***program for the purpose of disseminating accurate in-***
 17 ***formation to disabled beneficiaries on work incentives***
 18 ***programs and issues related to such programs.***

19 ***“(2) GRANTS, COOPERATIVE AGREEMENTS, CON-***
 20 ***TRACTS, AND OUTREACH.—Under the program estab-***
 21 ***lished under this section, the Commissioner shall—***

22 ***“(A) establish a competitive program of***
 23 ***grants, cooperative agreements, or contracts to***
 24 ***provide benefits planning and assistance, includ-***
 25 ***ing information on the availability of protection***
 26 ***and advocacy services, to disabled beneficiaries,***

1 *including individuals participating in the Ticket*
2 *to Work and Self-Sufficiency Program estab-*
3 *lished under section 1148, the program estab-*
4 *lished under section 1619, and other programs*
5 *that are designed to encourage disabled bene-*
6 *ficiaries to work;*

7 “(B) *conduct directly, or through grants, co-*
8 *operative agreements, or contracts, ongoing out-*
9 *reach efforts to disabled beneficiaries (and to the*
10 *families of such beneficiaries) who are poten-*
11 *tially eligible to participate in Federal or State*
12 *work incentive programs that are designed to as-*
13 *ist disabled beneficiaries to work, including—*

14 “(i) *preparing and disseminating in-*
15 *formation explaining such programs; and*

16 “(ii) *working in cooperation with other*
17 *Federal, State, and private agencies and*
18 *nonprofit organizations that serve disabled*
19 *beneficiaries, and with agencies and organi-*
20 *zations that focus on vocational rehabilita-*
21 *tion and work-related training and coun-*
22 *seling;*

23 “(C) *establish a corps of trained, accessible,*
24 *and responsive work incentives specialists within*
25 *the Social Security Administration who will spe-*

1 *cialize in disability work incentives under titles*
2 *II and XVI for the purpose of disseminating ac-*
3 *curate information with respect to inquiries and*
4 *issues relating to work incentives to—*

5 “(i) disabled beneficiaries;

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

8 “(iii) individuals or entities awarded
9 *grants under subparagraphs (A) or (B);*
10 *and*

11 “(D) provide—

12 “(i) training for work incentives spe-
13 *cialists and individuals providing planning*
14 *assistance described in subparagraph (C);*
15 *and*

16 “(ii) technical assistance to organiza-
17 *tions and entities that are designed to en-*
18 *courage disabled beneficiaries to return to*
19 *work.*

20 “(3) COORDINATION WITH OTHER PROGRAMS.—

21 *The responsibilities of the Commissioner established*
22 *under this section shall be coordinated with other*
23 *public and private programs that provide informa-*
24 *tion and assistance regarding rehabilitation services*
25 *and independent living supports and benefits plan-*

1 *ning for disabled beneficiaries including the program*
2 *under section 1619, the plans for achieving self-sup-*
3 *port program (PASS), and any other Federal or*
4 *State work incentives programs that are designed to*
5 *assist disabled beneficiaries, including educational*
6 *agencies that provide information and assistance re-*
7 *garding rehabilitation, school-to-work programs, tran-*
8 *sition services (as defined in, and provided in accord-*
9 *ance with, the Individuals with Disabilities Edu-*
10 *cation Act (20 U.S.C. 1400 et seq.)), a one-stop deliv-*
11 *ery system established under subtitle B of title I of the*
12 *Workforce Investment Act of 1998, and other services.*

13 *“(b) CONDITIONS.—*

14 *“(1) SELECTION OF ENTITIES.—*

15 *“(A) APPLICATION.—An entity shall submit*
16 *an application for a grant, cooperative agree-*
17 *ment, or contract to provide benefits planning*
18 *and assistance to the Commissioner at such time,*
19 *in such manner, and containing such informa-*
20 *tion as the Commissioner may determine is nec-*
21 *essary to meet the requirements of this section.*

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

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

3 “(i) *IN GENERAL.*—*The Commissioner*
4 *may award a grant, cooperative agreement,*
5 *or contract under this section to a State or*
6 *a private agency or organization (other*
7 *than Social Security Administration Field*
8 *Offices and the State agency administering*
9 *the State medicaid program under title*
10 *XIX, including any agency or entity de-*
11 *scribed in clause (ii), that the Commissioner*
12 *determines is qualified to provide the plan-*
13 *ning, assistance, and information described*
14 *in paragraph (2)).*

15 “(ii) *AGENCIES AND ENTITIES DE-*
16 *SCRIBED.*—*The agencies and entities de-*
17 *scribed in this clause are the following:*

18 “(I) *Any public or private agency*
19 *or organization (including Centers for*
20 *Independent Living established under*
21 *title VII of the Rehabilitation Act of*
22 *1973, protection and advocacy organi-*
23 *zations, client assistance programs es-*
24 *tablished in accordance with section*
25 *112 of the Rehabilitation Act of 1973,*

1 *and State Developmental Disabilities*
2 *Councils established in accordance*
3 *with section 124 of the Developmental*
4 *Disabilities Assistance and Bill of*
5 *Rights Act (42 U.S.C. 6024)) that the*
6 *Commissioner determines satisfies the*
7 *requirements of this section.*

8 *“(II) The State agency admin-*
9 *istering the State program funded*
10 *under part A of title IV.*

11 *“(D) EXCLUSION FOR CONFLICT OF INTER-*
12 *EST.—The Commissioner may not award a*
13 *grant, cooperative agreement, or contract under*
14 *this section to any entity that the Commissioner*
15 *determines would have a conflict of interest if the*
16 *entity were to receive a grant, cooperative agree-*
17 *ment, or contract under this section.*

18 *“(2) SERVICES PROVIDED.—A recipient of a*
19 *grant, cooperative agreement, or contract to provide*
20 *benefits planning and assistance shall select individ-*
21 *uals who will act as planners and provide informa-*
22 *tion, guidance, and planning to disabled beneficiaries*
23 *on the—*

24 *“(A) availability and interrelation of any*
25 *Federal or State work incentives programs de-*

1 *signed to assist disabled beneficiaries that the in-*
 2 *dividual may be eligible to participate in;*

3 “(B) *adequacy of any health benefits cov-*
 4 *erage that may be offered by an employer of the*
 5 *individual and the extent to which other health*
 6 *benefits coverage may be available to the indi-*
 7 *vidual; and*

8 “(C) *availability of protection and advocacy*
 9 *services for disabled beneficiaries and how to ac-*
 10 *cess such services.*

11 “(3) *AMOUNT OF GRANTS, COOPERATIVE AGREE-*
 12 *MENTS, OR CONTRACTS.—*

13 “(A) *BASED ON POPULATION OF DISABLED*
 14 *BENEFICIARIES.—Subject to subparagraph (B),*
 15 *the Commissioner shall award a grant, coopera-*
 16 *tive agreement, or contract under this section to*
 17 *an entity based on the percentage of the popu-*
 18 *lation of the State where the entity is located*
 19 *who are disabled beneficiaries.*

20 “(B) *LIMITATIONS.—*

21 “(i) *PER GRANT.—No entity shall re-*
 22 *ceive a grant, cooperative agreement, or*
 23 *contract under this section for a fiscal year*
 24 *that is less than \$50,000 or more than*
 25 *\$300,000.*

1 “(i) *TOTAL AMOUNT FOR ALL GRANTS,*
 2 *COOPERATIVE AGREEMENTS, AND CON-*
 3 *TRACTS.—The total amount of all grants,*
 4 *cooperative agreements, and contracts*
 5 *awarded under this section for a fiscal year*
 6 *may not exceed \$23,000,000.*

7 “(4) *ALLOCATION OF COSTS.—The costs of car-*
 8 *rying out this section shall be paid from amounts*
 9 *made available for the administration of title II and*
 10 *amounts made available for the administration of*
 11 *title XVI, and shall be allocated among those amounts*
 12 *as appropriate.*

13 “(c) *DEFINITIONS.—In this section:*

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

16 “(2) *DISABLED BENEFICIARY.—The term ‘dis-*
 17 *abled beneficiary’ has the meaning given that term in*
 18 *section 1148(k)(2).”.*

19 **SEC. 222. STATE GRANTS FOR WORK INCENTIVES ASSIST-**
 20 **ANCE TO DISABLED BENEFICIARIES.**

21 *Part A of title XI of the Social Security Act (42 U.S.C.*
 22 *1301 et seq.), as amended by section 221, is amended by*
 23 *adding after section 1149 the following:*

1 “STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO
2 DISABLED BENEFICIARIES

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

9 “(b) SERVICES PROVIDED.—Services provided to dis-
10 abled beneficiaries pursuant to a payment made under this
11 section may include—

12 “(1) information and advice about obtaining vo-
13 cational rehabilitation and employment services; and

14 “(2) advocacy or other services that a disabled
15 beneficiary may need to secure or regain gainful em-
16 ployment.

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

22 “(d) AMOUNT OF PAYMENTS.—

23 “(1) IN GENERAL.—Subject to the amount ap-
24 propriated for a fiscal year for making payments

1 *under this section, a protection and advocacy system*
2 *shall not be paid an amount that is less than—*

3 *“(A) in the case of a protection and advoca-*
4 *cacy system located in a State (including the*
5 *District of Columbia and Puerto Rico) other*
6 *than Guam, American Samoa, the United States*
7 *Virgin Islands, and the Commonwealth of the*
8 *Northern Mariana Islands, the greater of—*

9 *“(i) \$100,000; or*

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

13 *“(B) in the case of a protection and advoca-*
14 *cacy system located in Guam, American Samoa,*
15 *the United States Virgin Islands, and the Com-*
16 *monwealth of the Northern Mariana Islands,*
17 *\$50,000.*

18 *“(2) INFLATION ADJUSTMENT.—For each fiscal*
19 *year in which the total amount appropriated to carry*
20 *out this section exceeds the total amount appropriated*
21 *to carry out this section in the preceding fiscal year,*
22 *the Commissioner shall increase each minimum pay-*
23 *ment under subparagraphs (A) and (B) of paragraph*
24 *(1) by a percentage equal to the percentage increase*
25 *in the total amount appropriated to carry out this*

1 *section between the preceding fiscal year and the fis-*
2 *cal year involved.*

3 *“(e) ANNUAL REPORT.—Each protection and advocacy*
4 *system that receives a payment under this section shall sub-*
5 *mit an annual report to the Commissioner and the Work*
6 *Incentives Advisory Panel established under section 201(f)*
7 *of the Work Incentives Improvement Act of 1999 on the serv-*
8 *ices provided to individuals by the system.*

9 *“(f) FUNDING.—*

10 *“(1) ALLOCATION OF PAYMENTS.—*

11 *“(A) IN GENERAL.—Subject to subpara-*
12 *graph (B), payments under this section shall be*
13 *made from amounts made available for the ad-*
14 *ministration of title II and amounts made avail-*
15 *able for the administration of title XVI, and*
16 *shall be allocated among those amounts as ap-*
17 *propriate.*

18 *“(B) LIMITATION.—Payments under this*
19 *section shall not exceed \$7,000,000 for fiscal year*
20 *2000, and such sums as may be necessary for*
21 *any fiscal year thereafter.*

22 *“(2) CARRYOVER.—Any amounts allotted for*
23 *payment to a protection and advocacy system under*
24 *this section for a fiscal year shall remain available*
25 *for payment to or on behalf of the protection and ad-*

1 *vocacy system until the end of the succeeding fiscal*
 2 *year.*

3 “(g) *DEFINITIONS.—In this section:*

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

6 “(2) *DISABLED BENEFICIARY.—The term ‘dis-*
 7 *abled beneficiary’ has the meaning given that term in*
 8 *section 1148(k)(2).*

9 “(3) *PROTECTION AND ADVOCACY SYSTEM.—The*
 10 *term ‘protection and advocacy system’ means a pro-*
 11 *tection and advocacy system established pursuant to*
 12 *part C of title I of the Developmental Disabilities As-*
 13 *sistance and Bill of Rights Act (42 U.S.C. 6041 et*
 14 *seq.).”.*

15 **TITLE III—DEMONSTRATION**
 16 **PROJECTS AND STUDIES**

17 **SEC. 301. PERMANENT EXTENSION OF DISABILITY INSUR-**
 18 **ANCE PROGRAM DEMONSTRATION PROJECT**
 19 **AUTHORITY.**

20 (a) *PERMANENT EXTENSION OF AUTHORITY.—Title II*
 21 *of the Social Security Act (42 U.S.C. 401 et seq.) is amend-*
 22 *ed by adding at the end the following:*

23 “*DEMONSTRATION PROJECT AUTHORITY*

24 “*SEC. 234. (a) AUTHORITY.—*

25 “(1) *IN GENERAL.—The Commissioner of Social*
 26 *Security (in this section referred to as the ‘Commis-*

1 sioner') shall develop and carry out experiments and
2 demonstration projects designed to determine the rel-
3 ative advantages and disadvantages of—

4 “(A) various alternative methods of treating
5 the work activity of individuals entitled to dis-
6 ability insurance benefits under section 223 or to
7 monthly insurance benefits under section 202
8 based on such individual’s disability (as defined
9 in section 223(d)), including such methods as a
10 reduction in benefits based on earnings, designed
11 to encourage the return to work of such individ-
12 uals;

13 “(B) altering other limitations and condi-
14 tions applicable to such individuals (including
15 lengthening the trial work period (as defined in
16 section 222(c)), altering the 24-month waiting
17 period for hospital insurance benefits under sec-
18 tion 226, altering the manner in which the pro-
19 gram under this title is administered, earlier re-
20 ferral of such individuals for rehabilitation, and
21 greater use of employers and others to develop,
22 perform, and otherwise stimulate new forms of
23 rehabilitation); and

24 “(C) implementing sliding scale benefit off-
25 sets using variations in—

1 “(i) the amount of the offset as a pro-
2 portion of earned income;

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

5 “(iii) the method of determining the
6 amount of income earned by such individ-
7 uals,

8 to the end that savings will accrue to the Trust
9 Funds, or to otherwise promote the objectives or facili-
10 tate the administration of this title.

11 “(2) *AUTHORITY FOR EXPANSION OF SCOPE.*—
12 *The Commissioner may expand the scope of any such*
13 *experiment or demonstration project to include any*
14 *group of applicants for benefits under the program es-*
15 *tablished under this title with impairments that rea-*
16 *sonably may be presumed to be disabling for purposes*
17 *of such demonstration project, and may limit any*
18 *such demonstration project to any such group of ap-*
19 *plicants, subject to the terms of such demonstration*
20 *project which shall define the extent of any such pre-*
21 *sumption.*

22 “(b) *REQUIREMENTS.*—*The experiments and dem-*
23 *onstration projects developed under subsection (a) shall be*
24 *of sufficient scope and shall be carried out on a wide enough*
25 *scale to permit a thorough evaluation of the alternative*

1 *methods under consideration while giving assurance that*
2 *the results derived from the experiments and projects will*
3 *obtain generally in the operation of the disability insurance*
4 *program under this title without committing such program*
5 *to the adoption of any particular system either locally or*
6 *nationally.*

7 “(c) *AUTHORITY TO WAIVE COMPLIANCE WITH BENE-*
8 *FITS REQUIREMENTS.—In the case of any experiment or*
9 *demonstration project conducted under subsection (a), the*
10 *Commissioner may waive compliance with the benefit re-*
11 *quirements of this title, and the Secretary may (upon the*
12 *request of the Commissioner) waive compliance with the*
13 *benefits requirements of title XVIII, insofar as is necessary*
14 *for a thorough evaluation of the alternative methods under*
15 *consideration. No such experiment or project shall be actu-*
16 *ally placed in operation unless at least 90 days prior there-*
17 *to a written report, prepared for purposes of notification*
18 *and information only and containing a full and complete*
19 *description thereof, has been transmitted by the Commis-*
20 *sioner to the Committee on Ways and Means of the House*
21 *of Representatives and to the Committee on Finance of the*
22 *Senate. Periodic reports on the progress of such experiments*
23 *and demonstration projects shall be submitted by the Com-*
24 *missioner to such committees. When appropriate, such re-*
25 *ports shall include detailed recommendations for changes in*

1 *administration or law, or both, to carry out the objectives*
2 *stated in subsection (a).*

3 *“(d) REPORTS.—*

4 *“(1) INTERIM REPORTS.—On or before June 9 of*
5 *each year, the Commissioner shall submit to the Com-*
6 *mittee on Ways and Means of the House of Represent-*
7 *atives and to the Committee on Finance of the Senate*
8 *an interim report on the progress of the experiments*
9 *and demonstration projects carried out under this*
10 *subsection together with any related data and mate-*
11 *rials that the Commissioner may consider appro-*
12 *priate.*

13 *“(2) FINAL REPORTS.—Not later than 90 days*
14 *after the termination of any experiment or dem-*
15 *onstration project carried out under this section, the*
16 *Commissioner shall submit to the Committee on Ways*
17 *and Means of the House of Representatives and to the*
18 *Committee on Finance of the Senate a final report*
19 *with respect to that experiment and demonstration*
20 *project.”.*

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

23 *(1) CONFORMING AMENDMENTS.—*

24 *(A) REPEAL OF PRIOR AUTHORITY.—Para-*
25 *graphs (1) through (4) of subsection (a) and sub-*

1 *section (c) of section 505 of the Social Security*
2 *Disability Amendments of 1980 (42 U.S.C. 1310*
3 *note) are repealed.*

4 *(B) CONFORMING AMENDMENT REGARDING*
5 *FUNDING.—Section 201(k) of the Social Security*
6 *Act (42 U.S.C. 401(k)) is amended by striking*
7 *“section 505(a) of the Social Security Disability*
8 *Amendments of 1980” and inserting “section*
9 *234”.*

10 *(2) TRANSFER OF PRIOR AUTHORITY.—With re-*
11 *spect to any experiment or demonstration project*
12 *being conducted under section 505(a) of the Social Se-*
13 *curity Disability Amendments of 1980 (42 U.S.C.*
14 *1310 note) as of the date of enactment of this Act, the*
15 *authority to conduct such experiment or demonstra-*
16 *tion project (including the terms and conditions ap-*
17 *plicable to the experiment or demonstration project)*
18 *shall be treated as if that authority (and such terms*
19 *and conditions) had been established under section*
20 *234 of the Social Security Act, as added by subsection*
21 *(a).*

1 **SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-**
2 **DUCTIONS IN DISABILITY INSURANCE BENE-**
3 **FITS BASED ON EARNINGS.**

4 (a) *AUTHORITY.*—*The Commissioner of Social Secu-*
5 *urity shall conduct demonstration projects for the purpose*
6 *of evaluating, through the collection of data, a program for*
7 *title II disability beneficiaries (as defined in section*
8 *1148(k)(3) of the Social Security Act) under which each*
9 *\$1 of benefits payable under section 223, or under section*
10 *202 based on the beneficiary's disability, is reduced for each*
11 *\$2 of such beneficiary's earnings that is above a level to*
12 *be determined by the Commissioner. Such projects shall be*
13 *conducted at a number of localities which the Commissioner*
14 *shall determine is sufficient to adequately evaluate the ap-*
15 *propriateness of national implementation of such a pro-*
16 *gram. Such projects shall identify reductions in Federal ex-*
17 *penditures that may result from the permanent implemen-*
18 *tation of such a program.*

19 (b) *SCOPE AND SCALE AND MATTERS TO BE DETER-*
20 *MINED.*—

21 (1) *IN GENERAL.*—*The demonstration projects*
22 *developed under subsection (a) shall be of sufficient*
23 *duration, shall be of sufficient scope, and shall be car-*
24 *ried out on a wide enough scale to permit a thorough*
25 *evaluation of the project to determine—*

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

3 (B) the extent, if any, to which the project
4 being tested is affected by whether it is in oper-
5 ation in a locality within an area under the ad-
6 ministration of the Ticket to Work and Self-Suf-
7 ficiency Program established under section 1148
8 of the Social Security Act; and

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

14 The Commissioner shall take into account advice pro-
15 vided by the Work Incentives Advisory Panel pursu-
16 ant to section 201(f)(2)(B)(ii).

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

19 (A) the annual cost (including net cost) of
20 the project and the annual cost (including net
21 cost) that would have been incurred in the ab-
22 sence of the project;

23 (B) the determinants of return to work, in-
24 cluding the characteristics of the beneficiaries
25 who participate in the project; and

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

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

8 (c) *WAIVERS.—The Commissioner may waive compli-*
9 *ance with the benefit provisions of title II of the Social Se-*
10 *curity Act, and the Secretary of Health and Human Serv-*
11 *ices may waive compliance with the benefit requirements*
12 *of title XVIII of that Act, insofar as is necessary for a thor-*
13 *ough evaluation of the alternative methods under consider-*
14 *ation. No such project shall be actually placed in operation*
15 *unless at least 90 days prior thereto a written report, pre-*
16 *pared for purposes of notification and information only*
17 *and containing a full and complete description thereof, has*
18 *been transmitted by the Commissioner to the Committee on*
19 *Ways and Means of the House of Representatives and to*
20 *the Committee on Finance of the Senate. Periodic reports*
21 *on the progress of such projects shall be submitted by the*
22 *Commissioner to such committees. When appropriate, such*
23 *reports shall include detailed recommendations for changes*
24 *in administration or law, or both, to carry out the objectives*
25 *stated in subsection (a).*

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

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

12 (f) *EXPENDITURES.*—Expenditures made for dem-
13 onstration projects under this section shall be made from
14 the Federal Disability Insurance Trust Fund and the Fed-
15 eral Old-Age and Survivors Insurance Trust Fund, as de-
16 termined appropriate by the Commissioner of Social Secu-
17 rity, and from the Federal Hospital Insurance Trust Fund
18 and the Federal Supplementary Medical Insurance Trust
19 Fund, as determined appropriate by the Secretary of
20 Health and Human Services, to the extent provided in ad-
21 vance in appropriation Acts.

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

23 (a) *STUDY BY GENERAL ACCOUNTING OFFICE OF EX-*
24 *ISTING DISABILITY-RELATED EMPLOYMENT INCENTIVES.*—

1 (1) *STUDY.*—As soon as practicable after the
2 date of enactment of this Act, the Comptroller General
3 of the United States shall undertake a study to assess
4 existing tax credits and other disability-related em-
5 ployment incentives under the Americans with Dis-
6 abilities Act of 1990 and other Federal laws. In such
7 study, the Comptroller General shall specifically ad-
8 dress the extent to which such credits and other incen-
9 tives would encourage employers to hire and retain
10 individuals with disabilities.

11 (2) *REPORT.*—Not later than 3 years after the
12 date of enactment of this Act, the Comptroller General
13 shall transmit to the Committee on Ways and Means
14 of the House of Representatives and the Committee on
15 Finance of the Senate a written report presenting the
16 results of the Comptroller General's study conducted
17 pursuant to this subsection, together with such rec-
18 ommendations for legislative or administrative
19 changes as the Comptroller General determines are
20 appropriate.

21 (b) *STUDY BY GENERAL ACCOUNTING OFFICE OF EX-*
22 *ISTING COORDINATION OF THE DI AND SSI PROGRAMS AS*
23 *THEY RELATE TO INDIVIDUALS ENTERING OR LEAVING*
24 *CONCURRENT ENTITLEMENT.*—

1 (1) *STUDY.*—As soon as practicable after the
2 date of enactment of this Act, the Comptroller General
3 of the United States shall undertake a study to evalu-
4 ate the coordination under current law of the dis-
5 ability insurance program under title II of the Social
6 Security Act and the supplemental security income
7 program under title XVI of that Act, as such pro-
8 grams relate to individuals entering or leaving con-
9 current entitlement under such programs. In such
10 study, the Comptroller General shall specifically ad-
11 dress the effectiveness of work incentives under such
12 programs with respect to such individuals and the ef-
13 fectiveness of coverage of such individuals under titles
14 XVIII and XIX of the Social Security Act.

15 (2) *REPORT.*—Not later than 3 years after the
16 date of enactment of this Act, the Comptroller General
17 shall transmit to the Committee on Ways and Means
18 of the House of Representatives and the Committee on
19 Finance of the Senate a written report presenting the
20 results of the Comptroller General's study conducted
21 pursuant to this subsection, together with such rec-
22 ommendations for legislative or administrative
23 changes as the Comptroller General determines are
24 appropriate.

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

4 (1) *STUDY.—As soon as practicable after the*
5 *date of enactment of this Act, the Comptroller General*
6 *of the United States shall undertake a study of the*
7 *substantial gainful activity level applicable as of that*
8 *date to recipients of benefits under section 223 of the*
9 *Social Security Act (42 U.S.C. 423) and under sec-*
10 *tion 202 of that Act (42 U.S.C. 402) on the basis of*
11 *a recipient having a disability, and the effect of such*
12 *level as a disincentive for those recipients to return*
13 *to work. In the study, the Comptroller General also*
14 *shall address the merits of increasing the substantial*
15 *gainful activity level applicable to such recipients of*
16 *benefits and the rationale for not yearly indexing that*
17 *level to inflation.*

18 (2) *REPORT.—Not later than 2 years after the*
19 *date of enactment of this Act, the Comptroller General*
20 *shall transmit to the Committee on Ways and Means*
21 *of the House of Representatives and the Committee on*
22 *Finance of the Senate a written report presenting the*
23 *results of the Comptroller General's study conducted*
24 *pursuant to this subsection, together with such rec-*
25 *ommendations for legislative or administrative*

1 changes as the Comptroller General determines are
2 appropriate.

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

9 (1) identifies all income, assets, and resource dis-
10 regards (imposed under statutory or regulatory au-
11 thority) that are applicable to individuals receiving
12 benefits under title II or XVI of the Social Security
13 Act (42 U.S.C. 401 et seq., 1381 et seq.);

14 (2) with respect to each such disregard—

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

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

20 (3) with respect to the disregard described in sec-
21 tion 1612(b)(7) of the Social Security Act (42 U.S.C.
22 1382a(b)(7)) (relating to grants, scholarships, or fel-
23 lowships received for use in paying the cost of tuition
24 and fees at any educational (including technical or
25 vocational education) institution)—

1 (A) identifies the number of individuals re-
 2 ceiving benefits under title XVI of such Act (42
 3 U.S.C. 1381 et seq.) who have attained age 22
 4 and have not had any portion of any grant,
 5 scholarship, or fellowship received for use in pay-
 6 ing the cost of tuition and fees at any edu-
 7 cational (including technical or vocational edu-
 8 cation) institution excluded from their income in
 9 accordance with that section;

10 (B) recommends whether the age at which
 11 such grants, scholarships, or fellowships are ex-
 12 cluded from income for purposes of determining
 13 eligibility under title XVI of the Social Security
 14 Act should be increased to age 25; and

15 (C) recommends whether such disregard
 16 should be expanded to include any such grant,
 17 scholarship, or fellowship received for use in pay-
 18 ing the cost of room and board at any such insti-
 19 tution.

20 **TITLE IV—MISCELLANEOUS AND**
 21 **TECHNICAL AMENDMENTS**

22 **SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG**
 23 **ADDICTS AND ALCOHOLICS.**

24 (a) *CLARIFICATION RELATING TO THE EFFECTIVE*
 25 *DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY*

1 *BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.*—Section
2 *105(a)(5) of the Contract with America Advancement Act*
3 *of 1996 (Public Law 104–121; 110 Stat. 853) is amended—*

4 (1) *in subparagraph (A), by striking “by the*
5 *Commissioner of Social Security” and “by the Com-*
6 *missioner”;* and

7 (2) *by adding at the end the following:*

8 “(D) *For purposes of this paragraph, an in-*
9 *dividual’s claim, with respect to benefits under*
10 *title II of the Social Security Act based on dis-*
11 *ability, which has been denied in whole before*
12 *the date of enactment of this Act, may not be*
13 *considered to be finally adjudicated before such*
14 *date if, on or after such date—*

15 “(i) *there is pending a request for ei-*
16 *ther administrative or judicial review with*
17 *respect to such claim, or*

18 “(ii) *there is pending, with respect to*
19 *such claim, a readjudication by the Com-*
20 *missioner of Social Security pursuant to re-*
21 *lief in a class action or implementation by*
22 *the Commissioner of a court remand order.*

23 “(E) *Notwithstanding the provisions of this*
24 *paragraph, with respect to any individual for*
25 *whom the Commissioner of Social Security does*

1 *not perform the entitlement redetermination be-*
2 *fore the date prescribed in subparagraph (C), the*
3 *Commissioner shall perform such entitlement re-*
4 *determination in lieu of a continuing disability*
5 *review whenever the Commissioner determines*
6 *that the individual's entitlement is subject to re-*
7 *determination based on the preceding provisions*
8 *of this paragraph, and the provisions of section*
9 *223(f) of the Social Security Act shall not apply*
10 *to such redetermination.”.*

11 ***(b) CORRECTION TO EFFECTIVE DATE OF PROVISIONS***
12 ***CONCERNING REPRESENTATIVE PAYEES AND TREATMENT***
13 ***REFERRALS OF SOCIAL SECURITY BENEFICIARIES WHO***
14 ***ARE DRUG ADDICTS AND ALCOHOLICS.—Section***
15 ***105(a)(5)(B) of the Contract with America Advancement***
16 ***Act of 1996 (42 U.S.C. 405 note) is amended to read as***
17 ***follows:***

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

21 ***“(i) whose claim for benefits is finally***
22 ***adjudicated on or after the date of enact-***
23 ***ment of this Act; or***

1 “(ii) whose entitlement to benefits is
2 based on an entitlement redetermination
3 made pursuant to subparagraph (C).”.

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

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

9 (a) *IMPLEMENTATION OF PROHIBITION AGAINST PAY-*
10 *MENT OF TITLE II BENEFITS TO PRISONERS.*—

11 (1) *IN GENERAL.*—Section 202(x)(3) of the So-
12 cial Security Act (42 U.S.C. 402(x)(3)) is amended—

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

14 (B) by adding at the end the following:

15 “(B)(i) The Commissioner shall enter into an agree-
16 ment under this subparagraph with any interested State
17 or local institution comprising a jail, prison, penal institu-
18 tion, or correctional facility, or comprising any other insti-
19 tution a purpose of which is to confine individuals as de-
20 scribed in paragraph (1)(A)(ii). Under such agreement—

21 “(I) the institution shall provide to the Commis-
22 sioner, on a monthly basis and in a manner specified
23 by the Commissioner, the names, Social Security ac-
24 count numbers, dates of birth, confinement commence-
25 ment dates, and, to the extent available to the institu-

1 *tion, such other identifying information concerning*
2 *the individuals confined in the institution as the*
3 *Commissioner may require for the purpose of car-*
4 *rying out paragraph (1); and*

5 *“(II) the Commissioner shall pay to the institu-*
6 *tion, with respect to information described in sub-*
7 *clause (I) concerning each individual who is confined*
8 *therein as described in paragraph (1)(A), who receives*
9 *a benefit under this title for the month preceding the*
10 *first month of such confinement, and whose benefit*
11 *under this title is determined by the Commissioner to*
12 *be not payable by reason of confinement based on the*
13 *information provided by the institution, \$400 (subject*
14 *to reduction under clause (ii)) if the institution fur-*
15 *nishes the information to the Commissioner within 30*
16 *days after the date such individual’s confinement in*
17 *such institution begins, or \$200 (subject to reduction*
18 *under clause (ii)) if the institution furnishes the in-*
19 *formation after 30 days after such date but within 90*
20 *days after such date.*

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

1 “(iii) There is authorized to be transferred from the
2 Federal Old-Age and Survivors Insurance Trust Fund and
3 the Federal Disability Insurance Trust Fund, as appro-
4 priate, such sums as may be necessary to enable the Com-
5 missioner to make payments to institutions required by
6 clause (i)(II).

7 “(iv) The Commissioner is authorized to provide, on
8 a reimbursable basis, information obtained pursuant to
9 agreements entered into under clause (i) to any agency ad-
10 ministering a Federal or federally assisted cash, food, or
11 medical assistance program for eligibility purposes.”.

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

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

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

19 (C) by adding at the end the following:

20 “(viii) matches performed pursuant to
21 section 202(x)(3)(B) or 1611(e)(1)(I) of the
22 Social Security Act (42 U.S.C.
23 402(x)(3)(B), 1382(e)(1)(I));”.

24 (3) EFFECTIVE DATE.—The amendments made
25 by this subsection shall apply to individuals whose

1 *period of confinement in an institution commences on*
2 *or after the first day of the fourth month beginning*
3 *after the month in which this Act is enacted.*

4 (b) *ELIMINATION OF TITLE II REQUIREMENT THAT*
5 *CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-*
6 *PRISONMENT FOR MORE THAN 1 YEAR.—*

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

10 (A) *in the matter preceding clause (i), by*
11 *striking “during” and inserting “throughout”;*

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

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

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

24 (c) *CONFORMING TITLE XVI AMENDMENTS.—*

1 (1) *FIFTY PERCENT REDUCTION IN TITLE XVI*
 2 *PAYMENT IN CASE INVOLVING COMPARABLE TITLE II*
 3 *PAYMENT.*—Section 1611(e)(1)(I) of the Social Secu-
 4 *rity Act (42 U.S.C. 1382(e)(1)(I)) is amended—*

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

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

10 (C) by inserting after clause (i) the fol-
 11 lowing:

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

17 (2) *EXPANSION OF CATEGORIES OF INSTITU-*
 18 *TIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH*
 19 *THE COMMISSIONER.*—Section 1611(e)(1)(I)(i) of the
 20 *Social Security Act (42 U.S.C. 1382(e)(1)(I)(i)) is*
 21 *amended in the matter preceding subclause (I) by*
 22 *striking “institution” and all that follows through*
 23 *“section 202(x)(1)(A),” and inserting “institution*
 24 *comprising a jail, prison, penal institution, or correc-*
 25 *tional facility, or with any other interested State or*

1 local institution a purpose of which is to confine in-
2 dividuals as described in section 202(x)(1)(A)(ii),”.

3 (3) *ELIMINATION OF OVERLY BROAD EXEMP-*
4 *TION.*—Section 1611(e)(1)(I)(iii) of such Act (42
5 U.S.C. 1382(e)(1)(I)(iii)) (as redesignated by para-
6 graph (1)(B), is amended by striking “(I) The provi-
7 sions” and all that follows through “(II)”.

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

18 (d) *CONTINUED DENIAL OF BENEFITS TO SEX OF-*
19 *FENDERS REMAINING CONFINED TO PUBLIC INSTITUTIONS*
20 *UPON COMPLETION OF PRISON TERM.*—

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

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

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

3 (C) by adding at the end the following:

4 “(iii) immediately upon completion of confine-
5 ment as described in clause (i) pursuant to conviction
6 of a criminal offense an element of which is sexual ac-
7 tivity, is confined by court order in an institution at
8 public expense pursuant to a finding that the indi-
9 vidual is a sexually dangerous person or a sexual
10 predator or a similar finding.”.

11 (2) CONFORMING AMENDMENT.—Section
12 202(x)(1)(B)(ii) of the Social Security Act (42 U.S.C.
13 402(x)(1)(B)(ii)) is amended by striking “clause (ii)”
14 and inserting “clauses (ii) and (iii)”.

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

19 **SEC. 403. REVOCATION BY MEMBERS OF THE CLERGY OF**
20 **EXEMPTION FROM SOCIAL SECURITY COV-**
21 **ERAGE.**

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

1 church, a member of a religious order, or a Christian
2 Science practitioner, and which is effective for the taxable
3 year in which this Act is enacted, may be revoked by filing
4 an application therefore (in such form and manner, and
5 with such official, as may be prescribed by the Commis-
6 sioner of the Internal Revenue Service), if such application
7 is filed no later than the due date of the Federal income
8 tax return (including any extension thereof) for the appli-
9 cant's second taxable year beginning after December 31,
10 1999. Any such revocation shall be effective (for purposes
11 of chapter 2 of the Internal Revenue Code of 1986 and title
12 II of the Social Security Act), as specified in the applica-
13 tion, either with respect to the applicant's first taxable year
14 beginning after December 31, 1999, or with respect to the
15 applicant's second taxable year beginning after such date,
16 and for all succeeding taxable years; and the applicant for
17 any such revocation may not thereafter again file applica-
18 tion for an exemption under such section 1402(e)(1). If the
19 application is filed after the due date of the applicant's Fed-
20 eral income tax return for a taxable year and is effective
21 with respect to that taxable year, it shall include or be ac-
22 companied by payment in full of an amount equal to the
23 total of the taxes that would have been imposed by section
24 1401 of the Internal Revenue Code of 1986 with respect to
25 all of the applicant's income derived in that taxable year

1 *which would have constituted net earnings from self-em-*
2 *ployment for purposes of chapter 2 of such Code (notwith-*
3 *standing paragraph (4) or (5) of section 1402(c) of such*
4 *Code) except for the exemption under section 1402(e)(1) of*
5 *such Code.*

6 (b) *EFFECTIVE DATE.*—*Subsection (a) shall apply*
7 *with respect to service performed (to the extent specified in*
8 *such subsection) in taxable years beginning after December*
9 *31, 1999, and with respect to monthly insurance benefits*
10 *payable under title II of the Social Security Act on the basis*
11 *of the wages and self-employment income of any individual*
12 *for months in or after the calendar year in which such indi-*
13 *vidual's application for revocation (as described in such*
14 *subsection) is effective (and lump-sum death payments pay-*
15 *able under such title on the basis of such wages and self-*
16 *employment income in the case of deaths occurring in or*
17 *after such calendar year).*

18 **SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING**
19 **TO COOPERATIVE RESEARCH OR DEM-**
20 **ONSTRATION PROJECTS UNDER TITLES II**
21 **AND XVI.**

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

1 (b) *EFFECTIVE DATE.*—*The amendment made by sub-*
 2 *section (a) shall take effect as if included in the enactment*
 3 *of the Social Security Independence and Program Improve-*
 4 *ments Act of 1994 (Public Law 103–296; 108 Stat. 1464).*

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

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

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

19 (1) *by striking “(as defined in section*
 20 *453A(a)(2)(B)(iii))”;* and

21 (2) *by inserting “(as defined in section*
 22 *453A(a)(2)(B))” after “employers”.*

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

TITLE V—REVENUE**SEC. 501. MODIFICATION TO FOREIGN TAX CREDIT****CARRYBACK AND CARRYOVER PERIODS.**

(a) *IN GENERAL.*—Section 904(c) of the Internal Revenue Code of 1986 (relating to limitation on credit) is amended—

(1) by striking “in the second preceding taxable year,” and

(2) by striking “or fifth” and inserting “fifth, sixth, or seventh”.

(b) *EFFECTIVE DATE.*—The amendments made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 2001.

SEC. 502. LIMITATION ON USE OF NON-ACCRUAL EXPERIENCE METHOD OF ACCOUNTING.

(a) *IN GENERAL.*—Section 448(d)(5) of the Internal Revenue Code of 1986 (relating to special rule for services) is amended—

(1) by inserting “in fields described in paragraph (2)(A)” after “services by such person”, and

(2) by inserting “CERTAIN PERSONAL” before “SERVICES”.

(b) *EFFECTIVE DATE.*—

1 (1) *IN GENERAL.*—*The amendments made by*
 2 *this section shall apply to taxable years ending after*
 3 *the date of the enactment of this Act.*

4 (2) *CHANGE IN METHOD OF ACCOUNTING.*—*In*
 5 *the case of any taxpayer required by the amendments*
 6 *made by this section to change its method of account-*
 7 *ing for its first taxable year ending after the date of*
 8 *the enactment of this Act—*

9 (A) *such change shall be treated as initiated*
 10 *by the taxpayer,*

11 (B) *such change shall be treated as made*
 12 *with the consent of the Secretary of the Treasury,*
 13 *and*

14 (C) *the net amount of the adjustments re-*
 15 *quired to be taken into account by the taxpayer*
 16 *under section 481 of the Internal Revenue Code*
 17 *of 1986 shall be taken into account over a period*
 18 *(not greater than 4 taxable years) beginning*
 19 *with such first taxable year.*

20 **SEC. 503. EXTENSION OF INTERNAL REVENUE SERVICE**

21 **USER FEES.**

22 (a) *IN GENERAL.*—*Chapter 77 of the Internal Revenue*
 23 *Code of 1986 (relating to miscellaneous provisions) is*
 24 *amended by adding at the end the following new section:*

1 **“SEC. 7527. INTERNAL REVENUE SERVICE USER FEES.**

2 “(a) *GENERAL RULE.*—The Secretary shall establish
3 a program requiring the payment of user fees for—

4 “(1) requests to the Internal Revenue Service for
5 ruling letters, opinion letters, and determination let-
6 ters, and

7 “(2) other similar requests.

8 “(b) *PROGRAM CRITERIA.*—

9 “(1) *IN GENERAL.*—The fees charged under the
10 program required by subsection (a)—

11 “(A) shall vary according to categories (or
12 subcategories) established by the Secretary,

13 “(B) shall be determined after taking into
14 account the average time for (and difficulty of)
15 complying with requests in each category (and
16 subcategory), and

17 “(C) shall be payable in advance.

18 “(2) *EXEMPTIONS, ETC.*—The Secretary shall
19 provide for such exemptions (and reduced fees) under
20 such program as the Secretary determines to be ap-
21 propriate.

22 “(3) *AVERAGE FEE REQUIREMENT.*—The average
23 fee charged under the program required by subsection
24 (a) shall not be less than the amount determined
25 under the following table:

“Category	Average Fee
<i>Employee plan ruling and opinion</i>	\$250
<i>Exempt organization ruling</i>	\$350
<i>Employee plan determination</i>	\$300
<i>Exempt organization determination</i>	\$275
<i>Chief counsel ruling</i>	\$200.

1 “(c) *TERMINATION.*—*No fee shall be imposed under*
2 *this section with respect to requests made after September*
3 *30, 2006.*”

4 (b) *CONFORMING AMENDMENTS.*—

5 (1) *The table of sections for chapter 77 of the In-*
6 *ternal Revenue Code of 1986 is amended by adding*
7 *at the end the following new item:*

“Sec. 7527. *Internal Revenue Service user fees.*”

8 (2) *Section 10511 of the Revenue Act of 1987 is*
9 *repealed.*

10 (c) *EFFECTIVE DATE.*—*The amendments made by this*
11 *section shall apply to requests made after the date of the*
12 *enactment of this Act.*

Calendar No. 80

106TH CONGRESS
1ST SESSION

S. 331

[Report No. 106-37]

A BILL

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

MARCH 26, 1999

Reported with an amendment.

TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

- Sec. 101. Expanding State options under the medicaid program for workers with disabilities.
- Sec. 102. Continuation of medicare coverage for working individuals with disabilities.
- Sec. 103. Grants to develop and establish State infrastructures to support working individuals with disabilities.
- Sec. 104. Demonstration of coverage under the medicaid program of workers with potentially severe disabilities.
- Sec. 105. Election by disabled beneficiaries to suspend medigap insurance when covered under a group health plan.

TITLE II—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS

Subtitle A—Ticket to Work and Self-Sufficiency

- Sec. 201. Establishment of the Ticket to Work and Self-Sufficiency Program.

Subtitle B—Elimination of Work Disincentives

- Sec. 211. Work activity standard as a basis for review of an individual's disabled status.
- Sec. 212. Expedited reinstatement of disability benefits.

Subtitle C—Work Incentives Planning, Assistance, and Outreach

- Sec. 221. Work incentives outreach program.
- Sec. 222. State grants for work incentives assistance to disabled beneficiaries.

TITLE III—DEMONSTRATION PROJECTS AND STUDIES

- Sec. 301. Permanent 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. 2. FINDINGS AND PURPOSES.

(a) **FINDINGS.**—Congress makes the following findings:

- (1) Health care is important to all Americans.
- (2) Health care is particularly important to individuals with disabilities and special health care needs who often cannot afford the insurance available to them through the private market, are uninsurable by the plans available in the private sector, and are at great risk of incurring very high and economically devastating health care costs.
- (3) Americans with significant disabilities often are unable to obtain health care insurance that provides coverage of the services and supports that enable them to live independently and enter or rejoin the workforce. Personal assistance services (such as attend-

ant services, personal assistance with transportation to and from work, reader services, job coaches, and related assistance) remove many of the barriers between significant disability and work. Coverage for such services, as well as for prescription drugs, durable medical equipment, and basic health care are powerful and proven tools for individuals with significant disabilities to obtain and retain employment.

(4) For individuals with disabilities, the fear of losing health care and related services is one of the greatest barriers keeping the individuals from maximizing their employment, earning potential, and independence.

(5) Individuals with disabilities who are beneficiaries under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) risk losing medicare or medicaid coverage that is linked to their cash benefits, a risk that is an equal, or greater, work disincentive than the loss of cash benefits associated with working.

(6) Currently, less than 1/2 of 1 percent of social security disability insurance and supplemental security income beneficiaries cease to receive benefits as a result of employment.

(7) Beneficiaries have cited the lack of adequate employment, training and placement services as an additional barrier to employment.

(8) If an additional 1/2 of 1 percent of the current social security disability insurance (DI) and supplemental security income (SSI) recipients were to cease receiving benefits as a result of employment, the savings to the Social Security Trust Funds in cash assistance would total \$3,500,000,000 over the worklife of the individuals.

(b) **PURPOSES.**—The purposes of this Act are as follows:

(1) To provide health care and employment preparation and placement services to individuals with disabilities that will enable those individuals to reduce their dependency on cash benefit programs.

(2) To encourage States to adopt the option of allowing individuals with disabilities to purchase medicaid coverage that is necessary to enable such individuals to maintain employment.

(3) To provide individuals with disabilities the option of maintaining medicare coverage while working.

(4) To establish a return to work ticket program that will allow individuals with disabilities to seek the services necessary to obtain and retain employment and reduce their dependency on cash benefit programs.

TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

SEC. 101. 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:".

AMENDMENTS SUBMITTED

WORK INCENTIVES IMPROVEMENT ACT OF 1999

ROTH AND BINGAMAN AMENDMENT NO. 671

Mr. ROTH (for himself and Mr. BINGAMAN) proposed an amendment to the bill (S. 331) to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the "Work Incentives Improvement Act of 1999".

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.

(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 for such year in the case of such an individual who has income for a 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 only apply to the extent such premiums do not exceed 7.5 percent of such income; and

“(2) such State shall require payment of 100 percent of such premiums 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 premiums by using State funds which may not be federally matched under this title.

In the case of any calendar year beginning after 2000, the dollar amount specified in paragraph (2) shall be increased in accordance with the provisions of section 215(i)(2)(A)(ii).”

(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 the 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 in 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 the 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. 102. CONTINUATION OF MEDICARE COVERAGE FOR WORKING INDIVIDUALS WITH DISABILITIES.

(a) CONTINUATION OF COVERAGE.—

(1) IN GENERAL.—Section 226 of the Social Security Act (42 U.S.C. 426) is amended—

(A) in the third sentence of subsection (b), by inserting “, except as provided in subsection (j)” after “but not in excess of 24 such months”; and

(B) by adding at the end the following:

“(j) The 24-month limitation on deemed entitlement under the third sentence of subsection (b) shall not apply—

“(1) for months occurring during the 6-year period beginning with the first month that begins after the date of enactment of this subsection; and

“(2) for subsequent months, in the case of an individual who was entitled to benefits under subsection (b) as of the last month of such 6-year period and would continue (but for such 24-month limitation) to be so entitled.”

(2) CONFORMING AMENDMENT.—Section 1818A(a)(2)(C) of the Social Security Act (42 U.S.C. 1395i-2a(a)(2)(C)) is amended—

(A) by striking “solely”; and

(B) by inserting “or the expiration of the last month of the 6-year period described in section 226(j)” before the semicolon.

(b) GAO REPORT.—Not later than 4 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit a report to Congress that—

(1) examines the effectiveness and cost of subsection (j) of section 226 of the Social Security Act (42 U.S.C. 426);

(2) examines the necessity and effectiveness of providing the continuation of medicare coverage under that subsection to individuals whose annual income exceeds the contribution and benefit base (as determined under section 230 of the Social Security Act);

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

(4) examines the interrelation between the use of the continuation of medicare coverage under that subsection and the use of private health insurance coverage by individuals during the 6-year period; and

(5) recommends whether that subsection should continue to be applied beyond the 6-year period described in the subsection.

(c) EFFECTIVE DATE.—The amendments made by subsection (a) apply to months beginning with the first month that begins after the date of the enactment of this Act.

(d) TREATMENT OF CERTAIN INDIVIDUALS.—An individual enrolled under section 1818A of the Social Security Act (42 U.S.C. 1395i-2a) shall be treated with respect to premium payment obligations under such section as though the individual had continued to be entitled to benefits under section 226(b) of such Act for—

(1) months described in section 226(j)(1) of such Act (42 U.S.C. 426(j)(1)) (as added by subsection (a)); and

(2) subsequent months, in the case of an individual who was so enrolled as of the last month described in section 226(j)(2) of such Act (42 U.S.C. 426(j)(2)) (as so added).

SEC. 103. 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) APPROPRIATION.—

(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to make grants under this section—

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

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

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

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

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

(F) for each of fiscal years 2005 through 2010, the amount appropriated for the preceding fiscal year 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.

(2) BUDGET AUTHORITY.—This subsection constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment of the amounts appropriated under paragraph (1).

(f) RECOMMENDATION.—Not later than October 1, 2009, the Secretary, in consultation with the Work Incentives Advisory Panel established under section 201(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. 104. 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) APPROPRIATION.—

(i) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, there is 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.

(ii) BUDGET AUTHORITY.—Clause (i) constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment of the amounts appropriated under clause (i).

(B) LIMITATION ON PAYMENTS.—In no case may—

(i) except as provided in clause (ii), the aggregate amount of payments made by the Secretary to States under this section 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. 105. 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 II—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS
Subtitle A—Ticket to Work and Self-Sufficiency

SEC. 201. 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:

"TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

"SEC. 1148. (a) IN GENERAL.—The Commissioner 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 the beneficiary.

"(b) TICKET SYSTEM.—

"(1) DISTRIBUTION OF TICKETS.—The Commissioner 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 (and revocations).

"(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 PRO-

GRAMS.—Subparagraph (A) shall not apply with respect to any State agency administering a program under title V of this Act.

"(3) SPECIAL REQUIREMENTS APPLICABLE TO CROSS-REFERRAL TO CERTAIN STATE AGENCIES.—

"(A) IN GENERAL.—In any case in which an employment network has been assigned a ticket to work and self-sufficiency by a disabled beneficiary, no State agency shall be deemed required, under this section, title I of the Workforce Investment Act of 1998, title I of the Rehabilitation Act of 1973, or a State plan approved under such title, to accept any referral of such disabled beneficiary from such employment network unless such employment network and such State agency have entered into a written agreement that meets the requirements of subparagraph (B). Any beneficiary who has assigned a ticket to work and self-sufficiency to an employment network that has not entered into such a written agreement with such a State agency may not access vocational rehabilitation services under title I of the Rehabilitation Act of 1973 until such time as the beneficiary is reassigned to a State vocational rehabilitation agency by the Program Manager.

"(B) TERMS OF AGREEMENT.—An agreement required by subparagraph (A) shall specify, in accordance with regulations prescribed pursuant to subparagraph (C)—

"(i) the extent (if any) to which the employment network holding the ticket will provide to the State agency—

"(I) reimbursement for costs incurred in providing services described in subparagraph (A) to the disabled beneficiary; and

"(II) other amounts from payments made by the Commissioner to the employment network pursuant to subsection (h); and

"(ii) any other conditions that may be required by such regulations.

"(C) REGULATIONS.—The Commissioner and the Secretary of Education shall jointly prescribe regulations specifying the terms of agreements required by subparagraph (A) and otherwise necessary to carry out the provisions of this paragraph.

"(D) PENALTY.—No payment may be made to an employment network pursuant to subsection (h) in connection with services provided to any disabled beneficiary if such employment network makes referrals described in subparagraph (A) in violation of the terms of the agreement required under subparagraph (A) or without having entered into such an agreement.

"(d) RESPONSIBILITIES OF THE COMMISSIONER.—

"(1) SELECTION AND QUALIFICATIONS OF PROGRAM MANAGERS.—The Commissioner 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 and 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 employment 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 incor-

porating 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 for good cause, as determined by the Commissioner, without being deemed to have rejected services under the Program. 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, followup 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 the 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;

"(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 of the 60 months 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 age 18 but have not attained age 65.

"(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 AMOUNTS 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 Work Incentives Advisory Panel established under section 201(f) of the 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 Work Incentives Advisory Panel established under section 201(f) of the Work Incentives Improvement Act of 1999, or other reliable sources.

"(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) ALLOCATION OF COSTS.—

"(1) PAYMENTS TO EMPLOYMENT NETWORKS.—Payments to employment networks (including State agencies that elect to participate in the Program as an employment network) shall be made from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as appropriate, in the case of ticketed title II disability beneficiaries who return to work, or from the appropriation made available for making supplemental security income payments under title XVI, in the case of title XVI disability beneficiaries who return to work. With respect to ticketed beneficiaries who concurrently are entitled to benefits under title II and eligible for payments under title XVI who return to work, the Commissioner shall allocate the cost of payments to employment networks to which the tickets of such beneficiaries have been assigned among such Trust Funds and appropriation, as appropriate.

"(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 those 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 UNDER TITLE XVI.—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.

"(1) REGULATIONS.—Not later than 1 year after the date of enactment of this section, 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 the Social Security Act (42 U.S.C. 422(a)) is repealed.

(C) Section 222(b) of the Social Security Act (42 U.S.C. 422(b)) is repealed.

(D) Section 225(b)(1) of the Social Security 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 the Social Security 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 the Social Security Act (42 U.S.C. 1382d(c)) is repealed.

(C) Section 1631(a)(6)(A) of the Social Security 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 the Social Security 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 enactment of this Act.

(d) GRADUATED IMPLEMENTATION OF PROGRAM.—

(1) IN GENERAL.—Not later than 1 year after the date of 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 the 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 Work Incentives Advisory Panel established under section 201(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 Work Incentives Advisory Panel established under section 201(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 providers whose services are provided within an employment network under the Program;

(VII) the extent (if any) to which employment networks display a greater willingness

to provide services to beneficiaries with a range of disabilities;

(VIII) 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;

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

(X) 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) of the Social Security Act 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 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 services (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 (and revoke such an election) pursuant to

section 1148(c)(1) of the Social Security Act and provision for periodic opportunities for exercising such elections (and revocations);

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

(E) the terms of agreements to be entered into with program managers pursuant to section 1148(d) of the Social Security 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 the Social Security Act;

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

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

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

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

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

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

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

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

(H) standards which must be met by payment systems required under section 1148(h) of the Social Security 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);

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

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

(iv) any revision of the percentage specified in paragraph (2)(C) of section 1148(h) of the Social Security Act or the period of time specified in paragraph (4)(B) of such section 1148(h); 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) **WORK INCENTIVES ADVISORY PANEL.**—

(1) **ESTABLISHMENT.**—There is established within the Social Security Administration a panel to be known as the "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, 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 the Social Security 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;

(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 appointed as follows:

(i) 4 members appointed by the President.

(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.

(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.**—All members appointed to the Panel shall have experience or expert knowledge in the fields of, or related to, work incentive programs, employment services, vocational rehabilitation services, health care services, and other support services for individuals with disabilities. At least one-half 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 enactment of this Act.

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

(I) one-half of the members appointed under each clause of subparagraph (A) shall be appointed for a term of 2 years; and

(II) the remaining members appointed under each such clause 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.**—Eight 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 Commissioner 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, 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, 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 subsection.

(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 subsection.

(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 directly to the President and Congress interim reports at least annually.

(B) **FINAL REPORT.**—The Panel shall transmit a final report directly to the President and Congress not later than 8 years after the date of 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) **ALLOCATION OF COSTS.**—The costs of carrying out this subsection shall be paid from amounts made available for the administration of title II of the Social Security Act (42 U.S.C. 401 et seq.) and amounts made available for the administration of title XVI of that Act (42 U.S.C. 1381 et seq.), and shall be allocated among those amounts as appropriate.

**Subtitle B—Elimination of Work
Disincentives**

**SEC. 211. WORK ACTIVITY STANDARD AS A BASIS
FOR REVIEW OF AN INDIVIDUAL'S
DISABLED STATUS.**

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."

**SEC. 212. EXPEDITED REINSTATEMENT OF DIS-
ABILITY 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 pe-

riod 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 therefore.

"(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 therefore; 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 therefore.

"(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 therefore.

"(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 month 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) 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 of the Social Security Act on the basis of a request for reinstatement filed under section 223(i) or 1631(p) of such Act before the effective date described in paragraph (1).

Subtitle C—Work Incentives Planning, Assistance, and Outreach

SEC. 221. 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 201, 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 Work Incentives Advisory Panel established under section 201(f) of the 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 non-profit 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) LIMITATION 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 fiscal years 2000 through 2004."

SEC. 222. 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 221, 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) 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 appropriated to carry out this section between the preceding fiscal year and the fiscal year involved.

"(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 Work Incentives Advisory Panel established under section 201(f) of the 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 fiscal years 2000 through 2004."

TITLE III—DEMONSTRATION PROJECTS AND STUDIES

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

(a) PERMANENT 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 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 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) FINAL REPORTS.—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 and 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 each \$1 of benefits payable under section 223, or under section 202 based on the beneficiary's disability, is reduced for each \$2 of such 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 Work Incentives Advisory Panel pursuant to section 201(f)(2)(B)(ii).

(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 that 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 that 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 the Social Security 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 that 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 the Social Security 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 the Social Security 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.

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 (Public Law 104-121; 110 Stat. 853) 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 of the Social Security Act based on disability, which has been denied in whole before the date of 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) of the Social Security Act 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 enactment of this Act; or

"(ii) whose entitlement to benefits is based on 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

"(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 is 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 is authorized to provide, on a reimbursable basis, information obtained pursuant to agreements entered into under clause (i) to any agency administering a Federal or federally assisted cash, food, or medical assistance program for eligibility purposes."

(2) CONFORMING AMENDMENT 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)(B) or 1611(e)(1)(I) of the Social Security Act (42 U.S.C. 402(x)(3)(B), 1382(e)(1)(I))."

(3) 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" and inserting "throughout";

(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) FIFTY 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 (iii))" 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 the Social Security 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 (42 U.S.C. 1382(e)(1)(I)(iii)) (as redesignated by paragraph (1)(B)), is amended by striking "(I) The provisions" and all that follows through "(II)".

(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) of the Social Security Act in section 1611(e)(1)(I)(i) of the Social Se-

curity Act as amended by paragraph (2) shall be deemed a reference to such section 202(x)(1)(A)(ii) 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:

"(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 the Social Security 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 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 therefore (in such form and manner, and with such official, as may be prescribed by the Commissioner of the Internal Revenue Service), 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 paragraph (4) or (5) of section 1402(c) of such Code) 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 of the Social Security Act 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.

106TH CONGRESS
1ST SESSION

S. RES. 127

To direct the Secretary of the Senate to request the return of certain papers.

IN THE SENATE OF THE UNITED STATES

JUNE 23, 1999

Mr. LOTT submitted the following resolution; which was considered and agreed
to

RESOLUTION

To direct the Secretary of the Senate to request the return
of certain papers.

- 1 *Resolved*, That the Secretary of the Senate is directed
- 2 to request the House of Representatives to return the offi-
- 3 cial papers on S. 331.

○

abled in this country. We have passed the legislation 99-0. It has been in the House of Representatives for several months. I hope at the time we are announcing we are going to appoint conferees, we would have at least some indication from the leadership as to when we are going to get to conference. I know millions of disabled Americans across this country will want to know what the intention of the leadership is on this legislation.

Can the Senator give us some idea?

Mr. SANTORUM. I say to the Senator from Massachusetts, first, I think this bill we are considering right now has a far greater impact on people with disabilities to come than this piece of legislation. But that being said, I am just doing this on behalf of the leader. I have not conferred with the leader as to what his plans are, so I am unable to answer the Senator's question.

Mr. KENNEDY. Further reserving the right to object, and I will not at this time, I think this legislation is of enormous importance. We are very hopeful we will get an early conference on it and we will get a favorable resolution. This has passed 99-0 in our body. It is a good bill that came out of the House. It is legislation we ought to complete before we adjourn.

I have no objection.

There being no objection, the Presiding Officer (Mr. HAGEL) appointed Mr. ROTH, Mr. LOTT, and Mr. MOYNIHAN conferees on the part of the Senate.

WORK INCENTIVES IMPROVEMENT
ACT OF 1999

Mr. SANTORUM. Mr. President, I ask unanimous consent the Senate now proceed to the consideration of H.R. 1180, the work incentives bill. I further ask consent that all after the enacting clause be stricken and the text of S. 331, as passed by the Senate, be inserted in lieu thereof. I further ask the bill be read a third time and passed, the motion to reconsider be laid upon the table, the Senate then insist upon its amendment, and request a conference with the House.

I further ask consent that nothing in this agreement shall alter the provisions of the consent agreement on June 14, 1999, relating to S. 331.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 1180), as amended, was read the third time and passed.

(The text of S. 331 is printed in the CONGRESSIONAL RECORD of June 16, 1999.)

Mr. SANTORUM. Mr. President, I ask unanimous consent the Chair be authorized to appoint conferees on the part of the Senate.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Reserving the right to object. I reserve the right to object, Mr. President.

The PRESIDING OFFICER. The Senator reserves the right to object.

Mr. KENNEDY. If the Senator from Pennsylvania is the acting leader, could he give us some indication of when we will go to conference on that legislation? It is the most important piece of legislation affecting the dis-

106TH CONGRESS
1ST SESSION

S. 331

AN ACT

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

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

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

- 1 (b) TABLE OF CONTENTS.—The table of contents of
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purposes.

TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

Sec. 101. Expanding State options under the medicaid program for workers with disabilities.

Sec. 102. Continuation of medicare coverage for working individuals with disabilities.

Sec. 103. Grants to develop and establish State infrastructures to support working individuals with disabilities.

Sec. 104. Demonstration of coverage under the medicaid program of workers with potentially severe disabilities.

Sec. 105. Election by disabled beneficiaries to suspend medigap insurance when covered under a group health plan.

TITLE II—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS

Subtitle A—Ticket to Work and Self-Sufficiency

Sec. 201. Establishment of the Ticket to Work and Self-Sufficiency Program.

Subtitle B—Elimination of Work Disincentives

Sec. 211. Work activity standard as a basis for review of an individual's disabled status.

Sec. 212. Expedited reinstatement of disability benefits.

Subtitle C—Work Incentives Planning, Assistance, and Outreach

Sec. 221. Work incentives outreach program.

Sec. 222. State grants for work incentives assistance to disabled beneficiaries.

TITLE III—DEMONSTRATION PROJECTS AND STUDIES

Sec. 301. Permanent 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.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—Congress makes the following find-
3 ings:

4 (1) Health care is important to all Americans.

5 (2) Health care is particularly important to in-
6 dividuals with disabilities and special health care
7 needs who often cannot afford the insurance avail-
8 able to them through the private market, are unin-
9 surable by the plans available in the private sector,
10 and are at great risk of incurring very high and eco-
11 nomically devastating health care costs.

12 (3) Americans with significant disabilities often
13 are unable to obtain health care insurance that pro-
14 vides coverage of the services and supports that en-
15 able them to live independently and enter or rejoin
16 the workforce. Personal assistance services (such as
17 attendant services, personal assistance with trans-
18 portation to and from work, reader services, job
19 coaches, and related assistance) remove many of the
20 barriers between significant disability and work.
21 Coverage for such services, as well as for prescrip-
22 tion drugs, durable medical equipment, and basic
23 health care are powerful and proven tools for indi-
24 viduals with significant disabilities to obtain and re-
25 tain employment.

1 (4) For individuals with disabilities, the fear of
2 losing health care and related services is one of the
3 greatest barriers keeping the individuals from maxi-
4 mizing their employment, earning potential, and
5 independence.

6 (5) Individuals with disabilities who are bene-
7 ficiaries under title II or XVI of the Social Security
8 Act (42 U.S.C. 401 et seq., 1381 et seq.) risk losing
9 medicare or medicaid coverage that is linked to their
10 cash benefits, a risk that is an equal, or greater,
11 work disincentive than the loss of cash benefits asso-
12 ciated with working.

13 (6) Currently, less than $\frac{1}{2}$ of 1 percent of so-
14 cial security disability insurance and supplemental
15 security income beneficiaries cease to receive benefits
16 as a result of employment.

17 (7) Beneficiaries have cited the lack of adequate
18 employment training and placement services as an
19 additional barrier to employment.

20 (8) If an additional $\frac{1}{2}$ of 1 percent of the cur-
21 rent social security disability insurance (DI) and
22 supplemental security income (SSI) recipients were
23 to cease receiving benefits as a result of employ-
24 ment, the savings to the Social Security Trust

1 Funds in cash assistance would total
2 \$3,500,000,000 over the worklife of the individuals.

3 (b) PURPOSES.—The purposes of this Act are as fol-
4 lows:

5 (1) To provide health care and employment
6 preparation and placement services to individuals
7 with disabilities that will enable those individuals to
8 reduce their dependency on cash benefit programs.

9 (2) To encourage States to adopt the option of
10 allowing individuals with disabilities to purchase
11 medicaid coverage that is necessary to enable such
12 individuals to maintain employment.

13 (3) To provide individuals with disabilities the
14 option of maintaining medicare coverage while work-
15 ing.

16 (4) To establish a return to work ticket pro-
17 gram that will allow individuals with disabilities to
18 seek the services necessary to obtain and retain em-
19 ployment and reduce their dependency on cash ben-
20 efit programs.

1 **TITLE I—EXPANDED AVAIL-**
2 **ABILITY OF HEALTH CARE**
3 **SERVICES**

4 **SEC. 101. EXPANDING STATE OPTIONS UNDER THE MED-**
5 **ICAID PROGRAM FOR WORKERS WITH DIS-**
6 **ABILITIES.**

7 (a) IN GENERAL.—

8 (1) STATE OPTION TO ELIMINATE INCOME, AS-
9 SETS, AND RESOURCE LIMITATIONS FOR WORKERS
10 WITH DISABILITIES BUYING INTO MEDICAID.—Sec-
11 tion 1902(a)(10)(A)(ii) of the Social Security Act
12 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

13 (A) in subclause (XIII), by striking “or”
14 at the end;

15 (B) in subclause (XIV), by adding “or” at
16 the end; and

17 (C) by adding at the end the following:

18 “(XV) who, but for earnings in
19 excess of the limit established under
20 section 1905(q)(2)(B), would be con-
21 sidered to be receiving supplemental
22 security income, who is at least 16,
23 but less than 65, years of age, and
24 whose assets, resources, and earned or
25 unearned income (or both) do not ex-

1 ceed such limitations (if any) as the
2 State may establish;”.

3 (2) STATE OPTION TO PROVIDE OPPORTUNITY
4 FOR EMPLOYED INDIVIDUALS WITH A MEDICALLY
5 IMPROVED DISABILITY TO BUY INTO MEDICAID.—

6 (A) ELIGIBILITY.—Section 1902(a)(10)
7 (A)(ii) of the Social Security Act (42 U.S.C.
8 1396a(a)(10)(A)(ii)), as amended by paragraph
9 (1), is amended—

10 (i) in subclause (XIV), by striking
11 “or” at the end;

12 (ii) in subclause (XV), by adding “or”
13 at the end; and

14 (iii) by adding at the end the fol-
15 lowing:

16 “(XVI) who are employed indi-
17 viduals with a medically improved dis-
18 ability described in section 1905(v)(1)
19 and whose assets, resources, and
20 earned or unearned income (or both)
21 do not exceed such limitations (if any)
22 as the State may establish, but only if
23 the State provides medical assistance
24 to individuals described in subclause
25 (XV);”.

1 (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:

6 “(v)(1) The term ‘employed individual with a medically improved disability’ means an individual who—

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

10 “(B) is employed (as defined in paragraph (2));

11 “(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

17 “(D) continues to have a severe medically determinable impairment, as determined under regulations of the Secretary.

20 “(2) For purposes of paragraph (1), an individual is considered to be ‘employed’ if the individual—

22 “(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 25 40 hours per month; or

1 “(B) is engaged in a work effort that meets
2 substantial and reasonable threshold criteria for
3 hours of work, wages, or other measures, as defined
4 by the State and approved by the Secretary.”.

5 (C) CONFORMING AMENDMENT.—Section
6 1905(a) of such Act (42 U.S.C. 1396d(a)) is
7 amended in the matter preceding paragraph
8 (1)—

9 (i) in clause (x), by striking “or” at
10 the end;

11 (ii) in clause (xi), by adding “or” at
12 the end; and

13 (iii) by inserting after clause (xi), the
14 following:

15 “(xii) employed individuals with a medically im-
16 proved disability (as defined in subsection (v)),”.

17 (3) STATE AUTHORITY TO IMPOSE INCOME-RE-
18 LATED PREMIUMS AND COST-SHARING.—Section
19 1916 of such Act (42 U.S.C. 1396o) is amended—

20 (A) in subsection (a), by striking “The
21 State plan” and inserting “Subject to sub-
22 section (g), the State plan”; and

23 (B) by adding at the end the following:

1 “(g) With respect to individuals provided medical as-
2 sistance only under subclause (XV) or (XVI) of section
3 1902(a)(10)(A)(ii)—

4 “(1) a State may (in a uniform manner for in-
5 dividuals described in either such subclause)—

6 “(A) require such individuals to pay pre-
7 miums or other cost-sharing charges set on a
8 sliding scale based on income that the State
9 may determine; and

10 “(B) require payment of 100 percent of
11 such premiums for such year in the case of
12 such an individual who has income for a year
13 that exceeds 250 percent of the income official
14 poverty line (referred to in subsection (c)(1))
15 applicable to a family of the size involved, ex-
16 cept that in the case of such an individual who
17 has income for a year that does not exceed 450
18 percent of such poverty line, such requirement
19 may only apply to the extent such premiums do
20 not exceed 7.5 percent of such income; and

21 “(2) such State shall require payment of 100
22 percent of such premiums for a year by such an in-
23 dividual whose adjusted gross income (as defined in
24 section 62 of the Internal Revenue Code of 1986)
25 for such year exceeds \$75,000, except that a State

1 may choose to subsidize such premiums by using
2 State funds which may not be federally matched
3 under this title.

4 In the case of any calendar year beginning after 2000,
5 the dollar amount specified in paragraph (2) shall be in-
6 creased in accordance with the provisions of section
7 215(i)(2)(A)(ii).”.

8 (4) PROHIBITION AGAINST SUPPLANTATION OF
9 STATE FUNDS AND STATE FAILURE TO MAINTAIN
10 EFFORT.—Section 1903(i) of such Act (42 U.S.C.
11 1396b(i)) is amended—

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

14 (B) by inserting after such paragraph the
15 following:

16 “(19) with respect to amounts expended for
17 medical assistance provided to an individual de-
18 scribed in subclause (XV) or (XVI) of section
19 1902(a)(10)(A)(ii) for a fiscal year unless the State
20 demonstrates to the satisfaction of the Secretary
21 that the level of State funds expended for such fiscal
22 year for programs to enable working individuals with
23 disabilities to work (other than for such medical as-
24 sistance) is not less than the level expended for such
25 programs during the most recent State fiscal year

1 ending before the date of enactment of this para-
2 graph.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 1903(f)(4) of the Social Security
5 Act (42 U.S.C. 1396b(f)(4) is amended in the mat-
6 ter preceding subparagraph (A) by inserting
7 “1902(a)(10)(A)(ii)(XV), 1902(a)(10)(A)(ii)(XVI)”
8 after “1902(a)(10)(A)(ii)(X),”.

9 (2) Section 1903(f)(4) of such Act, as amended
10 by paragraph (1), is amended by inserting
11 “1902(a)(10)(A)(ii)(XIII),” before
12 “1902(a)(10)(A)(ii)(XV)”.

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

18 (1) the extent to which higher health care costs
19 for individuals with disabilities at higher income lev-
20 els deter employment or progress in employment;

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

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

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

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

8 (C) the degree to which States are sub-
9 sidizing premiums above the dollar amount
10 specified in section 1916(g)(2) of the Social Se-
11 curity Act (42 U.S.C. 1396o(g)(2)); and

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

14 (d) EFFECTIVE DATE.—

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

19 (2) RETROACTIVITY OF CONFORMING AMEND-
20 MENT.—The amendment made by subsection (b)(2)
21 takes effect as if included in the enactment of the
22 Balanced Budget Act of 1997.

23 **SEC. 102. CONTINUATION OF MEDICARE COVERAGE FOR**
24 **WORKING INDIVIDUALS WITH DISABILITIES.**

25 (a) CONTINUATION OF COVERAGE.—

1 (1) IN GENERAL.—Section 226 of the Social
2 Security Act (42 U.S.C. 426) is amended—

3 (A) in the third sentence of subsection (b),
4 by inserting “, except as provided in subsection
5 (j)” after “but not in excess of 24 such
6 months”; and

7 (B) by adding at the end the following:

8 “(j) The 24-month limitation on deemed entitlement
9 under the third sentence of subsection (b) shall not
10 apply—

11 “(1) for months occurring during the 6-year pe-
12 riod beginning with the first month that begins after
13 the date of enactment of this subsection; and

14 “(2) for subsequent months, in the case of an
15 individual who was entitled to benefits under sub-
16 section (b) as of the last month of such 6-year pe-
17 riod and would continue (but for such 24-month lim-
18 itation) to be so entitled.”.

19 (2) CONFORMING AMENDMENT.—Section
20 1818A(a)(2)(C) of the Social Security Act (42
21 U.S.C. 1395i-2a(a)(2)(C)) is amended—

22 (A) by striking “solely”; and

23 (B) by inserting “or the expiration of the
24 last month of the 6-year period described in
25 section 226(j)” before the semicolon.

1 (b) GAO REPORT.—Not later than 4 years after the
2 date of the enactment of this Act, the Comptroller General
3 of the United States shall submit a report to Congress
4 that—

5 (1) examines the effectiveness and cost of sub-
6 section (j) of section 226 of the Social Security Act
7 (42 U.S.C. 426);

8 (2) examines the necessity and effectiveness of
9 providing the continuation of medicare coverage
10 under that subsection to individuals whose annual
11 income exceeds the contribution and benefit base (as
12 determined under section 230 of the Social Security
13 Act);

14 (3) examines the viability of providing the con-
15 tinuation of medicare coverage under that subsection
16 based on a sliding scale premium for individuals
17 whose annual income exceeds such contribution and
18 benefit base;

19 (4) examines the interrelation between the use
20 of the continuation of medicare coverage under that
21 subsection and the use of private health insurance
22 coverage by individuals during the 6-year period;
23 and

1 (5) recommends whether that subsection should
2 continue to be applied beyond the 6-year period de-
3 scribed in the subsection.

4 (c) **EFFECTIVE DATE.**—The amendments made by
5 subsection (a) apply to months beginning with the first
6 month that begins after the date of the enactment of this
7 Act.

8 (d) **TREATMENT OF CERTAIN INDIVIDUALS.**—An in-
9 dividual enrolled under section 1818A of the Social Secu-
10 rity Act (42 U.S.C. 1395i–2a) shall be treated with re-
11 spect to premium payment obligations under such section
12 as though the individual had continued to be entitled to
13 benefits under section 226(b) of such Act for—

14 (1) months described in section 226(j)(1) of
15 such Act (42 U.S.C. 426(j)(1)) (as added by sub-
16 section (a)); and

17 (2) subsequent months, in the case of an indi-
18 vidual who was so enrolled as of the last month de-
19 scribed in section 226(j)(2) of such Act (42 U.S.C.
20 426(j)(2)) (as so added).

21 **SEC. 103. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**
22 **FRASTRUCTURES TO SUPPORT WORKING IN-**
23 **DIVIDUALS WITH DISABILITIES.**

24 (a) **ESTABLISHMENT.**—

1 (1) IN GENERAL.—The Secretary of Health and
2 Human Services (in this section referred to as the
3 “Secretary”) shall award grants described in sub-
4 section (b) to States to support the design, establish-
5 ment, and operation of State infrastructures that
6 provide items and services to support working indi-
7 viduals with disabilities.

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

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

19 (b) GRANTS FOR INFRASTRUCTURE AND OUT-
20 REACH.—

21 (1) IN GENERAL.—Out of the funds appro-
22 priated under subsection (e), the Secretary shall
23 award grants to States to—

1 (A) support the establishment, implemen-
2 tation, and operation of the State infrastruc-
3 tures described in subsection (a); and

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

6 (2) ELIGIBILITY FOR GRANTS.—

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

9 (i) has an approved amendment to the
10 State plan under title XIX of the Social
11 Security Act (42 U.S.C. 1396 et seq.) that
12 provides medical assistance under such
13 plan to individuals described in section
14 1902(a)(10)(A)(ii)(XV) of the Social Secu-
15 rity Act (42 U.S.C.
16 1396a(a)(10)(A)(ii)(XV)); and

17 (ii) demonstrates to the satisfaction of
18 the Secretary that the State makes per-
19 sonal assistance services available under
20 the State plan under title XIX of the So-
21 cial Security Act (42 U.S.C. 1396 et seq.)
22 to the extent necessary to enable individ-
23 uals described in clause (i) to remain em-
24 ployed (as determined under section

1 1905(v)(2) of the Social Security Act (42
2 U.S.C. 1396d(v)(2))).

3 (B) DEFINITION OF PERSONAL ASSIST-
4 ANCE SERVICES.—In this paragraph, the term
5 “personal assistance services” means a range of
6 services, provided by 1 or more persons, de-
7 signed to assist an individual with a disability
8 to perform daily activities on and off the job
9 that the individual would typically perform if
10 the individual did not have a disability. Such
11 services shall be designed to increase the indi-
12 vidual’s control in life and ability to perform ev-
13 eryday activities on or off the job.

14 (3) DETERMINATION OF AWARDS.—

15 (A) IN GENERAL.—Subject to subpara-
16 graph (B), the Secretary shall determine a for-
17 mula for awarding grants to States under this
18 section that provides special consideration to
19 States that provide medical assistance under
20 title XIX of the Social Security Act to individ-
21 uals described in section
22 1902(a)(10)(A)(ii)(XVI) of that Act (42 U.S.C.
23 1396a(a)(10)(A)(ii)(XVI)).

24 (B) AWARD LIMITS.—

25 (i) MINIMUM AWARDS.—

1 (I) IN GENERAL.—Subject to
2 subclause (II), no State with an ap-
3 proved application under this section
4 shall receive a grant for a fiscal year
5 that is less than \$500,000.

6 (II) PRO RATA REDUCTIONS.—If
7 the funds appropriated under sub-
8 section (e) for a fiscal year are not
9 sufficient to pay each State with an
10 application approved under this sec-
11 tion the minimum amount described
12 in subclause (I), the Secretary shall
13 pay each such State an amount equal
14 to the pro rata share of the amount
15 made available.

16 (ii) MAXIMUM AWARDS.—No State
17 with an application that has been approved
18 under this section shall receive a grant for
19 a fiscal year that exceeds 15 percent of the
20 total expenditures by the State (including
21 the reimbursed Federal share of such ex-
22 penditures) for medical assistance for indi-
23 viduals eligible under subclause (XV) and
24 (XVI) of section 1902(a)(10)(A)(ii) of the
25 Social Security Act (42 U.S.C.

1 1396a(a)(10)(A)(ii)), as estimated by the
2 State and approved by the Secretary.

3 (c) AVAILABILITY OF FUNDS.—

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

8 (2) FUNDS NOT AWARDED TO STATES.—Funds
9 not awarded to States in the fiscal year for which
10 they are appropriated shall remain available in suc-
11 ceeding fiscal years for awarding by the Secretary.

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

22 (e) APPROPRIATION.—

23 (1) IN GENERAL.—Out of any funds in the
24 Treasury not otherwise appropriated, there is appro-
25 priated to make grants under this section—

1 (A) for fiscal year 2000, \$20,000,000;
2 (B) for fiscal year 2001, \$25,000,000;
3 (C) for fiscal year 2002, \$30,000,000;
4 (D) for fiscal year 2003, \$35,000,000;
5 (E) for fiscal year 2004, \$40,000,000; and
6 (F) for each of fiscal years 2005 through
7 2010, the amount appropriated for the pre-
8 ceding fiscal year increased by the percentage
9 increase (if any) in the Consumer Price Index
10 for All Urban Consumers (United States city
11 average) for the preceding fiscal year.

12 (2) BUDGET AUTHORITY.—This subsection con-
13 stitutes budget authority in advance of appropria-
14 tions Acts and represents the obligation of the Fed-
15 eral Government to provide for the payment of the
16 amounts appropriated under paragraph (1).

17 (f) RECOMMENDATION.—Not later than October 1,
18 2009, the Secretary, in consultation with the Work Incen-
19 tives Advisory Panel established under section 201(f),
20 shall submit a recommendation to the Committee on Com-
21 merce of the House of Representatives and the Committee
22 on Finance of the Senate regarding whether the grant pro-
23 gram established under this section should be continued
24 after fiscal year 2010.

1 **SEC. 104. DEMONSTRATION OF COVERAGE UNDER THE**
2 **MEDICAID PROGRAM OF WORKERS WITH PO-**
3 **TENTIALLY SEVERE DISABILITIES.**

4 (a) **STATE APPLICATION.**—A State may apply to the
5 Secretary of Health and Human Services (in this section
6 referred to as the “Secretary”) for approval of a dem-
7 onstration project (in this section referred to as a “dem-
8 onstration project”) under which up to a specified max-
9 imum number of individuals who are workers with a po-
10 tentially severe disability (as defined in subsection (b)(1))
11 are provided medical assistance equal to that provided
12 under section 1905(a) of the Social Security Act (42
13 U.S.C. 1396d(a)) to individuals described in section
14 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C.
15 1396a(a)(10)(A)(ii)(XV)).

16 (b) **WORKER WITH A POTENTIALLY SEVERE DIS-**
17 **ABILITY DEFINED.**—For purposes of this section—

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

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

23 (B) has a specific physical or mental im-
24 pairment that, as defined by the State under
25 the demonstration project, is reasonably ex-
26 pected, but for the receipt of items and services

1 described in section 1905(a) of the Social Secu-
2 rity Act (42 U.S.C. 1396d(a)), to become blind
3 or disabled (as defined under section 1614(a) of
4 the Social Security Act (42 U.S.C. 1382c(a)));
5 and

6 (C) is employed (as defined in paragraph
7 (2)).

8 (2) DEFINITION OF EMPLOYED.—An individual
9 is considered to be “employed” if the individual—

10 (A) is earning at least the applicable min-
11 imum wage requirement under section 6 of the
12 Fair Labor Standards Act (29 U.S.C. 206) and
13 working at least 40 hours per month; or

14 (B) is engaged in a work effort that meets
15 substantial and reasonable threshold criteria for
16 hours of work, wages, or other measures, as de-
17 fined under the demonstration project and ap-
18 proved by the Secretary.

19 (c) APPROVAL OF DEMONSTRATION PROJECTS.—

20 (1) IN GENERAL.—Subject to paragraph (3),
21 the Secretary shall approve applications under sub-
22 section (a) that meet the requirements of paragraph
23 (2) and such additional terms and conditions as the
24 Secretary may require. The Secretary may waive the
25 requirement of section 1902(a)(1) of the Social Se-

1 curity Act (42 U.S.C. 1396a(a)(1)) to allow for sub-
2 State demonstrations.

3 (2) TERMS AND CONDITIONS OF DEMONSTRA-
4 TION PROJECTS.—The Secretary may not approve a
5 demonstration project under this section unless the
6 State provides assurances satisfactory to the Sec-
7 retary that the following conditions are or will be
8 met:

9 (A) ELECTION OF OPTIONAL CATEGORY.—
10 The State has elected to provide coverage under
11 its plan under title XIX of the Social Security
12 Act of individuals described in section
13 1902(a)(10)(A)(ii)(XV) of the Social Security
14 Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).

15 (B) MAINTENANCE OF STATE EFFORT.—
16 Federal funds paid to a State pursuant to this
17 section must be used to supplement, but not
18 supplant, the level of State funds expended for
19 workers with potentially severe disabilities
20 under programs in effect for such individuals at
21 the time the demonstration project is approved
22 under this section.

23 (C) INDEPENDENT EVALUATION.—The
24 State provides for an independent evaluation of
25 the project.

1 (3) LIMITATIONS ON FEDERAL FUNDING.—

2 (A) APPROPRIATION.—

3 (i) IN GENERAL.—Out of any funds in
4 the Treasury not otherwise appropriated,
5 there is appropriated to carry out this
6 section—

7 (I) for fiscal year 2000,
8 \$72,000,000;

9 (II) for fiscal year 2001,
10 \$74,000,000;

11 (III) for fiscal year 2002,
12 \$78,000,000; and

13 (IV) for fiscal year 2003,
14 \$81,000,000.

15 (ii) BUDGET AUTHORITY.—Clause (i)
16 constitutes budget authority in advance of
17 appropriations Acts and represents the ob-
18 ligation of the Federal Government to pro-
19 vide for the payment of the amounts ap-
20 propriated under clause (i).

21 (B) LIMITATION ON PAYMENTS.—In no
22 case may—

23 (i) except as provided in clause (ii),
24 the aggregate amount of payments made

1 by the Secretary to States under this sec-
2 tion exceed \$300,000,000;

3 (ii) the aggregate amount of payments
4 made by the Secretary to States for ad-
5 ministrative expenses relating to annual re-
6 ports required under subsection (d) exceed
7 \$5,000,000; or

8 (iii) payments be provided by the Sec-
9 retary for a fiscal year after fiscal year
10 2005.

11 (C) FUNDS ALLOCATED TO STATES.—The
12 Secretary shall allocate funds to States based
13 on their applications and the availability of
14 funds. Funds allocated to a State under a grant
15 made under this section for a fiscal year shall
16 remain available until expended.

17 (D) FUNDS NOT ALLOCATED TO STATES.—
18 Funds not allocated to States in the fiscal year
19 for which they are appropriated shall remain
20 available in succeeding fiscal years for alloca-
21 tion by the Secretary using the allocation for-
22 mula established under this section.

23 (E) PAYMENTS TO STATES.—The Sec-
24 retary shall pay to each State with a dem-
25 onstration project approved under this section,

1 from its allocation under subparagraph (C), an
2 amount for each quarter equal to the Federal
3 medical assistance percentage (as defined in
4 section 1905(b) of the Social Security Act (42
5 U.S.C. 1395d(b)) of expenditures in the quarter
6 for medical assistance provided to workers with
7 a potentially severe disability.

8 (d) ANNUAL REPORT.—A State with a demonstration
9 project approved under this section shall submit an annual
10 report to the Secretary on the use of funds provided under
11 the grant. Each report shall include enrollment and finan-
12 cial statistics on—

13 (1) the total population of workers with poten-
14 tially severe disabilities served by the demonstration
15 project; and

16 (2) each population of such workers with a spe-
17 cific physical or mental impairment described in sub-
18 section (b)(1)(B) served by such project.

19 (e) RECOMMENDATION.—Not later than October 1,
20 2002, the Secretary shall submit a recommendation to the
21 Committee on Commerce of the House of Representatives
22 and the Committee on Finance of the Senate regarding
23 whether the demonstration project established under this
24 section should be continued after fiscal year 2003.

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

5 **SEC. 105. ELECTION BY DISABLED BENEFICIARIES TO SUS-**
 6 **PEND MEDIGAP INSURANCE WHEN COVERED**
 7 **UNDER A GROUP HEALTH PLAN.**

8 (a) IN GENERAL.—Section 1882(q) of the Social Se-
 9 curity Act (42 U.S.C. 1395ss(q)) is amended—

10 (1) in paragraph (5)(C), by inserting “or para-
 11 graph (6)” after “this paragraph”; and

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

14 “(6) Each medicare supplemental policy shall
 15 provide that benefits and premiums under the policy
 16 shall be suspended at the request of the policyholder
 17 if the policyholder is entitled to benefits under sec-
 18 tion 226(b) and is covered under a group health
 19 plan (as defined in section 1862(b)(1)(A)(v)). If
 20 such suspension occurs and if the policyholder or
 21 certificate holder loses coverage under the group
 22 health plan, such policy shall be automatically re-
 23 instituted (effective as of the date of such loss of
 24 coverage) under terms described in subsection
 25 (n)(6)(A)(ii) as of the loss of such coverage if the

1 policyholder provides notice of loss of such coverage
2 within 90 days after the date of such loss.”.

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

6 **TITLE II—TICKET TO WORK AND** 7 **SELF-SUFFICIENCY AND RE-** 8 **LATED PROVISIONS**

9 **Subtitle A—Ticket to Work and** 10 **Self-Sufficiency**

11 **SEC. 201. ESTABLISHMENT OF THE TICKET TO WORK AND** 12 **SELF-SUFFICIENCY PROGRAM.**

13 (a) IN GENERAL.—Part A of title XI of the Social
14 Security Act (42 U.S.C. 1301 et seq.) is amended by add-
15 ing after section 1147 (as added by section 8 of the Non-
16 citizen Benefit Clarification and Other Technical Amend-
17 ments Act of 1998 (Public Law 105–306; 112 Stat.
18 2928)) the following:

19 “TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

20 “SEC. 1148. (a) IN GENERAL.—The Commissioner
21 shall establish a Ticket to Work and Self-Sufficiency Pro-
22 gram, under which a disabled beneficiary may use a ticket
23 to work and self-sufficiency issued by the Commissioner
24 in accordance with this section to obtain employment serv-
25 ices, vocational rehabilitation services, or other support
26 services from an employment network which is of the bene-

1 ficiary's choice and which is willing to provide such serv-
2 ices to the beneficiary.

3 “(b) TICKET SYSTEM.—

4 “(1) DISTRIBUTION OF TICKETS.—The Com-
5 missioner may issue a ticket to work and self-suffi-
6 ciency to disabled beneficiaries for participation in
7 the Program.

8 “(2) ASSIGNMENT OF TICKETS.—A disabled
9 beneficiary holding a ticket to work and self-suffi-
10 ciency may assign the ticket to any employment net-
11 work of the beneficiary's choice which is serving
12 under the Program and is willing to accept the as-
13 signment.

14 “(3) TICKET TERMS.—A ticket issued under
15 paragraph (1) shall consist of a document which evi-
16 dences the Commissioner's agreement to pay (as
17 provided in paragraph (4)) an employment network,
18 which is serving under the Program and to which
19 such ticket is assigned by the beneficiary, for such
20 employment services, vocational rehabilitation serv-
21 ices, and other support services as the employment
22 network may provide to the beneficiary.

23 “(4) PAYMENTS TO EMPLOYMENT NET-
24 WORKS.—The Commissioner shall pay an employ-
25 ment network under the Program in accordance with

1 the outcome payment system under subsection
2 (h)(2) or under the outcome-milestone payment sys-
3 tem under subsection (h)(3) (whichever is elected
4 pursuant to subsection (h)(1)). An employment net-
5 work may not request or receive compensation for
6 such services from the beneficiary.

7 “(c) STATE PARTICIPATION.—

8 “(1) IN GENERAL.—Each State agency admin-
9 istering or supervising the administration of the
10 State plan approved under title I of the Rehabilita-
11 tion Act of 1973 may elect to participate in the Pro-
12 gram as an employment network with respect to a
13 disabled beneficiary. If the State agency does elect
14 to participate in the Program, the State agency also
15 shall elect to be paid under the outcome payment
16 system or the outcome-milestone payment system in
17 accordance with subsection (h)(1). With respect to a
18 disabled beneficiary that the State agency does not
19 elect to have participate in the Program, the State
20 agency shall be paid for services provided to that
21 beneficiary under the system for payment applicable
22 under section 222(d) and subsections (d) and (e) of
23 section 1615. The Commissioner shall provide for
24 periodic opportunities for exercising such elections
25 (and revocations).

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

3 “(A) STATE AGENCIES PARTICIPATING.—

4 In any case in which a State agency described
5 in paragraph (1) elects under that paragraph to
6 participate in the Program, the employment
7 services, vocational rehabilitation services, and
8 other support services which, upon assignment
9 of tickets to work and self-sufficiency, are pro-
10 vided to disabled beneficiaries by the State
11 agency acting as an employment network shall
12 be governed by plans for vocational rehabilita-
13 tion services approved under title I of the Reha-
14 bilitation Act of 1973.

15 “(B) STATE AGENCIES ADMINISTERING
16 MATERNAL AND CHILD HEALTH SERVICES PRO-
17 GRAMS.—Subparagraph (A) shall not apply
18 with respect to any State agency administering
19 a program under title V of this Act.

20 “(3) SPECIAL REQUIREMENTS APPLICABLE TO
21 CROSS-REFERRAL TO CERTAIN STATE AGENCIES.—

22 “(A) IN GENERAL.—In any case in which
23 an employment network has been assigned a
24 ticket to work and self-sufficiency by a disabled
25 beneficiary, no State agency shall be deemed re-

1 quired, under this section, title I of the Work-
2 force Investment Act of 1998, title I of the Re-
3 habilitation Act of 1973, or a State plan ap-
4 proved under such title, to accept any referral
5 of such disabled beneficiary from such employ-
6 ment network unless such employment network
7 and such State agency have entered into a writ-
8 ten agreement that meets the requirements of
9 subparagraph (B). Any beneficiary who has as-
10 signed a ticket to work and self-sufficiency to
11 an employment network that has not entered
12 into such a written agreement with such a
13 State agency may not access vocational rehabili-
14 tation services under title I of the Rehabilita-
15 tion Act of 1973 until such time as the bene-
16 ficiary is reassigned to a State vocational reha-
17 bilitation agency by the Program Manager.

18 “(B) TERMS OF AGREEMENT.—An agree-
19 ment required by subparagraph (A) shall speci-
20 fy, in accordance with regulations prescribed
21 pursuant to subparagraph (C)—

22 “(i) the extent (if any) to which the
23 employment network holding the ticket will
24 provide to the State agency—

1 “(I) reimbursement for costs in-
2 curred in providing services described
3 in subparagraph (A) to the disabled
4 beneficiary; and

5 “(II) other amounts from pay-
6 ments made by the Commissioner to
7 the employment network pursuant to
8 subsection (h); and

9 “(ii) any other conditions that may be
10 required by such regulations.

11 “(C) REGULATIONS.—The Commissioner
12 and the Secretary of Education shall jointly
13 prescribe regulations specifying the terms of
14 agreements required by subparagraph (A) and
15 otherwise necessary to carry out the provisions
16 of this paragraph.

17 “(D) PENALTY.—No payment may be
18 made to an employment network pursuant to
19 subsection (h) in connection with services pro-
20 vided to any disabled beneficiary if such em-
21 ployment network makes referrals described in
22 subparagraph (A) in violation of the terms of
23 the agreement required under subparagraph (A)
24 or without having entered into such an agree-
25 ment.

1 “(d) RESPONSIBILITIES OF THE COMMISSIONER.—

2 “(1) SELECTION AND QUALIFICATIONS OF PRO-
3 GRAM MANAGERS.—The Commissioner shall enter
4 into agreements with 1 or more organizations in the
5 private or public sector for service as a program
6 manager to assist the Commissioner in admin-
7 istering the Program. Any such program manager
8 shall be selected by means of a competitive bidding
9 process, from among organizations in the private or
10 public sector with available expertise and experience
11 in the field of vocational rehabilitation and employ-
12 ment services.

13 “(2) TENURE, RENEWAL, AND EARLY TERMI-
14 NATION.—Each agreement entered into under para-
15 graph (1) shall provide for early termination upon
16 failure to meet performance standards which shall be
17 specified in the agreement and which shall be
18 weighted to take into account any performance in
19 prior terms. Such performance standards shall
20 include—

21 “(A) measures for ease of access by bene-
22 ficiaries to services; and

23 “(B) measures for determining the extent
24 to which failures in obtaining services for bene-

1 beneficiaries fall within acceptable parameters, as
2 determined by the Commissioner.

3 “(3) PRECLUSION FROM DIRECT PARTICIPA-
4 TION IN DELIVERY OF SERVICES IN OWN SERVICE
5 AREA.—Agreements under paragraph (1) shall
6 preclude—

7 “(A) direct participation by a program
8 manager in the delivery of employment services,
9 vocational rehabilitation services, or other sup-
10 port services to beneficiaries in the service area
11 covered by the program manager’s agreement;
12 and.

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

18 “(4) SELECTION OF EMPLOYMENT NET-
19 WORKS.—

20 “(A) IN GENERAL.—The Commissioner
21 shall select and enter into agreements with em-
22 ployment networks for service under the Pro-
23 gram. Such employment networks shall be in
24 addition to State agencies serving as employ-

1 ment networks pursuant to elections under sub-
2 section (c).

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

11 “(5) TERMINATION OF AGREEMENTS WITH EM-
12 PLOYMENT NETWORKS.—The Commissioner shall
13 terminate agreements with employment networks for
14 inadequate performance, as determined by the Com-
15 missioner.

16 “(6) QUALITY ASSURANCE.—The Commissioner
17 shall provide for such periodic reviews as are nec-
18 essary to provide for effective quality assurance in
19 the provision of services by employment networks.
20 The Commissioner shall solicit and consider the
21 views of consumers and the program manager under
22 which the employment networks serve and shall con-
23 sult with providers of services to develop perform-
24 ance measurements. The Commissioner shall ensure
25 that the results of the periodic reviews are made

1 available to beneficiaries who are prospective service
2 recipients as they select employment networks. The
3 Commissioner shall ensure that the periodic surveys
4 of beneficiaries receiving services under the Program
5 are designed to measure customer service satisfac-
6 tion.

7 “(7) DISPUTE RESOLUTION.—The Commis-
8 sioner shall provide for a mechanism for resolving
9 disputes between beneficiaries and employment net-
10 works, between program managers and employment
11 networks, and between program managers and pro-
12 viders of services. The Commissioner shall afford a
13 party to such a dispute a reasonable opportunity for
14 a full and fair review of the matter in dispute.

15 “(e) PROGRAM MANAGERS.—

16 “(1) IN GENERAL.—A program manager shall
17 conduct tasks appropriate to assist the Commis-
18 sioner in carrying out the Commissioner’s duties in
19 administering the Program.

20 “(2) RECRUITMENT OF EMPLOYMENT NET-
21 WORKS.—A program manager shall recruit, and rec-
22 ommend for selection by the Commissioner, employ-
23 ment networks for service under the Program. The
24 program manager shall carry out such recruitment
25 and provide such recommendations, and shall mon-

1 itor all employment networks serving in the Program
2 in the geographic area covered under the program
3 manager's agreement, to the extent necessary and
4 appropriate to ensure that adequate choices of serv-
5 ices are made available to beneficiaries. Employment
6 networks may serve under the Program only pursu-
7 ant to an agreement entered into with the Commis-
8 sioner under the Program incorporating the applica-
9 ble provisions of this section and regulations there-
10 under, and the program manager shall provide and
11 maintain assurances to the Commissioner that pay-
12 ment by the Commissioner to employment networks
13 pursuant to this section is warranted based on com-
14 pliance by such employment networks with the terms
15 of such agreement and this section. The program
16 manager shall not impose numerical limits on the
17 number of employment networks to be recommended
18 pursuant to this paragraph.

19 “(3) FACILITATION OF ACCESS BY BENE-
20 FICIARIES TO EMPLOYMENT NETWORKS.—A pro-
21 gram manager shall facilitate access by beneficiaries
22 to employment networks. The program manager
23 shall ensure that each beneficiary is allowed changes
24 in employment networks for good cause, as deter-
25 mined by the Commissioner, without being deemed

1 to have rejected services under the Program. The
2 program manager shall establish and maintain lists
3 of employment networks available to beneficiaries
4 and shall make such lists generally available to the
5 public. The program manager shall ensure that all
6 information provided to disabled beneficiaries pursu-
7 ant to this paragraph is provided in accessible for-
8 mats.

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

16 “(5) REASONABLE ACCESS TO SERVICES.—The
17 program manager shall take such measures as are
18 necessary to ensure that sufficient employment net-
19 works are available and that each beneficiary receiv-
20 ing services under the Program has reasonable ac-
21 cess to employment services, vocational rehabilitation
22 services, and other support services. Services pro-
23 vided under the Program may include case manage-
24 ment, work incentives planning, supported employ-
25 ment, career planning, career plan development, vo-

1 cational assessment, job training, placement, fol-
2 lowup services, and such other services as may be
3 specified by the Commissioner under the Program.
4 The program manager shall ensure that such serv-
5 ices are available in each service area.

6 “(f) EMPLOYMENT NETWORKS.—

7 “(1) QUALIFICATIONS FOR EMPLOYMENT NET-
8 WORKS.—

9 “(A) IN GENERAL.—Each employment net-
10 work serving under the Program shall consist of
11 an agency or instrumentality of a State (or a
12 political subdivision thereof) or a private entity
13 that assumes responsibility for the coordination
14 and delivery of services under the Program to
15 individuals assigning to the employment net-
16 work tickets to work and self-sufficiency issued
17 under subsection (b).

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

23 “(C) COMPLIANCE WITH SELECTION CRI-
24 TERIA.—No employment network may serve
25 under the Program unless it meets and main-

1 tains compliance with both general selection cri-
2 teria (such as professional and educational
3 qualifications (where applicable)) and specific
4 selection criteria (such as substantial expertise
5 and experience in providing relevant employ-
6 ment services and supports).

7 “(D) SINGLE OR ASSOCIATED PROVIDERS
8 ALLOWED.—An employment network shall con-
9 sist of either a single provider of such services
10 or of an association of such providers organized
11 so as to combine their resources into a single
12 entity. An employment network may meet the
13 requirements of subsection (e)(4) by providing
14 services directly, or by entering into agreements
15 with other individuals or entities providing ap-
16 propriate employment services, vocational reha-
17 bilitation services, or other support services.

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

22 “(A) serve prescribed service areas; and

23 “(B) take such measures as are necessary
24 to ensure that employment services, vocational
25 rehabilitation services, and other support serv-

1 ices provided under the Program by, or under
2 agreements entered into with, the employment
3 network are provided under appropriate indi-
4 vidual work plans meeting the requirements of
5 subsection (g).

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

9 “(4) PERIODIC OUTCOMES REPORTING.—Each
10 employment network shall prepare periodic reports,
11 on at least an annual basis, itemizing for the covered
12 period specific outcomes achieved with respect to
13 specific services provided by the employment net-
14 work. Such reports shall conform to a national
15 model prescribed under this section. Each employ-
16 ment network shall provide a copy of the latest re-
17 port issued by the employment network pursuant to
18 this paragraph to each beneficiary upon enrollment
19 under the Program for services to be received
20 through such employment network. Upon issuance of
21 each report to each beneficiary, a copy of the report
22 shall be maintained in the files of the employment
23 network. The program manager shall ensure that
24 copies of all such reports issued under this para-

1 graph are made available to the public under reason-
2 able terms.

3 “(g) INDIVIDUAL WORK PLANS.—

4 “(1) REQUIREMENTS.—Each employment net-
5 work shall—

6 “(A) take such measures as are necessary
7 to ensure that employment services, vocational
8 rehabilitation services, and other support serv-
9 ices provided under the Program by, or under
10 agreements entered into with, the employment
11 network are provided under appropriate indi-
12 vidual work plans that meet the requirements of
13 subparagraph (C);

14 “(B) develop and implement each such in-
15 dividual work plan in partnership with each
16 beneficiary receiving such services in a manner
17 that affords the beneficiary the opportunity to
18 exercise informed choice in selecting an employ-
19 ment goal and specific services needed to
20 achieve that employment goal;

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

23 “(i) a statement of the vocational goal
24 developed with the beneficiary;

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

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

7 “(iv) a statement of understanding re-
8 garding the beneficiary’s rights under the
9 Program (such as the right to retrieve the
10 ticket to work and self-sufficiency if the
11 beneficiary is dissatisfied with the services
12 being provided by the employment net-
13 work) and remedies available to the indi-
14 vidual, including information on the avail-
15 ability of advocacy services and assistance
16 in resolving disputes through the State
17 grant program authorized under section
18 1150;

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

23 “(E) make each beneficiary’s individual
24 work plan available to the beneficiary in, as ap-

1 appropriate, an accessible format chosen by the
2 beneficiary.

3 “(2) EFFECTIVE UPON WRITTEN APPROVAL.—

4 A beneficiary’s individual work plan shall take effect
5 upon written approval by the beneficiary or a rep-
6 resentative of the beneficiary and a representative of
7 the employment network that, in providing such
8 written approval, acknowledges assignment of the
9 beneficiary’s ticket to work and self-sufficiency.

10 “(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

11 “(1) ELECTION OF PAYMENT SYSTEM BY EM-
12 PLOYMENT NETWORKS.—

13 “(A) IN GENERAL.—The Program shall
14 provide for payment authorized by the Commis-
15 sioner to employment networks under either an
16 outcome payment system or an outcome-mile-
17 stone payment system. Each employment net-
18 work shall elect which payment system will be
19 utilized by the employment network, and, for
20 such period of time as such election remains in
21 effect, the payment system so elected shall be
22 utilized exclusively in connection with such em-
23 ployment network (except as provided in sub-
24 paragraph (B)).

1 “(B) NO CHANGE IN METHOD OF PAY-
2 MENT FOR BENEFICIARIES WITH TICKETS AL-
3 READY ASSIGNED TO THE EMPLOYMENT NET-
4 WORKS.—Any election of a payment system by
5 an employment network that would result in a
6 change in the method of payment to the em-
7 ployment network for services provided to a
8 beneficiary who is receiving services from the
9 employment network at the time of the election
10 shall not be effective with respect to payment
11 for services provided to that beneficiary and the
12 method of payment previously selected shall
13 continue to apply with respect to such services.

14 “(2) OUTCOME PAYMENT SYSTEM.—

15 “(A) IN GENERAL.—The outcome payment
16 system shall consist of a payment structure gov-
17 erning employment networks electing such sys-
18 tem under paragraph (1)(A) which meets the
19 requirements of this paragraph.

20 “(B) PAYMENTS MADE DURING OUTCOME
21 PAYMENT PERIOD.—The outcome payment sys-
22 tem shall provide for a schedule of payments to
23 an employment network in connection with each
24 individual who is a beneficiary for each month
25 during the individual’s outcome payment period

1 for which benefits (described in paragraphs (3)
 2 and (4) of subsection (k)) are not payable to
 3 such individual because of work or earnings.

4 “(C) COMPUTATION OF PAYMENTS TO EM-
 5 PLOYMENT NETWORK.—The payment schedule
 6 of the outcome payment system shall be de-
 7 signed so that—

8 “(i) the payment for each of the 60
 9 months during the outcome payment pe-
 10 riod for which benefits (described in para-
 11 graphs (3) and (4) of subsection (k)) are
 12 not payable is equal to a fixed percentage
 13 of the payment calculation base for the cal-
 14 endar year in which such month occurs;
 15 and

16 “(ii) such fixed percentage is set at a
 17 percentage which does not exceed 40 per-
 18 cent.

19 “(3) OUTCOME-MILESTONE PAYMENT SYS-
 20 TEM.—

21 “(A) IN GENERAL.—The outcome-mile-
 22 stone payment system shall consist of a pay-
 23 ment structure governing employment networks
 24 electing such system under paragraph (1)(A)

1 which meets the requirements of this para-
2 graph.

3 “(B) EARLY PAYMENTS UPON ATTAIN-
4 MENT OF MILESTONES IN ADVANCE OF OUT-
5 COME PAYMENT PERIODS.—The outcome-mile-
6 stone payment system shall provide for 1 or
7 more milestones with respect to beneficiaries re-
8 ceiving services from an employment network
9 under the Program that are directed toward the
10 goal of permanent employment. Such milestones
11 shall form a part of a payment structure that
12 provides, in addition to payments made during
13 outcome payment periods, payments made prior
14 to outcome payment periods in amounts based
15 on the attainment of such milestones.

16 “(C) LIMITATION ON TOTAL PAYMENTS TO
17 EMPLOYMENT NETWORK.—The payment sched-
18 ule of the outcome-milestone payment system
19 shall be designed so that the total of the pay-
20 ments to the employment network with respect
21 to each beneficiary is less than, on a net
22 present value basis (using an interest rate de-
23 termined by the Commissioner that appro-
24 priately reflects the cost of funds faced by pro-
25 viders), the total amount to which payments to

1 the employment network with respect to the
2 beneficiary would be limited if the employment
3 network were paid under the outcome payment
4 system.

5 “(4) DEFINITIONS.—In this subsection:

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

9 “(i) in connection with a title II dis-
10 ability beneficiary, the average disability
11 insurance benefit payable under section
12 223 for all beneficiaries for months during
13 the preceding calendar year; and

14 “(ii) in connection with a title XVI
15 disability beneficiary (who is not concur-
16 rently a title II disability beneficiary), the
17 average payment of supplemental security
18 income benefits based on disability payable
19 under title XVI (excluding State sup-
20 plementation) for months during the pre-
21 ceding calendar year to all beneficiaries
22 who have attained age 18 but have not at-
23 tained age 65.

24 “(B) OUTCOME PAYMENT PERIOD.—The
25 term ‘outcome payment period’ means, in con-

1 nection with any individual who had assigned a
2 ticket to work and self-sufficiency to an employ-
3 ment network under the Program, a period—

4 “(i) beginning with the first month,
5 ending after the date on which such ticket
6 was assigned to the employment network,
7 for which benefits (described in paragraphs
8 (3) and (4) of subsection (k)) are not pay-
9 able to such individual by reason of en-
10 gagement in substantial gainful activity or
11 by reason of earnings from work activity;
12 and

13 “(ii) ending with the 60th month
14 (consecutive or otherwise), ending after
15 such date, for which such benefits are not
16 payable to such individual by reason of en-
17 gagement in substantial gainful activity or
18 by reason of earnings from work activity.

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

21 “(A) PERCENTAGES AND PERIODS.—The
22 Commissioner shall periodically review the per-
23 centage specified in paragraph (2)(C), the total
24 payments permissible under paragraph (3)(C),
25 and the period of time specified in paragraph

1 (4)(B) to determine whether such percentages,
2 such permissible payments, and such period
3 provide an adequate incentive for employment
4 networks to assist beneficiaries to enter the
5 workforce, while providing for appropriate
6 economies. The Commissioner may alter such
7 percentage, such total permissible payments, or
8 such period of time to the extent that the Com-
9 missioner determines, on the basis of the Com-
10 missioner's review under this paragraph, that
11 such an alteration would better provide the in-
12 centive and economies described in the pre-
13 ceding sentence.

14 "(B) NUMBER AND AMOUNTS OF MILE-
15 STONE PAYMENTS.—The Commissioner shall
16 periodically review the number and amounts of
17 milestone payments established by the Commis-
18 sioner pursuant to this section to determine
19 whether they provide an adequate incentive for
20 employment networks to assist beneficiaries to
21 enter the workforce, taking into account infor-
22 mation provided to the Commissioner by pro-
23 gram managers, the Work Incentives Advisory
24 Panel established under section 201(f) of the
25 Work Incentives Improvement Act of 1999, and

1 other reliable sources. The Commissioner may
2 from time to time alter the number and
3 amounts of milestone payments initially estab-
4 lished by the Commissioner pursuant to this
5 section to the extent that the Commissioner de-
6 termines that such an alteration would allow an
7 adequate incentive for employment networks to
8 assist beneficiaries to enter the workforce. Such
9 alteration shall be based on information pro-
10 vided to the Commissioner by program man-
11 agers, the Work Incentives Advisory Panel es-
12 tablished under section 201(f) of the Work In-
13 centives Improvement Act of 1999, or other re-
14 liable sources.

15 “(i) SUSPENSION OF DISABILITY REVIEWS.—During
16 any period for which an individual is using, as defined by
17 the Commissioner, a ticket to work and self-sufficiency
18 issued under this section, the Commissioner (and any ap-
19 plicable State agency) may not initiate a continuing dis-
20 ability review or other review under section 221 of whether
21 the individual is or is not under a disability or a review
22 under title XVI similar to any such review under section
23 221.

24 “(j) ALLOCATION OF COSTS.—

1 “(1) PAYMENTS TO EMPLOYMENT NET-
2 WORKS.—Payments to employment networks (in-
3 cluding State agencies that elect to participate in the
4 Program as an employment network) shall be made
5 from the Federal Old-Age and Survivors Insurance
6 Trust Fund or the Federal Disability Insurance
7 Trust Fund, as appropriate, in the case of ticketed
8 title II disability beneficiaries who return to work, or
9 from the appropriation made available for making
10 supplemental security income payments under title
11 XVI, in the case of title XVI disability beneficiaries
12 who return to work. With respect to ticketed bene-
13 ficiaries who concurrently are entitled to benefits
14 under title II and eligible for payments under title
15 XVI who return to work, the Commissioner shall al-
16 locate the cost of payments to employment networks
17 to which the tickets of such beneficiaries have been
18 assigned among such Trust Funds and appropria-
19 tion, as appropriate.

20 “(2) ADMINISTRATIVE EXPENSES.—The costs
21 of administering this section (other than payments
22 to employment networks) shall be paid from
23 amounts made available for the administration of
24 title II and amounts made available for the adminis-

1 tration of title XVI, and shall be allocated among
2 those amounts as appropriate.

3 “(k) DEFINITIONS.—In this section:

4 “(1) COMMISSIONER.—The term ‘Commis-
5 sioner’ means the Commissioner of Social Security.

6 “(2) DISABLED BENEFICIARY.—The term ‘dis-
7 abled beneficiary’ means a title II disability bene-
8 ficiary or a title XVI disability beneficiary.

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

17 “(4) TITLE XVI DISABILITY BENEFICIARY.—
18 The term ‘title XVI disability beneficiary’ means an
19 individual eligible for supplemental security income
20 benefits under title XVI on the basis of blindness
21 (within the meaning of section 1614(a)(2)) or dis-
22 ability (within the meaning of section 1614(a)(3)).
23 An individual is a title XVI disability beneficiary for
24 each month for which such individual is eligible for
25 such benefits.

1 “(5) SUPPLEMENTAL SECURITY INCOME BEN-
2 EFIT UNDER TITLE XVI.—The term ‘supplemental
3 security income benefit under title XVI’ means a
4 cash benefit under section 1611 or 1619(a), and
5 does not include a State supplementary payment,
6 administered federally or otherwise.

7 “(1) REGULATIONS.—Not later than 1 year after the
8 date of enactment of this section, the Commissioner shall
9 prescribe such regulations as are necessary to carry out
10 the provisions of this section.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) AMENDMENTS TO TITLE II.—

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

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

19 (B) Section 222(a) of the Social Security
20 Act (42 U.S.C. 422(a)) is repealed.

21 (C) Section 222(b) of the Social Security
22 Act (42 U.S.C. 422(b)) is repealed.

23 (D) Section 225(b)(1) of the Social Secu-
24 rity Act (42 U.S.C. 425(b)(1)) is amended by
25 striking “a program of vocational rehabilitation

1 services” and inserting “a program consisting
2 of the Ticket to Work and Self-Sufficiency Pro-
3 gram under section 1148 or another program of
4 vocational rehabilitation services, employment
5 services, or other support services”.

6 (2) AMENDMENTS TO TITLE XVI.—

7 (A) Section 1615(a) of the Social Security
8 Act (42 U.S.C. 1382d(a)) is amended to read
9 as follows:

10 “SEC. 1615. (a) In the case of any blind or disabled
11 individual who—

12 “(1) has not attained age 16, and

13 “(2) with respect to whom benefits are paid
14 under this title,

15 the Commissioner of Social Security shall make provision
16 for referral of such individual to the appropriate State
17 agency administering the State program under title V.”.

18 (B) Section 1615(c) of the Social Security
19 Act (42 U.S.C. 1382d(c)) is repealed.

20 (C) Section 1631(a)(6)(A) of the Social
21 Security Act (42 U.S.C. 1383(a)(6)(A)) is
22 amended by striking “a program of vocational
23 rehabilitation services” and inserting “a pro-
24 gram consisting of the Ticket to Work and Self-
25 Sufficiency Program under section 1148 or an-

1 other program of vocational rehabilitation serv-
2 ices, employment services, or other support
3 services”.

4 (D) Section 1633(c) of the Social Security
5 Act (42 U.S.C. 1383b(c)) is amended—

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

7 (ii) by adding at the end the fol-
8 lowing:

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

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

17 (d) GRADUATED IMPLEMENTATION OF PROGRAM.—

18 (1) IN GENERAL.—Not later than 1 year after
19 the date of enactment of this Act, the Commissioner
20 of Social Security shall commence implementation of
21 the amendments made by this section (other than
22 paragraphs (1)(C) and (2)(B) of subsection (b)) in
23 graduated phases at phase-in sites selected by the
24 Commissioner. Such phase-in sites shall be selected
25 so as to ensure, prior to full implementation of the

1 Ticket to Work and Self-Sufficiency Program, the
2 development and refinement of referral processes,
3 payment systems, computer linkages, management
4 information systems, and administrative processes
5 necessary to provide for full implementation of such
6 amendments. Subsection (c) shall apply with respect
7 to paragraphs (1)(C) and (2)(B) of subsection (b)
8 without regard to this subsection.

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

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

22 (4) ONGOING EVALUATION OF PROGRAM.—

23 (A) IN GENERAL.—The Commissioner
24 shall design and conduct a series of evaluations
25 to assess the cost-effectiveness of activities car-

1 ried out under this section and the amendments
2 made thereby, as well as the effects of this sec-
3 tion and the amendments made thereby on
4 work outcomes for beneficiaries receiving tickets
5 to work and self-sufficiency under the Program.

6 (B) CONSULTATION.—The Commissioner
7 shall design and carry out the series of evalua-
8 tions after receiving relevant advice from ex-
9 perts in the fields of disability, vocational reha-
10 bilitation, and program evaluation and individ-
11 uals using tickets to work and self-sufficiency
12 under the Program and consulting with the
13 Work Incentives Advisory Panel established
14 under section 201(f), the Comptroller General
15 of the United States, other agencies of the Fed-
16 eral Government, and private organizations
17 with appropriate expertise.

18 (C) METHODOLOGY.—

19 (i) IMPLEMENTATION.—The Commis-
20 sioner, in consultation with the Work In-
21 centives Advisory Panel established under
22 section 201(f), shall ensure that plans for
23 evaluations and data collection methods
24 under the Program are appropriately de-

1 signed to obtain detailed employment infor-
2 mation.

3 (ii) SPECIFIC MATTERS TO BE AD-
4 DRESSED.—Each such evaluation shall ad-
5 dress (but is not limited to)—

6 (I) the annual cost (including net
7 cost) of the Program and the annual
8 cost (including net cost) that would
9 have been incurred in the absence of
10 the Program;

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

15 (III) the types of employment
16 services, vocational rehabilitation serv-
17 ices, and other support services fur-
18 nished to beneficiaries in receipt of
19 tickets under the Program who return
20 to work and to those who do not re-
21 turn to work;

22 (IV) the duration of employment
23 services, vocational rehabilitation serv-
24 ices, and other support services fur-
25 nished to beneficiaries in receipt of

1 tickets under the Program who return
2 to work and the duration of such serv-
3 ices furnished to those who do not re-
4 turn to work and the cost to employ-
5 ment networks of furnishing such
6 services;

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

14 (VI) the characteristics of pro-
15 viders whose services are provided
16 within an employment network under
17 the Program;

18 (VII) the extent (if any) to which
19 employment networks display a great-
20 er willingness to provide services to
21 beneficiaries with a range of disabil-
22 ities;

23 (VIII) the characteristics (includ-
24 ing employment outcomes) of those
25 beneficiaries who receive services

1 under the outcome payment system
2 and of those beneficiaries who receive
3 services under the outcome-milestone
4 payment system;

5 (IX) measures of satisfaction
6 among beneficiaries in receipt of tick-
7 ets under the Program; and

8 (X) reasons for (including com-
9 ments solicited from beneficiaries re-
10 garding) their choice not to use their
11 tickets or their inability to return to
12 work despite the use of their tickets.

13 (D) PERIODIC EVALUATION REPORTS.—

14 Following the close of the third and fifth fiscal
15 years ending after the effective date under sub-
16 section (c), and prior to the close of the seventh
17 fiscal year ending after such date, the Commis-
18 sioner shall transmit to the Committee on Ways
19 and Means of the House of Representatives and
20 the Committee on Finance of the Senate a re-
21 port containing the Commissioner's evaluation
22 of the progress of activities conducted under the
23 provisions of this section and the amendments
24 made thereby. Each such report shall set forth
25 the Commissioner's evaluation of the extent to

1 which the Program has been successful and the
2 Commissioner's conclusions on whether or how
3 the Program should be modified. Each such re-
4 port shall include such data, findings, materials,
5 and recommendations as the Commissioner may
6 consider appropriate.

7 (5) EXTENT OF STATE'S RIGHT OF FIRST RE-
8 FUSAL IN ADVANCE OF FULL IMPLEMENTATION OF
9 AMENDMENTS IN SUCH STATE.—

10 (A) IN GENERAL.—In the case of any
11 State in which the amendments made by sub-
12 section (a) have not been fully implemented
13 pursuant to this subsection, the Commissioner
14 shall determine by regulation the extent to
15 which—

16 (i) the requirement under section
17 222(a) of the Social Security Act for
18 prompt referrals to a State agency, and

19 (ii) the authority of the Commissioner
20 under section 222(d)(2) of the Social Secu-
21 rity Act to provide vocational rehabilitation
22 services in such State by agreement or
23 contract with other public or private agen-
24 cies, organizations, institutions, or individ-
25 uals,

1 shall apply in such State.

2 (B) EXISTING AGREEMENTS.—Nothing in
3 subparagraph (A) or the amendments made by
4 subsection (a) shall be construed to limit, im-
5 pede, or otherwise affect any agreement entered
6 into pursuant to section 222(d)(2) of the Social
7 Security Act before the date of enactment of
8 this Act with respect to services provided pursu-
9 ant to such agreement to beneficiaries receiving
10 services under such agreement as of such date,
11 except with respect to services (if any) to be
12 provided after 3 years after the effective date
13 provided in subsection (c).

14 (e) SPECIFIC REGULATIONS REQUIRED.—

15 (1) IN GENERAL.—The Commissioner of Social
16 Security shall prescribe such regulations as are nec-
17 essary to implement the amendments made by this
18 section.

19 (2) SPECIFIC MATTERS TO BE INCLUDED IN
20 REGULATIONS.—The matters which shall be ad-
21 dressed in such regulations shall include—

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

1 (B) the format and wording of such tick-
2 ets, which shall incorporate by reference any
3 contractual terms governing service by employ-
4 ment networks under the Program;

5 (C) the form and manner in which State
6 agencies may elect participation in the Ticket to
7 Work and Self-Sufficiency Program (and revoke
8 such an election) pursuant to section
9 1148(c)(1) of the Social Security Act and provi-
10 sion for periodic opportunities for exercising
11 such elections (and revocations);

12 (D) the status of State agencies under sec-
13 tion 1148(c)(1) at the time that State agencies
14 exercise elections (and revocations) under that
15 section;

16 (E) the terms of agreements to be entered
17 into with program managers pursuant to sec-
18 tion 1148(d) of the Social Security Act,
19 including—

20 (i) the terms by which program man-
21 agers are precluded from direct participa-
22 tion in the delivery of services pursuant to
23 section 1148(d)(3) of the Social Security
24 Act;

1 (ii) standards which must be met by
2 quality assurance measures referred to in
3 paragraph (6) of section 1148(d) and
4 methods of recruitment of employment net-
5 works utilized pursuant to paragraph (2)
6 of section 1148(e); and

7 (iii) the format under which dispute
8 resolution will operate under section
9 1148(d)(7);

10 (F) the terms of agreements to be entered
11 into with employment networks pursuant to sec-
12 tion 1148(d)(4) of the Social Security Act,
13 including—

14 (i) the manner in which service areas
15 are specified pursuant to section
16 1148(f)(2)(A) of the Social Security Act;

17 (ii) the general selection criteria and
18 the specific selection criteria which are ap-
19 plicable to employment networks under
20 section 1148(f)(1)(C) of the Social Secu-
21 rity Act in selecting service providers;

22 (iii) specific requirements relating to
23 annual financial reporting by employment
24 networks pursuant to section 1148(f)(3) of
25 the Social Security Act; and

1 (iv) the national model to which peri-
2 odic outcomes reporting by employment
3 networks must conform under section
4 1148(f)(4) of the Social Security Act;

5 (G) standards which must be met by indi-
6 vidual work plans pursuant to section 1148(g)
7 of the Social Security Act;

8 (H) standards which must be met by pay-
9 ment systems required under section 1148(h) of
10 the Social Security Act, including—

11 (i) the form and manner in which
12 elections by employment networks of pay-
13 ment systems are to be exercised pursuant
14 to section 1148(h)(1)(A);

15 (ii) the terms which must be met by
16 an outcome payment system under section
17 1148(h)(2);

18 (iii) the terms which must be met by
19 an outcome-milestone payment system
20 under section 1148(h)(3);

21 (iv) any revision of the percentage
22 specified in paragraph (2)(C) of section
23 1148(h) of the Social Security Act or the
24 period of time specified in paragraph
25 (4)(B) of such section 1148(h); and

1 (v) annual oversight procedures for
2 such systems; and

3 (I) procedures for effective oversight of the
4 Program by the Commissioner of Social Secu-
5 rity, including periodic reviews and reporting
6 requirements.

7 (f) WORK INCENTIVES ADVISORY PANEL.—

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

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

14 (A) advise the President, Congress, and
15 the Commissioner of Social Security on issues
16 related to work incentives programs, planning,
17 and assistance for individuals with disabilities,
18 including work incentive provisions under titles
19 II, XI, XVI, XVIII, and XIX of the Social Se-
20 curity Act (42 U.S.C. 401 et seq., 1301 et seq.,
21 1381 et seq., 1395 et seq., 1396 et seq.); and

22 (B) with respect to the Ticket to Work and
23 Self-Sufficiency Program established under sec-
24 tion 1148 of the Social Security Act—

1 (i) advise the Commissioner of Social
2 Security with respect to establishing phase-
3 in sites for such Program and fully imple-
4 menting the Program thereafter, the re-
5 finement of access of disabled beneficiaries
6 to employment networks, payment systems,
7 and management information systems, and
8 advise the Commissioner whether such
9 measures are being taken to the extent
10 necessary to ensure the success of the Pro-
11 gram;

12 (ii) advise the Commissioner regard-
13 ing the most effective designs for research
14 and demonstration projects associated with
15 the Program or conducted pursuant to sec-
16 tion 302;

17 (iii) advise the Commissioner on the
18 development of performance measurements
19 relating to quality assurance under section
20 1148(d)(6) of the Social Security Act; and

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

24 (3) MEMBERSHIP.—

1 (A) NUMBER AND APPOINTMENT.—The
2 Panel shall be composed of 12 members ap-
3 pointed as follows:

4 (i) 4 members appointed by the Presi-
5 dent.

6 (ii) 2 members appointed by the
7 Speaker of the House of Representatives,
8 in consultation with the chairman of the
9 Committee on Ways and Means of the
10 House of Representatives.

11 (iii) 2 members appointed by the Mi-
12 nority Leader of the House of Representa-
13 tives, in consultation with the ranking
14 member of the Committee on Ways and
15 Means of the House of Representatives.

16 (iv) 2 members appointed by the Ma-
17 jority Leader of the Senate, in consultation
18 with the chairman of the Committee on Fi-
19 nance of the Senate.

20 (v) 2 members appointed by the Mi-
21 nority Leader of the Senate, in consulta-
22 tion with the ranking member of the Com-
23 mittee on Finance of the Senate.

24 (B) REPRESENTATION.—All members ap-
25 pointed to the Panel shall have experience or

1 expert knowledge in the fields of, or related to,
2 work incentive programs, employment services,
3 vocational rehabilitation services, health care
4 services, and other support services for individ-
5 uals with disabilities. At least one-half of the
6 members described in each clause of subpara-
7 graph (A) shall be individuals with disabilities,
8 or representatives of individuals with disabil-
9 ities, with consideration to current or former
10 title II disability beneficiaries or title XVI dis-
11 ability beneficiaries (as such terms are defined
12 in section 1148(k) of the Social Security Act
13 (as added by subsection (a)).

14 (C) TERMS.—

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

22 (ii) TERMS OF INITIAL AP-
23 POINTEES.—As designated by the Commis-
24 sioner at the time of appointment, of the
25 members first appointed—

1 (I) one-half of the members ap-
2 pointed under each clause of subpara-
3 graph (A) shall be appointed for a
4 term of 2 years; and

5 (II) the remaining members ap-
6 pointed under each such clause shall
7 be appointed for a term of 4 years.

8 (iii) VACANCIES.—Any member ap-
9 pointed to fill a vacancy occurring before
10 the expiration of the term for which the
11 member's predecessor was appointed shall
12 be appointed only for the remainder of that
13 term. A member may serve after the expi-
14 ration of that member's term until a suc-
15 cessor has taken office. A vacancy in the
16 Panel shall be filled in the manner in
17 which the original appointment was made.

18 (D) BASIC PAY.—Members shall each be
19 paid at a rate, and in a manner, that is con-
20 sistent with guidelines established under section
21 7 of the Federal Advisory Committee Act (5
22 U.S.C. App.).

23 (E) TRAVEL EXPENSES.—Each member
24 shall receive travel expenses, including per diem
25 in lieu of subsistence, in accordance with sec-

1 tions 5702 and 5703 of title 5, United States
2 Code.

3 (F) QUORUM.—Eight members of the
4 Panel shall constitute a quorum but a lesser
5 number may hold hearings.

6 (G) CHAIRPERSON.—The Chairperson of
7 the Panel shall be designated by the President.
8 The term of office of the Chairperson shall be
9 4 years.

10 (H) MEETINGS.—The Panel shall meet at
11 least quarterly and at other times at the call of
12 the Chairperson or a majority of its members.

13 (4) DIRECTOR AND STAFF OF PANEL; EXPERTS
14 AND CONSULTANTS.—

15 (A) DIRECTOR.—The Panel shall have a
16 Director who shall be appointed by the Commis-
17 sioner and paid at a rate, and in a manner,
18 that is consistent with guidelines established
19 under section 7 of the Federal Advisory Com-
20 mittee Act (5 U.S.C. App.).

21 (B) STAFF.—Subject to rules prescribed
22 by the Commissioner, the Director may appoint
23 and fix the pay of additional personnel as the
24 Director considers appropriate.

1 (C) EXPERTS AND CONSULTANTS.—Sub-
2 ject to rules prescribed by the Commissioner,
3 the Director may procure temporary and inter-
4 mittent services under section 3109(b) of title
5 5, United States Code.

6 (D) STAFF OF FEDERAL AGENCIES.—
7 Upon request of the Panel, the head of any
8 Federal department or agency may detail, on a
9 reimbursable basis, any of the personnel of that
10 department or agency to the Panel to assist it
11 in carrying out its duties under this subsection.

12 (5) POWERS OF PANEL.—

13 (A) HEARINGS AND SESSIONS.—The Panel
14 may, for the purpose of carrying out its duties
15 under this subsection, hold such hearings, sit
16 and act at such times and places, and take such
17 testimony and evidence as the Panel considers
18 appropriate.

19 (B) POWERS OF MEMBERS AND AGENTS.—
20 Any member or agent of the Panel may, if au-
21 thorized by the Panel, take any action which
22 the Panel is authorized to take by this sub-
23 section.

24 (C) MAILS.—The Panel may use the
25 United States mails in the same manner and

1 under the same conditions as other departments
2 and agencies of the United States.

3 (6) REPORTS.—

4 (A) INTERIM REPORTS.—The Panel shall
5 submit directly to the President and Congress
6 interim reports at least annually.

7 (B) FINAL REPORT.—The Panel shall
8 transmit a final report directly to the President
9 and Congress not later than 8 years after the
10 date of enactment of this Act. The final report
11 shall contain a detailed statement of the find-
12 ings and conclusions of the Panel, together with
13 its recommendations for legislation and admin-
14 istrative actions which the Panel considers ap-
15 propriate.

16 (7) TERMINATION.—The Panel shall terminate
17 30 days after the date of the submission of its final
18 report under paragraph (6)(B).

19 (8) ALLOCATION OF COSTS.—The costs of car-
20 rying out this subsection shall be paid from amounts
21 made available for the administration of title II of
22 the Social Security Act (42 U.S.C. 401 et seq.) and
23 amounts made available for the administration of
24 title XVI of that Act (42 U.S.C. 1381 et seq.), and

1 shall be allocated among those amounts as appro-
2 priate.

3 **Subtitle B—Elimination of Work** 4 **Disincentives**

5 **SEC. 211. WORK ACTIVITY STANDARD AS A BASIS FOR RE-** 6 **VIEW OF AN INDIVIDUAL'S DISABLED STATUS.**

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

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

14 “(A) no continuing disability review conducted
15 by the Commissioner may be scheduled for the indi-
16 vidual solely as a result of the individual's work ac-
17 tivity;

18 “(B) no work activity engaged in by the indi-
19 vidual may be used as evidence that the individual
20 is no longer disabled; and

21 “(C) no cessation of work activity by the indi-
22 vidual may give rise to a presumption that the indi-
23 vidual is unable to engage in work.

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

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

3 “(B) termination of benefits under this title in
4 the event that the individual has earnings that ex-
5 ceed the level of earnings established by the Com-
6 missioner to represent substantial gainful activity.”.

7 **SEC. 212. EXPEDITED REINSTATEMENT OF DISABILITY**
8 **BENEFITS.**

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

11 (1) by redesignating subsection (i) as subsection
12 (j); and

13 (2) by inserting after subsection (h) the fol-
14 lowing:

15 “Reinstatement of Entitlement

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

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

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

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

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

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

15 “(iii) the individual’s disability renders the indi-
16 vidual unable to perform substantial gainful activity.

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

24 “(ii) In the case of an individual who fails to file a
25 reinstatement request within the period prescribed in

1 clause (i), the Commissioner may extend the period if the
2 Commissioner determines that the individual had good
3 cause for the failure to so file.

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

7 “(ii) A request for reinstatement shall include express
8 declarations by the individual that the individual meets the
9 requirements specified in clauses (ii) and (iii) of para-
10 graph (1)(B).

11 “(B) A request for reinstatement filed in accordance
12 with subparagraph (A) may constitute an application for
13 benefits in the case of any individual who the Commis-
14 sioner determines is not entitled to reinstated benefits
15 under this subsection.

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

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

23 “(ii) An individual whose entitlement to a benefit for
24 any month would have been reinstated under this sub-
25 section had the individual filed a request for reinstatement

1 before the end of such month shall be entitled to such ben-
2 efit for such month if such request for reinstatement is
3 filed before the end of the twelfth month immediately suc-
4 ceeding such month.

5 “(B)(i) Subject to clauses (ii) and (iii), the amount
6 of the benefit payable for any month pursuant to the rein-
7 statement of entitlement under this subsection shall be de-
8 termined in accordance with the provisions of this title.

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

16 “(iii) Benefits under this section or section 202 pay-
17 able for any month pursuant to a request for reinstate-
18 ment filed in accordance with paragraph (2) shall be re-
19 duced by the amount of any provisional benefit paid to
20 such individual for such month under paragraph (7).

21 “(C) No benefit shall be payable pursuant to an enti-
22 tlement reinstated under this subsection to an individual
23 for any month in which the individual engages in substan-
24 tial gainful activity.

1 “(D) The entitlement of any individual that is rein-
2 stated under this subsection shall end with the benefits
3 payable for the month preceding whichever of the following
4 months is the earliest:

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

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

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

10 “(5) Whenever an individual’s entitlement to benefits
11 under this section is reinstated under this subsection, enti-
12 tlement to benefits payable on the basis of such individ-
13 ual’s wages and self-employment income may be reinstated
14 with respect to any person previously entitled to such ben-
15 efits on the basis of an application if the Commissioner
16 determines that such person satisfies all the requirements
17 for entitlement to such benefits except requirements re-
18 lated to the filing of an application. The provisions of
19 paragraph (4) shall apply to the reinstated entitlement of
20 any such person to the same extent that they apply to
21 the reinstated entitlement of such individual.

22 “(6) An individual to whom benefits are payable
23 under this section or section 202 pursuant to a reinstate-
24 ment of entitlement under this subsection for 24 months
25 (whether or not consecutive) shall, with respect to benefits

1 so payable after such twenty-fourth month, be deemed for
2 purposes of paragraph (1)(B)(i)(I) and the determination,
3 if appropriate, of the termination month in accordance
4 with subsection (a)(1) of this section, or subsection (d)(1),
5 (e)(1), or (f)(1) of section 202, to be entitled to such bene-
6 fits on the basis of an application filed therefore.

7 “(7)(A) An individual described in paragraph (1)(B)
8 who files a request for reinstatement in accordance with
9 the provisions of paragraph (2)(A) shall be entitled to pro-
10 visional benefits payable in accordance with this para-
11 graph, unless the Commissioner determines that the indi-
12 vidual does not meet the requirements of paragraph
13 (1)(B)(i) or that the individual’s declaration under para-
14 graph (2)(A)(ii) is false. Any such determination by the
15 Commissioner shall be final and not subject to review
16 under subsection (b) or (g) of section 205.

17 “(B) The amount of a provisional benefit for a month
18 shall equal the amount of the last monthly benefit payable
19 to the individual under this title on the basis of an applica-
20 tion increased by an amount equal to the amount, if any,
21 by which such last monthly benefit would have been in-
22 creased as a result of the operation of section 215(i).

23 “(C)(i) Provisional benefits shall begin with the
24 month in which a request for reinstatement is filed in ac-
25 cordance with paragraph (2)(A).

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

3 “(I) the month in which the Commissioner
4 makes a determination regarding the individual’s en-
5 titlement to reinstated benefits;

6 “(II) the fifth month following the month de-
7 scribed in clause (i);

8 “(III) the month in which the individual per-
9 forms substantial gainful activity; or

10 “(IV) the month in which the Commissioner de-
11 termines that the individual does not meet the re-
12 quirements of paragraph (1)(B)(i) or that the indi-
13 vidual’s declaration made in accordance with para-
14 graph (2)(A)(ii) is false.

15 “(D) In any case in which the Commissioner deter-
16 mines that an individual is not entitled to reinstated bene-
17 fits, any provisional benefits paid to the individual under
18 this paragraph shall not be subject to recovery as an over-
19 payment unless the Commissioner determines that the in-
20 dividual knew or should have known that the individual
21 did not meet the requirements of paragraph (1)(B).”.

22 (b) SSI BENEFITS.—

23 (1) IN GENERAL.—Section 1631 of the Social
24 Security Act (42 U.S.C. 1383) is amended by add-
25 ing at the end the following:

1 that was the basis for the finding of blindness or
2 disability that gave rise to the eligibility described in
3 clause (i);

4 “(iii) the individual’s blindness or disability ren-
5 ders the individual unable to perform substantial
6 gainful activity; and

7 “(iv) the individual satisfies the nonmedical re-
8 quirements for eligibility for benefits under this title.

9 “(C)(i) Except as provided in clause (ii), the period
10 prescribed in this subparagraph with respect to an indi-
11 vidual is 60 consecutive months beginning with the month
12 following the most recent month for which the individual
13 was eligible for a benefit under this title (including section
14 1619) prior to the period of ineligibility described in sub-
15 paragraph (B)(i)(II).

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

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

24 “(ii) A request for reinstatement shall include express
25 declarations by the individual that the individual meets the

1 requirements specified in clauses (ii) through (iv) of para-
2 graph (1)(B).

3 “(B) A request for reinstatement filed in accordance
4 with subparagraph (A) may constitute an application for
5 benefits in the case of any individual who the Commis-
6 sioner determines is not eligible for reinstated benefits
7 under this subsection.

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

11 “(4)(A) Eligibility for benefits reinstated under this
12 subsection shall commence with the benefit payable for the
13 month following the month in which a request for rein-
14 statement is filed.

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

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

24 “(C) Except as otherwise provided in this subsection,
25 eligibility for benefits under this title reinstated pursuant

1 to a request filed under paragraph (2) shall be subject
2 to the same terms and conditions as eligibility established
3 pursuant to an application filed therefore.

4 “(5) Whenever an individual’s eligibility for benefits
5 under this title is reinstated under this subsection, eligi-
6 bility for such benefits shall be reinstated with respect to
7 the individual’s spouse if such spouse was previously an
8 eligible spouse of the individual under this title and the
9 Commissioner determines that such spouse satisfies all the
10 requirements for eligibility for such benefits except re-
11 quirements related to the filing of an application. The pro-
12 visions of paragraph (4) shall apply to the reinstated eligi-
13 bility of the spouse to the same extent that they apply
14 to the reinstated eligibility of such individual.

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

22 “(7)(A) An individual described in paragraph (1)(B)
23 who files a request for reinstatement in accordance with
24 the provisions of paragraph (2)(A) shall be eligible for pro-
25 visional benefits payable in accordance with this para-

1 graph, unless the Commissioner determines that the indi-
2 vidual does not meet the requirements of paragraph
3 (1)(B)(i) or that the individual's declaration under para-
4 graph (2)(A)(ii) is false. Any such determination by the
5 Commissioner shall be final and not subject to review
6 under paragraph (1) or (3) of subsection (c).

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

12 “(ii) If the individual has a spouse who was pre-
13 viously an eligible spouse of the individual under this title
14 and the Commissioner determines that such spouse satis-
15 fies all the requirements of section 1614(b) except require-
16 ments related to the filing of an application, the amount
17 of a provisional benefit for a month shall equal the amount
18 of the month benefit that would be payable to an eligible
19 individual and eligible spouse under this title with the
20 same kind and amount of income.

21 “(C)(i) Provisional benefits shall begin with the
22 month following the month in which a request for rein-
23 statement is filed in accordance with paragraph (2)(A).

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

1 “(I) the month in which the Commissioner
2 makes a determination regarding the individual’s eli-
3 gibility for reinstated benefits;

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

7 “(III) the month in which the Commissioner de-
8 termines that the individual does not meet the re-
9 quirements of paragraph (1)(B)(i) or that the indi-
10 vidual’s declaration made in accordance with para-
11 graph (2)(A)(ii) is false.

12 “(D) In any case in which the Commissioner deter-
13 mines that an individual is not eligible for reinstated bene-
14 fits, any provisional benefits paid to the individual under
15 this paragraph shall not be subject to recovery as an over-
16 payment unless the Commissioner determines that the in-
17 dividual knew or should have known that the individual
18 did not meet the requirements of paragraph (1)(B).

19 “(8) For purposes of this subsection other than para-
20 graph (7), the term ‘benefits under this title’ includes
21 State supplementary payments made pursuant to an
22 agreement under section 1616(a) or section 212(b) of
23 Public Law 93-66.”.

24 (2) CONFORMING AMENDMENTS.—

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

7 (B) Section 1631(j)(2)(A)(i)(I) of such Act
8 (42 U.S.C. 1383(j)(2)(A)(i)(I)) is amended by
9 inserting “(other than pursuant to a request for
10 reinstatement under subsection (p))” after “eli-
11 gible”.

12 (c) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by
14 this section shall take effect on the first day of the
15 thirteenth month beginning after the date of enact-
16 ment of this Act.

17 (2) LIMITATION.—No benefit shall be payable
18 under title II or XVI of the Social Security Act on
19 the basis of a request for reinstatement filed under
20 section 223(i) or 1631(p) of such Act before the ef-
21 fective date described in paragraph (1).

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

3 **SEC. 221. WORK INCENTIVES OUTREACH PROGRAM.**

4 Part A of title XI of the Social Security Act (42
 5 U.S.C. 1301 et seq.), as amended by section 201, is
 6 amended by adding after section 1148 the following:

7 “WORK INCENTIVES OUTREACH PROGRAM

8 “SEC. 1149. (a) ESTABLISHMENT.—

9 “(1) IN GENERAL.—The Commissioner, in con-
 10 sultation with the Work Incentives Advisory Panel
 11 established under section 201(f) of the Work Incen-
 12 tives Improvement Act of 1999, shall establish a
 13 community-based work incentives planning and as-
 14 sistance program for the purpose of disseminating
 15 accurate information to disabled beneficiaries on
 16 work incentives programs and issues related to such
 17 programs.

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

22 “(A) establish a competitive program of
 23 grants, cooperative agreements, or contracts to
 24 provide benefits planning and assistance, in-
 25 cluding information on the availability of pro-

1 tection and advocacy services, to disabled bene-
2 ficiaries, including individuals participating in
3 the Ticket to Work and Self-Sufficiency Pro-
4 gram established under section 1148, the pro-
5 gram established under section 1619, and other
6 programs that are designed to encourage dis-
7 abled beneficiaries to work;

8 “(B) conduct directly, or through grants,
9 cooperative agreements, or contracts, ongoing
10 outreach efforts to disabled beneficiaries (and
11 to the families of such beneficiaries) who are
12 potentially eligible to participate in Federal or
13 State work incentive programs that are de-
14 signed to assist disabled beneficiaries to work,
15 including—

16 “(i) preparing and disseminating in-
17 formation explaining such programs; and

18 “(ii) working in cooperation with
19 other Federal, State, and private agencies
20 and nonprofit organizations that serve dis-
21 abled beneficiaries, and with agencies and
22 organizations that focus on vocational re-
23 habilitation and work-related training and
24 counseling;

1 “(C) establish a corps of trained, acces-
2 sible, and responsive work incentives specialists
3 within the Social Security Administration who
4 will specialize in disability work incentives
5 under titles II and XVI for the purpose of dis-
6 seminating accurate information with respect to
7 inquiries and issues relating to work incentives
8 to—

9 “(i) disabled beneficiaries;

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

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

15 “(D) provide—

16 “(i) training for work incentives spe-
17 cialists and individuals providing planning
18 assistance described in subparagraph (C);
19 and

20 “(ii) technical assistance to organiza-
21 tions and entities that are designed to en-
22 courage disabled beneficiaries to return to
23 work.

24 “(3) COORDINATION WITH OTHER PRO-
25 GRAMS.—The responsibilities of the Commissioner

1 established under this section shall be coordinated
2 with other public and private programs that provide
3 information and assistance regarding rehabilitation
4 services and independent living supports and bene-
5 fits planning for disabled beneficiaries including the
6 program under section 1619, the plans for achieving
7 self-support program (PASS), and any other Federal
8 or State work incentives programs that are designed
9 to assist disabled beneficiaries, including educational
10 agencies that provide information and assistance re-
11 garding rehabilitation, school-to-work programs,
12 transition services (as defined in, and provided in ac-
13 cordance with, the Individuals with Disabilities Edu-
14 cation Act (20 U.S.C. 1400 et seq.)), a one-stop de-
15 livery system established under subtitle B of title I
16 of the Workforce Investment Act of 1998, and other
17 services.

18 “(b) CONDITIONS.—

19 “(1) SELECTION OF ENTITIES.—

20 “(A) APPLICATION.—An entity shall sub-
21 mit an application for a grant, cooperative
22 agreement, or contract to provide benefits plan-
23 ning and assistance to the Commissioner at
24 such time, in such manner, and containing such
25 information as the Commissioner may deter-

1 mine is necessary to meet the requirements of
2 this section.

3 “(B) STATEWIDENESS.—The Commis-
4 sioner shall ensure that the planning, assist-
5 ance, and information described in paragraph
6 (2) shall be available on a statewide basis.

7 “(C) ELIGIBILITY OF STATES AND PRI-
8 VATE ORGANIZATIONS.—

9 “(i) IN GENERAL.—The Commissioner
10 may award a grant, cooperative agreement,
11 or contract under this section to a State or
12 a private agency or organization (other
13 than Social Security Administration Field
14 Offices and the State agency administering
15 the State medicaid program under title
16 XIX, including any agency or entity de-
17 scribed in clause (ii), that the Commis-
18 sioner determines is qualified to provide
19 the planning, assistance, and information
20 described in paragraph (2)).

21 “(ii) AGENCIES AND ENTITIES DE-
22 SCRIBED.—The agencies and entities de-
23 scribed in this clause are the following:

24 “(I) Any public or private agency
25 or organization (including Centers for

1 Independent Living established under
2 title VII of the Rehabilitation Act of
3 1973, protection and advocacy organi-
4 zations, client assistance programs es-
5 tablished in accordance with section
6 112 of the Rehabilitation Act of 1973,
7 and State Developmental Disabilities
8 Councils established in accordance
9 with section 124 of the Developmental
10 Disabilities Assistance and Bill of
11 Rights Act (42 U.S.C. 6024)) that the
12 Commissioner determines satisfies the
13 requirements of this section.

14 “(II) The State agency admin-
15 istering the State program funded
16 under part A of title IV.

17 “(D) EXCLUSION FOR CONFLICT OF IN-
18 TEREST.—The Commissioner may not award a
19 grant, cooperative agreement, or contract under
20 this section to any entity that the Commissioner
21 determines would have a conflict of interest if
22 the entity were to receive a grant, cooperative
23 agreement, or contract under this section.

24 “(2) SERVICES PROVIDED.—A recipient of a
25 grant, cooperative agreement, or contract to provide

1 benefits planning and assistance shall select individ-
2 uals who will act as planners and provide informa-
3 tion, guidance, and planning to disabled beneficiaries
4 on the—

5 “(A) availability and interrelation of any
6 Federal or State work incentives programs de-
7 signed to assist disabled beneficiaries that the
8 individual may be eligible to participate in;

9 “(B) adequacy of any health benefits cov-
10 erage that may be offered by an employer of
11 the individual and the extent to which other
12 health benefits coverage may be available to the
13 individual; and

14 “(C) availability of protection and advo-
15 cacy services for disabled beneficiaries and how
16 to access such services.

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

19 “(A) BASED ON POPULATION OF DIS-
20 ABLED BENEFICIARIES.—Subject to subpara-
21 graph (B), the Commissioner shall award a
22 grant, cooperative agreement, or contract under
23 this section to an entity based on the percent-
24 age of the population of the State where the en-
25 tity is located who are disabled beneficiaries.

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

5 “(ii) TOTAL AMOUNT FOR ALL
6 GRANTS, COOPERATIVE AGREEMENTS, AND
7 CONTRACTS.—The total amount of all
8 grants, cooperative agreements, and con-
9 tracts awarded under this section for a fis-
10 cal year may not exceed \$23,000,000.

11 “(4) ALLOCATION OF COSTS.—The costs of car-
12 rying out this section shall be paid from amounts
13 made available for the administration of title II and
14 amounts made available for the administration of
15 title XVI, and shall be allocated among those
16 amounts as appropriate.

17 “(c) DEFINITIONS.—In this section:

18 “(1) COMMISSIONER.—The term ‘Commis-
19 sioner’ means the Commissioner of Social Security.

20 “(2) DISABLED BENEFICIARY.—The term ‘dis-
21 abled beneficiary’ has the meaning given that term
22 in section 1148(k)(2).

23 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
24 is authorized to be appropriated to carry out this section
25 \$23,000,000 for each of fiscal years 2000 through 2004.”.

1 **SEC. 222. STATE GRANTS FOR WORK INCENTIVES ASSIST-**
2 **ANCE TO DISABLED BENEFICIARIES.**

3 Part A of title XI of the Social Security Act (42
4 U.S.C. 1301 et seq.), as amended by section 221, is
5 amended by adding after section 1149 the following:

6 “STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO
7 **DISABLED BENEFICIARIES**

8 “SEC. 1150. (a) **IN GENERAL.**—Subject to subsection
9 (c), the Commissioner may make payments in each State
10 to the protection and advocacy system established pursu-
11 ant to part C of title I of the Developmental Disabilities
12 Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.)
13 for the purpose of providing services to disabled bene-
14 ficiaries.

15 “(b) **SERVICES PROVIDED.**—Services provided to dis-
16 abled beneficiaries pursuant to a payment made under this
17 section may include—

18 “(1) information and advice about obtaining vo-
19 cational rehabilitation and employment services; and

20 “(2) advocacy or other services that a disabled
21 beneficiary may need to secure or regain gainful em-
22 ployment.

23 “(c) **APPLICATION.**—In order to receive payments
24 under this section, a protection and advocacy system shall
25 submit an application to the Commissioner, at such time,

1 in such form and manner, and accompanied by such infor-
2 mation and assurances as the Commissioner may require.

3 “(d) AMOUNT OF PAYMENTS.—

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

8 “(A) in the case of a protection and advo-
9 cacy system located in a State (including the
10 District of Columbia and Puerto Rico) other
11 than Guam, American Samoa, the United
12 States Virgin Islands, and the Commonwealth
13 of the Northern Mariana Islands, the greater
14 of—

15 “(i) \$100,000; or

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

19 “(B) in the case of a protection and advo-
20 cacy system located in Guam, American Samoa,
21 the United States Virgin Islands, and the Com-
22 monwealth of the Northern Mariana Islands,
23 \$50,000.

24 “(2) INFLATION ADJUSTMENT.—For each fiscal
25 year in which the total amount appropriated to carry

1 out this section exceeds the total amount appro-
2 priated to carry out this section in the preceding fis-
3 cal year, the Commissioner shall increase each min-
4 imum payment under subparagraphs (A) and (B) of
5 paragraph (1) by a percentage equal to the percent-
6 age increase in the total amount appropriated to
7 carry out this section between the preceding fiscal
8 year and the fiscal year involved.

9 “(e) ANNUAL REPORT.—Each protection and advo-
10 cacy system that receives a payment under this section
11 shall submit an annual report to the Commissioner and
12 the Work Incentives Advisory Panel established under sec-
13 tion 201(f) of the Work Incentives Improvement Act of
14 1999 on the services provided to individuals by the system.

15 “(f) FUNDING.—

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

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

1 advocacy system until the end of the succeeding fis-
2 cal year.

3 “(g) DEFINITIONS.—In this section:

4 “(1) COMMISSIONER.—The term ‘Commis-
5 sioner’ means the Commissioner of Social Security.

6 “(2) DISABLED BENEFICIARY.—The term ‘dis-
7 abled beneficiary’ has the meaning given that term
8 in section 1148(k)(2).

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

15 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
16 is authorized to be appropriated to carry out this section
17 \$7,000,000 for each of fiscal years 2000 through 2004.”.

18 **TITLE III—DEMONSTRATION**
19 **PROJECTS AND STUDIES**

20 **SEC. 301. PERMANENT EXTENSION OF DISABILITY INSUR-**
21 **ANCE PROGRAM DEMONSTRATION PROJECT**
22 **AUTHORITY.**

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

1 "DEMONSTRATION PROJECT AUTHORITY

2 "SEC. 234. (a) AUTHORITY.—

3 "(1) IN GENERAL.—The Commissioner of So-
4 cial Security (in this section referred to as the 'Com-
5 missioner') shall develop and carry out experiments
6 and demonstration projects designed to determine
7 the relative advantages and disadvantages of—

8 "(A) various alternative methods of treat-
9 ing the work activity of individuals entitled to
10 disability insurance benefits under section 223
11 or to monthly insurance benefits under section
12 202 based on such individual's disability (as de-
13 fined in section 223(d)), including such meth-
14 ods as a reduction in benefits based on earn-
15 ings, designed to encourage the return to work
16 of such individuals;

17 "(B) altering other limitations and condi-
18 tions applicable to such individuals (including
19 lengthening the trial work period (as defined in
20 section 222(c)), altering the 24-month waiting
21 period for hospital insurance benefits under sec-
22 tion 226, altering the manner in which the pro-
23 gram under this title is administered, earlier re-
24 ferral of such individuals for rehabilitation, and
25 greater use of employers and others to develop,

1 perform, and otherwise stimulate new forms of
2 rehabilitation); and

3 “(C) implementing sliding scale benefit off-
4 sets using variations in—

5 “(i) the amount of the offset as a pro-
6 portion of earned income;

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

9 “(iii) the method of determining the
10 amount of income earned by such individ-
11 uals,

12 to the end that savings will accrue to the Trust
13 Funds, or to otherwise promote the objectives or fa-
14 cilitate the administration of this title.

15 “(2) AUTHORITY FOR EXPANSION OF SCOPE.—

16 The Commissioner may expand the scope of any
17 such experiment or demonstration project to include
18 any group of applicants for benefits under the pro-
19 gram established under this title with impairments
20 that reasonably may be presumed to be disabling for
21 purposes of such demonstration project, and may
22 limit any such demonstration project to any such
23 group of applicants, subject to the terms of such
24 demonstration project which shall define the extent
25 of any such presumption.

1 “(b) REQUIREMENTS.—The experiments and dem-
2 onstration projects developed under subsection (a) shall be
3 of sufficient scope and shall be carried out on a wide
4 enough scale to permit a thorough evaluation of the alter-
5 native methods under consideration while giving assurance
6 that the results derived from the experiments and projects
7 will obtain generally in the operation of the disability in-
8 surance program under this title without committing such
9 program to the adoption of any particular system either
10 locally or nationally.

11 “(c) AUTHORITY TO WAIVE COMPLIANCE WITH
12 BENEFITS REQUIREMENTS.—In the case of any experi-
13 ment or demonstration project conducted under subsection
14 (a), the Commissioner may waive compliance with the ben-
15 efit requirements of this title, and the Secretary may
16 (upon the request of the Commissioner) waive compliance
17 with the benefits requirements of title XVIII, insofar as
18 is necessary for a thorough evaluation of the alternative
19 methods under consideration. No such experiment or
20 project shall be actually placed in operation unless at least
21 90 days prior thereto a written report, prepared for pur-
22 poses of notification and information only and containing
23 a full and complete description thereof, has been trans-
24 mitted by the Commissioner to the Committee on Ways
25 and Means of the House of Representatives and to the

1 Committee on Finance of the Senate. Periodic reports on
2 the progress of such experiments and demonstration
3 projects shall be submitted by the Commissioner to such
4 committees. When appropriate, such reports shall include
5 detailed recommendations for changes in administration
6 or law, or both, to carry out the objectives stated in sub-
7 section (a).

8 “(d) REPORTS.—

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

18 “(2) FINAL REPORTS.—Not later than 90 days
19 after the termination of any experiment or dem-
20 onstration project carried out under this section, the
21 Commissioner shall submit to the Committee on
22 Ways and Means of the House of Representatives
23 and to the Committee on Finance of the Senate a
24 final report with respect to that experiment and
25 demonstration project.”.

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

3 (1) CONFORMING AMENDMENTS.—

4 (A) REPEAL OF PRIOR AUTHORITY.—Para-
5 graphs (1) through (4) of subsection (a) and
6 subsection (c) of section 505 of the Social Secu-
7 rity Disability Amendments of 1980 (42 U.S.C.
8 1310 note) are repealed.

9 (B) CONFORMING AMENDMENT REGARD-
10 ING FUNDING.—Section 201(k) of the Social
11 Security Act (42 U.S.C. 401(k)) is amended by
12 striking “section 505(a) of the Social Security
13 Disability Amendments of 1980” and inserting
14 “section 234”.

15 (2) TRANSFER OF PRIOR AUTHORITY.—With
16 respect to any experiment or demonstration project
17 being conducted under section 505(a) of the Social
18 Security Disability Amendments of 1980 (42 U.S.C.
19 1310 note) as of the date of enactment of this Act,
20 the authority to conduct such experiment or dem-
21 onstration project (including the terms and condi-
22 tions applicable to the experiment or demonstration
23 project) shall be treated as if that authority (and
24 such terms and conditions) had been established

1 under section 234 of the Social Security Act, as
2 added by subsection (a).

3 **SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-**
4 **DUCTIONS IN DISABILITY INSURANCE BENE-**
5 **FITS BASED ON EARNINGS.**

6 (a) **AUTHORITY.**—The Commissioner of Social Secu-
7 rity shall conduct demonstration projects for the purpose
8 of evaluating, through the collection of data, a program
9 for title II disability beneficiaries (as defined in section
10 1148(k)(3) of the Social Security Act) under which each
11 \$1 of benefits payable under section 223, or under section
12 202 based on the beneficiary's disability, is reduced for
13 each \$2 of such beneficiary's earnings that is above a level
14 to be determined by the Commissioner. Such projects shall
15 be conducted at a number of localities which the Commis-
16 sioner shall determine is sufficient to adequately evaluate
17 the appropriateness of national implementation of such a
18 program. Such projects shall identify reductions in Fed-
19 eral expenditures that may result from the permanent im-
20 plementation of such a program.

21 (b) **SCOPE AND SCALE AND MATTERS TO BE DETER-**
22 **MINED.**—

23 (1) **IN GENERAL.**—The demonstration projects
24 developed under subsection (a) shall be of sufficient
25 duration, shall be of sufficient scope, and shall be

1 carried out on a wide enough scale to permit a thor-
2 ough evaluation of the project to determine—

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

6 (B) the extent, if any, to which the project
7 being tested is affected by whether it is in oper-
8 ation in a locality within an area under the ad-
9 ministration of the Ticket to Work and Self-
10 Sufficiency Program established under section
11 1148 of the Social Security Act; and

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

17 The Commissioner shall take into account advice
18 provided by the Work Incentives Advisory Panel pur-
19 suant to section 201(f)(2)(B)(ii).

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

22 (A) the annual cost (including net cost) of
23 the project and the annual cost (including net
24 cost) that would have been incurred in the ab-
25 sence of the project;

1 (B) the determinants of return to work, in-
2 cluding the characteristics of the beneficiaries
3 who participate in the project; and

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

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

11 (c) WAIVERS.—The Commissioner may waive compli-
12 ance with the benefit provisions of title II of the Social
13 Security Act, and the Secretary of Health and Human
14 Services may waive compliance with the benefit require-
15 ments of title XVIII of that Act, insofar as is necessary
16 for a thorough evaluation of the alternative methods under
17 consideration. No such project shall be actually placed in
18 operation unless at least 90 days prior thereto a written
19 report, prepared for purposes of notification and informa-
20 tion only and containing a full and complete description
21 thereof, has been transmitted by the Commissioner to the
22 Committee on Ways and Means of the House of Rep-
23 resentatives and to the Committee on Finance of the Sen-
24 ate. Periodic reports on the progress of such projects shall
25 be submitted by the Commissioner to such committees.

1 When appropriate, such reports shall include detailed rec-
2 ommendations for changes in administration or law, or
3 both, to carry out the objectives stated in subsection (a).

4 (d) INTERIM REPORTS.—Not later than 2 years after
5 the date of enactment of this Act, and annually thereafter,
6 the Commissioner of Social Security shall submit to Con-
7 gress an interim report on the progress of the demonstra-
8 tion projects carried out under this subsection together
9 with any related data and materials that the Commis-
10 sioner of Social Security may consider appropriate.

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

15 (f) EXPENDITURES.—Expenditures made for dem-
16 onstration projects under this section shall be made from
17 the Federal Disability Insurance Trust Fund and the Fed-
18 eral Old-Age and Survivors Insurance Trust Fund, as de-
19 termined appropriate by the Commissioner of Social Secu-
20 rity, and from the Federal Hospital Insurance Trust Fund
21 and the Federal Supplementary Medical Insurance Trust
22 Fund, as determined appropriate by the Secretary of
23 Health and Human Services, to the extent provided in ad-
24 vance in appropriation Acts.

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

2 (a) STUDY BY GENERAL ACCOUNTING OFFICE OF
3 EXISTING DISABILITY-RELATED EMPLOYMENT INCEN-
4 TIVES.—

5 (1) STUDY.—As soon as practicable after the
6 date of enactment of this Act, the Comptroller Gen-
7 eral of the United States shall undertake a study to
8 assess existing tax credits and other disability-re-
9 lated employment incentives under the Americans
10 with Disabilities Act of 1990 and other Federal
11 laws. In such study, the Comptroller General shall
12 specifically address the extent to which such credits
13 and other incentives would encourage employers to
14 hire and retain individuals with disabilities.

15 (2) REPORT.—Not later than 3 years after the
16 date of enactment of this Act, the Comptroller Gen-
17 eral shall transmit to the Committee on Ways and
18 Means of the House of Representatives and the
19 Committee on Finance of the Senate a written re-
20 port presenting the results of the Comptroller Gen-
21 eral's study conducted pursuant to this subsection,
22 together with such recommendations for legislative
23 or administrative changes as the Comptroller Gen-
24 eral determines are appropriate.

25 (b) STUDY BY GENERAL ACCOUNTING OFFICE OF
26 EXISTING COORDINATION OF THE DI AND SSI PROGRAMS

1 AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAV-
2 ING CONCURRENT ENTITLEMENT.—

3 (1) STUDY.—As soon as practicable after the
4 date of enactment of this Act, the Comptroller Gen-
5 eral of the United States shall undertake a study to
6 evaluate the coordination under current law of the
7 disability insurance program under title II of the So-
8 cial Security Act and the supplemental security in-
9 come program under title XVI of that Act, as such
10 programs relate to individuals entering or leaving
11 concurrent entitlement under such programs. In
12 such study, the Comptroller General shall specifically
13 address the effectiveness of work incentives under
14 such programs with respect to such individuals and
15 the effectiveness of coverage of such individuals
16 under titles XVIII and XIX of the Social Security
17 Act.

18 (2) REPORT.—Not later than 3 years after the
19 date of enactment of this Act, the Comptroller Gen-
20 eral shall transmit to the Committee on Ways and
21 Means of the House of Representatives and the
22 Committee on Finance of the Senate a written re-
23 port presenting the results of the Comptroller Gen-
24 eral's study conducted pursuant to this subsection,
25 together with such recommendations for legislative

1 or administrative changes as the Comptroller Gen-
2 eral determines are appropriate.

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

6 (1) STUDY.—As soon as practicable after the
7 date of enactment of this Act, the Comptroller Gen-
8 eral of the United States shall undertake a study of
9 the substantial gainful activity level applicable as of
10 that date to recipients of benefits under section 223
11 of the Social Security Act (42 U.S.C. 423) and
12 under section 202 of that Act (42 U.S.C. 402) on
13 the basis of a recipient having a disability, and the
14 effect of such level as a disincentive for those recipi-
15 ents to return to work. In the study, the Comptroller
16 General also shall address the merits of increasing
17 the substantial gainful activity level applicable to
18 such recipients of benefits and the rationale for not
19 yearly indexing that level to inflation.

20 (2) REPORT.—Not later than 2 years after the
21 date of enactment of this Act, the Comptroller Gen-
22 eral shall transmit to the Committee on Ways and
23 Means of the House of Representatives and the
24 Committee on Finance of the Senate a written re-
25 port presenting the results of the Comptroller Gen-

1 eral's study conducted pursuant to this subsection,
2 together with such recommendations for legislative
3 or administrative changes as the Comptroller Gen-
4 eral determines are appropriate.

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

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

16 (2) with respect to each such disregard—

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

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

22 (3) with respect to the disregard described in
23 section 1612(b)(7) of the Social Security Act (42
24 U.S.C. 1382a(b)(7)) (relating to grants, scholar-
25 ships, or fellowships received for use in paying the

1 cost of tuition and fees at any educational (including
2 technical or vocational education) institution)—

3 (A) identifies the number of individuals re-
4 ceiving benefits under title XVI of such Act (42
5 U.S.C. 1381 et seq.) who have attained age 22
6 and have not had any portion of any grant,
7 scholarship, or fellowship received for use in
8 paying the cost of tuition and fees at any edu-
9 cational (including technical or vocational edu-
10 cation) institution excluded from their income
11 in accordance with that section;

12 (B) recommends whether the age at which
13 such grants, scholarships, or fellowships are ex-
14 cluded from income for purposes of determining
15 eligibility under title XVI of the Social Security
16 Act should be increased to age 25; and

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

1 **TITLE IV—MISCELLANEOUS AND**
2 **TECHNICAL AMENDMENTS**

3 **SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG**
4 **ADDICTS AND ALCOHOLICS.**

5 (a) CLARIFICATION RELATING TO THE EFFECTIVE
6 DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY
7 BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.—Sec-
8 tion 105(a)(5) of the Contract with America Advancement
9 Act of 1996 (Public Law 104–121; 110 Stat. 853) is
10 amended—

11 (1) in subparagraph (A), by striking “by the
12 Commissioner of Social Security” and “by the Com-
13 missioner”; and

14 (2) by adding at the end the following:

15 “(D) For purposes of this paragraph, an
16 individual’s claim, with respect to benefits
17 under title II of the Social Security Act based
18 on disability, which has been denied in whole
19 before the date of enactment of this Act, may
20 not be considered to be finally adjudicated be-
21 fore such date if, on or after such date—

22 “(i) there is pending a request for ei-
23 ther administrative or judicial review with
24 respect to such claim, or

1 “(ii) there is pending, with respect to
2 such claim, a readjudication by the Com-
3 missioner of Social Security pursuant to
4 relief in a class action or implementation
5 by the Commissioner of a court remand
6 order.

7 “(E) Notwithstanding the provisions of
8 this paragraph, with respect to any individual
9 for whom the Commissioner of Social Security
10 does not perform the entitlement redetermina-
11 tion before the date prescribed in subparagraph
12 (C), the Commissioner shall perform such enti-
13 tlement redetermination in lieu of a continuing
14 disability review whenever the Commissioner de-
15 termines that the individual’s entitlement is
16 subject to redetermination based on the pre-
17 ceding provisions of this paragraph, and the
18 provisions of section 223(f) of the Social Secu-
19 rity Act shall not apply to such redetermina-
20 tion.”.

21 (b) CORRECTION TO EFFECTIVE DATE OF PROVI-
22 SIONS CONCERNING REPRESENTATIVE PAYEES AND
23 TREATMENT REFERRALS OF SOCIAL SECURITY BENE-
24 FIICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—
25 Section 105(a)(5)(B) of the Contract with America Ad-

1 vancement Act of 1996 (42 U.S.C. 405 note) is amended
2 to read as follows:

3 “(B) The amendments made by para-
4 graphs (2) and (3) shall take effect on July 1,
5 1996, with respect to any individual—

6 “(i) whose claim for benefits is finally
7 adjudicated on or after the date of enact-
8 ment of this Act; or

9 “(ii) whose entitlement to benefits is
10 based on an entitlement redetermination
11 made pursuant to subparagraph (C).”.

12 (c) **EFFECTIVE DATES.**—The amendments made by
13 this section shall take effect as if included in the enact-
14 ment of section 105 of the Contract with America Ad-
15 vancement Act of 1996 (Public Law 104–121; 110 Stat.
16 852 et seq.).

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

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

20 (1) **IN GENERAL.**—Section 202(x)(3) of the So-
21 cial Security Act (42 U.S.C. 402(x)(3)) is
22 amended—

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

24 (B) by adding at the end the following:

1 “(B)(i) The Commissioner shall enter into an agree-
2 ment under this subparagraph with any interested State
3 or local institution comprising a jail, prison, penal institu-
4 tion, or correctional facility, or comprising any other insti-
5 tution a purpose of which is to confine individuals as de-
6 scribed in paragraph (1)(A)(ii). Under such agreement—

7 “(I) the institution shall provide to the Com-
8 missioner, on a monthly basis and in a manner spec-
9 ified by the Commissioner, the names, Social Secu-
10 rity account numbers, dates of birth, confinement
11 commencement dates, and, to the extent available to
12 the institution, such other identifying information
13 concerning the individuals confined in the institution
14 as the Commissioner may require for the purpose of
15 carrying out paragraph (1); and

16 “(II) the Commissioner shall pay to the institu-
17 tion, with respect to information described in sub-
18 clause (I) concerning each individual who is confined
19 therein as described in paragraph (1)(A), who re-
20 ceives a benefit under this title for the month pre-
21 ceding the first month of such confinement, and
22 whose benefit under this title is determined by the
23 Commissioner to be not payable by reason of con-
24 finement based on the information provided by the
25 institution, \$400 (subject to reduction under clause

1 (ii) if the institution furnishes the information to
2 the Commissioner within 30 days after the date such
3 individual's confinement in such institution begins,
4 or \$200 (subject to reduction under clause (ii)) if
5 the institution furnishes the information after 30
6 days after such date but within 90 days after such
7 date.

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

13 "(iii) There is authorized to be transferred from the
14 Federal Old-Age and Survivors Insurance Trust Fund and
15 the Federal Disability Insurance Trust Fund, as appro-
16 priate, such sums as may be necessary to enable the Com-
17 missioner to make payments to institutions required by
18 clause (i)(II).

19 "(iv) The Commissioner is authorized to provide, on
20 a reimbursable basis, information obtained pursuant to
21 agreements entered into under clause (i) to any agency
22 administering a Federal or federally assisted cash, food,
23 or medical assistance program for eligibility purposes."

1 (2) CONFORMING AMENDMENT TO THE PRI-
2 VACY ACT.—Section 552a(a)(8)(B) of title 5, United
3 States Code, is amended—

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

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

8 (C) by adding at the end the following:

9 “(viii) matches performed pursuant to
10 section 202(x)(3)(B) or 1611(e)(1)(I) of
11 the Social Security Act (42 U.S.C.
12 402(x)(3)(B), 1382(e)(1)(I));”.

13 (3) EFFECTIVE DATE.—The amendments made
14 by this subsection shall apply to individuals whose
15 period of confinement in an institution commences
16 on or after the first day of the fourth month begin-
17 ning after the month in which this Act is enacted.

18 (b) ELIMINATION OF TITLE II REQUIREMENT THAT
19 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-
20 PRISONMENT FOR MORE THAN 1 YEAR.—

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

24 (A) in the matter preceding clause (i), by
25 striking “during” and inserting “throughout”;

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

5 (C) in clause (ii)(I), by striking “an of-
6 fense punishable by imprisonment for more
7 than 1 year” and inserting “a criminal of-
8 fense”.

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

14 (c) CONFORMING TITLE XVI AMENDMENTS.—

15 (1) FIFTY PERCENT REDUCTION IN TITLE XVI
16 PAYMENT IN CASE INVOLVING COMPARABLE TITLE II
17 PAYMENT.—Section 1611(e)(1)(I) of the Social Se-
18 curity Act (42 U.S.C. 1382(e)(1)(I)) is amended—

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

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

24 (C) by inserting after clause (i) the fol-
25 lowing:

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

6 (2) EXPANSION OF CATEGORIES OF INSTITU-
7 TIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH
8 THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of
9 the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i))
10 is amended in the matter preceding subclause (I) by
11 striking “institution” and all that follows through
12 “section 202(x)(1)(A),” and inserting “institution
13 comprising a jail, prison, penal institution, or correc-
14 tional facility, or with any other interested State or
15 local institution a purpose of which is to confine in-
16 dividuals as described in section 202(x)(1)(A)(ii).”.

17 (3) ELIMINATION OF OVERLY BROAD EXEMP-
18 TION.—Section 1611(e)(1)(I)(iii) of such Act (42
19 U.S.C. 1382(e)(1)(I)(iii)) (as redesignated by para-
20 graph (1)(B), is amended by striking “(I) The provi-
21 sions” and all that follows through “(II)”.

22 (4) EFFECTIVE DATE.—The amendments made
23 by this subsection shall take effect as if included in
24 the enactment of section 203(a) of the Personal Re-
25 sponsibility and Work Opportunity Reconciliation

1 Act of 1996 (Public Law 104–193; 110 Stat. 2186).

2 The reference to section 202(x)(1)(A)(ii) of the So-

3 cial Security Act in section 1611(e)(1)(I)(i) of the

4 Social Security Act as amended by paragraph (2)

5 shall be deemed a reference to such section

6 202(x)(1)(A)(ii) as amended by subsection (b)(1)(C).

7 (d) CONTINUED DENIAL OF BENEFITS TO SEX OF-

8 FENDERS REMAINING CONFINED TO PUBLIC INSTITU-

9 TIONS UPON COMPLETION OF PRISON TERM.—

10 (1) IN GENERAL.—Section 202(x)(1)(A) of the

11 Social Security Act (42 U.S.C. 402(x)(1)(A)) is

12 amended—

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

14 end;

15 (B) in clause (ii)(IV), by striking the pe-

16 riod and inserting “, or”; and

17 (C) by adding at the end the following:

18 “(iii) immediately upon completion of confine-

19 ment as described in clause (i) pursuant to convic-

20 tion of a criminal offense an element of which is sex-

21 ual activity, is confined by court order in an institu-

22 tion at public expense pursuant to a finding that the

23 individual is a sexually dangerous person or a sexual

24 predator or a similar finding.”.

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

5 (3) EFFECTIVE DATE.—The amendments made
6 by this subsection shall apply with respect to bene-
7 fits for months ending after the date of enactment
8 of this Act.

9 **SEC. 403. REVOCATION BY MEMBERS OF THE CLERGY OF**
10 **EXEMPTION FROM SOCIAL SECURITY COV-**
11 **ERAGE.**

12 (a) IN GENERAL.—Notwithstanding section
13 1402(e)(4) of the Internal Revenue Code of 1986, any ex-
14 emption which has been received under section 1402(e)(1)
15 of such Code by a duly ordained, commissioned, or li-
16 censed minister of a church, a member of a religious order,
17 or a Christian Science practitioner, and which is effective
18 for the taxable year in which this Act is enacted, may be
19 revoked by filing an application therefore (in such form
20 and manner, and with such official, as may be prescribed
21 by the Commissioner of the Internal Revenue Service), if
22 such application is filed no later than the due date of the
23 Federal income tax return (including any extension there-
24 of) for the applicant’s second taxable year beginning after
25 December 31, 1999. Any such revocation shall be effective

1 (for purposes of chapter 2 of the Internal Revenue Code
2 of 1986 and title II of the Social Security Act), as speci-
3 fied in the application, either with respect to the appli-
4 cant's first taxable year beginning after December 31,
5 1999, or with respect to the applicant's second taxable
6 year beginning after such date, and for all succeeding tax-
7 able years; and the applicant for any such revocation may
8 not thereafter again file application for an exemption
9 under such section 1402(e)(1). If the application is filed
10 after the due date of the applicant's Federal income tax
11 return for a taxable year and is effective with respect to
12 that taxable year, it shall include or be accompanied by
13 payment in full of an amount equal to the total of the
14 taxes that would have been imposed by section 1401 of
15 the Internal Revenue Code of 1986 with respect to all of
16 the applicant's income derived in that taxable year which
17 would have constituted net earnings from self-employment
18 for purposes of chapter 2 of such Code (notwithstanding
19 paragraph (4) or (5) of section 1402(c) of such Code) ex-
20 cept for the exemption under section 1402(e)(1) of such
21 Code.

22 (b) EFFECTIVE DATE.—Subsection (a) shall apply
23 with respect to service performed (to the extent specified
24 in such subsection) in taxable years beginning after De-
25 cember 31, 1999, and with respect to monthly insurance

1 benefits payable under title II of the Social Security Act
2 on the basis of the wages and self-employment income of
3 any individual for months in or after the calendar year
4 in which such individual's application for revocation (as
5 described in such subsection) is effective (and lump-sum
6 death payments payable under such title on the basis of
7 such wages and self-employment income in the case of
8 deaths occurring in or after such calendar year).

9 **SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING**
10 **TO COOPERATIVE RESEARCH OR DEM-**
11 **ONSTRATION PROJECTS UNDER TITLES II**
12 **AND XVI.**

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

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

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

23 (a) **IN GENERAL.**—Section 1137(a)(3) of the Social
24 Security Act (42 U.S.C. 1320b–7(a)(3)) is amended by
25 inserting before the semicolon the following: “, and except

1 that in the case of wage reports with respect to domestic
2 service employment, a State may permit employers (as so
3 defined) that make returns with respect to such employ-
4 ment on a calendar year basis pursuant to section 3510
5 of the Internal Revenue Code of 1986 to make such re-
6 ports on an annual basis”.

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

10 (1) by striking “(as defined in section
11 453A(a)(2)(B)(iii))”; and

12 (2) by inserting “(as defined in section
13 453A(a)(2)(B))” after “employers” .

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to wage reports required to be sub-
16 mitted on and after the date of enactment of this Act.

Passed the Senate June 16, 1999.

Attest:

Secretary.

106TH CONGRESS
1ST SESSION

S. 331

AN ACT

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.