TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT OF 1999

Volumes 1-2
H.R. 1180
PUBLIC LAW 106-170
106TH CONGRESS

REPORTS, BILLS,
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This 2-volume compilation contains historical documents pertaining to P.L. 106-170, the "Ticket to Work and Work Incentives Improvement Act of 1999."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.
TABLE OF CONTENTS

TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT OF 1999

Volume 1

I. House Action on H.R. 1180


B. Committee on Commerce House Report (to accompany H.R. 1180)

House Report No. 106-220 (Part I)—July 1, 1999

C. House Debate on H.R. 1180—Congressional Record—October 19, 1999

Request by Representative Archer to Suspend the Rules and Pass H.R. 1180

D. House Passed Bill—October 19, 1999

II. Senate Action on S. 331


B. Committee on Finance Senate Report (to accompany S. 331)

Senate Report No. 106-37—March 26, 1999

C. Committee on Finance Reported Bill—March 26, 1999

D. Amendment SP 671 submitted by Senator Roth, and agreed to in Senate—Congressional Record—June 16, 1999

E. Return to the Senate per the provisions of S. Res. 127—October 19, 1999

III. Senate Action on H.R. 1180

A. Senate Debate on H.R. 1180—Congressional Record—October 21, 1999

Senate struck the full text of H.R. 1180 and inserted in lieu thereof the language of S.331, as amended. Senate then passed H.R. 1180, as amended, requested conference with the House, and appointed conferees.

B. Senate-Passed H.R.1180—October 21, 1999
IV. Conference Action

A. Senate Appointed Conferees—Congressional Record—October 21, 1999

B. House Appointed Conferees—Congressional Record—October 28, 1999

C. Conference Report Filed


D. Senate Agreed to Conference Report—Congressional Record—November 19, 1999

E. House Agreed to Conference Report—Congressional Record—November 18, 1999

V. Public Law

A. Public Law 106-170, 106th Congress—December 17, 1999

B. President Clinton’s Signing Statement—December 17, 1999

APPENDIX

A. Letter to Jacob J. Lew, Director, Office of Management and Budget, from Kenneth Apfel, Commissioner of Social Security—November 23, 1999


1. H.R. 3070


   b. Committee on Ways and Means Report with amendment (to accompany H.R. 3070)

      House Report No. 106-393, Part I—October 18, 1999


2. H.R. 1091


2 of 3
3. S.86

4. H.R. 3433
   b. Committee on Ways and Means Report with amendment (to accompany H.R. 3433)
   c. Rules Committee Resolution to Provide for Consideration of H.R.3433
      House Resolution H. Res. 450—May 22, 1998

C. Legislative Bulletins

1. Legislative Bulletin 106-4—(SSA/ODCLCA), Senate Finance Committee Reports S. 331—March 26, 1999
2. Legislative Bulletin 106-7—(SSA/ODCLCA), House Committee on Commerce Approves H. 1180—May 28, 1999
3. Legislative Bulletin 106-10—(SSA/ODCLCA),Senate passes S.331—July 14, 1999
4. Legislative Bulletin 106-11—(SSA/ODCLCA), House Passes H.R. 1180—November 9, 1999
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. HOEFFEL, Mr. BOEHLEIT, 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 Representatives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

3 (a) SHORT TITLE.—This Act may be cited as the "Work Incentives Improvement Act of 1999".

4 (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.

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—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 attendant 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 \( \frac{1}{2} \) 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 and whose assets, resources, and earned or unearned income (or both) do not exceed such
(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);”.

•HR 1180 IH
(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), 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 offi-
cial poverty line (referred to in subsection (c)(1)) ap-
plicable to a family of the size involved.”.

(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 de-
scribed 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.—


(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.
1  SEC. 102. CONTINUATION OF MEDICARE COVERAGE FOR
2  WORKING INDIVIDUALS WITH DISABILITIES.
3
4  (a) CONTINUATION OF COVERAGE.—
5  (1) IN GENERAL.—Section 226 of the Social
6  Security Act (42 U.S.C. 426) is amended—
7  (A) in the third sentence of subsection (b),
8  by inserting "except as provided in subsection
9  (j)" after "but not in excess of 24 such
10  months"; and
11  (B) by adding at the end the following:
12  "(j) The 24-month limitation on deemed entitlement
13  under the third sentence of subsection (b) shall not
14  apply—
15  "(1) for months occurring during the 10-year
16  period beginning with the first month that begins
17  after the date of enactment of this subsection; and
18  "(2) for subsequent months, in the case of an
19  individual who was entitled to benefits under sub-
20  section (b) as of the last month of such 10-year pe-
21  riod and would continue (but for such 24-month lim-
22  itation) to be so entitled."
23  (2) CONFORMING AMENDMENT.—Section
24  1818A(a)(2)(C) of the Social Security Act (42
25  U.S.C. 1395i–2a(a)(2)(C)) is amended—
26  (A) by striking "solely"; and
(B) by inserting “or the expiration of the last month of the 10-year period described in section 226(j)” before the semicolon.

(b) GAO REPORT.—Not later than 8 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); and

(2) recommends whether that subsection should continue to be applied beyond the 10-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—

-HR 1180 IH
(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

•HR 1180 IH
(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 individ-
uals described in section
1396a(a)(10)(A)(ii)(XVI)).

(B) Award Limits.—

(i) Minimum Awards.—

(I) In General.—Subject to
subclause (II), no State with an ap-
proved 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 sub-
section (e) for a fiscal year are not
sufficient to pay each State with an
application approved under this sec-
tion 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 dis-
ability 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 appro-
priated 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 pre-
ceding 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 con-
stitutes budget authority in advance of appropria-
tions Acts and represents the obligation of the Fed-
eral 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—

•HR 1180 IH
(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 de-
(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, $70,000,000;

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

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

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

(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 $300,000,000; 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.).
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 Non-citizen 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 net-
work may not request or receive compensation for
such services from the beneficiary.

"(c) State Participation.—

"(1) In general.—Each State agency admin-
istering or supervising the administration of the
State plan approved under title I of the Rehabilita-
tion Act of 1973 may elect to participate in the Pro-
gram 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.—

•HR 1180 IH
"(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) 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 Re-
habilitation 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 pay-
ments 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 pro-
vided to any disabled beneficiary if such em-
ployment 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 agree-
ment.

"(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 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 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 em-
ployment 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 gov-
erning employment networks electing such sys-

tem under paragraph (1)(A) which meets the
requirements of this paragraph.

"(B) PAYMENTS MADE DURING OUTCOME
PAYMENT PERIOD.—The outcome payment sys-

tem 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 EM-

PLOYMENT NETWORK.—The payment schedule

•HR 1180 1H
of the outcome payment system shall be de-
dsigned so that—

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

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

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

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

“(B) EARLY PAYMENTS UPON ATTAIN-
MENT OF MILESTONES IN ADVANCE OF OUT-
COME PAYMENT PERIODS.—The outcome-mile-
stone 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 pay-
able to such individual by reason of en-
gagement 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 en-
gagement 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 per-
centage 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 de-
termines 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.

"(l) 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.

"(m) REAURATION OF PROGRAM.—

"(1) IN GENERAL.—The Program established under this section shall terminate on the date that is 5 years after the date that the Commissioner commences implementation of the Program.

"(2) ASSURANCE OF OUTCOME PAYMENT PERIOD.—Notwithstanding paragraph (1)—

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

"(B) any employment network that provides services to such an individual shall receive payments for such services, during the individual’s outcome payment period (as defined in paragraph (4)(B) of subsection (h), including any alteration of such period in accordance with paragraph (5) of that subsection).”.

(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 “(e)”; 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 individ-
uals 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 nec-

essary to implement the amendments made by this

section.

(2) SPECIFIC MATTERS TO BE INCLUDED IN

REGULATIONS.—The matters which shall be ad-

ressed 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 tick-

et, which shall incorporate by reference any

contractual terms governing service by employ-

ment 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 provi-
sion 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 Secretary of Health and Human Services, the Secretary of Labor, the Secretary of Education, 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 1145(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 by the Commissioner of Social Security in consultation with the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Majority Leader

•HR 1180 IH
of the Senate, and the Minority Leader 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 7 members of the Panel shall be individuals with disabilities or representatives of individuals with disabilities, except that, of those 7 members, at least 5 members shall be 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) 6 of the members appointed under subparagraph (A) shall be appointed for a term of 2 years; and

(II) 6 of the 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.—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 Commissioner. 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 to the President and Congress interim reports at least annually.

(B) FINAL REPORT.—The Panel shall transmit a final report 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 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 therefore; 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 ben-

efit for such month if such request for reinstatement is

filed before the end of the twelfth month immediately suc-

ceeding such month.

“(B)(i) Subject to clauses (ii) and (iii), the amount

of the benefit payable for any month pursuant to the rein-

statement of entitlement under this subsection shall be de-

termined in accordance with the provisions of this title.

“(ii) For purposes of computing the primary insur-

ance 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 pay-

able for any month pursuant to a request for reinstate-

ment filed in accordance with paragraph (2) shall be re-

duced 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 enti-
tlement reinstated under this subsection to an individual

for any month in which the individual engages in substan-
tial 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 en-
titlement to reinstated benefits;

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

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

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

“(D) In any case in which the Commissioner deter-
mines that an individual is not entitled to reinstated bene-
fits, any provisional benefits paid to the individual under
this paragraph shall not be subject to recovery as an over-
payment unless the Commissioner determines that the in-
dividual 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 add-
ing 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 ren-
ders the individual unable to perform substantial
gainful activity; and

"(iv) the individual satisfies the nonmedical re-
quirements 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 indi-
vidual 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 sub-
paragraph (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 para-

- HR 1180 IH
I graph, 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
“(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 pro-
tection and advocacy services, to disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1619, and other programs that are designed to encourage disabled beneficiaries to work;

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

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

"(ii) working in cooperation with other Federal, State, and private agencies and nonprofit organizations that serve disabled beneficiaries, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling;
"(C) establish a corps of trained, accessible, and responsive work incentives specialists within the Social Security Administration who will specialize in disability work incentives under titles II and XVI for the purpose of disseminating accurate information with respect to inquiries and issues relating to work incentives to—

"(i) disabled beneficiaries;

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

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

"(D) provide—

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

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

"(3) COORDINATION WITH OTHER PROGRAMS.—The responsibilities of the Commissioner
established under this section shall be coordinated
with other public and private programs that provide
information and assistance regarding rehabilitation
services and independent living supports and bene-
fits 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 re-
garding rehabilitation, school-to-work programs,
transition services (as defined in, and provided in ac-
cordance with, the Individuals with Disabilities Edu-
cation Act (20 U.S.C. 1400 et seq.)), a one-stop de-
livery 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 sub-
mit an application for a grant, cooperative
agreement, or contract to provide benefits plan-
ning and assistance to the Commissioner at
such time, in such manner, and containing such
information as the Commissioner may deter-
mine 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 individ-
uals who will act as planners and provide informa-
tion, guidance, and planning to disabled beneficiaries
on the—

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

“(B) adequacy of any health benefits cov-
erage 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 advo-
cacy services for disabled beneficiaries and how
to access such services.

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

“(A) BASED ON POPULATION OF DIS-
ABLED BENEFICIARIES.—Subject to subpara-
graph (B), the Commissioner shall award a
grant, cooperative agreement, or contract under
this section to an entity based on the percent-
age of the population of the State where the en-
tity 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).”
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 inform-
information and assurances as the Commissioner may require.

“(d) Amount of Payments.—

“(1) In General.—Subject to the amount ap-
propriated 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 advoca-
cy 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) ½ of 1 percent of the amount
available for payments under this section;
and

“(B) in the case of a protection and advoca-
cy system located in Guam, American Samoa,
the United States Virgin Islands, and the Com-
monwealth 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.—

"(A) IN GENERAL.—Subject to subparagraph (B), 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.

"(B) LIMITATION.—Payments under this section shall not exceed $7,000,000 for fiscal
year 2000, and such sums as may be necessary
for any fiscal year thereafter.

"(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 fis-
cal year.

"(g) DEFINITIONS.—In this section:

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

"(2) DISABLED BENEFICIARY.—The term ‘dis-
abled 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.).".
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 pur-
poses of notification and information only and containing
a full and complete description thereof, has been trans-
mitted 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 sub-
section (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 Commis-
sioner shall determine is sufficient to adequately evaluate
the appropriateness of national implementation of such a
program. Such projects shall identify reductions in Fed-
eral expenditures that may result from the permanent im-
plementation 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 thor-
ough 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 oper-
ation in a locality within an area under the ad-
ministration 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 pur-
suant 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 ab-
sence of the project;

(B) the determinants of return to work, in-
cluding 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 compli-
ance 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 require-
ments 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 Gen-
eral shall transmit to the Committee on Ways and
Means of the House of Representatives and the
Committee on Finance of the Senate a written re-
port presenting the results of the Comptroller Gen-
eral's study conducted pursuant to this subsection,
together with such recommendations for legislative
or administrative changes as the Comptroller Gen-
eral 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 Gen-
eral 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 ex-
cluded 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—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.—Sec-
tion 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 Com-
missioner”; 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 be-
fore such date if, on or after such date—

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

"(ii) there is pending, with respect to
such claim, a readjudication by the Com-
mmissioner 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 redetermi-
ation before the date prescribed in subparagraph
(C), the Commissioner shall perform such enti-
tlement redetermination in lieu of a continuing
disability review whenever the Commissioner de-
dtermines that the individual’s entitlement is
subject to redetermination based on the pre-
ceding provisions of this paragraph, and the
provisions of section 223(f) of the Social Secu-
(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.—

•HR 1180 IH
(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 (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 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 Security 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 there-
of) 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 speci-
fied in the application, either with respect to the appli-
cant’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 tax-
able 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

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.
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.

CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amendment</td>
<td>2</td>
</tr>
<tr>
<td>Purpose and Summary</td>
<td>2</td>
</tr>
<tr>
<td>Background and Need for Legislation</td>
<td>2</td>
</tr>
<tr>
<td>Hearings</td>
<td>6</td>
</tr>
<tr>
<td>Committee Consideration</td>
<td>7</td>
</tr>
<tr>
<td>Rollcall Votes</td>
<td>7</td>
</tr>
<tr>
<td>Committee Oversight Findings</td>
<td>7</td>
</tr>
<tr>
<td>Committee on Government Reform Oversight Findings</td>
<td>7</td>
</tr>
<tr>
<td>New Budget Authority, Entitlement Authority, and Tax Expenditures</td>
<td>7</td>
</tr>
<tr>
<td>Committee Cost Estimate</td>
<td>7</td>
</tr>
<tr>
<td>Congressional Budget Office Estimate</td>
<td>7</td>
</tr>
<tr>
<td>Federal Mandates Statement</td>
<td>28</td>
</tr>
<tr>
<td>Advisory Committee Statement</td>
<td>28</td>
</tr>
<tr>
<td>Constitutional Authority Statement</td>
<td>28</td>
</tr>
<tr>
<td>Applicability to Legislative Branch</td>
<td>28</td>
</tr>
<tr>
<td>Section-by-Section Analysis of the Legislation</td>
<td>28</td>
</tr>
<tr>
<td>Changes in Existing Law Made by the Bill, as Reported</td>
<td>43</td>
</tr>
</tbody>
</table>
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 MEDICAP 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 reinstituted (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
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 $13.7 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 Deely and Mr. Harold Deelely, 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.
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

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRECT SPENDING</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Old-Age, Survivors, and Disability Insurance (DI)</td>
<td>387,451</td>
<td>404,075</td>
<td>422,855</td>
<td>442,719</td>
<td>463,820</td>
<td>486,589</td>
</tr>
<tr>
<td>Supplemental Security Income</td>
<td>28,179</td>
<td>29,625</td>
<td>31,258</td>
<td>33,005</td>
<td>34,826</td>
<td>36,766</td>
</tr>
<tr>
<td>Medicaid</td>
<td>287,612</td>
<td>32,297</td>
<td>31,258</td>
<td>33,005</td>
<td>34,826</td>
<td>36,766</td>
</tr>
<tr>
<td>Total</td>
<td>665,242</td>
<td>774,655</td>
<td>845,311</td>
<td>882,734</td>
<td>917,466</td>
<td>955,462</td>
</tr>
</tbody>
</table>

Proposed Changes:

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old-Age, Survivors, and Disability Insurance (DI)</td>
<td>0</td>
<td>7</td>
<td>15</td>
<td>26</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td>Supplemental Security Income</td>
<td>0</td>
<td>-1</td>
<td>-6</td>
<td>-7</td>
<td>-7</td>
<td>-11</td>
</tr>
<tr>
<td>Medicaid</td>
<td>0</td>
<td>12</td>
<td>35</td>
<td>55</td>
<td>75</td>
<td>106</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>50</td>
<td>119</td>
<td>177</td>
<td>207</td>
<td>235</td>
</tr>
</tbody>
</table>

On-Budget                                                          | 0 | 43 | 104 | 151 | 175 | 205 |
TABLE 1.—SUMMARY OF ESTIMATED BUDGETARY EFFECTS OF H.R. 1180—Continued

<table>
<thead>
<tr>
<th>By fiscal years, in millions of dollars—</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-Budget (OASDI)</td>
<td>0</td>
<td>7</td>
<td>15</td>
<td>26</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td>Proposed Spending Under H.R. 1180:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Old-Age, Survivors, and Disability Insurance (OASDI)</td>
<td>387,451</td>
<td>404,082</td>
<td>422,870</td>
<td>442,745</td>
<td>463,582</td>
<td>486,518</td>
</tr>
<tr>
<td>Supplemental Security Income</td>
<td>26,179</td>
<td>29,624</td>
<td>31,252</td>
<td>32,938</td>
<td>34,619</td>
<td>36,615</td>
</tr>
<tr>
<td>Medicare</td>
<td>191,815</td>
<td>205,710</td>
<td>218,304</td>
<td>227,594</td>
<td>247,963</td>
<td>265,856</td>
</tr>
<tr>
<td>Medicaid</td>
<td>107,484</td>
<td>116,594</td>
<td>124,859</td>
<td>134,548</td>
<td>146,057</td>
<td>159,121</td>
</tr>
<tr>
<td>Other Health and Human Services</td>
<td>0</td>
<td>16</td>
<td>57</td>
<td>82</td>
<td>83</td>
<td>84</td>
</tr>
<tr>
<td>Total</td>
<td>714,929</td>
<td>756,035</td>
<td>788,342</td>
<td>838,067</td>
<td>892,814</td>
<td>948,439</td>
</tr>
<tr>
<td>Proposed Changes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-Budget</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Off-Budget (OASDI)</td>
<td>0</td>
<td>2</td>
<td>7</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>3</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>SURPLUS2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Changes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-Budget</td>
<td>0</td>
<td>-42</td>
<td>-103</td>
<td>-150</td>
<td>-174</td>
<td>-205</td>
</tr>
<tr>
<td>Off-Budget (OASDI)</td>
<td>0</td>
<td>-5</td>
<td>-7</td>
<td>-17</td>
<td>-23</td>
<td>-20</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>-47</td>
<td>-110</td>
<td>-167</td>
<td>-197</td>
<td>-225</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TITLE I</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Option to Eliminate Income, Resource and Asset Limitations for Medicaid Buy-In, Medicaid</td>
<td>15</td>
<td>16</td>
<td>18</td>
<td>20</td>
<td>22</td>
<td>24</td>
<td>26</td>
<td>29</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>State Option to Continue Medicaid Buy-In for Participants Whose DI or SSI Benefits Are Terminated After a CDR, Medicaid</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>8</td>
<td>9</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>Extension of Medicare with No HI Premium for Former DI Beneficiaries Who Exhaust Their Current-Law EPE Medicare</td>
<td>10</td>
<td>29</td>
<td>48</td>
<td>68</td>
<td>95</td>
<td>125</td>
<td>163</td>
<td>195</td>
<td>234</td>
<td>294</td>
</tr>
<tr>
<td>Grants to States to Provide Infrastructure to Support Working Individuals with Disabilities, HHS outlays</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Demonstration Project for States Covering Workers with Potentially Severe Disabilities, HHS outlays</td>
<td>10</td>
<td>50</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TITLE II</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishment of the Ticket to Work and Self-Sufficiency Program: Disability insurance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>-3</td>
<td>-18</td>
<td>-48</td>
<td>-77</td>
<td>-33</td>
<td>-37</td>
</tr>
<tr>
<td>Medicare</td>
<td>(5)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>-3</td>
<td>-14</td>
<td>-31</td>
</tr>
<tr>
<td>Supplemental Security Income</td>
<td>(5)</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>-1</td>
<td>-6</td>
<td>-16</td>
<td>-30</td>
<td>-10</td>
<td>-11</td>
</tr>
<tr>
<td>Substantial effect on out-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>layes</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>7</td>
<td>-3</td>
<td>-23</td>
<td>-63</td>
<td>-110</td>
<td>-57</td>
<td>-79</td>
</tr>
</tbody>
</table>
### TABLE 2.—ESTIMATED DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 1380, BY PROVISION—Continued

<table>
<thead>
<tr>
<th>Provision</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bar on Work CDRs for Certain DI Beneficiaries With Earnings:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare</td>
<td>2</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td><strong>Subtotal (effect on outlays)</strong></td>
<td>7</td>
<td>21</td>
<td>27</td>
<td>27</td>
<td>33</td>
<td>34</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>36</td>
</tr>
<tr>
<td><strong>Expedited Reinstatement of DI Benefits Within 60 Months of Termination:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disability Insurance</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>6</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Medicare</td>
<td>0</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal (effect on outlays)</strong></td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>7</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td><strong>Permanent Extension of DI Demonstration Project Authority:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disability Insurance</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>$1-for-2 Demonstration Projects:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractor Costs (DI)</td>
<td>0</td>
<td>(1)</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>DI Benefit Costs</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>8</td>
<td>13</td>
<td>18</td>
<td>19</td>
<td>18</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Medicare Costs</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>7</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal (effect on outlays)</strong></td>
<td>0</td>
<td>1</td>
<td>7</td>
<td>13</td>
<td>20</td>
<td>28</td>
<td>29</td>
<td>31</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td><strong>Provisions Affecting Prisoners:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to Prison Officials (OASDI)</td>
<td>2</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Payments to Prison Officials (SSI)</td>
<td>(1)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Savings in Benefits (SSI)</td>
<td>-2</td>
<td>-7</td>
<td>-8</td>
<td>-9</td>
<td>-11</td>
<td>-11</td>
<td>-11</td>
<td>-11</td>
<td>-11</td>
<td>-11</td>
</tr>
<tr>
<td><strong>Subtotal (effect on outlays)</strong></td>
<td>-3</td>
<td>-15</td>
<td>-17</td>
<td>-20</td>
<td>-24</td>
<td>-25</td>
<td>-25</td>
<td>-25</td>
<td>-25</td>
<td>-25</td>
</tr>
<tr>
<td><strong>Open Season for Clergy to Enroll in Social Security:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Off-Budget (OASDI) Revenue</td>
<td>2</td>
<td>7</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>On-Budget (HI) Revenue</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Other On-Budget Revenues</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>OASDI Benefits</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Subtotal (effect on total surplus)</strong></td>
<td>3</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>11</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outlays</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-Budget</td>
<td>43</td>
<td>104</td>
<td>151</td>
<td>175</td>
<td>206</td>
<td>178</td>
<td>193</td>
<td>222</td>
<td>277</td>
<td>327</td>
</tr>
<tr>
<td>Off-Budget</td>
<td>7</td>
<td>15</td>
<td>26</td>
<td>32</td>
<td>29</td>
<td>25</td>
<td>-7</td>
<td>-35</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50</td>
<td>119</td>
<td>177</td>
<td>207</td>
<td>235</td>
<td>203</td>
<td>192</td>
<td>187</td>
<td>287</td>
<td>334</td>
</tr>
</tbody>
</table>
### TABLE 2.—ESTIMATED DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 1180, BY PROVISION—Continued

By fiscal years, in millions of dollars—

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Budget</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Off-Budget</td>
<td>2</td>
<td>7</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surplus: 2</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Budget</td>
<td>-43</td>
<td>-103</td>
<td>-150</td>
<td>-174</td>
<td>-205</td>
<td>-177</td>
<td>-198</td>
<td>-221</td>
<td>-276</td>
<td>-326</td>
</tr>
<tr>
<td>Off-Budget</td>
<td>-5</td>
<td>-7</td>
<td>-17</td>
<td>-23</td>
<td>-20</td>
<td>-15</td>
<td>-17</td>
<td>-45</td>
<td>-1</td>
<td>-4</td>
</tr>
</tbody>
</table>

1Less than $500,000
2A 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.

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.

<p>| TABLE 3.—ESTIMATED EFFECTS ON OUTLAYS OF THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM |
| By fiscal year, in millions of dollars— |</p>
<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>DI BENEFICIARIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to Program Manager</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>(1)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Milestone Payments to Providers</td>
<td>(1)</td>
<td>1</td>
<td>6</td>
<td>34</td>
<td>22</td>
<td>26</td>
<td>11</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
</tr>
</tbody>
</table>
TABLE 3.—ESTIMATED EFFECTS ON OUTLAYS OF THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM—Continued

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive Payments to Providers</td>
<td>0</td>
<td>()</td>
<td>1</td>
<td>3</td>
<td>15</td>
<td>33</td>
<td>56</td>
<td>81</td>
<td>62</td>
<td>49</td>
</tr>
<tr>
<td>Partial Repeal of Current VR System</td>
<td>0</td>
<td>()</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Benefits Avoided</td>
<td>0</td>
<td>()</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Extra Benefits Paid</td>
<td>0</td>
<td>()</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Subtotal, DI</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>-2</td>
<td>-16</td>
<td>-46</td>
<td>-79</td>
<td>-47</td>
<td>-68</td>
</tr>
<tr>
<td>Medicare Savings</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>-3</td>
<td>-14</td>
<td>-31</td>
<td>-31</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>-2</td>
<td>-16</td>
<td>-46</td>
<td>-79</td>
<td>-47</td>
<td>-68</td>
</tr>
</tbody>
</table>

SSI BENEFICIARIES

| Payments to Program Manager  | (1) | (1) | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Incentive Payments to Providers | 0    | (1) | 1    | 3    | 7    | 11   | 13   | 6    | 1    | 1    |
| Partial Repeal of Current VR System | 0    | (1) | 1    | 4    | 9    | 15   | 21   | 16   | 13   | 13   |
| Benefits Avoided | 0    | 1    | 1    | 1    | 1    | -1   | -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 | (1) | (1) | (1)  | (1)  | (1)  | (1)  | (1)  | (1)  | (1)  | (1)  |
| Total | (1) | 1    | 1    | 2    | -1   | -6   | -16  | -30  | -10  | -11  |

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 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—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 lay, 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 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

<table>
<thead>
<tr>
<th></th>
<th>By fiscal year, in millions of dollars—</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With adjustments for inflation</td>
<td>2000</td>
<td>2001</td>
<td>2002</td>
<td>2003</td>
</tr>
<tr>
<td>Work Incentives Advisory Panel:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget authority</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Outlays</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Work Incentives Outreach:</td>
<td></td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Budget authority</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Outlays</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>State Grants for Work Incentives Assistance:</td>
<td></td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Budget authority</td>
<td>23</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Outlays</td>
<td>7</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>31</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Budget authority</td>
<td>31</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Outlays</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>Without adjustments for inflation</td>
<td>2000</td>
<td>2001</td>
<td>2002</td>
<td>2003</td>
</tr>
<tr>
<td>Work Incentives Advisory Panel:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget authority</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Outlays</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Work Incentives Outreach:</td>
<td></td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Budget authority</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Outlays</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>State Grants for Work Incentives Assistance:</td>
<td></td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Budget authority</td>
<td>3</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Outlays</td>
<td>7</td>
<td>21</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Budget authority</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Outlays</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td></td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>TABLE 5.—SUMMARY OF PAY-AS-YOU-GO EFFECTS OF H.R. 1180</th>
</tr>
</thead>
<tbody>
<tr>
<td>By fiscal years, in millions of dollars</td>
</tr>
<tr>
<td>2000 2001 2002 2003 2004 2005 2006 2007 2008 2009</td>
</tr>
<tr>
<td>Changes in outlays .....................................................</td>
</tr>
<tr>
<td>Changes in receipts ....................................................</td>
</tr>
</tbody>
</table>

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.


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 demonstrations 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-effective-
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

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.

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 per-
cent for multiple reports on the same individual who receives both
SSI and Social Security benefits. Payments made to correctional in-
stitutions are to be made from OASI or DI trust funds, as appro-
priate.

The bill expands the categories of institutions eligible to enter
into agreements with the Commissioner. It provides that the Com-
missioner 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 in-
stitution 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 enact-
ment.

Section 402(b) of the bill prohibits Social Security payments to
any person convicted of a criminal offense for any month through-
out 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 enact-
ment.

Section 402(c) of the bill provides conforming amendments to SSI
law to ensure that payments to correctional institutions are re-
duced by 50 percent for multiple reports on the same individual
who receives both SSI and SSDI benefits. It also expands the cat-
egories 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 offend-
ers who, on completion of a prison term, remain confined in a pub-
lic 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 bene-
fits for months ending after the date of enactment.

Sec. 403. Revocation by members of the clergy of exemption from So-
cial Security coverage

Section 403(a) of the bill provides a two-year "open season," be-
ginning 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-
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—
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
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 determined 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 described in subsection (n)(6)(A)(ii) as of the termination of such entitlement if the policyholder provides notice of such loss 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 (5) is subject to a civil money penalty of not to exceed $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—

(1) * * *

(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) * * *


(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);
(u)(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.

* * * * * * *

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.

* * * * * * *
The text from the CONGRESSIONAL RECORD includes a bill titled "Ticket to Work and Self-Sufficiency Improvement Act of 1999," which aims to expand the availability of health care coverage for working individuals with disabilities. The bill includes provisions for establishing 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 text continues with sections and subsections detailing the various provisions and sections of the Act, including:

- **Title I**—Ticket to Work and Self-Sufficiency
- **Title II**—Expanded Availability of Health Care Services
- **Title III**—Demonstration Projects and Studies
- **Title IV**—Miscellaneous and Technical Amendments

Each section includes specific provisions such as the establishment of the Ticket to Work and Self-Sufficiency Program, demonstration projects, and technical amendments relating to drug addicts and alcoholics, among others.

The text concludes with sections addressing the responsibilities of the Commissioner of Social Security, selection and qualifications of program managers, payment networks, and other related provisions. The Act also includes measures to ensure the availability of health care for disabled beneficiaries and provisions for the expansion of employment opportunities.

The full text is too extensive to include here, but it outlines the comprehensive approach of the bill to enhance the employment and self-sufficiency of disabled individuals through various programs and services.
ices, 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 by the program manager’s agreement.

SELECTION OF EMPLOYMENT NETWORKS.—

(A) IN GENERAL.—The Commissioner shall serve as an employment network 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 Commissioner is not serving as an employment network, the program manager shall enter into an agreement with an alternative participant that is operating under the authority of section 102 of the Workforce Investment Act of 1998.

(TERMINATION OF AGREEMENTS WITH EMPLOYMENT NETWORKS.—The Commissioner shall not terminate agreements with employment networks serving in the Program. The program manager shall take such measures as are necessary to ensure that such employment networks are provided under the Program in accessible formats. The program manager shall make such lists generally 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 by 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 beneficiaries are provided under the Program with reasonable access to employment services, vocational rehabilitation services, and other support services provided by such employment networks. 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. Such reports shall ensure that copies of all such reports issued under this paragraph are made available to the public under reasonable terms.

(6) INDIVIDUAL WORK PLANS.—

(A) REQUIREMENTS.—Each employment network shall 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 subsection (e)(4).

(B) DEVELOP AND IMPLEMENT.—Each employment network in partnership with each beneficiary shall develop and implement a case management, work incentives planning, supported employment, career planning, pre-employment assessment, job training, placement, follow-up services, and such other services as may be specified by the program manager to ensure that such services are available in each service area.

(7) EMPLOYMENT NETWORKS.—

(A) QUALIFICATIONS FOR EMPLOYMENT NETWORKS.—

(1) 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 non-profit organization that has the capability for the coordination and delivery of services under the Program to individuals assigning to such employment network the employment network tickets to work and self-sufficiency issued pursuant to subsection (b).

(2) 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.

(3) EMPLOYMENT NETWORKS—

(A) IN GENERAL.—Each employment network offering services shall make such lists generally available to beneficiaries and shall monitor all employment networks serving in the geographic area covered by the program manager’s agreement to the extent necessary and appropriate to ensure that adequate choices of services are made available to beneficiaries. Employment network qualifications based on the terms of such agreements and the program manager shall not impose numerical limits on the number of employment networks to be recommended pursuant to this paragraph.

(4) 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 such employment network is allowed changes in employment networks without being deemed to have re-
October 19, 1999

CONGRESSIONAL RECORD—HOUSE

H10243

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

(ii) a statement of how the availability of such services and supports is determined.

The Commissioner may modify the availability of such services and supports at any 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 incentives and disincentives described in the preceding sentence.

(b) NUMBER AND AMOUNT OF MILESTONE PAYMENTS.—The Commissioner shall periodically adjust the number and amounts of milestone payments initially established by the Commissioner pursuant to this section to determine whether they provide adequate incentives 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, on the basis of the Commissioner's review under this paragraph, that such an alteration would better provide the incentives and disincentives described in the preceding sentence.

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

(ii) a statement of how the availability of such services and supports is determined.

The Commissioner may modify the availability of such services and supports at any 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 incentives and disincentives described in the preceding sentence.

(b) NO CHANGE IN METHOD OF PAYMENT FOR BENEFICIARIES WITH TICKETS ALREADY ASSIGNED TO THE EMPLOYMENT NETWORKS.—Any selection 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 such services provided during such period.

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

(iii) in connection with a title XVI disability beneficiary (who is not concurrently authorized under section 1150), the average supplemental security income benefit payable under title XVI for all beneficiaries 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 has assigned a ticket to work and self-sufficiency to an employment network, 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 (consecutively numbered) 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, or for which such benefits are not payable to such individual because of substantial good cause.

(c) COMPUTATION OF PAYMENTS TO EMPLOYMENT NETWORKS.—The payment schedule of the outcome payment system shall consist of a payment structure governing employment networks electing such system under paragraph (i)(A) which meets the requirements of this paragraph.

(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 is not less than 1 percent.

(d) OUTCOME-MILESTONE PAYMENT SYSTEM.—

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

(ii) EARNINGS FROM WORK ACTIVITY.—The employment network shall elect which 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 be payable under a payment structure that provides, in addition to payments made during outcome payment periods, payments made prior to outcome payments made in respect to such beneficiary, the average disability insurance benefit payable under section 223 for all beneficiaries for months during the preceding calendar year; and

(iii) 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

(iv) in connection with a title XVI disability beneficiary, the average disability insurance benefit payable under section 223 for all beneficiaries 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.

(e) DEFINITIONS.—In this subsection:

(1) 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 authorized under section 1150), the average supplemental security income benefit payable under title XVI for all beneficiaries 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.

(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. The Commissioner may require such an individual work plan to be developed in an accessible format chosen by the beneficiary.

(3) THE DATE OF THE ENACTMENT.—October 19, 1999

(4) Authorization.—This title, including the amendments made by this title, shall be known as the "Ticket to Work and Work Incentives Improvement Act of 1999."
Disability Insurance Trust Fund, and all fits under section with respect to H10244 payments title XVI disability beneficiaries. Social Security Amendments of 1972) shall in—

section Amounts authorized to under this section shall be charged to the abled beneficiary means a title II disability Commissioner means the Commissioner of Social as appropriate.

meaning of section 1614(a)(2)) or disability inclusion such individual is entitled to such benefits. come benefit under title XVI means a individual is eligible for such benefits.

Work and Self-Sufficiency

subsection in the case of an individual using 425(b)(1)) is amended by striking 'a program networks) shall be for the networks. selected so as to ensure, prior to full implementation of the Ticket to Work and Self-Sufficiency Program, and inserting a—

system and
disability Program, and the annual cost (including not limited to)—

of referral processes. payment ticket to work; and

EVALUATION REPORTS.—Following the 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 effective methods are determined and in place for full implementation of the Program on a timely basis.

REQUIREMENTS—Implementation of the Program as each phase-in site shall be carried out sufficient to permit a thorough evaluation of the alternative methods under consideration, so as to ensure that the most effective methods are determined

(1) ANtflVNTS TO TITLE II—

AMENDMENTS.—

In general.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall commission 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 Program to Work and Self-Sufficiency, 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 effective methods are determined and in place for full implementation of the Program on a timely basis.

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

(4) GONGDOM OF THE PROGRAM.—

(1) 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.

(2) CONSULTATION.—The Commissioner shall design and carry out the series of evaluations after receiving relevant advice from individuals with disabilities, the fields of vocational rehabilitation, and program evaluation and individuals using tickets to work and self-sufficiency under the Program resulting 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.

(i) IMPLEMENTATION.—The Commissioner in consultation with the Ticket to Work and Work Incentives Advisory Panel and 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)—

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

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

(3) the types of employment services, vocational rehabilitation services, and other services furnished to recipients of tickets under the Program who return to work and to those who do not return to work;

(4) the duration of employment services, vocational rehabilitation services, and other services furnished to recipients of tickets under the Program who return to work and the duration of such services furnished to those who do not return to work under this title;

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

(6) the characteristics of individuals in possession of tickets under the Program who are not employed 1 year after issuance, the extent reasonably determinable, the reasons for which such beneficiaries were not accepted for tickets or who rejected tickets;

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

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

(9) 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;

(10) the characteristics of individuals in possession of tickets under the Program who are not employed 1 year after issuance, the extent reasonably determinable, the reasons for which such beneficiaries were not accepted for tickets or who rejected tickets;

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

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

(13) 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;

(14) the characteristics of individuals in possession of tickets under the Program who are not employed 1 year after issuance, the extent reasonably determinable, the reasons for which such beneficiaries were not accepted for tickets or who rejected tickets;

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

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

(17) 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;

(18) the characteristics of individuals in possession of tickets under the Program who are not employed 1 year after issuance, the extent reasonably determinable, the reasons for which such beneficiaries were not accepted for tickets or who rejected tickets;

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

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

(21) 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;
Commissioner’s evaluation of the progress of activities conducted under the provisions of this Act and amendments to the Act, and (ii) each such report shall set forth the Commissioner’s evaluation of the extent to which the Program has been successful and the conclusions on whether or how the Program should be modified. Each such report shall include such data, findings, and recommendations as the Commissioner may consider appropriate.

(5) EXTENT OF STATE’S RIGHT OF FIRST REFUSAL IN ADVANCE OF FULL IMPLEMENTATION OF SUCH ACT

(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, or individuals, shall apply in such State.

(B) EXISTING AGREEMENTS.—Nothing in subsection (a) shall preclude the making of an agreement by the Commissioner under 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 during the 2-year period after the date of such agreement.

(6) SPECIFIC REGULATIONS REQUIRED.

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

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

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

(ii) the manner in which service areas are specified pursuant to section 1148(d)(2)(A) of such Act and services provided pursuant to such Act.

(C) APPLICABILITY TO SPECIAL POPULATIONS.—In the case of recipients of employment services or payment systems required under section 1148(h) of such Act:

(i) the form and manner in which tickets to work and self-sufficiency may be distributed to beneficiaries receiving services under such agreement as of such date, except with respect to services (if any) to be provided during the 2-year period after the date of such agreement.

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

(i) the terms by which program managers agree to provide assistance for individuals with disabilities, or representatives of individuals with disabilities, with considerations relating to an outcome-milestone payment system under section 1148(h)(3) of such Act:

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

(iii) the terms which must be met by an outcome-milestone payment system under section 1148(h)(2) of such Act.

(E) TRAVEL EXPENSES.—Each member shall be entitled to receive travel expenses, including per diem 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.).

(F) TRAVEL EXPENSES.—Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with laws. H10245

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

(i) 3 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;

(ii) 3 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;

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

(iv) 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 vocational rehabilitation provider, employer, or advocate in the fields of, or related to, employment services, vocational rehabilitation services, and other support services.

(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 employers.

At least 6 of the members described in each paragraph (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(b) 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).

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

(D) VACANCIES.—Any member appointed to the Panel who leaves the Panel, for any reason, shall not be eligible to serve during the remainder of such term.

(E) TRAVEL EXPENSES.—Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with laws.
(F) QUORUM.—8 members of the Panel shall constitute a quorum but a lesser number may hold hearings.

(G) HEARINGS.—The Chairperson of the Panel shall be designated by the President. The term of office of the Chairperson shall be 4 years.

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

(I) 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 3142(a) of title 31, United States Code, for the purpose of carrying out its duties under this Act.

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

(E) POWERS OF PANEL.—

(A) HEARINGS AND SESSIONS.—The Panel may, for the purpose of carrying out its duties under this subsection, hold such hearings in any such times and places, and take such testimony and evidence as the Panel considers appropriate.

(B) APPOINTMENT 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.

(V) REPORTS.—

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

(B) FINAL REPORT.—The Panel shall transmit to the President and Congress not later than eight years after the date of the enactment of this Act. The final report shall be in the form of a statement of the findings and conclusions of the Panel, together with its recommendations for legislative 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).

(E) AUTHORIZATION OF APPROPRIATIONS.—

There are authorized to be appropriated from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, and the general fund of the Treasury, as appropriate, such sums as may be necessary to carry out this subsection.

Subsection 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 this subsection is receiving such benefits for at least 24 months—

(A) no continuing disability review conducted by the Commissioner may be started 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 (j) the following:

"Reinstatement of Entitlement

"(i)(1)(A) Entitlement to benefits described in subparagraph (B)(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). Reinstatement of such entitlement is reinstated under this subsection, 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.

(ii) An individual described in this subparagraph—

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

(iv) the individual is entitled to benefits under this section or section 202 on the basis of disability pursuant to an application filed thereafter.

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

(iii) the individual is under a disability and the physical or mental impairment that predetermined 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 individual's disability is the basis for the finding of disability that gave rise to the entitlement described in clause (i); and

(iv) the individual's disability renders the individual unable to perform substantial gainful activity.

"(c) (C) No benefit shall be payable pursuant to an application if the Commissioner determines is not entitled to reinstated benefits under this subsection.

(D) The entitlement of any individual that is reinstated under this subsection shall end with the benefits payable for the month prescribed 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.

(E) Disincentives.
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 is the same as (or related to) the basis for the finding of blindness or disability that gave rise to the eligibility described in clause (i);

(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 1618) prior to the period of ineligibility described in subparagraph (B)(ii).

(ii) If the individual fails to file a request for reinstatement 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) During the period prescribed in paragraph (1)(B)(i) and the provisions of section 1614(a)(4) shall apply in accordance with paragraph (2)(A).

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

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

(2) 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).

(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) For purposes of this paragraph, the amount of a provisional benefit paid to such individual under this title for a month shall equal the amount of the monthly benefit that such individual would have been entitled to under this title with the same kind and amount of coverages and entitlements that are in effect for such individual during such month.

(B) Eligibility for benefits reinstated under this subsection shall commence with the month in which a request for reinstatement is filed.

(1) Subject to clause (ii), the amount of the benefit payable for any month pursuant to a request for reinstatement filed under paragraph (1)(B) shall be subject to the same terms and conditions as eligibility established pursuant to an application filed therefor under section 1614(a)(4).

(2) Whenever an individual’s eligibility for benefits under this title is reinstated under this paragraph, benefits shall be reinstated in accordance with the provisions of subsection (c).

(3) For purposes of this section, the term ‘‘benefits applicable under this title’’ includes State supplementary payments made pursuant to an agreement under section 1619(a) of this Act or section 212(b) of Public Law 93–62.

(4) For purposes of this subsection other than paragraph (7), the term ‘‘benefits applicable under this title’’ includes State supplementary payments made pursuant to an agreement under section 1619(a) of this Act or section 212(b) of Public Law 93–62.

(5) The provisions of paragraph (4) shall 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 shall be entitled to such benefits on the basis of the same kind and amount of coverages and entitlements that are in effect for such individual during such month.

(7) For purposes of this paragraph, ‘‘other than pursuant to a request for reinstatement under subsection (p)’’ means other than a request for reinstatement under subsection (p).

(C) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the first day of the thirtieth 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
SEC. 1148. (a) Establishment.—

(1) In general.—The Commissioner, in consultation with the Ticket to Work 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) award a competitive program of grants, cooperative agreements, or contracts to provide benefits planning and assistance, including information on the availability of rehabilitation, educational, and employment 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;

(C) establish, in the case of a protection and advocacy system, a corps of trained, accessible, and responsive work incentive 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) all 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) programming 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 work.

(3) Coordination with other programs.—The Commissioner shall coordinate 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 Ticket to Work program and 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 Rehabilitation Act of 1973, as amended with respect to individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.)), a one-stop delivery system established under subpart 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) Statewide.—The Commissioner shall ensure that the planning, assistance, established in accordance with subparagraph (2) shall be available on a statewide basis.

(2) Agency and entities described.—The agencies and entities described in this clause are the following:

(I) Any public or private agency or organization (including any agency or organization that is established in accordance with section 124 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.

(II) The State agency administering the public assistance programs under title IV of the Social Security Act, or under title XIX of the Social Security Act, or under title XX of the Social Security Act.

(III) The State agency administering the State plan for the provision of services under the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.) that the Commissioner determines satisfies the requirements of this section.

(IV) The State agency administering the Social Security Administration Field Offices that the Commissioner determines satisfies the requirements of this section.

(V) The State agency administering the State plan for the provision of services under the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.) that the Commissioner determines satisfies the requirements of this section.

(3) Coordination.—Subject to subsection (b), the Commissioner shall coordinate with respect to inquiries and issues relating to work incentives under this section, a protection and advocacy system shall submit an application to the Commissioner, at such time, in such manner, and containing such information as the Commissioner may require.

(4) Allocation of costs.—The costs of carrying out this section shall be paid from 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 in section 1141(c).

(3) 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. 1149. (a) Establishment.—

(1) In general.—The Commissioner 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) Assistance to disabled beneficiaries.—Subject to subparagraph (C), 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.

(b) Services provided.—Services provided to disabled beneficiaries pursuant to a grant, cooperative agreement, or contract made under this section may include—

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

(2) advocacy or other services that a disabled beneficiary may need to secure or retain 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) $100,000; or

(B) 1/4 of 1 percent of the amount available for payments under this section; and

(2) 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 that is comprised of disabled beneficiaries.

(B) Limitations.—

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

(ii) Total amount for all grants, cooperative agreements, or contracts.—The total amount of all grants, cooperative agreements, and contracts awarded under this section for a fiscal year may not exceed $25,000,000.

(4) Allocation of costs.—The costs of carrying out this section shall be paid from amounts made available for the administration of title XVI, and shall be allocated among those amounts as appropriate.
Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands. $50,000.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.

SECOND CONGRESSIONAL RECONCILIATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount made available to the Secretary of the Treasury to pay the interest on the public debt, the Comptroller General shall appropriate to carry out this section such amounts as may be necessary to make up the difference between such amounts and the total amount made available to the Secretary of the Treasury.
(A) support the establishment, implementation, and operation of the State infrastructure under subsection (a); and

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

(c) ELECTION OF OPTIONAL CATEGORY.—

In the case of a State that is not engaged in a demonstration project under subsection (a)(1)(C), the Secretary may, if the State requests, make payments under section 1902(a)(10)(A)(ii)(XVII) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XVII)) for fiscal years 2001 through 2003.

(d) ANNUAL REPORT.—

Each State that is receiving payments under subsection (c) shall submit, at least annually, to the Secretary, a report on the expenditure of funds provided under the grant. Each report shall include the percentage increase in the number of individuals who receive services under such demonstration projects as defined under section 1148(b)(3) of the Social Security Act (42 U.S.C. 1396m(b)(3)) and who are disabled beneficiaries, as defined in section 1148(b)(3) of the Social Security Act (42 U.S.C. 1396m(b)(3)), that the State can show has exceeded the amount that would have been made available to the State under this section otherwise.

(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;

(2) ANNUAL LIMITS.—No State with an approved amendment to the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)) shall receive a grant for a fiscal year exceeding the amount made available.

(f) AWARD LIMITS.—

(1) IN GENERAL.—The term worker with a potentially severe disability means an individual who—

(A) is employed (as defined in paragraph (2)) and meets the definition of medically needy;
(B) is engaged in a work effort that meets the requirements of paragraph (2) and such additional terms and conditions as the Secretary may prescribe; and
(C) has an approved amendment to the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)).

(2) PAYMENT LIMITS.—

No funds made available shall be used to supplement Federal funds paid to a State pursuant to this section unless the State provides assurances satisfactory to the Secretary that 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 under this section must be used to supplement, but not supplant, the level of State funds expended for workers with potentially severe disabilities under programs established for such individuals at the time the demonstration project is approved under this section.

(C) MEASUREMENT.—The Secretary provides for an independent evaluation of the demonstration projects.

(3) LIBRATIONS ON FEDERAL FUNDING.—

(A) APPROPRIATION.—No State may receive a grant under this section unless the State provides assurances satisfactory to the Secretary that the following conditions are or will be met:

(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.

(B) LIMITATION ON PAYMENTS.—No State may—

(A) receive payments under paragraph (2) unless the State is engaged in a demonstration project under this section;
(B) remain available in succeeding fiscal years for allocation by the Secretary using the allocation formula established under this section.

(C) FUNDs ALLOCATED TO STATES.—The Secretary shall allocate funds to States based on the application under this section and shall not retain funds if the allocation formula established under this section exceeds $56,000,000 of funds made available for the fiscal year.

(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—

(A) a payment equal to the amount of funds made available to the State under subparagraph (C), an amount for each quarter equal to the Federal medical assistance percentage (as defined in section 1903(b)(5) of the Social Security Act (42 U.S.C. 1396d(b))) of expenditures in the quarter for medical assistance provided to workers with a potentially severe disability; and
(B) an amount for each quarter equal to the Federal medical assistance percentage (as defined in section 1903(b)(5) of the Social Security Act (42 U.S.C. 1396d(b))) of expenditures in the quarter for medical assistance provided to workers with a potentially severe disability.

(F) RECOMMENDATION.—Not later than October 1, 2002, the Secretary shall submit a recommendation to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate regarding whether the demonstration projects established under this section should be continued after fiscal year 2000.
CONGRESSIONAL RECORD—HOUSE

October 19, 1999

H10251

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 PROGRAMS 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) by striking "505(a)" and inserting "section 505(a)"; (2) by adding at the end the following new subsection:

"(A) various alternative methods of treatment applicable to such individuals (including the characteristics of 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 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 title XVIII of the Social Security Act, as added by subsection (a), if the Commissioner finds that—

(1) the waiver is necessary to carry out the objectives stated in subsection (a); (2) the waiver is necessary to carry out the objectives stated in subsection (a); or (3) the waiver is necessary to carry out the objectives stated in subsection (a).

(d) REPORTS.—On or before June 9, 1990, 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 report on the progress of such experiments and demonstration projects submitted by the Commissioner to such committees. Such reports shall include—

(1) an evaluation of the alternative methods under consideration; (2) the extent, if any, to which the project met the objectives stated in subsection (a); (3) the extent, if any, to which the project met the objectives stated in subsection (a); (4) the extent, if any, to which the project met the objectives stated in subsection (a); (5) the extent, if any, to which the project met the objectives stated in subsection (a); and (6) the extent, if any, to which the project met the objectives stated in subsection (a).

(e) AUTHORITY TO FUNDING.—The Commissioner shall have the authority to carry out the objectives stated in subsection (a) by—

(1) providing such funding as is necessary to carry out the objectives stated in subsection (a); or (2) providing such funding as is necessary to carry out the objectives stated in subsection (a).

(f) AUTHORITY TO TRANSFER FUNDING.—The Commissioner shall have the authority to transfer such funding as is necessary to carry out the objectives stated in subsection (a) to any other program or project with which the Commissioner determines that such funding is necessary to carry out the objectives stated in subsection (a).

(g) TERMINATION AND FINAL REPORT.—The termination and final report on the progress of the experiment or demonstration project shall be submitted by the Commissioner to such committees. Such reports shall include—

(1) an evaluation of the alternative methods under consideration; (2) the extent, if any, to which the project met the objectives stated in subsection (a); and (3) the extent, if any, to which the project met the objectives stated in subsection (a).

(h) Authority.—The Commissioner shall have the authority to—

(1) provide such funding as is necessary to carry out the objectives stated in subsection (a); and (2) provide such funding as is necessary to carry out the objectives stated in subsection (a).

(i) Costs.—The Commissioner shall have the authority to—

(1) provide such funding as is necessary to carry out the objectives stated in subsection (a); and (2) provide such funding as is necessary to carry out the objectives stated in subsection (a).

(j) 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 or under such experiment or demonstration project, if such group of applicants, subject to the terms of such demonstration project which shall define the extent of any such presumption.

(k) TRANSFER OF PRIOR AUTHORITY.—Transfer of prior authority—

(1) BY ADDING AT THE END THE FOLLOWING NEW SUBSECTION—

"(a) the annual cost (including net cost) of the project and the annual cost (including net cost) of the project; and (2) the extent, if any, to which the project met the objectives stated in subsection (a)."

(l) AUTHORITY.—The Commissioner shall have the authority to—

(1) provide such funding as is necessary to carry out the objectives stated in subsection (a); and (2) provide such funding as is necessary to carry out the objectives stated in subsection (a).

(m) AUTHORITY TO FUNDING.—The Commissioner shall have the authority to—

(1) provide such funding as is necessary to carry out the objectives stated in subsection (a); and (2) provide such funding as is necessary to carry out the objectives stated in subsection (a).
(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, to a written report, approved for publication in the Federal Register. Such report 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 a 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, the Federal Old-Age and Survivors Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and from 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.

H10252 CONGRESSIONAL RECORD — HOUSE October 19, 1999

TITLE IV—SPECIAL AND TECHNICAL AMENDMENTS

SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG ADDICTS AND ALCOHOLICS—Section 105(a)(5) of the Contract with America Advancement Act of 1996 (42 U.S.C. 403 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 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 claim action or in a proceeding of such Commissioner pursuant to 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 determination before the date prescribed in paragraph (C), the Commissioner shall perform such entitlement determination 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 222 of such Act shall apply to such redetermination."
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 January 1, 1996, with respect to any individual whose period of confinement begins on or after the date of the enactment of this Act; or

(c) Effective Dates.—The amendments made by this subsection shall take effect as if included in the enactment of section 105 of the Contract with America Advancement Act of 1996 (Public Law 104-101; 110 Stat. 862 et seq.).

SEC. 402. TREATMENT OF PRISONERS.

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

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

(A) by inserting "(A)" after "(3)"; and

(B) by adding at the end the following:

"(ii) 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 any other institution a purpose of which is to confine individuals as described in paragraph (I)(A). 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 (I) and other provisions of this title; and

(II) the Commissioner shall pay to the institution, with respect to information described in paragraph (I)(A), who receives a benefit under this title for the month preceding the first day of the confinement, such amount as the Commissioner shall determine 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 (i)) 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.

(III) 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 individual under an agreement entered into under section 1611(e)(1)(I).

(IV) There are authorized to be transferred from the 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).

(V) The Commissioner shall maintain, and shall provide on a reimbursable basis, the information obtained pursuant to agreements entered into under this paragraph to any agency designated by the Commissioner as an agency that shall take action to confer eligibility and other administrative purposes under such program.

(b) SEC. 403. REVOCATION BY MEMBERS OF THE CLERGY OF EXEMPTION FROM SOCIAL SECURITY COVERAGE.—

(I) 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 "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, a period of which of which is sexual activity, is confined by court order in an institution at public expense to which an individual is confined, or is a sexually dangerous person or a sexual predator or a similar finding;"

(c) CONFORMING TITLE XVI AMENDMENTS.—The amendments made by this subsection shall apply with respect to the same individual under an agreement entered into under section 202(x)(3).

(d) CONFORMING TITLE XI AMENDMENTS.—

(I) 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)(II), by inserting "subject to reduction under clause (i)(II)" after "$400" and after "$200";

(B) by redesignating clauses (ii) and (iii) as clauses (ii)(II) and (i)(II); and

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

"(ii)(II) The dollar amounts specified in clause (ii)(II) shall be reduced by 50 percent if the Commissioner makes a payment to the institution with respect to the same individual under an agreement entered into under section 202(x)(3)."

(II) Expansion of Categories of Institutions Eligible to Enter into Agreements with Commissioner.—

Sec. 201(e)(1)(B) of such Act (42 U.S.C. 1382(c)(1)(B)) is amended in the matter preceding clause (i) by striking "institution" and all that follows through "all that follows through" and inserting "institution complying with or during or beginning with or during a period of more than 30 days throughout all of which;".

(III) Effective Date.—The amendments made by this subsection shall apply with respect to the same individual under an agreement entered into under section 202(x)(3) for the taxable year beginning after December 31, 1999.

(IV) CASH PAYMENTS IN CASE INVOLVING COMPARABLE TITLE II PAYMENT.—Section 1611(e)(1)(A) of the Social Security Act (42 U.S.C. 1382(e)(1)(A)) is amended—

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

(B) by redesignating clauses (ii) and (iii) as clauses (ii)(II) and (i)(II); and

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

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

(2) CONFORMING AMENDMENTS TO THE PRIVACY ACT.—Section 552a(g)(8)(g)(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)(1) or 1611(e)(1)(B) of the Social Security Act as amended by section 202(x)(3) or 1382(c)(1)(B).

(3) CONFORMING AMENDMENTS TO TITLE XVII.—

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

(B) Section 1611(e)(1)(A)(ii) of such Act (42 U.S.C. 1382(e)(1)(A)(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 such amendment is made by this subsection shall take effect as if the provision of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2181) that repealed section 202(x)(1)(A)(ii) in section 1611(e)(1)(D) 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)(i)(C).

(5) CONTINUED DENIAL OF BENEFITS TO SEX OFFENDERS.—INSTITUTIONS UPON COMPLETION OF PRISON TERM.—

(I) 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:

"(ii) immediately upon completion of confinement as described in clause (i) pursuant to conviction of a criminal offense, a period of which is sexual activity, is confined by court order in an institution at public expense to which an individual is confined, or is a sexually dangerous person or a sexual predator or a similar finding;"

(6) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to the same individual under an agreement entered into after the date of the enactment of this Act.

SEC. 403. REVOCAUTION OF MEMBERS OF THE CLERGY OF EXEMPTION FROM SOCIAL SECURITY COVERAGE.—

(I) IN GENERAL.—Notwithstanding section 1402(e)(4) of the Internal Revenue Code of 1986, any amendment made by section 1402(e)(4) of such Code by a duly ordained, commissioned, or licensed clergy member of a religious order, or a Christian Science practitioner, and which is effective for the taxable year in which this Act is enacted, 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 such Code 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 any subsequent taxable year, and the applicant for such revocation may not thereafter file an application for an exemption under such Code and title II during such taxable year.

(II) Effective Date.—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 1403 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(d) of such Code).

(b) EFFECTIVE DATE.—Subsection (a) shall apply with respect to service performed (to the extent the same service was performed in such taxable year beginning after December 31, 1988, and with respect to monthly insurance benefits payable under section 4285 of chapter 2 of such Code) to the extent specified in such subsection.

SECTION 404. ADDITIONAL TECHNICAL AMENDMENT

(a) IN GENERAL.—Section 1110(a)(3) of the Social Security Act (42 U.S.C. 1310(a)(3)) is amended by inserting "after such calendar year)"

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if inserted in the Social Security Act and related laws.

SECTION 405. AUTHORIZATION FOR STATE TO PERMIT ANNUAL WAGE REPORTS.

(a) IN GENERAL.—Section 1137(a)(5) of the Social Security Act (42 U.S.C. 1320b-7(a)(5)) 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) REPORTING ON ATTORNEYS.—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 454(a)(2)(B))"; and

(2) by inserting "(as defined in section 454(a)(2)(B))" after "employers"

(c) TECHNICAL AMENDMENTS—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.


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

"(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 actuarily sound basis for determining the payment rates and the methodologies.

(b) CONFORMING AMENDMENTS.—Section 206(b)(1) of the Social Security Act (42 U.S.C. 606(b)(1)) amended by inserting "and subsection (d)" after subparagraph (B);

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the extent specified in such subsection.

(d) ASSESSMENT ON ATTORNEYS.—

The amount of an assessment under this Act that would be required to be paid by an attorney an assessment calculated in accordance with the methodology for payment to the attorney from a claimant whose claim gave rise to the assessment.

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

(f) AUTHORIZATION OF APPROPRIATIONS.—The amount of an assessment under this section shall be available until expended. for the collection of such assessments. Amounts so appropriated are authorized to be used to carry out the provisions of this Act and related laws.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to the extent specified in such subsection.

(h) 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) in paragraph (2) after subparagraph (B).

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

(i) EFFECTIVE DATE.—The amendments made by this section shall apply to the extent specified in such subsection.

(j) CONFORMING AMENDMENTS.—Section 1903(i) of the Social Security Act (42 U.S.C. 1396b(i)) (as amended by section 201(a)(3)(B)) of the Social Security Act (as so defined), including the amendment made by section 201(a)(3)(B) to section 1903(i) of such Act (as so defined), and the amendments made by this section shall apply to the extent specified in such subsection.

SECTION 407. PREVENTION OF FRAUD AND ABUSE ASSOCIATED WITH THE COLLECTION OF FEES FROM PROFESSIONALS FOR THE PROVISION OF SERVICES UNDER THE MEDICAID PROGRAM.

(a) REQUIREMENTS FOR PAYMENTS.—Section 1931(b)(1) of the Social Security Act (42 U.S.C. 1396b(b)(1)) is amended—

(1) in paragraph (20), by striking the period at the end and inserting "; or"

and

(2) in paragraph (30) after paragraph (29)

"(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 the item, service, or administrative expense is made in accordance with a methodology approved in advance by the Secretary;

(i) "(A) in the case of payment for—

(ii) a group of individual items, services, and administrative expenses, the methodology—

"(ii) 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;

"(iii) has an actuarily sound basis for determining the payment rates and the methodologies.

(b) CONFORMING AMENDMENTS.—

(1) CONTRACTUAL REQUIREMENT.—Section 1931(b)(1)(A) of the Social Security Act (42 U.S.C. 1396b(b)(1)(A)) is amended by redesignating clause (k) as clause (j) in section 410, subchapter Z, chapter 1, title XVII, of the Internal Revenue Code of 1986, as amended, and redesignating subsection (k) as subsection (l).

(2) PROVISION OF ITEMS AND SERVICES THROUGH THE MEDICAID MANAGED CARE ORGANIZATIONS.—

(1) CONTRACTUAL REQUIREMENT.—

(2) PROVISION OF ITEMS AND SERVICES THROUGH THE MEDICAID MANAGED CARE ORGANIZATIONS.—

(1) CONTRACTUAL REQUIREMENT.—

(2) PROVISION OF ITEMS AND SERVICES THROUGH THE MEDICAID MANAGED CARE ORGANIZATIONS.—

(1) CONTRACTUAL REQUIREMENT.—

(2) PROVISION OF ITEMS AND SERVICES THROUGH THE MEDICAID MANAGED CARE ORGANIZATIONS.—

(1) CONTRACTUAL REQUIREMENT.—

(2) PROVISION OF ITEMS AND SERVICES THROUGH THE MEDICAID MANAGED CARE ORGANIZATIONS.—

(1) CONTRACTUAL REQUIREMENT.—

(2) PROVISION OF ITEMS AND SERVICES THROUGH THE MEDICAID MANAGED CARE ORGANIZATIONS.—

(1) CONTRACTUAL REQUIREMENT.—

(2) PROVISION OF ITEMS AND SERVICES THROUGH THE MEDICAID MANAGED CARE ORGANIZATIONS.—

(1) CONTRACTUAL REQUIREMENT.—
nating clause (xi) (as added by section 4701(c)(3) of the Balanced Budget Act of 1997) as clause (xii), by striking "and" at the end of clause (xii) and by inserting after clause (xii) the following:

(iii) such contract provides that 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 under any Federal health care program (as so defined) for services provided to the entity or by the 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), 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 under any Federal health care program (as so defined) for services provided to the entity or by the entity under a contract pursuant to section 1903(m)."

(c) ALLOWABLE SHARE OF FFP WITH RESPECT TO PAYMENT FOR SERVICES FURNISHED IN NON-MEDICAID BOARD AND CARE FACILITIES.—Section 1903(a)(4) of such Act (42 U.S.C. 1396b(w)(4)) is amended—

(i) in subparagraph (A), by inserting "subject to subparagraph (C)," after "subsection:"; and

(ii) by adding at the end the following:

"(C) in the case of any Federal financial participation amount determined under subparagraph (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 on 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 1221(b)(1)(A) of the Balanced Budget Act of 1997 (42 U.S.C. 1396b(w)(4)(B)), if the suspected fraud or violation of law in such case or investigation is primarily related to the State plan under this title.

(3) RECOVERY OF FUNDS.—Section 1903(q)(6) of such Act (42 U.S.C. 1396b(q)(5)) is amended—

(i) by inserting "or under any Federal health care program (as so defined)" after "plan"; and

(ii) by striking 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 (as so defined) from which collection is made under 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 FRAUD IN OTHER FEDERAL HEALTH CARE PROGRAMS.—Section 1903(g)(4) of such Act (42 U.S.C. 1396b(q)(4)) is amended to read as follows:

"(A) (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) in the case of any complaint that the Inspector General of the relevant Federal agency, any aspect of which concerns the use, payment, or administration of funds collected in accordance with this paragraph shall be credited exclusively to, and available for expenditure under, the Federal health care program (as so defined) from which collection is made under the State plan under this title that was subject to the activity that was the basis for the collection;

(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) of this subparagraph shall be applied by substituting '1.74 percent' for '2.34 percent'.

(ii) 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(h)(3), clause (I) of this subparagraph shall be applied by substituting '2.64 percent' for '2.34 percent'.

(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 rate of interest is described in section 427A(h)(3), clause (I) of this subparagraph shall be applied by substituting '2.64 percent' for '2.34 percent'.

(v) subject to clause (v) of this subparagraph.

(v) subject to clause (v) of this subparagraph.

(b) 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, 2003, 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, the value of the 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) exceeds 9.0 percent.

(b) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS 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,

(b) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS 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—

(1) the average of the bond equivalent rates of return on deposits 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 3-month period plus

(2) 2.64 percent.

exceeds the rate determined under section 427A(k)(4).

(3) EFFECTIVE DATE.—Subparagraph (1) 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).

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. Speaker. The Social Security disability program provides essential income to millions of Americans 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.

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. 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 and 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 are disabled. 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 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 get, 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. Without objection, the gentleman from Maryland (Mr. HURRIE) may control the remaining time for the gentleman from Texas (Mr. ARCHER).

Mr. ARCHER. 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. 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 answer is not to redesign our programs to discourage, rather than encourage, 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 income beneficiaries could use to purchase services to help them enter the workforce. 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
congressional record — house

October 19, 1999

Mr. MATSU. 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, and what it will do is that 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 concerns is that it is something 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 this 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 the record stand opened for 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?

Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. Matsu).

The SPEAKER pro tempore. Is there objection?

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 came to me 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 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, for years 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 from 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 in the workplace. Despite 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 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 Babcock, Jeff and Anita Bangsberg, Bill Blom, Gary Boetcher, Wendy Brower, Mary Helen Guniker, 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 show our Nation's spirit and pass H.R. 1180 today!

Mr. MATSU. 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. Matsu) 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 interested in 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, one on 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 the two years prior, 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 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, which means we should be considering full funding for the Committee on 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 voting against this bill. I have to say that the majority does not need to remain dependent on cash assistance. We should be considering full funding for H.R. 1180, which means we should be considering full funding for 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 voting against this bill. I have to say that the majority brings up the offsets that 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 of the $4 trillion deficit that the government used for health care and welfare. 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 had been slashed by the 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 that bill. I reject 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 made 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 prominent 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 for 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 sager and qualified to work, the existing system of medical benefits, disability coverage, and other government programs made productive work almost impossible.

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 sager and qualified to work, the existing system of medical benefits, disability coverage, and other government programs made productive work almost impossible.

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, Holly Caudill had the ability. She had the desire. She found the whole system of welfare and 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.

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. LAZO), 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.

Greater concern must be 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 SSDI and SSI to 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. Work to Work legislation, which 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 individual 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 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 make 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.

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, and ensuring they have the tools to succeed, 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 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 our society. Their needs transcend limits of funding, medical needs, and particularly medical help, to be able to work. And, in my opinion, that is the purpose of this legislation. 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 that will bring back to this House from the conference with the Senate a stronger bill.

Mr. Speaker, 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 that 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 more work still to be done in conference.

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 California (Mr. LAZIO), the gentleman from New York (Mr. HAYWORTH), my good friend. 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).

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 artificial barriers that short of disability, had already 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 that is so desperately needed. 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.

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 enjoy a home of 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 to those individuals who are HIV positive who 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 have to want to leave their job in order to get insurance benefits.

It is my understanding that these last-minute amendments that have been made today to 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.

I can say that on 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 health care they need to be self-sufficient.

Mr. HULSHOF. Mr. Speaker. I yield 1 1/2 minutes to the gentlewoman from Maryland (Mrs. MORELLA).

(Mrs. MORELLA asked and was given permission to revise and extend her remarks.)

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 us 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
October 19, 1999

CONGRESSIONAL RECORD—HOUSE

| H10261 |

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 are utilizing 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 population. 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 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 programs. H.R. 1180 would reduce 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 75% unemployment rate. It is time we passed a bill to give our economy and our country what this legislation will do, 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. My amendment 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, and under current rules that it is really difficult, you can't afford to risk losing the benefits for health care and 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 heard often back home. We are 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 from us.

We have an opportunity to be accepted by everyone in our 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 gentleman from California (Mr. Matsui).

Mr. 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 the disabled.

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 medicare. This bill will help disabled workers by extending the period of medicare coverage as needed.

It also creates options for States to remove 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 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 H.R. 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. My amendment 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 is time we utilized 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.
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 the workforce and to earn a living. 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, 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 Texas (Mr. HULSHOF) for his leadership and I urge a bipartisan yes vote.

Mr. MATSUAI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas Mr. BENTSEN).

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 of Representatives will be voting upon this legislation on an expedited basis. However, I am concerned that this legislation will be rushed through 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 in my district for a consortia 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 changes that would make it more difficult to administer and may lower reimbursement 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.

“one-size-fits-all” regulation would restrict payments for contracts related to this program. This offset section includes a provision to require providers to submit bids 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. So that 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 provider innovation and make it harder for public schools to develop the necessary software for their electric school systems. As a result, only the largest school districts would continue to participate in these programs.

This bill is for Michelle. It allows her to return to work and stay on Medicaid. 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. 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 the workforce and to earn a living.
The SPEAKER pro tempore. The gentleman from Missouri (Mr. HULSHOF) has 6% minutes remaining. The gentleman from California (Mr. MATSUI) has 2 minutes remaining.

Mr. HULSHOF. Mr. Speaker, I yield myself 1% 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 America. It was 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 see 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 segment of middle America, 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 that I can get is, "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 fact that in the work bill that was passed last year, we made strong concessions.

It happens that October is National Disability Employment Awareness Month, and I can tell you that one of the best ways 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
CONGRESSIONAL RECORD—HOUSE

October 19 1999

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 reinstall 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 days after that committees have worked 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. LAZZO).

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.

Nearly 7 months to the day I introduced H.R. 1180, and 5 days after we held the 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 decade.

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 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 our 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 Developmental Disabilities. 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 to work.

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 services 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 eligible for 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 milli-sability Councils 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 cannot let that be the case.

In the meantime, in this age of technological explosion, all the recent innovations in the field of assistive technology have made it easier for disabled people to hold onto 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, but he wants to work more because it provides him the health care benefits he needs.

As a matter of fact, Tom has been named employee of the year in his firm. He has been awarded a $200 bonus. And let us guess what our colleague 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 in our 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 give them a chance to make it happen. Let us pass the Work Incentives Improvement Act with a unanimous vote.

Ms. SCHAKOWSKY. Mr. Speaker, I am a co-sponsor 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 Medicaid coverage. The loss of health care is the major reason why persons with disabilities are locked out of the workplace. According to a 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 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. Why the difference is in the bill, I understand, is that the conferees improved the Work Incentives Improvement Act 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 impact of those funding sources that have been identified. There are numerous ways to fully fund the Work Incentives Improvement Act without identified funding so that those who move into the workforce, the new 6.3 percent attorney tax will harm other persons with disabilities receive their Social Security benefits. Legal fees 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. If we are going to offer greater opportunity to person 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 a way 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. This legislation removes 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 who want to work can have the opportunity to work and thus free 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 45 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 forced to leave his position because of his illness. Unfortunately, if Ms. Svingala were to return to work, he would lose all of his uninsured income and half his wages in order to access personal assistance coverage under Medicaid.

Mr. Svingala and thousands like him go to work. Individuals with disabilities represent a major unemployment 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 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 can force those persons to choose between work and losing their health care. 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 work for 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 Social Security 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 withhold 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 of 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 cases 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, rise in support of H.R. 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 over 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 lifetime they cannot afford to mess around with.

Stimulating that Medicare eligibility time period from 2 years 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 to push 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 wide group of workers with potentially severe disabilities.

Those two Medicaid improvements are very important—they expand the number of people helped and they are strongly supported by the disability community. I am pleased that the bill before us today now includes 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 built 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 98 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 provide Medicaid coverage to disabled 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 this bill to provide 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 as reported by the Committee will not provide the properly designed demonstration project that was contained in the Senate-passed bill and the House-passed bill.

But I do note that, just a few weeks ago, the House passed a bill that contained 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 should be addressed by the Committee before passing the entire bill here today. I hope we can do better in conference.

Mr. DAVIS of Virginia. Mr. Speaker, I rise to recognize the 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 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 experience 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 providing student loans is not a profit-centered industry, but the world demands that lenders part'Y 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.

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, 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 upon which lenders want to support new student borrowings 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 providing student loans is not a profit-centered industry, but the world demands that lenders part'Y 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.

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, 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 upon which lenders want to support new student borrowings 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 providing student loans is not a profit-centered industry, but the world demands that lenders part'Y 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.

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, 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 upon which lenders want to support new student borrowings 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.

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 experience 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 providing student loans is not a profit-centered industry, but the world demands that lenders part'Y 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.

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, the supply disappeared.
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-
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.
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.
Be it enacted by the Senate and House of Representa-
tives 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 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.

•HR 1180 EH
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 Non-citizen 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 bene-
ficiary may use a ticket to work and self-sufficiency issued
by the Commissioner in accordance with this section to
obtain employment services, vocational rehabilitation serv-
ices, or other support services from an employment net-
work which is of the beneficiary's choice and which is will-
ing to provide such services to such beneficiary.

“(b) Ticket System.—

“(1) Distribution of Tickets.—The Com-
missioner 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-suffi-
ciency may assign the ticket to any employment net-
work of the beneficiary's choice which is serving
under the Program and is willing to accept the as-

“(3) Ticket Terms.—A ticket issued under
paragraph (1) shall consist of a document which evi-
dences 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 serv-

•HR 1180 EH
ices, 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 re-
garding the conditions under which services will be
provided when an individual is referred by an em-
ployment 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 mecha-
isms 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 Se-
curity shall enter into agreements with 1 or more or-
ganizations in the private or public sector for service
as a program manager to assist the Commissioner in
administering the Program. Any such program man-
ger shall be selected by means of a competitive bid-
ding process, from among organizations in the pri-
ivate or public sector with available expertise and ex-
perience in the field of vocational rehabilitation or
employment services.

"(2) Tenure, Renewal, and Early Termi-
nation.—Each agreement entered into under para-
graph (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 the 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 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 indi-
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 per-cent.

"(3) OUTCOME-MILESTONE PAYMENT SYS-

"(A) IN GENERAL.—The outcome-mile-
stone payment system shall consist of a pay-
ment structure governing employment networks electing such system under paragraph (1)(A) which meets the requirements of this para-

"(B) EARLY PAYMENTS UPON ATTAIN-
MENT OF MILESTONES IN ADVANCE OF OUT-
COME PAYMENT PERIODS.—The outcome-mile-
stone 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 mile-
stones 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 mile-
stones.

"(C) LIMITATION ON TOTAL PAYMENTS TO
EMPLOYMENT NETWORK.—The payment sched-
ule of the outcome milestone payment system
shall be designed so that the total of the pay-
ments to the employment network with respect
to each beneficiary is less than, on a net
present value basis (using an interest rate de-
determined by the Commissioner that appro-
priately reflects the cost of funds faced by pro-
viders), 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 dis-
ability beneficiary, the average disability
insurance benefit payable under section
23 for all beneficiaries for months during
the preceding calendar year; and

“(ii) in connection with a title XVI
disability beneficiary (who is not concur-
rently a title II disability beneficiary), the
average payment of supplemental security
income benefits based on disability payable
under title XVI (excluding State sup-
plementation) for months during the pre-
ceding 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 con-
nection with any individual who had assigned a
ticket to work and self-sufficiency to an employ-
ment 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 pay-
able to such individual by reason of en-
gagement 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 NET-WORKS.—

“(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 pay-
ments 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 implementa-
tion of the Ticket to Work and Self-Suffi-
ciency Program, the development and refinement of
referral processes, payment systems, computer link-
ages, management information systems, and admin-
istrative processes necessary to provide for full im-
plementation of such amendments. Subsection (c)
shall apply with respect to paragraphs (1)(C) and
(2)(B) of subsection (b) without regard to this sub-
section.

(2) REQUIREMENTS.—Implementation of the
Program at each phase-in site shall be carried out
on a wide enough scale to permit a thorough evalua-
tion 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 Commiss-
ioner 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 ef-
fective 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 en-
sure 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 serv-
ices, 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 sub-
section (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 ap-
applicable to employment networks under section 1148(f)(1)(C) of such Act in selecting service providers;

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

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

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

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

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

(ii) the terms which must be met by an outcome payment system under section 1148(h)(2) of such Act;
(iii) the terms which must be met by an outcome-milestone payment system under section 1148(h)(3) of such Act;

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

(v) annual oversight procedures for such systems; and

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

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

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

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

(A) advise the President, the Congress, and the Commissioner of Social Security on
issues related to work incentives programs, planning, and assistance for individuals with disabilities, including work incentive provisions under titles II, XI, XVI, XVIII, and XIX of the Social Security Act (42 U.S.C. 401 et seq., 1301 et seq., 1381 et seq., 1395 et seq., 1396 et seq.); and

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

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

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

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

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

(3) MEMBERSHIP.—

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

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

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

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

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

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

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

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

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

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

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

(C) TERMS.—

(i) IN GENERAL.—Each member shall be appointed for a term of 4 years (or, if less, for the remaining life of the Panel), except as provided in clauses (ii) and (iii).

The initial members shall be appointed not later than 90 days after the date of the enactment of this Act.

(ii) TERMS OF INITIAL APPOINTEES.—As designated by the President at the time of appointment, of the members first appointed—
(I) \( \frac{1}{2} \) of the members appointed under subparagraph (A) shall be appointed for a term of 2 years; and

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

(iii) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office. A vacancy in the Panel shall be filled in the manner in which the original appointment was made.

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

(E) TRAVEL EXPENSES.—Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sec-
tions 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.

•HR 1180 EH
“(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 reinstate-
ment of entitlement under this subsection for 24 months (whether or not consecutive) shall, with respect to benefits so payable after such twenty-fourth month, be deemed for purposes of paragraph (1)(B)(i)(I) and the determination, if appropriate, of the termination month in accordance with subsection (a)(1) of this section, or subsection (d)(1), (e)(1), or (f)(1) of section 202, to be entitled to such benefits on the basis of an application filed therefor.

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

"(B) The amount of a provisional benefit for a month shall equal the amount of the last monthly benefit payable to the individual under this title on the basis of an application increased by an amount equal to the amount, if any, by which such last monthly benefit would have been increased as a result of the operation of section 215(i).
“(C)(i) Provisional benefits shall begin with the month in which a request for reinstatement is filed in accordance with paragraph (2)(A).

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

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

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

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

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

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

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

"Reinstatement of Eligibility on the Basis of Blindness or Disability

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

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

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

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

"(II) the individual thereafter was ineligible for such benefits due to earned income (or earned and unearned income) for a period of 12 or more consecutive months;
“(ii) the individual is blind or disabled and the physical or mental impairment that is the basis for the finding of blindness or disability is the same as (or related to) the physical or mental impairment that was the basis for the finding of blindness or disability that gave rise to the eligibility described in clause (i);

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

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

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

“(ii) In the case of an individual who fails to file a reinstatement request within the period prescribed in clause (i), the Commissioner may extend the period if the Commissioner determines that the individual had good cause for the failure to so file.
“(2)(A)(i) A request for reinstatement shall be filed in such form, and containing such information, as the Commissioner may prescribe.
“(ii) A request for reinstatement shall include express declarations by the individual that the individual meets the requirements specified in clauses (ii) through (iv) of paragraph (1)(B).
“(B) A request for reinstatement filed in accordance with subparagraph (A) may constitute an application for benefits in the case of any individual who the Commissioner determines is not eligible for reinstated benefits under this subsection.
“(3) In determining whether an individual meets the requirements of paragraph (1)(B)(ii), the provisions of section 1614(a)(4) shall apply.
“(4)(A) Eligibility for benefits reinstated under this subsection shall commence with the benefit payable for the month following the month in which a request for reinstatement is filed.
“(B)(i) Subject to clause (ii), the amount of the benefit payable for any month pursuant to the reinstatement of eligibility under this subsection shall be determined in accordance with the provisions of this title.
“(ii) The benefit under this title payable for any month pursuant to a request for reinstatement filed in ac-
cordance with paragraph (2) shall be reduced by the amount of any provisional benefit paid to such individual for such month under paragraph (7).

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

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

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

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

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

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

"(C)(i) Provisional benefits shall begin with the
month following the month in which a request for rein-
statement 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 eli-
gibility 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 de-
determines that the individual does not meet the re-
quirements of paragraph (1)(B)(i) or that the indi-
vidual's declaration made in accordance with para-
graph (2)(A)(ii) is false.

"(D) In any case in which the Commissioner deter-
mines that an individual is not eligible for reinstated bene-
fits, any provisional benefits paid to the individual under
this paragraph shall not be subject to recovery as an over-
payment unless the Commissioner determines that the in-
dividual 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 para-
graph (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 re-
instatement.”.

(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 “el-
igible”.

(e) 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 the en-
actment 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(1) 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, in-
cluding information on the availability of protection and advocacy services, to disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1619, and other programs that are designed to encourage disabled beneficiaries to work;

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

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

“(ii) working in cooperation with other Federal, State, and private agencies and nonprofit organizations that serve disabled beneficiaries, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling;
“(C) establish a corps of trained, accessible, and responsive work incentives specialists within the Social Security Administration who will specialize in disability work incentives under titles II and XVI for the purpose of disseminating accurate information with respect to inquiries and issues relating to work incentives to—

“(i) disabled beneficiaries;

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

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

“(D) provide—

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

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

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

"(b) CONDITIONS.—

"(1) SELECTION OF ENTITIES.—

"(A) APPLICATION.—An entity shall submit an application for a grant, cooperative agreement, or contract to provide benefits planning and assistance to the Commissioner at such time, in such manner, and containing such information as the Commissioner may deter-
mine 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 PRI-VATE 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 DES-cribed.—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.

•HR 1180 EH
“(c) APPLICATION.—In order to receive payments under this section, a protection and advocacy system shall submit an application to the Commissioner, at such time, in such form and manner, and accompanied by such information and assurances as the Commissioner may require.

“(d) AMOUNT OF PAYMENTS.—

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

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

“(i) $100,000; or

“(ii) \(\frac{1}{3}\) of 1 percent of the amount available for payments under this secti
monwealth 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 (DII), 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 INDIVID-
UALS WITH A MEDICALLY IMPROVED DIS-
ABILITY.—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 medi-
cally 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 de-
termined at the time of a regularly scheduled con-
tinuing 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 deter-
minable impairment, as determined under regu-
lations 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)—

(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 the enactment of this paragraph.”.

(b) CONFORMING AMENDMENTS.—


(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 OUT-REACH.—
(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 individ-
uals 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 beneficiaries, 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 pro-
gram 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.

(e) APPROVAL OF DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—Subject to paragraph (3), the Secretary shall approve applications under sub-
section (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)(XII) 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 re-instituted (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 the 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 estab-
lished 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 thor-
gough 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 oper-
ation in a locality within an area under the ad-
ministration 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 Representatitives and to the Committee on Finance of the Sen-
ate. 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 the 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

*HR 1180 EH*
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 the 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 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 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 the enactment of this Act, the Comptroller General of the United States shall undertake a study to evaluate the coordination under current law of the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act, as such programs relate to individuals entering or leaving concurrent entitlement under such programs. In such study, the Comptroller General shall specifically address the effectiveness of work incentives under such programs with respect to such individuals and the effectiveness of coverage of such individuals under titles XVIII and XIX of such Act.

(2) Report.—Not later than 3 years after the date of 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 re-
port 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 the 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 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 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 the 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 Com-
missioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.

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

(b) CORRECTION TO EFFECTIVE DATE OF PROVISIONS CONCERNING REPRESENTATIVE PAYEES AND TREATMENT REFERRALS OF SOCIAL SECURITY BENEFICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—

Section 105(a)(5)(B) of the Contract with America Advancement Act of 1996 (42 U.S.C. 405 note) is amended to read as follows:
"(B) The amendments made by paragraphs (2) and (3) shall take effect on July 1, 1996, with respect to any individual—

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

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

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

SEC. 402. TREATMENT OF PRISONERS.

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

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

(A) by inserting "(A)" after "(3)"; and

(B) by adding at the end the following:

"(B)(i) The Commissioner shall enter into an agreement under this subparagraph with any interested State or local institution comprising a jail, prison, penal institu-
tion, 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
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—
(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

•HR 1180 EH
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 facil-
ity, or with any other interested State or local insti-
tution a purpose of which is to confine individuals
as described in section 202(x)(1)(A)(ii),”.

(3) ELIMINATION OF OVERLY BROAD EXEMP-
TION.—Section 1611(e)(1)(I)(iii) of such Act (as re-
designated 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 Re-
sponsibility and Work Opportunity Reconciliation
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 ref-
ference 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 bene-
fits 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”.

HR 1180 EH
(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 the 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)”.

•HR 1180 EH
(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 dis-
strict, 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 pay-
ment 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 (xi) (as added by section 4701(c)(3) of the Balanced Budget Act of 1997) as clause (xiii), by striking
“and” at the end of clause (xi), and by inserting after clause (xi) the following:

“(xii) such contract provides that with respect to payment for, and coverage of, such services, 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 (22), 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 sec-
tion 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 SET-
TING.—Section 1903(w)(6) of the Social Security Act (42
U.S.C. 1396b(w)(6)) is amended—

(1) 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 participa-
tion 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 ex-
 pense that is paid by such agency or district.”.

HR 1180 EH
(d) **Uniform Methodology for School-Based Administrative Claims.**—Not later than 90 days after the date of the 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 the 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) RECOUPMENT OF FUNDS.—Section 1903(q)(5) of such Act (42 U.S.C. 1396b(q)(5)) is amended—
(1) by inserting "or under any Federal health care program (as so defined)" after "plan"; and
(2) by adding at the end the following: "All funds collected in accordance with this paragraph shall be credited exclusively to, and available for expenditure under, the Federal health care program (including the State plan under this title) that was subject to the activity that was the basis for the collection."

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

"(4)(A) The entity has—

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

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

"(iii) procedures for acting upon such complaints under the criminal laws of the State or

-HR 1180 EH
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 the 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.—

(ii) 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.

Passed the House of Representatives October 19, 1999.

Attest:

Clerk.
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.
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. BREAUD, 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. INOUYE, Mr. JOHNSON, Mr. KERRY, Ms. MIKULSKI, Mrs. MURRAY, Mr. REED, Mr. REID, Mr. SARBAES, 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-
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.

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.

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.

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 attendant 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 indi-
viduals 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 employ-
ment, 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 MEDICAID FOR WORKERS WITH DISABILITIES.


(1) in subclause (XIII), by striking “or” at the end;

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

(3) by adding at the end the following:

“(XV) who, but for earnings in excess of the limit established under section 1905(q)(2)(B), and subject to limitations on assets, resources, or unearned income that may be set by the State, 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 and that may re-
quire an individual with income that
exceeds 250 percent of the income of-
ficial 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 in-
volved to pay an amount equal to 100 percent of the premium cost for pro-
viding medical assistance to the indi-
vidual), so long as any such premiums or other cost-sharing charges are the same as any premiums or other cost-
sharing charges imposed for individ-
uals described in subclause (XVI));’’.

(b) State Option To Expand Opportunities For
Workers With Disabilities To Buy Into Medic-

aid.—

(1) Eligibility.—Section 1902(a)(10)(A)(ii)
of the Social Security Act (42 U.S.C.
1396a(a)(10)(A)(ii)), as amended by subsection (a), is amended—
(A) in subclause (XIV), by striking “or” at the end;

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

(C) by adding at the end the following:

“(XVI) who are working individuals with disabilities described in section 1905(v) (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 so long as any such premiums or other cost-sharing charges are the same as any premiums or other cost-sharing charges imposed for individuals described in subclause (XV)), but only if the State provides medical assistance to individuals described in subclause (XV);”.

(2) DEFINITION OF WORKING INDIVIDUALS WITH DISABILITIES.—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 ‘working individuals with disabilities’ means individuals ages 16 through 64 who—
"(A) by reason of medical improvement, cease to be eligible for benefits under section 223(d) or 1614(a)(3) at the time of a regularly scheduled continuing disability review but who continue to have a severe medically determinable impairment; and

"(B) are employed.

"(2) 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.")

(3) CONFIRMING AMENDMENT.—Section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)) is amended in the matter preceding paragraph (1)—

(A) in clause (x), by striking "or" at the end;

(B) in clause (xi), by adding "or" at the end; and
(C) by inserting after clause (xi), the follow-
 ing:

"(xii) individuals described in subsection (v)."

(c) PROHIBITION AGAINST SUPPLANTATION OF
STATE FUNDS; MAINTENANCE OF EFFORT REQUIRE-
MENT; CONDITION FOR APPROVAL OF STATE PLAN
AMENDMENT.—

(1) NO SUPPLANTATION OF STATE FUNDS.—
Federal funds paid to a State for medical assistance
provided to an individual described in subclause
(XV) or (XVI) of section 1902(a)(10)(A)(ii) of the
Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii))
must be used to supplement but not supplant the
level of State funds expended as of October 1, 1998
for programs to enable working individuals with dis-
abilities to work.

(2) MAINTENANCE OF EFFORT.—With respect
to a fiscal year quarter, no Federal funds may be
paid to a State for medical assistance provided to an
individual described in subclause (XV) or (XVI) of
section 1902(a)(10)(A)(ii) of the Social Security Act
(42 U.S.C. 1396a(a)(10)(A)(ii)) for such fiscal year
quarter if the Secretary of Health and Human Serv-
ices determines that the total of the State expendi-
tures for programs to enable working individuals
with disabilities to work for the preceding fiscal year
quarter is less than the total of such expenditures
for the same fiscal year quarter of the preceding fis-
cal year.

(3) Condition for Approval of State Plan
Amendments.—No State plan amendment that pro-
poses to provide medical assistance to an individual
described in subclause (XV) or (XVI) of section
1902(a)(10)(A)(ii) of the Social Security Act (42
U.S.C. 1396a(a)(10)(A)(ii)) may be approved unless
the chief executive officer of the State certifies to
the Secretary of Health and Human Services that
the plan, as so amended, will satisfy the require-
ments of paragraphs (1) and (2) of this subsection.

(d) Effective Date.—

(1) In General.—The amendments made by
this section shall apply on and after October 1,
1999.

(2) Extension of Effective Date for
State Law Amendment.—In the case of a State
plan under title XIX of the Social Security Act
which the Secretary of Health and Human Services
determines requires State legislation in order for the
plan to meet the additional requirements imposed by
the amendments made by this section, the State
plan shall not be regarded as failing to comply with
the requirements of this section solely on the basis
of its failure to meet these additional requirements
before the first day of the first calendar quarter be-
inning after the close of the first regular session of
the State legislature that begins after the date of en-
actment of this Act. For purposes of the previous
sentence, in the case of a State that has a 2-year
legislative session, each year of the session is consid-
ered to be a separate regular session of the State
legislature.

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

(a) CONTINUATION OF COVERAGE.—Section 1818A
of the Social Security Act (42 U.S.C. 1395i–2a) is amend-
ed by adding at the end the following:

"(e)(1) During the 10-year period beginning with the
first month that begins after the date of enactment of this
subsection, this section shall apply—

"(A) in subsection (a), by inserting—

"(i) in paragraph (2)(C), "on or after the
date of enactment of the Work Incentives Im-
provement Act of 1999" after "ends"; and

"(ii) "without being subject to a premium"
before the period; and

-S 331 IS
“(B) without regard to subsections (c)(2)(D) and (d).

“(2) Any individual who, as of the date of enactment of this subsection is enrolled in the medicare program under this section and would, without regard to paragraph (1), otherwise satisfy the eligibility requirements for enrollment set forth in subsection (a) shall be deemed to satisfy the requirement of subsection (a)(2)(C) of that section after the application of paragraph (1)(A)(i) for purposes of not being subject to a premium for enrollment in the medicare program under this section.

“(3) Notwithstanding paragraph (1), paragraph (1) shall continue to apply after the termination of the 10-year period described in that paragraph in the case of any individual who is enrolled in the medicare program under this section for the month that ends such 10-year period.”.

(b) GAO REPORT.—Not later than 8 years after the date of 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 section 1818A of the Social Security Act (42 U.S.C. 1395i–2a) as amended by subsection (a); and

(2) recommends whether that section should continue to be applied, as so amended, beyond the
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. A State may submit an application for a grant authorized under this section at such time, in such manner, and containing such information as the Secretary may determine.

(2) 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—

(i) the State has an approved amendment to the State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) that—

(I) 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)); or

(II) provides medical assistance under such plan to individuals described in subclauses (XV) and (XVI) of section 1902(a)(10)(A)(ii) of the...
Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)); and

(ii) the State 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 subclause (I) or (II) of 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.**—No State that submits an approved application for funding under this section shall receive a grant for a fiscal year that is less than $500,000.

(ii) **MAXIMUM AWARDS.**—No State that submits an approved application for funding 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) or (XVI) of section 1902(a)(10)(A)(ii), whichever is greater, as
estimated by the State and approved by the Secretary.

(c) AVAILABILITY OF FUNDS.—

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

(2) 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 by the Secretary under subsection (c)(3)(A).

(d) ANNUAL REPORT.—A State that receives 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.—Out of any funds in the Treasury not otherwise appropriated, there is authorized to be
appropriated and there is appropriated to make grants under this section—

(1) for fiscal year 2000, $20,000,000;
(2) for fiscal year 2001, $25,000,000;
(3) for fiscal year 2002, $30,000,000;
(4) for fiscal year 2003, $35,000,000;
(5) for fiscal year 2004, $40,000,000; and
(6) for 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.

(f) RECOMMENDATION.—Not later than October 1, 2009, the Secretary of Health and Human Services, in consultation with the Work Incentives Advisory Panel established under section 202, shall submit a recommendation to the Committee on Commerce and the Committee on Ways and Means 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 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 Secu-
(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.

(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.—Out of any funds in the Treasury not otherwise appropriated, there is authorized to be appropriated and there is appropriated to carry out this section—

(i) for fiscal year 2000, $70,000,000;
(ii) for fiscal year 2001, $73,000,000;
(iii) for fiscal year 2002, $77,000,000;
and
(iv) for fiscal year 2003, $80,000,000.

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

(i) the aggregate amount of payment made by the Secretary to States under this section exceed $300,000,000; or

(ii) payment 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.—Subject to the succeeding provisions of this section, 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) State Defined.—In this section, the term “State” has the meaning given such term for purposes of title XIX of the Social Security 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 add-
ing after section 1147 (as added by section 8 of the Non-
citizen Benefit Clarification and Other Technical Amend-
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 Pro-
gram, 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 serv-
ices, vocational rehabilitation services, or other support
services from an employment network which is of the bene-
ficiary's choice and which is willing to provide such serv-
dices 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 programs.—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 Re-
habilitation 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 pay-
ments 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 pro-
vided to any disabled beneficiary if such em-
ployment 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 agree-
ment.

"(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 PARTICIPA-
TION 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 sup-
port 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 NET-
WORKS.—

"(A) IN GENERAL.—The Commissioner
shall select and enter into agreements with em-
ployment networks for service under the Pro-
gram. Such employment networks shall be in
addition to State agencies serving as employ-
ment networks pursuant to elections under sub-
section (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 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 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, follow-up services, and such other services as may be speci-
fied 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 Pro-
gram may consist of a one-stop delivery system
established under subtitle B of title I of the

"(C) Compliance with Selection Criteria.—No employment network may serve
under the Program unless it meets and main-
tains compliance with both general selection cri-
teria (such as professional and educational
qualifications (where applicable)) and specific
selection criteria (such as substantial expertise
and experience in providing relevant employ-
ment services and supports).

“(D) Single or Associated Providers
Allowed.—An employment network shall con-
ist 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 ap-
propriate employment services, vocational reha-
bilitation 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 serv-
ices 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

*S 331 IS*
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 202 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 de-
termines 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 202 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.

"(l) 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.

"(m) SUNSET OF PROGRAM.—The Program established under this section shall terminate on September 30, 2004."

(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 serv-
ices, 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 sec-

tion 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 evalua-
tions after receiving relevant advice from ex-
perts in the fields of disability, vocational reha-
bilitation, and program evaluation and individ-
uals using tickets to work and self-sufficiency
under the Program and consulting with the
Work Incentives Advisory Panel established
under section 202, the Comptroller General of
the United States, other agencies of the Federal
Government, and private organizations with ap-
propriate expertise.

(C) METHODOLOGY.—

(i) IMPLEMENTATION.—The Commis-
sioner, in consultation with the Work In-
centives Advisory Panel established under
section 202, shall ensure that plans for
evaluations and data collection methods
under the Program are appropriately de-
dsigned to obtain detailed employment infor-

*S 331 IS
(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 serv-
ices 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;
• 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.

SEC. 202. WORK INCENTIVES ADVISORY PANEL.

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

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

(1) advise the Secretary of Health and Human Services, the Secretary of Labor, the Secretary of Education, 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

(2) with respect to the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act—
(A) 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;

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

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

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

(c) MEMBERSHIP.—

(1) NUMBER AND APPOINTMENT.—The Panel shall be composed of 12 members appointed by the Commissioner of Social Security in consultation with the Speaker of the House of Representatives, the
Minority Leader of the House of Representatives, the Majority Leader of the Senate, and the Minority Leader of the Senate.

(2) 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 7 members of the Panel shall be individuals with disabilities or representatives of individuals with disabilities, except that, of those 7 members, at least 5 members shall be 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 section 201(a) of this Act)).

(3) TERMS.—

(A) 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 subparagraphs (B) and (C). The initial members shall be appointed not later than 90 days after the date of enactment of this Act.
(B) TERMS OF INITIAL APPOINTEES.—As designated by the Commissioner at the time of appointment, of the members first appointed—

(i) 6 of the members appointed under paragraph (1) shall be appointed for a term of 2 years, and

(ii) 6 of the members appointed under paragraph (1) shall be appointed for a term of 4 years.

(C) 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.

(4) 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.).

(5) 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.

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

(7) CHAIRPERSON.—The Chairperson of the Panel shall be designated by the Commissioner. The term of office of the Chairperson shall be 4 years.

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

(d) DIRECTOR AND STAFF OF PANEL; EXPERTS AND CONSULTANTS.—

(1) 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.).

(2) STAFF.—Subject to rules prescribed by the Commissioner, the Director may appoint and fix the pay of additional personnel as the Director considers appropriate.

(3) 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.

(4) **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 section.

(e) **Powers of Panel.**—

(1) **Hearings and Sessions.**—The Panel may, for the purpose of carrying out its duties under this section, hold such hearings, sit and act at such times and places, and take such testimony and evidence as the Panel considers appropriate.

(2) **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.

(3) **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.

(f) **Reports.**—
(1) INTERIM REPORTS.—The Panel shall submit to the President and Congress interim reports at least annually.

(2) FINAL REPORT.—The Panel shall transmit a final report 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.

(g) TERMINATION.—The Panel shall terminate 30 days after the date of the submission of its final report under subsection (f)(2).

(h) ALLOCATION OF COSTS.—The costs of carrying out this section 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. PROHIBITION ON USING WORK ACTIVITY 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 ELIGIBILITY DETERMINATIONS FOR APPLICATIONS OF FORMER LONG-TERM BENEFICIARIES THAT COMPLETED AN EXTENDED PERIOD OF ELIGIBILITY.

Section 223 of the Social Security Act (42 U.S.C. 423) is amended by adding at the end the following:

"Expedited Eligibility Determinations for Applications of Former Long-Term Beneficiaries That Completed an Extended Period of Eligibility

"(j) The Commissioner of Social Security shall establish a process for providing an expedited eligibility determination in the case of an application for disability insurance benefits under this section, or for monthly insurance benefits under section 202 based on another individual's disability, that is filed by an individual that previously—

"(1) received such benefits for at least 24 months; and
"(2) engaged in substantial gainful activity during the 36-month period following the end of a trial work period under section 222(c)."

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 202 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, in—
cluding information on the availability of protection and advocacy services, to disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1619, and other programs that are designed to encourage disabled beneficiaries to work;

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

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

"(ii) working in cooperation with other Federal, State, and private agencies and nonprofit organizations that serve disabled beneficiaries, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling;
“(C) establish a corps of trained, accessible, and responsive work incentives specialists within the Social Security Administration who will specialize in disability work incentives under titles II and XVI for the purpose of disseminating accurate information with respect to inquiries and issues relating to work incentives to—

“(i) disabled beneficiaries;

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

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

“(D) provide—

“(i) training for the work incentive specialists and the 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.)), 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

*S 331 IS
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 informa-
tion, 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).”
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.—

"(1) IN GENERAL.—Subject to paragraph (2), services provided to disabled beneficiaries pursuant to a payment made under this section may include—

"(A) information and advice about obtaining vocational rehabilitation and employment services; and

"(B) 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 infor-
mation and assurances as the Commissioner may require.

"(d) AMOUNT OF PAYMENTS.—

"(1) IN GENERAL.—Subject to the amount ap-
propriated 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 advo-
cacy 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 advo-
cacy system located in Guam, American Samoa,
the United States Virgin Islands, and the Com-
monwealth 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 202 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 fis-
cal year.

"(g) DEFINITIONS.—In this section:

"(1) COMMISSIONER.—The term 'Commissioner' means the Commissioner of Social Security.

"(2) DISABLED BENEFICIARY.—The term 'dis-
abled 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.).”

TITLE III—DEMOnSTRATION
PROJECTS AND STUDIES

SEC. 301. EXTENSION OF DISABILITY INSURANCE PRO-
GRAM DEMOnSTRATION PROJECT AUTHORITY.

Section 505 of the Social Security Disability Amend-
ments of 1980 (42 U.S.C. 1310 note) is amended—

(1) in subsection (a)(1)—
(A) by striking "and (B)" and inserting ", (B)";
(B) by inserting ", and (C) implementing sliding scale benefit offsets using variations in
the amount of the offset as a proportion of earned income, the duration of the offset pe-
period, and the method of determining the amount of income earned by the beneficiaries,
and using state-of-the-art information tech-
ology and electronic funds transfer technology to streamline the reporting of data and the im-
plementation of the offsets, and developing and making available to beneficiaries, their families,
guardians, and advocates, through the Internet information regarding work incentives and as-
sistance for beneficiaries to make informed deci-
sions regarding work," after "rehabilitation), "; and
(C) by adding at the end the following:
"The Commissioner may expand the scope of any such demonstration project to include any
group of applicants for benefits under such pro-
gram with impairments which may reasonably 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 dem-
onstration project which shall define the extent
of any such presumption.”;
(2) in subsection (a)(3), by striking “June 10,
1996” and inserting “June 10, 2001”;
(3) in subsection (a)(4), by inserting “and on or
before October 1, 2000,” after “1995,”; and
(4) in subsection (c), by striking “October 1,
1996” and inserting “October 1, 2002”.

SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-
DUCTIONS IN DISABILITY INSURANCE BENE-
FITS BASED ON EARNINGS.
(a) AUTHORITY.—The Commissioner of Social Secu-
rity 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 Commiss-
ioner 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 202(b)(2)(B).

(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 informa-
tion 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 Rep-
representatives and to the Committee on Finance of the Sen-
ate. Periodic reports on the progress of such projects shall
be submitted by the Commissioner to such committees.

When appropriate, such reports shall include detailed rec-
ommendations 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 Con-
gress an interim report on the progress of the demonstra-
tion projects carried out under this subsection together
with any related data and materials which the Commis-
sioner of Social Security may consider appropriate.

(e) FINAL REPORT.—The Commissioner of Social Se-
curity 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 dem-
}
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. SENSE OF CONGRESS REGARDING ADDITIONAL DEMONSTRATION PROJECTS.

It is the sense of Congress that the Commissioner of Social Security and the Secretary of Health and Human Services should establish additional demonstration projects to assist individuals with disabilities to engage in work.

SEC. 304. 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
direct the extent to which such credits and other
incentives would encourage employers to hire and re-
tain individuals with disabilities.

(2) REPORT.—Not later than 3 years after the
date of enactment of this Act, the Comptroller Gen-
eral shall transmit to the Committee on Ways and
Means of the House of Representatives and the
Committee on Finance of the Senate a written re-
port presenting the results of the Comptroller Gen-
eral's study conducted pursuant to this subsection,
together with such recommendations for legislative
or administrative changes as the Comptroller Gen-
eral 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 LEAV-
ING CONCURRENT ENTITLEMENT.—

(1) STUDY.—As soon as practicable after the
date of enactment of this Act, the Comptroller Gen-
eral 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 So-
cial Security Act and the supplemental security in-
come 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.
TITLE IV—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 Ad-
vancement 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) The provisions of section 552a of title 5, United States Code, shall not apply to any agreement entered into under clause (i) or to information exchanged pursuant to such agreement.

"(iv) 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).

"(v) 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) 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

*S 331 IS
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 (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 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) 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 Security 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 li-
censed 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 in regulations made under chapter 2 of such Code), 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) ex-
cept 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 De-
cember 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 strik-
ing “title XVI” and inserting “title II or XVI”.

S 331 IS
(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”.

§ 331 IS
(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.
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.

CONTENTS

I. Summary and Background .................................................... 1

   A. Summary ........................................................................ 1
   B. Background and Reasons for Legislation ......................... 1
   C. Legislative History ......................................................... 3

II. Explanation of the Bill ........................................................ 3

   A. Short Title .................................................................... 3
   B. Purposes ....................................................................... 3
   C. Title I—Expanded Availability of Health Care Services .... 4
      1. Expanding Options Under Medicaid for Workers With Disabilities ........................................ 4
      2. Continuation of Medicare Coverage for Working Individuals With Disabilities ....................... 6
      3. Grants to Develop and Establish State Infrastructures to Support Working Individuals with Disabilities ................................................................. 7
      4. Demonstration of Coverage of Workers With Potentially Severe Disabilities .................... 8

   D. Title II—Ticket to Work and Self-Sufficiency and Related Provisions ........................................... 9
      1. Subtitle A. Ticket to Work and Self-Sufficiency ................................................................. 9
         a. Establishment of the Ticket to Work and Self-Sufficiency Program .................................. 9
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 workforce 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-
substantial 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
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 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 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.
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 for 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

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-ACCRAUL 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-
tecture, 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 104-117 extended the statutory authorization for these user fees 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 10531 of the Revenue Act of 1987 (Public Law 100-203, December 22, 1987).
# ESTIMATED BUDGET EFFECTS OF S. 251.
## THE "WORK INCENTIVES IMPROVEMENT ACT OF 1999."
### AS APPROVED BY THE SENATE COMMITTEE ON FINANCE ON MARCH 4, 1999
#### Fiscal Years 1999 - 2004

|-----------|----------------|------|------|------|------|------|------|------|------|---------|---------|---------|
| Outlay Provisions:
  Title III. — Demonstration Projects and Studies [1] | -8 | -6 | -12 | -18 | -20 | -20 | -20 | -20 | -31 | -31 | -36 | -130 | -175 |
  Title IV. — Technical Amendments [1] | -16 | 24 | 35 | 27 | 37 | 38 | 80 | 183 | 275 | 168 | 275 |
| Revenue Offsets (Title V):
  1. 1-year carryback of foreign tax credits and 7-year carryforward | -71 | -188 | -549 | -310 | -403 | -360 | -777 | -671 | -678 | -795 | -2,518 | -3,511 |
  2. Limit of non-salary experience method of forecasting to amounts to be received for the performance of qualified professional services | DOE | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| Subtotal of Revenue Offsets | 65 | 92 | 124 | 640 | 707 | 924 | 363 | 642 | 519 | 806 | 2,649 | 2,394 |
| NET TOTAL | 15 | -10 | -119 | -122 | -212 | -200 | 191 | 191 | 226 | -52 | -219 | 55 | 45 |

[1] Estimate provided by the Congressional Budget Office.

---

**NOTE:** Details may not add to totals due to rounding.

**Legend for "Effective" columns:**
- OE = credits arising in
- DOE = date of enactment
- DOE = tax year beginning after
- OEO = tax year ending after
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,

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 $0.6 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

<table>
<thead>
<tr>
<th>By Fiscal Year, in Millions of Dollars</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIRECT SPENDING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OLD-AGE, SURVIVORS, AND DISABILITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INSURANCE (OASDI)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Changes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disability Insurance (OASDI)</td>
<td>0</td>
<td>7</td>
<td>15</td>
<td>26</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td>Supplementary Security Income</td>
<td>0</td>
<td>-1</td>
<td>-6</td>
<td>-7</td>
<td>-7</td>
<td>-11</td>
</tr>
<tr>
<td>Medicare *</td>
<td>0</td>
<td>12</td>
<td>35</td>
<td>55</td>
<td>75</td>
<td>106</td>
</tr>
<tr>
<td>Medicaid</td>
<td>0</td>
<td>16</td>
<td>18</td>
<td>21</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>IRS spending</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Other Health and Human Services</td>
<td>0</td>
<td>16</td>
<td>27</td>
<td>82</td>
<td>83</td>
<td>84</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>50</td>
<td>119</td>
<td>177</td>
<td>207</td>
<td>238</td>
</tr>
<tr>
<td>On-Budget</td>
<td>0</td>
<td>43</td>
<td>104</td>
<td>151</td>
<td>175</td>
<td>200</td>
</tr>
<tr>
<td>Off-Budget (OASDI)</td>
<td>0</td>
<td>7</td>
<td>15</td>
<td>26</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td>Proposed Spending Under S. 331</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OLD-AGE, SURVIVORS, AND DISABILITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INSURANCE (OASDI)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Changes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disability Insurance (OASDI)</td>
<td>0</td>
<td>7</td>
<td>15</td>
<td>26</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td>Supplementary Security Income</td>
<td>0</td>
<td>-1</td>
<td>-6</td>
<td>-7</td>
<td>-7</td>
<td>-11</td>
</tr>
<tr>
<td>Medicare *</td>
<td>0</td>
<td>12</td>
<td>35</td>
<td>55</td>
<td>75</td>
<td>106</td>
</tr>
<tr>
<td>Medicaid</td>
<td>0</td>
<td>16</td>
<td>18</td>
<td>21</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>IRS spending</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Other Health and Human Services</td>
<td>0</td>
<td>16</td>
<td>27</td>
<td>82</td>
<td>83</td>
<td>84</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>50</td>
<td>119</td>
<td>177</td>
<td>207</td>
<td>238</td>
</tr>
<tr>
<td>On-Budget</td>
<td>0</td>
<td>43</td>
<td>104</td>
<td>151</td>
<td>175</td>
<td>200</td>
</tr>
<tr>
<td>Off-Budget (OASDI)</td>
<td>0</td>
<td>7</td>
<td>15</td>
<td>26</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-Budget</td>
<td>0</td>
<td>73</td>
<td>53</td>
<td>143</td>
<td>641</td>
<td>594</td>
</tr>
<tr>
<td>Off-Budget (OASDI)</td>
<td>0</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>75</td>
<td>60</td>
<td>152</td>
<td>650</td>
<td>603</td>
</tr>
<tr>
<td><strong>DEFICIT (-) OR SURPLUS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-Budget</td>
<td>0</td>
<td>30</td>
<td>-51</td>
<td>-8</td>
<td>466</td>
<td>385</td>
</tr>
<tr>
<td>Off-Budget (OASDI)</td>
<td>0</td>
<td>-5</td>
<td>-2</td>
<td>-2</td>
<td>52</td>
<td>70</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>25</td>
<td>-48</td>
<td>-10</td>
<td>518</td>
<td>455</td>
</tr>
</tbody>
</table>

Note: Components may not sum to totals due to rounding.
* Medicare receives contributions from 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

<table>
<thead>
<tr>
<th>By Fiscal Year, in Millions of Dollars</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title I</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Option to Eliminate Income, Resource and Asset Limitations for Medicaid Buy-in Medicaid</td>
<td>15</td>
<td>16</td>
<td>18</td>
<td>20</td>
<td>22</td>
<td>24</td>
<td>26</td>
<td>29</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>State Option to Continue Medicaid Buy-in for Participants Whose DI or SSI Benefits Are Terminated After a CDR Medicaid</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>8</td>
<td>9</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>Extension of Medicare with No HI Premium for Former DI Beneficiaries Who Exhaust Their Current-Law EPE Medicare</td>
<td>10</td>
<td>29</td>
<td>48</td>
<td>68</td>
<td>95</td>
<td>125</td>
<td>153</td>
<td>195</td>
<td>234</td>
<td>254</td>
</tr>
<tr>
<td>Grants to States to Provide Infrastructure to Support Working Individuals with Disabilities HHS outlays</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Demonstration Project for States Covering Workers with Potentially Severe Disabilities HHS outlays</td>
<td>10</td>
<td>50</td>
<td>73</td>
<td>75</td>
<td>73</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Title II</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishment of the Ticket to Work and Self-Sufficiency Program Disability Insurance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>-3</td>
<td>-48</td>
<td>-77</td>
<td>-33</td>
<td>-37</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Medicare</td>
<td>8</td>
<td>1</td>
<td>2</td>
<td>-1</td>
<td>-46</td>
<td>-16</td>
<td>280</td>
<td>-10</td>
<td>-15</td>
</tr>
<tr>
<td></td>
<td>Subtotal (effect on outlays)</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>7</td>
<td>-3</td>
<td>-65</td>
<td>-110</td>
<td>-37</td>
<td>-79</td>
</tr>
<tr>
<td>Bar on Work CDRs for Certain DI Beneficiaries With Earnings Disability Insurance</td>
<td>5</td>
<td>15</td>
<td>20</td>
<td>20</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>Medicare</td>
<td>2</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Subtotal (effect on outlays)</td>
<td>7</td>
<td>21</td>
<td>27</td>
<td>27</td>
<td>28</td>
<td>33</td>
<td>34</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Expeditied Reinstatement of DI Benefit Within 60 Months of Termination Disability Insurance</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Medicare</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Subtotal (effect on outlays)</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td><strong>Title III</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent Extension of DI Demonstration Project Authority Disability Insurance</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>$1-for-$2 Demonstration Projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Costs (DI)</td>
<td>0</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>DI Benefit Costs</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>8</td>
<td>13</td>
<td>18</td>
<td>19</td>
<td>18</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Medicare Costs</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>7</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Subtotal (effect on outlays)</td>
<td>0</td>
<td>4</td>
<td>7</td>
<td>13</td>
<td>20</td>
<td>28</td>
<td>29</td>
<td>31</td>
<td>31</td>
<td>31</td>
</tr>
</tbody>
</table>

Continued
### Table 2. Continued

<table>
<thead>
<tr>
<th>By Fiscal Year, in Millions of Dollars</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title IV</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions Affected Prisoners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to Prison Officials (OASDI)</td>
<td>2</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Payments to Prison Officials (SSI)</td>
<td>a</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Savings in Benefits (SSI)</td>
<td>-2</td>
<td>-7</td>
<td>-8</td>
<td>-9</td>
<td>-11</td>
<td>-12</td>
<td>-12</td>
<td>-12</td>
<td>-12</td>
<td>-12</td>
</tr>
<tr>
<td>Subtotal (effect on outlays)</td>
<td>-3</td>
<td>-15</td>
<td>-17</td>
<td>-20</td>
<td>-23</td>
<td>-25</td>
<td>-25</td>
<td>-25</td>
<td>-25</td>
<td>-25</td>
</tr>
<tr>
<td><strong>Open Season for Clergy to Enroll in Social Security</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Off-Budget (OASDI) Revenues</td>
<td>2</td>
<td>7</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>On-Budget (HI) Revenues</td>
<td>2</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Other On-Budget Revenues</td>
<td>a</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>OASDI Benefits</td>
<td>a</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Subtotal (effect on total surplus)</td>
<td>3</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Title V</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modification to Foreign Tax Credit Carryback and Carryover Periods</td>
<td>0</td>
<td>0</td>
<td>94</td>
<td>596</td>
<td>533</td>
<td>496</td>
<td>464</td>
<td>431</td>
<td>295</td>
<td>na</td>
</tr>
<tr>
<td>Repeal of Non-accrual Experience Method for Service Providers</td>
<td>72</td>
<td>72</td>
<td>48</td>
<td>44</td>
<td>10</td>
<td>12</td>
<td>14</td>
<td>16</td>
<td>18</td>
<td>na</td>
</tr>
<tr>
<td><strong>Extension of IRS User Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>59</td>
<td>53</td>
<td>56</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Outlays</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Subtotal (effect on total surplus)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>47</td>
<td>50</td>
<td>53</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outlays</td>
<td>43</td>
<td>104</td>
<td>151</td>
<td>175</td>
<td>209</td>
<td>209</td>
<td>202</td>
<td>222</td>
<td>277</td>
<td>327</td>
</tr>
<tr>
<td>Off-Budget</td>
<td>7</td>
<td>12</td>
<td>28</td>
<td>22</td>
<td>24</td>
<td>24</td>
<td>22</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>119</td>
<td>177</td>
<td>207</td>
<td>236</td>
<td>236</td>
<td>230</td>
<td>250</td>
<td>272</td>
<td>322</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-Budget</td>
<td>72</td>
<td>53</td>
<td>143</td>
<td>641</td>
<td>594</td>
<td>562</td>
<td>535</td>
<td>448</td>
<td>314</td>
<td>na</td>
</tr>
<tr>
<td>Off-Budget</td>
<td>2</td>
<td>7</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>60</td>
<td>152</td>
<td>650</td>
<td>603</td>
<td>572</td>
<td>545</td>
<td>458</td>
<td>324</td>
<td>na</td>
</tr>
<tr>
<td><strong>Deficit (−) or Surplus (+)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-Budget</td>
<td>30</td>
<td>-51</td>
<td>-8</td>
<td>466</td>
<td>385</td>
<td>381</td>
<td>333</td>
<td>226</td>
<td>37</td>
<td>na</td>
</tr>
<tr>
<td>Off-Budget</td>
<td>-2</td>
<td>-7</td>
<td>-7</td>
<td>-33</td>
<td>-23</td>
<td>-23</td>
<td>-23</td>
<td>-12</td>
<td>-12</td>
<td>-12</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td>-58</td>
<td>-25</td>
<td>443</td>
<td>365</td>
<td>356</td>
<td>310</td>
<td>204</td>
<td>25</td>
<td>na</td>
</tr>
</tbody>
</table>

**Notes:** Components may not sum to totals due to rounding. Data are unavailable. OASDI = Old-Age, Survivors, and Disability Insurance, HI = Disability Insurance, SSI = Supplemental Security Income. CBO = Congressional Budget Office. Revenues, Off-Budget period of eligibility, HII = Hospital Insurance, M = Medicare Part A, HI-S = Department of Health and Human Services, IRS = Internal Revenue Service. 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 payer.

*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**

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DI Beneficiaries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to Program Manager</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>a</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Milestone Payments to Providers</td>
<td>0</td>
<td>a</td>
<td>1</td>
<td>6</td>
<td>14</td>
<td>22</td>
<td>26</td>
<td>11</td>
<td>a</td>
<td>a</td>
</tr>
<tr>
<td>Incentive Payments to Providers</td>
<td>0</td>
<td>a</td>
<td>a</td>
<td>3</td>
<td>15</td>
<td>33</td>
<td>59</td>
<td>81</td>
<td>62</td>
<td>49</td>
</tr>
<tr>
<td>Partial Reimbursement Current</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VR System</td>
<td>0</td>
<td>a</td>
<td>a</td>
<td>-4</td>
<td>-13</td>
<td>-22</td>
<td>-33</td>
<td>-50</td>
<td>a</td>
<td>a</td>
</tr>
<tr>
<td>Benefits Avoided</td>
<td>0</td>
<td>a</td>
<td>a</td>
<td>-5</td>
<td>-25</td>
<td>-59</td>
<td>-164</td>
<td>-122</td>
<td>-98</td>
<td>-89</td>
</tr>
<tr>
<td>Subtotal, DI</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Medicare Savings</td>
<td>0</td>
<td>0</td>
<td>a</td>
<td>a</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>-14</td>
<td>-31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>-2</td>
<td>-16</td>
<td>-46</td>
<td>-79</td>
<td>-47</td>
<td>-68</td>
</tr>
<tr>
<td><strong>SSI Beneficiaries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to Program Manager</td>
<td>a</td>
<td>1</td>
<td>a</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>a</td>
<td>a</td>
<td>a</td>
<td>a</td>
</tr>
<tr>
<td>Milestone Payments to Providers</td>
<td>0</td>
<td>a</td>
<td>1</td>
<td>3</td>
<td>7</td>
<td>11</td>
<td>13</td>
<td>6</td>
<td>a</td>
<td>a</td>
</tr>
<tr>
<td>Incentive Payments to Providers</td>
<td>0</td>
<td>a</td>
<td>a</td>
<td>a</td>
<td>3</td>
<td>9</td>
<td>13</td>
<td>21</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Partial Reimbursement Current</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VR System</td>
<td>0</td>
<td>a</td>
<td>a</td>
<td>-2</td>
<td>-6</td>
<td>-11</td>
<td>-17</td>
<td>-23</td>
<td>a</td>
<td>a</td>
</tr>
<tr>
<td>Benefits Avoided</td>
<td>0</td>
<td>a</td>
<td>a</td>
<td>-1</td>
<td>-7</td>
<td>-16</td>
<td>-27</td>
<td>-32</td>
<td>-26</td>
<td>-23</td>
</tr>
<tr>
<td>Subtotal, SSI</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Medicare Savings</td>
<td>c</td>
<td>c</td>
<td>c</td>
<td>c</td>
<td>c</td>
<td>c</td>
<td>c</td>
<td>c</td>
<td>c</td>
<td>c</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>a</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>-1</td>
<td>-6</td>
<td>-16</td>
<td>-30</td>
<td>-10</td>
<td>-11</td>
</tr>
</tbody>
</table>

*Notes:* Components may not sum due to rounding. DI = Disability Insurance, SSI = Supplemented Security Income.

- Less than $10,000.
- *These amounts are the Medicare savings that would occur under current law. Title I of this bill would extend Medicare for these beneficiaries.*
- *CBO assumes that nearly all of the vocational rehabilitation recipients who leave the SSI rolls would continue to get Medicaid coverage through the 1619(e) 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

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.

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.

- **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 ticketholders, 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 inducedfilers. 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>
<thead>
<tr>
<th>Table 4. Spending Subject to Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>By Fiscal Year, in Millions of Dollars</td>
</tr>
<tr>
<td>2000</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td><strong>With Adjustments for Inflation</strong></td>
</tr>
<tr>
<td>Work Incentives Advisory Panel</td>
</tr>
<tr>
<td>Budget authority</td>
</tr>
<tr>
<td>Outlays</td>
</tr>
<tr>
<td>Work Incentives Outreach</td>
</tr>
<tr>
<td>Budget authority</td>
</tr>
<tr>
<td>Outlays</td>
</tr>
<tr>
<td>State Grants for Work Incentives Assistance</td>
</tr>
<tr>
<td>Budget authority</td>
</tr>
<tr>
<td>Outlays</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td><strong>Without Adjustments for Inflation</strong></td>
</tr>
<tr>
<td>Work Incentives Advisory Panel</td>
</tr>
<tr>
<td>Budget authority</td>
</tr>
<tr>
<td>Outlays</td>
</tr>
<tr>
<td>Work Incentives Outreach</td>
</tr>
<tr>
<td>Budget authority</td>
</tr>
<tr>
<td>Outlays</td>
</tr>
<tr>
<td>State Grants for Work Incentives Assistance</td>
</tr>
<tr>
<td>Budget authority</td>
</tr>
<tr>
<td>Outlays</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Note: Compares percent to total 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**

<table>
<thead>
<tr>
<th>By Fiscal Year, in Millions of Dollars</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in outlays</td>
<td>43</td>
<td>104</td>
<td>151</td>
<td>175</td>
<td>209</td>
<td>181</td>
<td>202</td>
<td>222</td>
<td>277</td>
<td>327</td>
</tr>
<tr>
<td>Changes in receipts</td>
<td>73</td>
<td>353</td>
<td>141</td>
<td>641</td>
<td>594</td>
<td>562</td>
<td>535</td>
<td>448</td>
<td>314</td>
<td>na</td>
</tr>
</tbody>
</table>

na = not available.
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 UMBA in each of fiscal years 2002 through 2004 (see Table 6).

<table>
<thead>
<tr>
<th>TABLE 6. ESTIMATED COST OF PRIVATE-SECTOR MANDATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>By Fiscal Year, in Millions of Dollars</td>
</tr>
<tr>
<td>2000</td>
</tr>
<tr>
<td>Cost to the Private Sector</td>
</tr>
</tbody>
</table>

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 to 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 be 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

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 Re-structuring 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).
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, Ms. MURKOWSKI, Mr. BREAUX, Mr. GRAHAM, Mr. KERRY, Mr. ROBB, Mr. ROCKEFELLER, Mr. BINGHAM, Mrs. BOXER, Mr. CLELAND, Ms. COLLINS, Mr. DASCHLE, Mr. DEWINE, Mr. DODD, Mr. DURBIN, Mr. ENZI, Mrs. FEINSTEIN, Mr. GRAHAM, Mr. HARKIN, Mr. HOLLINGS, Mr. HUTCHINSON, Mr. INOUYE, Mr. JOHNSON, Mr. KERRY, Ms. MIKULSKI, Mrs. MURRAY, Mr. REED, Mr. REID, Mr. SARBAZES, 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, Ms. 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
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.

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 "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.

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.

Subtitle B—Elimination of Work Disincentives
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 attendant 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 ½ 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 ½ 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. 401. EXPANDING STATE OPTIONS UNDER MEDICAID FOR WORKERS WITH DISABILITIES.


(1) in subclause (XIII), by striking "or" at the end;

(2) in subclause (XIV), by adding "or" at the end; and

(3) by adding at the end the following:
(XV) who, but for earnings in excess of the limit established under section 1905(q)(2)(B), and subject to limitations on assets, resources, or unearned income that may be set by the State, 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 and that may require an individual with income that exceeds 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 to pay an amount equal to 100 percent of the premium cost for providing medical assistance to the individual), so long as any such premiums or other cost-sharing charges are the
same as any premiums or other cost-
sharing charges imposed for individ-
uals described in subclause (XVI));”.

(b) State Option To Expand Opportunities For
Workers With Disabilities To Buy Into Med-
icaid.—

(1) Eligibility.—Section 1902(a)(10)(A)(ii)
of the Social Security Act (42 U.S.C.
1396a(a)(10)(A)(ii)), as amended by subsection (a);
is amended—

(A) in subclause (XIV), by striking “or” at the end;

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

(C) by adding at the end the following:

“(XVI) who are working individ-
uals with disabilities described in sec-
tion 1905(v) (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 so long as any such premiums or other cost-sharing charges are the same as any pre-
iums or other cost-sharing charges
imposed for individuals described in
subclause (XV)); but only if the State
provides medical assistance to individ-
uals described in subclause (XV);".

(2) DEFINITION OF WORKING INDIVIDUALS
WITH DISABILITIES.—Section 1905 of the Social Se-
curity Act (42 U.S.C. 1396d) is amended by adding
at the end the following:

"(v)(1) The term 'working individuals with disabil-
ities' means individuals ages 16 through 64 who—

"(A) by reason of medical improvement, cease
to be eligible for benefits under section 223(d) or
1614(a)(3) at the time of a regularly scheduled con-
tinuing disability review but who continue to have a
severe medically determinable impairment; and

"(B) are employed.

"(2) 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.

(2) Conforming Amendment.—Section
1905(a) of the Social Security Act (42 U.S.C.
1396d(a)) is amended in the matter preceding para-
graph (1)—
(A) in clause (x); by striking "or" at the
end;
(B) in clause (xi); by adding "or" at the
end; and
(C) by inserting after clause (xi); the fol-
lowing:
"(xii) individuals described in subsection (v),".

(c) Prohibition Against Supplantation of
State Funds; Maintenance of Effort Require-
ment; Condition for Approval of State Plan
Amendment.—

(1) No Supplantation of State Funds.—
Federal funds paid to a State for medical assistance
provided to an individual described in subclause
(XV) or (XVI) of section 1902(a)(10)(A)(ii) of the
Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii))
must be used to supplement but not supplant the
level of State funds expended as of October 1, 1998
for programs to enable working individuals with dis-
abilities to work.

(2) MAINTENANCE OF EFFORT.—With respect
to a fiscal year quarter, no Federal funds may be
paid to a State for medical assistance provided to an
individual described in subclause (XV) or (XVI) of
section 1902(a)(10)(A)(ii) of the Social Security Act
(42 U.S.C. 1396a(a)(10)(A)(ii)) for such fiscal year
quarter if the Secretary of Health and Human Serv-
ices determines that the total of the State expendi-
tures for programs to enable working individuals
with disabilities to work for the preceding fiscal year
quarter is less than the total of such expenditures
for the same fiscal year quarter of the preceding fis-
cal year.

(3) CONDITION FOR APPROVAL OF STATE PLAN
AMENDMENTS.—No State plan amendment that pro-
poses to provide medical assistance to an individual
described in subclause (XV) or (XVI) of section
1902(a)(10)(A)(ii) of the Social Security Act (42
U.S.C. 1396a(a)(10)(A)(ii)) may be approved unless
the chief executive officer of the State certifies to
the Secretary of Health and Human Services that
the plan, as so amended, will satisfy the require-
ments of paragraphs (1) and (2) of this subsection.
(a) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply on and after October 1, 1999.

(2) EXTENSION OF EFFECTIVE DATE FOR STATE LAW AMENDMENT.—In the case of a State plan under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of this section solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of the session is considered to be a separate regular session of the State legislature.
SEC. 102. CONTINUATION OF MEDICARE COVERAGE FOR WORKING INDIVIDUALS WITH DISABILITIES.

(a) CONTINUATION OF COVERAGE.—Section 1818A of the Social Security Act (42 U.S.C. 1395i–2a) is amended by adding at the end the following:

"(c)(1) During the 10-year period beginning with the first month that begins after the date of enactment of this subsection, this section shall apply—

"(A) in subsection (a); by inserting—

"(i) in paragraph (2)(C), "on or after the date of enactment of the Work Incentives Improvement Act of 1999" after "ends"; and

"(ii) "without being subject to a premium" before the period; and

"(B) without regard to subsections (e)(2)(D) and (d).

"(2) Any individual who, as of the date of enactment of this subsection, is enrolled in the Medicare program under this section and would, without regard to paragraph (1), otherwise satisfy the eligibility requirements for enrollment set forth in subsection (a) shall be deemed to satisfy the requirement of subsection (a)(2)(C) of that section after the application of paragraph (1)(A)(i) for purposes of not being subject to a premium for enrollment in the Medicare program under this section.

S 331 RS
"(3) Notwithstanding paragraph (1), paragraph (1) shall continue to apply after the termination of the 10-year period described in that paragraph in the case of any individual who is enrolled in the medicare program under this section for the month that ends such 10-year period."

(b) GAO REPORT.—Not later than 8 years after the date of 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 section 1818A of the Social Security Act (42 U.S.C. 1395i–2a) as amended by subsection (a); and

(2) recommends whether that section should continue to be applied, as so amended, beyond the 10-year period described in subsection (e) of that section.

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. A State may submit an application for a grant authorized under this section at such time; in such manner; and containing such information as the Secretary may determine.

(2) 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 (c); 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—
(i) the State has an approved amendment to the State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) that—

(I) 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)); or

(II) provides medical assistance under such plan to individuals described in subclauses (XV) and (XVI) of section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)); and

(ii) the State 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 subclause (I) or (II) of 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.

(D) 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.—No State that submits an approved application for funding under this section shall receive a grant for a fiscal year that is less than $500,000.

(ii) Maximum Awards.—No State that submits an approved application for funding 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) or (XVI) of section 1902(a)(10)(A)(ii), whichever is greater, as estimated by the State and approved by the Secretary.

(c) Availability of Funds.—

(1) Funds Allocated to States.—Funds allocated to a State under a grant made under this section for a fiscal year shall remain available until expended.

(2) 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 Sec-
Secretary using the allocation formula established by the Secretary under subsection (e)(3)(A).

(d) ANNUAL REPORT.—A State that receives 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.—Out of any funds in the Treasury not otherwise appropriated, there is authorized to be appropriated and there is appropriated to make grants under this section—

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

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

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

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

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

(6) for 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.

(f) RECOMMENDATION.—Not later than October 1, 2009, the Secretary of Health and Human Services, in consultation with the Work Incentives Advisory Panel established under section 202, shall submit a recommendation to the Committee on Commerce and the Committee on Ways and Means 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 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. 1396a(a)(10)(A)(ii)(XV)) 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, to become blind or disabled (as defined under section 1614(a) of the Social Security Act); 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.

(e) Approval of Demonstration Projects.—

(1) In general.—Subject to paragraph (2), 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 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.
(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.—Out of any funds in the Treasury not otherwise appropriated, there is authorized to be appropriated and there is appropriated to carry out this section—

(i) for fiscal year 2000; $70,000,000;

(ii) for fiscal year 2001; $73,000,000;

(iii) for fiscal year 2002; $77,000,000;

and

(iv) for fiscal year 2003; $80,000,000.

(B) LIMITATION ON PAYMENTS.—In no case may—
(i) the aggregate amount of payment made by the Secretary to States under this section exceed $300,000,000; or

(ii) payment 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.—Subject to the succeeding provisions of this section, 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) STATE DEFINED.—In this section, the term
"State" has the meaning given such term for purposes of
title XIX of the Social Security 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 add-
ing after section 1147 (as added by section 8 of the Non-
citizen Benefit Clarification and Other Technical Amend-
2028)) 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 Pro-
gram, 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 serv-
S 331 RS
(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.

(e) 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 PROGRAMS.—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——

(ii) 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 agree-
ment:

"(d) Responsibilities of the Commissioner.—

"(1) Selection and qualifications of pro-
gram 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 admin-
istering 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 employ-
ment services:

"(2) Tenure, renewal, and early termi-
nation.—Each agreement entered into under para-
graph (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 bene-
ficiaries to services; and
"(B) measures for determining the extent
to which failures in obtaining services for bene-
"(B) causes for determining the extent
to which failures in obtaining services for bene-
cipients fall within acceptable parameters, as
determined by the Commissioner.

"(B) PRECLUSION FROM DIRECT PARTICIPA-
TION 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 sup-
port 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 NET-
WORKS.—

"(A) IN GENERAL.—The Commissioner
shall select and enter into agreements with em-
ployment networks for service under the Pro-
gram. 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 satisfac-
tion.

"(7) DISPUTE RESOLUTION.—The Commis-
sioner shall provide for a mechanism for resolving
disputes between beneficiaries and employment net-
works; between program managers and employment
networks; and between program managers and pro-
viders 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 Commissi-
ioner in carrying out the Commissioner's duties in
administering the Program:

"(2) RECRUITMENT OF EMPLOYMENT NET-
WORKS.—A program manager shall recruit, and rec-
ommend for selection by the Commissioner, employ-
ment networks for service under the Program. The
program manager shall carry out such recruitment
and provide such recommendations, and shall mon-
itor 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 serv-
ices are made available to beneficiaries. Employment
networks may serve under the Program only pursu-
ant to an agreement entered into with the Commis-
Sioner under the Program incorporating the applica-
ble provisions of this section and regulations there-
under; and the program manager shall provide and
maintain assurances to the Commissioner that pay-
ment by the Commissioner to employment networks
pursuant to this section is warranted based on com-
pliance 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 pro-
gram 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 deter-
mined 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 employ-
ment, career planning, career plan development, vocation- 
al 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 Net- 
works.—
"(A) In General.—Each employment net- 
work 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 net- 
work tickets to work and self-sufficiency issued 
under subsection (b):
"(B) One-Stop Delivery Systems.—An 
employment network serving under the Pro- 
gram 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 Cri- 
teria.—No employment network may serve
under the Program unless it meets and main-
tains compliance with both general selection cri-
teria (such as professional and educational
qualifications (where applicable)) and specific
selection criteria (such as substantial expertise
and experience in providing relevant employ-
ment services and supports):

"(D) SINGLE OR ASSOCIATED PROVIDERS
ALLOWED.—An employment network shall con-
sist 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 (c)(4) by providing
services directly, or by entering into agreements
with other individuals or entities providing ap-
propriate employment services, vocational reha-
bilitation 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 para-
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 re-
garding 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 net-
work) and remedies available to the indi-
vidual, including information on the avail-
ability 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 ap
propriate; an accessible format chosen by the beneficiary.

(ii) EFFECTIVE UPON WRITTEN APPROVAL.—
A beneficiary's individual work plan shall take effect upon written approval by the beneficiary or a representa-tive 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.—

(i) 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 sub-

paragraph (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.

"(d) 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 dis-
ability 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 concur-
rently a title II disability beneficiary), the
average payment of supplemental security
income benefits based on disability payable
under title XVI (excluding State sup-
plementation) for months during the pre-
ceding calendar year to all beneficiaries
who have attained age 18 but have not at-
tained age 65;

"(B) OUTCOME PAYMENT PERIOD.—The
term 'outcome payment period' means, in con-
nection with any individual who had assigned a
ticket to work and self-sufficiency to an employ-
ment 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 pay-
able to such individual by reason of en-
gagement 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 en-
gagement 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 per-
centage 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 economics. 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 economics 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 202 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 estab-
lished by the Commissioner pursuant to this
section to the extent that the Commissioner de-
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 pro-
vided to the Commissioner by program man-
agers; the Work Incentives Advisory Panel es-
tablished under section 202 of the Work Incent-
tives Improvement Act of 1999; or other reli-
able 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 ap-
plicable State agency) may not initiate a continuing dis-
ability 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 adminis-
tration 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 beneficiar
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 disabil
ity (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.

"(l) 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.

"(m) Sunset of Program.—The Program established under this section shall terminate on September 30, 2004."

(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(e) of the Social Security Act (42 U.S.C. 1382d(e)) 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 “(e)”; 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 evalua-
tion 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 Commis-
sioner 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 202, the Comptroller General of the United States, other agencies of the Federal Government, and private organizations with appropriate expertise.

(C) METHODOLOGY.—

(1) IMPLEMENTATION.—The Commissioner, in consultation with the Work Incentives Advisory Panel established under section 202, shall ensure that plans for
evaluations and data collection methods under the Program are appropriately designed to obtain detailed employment information:

(iii) 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 serv-
ices; 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, im-

pede; 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 pursu-

ant 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):

(c) SPECIFIC REGULATIONS REQUIRED—

(1) IN GENERAL.—The Commissioner of Social

Security shall prescribe such regulations as are nec-

essary to implement the amendments made by this

section:

(2) SPECIFIC MATTERS TO BE INCLUDED IN

REGULATIONS.—The matters which shall be ad-

dressed 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(e)(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 participa-
tion in the delivery of services pursuant to
section 1148(d)(2) 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 net-
works utilized pursuant to paragraph (2)
of section 1148(c); 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 sec-
tion 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 ap-
plicable to employment networks under
section 1148(f)(1)(C) of the Social Secu-

rity Act in selecting service providers;
(iii) specific requirements relating to annual financial reporting by employment networks pursuant to section 1148(f)(2) 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;

(II) 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)(3);

(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.

SEC. 202. WORK INCENTIVES ADVISORY PANEL.

(a) ESTABLISHMENT.—There is established within the Social Security Administration a panel to be known as the "Work Incentives Advisory Panel" (in this section referred to as the "Panel").

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

(1) advise the Secretary of Health and Human Services, the Secretary of Labor, the Secretary of Education, 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

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

(A) advise the Commissioner of Social Se-
curity 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;

(B) advise the Commissioner regarding the
most effective designs for research and dem-
onstration projects associated with the Program
or conducted pursuant to section 302;

(C) advise the Commissioner on the devel-
opment of performance measurements relating
to quality assurance under section 1148(d)(6)
of the Social Security Act; and

(D) furnish progress reports on the Pro-
gram to the Commissioner and each House of
Congress.
(e) Membership.—

(1) Number and Appointment.—The Panel shall be composed of 12 members appointed by the Commissioner of Social Security in consultation with the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Majority Leader of the Senate, and the Minority Leader of the Senate.

(2) 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 7 members of the Panel shall be individuals with disabilities or representatives of individuals with disabilities; except that, of those 7 members, at least 5 members shall be 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 section 201(a) of this Act)).

(3) Terms.—

(A) 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 pro-
vided in subparagraphs (B) and (C). The initial
members shall be appointed not later than 90
days after the date of enactment of this Act.

(B) TERMS OF INITIAL APPOINTEES.—As
designated by the Commissioner at the time of
appointment, of the members first appointed—
(i) 6 of the members appointed under
paragraph (1) shall be appointed for a
term of 2 years; and
(ii) 6 of the members appointed under
paragraph (1) shall be appointed for a
term of 4 years.

(C) 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.

(4) 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.).

(5) 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.

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

(7) CHAIRPERSON.—The Chairperson of the
Panel shall be designated by the Commissioner. The
term of office of the Chairperson shall be 4 years.

(8) MEETINGS.—The Panel shall meet at least
quarterly and at other times at the call of the Chair-
person or a majority of its members.

(9) DIRECTOR AND STAFF OF PANEL, EXPERTS AND
CONSULTANTS.—

(1) DIRECTOR.—The Panel shall have a Direc-
tor 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.):

(2) STAFF.—Subject to rules prescribed by the
Commissioner, the Director may appoint and fix the
pay of additional personnel as the Director considers appropriate.

(3) 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.

(4) 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 section.

(c) POWERS OF PANEL.—

(1) HEARINGS AND SESSIONS.—The Panel may, for the purpose of carrying out its duties under this section, hold such hearings; sit and act at such times and places; and take such testimony and evidence as the Panel considers appropriate.

(2) 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.

(3) 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.

(f) REPORTS.—

(1) INTERIM REPORTS.—The Panel shall submit to the President and Congress interim reports at least annually;

(2) FINAL REPORT.—The Panel shall transmit a final report 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.

(g) TERMINATION.—The Panel shall terminate 30 days after the date of the submission of its final report under subsection (f)(2):

(h) ALLOCATION OF COSTS.—The costs of carrying out this section 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. PROHIBITION ON USING WORK ACTIVITY 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. 213. EXPEDITED ELIGIBILITY DETERMINATIONS FOR APPLICATIONS OF FORMER LONG-TERM BENEFICIARIES THAT COMPLETED AN EXTENDED PERIOD OF ELIGIBILITY.

Section 223 of the Social Security Act (42 U.S.C. 423) is amended by adding at the end the following:

"(g) The Commissioner of Social Security shall establish a process for providing an expedited eligibility determination in the case of an application for disability insurance benefits under this section, or for monthly insurance benefits under section 202 based on another individual's disability, that is filed by an individual that previously—

"(1) received such benefits for at least 24 months; and

S 331 RS
"(2) engaged in substantial gainful activity during the 36-month period following the end of a trial work period under section 222(c)."

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 202 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, in-"
cluding information on the availability of protection and advocacy services; to disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1619, and other programs that are designed to encourage disabled beneficiaries to work;

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

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

"(ii) working in cooperation with other Federal, State, and private agencies and nonprofit organizations that serve disabled beneficiaries; and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling;
"(C) establish a corps of trained, accessible, and responsive work incentives specialists within the Social Security Administration who will specialize in disability work incentives under titles II and XVI for the purpose of disseminating accurate information with respect to inquiries and issues relating to work incentives to—

"(i) disabled beneficiaries;

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

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

and

"(D) provide—

"(i) training for the work incentive specialists and the 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.)); 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 estab-
lished 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 admin-
istering the State program funded
under part A of title IV:

"(D) EXCLUSION FOR CONFLICT OF IN-
TEREST.—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 individ-
uals who will act as planners and provide informa-
tion, 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.

"(2) 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.

(e) 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).”
SEC. 227. 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 G 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.—

"(1) In General.—Subject to paragraph (2), services provided to disabled beneficiaries pursuant to a payment made under this section may include—

"(A) information and advice about obtaining vocational rehabilitation and employment services; and

"(B) 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.

**\(\text{(d)}\) AMOUNT OF PAYMENTS:—**

**\(\text{(i)}\) 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—

**\(\text{(A)}\) 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—

**\(\text{(i)}\) $100,000; or**

**\(\text{(ii)}\) \(\frac{1}{2}\) of 1 percent of the amount available for payments under this section; and**

**\(\text{(B)}\) 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:

(c) 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 202 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 fis-
ca^ year.

"(g) DEFINITIONS.—In this section:

"(1) COMMISSIONER.—The term 'Commission-

er' means the Commissioner of Social Security.

"(2) DISABLED BENEFICIARY.—The term 'dis-

abled 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.).”.

TITLE III—DEMONSTRATION
PROJECTS AND STUDIES

SEC. 301. EXTENSION OF DISABILITY INSURANCE PRO-
GRAM DEMONSTRATION PROJECT AUTHOR-
ITY.

Section 505 of the Social Security Disability Amend-
ments of 1980 (42 U.S.C. 1310 note) is amended—

(1) in subsection (a)(1)—

S 331 RS
(A) by striking "and (B)" and inserting ";

(B) by inserting "; and (C) implementing sliding scale benefit offsets using variations in the amount of the offset as a proportion of earned income, the duration of the offset period; and the method of determining the amount of income earned by the beneficiaries; and using state-of-the-art information technology and electronic funds transfer technology to streamline the reporting of data and the implementation of the offsets; and developing and making available to beneficiaries, their families; guardians; and advocates; through the Internet information regarding work incentives and assistance for beneficiaries to make informed decisions regarding work;" after "rehabilitation);"; and

(C) by adding at the end the following:

"The Commissioner may expand the scope of any such demonstration project to include any group of applicants for benefits under such program with impairments which may reasonably 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 dem-
onstration project which shall define the extent
of any such presumption:"
(2) in subsection (a)(3), by striking "June 10,
1996" and inserting "June 10, 2001";
(3) in subsection (a)(4), by inserting "and on or
before October 1, 2000," after "1995,"; and
(4) in subsection (e), by striking "October 1,
1996" and inserting "October 1, 2002":
SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-
DUCTIONS IN DISABILITY INSURANCE BENE-
FITS BASED ON EARNINGS.
(a) AUTHORITY.—The Commissioner of Social Secu-
rity 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 222; 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 Commis-
sioner 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 202(b)(2)(B).

(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 informa-
tion 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 Rep-
resentatives and to the Committee on Finance of the Sen-
ate. Periodic reports on the progress of such projects shall
be submitted by the Commissioner to such committees.
When appropriate, such reports shall include detailed rec-
ommendations 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 Con-
gress an interim report on the progress of the demonstra-
tion projects carried out under this subsection together
with any related data and materials which the Commiss-
ioner of Social Security may consider appropriate.

(e) FINAL REPORT.—The Commissioner of Social Se-
curity 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 dem-
stration 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. SENSE OF CONGRESS REGARDING ADDITIONAL DEMONSTRATION PROJECTS.

It is the sense of Congress that the Commissioner of Social Security and the Secretary of Health and Human Services should establish additional demonstration projects to assist individuals with disabilities to engage in work.

SEC. 304. 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 Gen-
eral shall transmit to the Committee on Ways and
Means of the House of Representatives and the
Committee on Finance of the Senate a written re-
port presenting the results of the Comptroller Gen-
eral's study conducted pursuant to this subsection;
together with such recommendations for legislative
or administrative changes as the Comptroller Gen-
eral 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 LEAV-
ING CONCURRENT ENTITLEMENT.—

(1) STUDY.—As soon as practicable after the
date of enactment of this Act, the Comptroller Gen-
eral 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 So-
cial Security Act and the supplemental security in-
come 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 recipi-
ents 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 Gen-
eral shall transmit to the Committee on Ways and
Means of the House of Representatives and the
Committee on Finance of the Senate a written re-
port presenting the results of the Comptroller Gen-
eral’s study conducted pursuant to this subsection;
together with such recommendations for legislative
or administrative changes as the Comptroller Gen-
eral determines are appropriate.
TITLE IV—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 Ad-
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).”;

(e) 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) The provisions of section 552a of title 5, United
States Code, shall not apply to any agreement entered into
under clause (i) or to information exchanged pursuant to
such agreement.

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

(v) 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) 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 begin-
ing after the month in which this Act is enacted.

(b) ELIMINATION OF TITLE II REQUIREMENT THAT
CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-
PRISONMENT 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 im-
posed)" and inserting "a criminal offense"; and

(C) in clause (ii)(I), by striking "an of-
fense punishable by imprisonment for more
than 1 year" and inserting "a criminal of-
fense".

(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(c)(1)(I) of the Social Security Act (42 U.S.C. 1382(c)(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(c)(1)(I)(i) of the Social Security Act (42 U.S.C. 1382(c)(1)(I)(i)) is amended in the matter preceding subclause (I) by

*S 331 RS
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) 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(c)(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) 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. 493. REVOCATION BY MEMBERS OF THE CLERGY OF EXEMPTION FROM SOCIAL SECURITY COVERAGE.

(a) IN GENERAL.—Notwithstanding section 1402(c)(4) of the Internal Revenue Code of 1986, any exemption which has been received under section 1402(c)(1) of such Code by a duly ordained, commissioned, or li-
censed 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
in regulations made under chapter 2 of such Code); if such
application is filed no later than the due date of the Fed-
eral income tax return (including any extension thereof)
for the applicant's second taxable year beginning after De-
cember 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 speci-
fied in the application; either with respect to the appli-
cant'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 tax-
able years; and the applicant for any such revocation may
not thereafter again file application for an exemption
under such section 1402(c)(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(e) of such Code) ex-
cept for the exemption under section 1402(c)(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 De-

cember 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 strik-
ing "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 3519 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".
(e) **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.

**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.

**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. 503. Extension of Internal Revenue Service user fees.

1 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 attendant 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(g)(2)(B), would be considered to be receiving supplemental security income and whose assets, resources, and earned or unearned income (or both) do not exceed such limi-
(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), 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 pre-
miums in the case of such an individual who has in-
come that exceeds 250 percent of the income official
poverty line (referred to in subsection (c)(1)) applica-
tible to a family of the size involved."

(4) PROHIBITION AGAINST SUPPLANTATION OF
STATE FUNDS AND STATE FAILURE TO MAINTAIN EF-
FORT.—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 med-
ical 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.—


(2) Section 1903(J)(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. 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 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.

(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 10-year period described in section 226(j)" before the semicolon.

(b) GAO REPORT.—Not later than 8 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); and

(2) recommends whether that subsection should continue to be applied beyond the 10-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 POTENTIAL SEVERELY 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 demonstra-
tion 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 POTENTIAL SEVERELY SEVERE DIS-
ABILITY DEFINED.—For purposes of this section—

(1) IN GENERAL.—The term "worker with a po-
tentially 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 im-
pairment 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, $70,000,000;
(II) for fiscal year 2001, $73,000,000;
(III) for fiscal year 2002, $77,000,000; and
(IV) for fiscal year 2003, $80,000,000.

(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 $300,000,000; 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.).

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 PROGRAMS.—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 agree-
ment 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 bene-
ficiaries fall within acceptable parameters, as de-
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 sup-
port 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 man-
ager's agreement.

"(4) SELECTION OF EMPLOYMENT NETWORKS.—

"(A) IN GENERAL.—The Commissioner shall
select and enter into agreements with employ-
ment networks for service under the Program.
Such employment networks shall be in addition
to State agencies serving as employment net-
works 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 EM-
PLOYMENT NETWORKS.—The Commissioner shall ter-
minate agreements with employment networks for in-
adequate performance, as determined by the Commis-
sioner.

"(6) QUALITY ASSURANCE.—The Commissioner
shall provide for such periodic reviews as are nec-
essary 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 measure-
ments. The Commissioner shall ensure that the results
of the periodic reviews are made available to bene-
ficiaries who are prospective service recipients as they
select employment networks. The Commissioner shall
ensure that the periodic surveys of beneficiaries re-
ceiving services under the Program are designed to measure customer service satisfaction.

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

“(e) PROGRAM MANAGERS.—

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

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

"(3) FACILITATION OF ACCESS BY BENEFICIARIES TO EMPLOYMENT NETWORKS.—A program manager shall facilitate access by beneficiaries to employment networks. The program manager shall ensure that each beneficiary is allowed changes in employment networks 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 pro-
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 re-
habilitation services, and other support services
provided under the Program by, or under agree-
ments entered into with, the employment network
are provided under appropriate individual work
plans that meet the requirements of subpara-
graph (C);

“(B) develop and implement each such indi-
vidual work plan in partnership with each bene-
ficiary receiving such services in a manner that
affords the beneficiary the opportunity to exer-
cise 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 re-
garding the beneficiary’s rights under the
Program (such as the right to retrieve the
ticket to work and self-sufficiency if the ben-
eficiary 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 resolv-
ing disputes through the State grant pro-
gram 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 ap-
propriate, 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 rep-
resentative of the beneficiary and a representative of
the employment network that, in providing such writ-
ten approval, acknowledges assignment of the bene-
fi ciary’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 pre-
viously selected shall continue to apply with re-
spect to such services.

"(2) OUTCOME PAYMENT SYSTEM.—"

"(A) IN GENERAL.—The outcome payment
system shall consist of a payment structure gov-
erning employment networks electing such sys-
tem under paragraph (1)(A) which meets the re-
quirements of this paragraph.

"(B) PAYMENTS MADE DURING OUTCOME
PAYMENT PERIOD.—The outcome payment sys-
tem 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 EM-
PLOYMENT 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 pay-
able 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 PAY-
MENT PERIODS.—The outcome-milestone pay-
ment system shall provide for 1 or more mile-
stones with respect to beneficiaries receiving serv-
ices from an employment network under the Pro-
gram that are directed toward the goal of perma-
nent employment. Such milestones shall form a
part of a payment structure that provides, in
addition to payments made during outcome pay-
ment periods, payments made prior to outcome
payment periods in amounts based on the at-
tainment 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 employ-
ment 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 Fed-
eral Old-Age and Survivors Insurance Trust Fund or
the Federal Disability Insurance Trust Fund, as ap-
propriate, in the case of ticketed title II disability
beneficiaries who return to work, or from the appro-
priation made available for making supplemental se-
curity income payments under title XVI, in the case
of title XVI disability beneficiaries who return to
work. With respect to ticketed beneficiaries who con-
currently are entitled to benefits under title II and el-
igible for payments under title XVI who return to
work, the Commissioner shall allocate the cost of pay-
ments 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 ‘dis-
abled beneficiary’ means a title II disability bene-
iciary or a title XVI disability beneficiary.

“(3) TITLE II DISABILITY BENEFICIARY.—The
term ‘title II disability beneficiary’ means an indi-
vidual 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 indi-
vidual eligible for supplemental security income bene-
fits 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 indi-
vidual 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.

“(l) 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.

“(m) REAUTHORIZATION OF PROGRAM.—

“(1) IN GENERAL.—The Program established under this section shall terminate on the date that is 5 years after the date that the Commissioner commences implementation of the Program.

“(2) ASSURANCE OF OUTCOME PAYMENT PERIOD.—Notwithstanding paragraph (1)—

“(A) any individual who has initiated a work plan in accordance with subsection (g) may use services provided under the Program in accordance with this section; and
“(B) any employment network that provides services to such an individual shall receive payments for such services, during the individual’s outcome payment period (as defined in paragraph (4)(B) of subsection (h), including any alteration of such period in accordance with paragraph (5) of that subsection).”.

(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 Se-
curity Act (42 U.S.C. 1383(a)(6)(A)) is amended
by striking “a program of vocational rehabilita-
tion services” and inserting “a program con-
sisting 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”.

S 331 RS
(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 employ-
ment 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;
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 Secu-
(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 Secretary of Health and Human Services, the Secretary of Labor, the Secretary of Education, 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 imple-
menting the Program thereafter, the refine-
ment 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 nec-
essary 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 ap-
pointed by the Commissioner of Social Security
in consultation with the Speaker of the House of
Representatives, the Minority Leader of the
House of Representatives, the Majority Leader of
the Senate, and the Minority Leader of the Sen-
ate.

(B) REPRESENTATION.—All members ap-
pointed to the Panel shall have experience or ex-
pert knowledge in the fields of, or related to,
work incentive programs, employment services,
vocational rehabilitation services, health care
services, and other support services for individ-
uals with disabilities. At least 7 members of the
Panel shall be individuals with disabilities or
representatives of individuals with disabilities,
except that, of those 7 members, at least 5 mem-
bers shall be 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), ex-
cept 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) 6 of the members appointed under subparagraph (A) shall be appointed for a term of 2 years; and

(II) 6 of the 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

S 331 RS
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 Commissioner. 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 au-
authorized by the Panel, take any action which the Panel is authorized to take by this subsection.

(C) MAI LP.—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 Congress interim reports at least annually.

(B) FINAL REPORT.—The Panel shall transmit a final report 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 appro-
priate.

Subtitle B—Elimination of Work Disincentives

SEC. 211. WORK ACTIVITY STANDARD AS A BASIS FOR RE-
VIEW 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 month-
ly insurance benefits under section 202 based on such indi-
vidual’s disability (as defined in section 223(d)) has re-
ceived such benefits for at least 24 months—

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

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

“(C) no cessation of work activity by the indi-
vidual may give rise to a presumption that the indi-
vidual 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 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 therefore; 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 appro-
priate, of the termination month in accordance with sub-
section (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 provi-
sional 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 Commis-
sioner shall be final and not subject to review under sub-
section (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 applica-
tion 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 indi-
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 Commis-
sioner 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 Com-
missioner 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 para-
graph (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 sec-
tion 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 reinstate-
ment is filed.

"(B)(i) Subject to clause (ii), the amount of the benefit
payable for any month pursuant to the reinstatement of eli-
gibility under this subsection shall be determined in accord-
ance 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 nonprofit organizations that serve disabled beneficiaries, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling;

“(C) establish a corps of trained, accessible, and responsive work incentives specialists within the Social Security Administration who will spe-
cialize 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 plan-
ning 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 admin-
istering the State program funded
under part A of title IV.

“(D) EXCLUSION FOR CONFLICT OF INTER-
EST.—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 agree-
ment, 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 individ-
uals who will act as planners and provide informa-
tion, guidance, and planning to disabled beneficiaries
on the—

“(A) availability and interrelation of any
Federal or State work incentives programs de-
signed 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).”.

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 advoca-
cy 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 of 1 percent of the amount
available for payments under this section;
and

“(B) in the case of a protection and advoca-
cy system located in Guam, American Samoa,
the United States Virgin Islands, and the Com-
monwealth 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 pay-
ment 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.—

"(A) IN GENERAL.—Subject to subparagraph (B), 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.

"(B) LIMITATION.—Payments under this section shall not exceed $7,000,000 for fiscal year 2000, and such sums as may be necessary for any fiscal year thereafter.

"(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 ad-
vocacy 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.).”

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 ‘Commis-
sioner') shall develop and carry out experiments and
demonstration projects designed to determine the rel-
itive advantages and disadvantages of—

“(A) various alternative methods of treating
the work activity of individuals entitled to dis-
ability 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 individ-
uals;

“(B) altering other limitations and condi-
tions 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 sec-
tion 226, altering the manner in which the pro-
gram under this title is administered, earlier re-
ferral 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 off-
sets 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 sub-
section (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 re-
spect to any experiment or demonstration project
being conducted under section 505(a) of the Social Se-
curity 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 demonstra-
tion project (including the terms and conditions ap-
licable 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.**—Expenses 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 institu-
tation, 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 sub-clause (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 Im-
prisonment 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 (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 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 Security 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”.

-S 331 RS
(b) EFFECTIVE DATE.—The amendment made by sub-
section (a) shall take effect as if included in the enactment
of the Social Security Independence and Program Improve-

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

(a) IN GENERAL.—Section 1137(a)(3) of the Social Se-
curity Act (42 U.S.C. 1320b–7(a)(3)) is amended by insert-
ing 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.
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) **IN GENERAL.**—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) **CHANGE IN METHOD OF ACCOUNTING.**—In the case of any taxpayer required by the amendments made by this section to change its method of accounting for its first taxable year ending after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period (not greater than 4 taxable years) beginning with such first taxable year.

SEC. 503. EXTENSION OF INTERNAL REVENUE SERVICE USER FEES.

(a) **IN GENERAL.**—Chapter 77 of the Internal Revenue Code of 1986 (relating to miscellaneous provisions) is amended by adding at the end the following new section:
"SEC. 7527. INTERNAL REVENUE SERVICE USER FEES.

"(a) GENERAL RULE.—The Secretary shall establish a program requiring the payment of user fees for—

"(1) requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters, and

"(2) other similar requests.

"(b) PROGRAM CRITERIA.—

"(1) IN GENERAL.—The fees charged under the program required by subsection (a)—

"(A) shall vary according to categories (or subcategories) established by the Secretary,

"(B) shall be determined after taking into account the average time for (and difficulty of) complying with requests in each category (and subcategory), and

"(C) shall be payable in advance.

"(2) EXEMPTIONS, ETC.—The Secretary shall provide for such exemptions (and reduced fees) under such program as the Secretary determines to be appropriate.

"(3) AVERAGE FEE REQUIREMENT.—The average fee charged under the program required by subsection (a) shall not be less than the amount determined under the following table:
"Category                        Average Fee
Employee plan ruling and opinion  $250
Exempt organization ruling        $350
Employee plan determination       $300
Exempt organization determination $275
Chief counsel ruling              $200.

(c) TERMINATION.—No fee shall be imposed under this section with respect to requests made after September 30, 2006."

(b) CONFORMING AMENDMENTS.—
    (1) The table of sections for chapter 77 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

    "Sec. 7527. Internal Revenue Service user fees."

    (2) Section 10511 of the Revenue Act of 1987 is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to requests made after the date of the enactment of this Act.
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. Expanded availability—The Secretary of Health and Human Services, and for other purposes: as follows:

(1) To provide health care and employment assistance to work-disabled individuals, to expand the availability of health care services, personal assistance with transportation to and from work, reader services, job coaches, and related assistance to remove many of the barriers between significant disability laboratory 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.

(a) 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.

(2) Individuals with disabilities who are beneficiaries under title II or XVI of the Social Security Act (42 U.S.C. 401 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.

(b) Currently, less than ½ of 1 percent of social security disability insurance and supplemental security income beneficiaries cease to receive benefits as a result of employment.

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

(3) If an additional ½ 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 would total $3,300,000,000 over the workforce 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 beneficiaries with disabilities to purchase Medicare 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 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) Ticket to Work Program—(1) To authorize the Secretary of Health and Human Services to enter into agreements with States or other qualified entities to establish and operate Demonstration Projects for the purpose of providing individuals with disabilities with work activity assistance to enable such individuals to maintain and retain employment and reduce their dependency on cash benefit programs.

(2) Health care is particularly important to individuals with disabilities. Health care is important to all Americans, but for those with disabilities, the emphasis is even greater. Individuals with 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 attendant 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.

(b) PURPOSES.— take 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 market, 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 attendant 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.) 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.

(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 beneficiaries with disabilities to purchase Medicare 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 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 market, 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 attendant 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.) 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 ½ 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 ½ 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 would total $3,300,000,000 over the workforce 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 beneficiaries with disabilities to purchase Medicare 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.

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)(XV) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)), 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 as defined in section 1916(g)(2) of the Social Security Act (42 U.S.C. 1396o(g)(2)) and whose aggregate family income does not exceed 450 percent of such poverty line, such requirement may only apply to the extent such premium does not exceed 7.5 percent of such income; and"

"(XXII) 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 Act.

(B) DEFINITION OF EMPLOYED INDIVIDUALS WITH A MEDICALLY IMPROVED DISABILITY.—Section 1902 of the Social Security Act (42 U.S.C. 1396a) is amended by adding at the end the following:

"(a) the term 'employed individual' means an individual who—

(A) is at least 18, but less than 65, years of age;

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

(C) is engaged in a work effort that meets substantial and reasonable threshold criteria for hours of work, wages, or other measures, as determined by the State and approved by the Secretary.

For purposes of paragraph (1), an individual is considered to be 'employed' by 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 determined by the State and approved by the Secretary.

(C) CONFORMING AMENDMENT.—Section 1903(i) of such Act (42 U.S.C. 1396b(i)) is amended in the matter preceding paragraph (1) by—

(i) in clause (x), by striking "or" at the end; and

(ii) in clause (xii), by adding "or" at the end;

and by inserting after clause (xii), the following:

"(xiii) employed individuals with a medically improved disability (as defined in subsection (v));"

(D) STATE AUTHORITY TO IMPOSE INCOME-RELATED PREMIUMS AND COST-SHARING.—Section 1902 of such Act (42 U.S.C. 1396a) is amended—

(A) in subsection (a), by striking "The Secretary and inserting "Subject to subsection (g), the State plan'; and

(B) by adding at the end the following:

"(g) State may establish a uniform manner for individuals described in such other subparagraph—

(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) subject at least 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 whose income for such year does not exceed 450 percent of such poverty line, such requirement may only apply to the extent such premium does 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.

(3) Section 1903 of such Act (42 U.S.C. 1396b) is amended in the matter preceding paragraph (1) by—

(A) inserting "solely"; and

(B) by inserting "or the expiration of the last month of the 6-year period described in section 226(j)(1)" before "the last month of the".

(2) Section 1902(a)(10)(A)(ii)(XXII) of such Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XXII)) is amended—

(A) by striking the period at the end of such subparagraph and inserting "; or"

(B) by inserting such subparagraph the following:

"(vIII) with respect to amounts expended for medical assistance provided to an individual described in subsection (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 Act."

(C) CONFORMING AMENDMENT.—Section 1903(i)(4) of such Act (42 U.S.C. 1396b(i)(4)) is amended in the matter preceding paragraph (1) by—

(A) by striking "solely"; and

(B) by inserting "or" at the end of such subparagraph the following:

"(vIII) with respect to amounts expended for medical assistance provided to an individual described in subsection (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 Act."

(2) Section 1903(f)(4) of such Act (42 U.S.C. 1396b(4)(f)) is amended by—

(A) by striking the period at the end of such subparagraph and inserting "; or"

(B) by inserting such subparagraph the following:

"(v) an individual enrolled under section 1818A of the Social Security Act (42 U.S.C. 1396o(g)(2)); and

(C) 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 (b) of section 226 of the Social Security Act (42 U.S.C. 1418).

(2) examines the necessity and effectiveness of the continuation of Medicare coverage under that subsection to individuals whose annual income exceeds the contribution and benefit base; and

(3) recommends whether that subsection should continue to be applied beyond the 6-year period described in the subsection.

(3) 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 118A of the Social Security Act (42 U.S.C. 1395l-2a) shall be entitled to benefits under section 226(b) of such Act for—

(1) months described in section 226(b)(1)(i) of such Act (42 U.S.C. 1418(b)(1)(i)) 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(b)(2) of such Act (42 U.S.C. 1418(b)(2)); and

(E) SECURITY TO DEVELOP AND ESTABLISH STATE INFRASTRUCTURES TO SUPPORT WORKING INDIVIDUALS WITH DISABILITIES.—

(A) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall establish a program 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 requires.

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

(4) GRANTS FOR INFRASTRUCTURE AND OUT-REACH.—

(I) 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 infrastructure described in subsection (a); and

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

(II) ELIGIBILITY.—(A) IN GENERAL.—No State may receive a grant under this subsection unless the Secretary has determined that the State has—

(i) an approved amendment to the State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) that provides for demonstration projects under this section; and

(ii) demonstrated to the satisfaction of the Secretary that the State makes personal assistance services available under the State plan for demonstration projects under section 1902(a)(10)(A)(ii)(XV) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)); and

(B) meets the requirements of subparagraph (i).

(3) DETERMINATION OF AWARDS.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall determine the amount or amounts to be awarded to States under section 1902(a)(10)(A)(ii)(XV) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)) to—

(i) support the establishment, implementation, and operation of the infrastructure 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) demonstrate to the satisfaction of the Secretary that the State makes personal assistance services available under the State plan for demonstration projects under section 1902(a)(10)(A)(ii)(XV) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).

(B) DEFINITION OF PERSONAL ASSISTANCE SERVICES.—In this paragraph, the term "personal assistance services" means a range of services, provided by one 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) LIMITATIONS ON FEDERAL FUNDING.—The Secretary shall provide for an independent evaluation of the effectiveness of programs and projects established under this section, including the measurement of the extent to which such programs and projects increase the amount of employment and the earnings of workers with disabilities and the extent to which such programs and projects improve the overall health and well-being of workers with disabilities.

(4) ANNUAL REPORT.—The Secretary shall report to Congress at least once a year on the progress made in the implementation of this section and the effectiveness of the programs and projects established under this section.

(5) BUDGET AUTHORITY.—The Secretary shall provide for independent evaluation of the effectiveness of programs and projects established under this section and shall submit to Congress a report on the effectiveness of such programs and projects at least once a year.
funds. Funds allocated to a State under a grant made under this section for a fiscal year shall remain available until expended.

(3) 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 any employment network which is of the location formula established under this section.

(3) 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 equal to—

(a) the Federal contribution required to fund the demonstration for the initial period of the demonstration project; and

(b) any Federal contribution required to fund the demonstration for an extension of the demonstration project, under this title.

(3) PROVIDE GRANTS TO STATES.—Each State agency administering the demonstration project shall receive a grant made under this section for a fiscal year for which they are appropriated. The grant made under this section for a fiscal year for which they are appropriated shall remain available in succeeding fiscal years, and the Secretary may modify the amount of the grant to the State for a fiscal year if such modifications are the result of changes in the regulations under this section.

(3) External and child health services provisions—Subparagraph (A) shall be suspended at the recommendation of the Commissioner, but shall provide that benefits and premiums prescribed in paragraph (5)(C) served by such regulation shall remain available.

(3) IN GENERAL.—The Commissioner shall establish a Ticket to Work and Self-Sufficiency Program, under this title, which provides that the Secretary of Education shall Jointly prescribe regulations specifying the terms of agreement required by subparagraph (A) and 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) any other amounts from payments made by the Commissioner to the employment network pursuant to section (h) and any other conditions that may be required by such regulations.

(4) REGULATIONS.—The Commissioner and the Secretary of Health shall jointly prescribe regulations specifying the terms of agreements required by subparagraph (A) and otherwise necessary to carry out the provisions of this paragraph.

(5) RESPONSIBILITIES OF THE COMMISSIONER.—

(a) SELECTION AND QUALIFICATIONS OF PROGRAM MANAGERS.—The Commissioner shall enter into agreements with 1 or more organizations in the public or private 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 experience in programs of vocational rehabilitation and employment services.

(b) 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 weighed against any performance in prior terms. Such performance standards shall be published.

(6) MEASURES FOR EASE OF ACCESS—The Commissioner shall—

(a) measure for ease of access by beneficiaries to services and the extent to which failures in obtaining services for beneficiaries fall within acceptable parameters, as determined by the Commissioner.

(b) measure for determining the extent to which failures in obtaining services for beneficiaries fall within acceptable parameters, as determined by the Commissioner.
June 16, 1999

CONGRESSIONAL RECORD—S7143

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

(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 in the geographic areas covered by the agreements. The Commissioner shall offer opportunities for such periodic reviews as are necessary to provide for effective measurement of employment networks. Such reviews may be in addition to State agencies serving as employment networks pursuant to elections under subsection (a) of this section.

(B) ALTERNATE PARTICIPANTS.—In any State where the Program is being implemented, the Commissioner shall enter into any agreement with an alternative employment network that is operating under the authority of section 222(d)(2) in the State as of the date of enactment of this Act to provide services in a geographic area covered under the program manager’s agreement.

“(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 periodic reviews and other measures designed to ensure that services provided by employment networks meet applicable quality assurance standards established by the Commissioner. Such reviews and other measures shall include measures for effective quality assurance in the provision of services by employment networks. The Commissioner shall, in the aggregate, consider the views of customers and the program manager under which the employment networks serve and shall consult with providers of services to develop performance measurement standards. 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 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, between program managers and providers of services. The Commissioner shall afford a party to such a dispute a reasonable opportunity to present its case in a full and fair review of the matter in dispute.

“(8) PROGRAM MANAGERS.—

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

(B) RECRUITMENT OF EMPLOYMENT NETWORKS.—A program manager shall recruit, and, for employment networks, select for inclusion in the Program.

(C)imaginarytext

(3) FULFILLMENT OF AUTHORITY.—Each employment network shall fulfill its responsibilities under this section in good faith and in accordance with the applicable provisions of this section and regulations thereunder. Such responsibilities include, but are not limited to—

(A) the provision of services to beneficiaries who are unable to secure employment directly, which services may include in-home or on-the-job services, or other support services provided under the Program, to the extent necessary and appropriate to ensure that beneficiaries are provided with the services necessary to secure employment by the employment network; and

(B) the entry into agreements with other individual or entities providing appropriate employment services, vocational rehabilitation services, or other support services.

“(4) REQUIREMENTS RELATING TO PROVIDING SERVICES.—Each employment network shall be required to—

(A) serve prescribed service areas; and

(B) enter into agreements with other individuals or entities providing appropriate employment services, vocational rehabilitation services, or other support services.

“(2) REQUIREMENTS RELATING TO PROGRAM COMMISSIONER.—The Program Commission shall have authority to—

(A) serve prescribed service areas; and

(B) enter into agreements with other individuals or entities providing appropriate employment services, vocational rehabilitation services, or other support services.

“(3) SELECTION OF PROGRAM MANAGERS.—Each employment network shall be required to select and enter into agreements with program managers as necessary to ensure that employment services, vocational rehabilitation services, and other support services, or any combination thereof, are made available, under agreements entered into with, the employment network or provided under appropriate individual work plans meeting the requirements of subsection (b).
PERIODS.—The outcome-milestone graph.

ELECTING SUCH SYSTEM UNDER PARAGRAPH (1) (A) PAYMENT SYSTEM

A beneficiary's individual work plan 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 beneficiary.

(3) NO CHANGE IN METHOD OF PAYMENT FOR BENEFICIARIES WITH TICKETS ALREADY ASSIGNED TO THE EMPLOYMENT NETWORKS.—Any election of a payment system by an employing network under paragraph (1) shall apply to a beneficiary's individual work plan under such employing network during such period as the 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 beneficiary.

(4) COMPUTATION OF PAYMENTS TO EMPLOYMENT NETWORKS.—The payment schedule of the outcome-milestone 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 beneficiary.

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

(A) PERIODIC REVIEW PERIODS.—The Commissioner shall periodically review the percentage specified in paragraph (2)(C), the total payments permissible under paragraph (B), and the period of time specified in paragraph (4)(B) to determine whether such percentages, such permissible payments, and such period of time are appropriate for employment networks to assist beneficiaries to enter the workforce, while providing for substantial gainful activity or reason of earnings from work activity.

(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 223(d) 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 incorporated in the employment networks by the Commissioner pursuant to this section to the extent that the Commissioner determines that such an alteration is necessary to provide an adequate incentive for employment networks to assist beneficiaries to enter the workforce. Such alteration shall be based on information provided by program managers, the Work Incentives Advisory Panel established under section 223(d) of the Work Incentives Improvement Act of 1999, or other reliable sources.

(i) SUSPENSION OF DISABILITY REVIEWS.—In the case of an individual who is using, as defined by the Commissioner, a ticket to work and self-sufficiency issued under this section, the Commissioner (and an assigned State agency) may not initiate a continuing disability review or other review under section 221 of the Social Security Act of an individual who is or is not under a disability or a re- view under title XVI similar to any such re- view under section 221.

(ii) ALLOCATION OF COSTS.—

(A) PAYMENTS TO EMPLOYMENT NETWORKS.—Payments to employment networks under this section (including any other payments to State agencies that elect to participate in a ticket-to-work employment network) shall be made from the Federal Old-Age and Survivors Insurance Trust Fund and 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.

(iii) ADMINISTRATIVE EXPENSES.—The costs of reviewing title II disability beneficiaries (including ticket 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.

DEFINITIONS.—In this section:

(i) COMMISSIONER.—The term 'Commissioner' means the Commissioner of Social Security.

(ii) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means a title II disability beneficiary or a title XVI disability beneficiary.

(iii) TITLE II DISABILITY BENEFICIARY.—The term 'title II disability beneficiary' means an individual entitled to disability insurance benefits under section 202 of the Old-Age, Survivors, and Disability Insurance Act of 1950, or other reliable sources.
The date of enactment of this Act, the Commissioner shall prescribe such regulations as are necessary to carry out the provisions of this section.

(2) CONFORMING AMENDMENTS.—

(A) Section 221(b) of the Social Security Act (42 U.S.C. 422(b)) is amended by striking "a program of vocational rehabilitation services" and inserting "a program consisting of the Ticket to Work and Self-Sufficiency Program at each phase-in site selected by the Commissioner".

(B) Section 1633(c)(2)(B) of the Social Security Act (42 U.S.C. 1383(a)(6)(A)) is amended by inserting "Ticket to Work and Self-Sufficiency Program at each phase-in site selected by the Commissioner" after "V,".

(3) EFFECTIVE DATE.—Subject to subsection (b), the amendments made by this subsection shall apply with respect to services (if any) to be provided after the date of enactment of this Act with respect to services (if any) to be provided after the date of enactment of this Act.

(4) AMENDMENTS TO TITLE XVI.—

(A) Section 1615(a) (as amended by section 1148(b)(1) of the Social Security Act; 42 U.S.C. 1382a(a)(6)) is amended to read as follows:

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

(1) has not attained age 65 or 62;

(2) with respect to whom benefits are paid under title XVI;

and the Commissioner of Social Security shall make provision for referral of such individual to the appropriate State agency administering the State program under title XVII.

(B) Section 1615(c) (42 U.S.C. 1382d(c)) is amended—

(1) by inserting "Ticket to Work and Self-Sufficiency Program" in place of "the Social Security program" wherever it appears;

(2) by inserting "Ticket to Work and Self-Sufficiency Program" after "(VII)"; and

(3) by inserting "and" at the end of paragraph (5).

(c) IMPLEMENTATION.—Nothing in this section shall be construed to limit the authority of the Commissioner to make such modifications to the Program as are necessary to carry out the provisions of this section.

(5) EXTENSION OF PROVISIONS.—The provisions added by this section shall apply to the Ticket to Work and Self-Sufficiency Program at each phase-in site selected by the Commissioner.

(6) FUNDING.—The Commissioner may use Federal funds appropriated for the purposes of this section to provide for the development of the Ticket to Work and Self-Sufficiency Program.

(7) REGULATIONS.—The Commissioner may by regulations prescribe such other regulations as are necessary to carry out the provisions of this section.

(8) EFFECTIVE DATE.—Subject to subsection (b), the amendments made by this subsection shall be in effect—

(I) beginning on the date specified in subsection (c) but not later than 3 years after such date.

(c) EFFECTIVE DATE.—Subject to subsection (b), the amendments made by this subsection shall be in effect—

(I) beginning on the date specified in subsection (c) but not later than 3 years after such date.

(II) IN GENERAL.—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 in consultation with the Work Incentives Advisory Panel.

(3) FULL IMPLEMENTATION.—The Commissioner shall ensure that the ability to provide tickets and services to individuals under the Program in every State as soon as practicable on or after the effective date in consultation with the Work Incentives Advisory Panel.

(4) TIMELINESS.—The Commissioner shall ensure that the ability to provide tickets and services to individuals under the Program in every State as soon as practicable on or after the effective date in consultation with the Work Incentives Advisory Panel.

(5) REPORTS.—The Commissioner shall ensure that the ability to provide tickets and services to individuals under the Program in every State as soon as practicable on or after the effective date in consultation with the Work Incentives Advisory Panel.

(6) FUNDING.—The Commissioner shall ensure that the ability to provide tickets and services to individuals under the Program in every State as soon as practicable on or after the effective date in consultation with the Work Incentives Advisory Panel.

(7) REGULATIONS.—The Commissioner may by regulations prescribe such other regulations as are necessary to carry out the provisions of this section.

(8) EFFECTIVE DATE.—Subject to subsection (b), the amendments made by this subsection shall be in effect—

(I) beginning on the date specified in subsection (c) but not later than 3 years after such date.

(II) IN GENERAL.—The Commissioner shall ensure that the ability to provide tickets and services to individuals under the Program in every State as soon as practicable on or after the effective date in consultation with the Work Incentives Advisory Panel.
section 1148(g)(1) of the Social Security Act and provision for periodic opportunities for exercising such elections (and revocations); the number and membership of the Panel shall be as specified pursuant to section 1148(g)(1) at the time that State agencies exercise elections (and revocations) under that section; and

(ii) the terms by which program managers are precluded from direct participation in the delivery of services pursuant to section 1148(g)(2) of the Social Security Act, including—

(a) the manner in which service areas are specified pursuant to section 1148(g)(2)(A) of the Social Security Act;

(b) the general selection criteria and the specific selection criteria that are applicable to employment networks under section 1148(g)(2)(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(g)(3) of the Social Security Act; and

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

(C) standards which must be met by individual work plans pursuant to section 1148(g) of the Social Security Act;

(D) standards which must be met by payment systems required under section 1148(h) of the Social Security Act, including—

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

(ii) the general selection criteria and the specific selection criteria that are applicable to employment networks under section 1148(h)(2)(C) of the Social Security Act in selecting service providers;

(iii) the terms by which program managers are precluded from direct participation in the delivery of services pursuant to section 1148(h)(2)(D) of the Social Security Act; and

(iv) the terms which must be met by an outcome payment system under section 1148(h)(2);

(E) terms which must be met by an outcome-milestone payment system under section 1148(h)(3);

(F) any revision of the percentage specified in paragraph (3)(C) of section 1148(h) of the Social Security Act or the period of time specified in paragraph (4)(B) of such section.

(G) annual oversight procedures for such systems; and

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

(3) What Is the 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—

(A) to advise the President, Congress, and the Commissioner of Social Security on issues related to work incentives programs, plans, programs, projects 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., 1385 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 any assistance to cover beneficiaries of employment networks, payment systems, and management information systems, and the requirement that such measures are being taken to the extent necessary to ensure the success of the Program;

(ii) advise the Commissioner regarding the general selection criteria and specific selection criteria for research and development projects associated with the Program or conducted pursuant to section 3021 of such title; and

(iii) review and make recommendations to the Commissioner whether such measures are being taken to the extent necessary to ensure the success of the Program;

(iv) advise the Commissioner regarding the general selection criteria and specific selection criteria for research and development projects associated with the Program or conducted pursuant to section 3021 of such title; and

(v) review and make recommendations to the Commissioner whether such measures are being taken to the extent necessary to ensure the success of the Program;

(vi) advise the Commissioner on the development of performance measures relating to quality assurance under section 1148(b) of the Social Security Act; and

(vii) review and make recommendations to the Commissioner.

(4) Membership.—(A) NUMBER AND APPOINTMENT.—The Panel shall be composed of 12 members appointed and paid 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 chairs of the Committee on Ways and Means and the House of Representatives;

(iii) 2 members appointed by the Majority 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;

(vi) 1 member appointed by the Speaker of the House of Representatives, in consultation with the ranking member of the Committee on Finance of the Senate;

(vii) 1 member appointed by the Majority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

(viii) 2 members appointed by the majority leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

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

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

(xi) 2 members appointed by the Majority Leader of the House of Representatives, in consultation with the ranking member of the Committee on Ways and Means of the House of Representatives;

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

(xi) 2 members appointed by the Majority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

(xii) 2 members appointed by the Minority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

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

(xiv) 2 members appointed by the Majority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

(xv) 2 members appointed by the Minority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

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

(xvii) 2 members appointed by the Majority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

(xviii) 2 members appointed by the Minority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

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

(xx) 2 members appointed by the Majority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

(xxxi) 2 members appointed by the Minority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

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

(xxxiii) 2 members appointed by the Majority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

(xxxiv) 2 members appointed by the Minority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

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

(xxxvi) 2 members appointed by the Majority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

(xxxvii) 2 members appointed by the Minority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

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

(xxxix) 2 members appointed by the Majority Leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate;

(4) EXPERTS AND CONSULTANTS.—Subject to rules prescribed by the Commissioner, the Director may employ or detail, on a reimbursable basis, any of the personnel of that department or agency to assist it in carrying out its duties under this subsection.

(5) POWERS OF PANEL.—(A) HEARINGS AND SESSIONS.—The Panel shall have the power to hear testimony, sit and act at such times and places, and take such testimony and evidence as the Panel considers appropriate.

(B) EXPERTS AND ADVISORS.—Any member or agent of the Panel may, at the request of the Panel, request that any department or agency of the United States make available to the Panel, for purposes of carrying out its duties under this subsection, such personnel, at such times and places, and for such purposes, as the Panel may determine.

(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 Congress interim reports at least annually.

(B) FINAL REPORT.—The Panel shall submit a final report directly to the President and Congress not later than 8 years after the date of enactment of this Act.

(C) PROVISIONAL REPORT.—The Panel may, at its discretion, submit a detailed statement of the findings and conclusions of the Panel, together with its recommendations for legislative and administrative actions which the Panel considers appropriate.

(D) ALLOCATION OF COSTS.—The costs of carrying out this subsection shall be paid from amounts made available for the administration of such programs or activities under section 7 of the Federal Advisory Committee Act (5 U.S.C. App.).
Subtitle B—Elimination of Work Disincentives

SEC. 211. WORK DISABILITY STANDARD AS BASIS FOR REVIEW OF AN INDIVIDUAL'S DISABLED STATUS.

Section 223(e) of the Social Security Act (42 U.S.C. 423) is amended by adding at the end the following:

"(5) 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; and

(B) any 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.

"(6) An individual to which paragraph (1) applies shall continue to be subject to—

(A) continuing disability reviews on a regular periodic basis that is not triggered by work; and

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

SEC. 212. EXPEDITED REINSTATEMENT OF DISABILITY BENEFITS.

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

(I) by redesignating subsection (i) as subsection (j); and

(ii) by inserting after subsection (h) the following:

"(1) Reinstatement of Entitlement—

"(i) A request for reinstatement filed in accordance with subparagraph (B)(ii) 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.

"(ii) An individual described in this subparagraph—

(I) prior to the month in which the individual files a request for reinstatement: and

(ii) in the case of an individual who fails to file a 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.

"(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.

"(i) The individual meets the requirements of paragraph (1)(B)(ii), the provisions of subparagraph (C) and the requirements of paragraph (2)(A) during the period prescribed in clause (i), the Commissioner may extend the period if the Commissioner determines is not entitled to reinstated benefits, any provisional benefits paid to such individual under this title shall be reinstated in any case where the Commissioner determines that the individual had good cause for the failure to so file.

"(ii) An individual to whom benefits are payable under this title may be reviewed at the end of the twelfth month immediately succeeding the month in which a request for reinstatement filed in such form, and containing sufficient information, a request for reinstatement meeting the requirements of paragraph (2)(A) is filed for reinstatement of such benefits so payable after such twenty-fourth month, severance of benefits payable under this title shall commence with the benefit payable for the month in which a request for reinstatement is filed.

"(iii) An individual whose entitlement to a benefit for which such individual has been reinstated under this subsection had the individual filed a request for reinstatement before the end of the month in which such individual engaged in work activity that 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 filed before the end of the twelfth month immediately succeeding the month in which the individual engaged in substantial gainful activity.

"(iv) 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 filed before the end of the twelfth month immediately succeeding the month in which a request for reinstatement filed in such form, and containing sufficient information, a request for reinstatement meeting the requirements of paragraph (2)(A) is filed for reinstatement of such benefits so payable after such twenty-fourth month, the amount, if any, by which such last monthly benefit payable to the individual exceeded the amount of any provisional benefit paid to such individual for such month under paragraph (1)(B).

"(B) 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.

"(v) Benefits under this section or section 202 payable for any month pursuant to a request for reinstatement filed in accordance with paragraph (1)(B)(i) shall be subject to review under subsection (b) or (g) of section 202.

"(vi) The amount of a provisional benefit for a month shall equal the amount of the monthly benefit payable to the individual under this title on the basis of an application filed after such individual engaged in work activity as an overpayment unless the Commissioner determines that the individual's declaration under paragraph (2)(A) or (B) is false. Any such determination by the Commissioner shall be final and not subject to review under subsection (b) or (g) of section 202.

"(C) No benefit shall be payable pursuant to an entitlement reinstated under this subsection in any case where the Commissioner determines that the individual's declaration under paragraph (2)(A) or (B) is false. Any such determination by the Commissioner shall be final and not subject to review.

"(D) The entitlement of any individual who is not entitled to reinstated benefits, any provisional benefits paid to such individual under this title shall be reinstated in any case where the Commissioner determines that the individual knew or should have known that the individual did not meet the requirements of paragraph (2)(A).

"(E) An individual described in paragraph (1) who is not entitled to reinstated benefits, any provisional benefits paid to such individual under this title shall be reinstated in any case where the Commissioner determines that the individual did not meet the requirements of paragraphs (2)(A) or (B)."

(b) SSI BENEFITS.—Section 1613 of the Social Security Act (42 U.S.C. 1383) is amended by adding at the end the following:

"(1) Reinstatement of Eligibility on the Basis of Blindness or Disability.—

"(i) Eligibility for benefits under this title shall be reinstated in any case where the Commissioner determines that an individual described in paragraph (1) has filed a request for reinstatement meeting the requirements of paragraph (2)(A) during the period prescribed in paragraph (2)(B) and the Commissioner determines that such person satisfies all the requirements for entitlement to such benefits except requirements relating to the filing of an application. The provisions of paragraph (4) shall apply to the reinstated entitlement of such person to the extent that they apply to the reinstated entitlement of such individual.

"(B) An individual to whom benefits are payable under this section or section 202 pursuant to a reinstatement of entitlement under this subsection for a period of not longer than 24 months (whether or not consecutive months) shall be deemed to be entitled to such benefits so payable after such twenty-fourth month, the Commissioner determines that the individual is unable to engage in substantial gainful activity, the Commissioner may cease to provide benefits to such individual.

"(C) In determining whether an individual is unable to engage in substantial gainful activity, the Commissioner shall be governed by the provisions of subsection (b)(i), (ii), or (III) of this section.

"(D) No benefit shall be payable pursuant to an entitlement reinstated under this subsection in any case where the Commissioner determines that the individual's declaration under paragraph (2)(A) or (B) is false. Any such determination by the Commissioner shall be final and not subject to review.

"(E) The Commissioner may extend the period prescribed in subsection (b)(i), (ii), or (III) of this section, as the Commissioner determines is necessary, by which such reinstatement benefits payable under this section or section 202 pursuant to a reinstatement of entitlement under this subsection shall be reinstated.

"(F) An individual described in paragraph (1) who is not entitled to reinstated benefits, any provisional benefits paid to such individual under this title shall be reinstated in any case where the Commissioner determines that the individual knew or should have known that the individual did not meet the requirements of paragraph (2)(A).

"(G) An individual described in paragraph (1) who is not entitled to reinstated benefits, any provisional benefits paid to such individual under this title shall be reinstated in any case where the Commissioner determines that the individual did not meet the requirements of paragraphs (2)(A) or (B)."

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

"(i) Reinstatement of Eligibility on the Basis of Blindness or Disability.—

"(A) Eligibility for benefits under this title shall be reinstated in any case where the Commissioner determines that an individual described in paragraph (1) has filed a request for reinstatement meeting the requirements of paragraph (2)(A) during the period prescribed in paragraph (2)(B) and the Commissioner determines that such person satisfies all the requirements for entitlement to such benefits except requirements relating to the filing of an application. The provisions of paragraph (4) shall apply to the reinstated entitlement of such person to the extent that they apply to the reinstated entitlement of such individual.

"(B) An individual to whom benefits are payable under this section or section 202 pursuant to a reinstatement of entitlement under this subsection for a period of not longer than 24 months (whether or not consecutive months) shall be deemed to be entitled to such benefits so payable after such twenty-fourth month, the Commissioner determines that the individual is unable to engage in substantial gainful activity, the Commissioner may cease to provide benefits to such individual.

"(C) In determining whether an individual is unable to engage in substantial gainful activity, the Commissioner shall be governed by the provisions of subsection (b)(i), (ii), or (III) of this section.

"(D) No benefit shall be payable pursuant to an entitlement reinstated under this subsection in any case where the Commissioner determines that the individual's declaration under paragraph (2)(A) or (B) is false. Any such determination by the Commissioner shall be final and not subject to review.

"(E) The Commissioner may extend the period prescribed in subsection (b)(i), (ii), or (III) of this section, as the Commissioner determines is necessary, by which such reinstatement benefits payable under this section or section 202 pursuant to a reinstatement of entitlement under this subsection shall be reinstated.

"(F) An individual described in paragraph (1) who is not entitled to reinstated benefits, any provisional benefits paid to such individual under this title shall be reinstated in any case where the Commissioner determines that the individual knew or should have known that the individual did not meet the requirements of paragraph (2)(A).

"(G) An individual described in paragraph (1) who is not entitled to reinstated benefits, any provisional benefits paid to such individual under this title shall be reinstated in any case where the Commissioner determines that the individual did not meet the requirements of paragraphs (2)(A) or (B)."
disability pursuant to an application filed thereunder; and

(ii) the individual thereafter is ineligible for benefits due to earned income (or earned and unearned income) for a period of 12 or more consecutive months:

(III) the individual may be 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 determined in clause (i).

At such time that the Commissioner determines that such spouse satisfies all the requirements specified in clauses (ii) through (iv) of paragraph (I) and (B) (i) (II).

(II) a request for reinstatement shall include express declarations by the individual that the individual was eligible for a benefit under this title and the Commissioner determines that such spouse satisfies all the requirements specified in paragraphs (1) (B) (i) (II).

A request for reinstatement filed in accordance with paragraph (2) (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.

(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 in which provisional benefits are first payable to such individual, or shall meet the requirements of paragraph (1) (B) (i) (II).

(ii) the individual's eligibility for reinstated benefits under this subsection shall commence with the benefit payable for the month following the month in which a request for reinstatement is filed.

(iii) the individual satisfies the requirements of paragraph (2) (A) (i) (1) (II) or that the individual's declaration made in accordance with paragraph (2) (A) (ii) is false. Any such determination by the Commissioner shall be final and not subject to judicial review.

(v) the individual meets the requirements of paragraph (2) (A) (i) (II).

(II) a request for reinstatement shall include express declarations by the individual that the individual meets the requirements of subparagraph (B) (i).

A request for reinstatement filed in accordance with paragraph (2) (A) (i) (II) shall apply.

(A) Section 1631(j) (1) of such Act (42 U.S.C. 1301 et seq.) as amended by the Social Security Amendments of 1999, shall establish a community-based work incentives planning and assistance program for the purpose of disseminating accurate information regarding the work incentives programs and issues related to such programs.

(B) grants, cooperative agreements, contracts, and outreach—Under the program established under this section, the Commissioner shall:

(1) conduct directly, or through grants, cooperative agreements, or contracts, ongoing outreach efforts to disabled beneficiaries that are designed to assist disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1819, and other programs that are designed to encourage disabled beneficiaries to work.

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

(3) 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 regarding work incentives to—

(i) disabled beneficiaries;

(ii) benefit applicants under titles II and XVI;

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

(iv) training for work incentives specialists and individuals providing planning assistance described in subparagraph (C) and (D) with respect to inquiries and issues relating to work incentives to—

(A) Section 1616(a) or section 212(b) of Public Law 93—66. 

(B) conduct directly, or through grants, cooperative agreements, or contracts, ongoing outreach efforts to disabled beneficiaries that are designed to assist disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1819, and other programs that are designed to encourage disabled beneficiaries to work.

(C) establishing a competitive program of grants, cooperative agreements, or contracts to provide benefits planning and assistance, including information, outreach, technical assistance, 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 1819, and other programs that are designed to encourage disabled beneficiaries to work.

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

(E) 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 regarding work incentives to—

(i) disabled beneficiaries;

(ii) benefit applicants under titles II and XVI;

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

(iv) training for work incentives specialists and individuals providing planning assistance described in subparagraph (C) and (D) with respect to inquiries and issues relating to work incentives to—

(1) the individual's disability or blindness renders the individual unable to perform substantial gainful activity; and

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

(III) 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 month in which the individual was eligible for a benefit under this title (excluding section 1619) prior to the period in which the individual is determined to be ineligible under clause (i).

(III) a request for reinstatement shall include express declarations by the individual that the individual meets the requirements of paragraph (2) (A) (ii).

(II) the benefit under this title payable for any month pursuant to a request for reinstatement filed in accordance with paragraph (2) (A) shall equal the amount of the benefit that would be payable to an eligible individual under this title with the same kind and amount of income.

(A) Section 1631(j) (1) of such Act (42 U.S.C. 1301 et seq.) as amended by the Social Security Amendments of 1999, shall establish a community-based work incentives planning and assistance program for the purpose of disseminating accurate information regarding the work incentives programs and issues related to such programs.

(B) grants, cooperative agreements, contracts, and outreach—Under the program established under this section, the Commissioner shall:

(1) conduct directly, or through grants, cooperative agreements, or contracts, ongoing outreach efforts to disabled beneficiaries that are designed to assist disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1819, and other programs that are designed to encourage disabled beneficiaries to work.

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

(3) 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 regarding work incentives to—

(i) disabled beneficiaries;

(ii) benefit applicants under titles II and XVI;

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

(iv) training for work incentives specialists and individuals providing planning assistance described in subparagraph (C) and (D) with respect to inquiries and issues relating to work incentives to—

(1) the individual's disability or blindness renders the individual unable to perform substantial gainful activity; and

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

(III) 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 month in which the individual was eligible for a benefit under this title (excluding section 1619) prior to the period in which the individual is determined to be ineligible under clause (i).

(A) the Commissioner may extend the period if the Commissioner determines that the individual had good cause for not filing a request for reinstatement in accordance with clause (i).
SEC. 234. (a) AUTHORITY.—

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

(C) availability of protection and advocacy system that may be involved.

(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means any individual that becomes entitled to disability insurance benefits under section 201(f) of the Work Incentives Improvement Act (42 U.S.C. 1311 note) that is an individual with a severe limitation who would be entitled to protection and advocacy by a protected individual, as defined in subparagraph (c), if required by such individual under subparagraph (a).

(3) PROTECTION AND ADVOCACY SYSTEM.—The term 'protection and advocacy system' means—

(1) an agency, or a State or private agency or organization (including Centers for Independent Living established under title VII of the Rehabilitation Act of 1998), that provides services to disabled beneficiaries and
to disabled beneficiaries pursuant to a grant, cooperative agreement, or contract under this section for a fiscal year that is less than $50,000 or more than $300,000.

(1) TOTAL AMOUNT FOR ALL GRANTS, COOPERATIVE AGREEMENTS, OR CONTRACTS.—

(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 needs 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 containing such information as the Commissioner may require.

(4) ALLOCATION OF COSTS.—The costs of providing services to disabled beneficiaries pursuant to this section shall be borne by the State or, at the discretion of the Commissioner, the Federal government.

(5) FUNDING.—

(i) $100,000; or

(ii) AGNCIES AND ENTITIES DESCRIBED.—

(1) IN GENERAL.—The Commissioner may make available on a statewide basis.

(ii) definitions—In this section:

(1) 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 with such information as the Commissioner may determine is necessary to meet the requirements of this section.

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

(iii) ELIGIBILITY OF STATES AND PRIVATE ORGANIZATIONS.—

(i) IN GENERAL.—The Commissioner may award grants, cooperative agreements, or contracts under this section to any entity that the Commissioner determines satisfies the requirements of this section.

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

(iii) DEFINITIONS.—In this section:

(1) APPLICATION.—An entity shall submit an application for a grant, cooperative agreement, or contract under this section to the Commissioner, at such time, in such form, and containing such information as the Commissioner may require.

(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means any individual that becomes entitled to disability insurance benefits under section 201(f) of the Work Incentives Improvement Act (42 U.S.C. 1311 note) that is an individual with a severe limitation who would be entitled to protection and advocacy services provided to individuals by the system.

(3) PROTECTION AND ADVOCACY SYSTEM.—The term 'protection and advocacy system' means—

(i) $100,000; or

(ii) AGNCIES AND ENTITIES DESCRIBED.—

(1) IN GENERAL.—The Commissioner may make available on a statewide basis.

(ii) definitions—In this section:

(1) 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 with such information as the Commissioner may determine is necessary to meet the requirements of this section.

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

(iii) ELIGIBILITY OF STATES AND PRIVATE ORGANIZATIONS.—

(i) IN GENERAL.—The Commissioner may award grants, cooperative agreements, or contracts under this section to any entity that the Commissioner determines satisfies the requirements of this section.

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

(iii) DEFINITIONS.—In this section:

(1) APPLICATION.—An entity shall submit an application for a grant, cooperative agreement, or contract under this section to the Commissioner, at such time, in such form, and containing such information as the Commissioner may require.

(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means any individual that becomes entitled to disability insurance benefits under section 201(f) of the Work Incentives Improvement Act (42 U.S.C. 1311 note) that is an individual with a severe limitation who would be entitled to protection and advocacy services provided to individuals by the system.

(3) PROTECTION AND ADVOCACY SYSTEM.—The term 'protection and advocacy system' means—

(i) $100,000; or

(ii) AGNCIES AND ENTITIES DESCRIBED.—

(1) IN GENERAL.—The Commissioner may make available on a statewide basis.

(ii) definitions—In this section:

(1) 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 with such information as the Commissioner may determine is necessary to meet the requirements of this section.

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

(iii) ELIGIBILITY OF STATES AND PRIVATE ORGANIZATIONS.—

(i) IN GENERAL.—The Commissioner may award grants, cooperative agreements, or contracts under this section to any entity that the Commissioner determines satisfies the requirements of this section.

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

(iii) DEFINITIONS.—In this section:
Section 302. Demonstration Projects Providing 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 1141(k)(3) of the Social Security Act) under which each $1 of benefits payable under this title is reduced for the beneficiary's disability, is reduced for the purpose of determining the extent provided in advance in appropriation acts.

(b) Scope and Scale and Matters to Be Determined.

(i) In General. The demonstration projects developed under subsection (a) shall be of sufficient duration, shall be of sufficient scale, and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods under consideration.

(ii) The effects, if any, of induced entry into the project and reduced exit from the project.

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

(iv) 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 221(b).
(l) identifies all income, assets, and re-
source 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 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 223(f) 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 voca-
tional education) institution)—
(A) identifies the number of individuals re-
ceiving disability benefits to drug addicts and alco-
lholics—Section 101(a)(3) of the Contract with America Advance-
ment Act of 1996 (Public Law 104–121: 110 Stat. 552 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 So-
cial Security Act (42 U.S.C. 402(x)(3)) is amended by—
(A) inserting "(A)" after "(3)"; and
(B) by adding at the end the following:
(2) REPORT—Not later than 3 years after
the date of enactment of this Act, the Com-
troller General shall enter into an agreement with any interested State or local institution
comprising a jail, prison, penal institution, State or local correctional institution, or any other institution a purpose of which is to
confine individuals as described in paragraph
(1)(A) under such agreement.
(1) the institution shall provide to the
Commissioner, on a monthly basis and in a
manner specified by the Commissioner, the
Social Security account numbers, dates of birth, confinement commencement dates, and, to the extent available to the
institution, such other information concerning
such individual as is in the possession of 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 de-
scribed in clause (i) concerning each individ-
ual 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 who recceived such benefit under this title on or after
the date of enactment of the Omnibus Re-
conciliation Act of 1981 (Public Law 97–35):—
SEC. 411. TECHNICAL AMENDMENTS RELATING TO
DRUG ADDICTS AND ALCO-
HOLICS—Section 101(a)(3) of the
Contract with America Advance-
ment Act of 1996 (Public Law 104–121: 110 Stat. 552 et seq.):—
TITLE IV—MISSISSIPPI AND MICHIGAN
Death Benefits
(A) by adding at the end the follow-
ing:
(2) by adding at the end the follow-
ing:
(1)(A)(ii). Under such agreement—
(i) (II) shall be reduced by 50 percent if the
personal needs of the individual, the
availability of other income, and the
availability of Federal assistance provide,
the Commissioner may reduce the benefit
by the amount of such income and Federal
assistance; and
(ii) the Commissioner may reduce the
benefit by more than 50 percent if the
personal needs of the individual, the
availability of other income, and the
availability of Federal assistance provide
the Commissioner may reduce the benefit
by an amount equal to 100 percent of
such income and Federal assistance.
(1) by inserting "(A)" after "(3)"; and
(2) by adding at the end the follow-
ing:
(A) The amendments made by paragraphs
(1) and (3) shall take effect on July 1, 1996,
with respect to any individual—
(i) whose claim for benefits is finally ad-
judicated on or after the date of enactment of
this Act; or
(ii) whose entitlement to benefits is based
on a claim that was adjudicated before such date
and the entitlement determination made pursuant
to subparagraph (C);
(b) EFFECTIVE DATES.—The amendments
made by this section shall take effect as if
included in the other identifier of the in-
formation to the Commissioner within 30 days after the date such individual's
confinement in such institution begins, or $200 (subject to reduction under clause
(i)) 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 to the
Commissioner within 30 days after such date but
within 90 days after such date;
and
(II) the dollar amounts specified in clause
(II) shall be reduced by 50 percent if the
Commissioner is also required to make a payment to the same individual under an
agreement entered into under section 1611(1)(I).
(c) Authorization.—There is authorized to be transferred from the Federal Old-Age and Survivors In-
surance Trust Fund and the Federal Dis-
ability Insurance Trust Fund, as appro-
priated, such sums as may be necessary to enable
the Commissioner to make payments to institutions required by clause (I).
(3) The Commissioner is also authorized to provide, on a reimbursable basis, informa-
tion obtained pursuant to agreements en-
dorsed by the Federal or federally assisted
cash, food, or medical assistance program for eligibility purposes.
(2) CONFORMING AMENDMENT TO THE PRIVACY ACT.—Section 525a(a)(B)(B) of title 5, United States Code (as added by subsection (a)(3)), is amended by striking "or" at the end; (B) in clause (vii), by adding "or" at the end; (C) by adding at the end the following:

(viii) matches performed pursuant to section 202(x)(l)(A)(ii) 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)(l)(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), 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. 1382c(e)(1)(I)) is amended—

(A) in clause (I)(I), 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 (iii)(I) shall be reduced by 50 percent if the Commissioner is required to make a payment to the institution with respect to the same individual under an agreement entered into under section 202(x)(3)(D).

(2) EXPANSION OF CATEGORIES OF INSTITUTIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH THE COMMISSIONER.—

Section 1601(e)(1)(I) of the Social Security Act (42 U.S.C. 1382c(e)(1)(I)) is amended in the matter preceding clause (I) by striking "institutions" and all that follows through "section 202(x)(1)(A)", and inserting "institutions comprising a jail, prison, penal institution, or correctional facility, or with any other institution providing personal care or medical services for prisoners, and all that follows through "section 202(x)(1)(A)", and inserting "institutions comprising a jail, prison, penal institution, or correctional facility, or with any other institution providing personal care or medical services for prisoners, and all that follows through "section 202(x)(1)(A)":

(3) EFFECTIVE DATE.—The amendments made by 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 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 1101(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. 1644).

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

(a) IN GENERAL.—Section 1157(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 1157(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))" after "employers": 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.

Resolved, That the Secretary of the Senate is directed to request the House of Representatives to return the official papers on S. 331.
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. SANTORUM. Mr. President, I ask unanimous consent the Chair be authorized to appoint conferees on the part of the Senate.

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 disabled 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.

There being no objection, the Presiding Officer (Mr. HAGEL) appointed Mr. ROTH, Mr. LOTT, and Mr. MOYNIHAN conferees on the part of the Senate.
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.

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 "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.

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.
(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 attendant 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 ½ 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 ½ 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.
TITLES 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 ex-
ceed such limitations (if any) as the State may establish;”.

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

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

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

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

(iii) by adding at the end the following:

“(XVI) who are employed individuals with a medically improved disability described in section 1905(v)(1) and whose assets, resources, and earned or unearned income (or both) do not exceed such limitations (if any) as the State may establish, but only if the State provides medical assistance to individuals described in subclause (XV);”.
(B) DEFINITION OF EMPLOYED INDIVIDUALS WITH A MEDICALLY IMPROVED DISABILITY.—Section 1905 of the Social Security Act (42 U.S.C. 1396d) is amended by adding at the end the following:

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

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

   "(B) is employed (as defined in paragraph (2));

   "(C) ceases to be eligible for medical assistance under section 1902(a)(10)(A)(ii)(XV) because the individual, by reason of medical improvement, is determined at the time of a regularly scheduled continuing disability review to no longer be eligible for benefits under section 223(d) or 1614(a)(3); and

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

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

   "(A) is earning at least the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act (29 U.S.C. 206) and working at least 40 hours per month; or
“(B) is engaged in a work effort that meets substantial and reasonable threshold criteria for hours of work, wages, or other measures, as defined by the State and approved by the Secretary.”

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

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

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

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

“(xii) employed individuals with a medically improved disability (as defined in subsection (v)),”.

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

(A) in subsection (a), by striking “The State plan” and inserting “Subject to subsection (g), the State plan”; and

(B) by adding at the end the following:
“(g) With respect to individuals provided medical assistance only under subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii)—

“(1) a State may (in a uniform manner for individuals described in either such subclause)—

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

“(B) require payment of 100 percent of such premiums 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 in-
creased 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 de-
dscribed 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 as-
sistance) is not less than the level expended for such
programs during the most recent State fiscal year

S 331 ES
ending before the date of enactment of this para-

(b) CONFORMING AMENDMENTS.—

(1) Section 1903(f)(4) of the Social Security
Act (42 U.S.C. 1396b(f)(4) is amended in the mat-
ter preceding subparagraph (A) by inserting
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 lev-

(2) whether such individuals have health insur-
ance coverage or could benefit from the State option
established under such amendments to provide a
medicaid buy-in; and
(3) how the States are exercising such option, including—

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

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

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

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

(d) EFFECTIVE DATE.—

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

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

SEC. 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 OUT-REACH.—

(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. 331 ES)
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 so amended) 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 Se-
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 Sec-
retary 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 finan-
cial statistics on—

(1) the total population of workers with poten-
tially severe disabilities served by the demonstration
project; and

(2) each population of such workers with a spe-
cific physical or mental impairment described in sub-
section (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.
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 re-instituted (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 Non-citizen 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 bene-
(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 programs.—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 re-
required, under this section, title I of the Work-
force Investment Act of 1998, title I of the Re-
habilitation Act of 1973, or a State plan ap-
proved under such title, to accept any referral
of such disabled beneficiary from such employ-
ment network unless such employment network
and such State agency have entered into a writ-
ten agreement that meets the requirements of
subparagraph (B). Any beneficiary who has as-
signed 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 rehabili-
tation services under title I of the Rehabilita-
tion Act of 1973 until such time as the bene-
ficiary is reassigned to a State vocational reha-
bilitation agency by the Program Manager.

"(B) TERMS OF AGREEMENT.—An agree-
ment required by subparagraph (A) shall speci-
fy, 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 bene-
ficiaries fall within acceptable parameters, as
determined by the Commissioner.

"(3) PRECLUSION FROM DIRECT PARTICIPA-
TION 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 sup-
port 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 NET-
WORKS.—

"(A) IN GENERAL.—The Commissioner
shall select and enter into agreements with em-
ployment networks for service under the Pro-
gram. Such employment networks shall be in
addition to State agencies serving as employ-
ment 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 mon-
itor all employment networks serving in the Program in the geographic area covered under the program manager's agreement, to the extent necessary and appropriate to ensure that adequate choices of services are made available to beneficiaries. Employment networks may serve under the Program only pursuant to an agreement entered into with the Commissioner under the Program incorporating the applicable provisions of this section and regulations thereunder, and the program manager shall provide and maintain assurances to the Commissioner that payment by the Commissioner to employment networks pursuant to this section is warranted based on compliance by such employment networks with the terms of such agreement and this section. The program manager shall not impose numerical limits on the number of employment networks to be recommended pursuant to this paragraph.

"(3) FACILITATION OF ACCESS BY BENEFICIARIES TO EMPLOYMENT NETWORKS.—A program manager shall facilitate access by beneficiaries to employment networks. The program manager shall ensure that each beneficiary is allowed changes in employment networks 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, vo-
cational 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 main-
tains 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 serv-
ices 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 para-
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 ap-
propriate, 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 representa-tentative 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-mile-
“(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 dis-
bility 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 concur-
rently a title II disability beneficiary), the
average payment of supplemental security
income benefits based on disability payable
under title XVI (excluding State sup-
plementation) for months during the pre-
ceding calendar year to all beneficiaries
who have attained age 18 but have not at-
tained age 65.

"(B) OUTCOME PAYMENT PERIOD.—The
term ‘outcome payment period’ means, in con-
nection with any individual who had assigned a
ticket to work and self-sufficiency to an employ-
ment 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 pay-
able to such individual by reason of en-
gagement 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 en-
gagement 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 per-
centage 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 estab-
lished by the Commissioner pursuant to this section to the extent that the Commissioner de-
dtermines 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 pro-
vided to the Commissioner by program man-
agers, the Work Incentives Advisory Panel es-
established under section 201(f) of the Work In-
centives Improvement Act of 1999, or other re-
liable 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 ap-
plicable State agency) may not initiate a continuing dis-
ability 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 adminis-
tration 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 benefi-
ciciary or a title XVI disability beneficiary.

“(3) TITLE II DISABILITY BENEFICIARY.—The
term ‘title II disability beneficiary’ means an indi-
vidual 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 dis-
ability (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.

"(l) 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 an-
other 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 car-
ried 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 de-
signed 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 tick-
ets under the Program; and

(X) reasons for (including com-
ments solicited from beneficiaries re-
garding) 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 sub-
section (c), and prior to the close of the seventh
fiscal year ending after such date, the Commis-
sioner shall transmit to the Committee on Ways
and Means of the House of Representatives and
the Committee on Finance of the Senate a re-
port 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 re-
port shall include such data, findings, materials,
and recommendations as the Commissioner may
consider appropriate.

(5) EXTENT OF STATE'S RIGHT OF FIRST RE-
FUSAL 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 sub-
section (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 Secu-
ritv Act to provide vocational rehabilitation
services in such State by agreement or
contract with other public or private agen-
cies, organizations, institutions, or individ-
uals,
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 sec-
tions 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 find-
ings and conclusions of the Panel, together with
its recommendations for legislation and admin-
istrative actions which the Panel considers ap-
propriate.

(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 car-
rying 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 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 therefore; 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 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 ren-
ders the individual unable to perform substantial
gainful activity; and

"(iv) the individual satisfies the nonmedical re-
quirements 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 indi-
vidual 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 sub-
paragraph (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 para-
graph, unless the Commissioner determines that the indi-
vidual does not meet the requirements of paragraph
(1)(B)(i) or that the individual's declaration under para-
graph (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 pre-
viously an eligible spouse of the individual under this title
and the Commissioner determines that such spouse satis-
fies all the requirements of section 1614(b) except require-
ments 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 rein-
statement 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. 1383j)(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 pro-
tection and advocacy services, to disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1619, and other programs that are designed to encourage disabled beneficiaries to work;

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

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

"(ii) working in cooperation with other Federal, State, and private agencies and nonprofit organizations that serve disabled beneficiaries, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling;
“(C) establish a corps of trained, accessible, and responsive work incentives specialists within the Social Security Administration who will specialize in disability work incentives under titles II and XVI for the purpose of disseminating accurate information with respect to inquiries and issues relating to work incentives to—

“(i) disabled beneficiaries;

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

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

“(D) provide—

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

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

“(3) COORDINATION WITH OTHER PROGRAMS.—The responsibilities of the Commissioner
established under this section shall be coordinated
with other public and private programs that provide
information and assistance regarding rehabilitation
services and independent living supports and bene-
fits 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 re-
garding rehabilitation, school-to-work programs,
transition services (as defined in, and provided in ac-
cordance with, the Individuals with Disabilities Edu-
cation Act (20 U.S.C. 1400 et seq.)), a one-stop de-
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 sub-
mit an application for a grant, cooperative
agreement, or contract to provide benefits plan-
ning and assistance to the Commissioner at
such time, in such manner, and containing such
information as the Commissioner may deter-
mine 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
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 Gen-
eral'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 Ad-
vancement 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 appro-
priate, such sums as may be necessary to enable the Com-
missioner 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 (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 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...

The reference to section 202(x)(1)(A)(ii) of the Social Security Act 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) 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

S 331 ES
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 strik-
ing “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 enact-
ment 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 employ-
ment on a calendar year basis pursuant to section 3510
of the Internal Revenue Code of 1986 to make such re-
ports 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 sub-
mitted on and after the date of enactment of this Act.

Passed the Senate June 16, 1999.

Attest:

Secretary.
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.