*Social Welfare Legislation, 1993**

This note discusses the new initiatives and changes in social welfare legislation that were enacted in 1993, during the first session of the 103d Congress. As in prior years, a substantial part of the legislation dealing with social welfare programs was handled through the reconciliation process in the Omnibus Budget Reconciliation Act of 1993 (OBRA 93), which became P.L. 103–66 on August 10, 1993. Legislation affecting the Social Security (OASDI) and Supplemental Security Income (SSI) programs was covered in "Social Security Related Legislation in 1993," *Social Security Bulletin,* Spring 1994.

Among the major initiatives of OBRA 93 were provisions designed (1) to restrain increases in medical care costs under the Medicare program, and (2) to strengthen eligibility requirements under Medicaid.

In a modified form, OBRA 93 extended earned income tax credits to low-income workers aged 25–64 who did not have qualifying children. The Act also increased the maximum credit to taxpayers with one qualifying child, and phased in over a 3-year period the maximum credit for taxpayers with two or more qualifying children.

Food stamp benefits were increased by raising the deduction for the care of children and other dependents, and by first raising and then phasing out altogether the cap on deductible excess shelter costs.

OBRA 93 established the Vaccines for Children Program, under which State Medicaid agencies are required to provide for the distribution of pediatric vaccines. Children eligible for the free vaccines may qualify by meeting any of the following requirements: they must either (1) be Medicaid eligible, (2) have no health insurance, (3) be American Indians, or (4) have health insurance that does not cover the cost of vaccines (if the vaccines are received at a federally qualified health center).

Funding for grants to States to provide family preservation and family support services was also included in this legislation. Cost-of-living adjustments for Federal civil service retirees and nondisabled military retirees were delayed.

The Family and Medical Leave Act of 1993 (P.L. 103–3) was enacted February 5, 1993. It entitles employees to family and medical leave for a total of 12 weeks of unpaid leave per year for the birth or adoption of a child. It also covers the care of a spouse or an immediate family member with a serious health condition and situations when employees themselves are unable to work because of a serious health condition.

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Finally, two extensions of the Emergency Unemployment Compensation (EUC) program were enacted in 1993. Under the second extension, authorization for new claims expired February 5, 1994, although continued claims were payable through April 30, 1994.

Medicare

Repeal of Health Insurance Wage Base Cap

The dollar limit on wages and self-employment income subject to the Medicare Hospital Insurance tax was repealed. This provision became effective for wages and self-employment income received after December 31, 1993. In 1993, the upper limit was $135,000.

Premiums

Reduction in Hospital Insurance (HI) Part A premium.—Part A premiums were reduced on a phased-in basis for individuals and their spouses who have at least 30 quarters of Social Security coverage. (Part A premiums apply to beneficiaries not eligible for Social Security or Railroad Retirement benefits.) Premium reductions begin at 25 percent in fiscal year 1994 and increase by 5 percentage points for the next 4 years. Beginning in fiscal year 1998, the reduction will remain at 45 percent.

Continuation of Supplemental Medical Insurance (SMI) Part B premium.—From 1984 through 1990, the Part B premium was set to cover 25 percent of program costs for aged beneficiaries. The remaining 75 percent was covered by general revenues. OBRA 90 established in statute the monthly Part B premium through 1995 to cover 25 percent of program costs as follows: $29.90 in 1991, $31.80 in 1992, $36.60 in 1993, $41.10 in 1994, and $46.10 in 1995. OBRA 93 extended the provision requiring that the Part B premium cover 25 percent of program costs in 1996, 1997, and 1998.

Cost Restraints

Prospective payment system (PPS) hospital update.—Payments to urban hospitals under the PPS will be updated by the increase in the market basket[1] minus 2.5 percentage points for fiscal years 1994 and 1995, by market basket minus 2.0 percentage points for fiscal year 1996, and by market basket minus 0.5 percentage points for fiscal year 1997. Payments to

rural hospitals will be updated by the increase in the market basket minus 1.0 percentage points in fiscal year 1994 and whatever increase is needed to equalize the rural and "other urban" standardized amounts in fiscal year 1995. In fiscal year 1996 and thereafter, rural hospitals will receive the same update factor as urban hospitals. For fiscal year 1998 and thereafter, the update for PPS is set equal to the percentage increase in the hospital market basket.

Prospective payment service exempt hospitals.—Cost limits applied to hospitals exempt from the PPS will be updated by the market basket increase minus 1.0 percentage point each year for fiscal years 1994 through 1997, with an exemption for low threshold hospitals. For fiscal year 1998 and thereafter, the update for hospitals exempt from the PPS is set equal to the percentage increase in the hospital market basket.

Physicians services.—Under prior law, payments for services covered under Medicare Part B are generally revised each year by an update factor.[2] Under the new legislation, the update for physician services for 1994 is reduced by 3.6 percentage points for surgical services, and 2.6 percentage points for all other services (including anesthesia services), with the exception of primary care services, which will receive the full update. For 1995, the update will be reduced by 2.7 percentage points for surgical and all other services (including anesthesia services), with the exception of primary care services, which will receive the full update.

The 1993 legislation also included cost-restraint provisions applicable to skilled nursing facilities, hospices, laboratory services, anesthesia care teams, other services, and expense computations.

Miscellaneous

Expansion of physician ownership referral ban.—Under present law, physicians (or immediate family members of such physicians) with a financial relationship to clinical laboratories are prohibited from referring Medicare patients to those entities. OBRA 93 extends the self-referral ban with specified exceptions to additional services. Effective December 31, 1994, it applies to the furnishing of "designated health services" under Medicare and Medicaid. These include clinical laboratory services; physical and occupational therapy services; radiology or other diagnostic services; radiation therapy services; durable medical equipment; parenteral and enteral nutrients; equipment and supplies; prosthetics, orthotics, and prosthetic devices; home health services; outpatient prescription drugs; and inpatient and outpatient hospital services.

Medicare and Medicaid Coverage Data Bank—OBRA 93 established a new health insurance reporting system for all employers required to file a W-2 form. A Medicare and Medicaid Coverage Data Bank will be established within the Department of Health and Human Services (HHS) to be used to identify and collect amounts from liable third-party payers to reimburse costs incurred for items and services furnished to Medicare or Medicaid beneficiaries. Beginning with calendar year 1994 and ending in calendar year 1997, employers will be required to report annually the following information for each employee: Name and taxpayer identification number (TIN) of the electing individual; type of group health plan coverage (single or family) elected; the name, address, and identifying number of the group health plan elected by the employee; the name and TIN of other individuals (for example, spouses and dependents) covered under the group health plan; the period during which coverage is elected; and the name, address, and TIN of the employer. A health plan carrier will be permitted to file the report on behalf of an employer. The first filing will occur on February 28, 1995. On May 10, 1994, the Health Care Financing Administration issued a notice in the *Federal Register* providing preliminary guidance to employers on requirements for the Medicare and Medicaid Coverage Data Bank.[3]

Abbreviations

ACIP—Advisory Council for Immunization Practices

CDC—Centers for Disease Control and Prevention

COLA's—Cost of Living Adjustments

EITC—Earned Income Tax Credit

EUC—Emergency Unemployment Compensation

FMLA—Family and Medical Leave Act

HHS—Health and Human Services

IRS—Internal Revenue Service

OBRA 93—Omnibus Budget Reconciliation Act of 1993

PPS—Prospective Payment Service

SSI—Supplemental Security Income

TIN—Taxpayer Identification Number

Medicaid

Extent of Coverage

Personal care services.—Under prior law, personal care services would have been included within the framework of home health care services as a mandatory service starting in fiscal year 1995. The guidelines of OBRA 93 allow States to cover personal care services furnished outside the home on an optional basis, effective October 1, 1994.

Optional coverage of tuberculosis-related services.—Effective January 1, 1994, States may cover prescribed drugs, directly observed therapy, and other ambulatory services for low-income individuals infected with tuberculosis.

Transfers of assets and treatment of certain trusts.—Prior to enactment of OBRA 93, Medicaid eligibility of applicants for institutional care could be delayed if they had transferred assets for less than fair market value within 30 months.

OBRA 93 provided for a delay in Medicaid eligibility for institutionalized individuals (or their spouses) receiving nursing facility services or equivalent levels of care, and to noninstitution-alized persons receiving home or community-based services designed as an alternative to such care, who dispose of assets for less than fair market value on or after a specified "look-back" date (36 months prior to either the date of application for benefits or the date of institutionalization, whichever is later). The number of months of delay in eligibility is equal to the total cumulative uncompensated value of all assets transferred on or after the look-back date, divided by the average monthly cost to a private patient of nursing facilities in the State. The period of delay begins with the first month during which the assets were disposed of. Penalties are not applied to transfers to spouses, minor or disabled children under certain conditions, or transfers to trusts solely for the benefit of disabled individuals under age 65. This provision became effective with respect to assets disposed of on or after enactment of OBRA 93.

OBRA 93 set forth rules under which funds and other assets of an individual placed in trust by or on behalf of an individual (or the individual's spouse) are to be treated as resources available to the individual, and under which payments from the trust are to be considered assets disposed of by the individual. The legislation specified that, for purposes of applying transfer of asset prohibitions, the look-back period with respect to trusts would be 60 months. Exceptions are provided for trusts containing the assets of a disabled individual under age 65, specified income trusts in certain States, and "pooled" trusts for disabled individuals. In cases of undue hardship, States are required to establish procedures for waiving application of these rules. This provision also became effective with respect to trusts established on or after the date of enactment of the new legislation.

Medicaid estate recoveries.—Effective October 1, 1993, States were required to recover from the estates of Medicaid beneficiaries the costs of nursing facility and other long-term services furnished to them, with established procedures for waiver of recovery in hardship cases. At State option, the estate against which recovery is sought may include any real or personal property or other assets in which the Medicaid beneficiary had any legal title or interest at the time of death, including the home. Different estate recovery provisions apply to certain individuals who purchase specified long-term care insurance policies in designated States.

Assuring proper payments to disproportionate-share hospitals and liability of third parties—The new legislation included provisions to assure proper payments to disproportionate-share hospitals for Medicaid reimbursement, applicable to public hospitals in State fiscal years beginning in 1994, and to private hospitals in 1995. Also under OBRA 93, States are required to enact laws prohibiting health insurers from taking Medicaid status into account in enrollment or payment of benefits, and to enact laws giving the State rights to payments by liable third parties, effective October 1, 1993.

Earned Income Tax Credits

The Earned Income Tax Credit (EITC) is a refundable Federal income tax credit initially available to families with dependent children, in which one family member works and the family income is below a specific amount. OBRA 93 extended the EITC in a modified form to low-income workers aged 25–64, without qualifying children. OBRA 93 also increased the maximum credit available to taxpayers with one qualifying child, and increased over a 3-year period the maximum credit available to taxpayers with two or more qualifying children. The EITC was simplified by repealing both the supplemental tax credit for children under one year of age and the supplemental health insurance expenses for qualifying children.

Details of Coverage

Description.—The amount of the EITC is determined by multiplying the credit rate percentage by annual earnings. The maximum credit that can be received by a tax filer is limited statutorily by a cap on creditable earnings to which the credit rate percentage may be applied. This maximum credit amount is receivable by a tax filer with earnings at or above the creditable earnings limit, and whose earnings (or adjusted gross income (AGI), if greater) are at or below a threshold income level. Beyond the threshold income level, the maximum credit amount is reduced by a phaseout percentage. This reduction is computed by multiplying the phaseout percentage by the amount of income above the threshold level. The EITC is reduced to $0 at the break-even income level.

The EITC provides the family with either a reduction in income tax liability or, if the credit exceeds tax liability, a direct grant of the amount by which tax liability is exceeded. The maximum amount of earned income on which the EITC may be claimed and the income threshold for EITC phaseout are indexed for inflation.

Current provisions.—Under OBRA 93, EITC provisions effective in 1994 are illustrated in table 1.

For a family with one child, the credit rate increases to 34 percent for 1995 and thereafter. However, the limit on creditable earnings drops to an estimated $6,170 for 1995. (This is a

Table 1.—Earned income tax credit provisions for 1994 under OBRA 93

Provisions	Families with—		
	One child	Two or more children	No children
Creditable earnings	$7,750	$8,425	$4,000
Credit rate (percentage)	26.3	30.0	7.65
Maximum credit	$2,038	$2,527	$306
Threshold earnings (or AGI, if higher)	11,000	11,000	5,000
Phaseout (percentage)	15.98	17.68	7.65
Break-even income (credit reduced to 0)	$23,753	$25,293	$9,000

$6,000 base in 1994, adjusted for projected inflation.) The phaseout rate remains at 15.98 percent.[4]

For a family with two or more children, the credit rate increases to 36 percent in 1995 and remains at 40 percent for 1996 and thereafter. The creditable earnings limit does not change except for inflation indexing. The phaseout rate is 20.22 percent in 1995, and 21.06 percent for 1996 and thereafter.

The EITC is administered by the Internal Revenue Service (IRS) as part of its responsibility for collecting Federal income taxes. A worker may elect to receive the EITC on an advance basis by furnishing a certificate of eligibility to his or her employer. For such a worker, the employer makes an advance payment of the credit at the time wages are paid. However, the advance is limited to 60 percent of the maximum credit available to a worker with one qualifying child, in order to avoid large end-of-year tax liability. Under OBRA 93, the IRS is required to notify taxpayers who received a refund attributable to the EITC that they may be eligible to receive the credit on an advance payment basis, and it will conduct an outreach program aimed at educating the working homeless as to the availability of the EITC.

In 1993, an estimated 14.6 million tax filers will claim an EITC, for a total credit amount of $14.8 billion. The 1994 estimate is 19.4 million filers and credits of $21.0 billion. This estimate includes 4.8 million families without children, with credits of $800 million.

Vaccines for Children Program

OBRA 93 established the Vaccines for Children Program under which State Medicaid programs are required to establish a program for the distribution of pediatric vaccines (which may be administered by the State Department of Health).

States can receive sufficient vaccine from the Federal Government to immunize a defined group of children (that is, children who are Medicaid-eligible, who have no health insurance, or who are American Indians). In addition, children whose health insurance does not cover the cost of vaccines are eligible for the free vaccine if they receive their immunizations at a federally qualified health center (for example, a community health center or rural health clinic).

States must make this free vaccine available to: (1) All public and private health care providers who are authorized to administer the vaccine and who are willing to participate in the program, and (2) all eligible children who seek such vaccine through a partnership health care provider. Neither the State nor the providers may charge for the vaccine, although providers may charge a limited fee for the administration of the vaccine.

States have the option of designating additional categories of State vaccine-eligible children for whom the State may elect to purchase vaccine at the price negotiated between the Secretary of HHS and drug manufacturers.

The Public Health Service's Centers for Disease Control and Prevention (CDC), under the Department of Health and Human Services, is responsible for program administration. The Advisory Council for Immunization Practices (ACIP) is required to establish a list of vaccines for routine administration to children along with schedules regarding periodicity, dosage, and contraindications applicable to the pediatric vaccines. Vaccines that immunize children against the following diseases have been proposed by ACIP:[5] Pertussis (whooping cough), diphtheria, tetanus, Haemophilus influenza type B, measles, mumps, rubella, poliomyelitis, and hepatitis B.

Family Support and Family Preservation Services Program

The child welfare services program under title IV-B of the Social Security Act authorizes 75 percent Federal matching grants to States for child welfare services, which may be used as follows: (1) To protect and promote the welfare of children; (2) to prevent, remedy, or assist in the solution of problems that may result in the neglect, abuse, exploitation, or delinquency of children; (3) to prevent the unnecessary separation of children from their families by identifying family problems, assisting families in resolving their problems, and preventing the breakup of the family where the prevention of child removal is desirable and possible; (4) to return children to their families by the provision of services to the child and the family; (5) to place children in adoptive homes if restoration is not possible or appropriate; and (6) to assure adequate foster care when children cannot return home or be placed for adoption.

The authorization level for the title IV-B programs is $325 million per fiscal year. Funds are distributed to the States and outlying areas on the basis of their under-age 21 population and per capita income. Title IV-B does not include a specific reserve for services designed to strengthen and preserve families, although States have the flexibility to use their title IV-B child welfare service funds for such services. OBRA 93 amended title IV-B to establish funding for grants to States to provide family preservation and family support services. States will use these funds to establish or to expand and to operate a program providing these services.

Family support services are defined as community-based services to promote the well-being of families and children, designed to increase the strength and stability of families (including foster, adoptive, and extended families); to increase parents' confidence and competence in their parenting activities; to afford children a stable and supportive family environment; and to otherwise enhance child development.

Family preservation services are services for children and families designed to help families (including adoptive and extended families) at risk or in crisis.

The authorization level for the entire program equals $60 million for fiscal year 1994; $150 million for fiscal year 1995; $225 million for fiscal year 1996; $240 million for fiscal year 1997; and $255 million for fiscal year 1998 (or a higher amount, based on the inflation percentage between 1997 and 1998).

State allotments will be distributed according to a formula, based on the State's share of children in all States receiving

Food Stamp benefits.[6] States will receive payments equal to their allotments for use in paying not more than 75 percent of the activities under the approved State plan. The remaining 25 percent of costs must be paid from non-Federal sources. The legislation established requirements for an approved State plan including:

- Administration or supervision of the administration of the program by the State child welfare agency.
- Setting forth of program goals and the methods to be used in measuring progress toward their attainment.
- Cooperation with other Federal or federally assisted programs serving the same population.
- Provision that by the sixth fiscal year during which the plan is in effect, programs under the plan will be available on a statewide basis, to the extent feasible or appropriate.
- Provision that the State will furnish reports and participate in evaluations as required by the Secretary of HHS.

Food Stamps

Through changes in the Food Stamp program, OBRA 93 (Mickey Leland Childhood Hunger Relief Act) increased food assistance to low-income individuals.

Changes in Provisions

Families with high shelter expenses.—In determining Food Stamp eligibility and the amount of benefits, certain allowable deductions are subtracted from monthly income. The excess shelter deduction equals the amount of a household's shelter costs, including utilities minus 50 percent of income after subtracting the standard and earned income deductions, and the deductions for child or other dependent care. Households with an aged or disabled person do not have a limit on the excess shelter deduction.

Effective October 1993, the shelter deduction was capped at $207 monthly. Under the new law, the shelter cap deduction was increased. For the 15-month period beginning July 1, 1994, and ending September 30, 1995, the excess shelter expense deduction will increase $231 a month in the 48 contiguous States and the District of Columbia; in Alaska, Hawaii, Guam, and the Virgin Islands, the deduction will increase to $402, $330, $280, and $171 a month, respectively. For the 15-month period ending December 31, 1996, this deduction will rise to $247 a month in the 48 contiguous States and the District of Columbia; in Alaska, Hawaii, Guam, and the Virgin Islands, the deduction will increase to $429, $353, $300, and $182 a month, respectively. Effective January 1, 1997, the shelter cap will be removed entirely.

Child or other dependent care.—The deduction for the amount paid for care of a child or other dependent while the caretaker is working or looking for work was raised to $200 per month for a child under age 2 and $175 per month for all other dependents, effective September 1, 1994. Currently, this deduction is equal to $160 per month.

Child support.—State agencies are given the option to provide deductions for legally binding child support payments made to persons outside the household effective September 1, 1994. This deduction becomes mandatory October 1, 1995.

Definition of Food Stamp household.—The definition of a Food Stamp household was simplified to allow adult siblings who live together and adult children who live with their parents to form separate households if they purchase or prepare food separately.

Family and Medical Leave

P.L. 103–3, the Family and Medical Leave Act of 1993 (FMLA), was enacted February 5, 1993. It entitles employees to family and medical leave for a total of 12 workweeks of unpaid leave during any 12-month period, for any of the following reasons:

- Birth of a child of the employee and in order to care for such child.
- Placement of a child with the employee for adoption or foster care.
- In order to care for the employee's spouse, child, or parent who has a serious health condition.
- A serious health condition that makes the employee unable to perform the functions of his or her position.

This act also protects the employee's employment rights—restoration to the position held when the leave commenced or an equivalent position—and employment benefits accrued before the leave began. These include group life insurance, health insurance, disability insurance, sick leave, annual leave, educational leave, and pensions. Employers are required to maintain group health plan coverage for the duration of such leave, under the conditions coverage would have been provided had the employee continued in employment.

FMLA covers private employers who employ 50 or more employees for each working day during each of 20 or more weeks in the current or preceding calendar year. The act is also applicable to Federal, State, and local government agencies.

In order to be eligible for leave, the employee must have been employed for at least 12 months by the employer from whom leave is requested. The employee is also required to have worked for at least 1,250 hours during the preceding 12-month period. In addition, the employer must employ at least 50 persons within a 75-mile radius of the employee's work site.

If an employer provides paid leave for less than 12 weeks, the additional weeks of leave up to 12 may be taken without pay.

An employee may elect or the employer may require the employee to substitute any of the accrued paid vacation leave, personal leave, or family leave of the employee for part of the

12-week leave period in situations other than those involving a serious health condition of the employee. In the event of an employee's serious health condition, the employee may elect or the employer require the substitution of accrued paid vacation leave, personal leave, or medical or sick leave.

An employer may deny restoration of employment to an employee who takes leave when the employee is salaried and among the highest paid 10 percent of the employees employed within 75 miles of the facility at which the employee works. However, such denial must be necessary to prevent substantial and grievous economic injury to the employer's operations.

The Department of Labor has regulatory and administrative responsibilities with respect to the provisions of this legislation. However, the Office of Personnel Mangement has responsibility for Federal executive branch employees.[7]

Cost-of-Living Adjustments

Changes in Provisions

Veterans' benefits.—The Veterans Compensation Rates Amendments of 1993 (P.L. 103–140), enacted November 11, 1993, provided for a 2.6-percent increase in the rates of compensation paid to veterans with service-connected disabilities and the rates of dependency and indemnity compensation paid to survivors (spouses, children, and certain parents). The new rates became effective December 1, 1993.

Cost-of-living adjustments (COLA's) in nonservice-connected disability and survivor pensions are automatically linked to increases in Social Security benefits. These rates also rose by 2.6 percent, effective December 1, 1993.

Retired Federal employees.— OBRA 1993 delayed COLA's in Federal employee retirement benefits. Under prior law, COLA's were effective January 1 of each year. Under the new law, these adjustments will not take effect until March 1 in fiscal years 1994, 1995, and 1996.

Nondisabled military retirees.—COLA's for nondisabled military retirees were delayed for 3 months in fiscal year 1994 and by 9 months in fiscal years 1995–98. The fiscal year 1994 COLA was paid on April 1, 1994. COLA's for fiscal years 1995–98 are to be paid on October 1. COLA's will revert to their normal date (January 1) beginning in fiscal year 1999. COLA's to disabled retirees and for survivor beneficiaries are not affected by OBRA 93.

Unemployment Insurance

Two extensions of the Emergency Unemployment Compensation (EUC) program were enacted in 1993. P.L. 103–6, the Emergency Unemployment Compensation Amendments of 1993, enacted March 4, 1993, included provisions to: (1) extend the authorization for new claims of EUC benefits from March 6, 1993, through October 2, 1993, with benefit eligibility to be phased out over a 3-month period ending January 15, 1994; (2) develop automated systems for identifying dislocated workers and referring them to employment services; and (3) declare all direct spending and authorized appropriations under the legislation to be designated as emergency requirements within the meaning of the Balanced Budget and Emergency Deficit Control Act of 1985.

P.L. 103–6 provided 20 or 26 weeks of benefits for workers who exhausted their regular State benefits, depending on unemployment in their States. States with "adjusted insured unemployment rates" of at least 5 percent or "total unemployment rates" (on a 6-month moving average basis) of at least 9 percent were eligible to pay 26 weeks of benefits. All other States were eligible to pay 20 weeks of benefits.

The second 1993 EUC extension, the Unemployment Compensation Amendments of 1993, was enacted into law November 24, 1993 (P.L. 103–152). It extended, retroactively, the authorization for new claims made under the EUC program from October 2, 1993 (when the old law expired) through February 5, 1994. After February 5 no new EUC claims could be filed, although continued claims were paid through April 30, 1994. Under the new law, unemployed workers who exhausted their regular State benefits of 26 weeks compensation would be entitled to receive either 7 or 13 weeks of additional benefits, depending on the level of unemployment in each State. As under P.L. 103–6, States with adjusted insured unemployment rates of at least 5 percent or total unemployment rates of at least 9 percent were eligible to pay benefits for the longer period.

The estimated $1.1 billion cost of the new EUC extension will be paid for by: (1) Instituting a more comprehensive and accelerated job assistance program for individuals deemed in need of such assistance; and (2) increasing the immigration sponsor-to-alien deeming period under the Supplemental Security Income (SSI) program. Under SSI, the income and resources of an immigration sponsor are considered in determining eligibility and amount of payment. This provision is not applicable to those who become blind or disabled after admission to the United States, to refugees or to persons granted political asylum. P.L. 103–152 extended the sponsor-to-alien deeming period from 3 years to 5 years, effective January 1, 1994, to October 1, 1996.

P.L. 103–6 directed the Secretary of Labor to establish a program for encouraging the adoption and implementation of State systems of profiling new claimants for regular unemployment compensation. These systems are to be used to determine which claimants might be most likely to exhaust their regular unemployment compensation benefits and need reemployment assistance services to make a successful transition to new employment.

Under P.L. 103–152, each State's unemployment agency is required to establish a profiling system and to refer claimants needing assistance to reemployment services available under any State or Federal law. The State agency is also required to collect followup information on services received by claimants and their employment outcomes and to use this information in making identifications under the profiling system. Additionally, P.L. 103–152 provides that as a condition of eligibility for unemployment compensation benefits, a claimant who has

been referred to reemployment services pursuant to the profiling system must participate in these or similar services unless the State agency determines that the claimant has completed such services, or there is justifiable cause for failure to participate.

Reemployment services will include job search assistance and placement services—such as counseling, testing, and providing occupational and labor market information, assessment, job search workshops, job clubs, and referrals to employers, and other similar services. The Secretary of Labor is directed to provide technical assistance and advice to the States in implementing the profiling system, including the development and identification of model profiling systems, and to report to Congress within 3 years on the operation and effectiveness of the system. The profiling requirement is effective one year after the enactment of P.L. 103–152.

The Federal unemployment tax of 0.8 percent is paid by employers on the first $7,000 paid annually to each employee. Of the 0.8 percent tax rate, 0.6 percentage point is permanent and 0.2 percentage point is scheduled to expire at the end of 1996. Under OBRA 93, the 0.2-percent surtax is extended two years, through 1998.

P.L. 103–152 marked the fifth extension of the EUC program. Between 1991 and 1993, four earlier laws were enacted that provided federally funded extensions of benefits for unemployed workers who exhausted their State benefits—P.L. 102–164, as amended; P.L. 102–244; P.L. 102–318; and P.L. 103–6.[8]

Notes

[1]Input price indexes referred to as market baskets have been developed by the Health Care Financing Administration to price a consistent set of goods and services over time. These indexes measure the change in costs to the provider for a fixed set of production inputs from a defined base period.

[2]Medicare Economic Index, adjusted by how actual expenditures for a prior fiscal year compare to the Medicare Volume Performance Standard.

[3]*Federal Register*, May 10, 1994, pp. 24167–24170.

[4]This change retains the relative amount of the maximum credit to the 1994 level.

[5]*Federal Register*, December 16, 1993, pp. 65725–65727.

[6]Different allocation procedures apply to Puerto Rico, other outlying areas, and Indian tribes.

[7]Final regulations to implement FMLA were published in the *Federal Register* on June 4, 1993 (p. 31794) and corrected on June 11, 1993 (p. 32611).

[8]For a fuller explanation of P.L. 102–164, as amended, and P.L. 102–244, see "Unemployment Insurance: Recent Legislation," *Social Security Bulletin*, Vol. 55, No. 1 (Spring), 1992, pp. 47–50; for P.L. 102–318, see "Unemployment Insurance: Emergency Benefits Extended," *Social Security Bulletin*, Vol. 55, No. 3 (Fall), 1992, pp. 67–68. For an historical background of the unemployment program, see the section on Unemployment Insurance in "Social Security Programs in the United States," *Social Security Bulletin*, Vol. 56, No. 4 (Winter), 1993, pp. 19–28.