

105TH CONGRESS
1ST SESSION

H. R. 534

To provide as a demonstration project a Transition to Work Program for individuals entitled to disability benefits under title II of the Social Security Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 1997

Mrs. KENNELLY of Connecticut introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, 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 provide as a demonstration project a Transition to Work Program for individuals entitled to disability benefits under title II of the Social Security Act, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Transition to Work
5 Act of 1997”.

1 **SEC. 2. TRANSITION TO WORK PROGRAM.**

2 (a) IN GENERAL.—The Commissioner of Social Secu-
3 rity shall establish as a demonstration project, in accord-
4 ance with this section, a Transition to Work Program
5 (hereinafter in this section referred to as the “TWP”) in
6 such localities as the Commissioner considers appropriate
7 to meet the purpose of the TWP. The purpose of the TWP
8 shall be to determine the best practicable means of provid-
9 ing individuals entitled to disability benefits prompt access
10 to vocational rehabilitation services in order to move them
11 from disability benefits to work.

12 (b) TWOS PROVIDED TO BENEFICIARIES.—

13 (1) IN GENERAL.—The Commissioner shall in-
14 clude with each notification to an individual covered
15 under the TWP of—

16 (A) the individual’s entitlement to disabil-
17 ity benefits, or

18 (B) the commencement of a review of the
19 individual’s case for purposes of continuing eli-
20 gibility,

21 a ticket for work opportunity (hereinafter in this
22 section referred to as a ‘TWO’), together with an ex-
23 planation of the purpose of, and the method of
24 using, the TWO under this subsection.

25 (2) TWO DEFINED.—For purposes of this sec-
26 tion, the terms “ticket for work opportunity” and

1 “TWO” mean a document issued by the Commis-
2 sioner which provides that, upon presentation by the
3 individual named therein to a provider of vocational
4 rehabilitation services participating in the TWP,
5 compensation will be provided to the provider, under
6 the terms of the TWP, for the services rendered to
7 the individual.

8 (3) COMMENCEMENT OF TWP AND INDIVIDUALS
9 COVERED.—

10 (A) IN GENERAL.—Except as provided in
11 subparagraph (B), the TWP shall apply with
12 respect to beneficiaries, under any entitlement
13 to benefits—

14 (i) whose first month of such entitle-
15 ment commences after the date of the en-
16 actment of this Act or who receive after
17 such date a notice of a review for purposes
18 of continuing eligibility, and

19 (ii) who reside, on the date of the es-
20 tablishment of the TWP, in the localities
21 affected by the TWP.

22 The Commissioner shall establish the TWP not
23 later than January 1, 1998.

24 (B) CURRENT BENEFICIARIES.—Individ-
25 uals who are entitled to disability benefits for

1 the month in which this Act is enacted and who
2 reside in a locality affected by the TWP may
3 apply to the Commissioner, in such form and
4 manner as shall be prescribed by the Commis-
5 sioner, for inclusion in the TWP. Any such in-
6 dividual making such an application shall be
7 treated as an individual covered by the TWP,
8 and the Commissioner shall issue a TWO to
9 such individual as soon as practicable after re-
10 ceipt of the application.

11 (d) REDEMPTION OF TWOS.—

12 (1) IN GENERAL.—After receipt, by a partici-
13 pating provider, of a TWO from the individual to
14 whom the TWO was issued, the provider may re-
15 deem the TWO, upon presentation to the Commis-
16 sioner, as provided in this subsection.

17 (2) TIMING AND AMOUNT OF PAYMENTS TO
18 PROVIDERS.—

19 (A) IN GENERAL.—The TWP shall provide
20 for payments from the Federal Disability Insur-
21 ance Trust Fund to the provider, as compensa-
22 tion for the provision of services to an individ-
23 ual, upon presentation of the TWO to the Com-
24 missioner, as follows:

1 (i) upon initial placement of the indi-
2 vidual in employment while the individual
3 is in the course of receiving the services
4 from the provider, a milestone payment to
5 the provider in a fixed dollar amount which
6 shall be established by the Commissioner
7 from time to time in accordance with the
8 terms of the TWP; and

9 (ii) after commencement by the indi-
10 vidual of a period of work, payment upon
11 completion of each calendar quarter begin-
12 ning or ending during such period of work,
13 of an amount equal to 50 percent of the
14 total amount of the benefit payments
15 which were not payable for any month in
16 such quarter but would have been payable
17 but for the cessation of benefit payments
18 by reason of the individual's engagement
19 in, or ability to engage in, substantial gain-
20 ful activity.

21 (B) PERIOD OF WORK DEFINED.—For
22 purposes of this paragraph, the term “period of
23 work” means, in connection with any entitle-
24 ment to disability benefits, a period beginning
25 with the month following the first month for

1 which such benefits are not payable by reason
2 of engagement in, or a determination of ability
3 to engage in, substantial gainful activity, and
4 ending with the end of the 60th month follow-
5 ing such first month for which such benefits are
6 not payable.

7 (C) ADJUSTMENTS BY THE COMMIS-
8 SIONER.—The Commissioner may alter the per-
9 centage specified in subparagraph (A)(ii), the
10 length of the period specified in subparagraph
11 (B), or both, to the extent that the Commis-
12 sioner determines that such an alteration would
13 not otherwise provide an adequate incentive for
14 work.

15 (D) CERTIFICATION OF PAYMENTS.—Pay-
16 ments under subparagraph (A) shall be made
17 by means of certification by the Commissioner
18 to the Managing Trustee of the Federal Dis-
19 ability Insurance Trust Fund of the amount of
20 the payments. The Managing Trustee shall
21 make the payments from the Trust Fund in ac-
22 cordance with the certification.

23 (3) CHANGING OF PROVIDERS.—The Commis-
24 sioner shall make provision, upon the request of an
25 individual who has been issued a TWO, for changing

1 the provider receiving compensation under the TWP
2 in connection with the TWO.

3 (e) PROVIDER REQUIREMENTS.—

4 (1) CERTIFICATION OF PROVIDERS.—A pro-
5 vider of vocational rehabilitation services may par-
6 ticipate in the TWP only if the provider is certified
7 under the TWP. Under the TWP, any such provider
8 shall be certified, irrespective of whether the pro-
9 vider is public or private, if the provider—

10 (A) meets criteria established under the
11 TWP to ensure to the satisfaction of the Com-
12 missioner reasonable access to providers who
13 meet applicable requirements for professional
14 certification,

15 (B) includes in the services provided a
16 broad range of vocational rehabilitation serv-
17 ices, including job training and liaison and
18 placement with employers, and

19 (C) otherwise maintains, in the provider's
20 practice and procedures, compliance with the
21 requirements of this section and the terms of
22 the TWP.

1 (2) EXPIRATION, CANCELLATION, RENEWAL.—
2 The TWP shall provide for reasonable terms for ex-
3 piration, cancellation, and renewal of certifications
4 under the TWP.

5 (3) LISTS OF PROVIDERS.—The Commissioner
6 shall establish and maintain for each locality af-
7 fected by the TWP lists of providers of vocational
8 rehabilitation services who are certified under the
9 TWP and shall make the lists generally available to
10 the public.

11 (f) TRANSITION TO WORK PLANS.—Providers of vo-
12 cational rehabilitation services under the TWP shall be re-
13 quired under the terms of the TWP to establish and main-
14 tain an individual transition to work plan for each individ-
15 ual receiving the services. Each such plan shall be devel-
16 oped jointly by the individual and the provider, taking into
17 account an employment evaluation which shall be con-
18 ducted in accordance with requirements of the TWP. An
19 individual transition to work plan shall take effect only
20 upon approval by the individual.

21 (g) APPEALS.—Any provider dissatisfied with any de-
22 termination of the Commissioner under this section shall
23 be entitled to a hearing thereon by the Commissioner to
24 the same extent as is provided in section 205(b) of the

1 Social Security Act with respect to decisions of the Com-
2 missioner, and to judicial review of the Commissioner's
3 final decision after such hearing as is provided in section
4 205(g) of such Act.

5 (h) **DISABILITY BENEFIT DEFINED.**—For purposes
6 of this section, the term “disability benefit” means a bene-
7 fit under section 223 of the Social Security Act or a bene-
8 fit under section 202 of such Act based on the disability
9 of the beneficiary.

10 **SEC. 3. DISABLED WORKER TAX CREDIT.**

11 (a) **IN GENERAL.**—Subpart C of part IV of sub-
12 chapter A of chapter 1 of the Internal Revenue Code of
13 1986 (relating to refundable credits) is amended by redес-
14 ignating section 35 as section 36 and by inserting after
15 section 34 the following new section:

16 **“SEC. 35. DISABLED WORKER CREDIT.**

17 “(a) **ALLOWANCE OF CREDIT.**—In the case of an eli-
18 gible disabled individual, there shall be allowed as a credit
19 against the tax imposed by this subtitle for the taxable
20 year an amount equal to the credit percentage of so much
21 of such individual's earned income for the taxable year as
22 does not exceed the earned income amount.

23 “(b) **PHASEOUT OF CREDIT.**—The amount of the
24 credit allowable to a taxpayer under subsection (a) for any
25 taxable year shall not exceed the excess (if any) of—

1 “(1) the credit percentage of the earned income
2 amount, over

3 “(2) the phaseout percentage of so much of the
4 earned income of the taxpayer for the taxable year
5 as exceeds the phaseout amount.

6 “(c) PERCENTAGES AND AMOUNTS.—For purposes
7 of this section—

8 “(1) PERCENTAGES.—The credit percentage
9 and the phaseout percentage shall be determined as
10 follows:

“In the case of an eligible disabled individual with:	The credit percentage is:	The phaseout percentage is:
No qualifying children	15	17.14
1 qualifying child	7.14	3.74
2 or more qualifying children	7.58	4.5.

11 “(2) AMOUNTS.—The earned income amount
12 and the phaseout amount shall be determined as
13 follows:

“In the case of an eligible disabled individual with:	The earned income amount is:	The phaseout amount is:
No qualifying children	\$8,000	\$11,000
1 qualifying child	\$7,000	\$12,430
2 or more qualifying children	\$9,890	\$12,680.

14 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
15 poses of this section—

16 “(1) ELIGIBLE DISABLED INDIVIDUAL.—The
17 term ‘eligible disabled individual’ means any individ-
18 ual if—

19 “(A) for any month during the taxable
20 year or any prior month after December 1996,

1 such individual received disability insurance
2 benefits under section 223 of the Social Secu-
3 rity Act or benefits under subsection (d), (e), or
4 (f) of section 202 of such Act based on such in-
5 dividual's disability, and

6 “(B) for any subsequent month during
7 such taxable year, such individual was not enti-
8 tled to such benefits solely on the basis of a de-
9 termination by the Commissioner of Social Se-
10 curity under section 223(d)(4) of the Social Se-
11 curity Act that earnings derived by such indi-
12 vidual from services demonstrated such individ-
13 ual's ability to engage in substantial gainful ac-
14 tivity.

15 “(2) EARNED INCOME.—The term ‘earned in-
16 come’ has the meaning given to such term by section
17 32(c)(2).

18 “(3) QUALIFYING CHILD.—The term ‘qualifying
19 child’ has the meaning given to such term by section
20 32(c)(3).

21 “(4) CERTAIN RULES TO APPLY.—Rules similar
22 to the following rules of section 32 shall apply for
23 purposes of this section:

24 “(A) Subsection (c)(1)(E) (relating to indi-
25 viduals claiming benefits of section 911).

1 “(B) Subsection (c)(1)(F) (relating to limi-
2 tation on eligibility of nonresident aliens).

3 “(C) Subsections (c)(1)(F)(i) and (l) (re-
4 lating to identification number requirement).

5 “(D) Subsection (c)(4) (relating to treat-
6 ment of military personnel stationed outside the
7 United States).

8 “(E) Subsection (e) (relating to taxable
9 year must be full taxable year).

10 “(F) Subsection (f) (relating to amount of
11 credit to be determined under tables).

12 “(5) JOINT RETURNS.—In the case of a joint
13 return, this section shall be applied separately with
14 respect to the earned income of each spouse.

15 “(6) PART-YEAR ELIGIBILITY.—If the period
16 referred to in paragraph (1)(B) is less than the en-
17 tire taxable year, the credit allowed under this sec-
18 tion for such taxable year shall not exceed the
19 amount which bears the same ratio to the amount
20 of credit which would be allowed under this section
21 but for this paragraph as such period bears to the
22 entire taxable year.

23 “(e) INFLATION ADJUSTMENTS.—

24 “(1) IN GENERAL.—In the case of any taxable
25 year beginning after 1998, each of the dollar

1 amounts in subsection (c)(2) shall be increased by
2 an amount equal to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-
5 mined under section 1(f)(3), for the calendar
6 year in which the taxable year begins, deter-
7 mined by substituting ‘calendar year 1997’ for
8 ‘calendar year 1992’ in subparagraph (B)
9 thereof.

10 “(2) ROUNDING.—If any dollar amount, after
11 being increased under paragraph (1), is not a mul-
12 tiple of \$10, such dollar amount shall be rounded to
13 the nearest multiple of \$10.”

14 (b) ADVANCE PAYMENT OF CREDIT.—Chapter 25 of
15 such Code (relating to general provisions relating to em-
16 ployment taxes) is amended by inserting after section
17 3507 the following new section:

18 **“SEC. 3507A. ADVANCE PAYMENT OF DISABLED WORKER**
19 **CREDIT.**

20 “(a) GENERAL RULE.—Except as otherwise provided
21 in this section, every employer making payment of wages
22 to an employee with respect to whom a disabled worker
23 credit eligibility certificate is in effect shall, at the time
24 of paying such wages, make an additional payment equal

1 to the disabled worker credit advance amount of such em-
2 ployee.

3 “(b) DISABLED WORKER CREDIT ELIGIBILITY CER-
4 TIFICATE.—For purposes of this title, a disabled worker
5 credit eligibility certificate is a statement furnished by an
6 employee to the employer which—

7 “(1) certifies that the employee will be eligible
8 to receive the credit provided by section 35 for the
9 taxable year,

10 “(2) certifies that the employee does not have
11 a disabled worker credit eligibility certificate in ef-
12 fect for the calendar year with respect to the pay-
13 ment of wages by another employer, and

14 “(3) states whether or not the employee’s
15 spouse has such a certificate in effect.

16 For purposes of this section, a certificate shall be treated
17 as being in effect with respect to a spouse if such a certifi-
18 cate will be in effect on the first status determination date
19 following the date on which the employee furnishes the
20 statement in question.

21 “(c) DISABLED WORKER CREDIT ADVANCE
22 AMOUNT.—

23 “(1) IN GENERAL.—For purposes of this title,
24 the term ‘disabled worker credit advance amount’

1 means, with respect to any payroll period, the
2 amount determined—

3 “(A) on the basis of the employee’s wages
4 from the employer for such period, and

5 “(B) in accordance with tables prescribed
6 by the Secretary.

7 “(2) ADVANCE AMOUNT TABLES.—The tables
8 referred to in paragraph (1)(B)—

9 “(A) shall be similar in form to the tables
10 prescribed under section 3402 and, to the maxi-
11 mum extent feasible, shall be coordinated with
12 such tables and the tables prescribed under sec-
13 tion 3507(c), and

14 “(B) shall be structured to carry out the
15 principles of subparagraphs (B) and (C) of sec-
16 tion 3507(c)(2).

17 “(d) DISABLED WORKER CREDIT.—For purposes of
18 this section, the term ‘disabled worker credit’ means the
19 credit allowable by section 35.

20 “(e) OTHER RULES.—For purposes of this section,
21 rules similar to the rules of subsections (d) and (e) of sec-
22 tion 3507 shall apply.

23 “(f) REGULATIONS.—The Secretary shall prescribe
24 such regulations as may be necessary to carry out the pur-
25 poses of this section.”.

1 (c) TECHNICAL AMENDMENTS.—

2 (1) Paragraph (2) of section 1324(b) of title
3 31, United States Code, is amended by inserting be-
4 fore the period “or from section 35 of such Code”.

5 (2) The table of sections for subpart C of part
6 IV of subchapter A of chapter 1 of such Code is
7 amended by striking the last item and inserting the
8 following new items:

“Sec. 35. Disabled worker credit.”

“Sec. 36. Overpayments of tax.”

9 (3) The table of sections for chapter 25 of such
10 Code is amended by inserting after the item relating
11 to section 3507 the following new item:

“Sec. 3507A. Advance payment of disabled worker credit.”.

12 (d) EFFECTIVE DATES.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), the amendments made by this section
15 shall apply to taxable years beginning after Decem-
16 ber 31, 1997.

17 (2) ADVANCE PAYMENTS.—The amendment
18 made by subsection (b) shall apply to remuneration
19 paid after December 31, 1997.

20 **SEC. 4. IMPROVED MEDICARE COVERAGE.**

21 (a) PROVIDING FOR 5-YEAR PERIOD OF CONTINU-
22 ATION COVERAGE FOR THOSE RETURNING TO WORK.—

1 (1) IN GENERAL.—The next to last sentence of
2 section 226(b) of the Social Security Act (42 U.S.C.
3 426) is amended—

4 (A) by striking “throughout all of which”
5 and inserting “throughout the first 24 months
6 of which”, and

7 (B) by striking “24 such months” and in-
8 serting “48 months”.

9 (2) EFFECTIVE DATE.—The amendments made
10 by paragraph (1) shall apply to months beginning
11 with January 1998 and shall not apply to individ-
12 uals with respect to any period of entitlement to
13 benefits under section 226(b) of the Social Security
14 Act that terminated before December 31, 1997.

15 (b) ESTABLISHING CEILING ON PREMIUMS FOR DIS-
16 ABLED BUY-IN INDIVIDUALS.—

17 (1) IN GENERAL.—Section 1818A(d)(2) of the
18 Social Security Act (42 U.S.C. 1395i-2a(d)(2)) is
19 amended by striking the period at the end and in-
20 serting the following: “; except that—

21 “(A) the amount of an individual’s monthly pre-
22 mium for any month in a calendar year under this
23 section shall not exceed $\frac{1}{12}$ of 10 percent of the
24 amount (if any) by which—

1 “(i) such individual’s earned income (as
2 defined in section 32(e) of the Internal Revenue
3 Code of 1986) for taxable year ending in the
4 preceding calendar year, exceeded

5 “(ii) \$15,000; and

6 “(B) section 1818(d)(4) shall be applied with-
7 out regard to subparagraph (A) of this paragraph.
8 The Secretary shall provide for such adjustments to pre-
9 miums charged as may be necessary to carry out subpara-
10 graph (A).”.

11 (2) EFFECTIVE DATE.—The amendments made
12 by paragraph (1) shall apply with respect to pre-
13 miums for months beginning with January 1998.

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