

106TH CONGRESS
1ST SESSION

S. 331

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

IN THE SENATE OF THE UNITED STATES

JANUARY 28, 1999

Mr. JEFFORDS (for himself, Mr. KENNEDY, Mr. ROTH, Mr. MOYNIHAN, Mr. CHAFEE, Mr. GRASSLEY, Mr. HATCH, Mr. MURKOWSKI, Mr. BREAUX, Mr. GRAHAM, Mr. KERREY, Mr. ROBB, Mr. ROCKEFELLER, Mr. BINGAMAN, Mrs. BOXER, Mr. CLELAND, Ms. COLLINS, Mr. DASCHLE, Mr. DEWINE, Mr. DODD, Mr. DURBIN, Mr. ENZI, Mrs. FEINSTEIN, Mr. GRAMS, Mr. HARKIN, Mr. HOLLINGS, Mr. HUTCHINSON, Mr. INOUE, Mr. JOHNSON, Mr. KERRY, Ms. MIKULSKI, Mrs. MURRAY, Mr. REED, Mr. REID, Mr. SARBANES, Ms. SNOWE, Mr. STEVENS, Mr. TORRICELLI, and Mr. WELLSTONE) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

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

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

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

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

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

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purposes.

TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

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

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

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

Sec. 104. Demonstration of coverage of workers with potentially severe disabilities.

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

Subtitle A—Ticket to Work and Self-Sufficiency

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

Sec. 202. Work Incentives Advisory Panel.

Subtitle B—Elimination of Work Disincentives

Sec. 211. Prohibition on using work activity as a basis for review of an individual’s disabled status.

Sec. 212. Expedited eligibility determinations for applications of former long-term beneficiaries that completed an extended period of eligibility.

Subtitle C—Work Incentives Planning, Assistance, and Outreach

Sec. 221. Work incentives outreach program.

Sec. 222. State grants for work incentives assistance to disabled beneficiaries.

TITLE III—DEMONSTRATION PROJECTS AND STUDIES

Sec. 301. Extension of disability insurance program demonstration project authority.

Sec. 302. Demonstration projects providing for reductions in disability insurance benefits based on earnings.

Sec. 303. Sense of Congress regarding additional demonstration projects.

Sec. 304. Studies and reports.

TITLE IV—TECHNICAL AMENDMENTS

Sec. 401. Technical amendments relating to drug addicts and alcoholics.

Sec. 402. Treatment of prisoners.

Sec. 403. Revocation by members of the clergy of exemption from Social Security coverage.

Sec. 404. Additional technical amendment relating to cooperative research or demonstration projects under titles II and XVI.

Sec. 405. Authorization for State to permit annual wage reports.

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

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

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

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

12 (3) Americans with significant disabilities often
13 are unable to obtain health care insurance that pro-
14 vides coverage of the services and supports that en-
15 able them to live independently and enter or rejoin
16 the workforce. Personal assistance services (such as
17 attendant services, personal assistance with trans-
18 portation to and from work, reader services, job
19 coaches, and related assistance) remove many of the
20 barriers between significant disability and work.
21 Coverage for such services, as well as for prescrip-
22 tion drugs, durable medical equipment, and basic
23 health care are powerful and proven tools for indi-

1 individuals with significant disabilities to obtain and re-
2 tain employment.

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

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

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

19 (7) Beneficiaries have cited the lack of adequate
20 employment training and placement services as an
21 additional barrier to employment.

22 (8) If an additional $\frac{1}{2}$ of 1 percent of the cur-
23 rent social security disability insurance (DI) and
24 supplemental security income (SSI) recipients were
25 to cease receiving benefits as a result of employ-

1 ment, the savings to the Social Security Trust
2 Funds in cash assistance would total
3 \$3,500,000,000 over the worklife of the individuals.

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

6 (1) To provide health care and employment
7 preparation and placement services to individuals
8 with disabilities that will enable those individuals to
9 reduce their dependency on cash benefit programs.

10 (2) To encourage States to adopt the option of
11 allowing individuals with disabilities to purchase
12 medicaid coverage that is necessary to enable such
13 individuals to maintain employment.

14 (3) To provide individuals with disabilities the
15 option of maintaining medicare coverage while work-
16 ing.

17 (4) To establish a return to work ticket pro-
18 gram that will allow individuals with disabilities to
19 seek the services necessary to obtain and retain em-
20 ployment and reduce their dependency on cash bene-
21 fit programs.

1 **TITLE I—EXPANDED AVAILABIL-**
 2 **ITY OF HEALTH CARE SERV-**
 3 **ICES**

4 **SEC. 101. EXPANDING STATE OPTIONS UNDER MEDICAID**
 5 **FOR WORKERS WITH DISABILITIES.**

6 (a) STATE OPTION TO ELIMINATE INCOME, ASSETS,
 7 AND RESOURCE LIMITATIONS FOR WORKERS WITH DIS-
 8 ABILITIES BUYING INTO MEDICAID.—Section
 9 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C.
 10 1396a(a)(10)(A)(ii)) is amended—

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

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

15 (3) by adding at the end the following:

16 “(XV) who, but for earnings in
 17 excess of the limit established under
 18 section 1905(q)(2)(B), and subject to
 19 limitations on assets, resources, or un-
 20 earned income that may be set by the
 21 State, would be considered to be re-
 22 ceiving supplemental security income
 23 (subject, notwithstanding section
 24 1916, to payment of premiums or
 25 other cost-sharing charges (set on a

1 sliding scale based on income that the
 2 State may determine and that may re-
 3 quire an individual with income that
 4 exceeds 250 percent of the income of-
 5 ficial poverty line (as defined by the
 6 Office of Management and Budget,
 7 and revised annually in accordance
 8 with section 673(2) of the Omnibus
 9 Budget Reconciliation Act of 1981)
 10 applicable to a family of the size in-
 11 volved to pay an amount equal to 100
 12 percent of the premium cost for pro-
 13 viding medical assistance to the indi-
 14 vidual), so long as any such premiums
 15 or other cost-sharing charges are the
 16 same as any premiums or other cost-
 17 sharing charges imposed for individ-
 18 uals described in subclause (XVI));”.

19 (b) STATE OPTION TO EXPAND OPPORTUNITIES FOR
 20 WORKERS WITH DISABILITIES TO BUY INTO MEDIC-
 21 AID.—

22 (1) ELIGIBILITY.—Section 1902(a)(10)(A)(ii)
 23 of the Social Security Act (42 U.S.C.
 24 1396a(a)(10)(A)(ii)), as amended by subsection (a),
 25 is amended—

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

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

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

6 “(XVI) who are working individ-
7 uals with disabilities described in sec-
8 tion 1905(v) (subject, notwithstanding
9 section 1916, to payment of premiums
10 or other cost-sharing charges (set on
11 a sliding scale based on income) that
12 the State may determine so long as
13 any such premiums or other cost-shar-
14 ing charges are the same as any pre-
15 miums or other cost-sharing charges
16 imposed for individuals described in
17 subclause (XV)), but only if the State
18 provides medical assistance to individ-
19 uals described in subclause (XV);”.

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

24 “(v)(1) The term ‘working individuals with disabil-
25 ities’ means individuals ages 16 through 64 who—

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

6 “(B) are employed.

7 “(2) An individual is considered to be ‘employed’ if
8 the individual—

9 “(A) is earning at least the applicable minimum
10 wage requirement under section 6 of the Fair Labor
11 Standards Act (29 U.S.C. 206) and working at least
12 40 hours per month; or

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

17 (3) CONFORMING AMENDMENT.—Section
18 1905(a) of the Social Security Act (42 U.S.C.
19 1396d(a)) is amended in the matter preceding para-
20 graph (1)—

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

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

1 (C) by inserting after clause (xi), the fol-
2 lowing:

3 “(xii) individuals described in subsection (v),”.

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

8 (1) NO SUPPLANTATION OF STATE FUNDS.—

9 Federal funds paid to a State for medical assistance
10 provided to an individual described in subclause
11 (XV) or (XVI) of section 1902(a)(10)(A)(ii) of the
12 Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii))
13 must be used to supplement but not supplant the
14 level of State funds expended as of October 1, 1998
15 for programs to enable working individuals with dis-
16 abilities to work.

17 (2) MAINTENANCE OF EFFORT.—With respect
18 to a fiscal year quarter, no Federal funds may be
19 paid to a State for medical assistance provided to an
20 individual described in subclause (XV) or (XVI) of
21 section 1902(a)(10)(A)(ii) of the Social Security Act
22 (42 U.S.C. 1396a(a)(10)(A)(ii)) for such fiscal year
23 quarter if the Secretary of Health and Human Serv-
24 ices determines that the total of the State expendi-
25 tures for programs to enable working individuals

1 with disabilities to work for the preceding fiscal year
2 quarter is less than the total of such expenditures
3 for the same fiscal year quarter of the preceding fis-
4 cal year.

5 (3) CONDITION FOR APPROVAL OF STATE PLAN
6 AMENDMENTS.—No State plan amendment that pro-
7 poses to provide medical assistance to an individual
8 described in subclause (XV) or (XVI) of section
9 1902(a)(10)(A)(ii) of the Social Security Act (42
10 U.S.C. 1396a(a)(10)(A)(ii)) may be approved unless
11 the chief executive officer of the State certifies to
12 the Secretary of Health and Human Services that
13 the plan, as so amended, will satisfy the require-
14 ments of paragraphs (1) and (2) of this subsection.

15 (d) EFFECTIVE DATE.—

16 (1) IN GENERAL.—The amendments made by
17 this section shall apply on and after October 1,
18 1999.

19 (2) EXTENSION OF EFFECTIVE DATE FOR
20 STATE LAW AMENDMENT.—In the case of a State
21 plan under title XIX of the Social Security Act
22 which the Secretary of Health and Human Services
23 determines requires State legislation in order for the
24 plan to meet the additional requirements imposed by
25 the amendments made by this section, the State

1 plan shall not be regarded as failing to comply with
 2 the requirements of this section solely on the basis
 3 of its failure to meet these additional requirements
 4 before the first day of the first calendar quarter be-
 5 ginning after the close of the first regular session of
 6 the State legislature that begins after the date of en-
 7 actment of this Act. For purposes of the previous
 8 sentence, in the case of a State that has a 2-year
 9 legislative session, each year of the session is consid-
 10 ered to be a separate regular session of the State
 11 legislature.

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

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

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

20 “(A) in subsection (a), by inserting—

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

24 “(ii) “without being subject to a premium”
 25 before the period; and

1 “(B) without regard to subsections (c)(2)(D)
2 and (d).

3 “(2) Any individual who, as of the date of enactment
4 of this subsection is enrolled in the medicare program
5 under this section and would, without regard to paragraph
6 (1), otherwise satisfy the eligibility requirements for en-
7 rollment set forth in subsection (a) shall be deemed to sat-
8 isfy the requirement of subsection (a)(2)(C) of that section
9 after the application of paragraph (1)(A)(i) for purposes
10 of not being subject to a premium for enrollment in the
11 medicare program under this section.

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

17 (b) GAO REPORT.—Not later than 8 years after the
18 date of enactment of this Act, the Comptroller General
19 of the United States shall submit a report to Congress
20 that—

21 (1) examines the effectiveness and cost of sec-
22 tion 1818A of the Social Security Act (42 U.S.C.
23 1395i–2a) as amended by subsection (a); and

24 (2) recommends whether that section should
25 continue to be applied, as so amended, beyond the

1 10-year period described in subsection (e) of that
2 section.

3 **SEC. 103. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**
4 **FRASTRUCTURES TO SUPPORT WORKING IN-**
5 **DIVIDUALS WITH DISABILITIES.**

6 (a) ESTABLISHMENT.—

7 (1) IN GENERAL.—The Secretary of Health and
8 Human Services (in this section referred to as the
9 “Secretary”) shall award grants described in sub-
10 section (b) to States to support the design, establish-
11 ment, and operation of State infrastructures that
12 provide items and services to support working indi-
13 viduals with disabilities. A State may submit an ap-
14 plication for a grant authorized under this section at
15 such time, in such manner, and containing such in-
16 formation as the Secretary may determine.

17 (2) DEFINITION OF STATE.—In this section,
18 the term “State” means each of the 50 States, the
19 District of Columbia, Puerto Rico, Guam, the
20 United States Virgin Islands, American Samoa, and
21 the Commonwealth of the Northern Mariana Is-
22 lands.

23 (b) GRANTS FOR INFRASTRUCTURE AND OUT-
24 REACH.—

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

4 (A) support the establishment, implemen-
5 tation, and operation of the State infrastruc-
6 tures described in subsection (a); and

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

9 (2) ELIGIBILITY FOR GRANTS.—

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

12 (i) the State has an approved amend-
13 ment to the State plan under title XIX of
14 the Social Security Act (42 U.S.C. 1396 et
15 seq.) that—

16 (I) provides medical assistance
17 under such plan to individuals de-
18 scribed in section
19 1902(a)(10)(A)(ii)(XV) of the Social
20 Security Act (42 U.S.C.
21 1396a(a)(10)(A)(ii)(XV)); or

22 (II) provides medical assistance
23 under such plan to individuals de-
24 scribed in subclauses (XV) and (XVI)
25 of section 1902(a)(10)(A)(ii) of the

1 Social Security Act (42 U.S.C.
2 1396a(a)(10)(A)(ii)); and

3 (ii) the State demonstrates to the sat-
4 isfaction of the Secretary that the State
5 makes personal assistance services avail-
6 able under the State plan under title XIX
7 of the Social Security Act (42 U.S.C. 1396
8 et seq.) to the extent necessary to enable
9 individuals described in subclause (I) or
10 (II) of clause (i) to remain employed (as
11 determined under section 1905(v)(2) of the
12 Social Security Act (42 U.S.C.
13 1396d(v)(2)).

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

25 (3) DETERMINATION OF AWARDS.—

1 (A) IN GENERAL.—Subject to subpara-
2 graph (B), the Secretary shall determine a for-
3 mula for awarding grants to States under this
4 section that provides special consideration to
5 States that provide medical assistance under
6 title XIX of the Social Security Act to individ-
7 uals described in section
8 1902(a)(10)(A)(ii)(XVI) of that Act (42 U.S.C.
9 1396a(a)(10)(A)(ii)(XVI)).

10 (B) AWARD LIMITS.—

11 (i) MINIMUM AWARDS.—No State that
12 submits an approved application for fund-
13 ing under this section shall receive a grant
14 for a fiscal year that is less than \$500,000.

15 (ii) MAXIMUM AWARDS.—No State
16 that submits an approved application for
17 funding under this section shall receive a
18 grant for a fiscal year that exceeds 15 per-
19 cent of the total expenditures by the State
20 (including the reimbursed Federal share of
21 such expenditures) for medical assistance
22 for individuals eligible under subclause
23 (XV) or (XVI) of section
24 1902(a)(10)(A)(ii), whichever is greater, as

1 estimated by the State and approved by
2 the Secretary.

3 (c) AVAILABILITY OF FUNDS.—

4 (1) FUNDS ALLOCATED TO STATES.—Funds al-
5 located to a State under a grant made under this
6 section for a fiscal year shall remain available until
7 expended.

8 (2) FUNDS NOT ALLOCATED TO STATES.—

9 Funds not allocated to States in the fiscal year for
10 which they are appropriated shall remain available
11 in succeeding fiscal years for allocation by the Sec-
12 retary using the allocation formula established by
13 the Secretary under subsection (c)(3)(A).

14 (d) ANNUAL REPORT.—A State that receives a grant
15 under this section shall submit an annual report to the
16 Secretary on the use of funds provided under the grant.
17 Each report shall include the percentage increase in the
18 number of title II disability beneficiaries, as defined in sec-
19 tion 1148(k)(3) of the Social Security Act (as amended
20 by section 201) in the State, and title XVI disability bene-
21 ficiaries, as defined in section 1148(k)(4) of the Social Se-
22 curity Act (as so amended) in the State who return to
23 work.

24 (e) APPROPRIATION.—Out of any funds in the Treas-
25 ury not otherwise appropriated, there is authorized to be

1 appropriated and there is appropriated to make grants
2 under this section—

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

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

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

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

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

8 (6) for fiscal years 2005 through 2010, the
9 amount appropriated for the preceding fiscal year
10 increased by the percentage increase (if any) in the
11 Consumer Price Index for All Urban Consumers
12 (United States city average) for the preceding fiscal
13 year.

14 (f) RECOMMENDATION.—Not later than October 1,
15 2009, the Secretary of Health and Human Services, in
16 consultation with the Work Incentives Advisory Panel es-
17 tablished under section 202, shall submit a recommenda-
18 tion to the Committee on Commerce and the Committee
19 on Ways and Means of the House of Representatives and
20 the Committee on Finance of the Senate regarding wheth-
21 er the grant program established under this section should
22 be continued after fiscal year 2010.

1 **SEC. 104. DEMONSTRATION OF COVERAGE OF WORKERS**
 2 **WITH POTENTIALLY SEVERE DISABILITIES.**

3 (a) STATE APPLICATION.—A State may apply to the
 4 Secretary of Health and Human Services (in this section
 5 referred to as the “Secretary”) for approval of a dem-
 6 onstration project (in this section referred to as a “dem-
 7 onstration project”) under which up to a specified maxi-
 8 mum number of individuals who are workers with a poten-
 9 tially severe disability (as defined in subsection (b)(1)) are
 10 provided medical assistance equal to that provided under
 11 section 1905(a) of the Social Security Act (42 U.S.C.
 12 1396d(a)) to individuals described in section
 13 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C.
 14 1396a(a)(10)(A)(ii)(XV)).

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

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

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

22 (B) has a specific physical or mental im-
 23 pairment that, as defined by the State under
 24 the demonstration project, is reasonably ex-
 25 pected, but for the receipt of items and services
 26 described in section 1905(a) of the Social Secu-

1 rity Act, to become blind or disabled (as defined
2 under section 1614(a) of the Social Security
3 Act); and

4 (C) is employed (as defined in paragraph
5 (2)).

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

8 (A) is earning at least the applicable mini-
9 mum wage requirement under section 6 of the
10 Fair Labor Standards Act (29 U.S.C. 206) and
11 working at least 40 hours per month; or

12 (B) is engaged in a work effort that meets
13 substantial and reasonable threshold criteria for
14 hours of work, wages, or other measures, as de-
15 fined under the demonstration project and ap-
16 proved by the Secretary.

17 (c) APPROVAL OF DEMONSTRATION PROJECTS.—

18 (1) IN GENERAL.—Subject to paragraph (3),
19 the Secretary shall approve applications under sub-
20 section (a) that meet the requirements of paragraph
21 (2) and such additional terms and conditions as the
22 Secretary may require. The Secretary may waive the
23 requirement of section 1902(a)(1) of the Social Se-
24 curity Act (42 U.S.C. 1396a(a)(1)) to allow for sub-
25 State demonstrations.

1 (2) TERMS AND CONDITIONS OF DEMONSTRA-
2 TION PROJECTS.—The Secretary may not approve a
3 demonstration project under this section unless the
4 State provides assurances satisfactory to the Sec-
5 retary that the following conditions are or will be
6 met:

7 (A) ELECTION OF OPTIONAL CATEGORY.—
8 The State has elected to provide coverage under
9 its plan under title XIX of the Social Security
10 Act of individuals described in section
11 1902(a)(10)(A)(ii)(XV) of the Social Security
12 Act.

13 (B) MAINTENANCE OF STATE EFFORT.—
14 Federal funds paid to a State pursuant to this
15 section must be used to supplement, but not
16 supplant, the level of State funds expended for
17 workers with potentially severe disabilities
18 under programs in effect for such individuals at
19 the time the demonstration project is approved
20 under this section.

21 (C) INDEPENDENT EVALUATION.—The
22 State provides for an independent evaluation of
23 the project.

24 (3) LIMITATIONS ON FEDERAL FUNDING.—

1 (A) APPROPRIATION.—Out of any funds in
2 the Treasury not otherwise appropriated, there
3 is authorized to be appropriated and there is
4 appropriated to carry out this section—

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

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

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

8 and

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

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

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

15 (ii) payment be provided by the Sec-
16 retary for a fiscal year after fiscal year
17 2005.

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

24 (D) FUNDS NOT ALLOCATED TO STATES.—
25 Funds not allocated to States in the fiscal year

1 for which they are appropriated shall remain
2 available in succeeding fiscal years for alloca-
3 tion by the Secretary using the allocation for-
4 mula established under this section.

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

16 (d) STATE DEFINED.—In this section, the term
17 “State” has the meaning given such term for purposes of
18 title XIX of the Social Security Act.

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

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

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

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

14 “TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

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

24 “(b) TICKET SYSTEM.—

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

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

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

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

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

4 “(c) STATE PARTICIPATION.—

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

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

1 “(A) STATE AGENCIES PARTICIPATING.—

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

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

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

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

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

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

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

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

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

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

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

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

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

24 “(d) RESPONSIBILITIES OF THE COMMISSIONER.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 “(e) PROGRAM MANAGERS.—

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

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

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

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

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

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

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

1 fied by the Commissioner under the Program. The
2 program manager shall ensure that such services are
3 available in each service area.

4 “(f) EMPLOYMENT NETWORKS.—

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

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

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

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

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

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

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

20 “(A) serve prescribed service areas; and

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

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

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

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

25 “(g) INDIVIDUAL WORK PLANS.—

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

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

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

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

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

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

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

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

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

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

24 “(2) EFFECTIVE UPON WRITTEN APPROVAL.—
25 A beneficiary’s individual work plan shall take effect

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

6 “(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

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

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

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

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

9 “(2) OUTCOME PAYMENT SYSTEM.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 “(B) NUMBER AND AMOUNTS OF MILE-
10 STONE PAYMENTS.—The Commissioner shall
11 periodically review the number and amounts of
12 milestone payments established by the Commis-
13 sioner pursuant to this section to determine
14 whether they provide an adequate incentive for
15 employment networks to assist beneficiaries to
16 enter the workforce, taking into account infor-
17 mation provided to the Commissioner by pro-
18 gram managers, the Work Incentives Advisory
19 Panel established under section 202 of the
20 Work Incentives Improvement Act of 1999, and
21 other reliable sources. The Commissioner may
22 from time to time alter the number and
23 amounts of milestone payments initially estab-
24 lished by the Commissioner pursuant to this
25 section to the extent that the Commissioner de-

1 termines that such an alteration would allow an
2 adequate incentive for employment networks to
3 assist beneficiaries to enter the workforce. Such
4 alteration shall be based on information pro-
5 vided to the Commissioner by program man-
6 agers, the Work Incentives Advisory Panel es-
7 tablished under section 202 of the Work Incen-
8 tives Improvement Act of 1999, or other reli-
9 able sources.

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

19 “(j) ALLOCATION OF COSTS.—

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

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

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

21 “(k) DEFINITIONS.—In this section:

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

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

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

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

21 “(5) SUPPLEMENTAL SECURITY INCOME BENE-
22 FIT UNDER TITLE XVI.—The term ‘supplemental se-
23 curity income benefit under title XVI’ means a cash
24 benefit under section 1611 or 1619(a), and does not

1 include a State supplementary payment, adminis-
2 tered federally or otherwise.

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

7 “(m) SUNSET OF PROGRAM.—The Program estab-
8 lished under this section shall terminate on September 30,
9 2004.”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) AMENDMENTS TO TITLE II.—

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

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

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

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

22 (D) Section 225(b)(1) of the Social Secu-
23 rity Act (42 U.S.C. 425(b)(1)) is amended by
24 striking “a program of vocational rehabilitation
25 services” and inserting “a program consisting

1 of the Ticket to Work and Self-Sufficiency Pro-
2 gram under section 1148 or another program of
3 vocational rehabilitation services, employment
4 services, or other support services”.

5 (2) AMENDMENTS TO TITLE XVI.—

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

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

11 “(1) has not attained age 16, and

12 “(2) with respect to whom benefits are paid
13 under this title,

14 the Commissioner of Social Security shall make provision
15 for referral of such individual to the appropriate State
16 agency administering the State program under title V.”.

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

19 (C) Section 1631(a)(6)(A) of the Social
20 Security Act (42 U.S.C. 1383(a)(6)(A)) is
21 amended by striking “a program of vocational
22 rehabilitation services” and inserting “a pro-
23 gram consisting of the Ticket to Work and Self-
24 Sufficiency Program under section 1148 or an-
25 other program of vocational rehabilitation serv-

1 ices, employment services, or other support
2 services”.

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

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

6 (ii) by adding at the end the follow-
7 ing:

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

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

16 (d) GRADUATED IMPLEMENTATION OF PROGRAM.—

17 (1) IN GENERAL.—Not later than 1 year after
18 the date of enactment of this Act, the Commissioner
19 of Social Security shall commence implementation of
20 the amendments made by this section (other than
21 paragraphs (1)(C) and (2)(B) of subsection (b)) in
22 graduated phases at phase-in sites selected by the
23 Commissioner. Such phase-in sites shall be selected
24 so as to ensure, prior to full implementation of the
25 Ticket to Work and Self-Sufficiency Program, the

1 development and refinement of referral processes,
2 payment systems, computer linkages, management
3 information systems, and administrative processes
4 necessary to provide for full implementation of such
5 amendments. Subsection (c) shall apply with respect
6 to paragraphs (1)(C) and (2)(B) of subsection (b)
7 without regard to this subsection.

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

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

21 (4) ONGOING EVALUATION OF PROGRAM.—

22 (A) IN GENERAL.—The Commissioner
23 shall design and conduct a series of evaluations
24 to assess the cost-effectiveness of activities car-
25 ried out under this section and the amendments

1 made thereby, as well as the effects of this sec-
2 tion and the amendments made thereby on
3 work outcomes for beneficiaries receiving tickets
4 to work and self-sufficiency under the Program.

5 (B) CONSULTATION.—The Commissioner
6 shall design and carry out the series of evalua-
7 tions after receiving relevant advice from ex-
8 perts in the fields of disability, vocational reha-
9 bilitation, and program evaluation and individ-
10 uals using tickets to work and self-sufficiency
11 under the Program and consulting with the
12 Work Incentives Advisory Panel established
13 under section 202, the Comptroller General of
14 the United States, other agencies of the Federal
15 Government, and private organizations with ap-
16 propriate expertise.

17 (C) METHODOLOGY.—

18 (i) IMPLEMENTATION.—The Commis-
19 sioner, in consultation with the Work In-
20 centives Advisory Panel established under
21 section 202, shall ensure that plans for
22 evaluations and data collection methods
23 under the Program are appropriately de-
24 signed to obtain detailed employment infor-
25 mation.

1 (ii) SPECIFIC MATTERS TO BE AD-
2 DRESSED.—Each such evaluation shall ad-
3 dress (but is not limited to)—

4 (I) the annual cost (including net
5 cost) of the Program and the annual
6 cost (including net cost) that would
7 have been incurred in the absence of
8 the Program;

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

13 (III) the types of employment
14 services, vocational rehabilitation serv-
15 ices, and other support services fur-
16 nished to beneficiaries in receipt of
17 tickets under the Program who return
18 to work and to those who do not re-
19 turn to work;

20 (IV) the duration of employment
21 services, vocational rehabilitation serv-
22 ices, and other support services fur-
23 nished to beneficiaries in receipt of
24 tickets under the Program who return
25 to work and the duration of such serv-

1 ices furnished to those who do not re-
2 turn to work and the cost to employ-
3 ment networks of furnishing such
4 services;

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

12 (VI) the characteristics of provid-
13 ers whose services are provided within
14 an employment network under the
15 Program;

16 (VII) the extent (if any) to which
17 employment networks display a great-
18 er willingness to provide services to
19 beneficiaries with a range of disabil-
20 ities;

21 (VIII) the characteristics (includ-
22 ing employment outcomes) of those
23 beneficiaries who receive services
24 under the outcome payment system
25 and of those beneficiaries who receive

1 services under the outcome-milestone
2 payment system;

3 (IX) measures of satisfaction
4 among beneficiaries in receipt of tick-
5 ets under the Program; and

6 (X) reasons for (including com-
7 ments solicited from beneficiaries re-
8 garding) their choice not to use their
9 tickets or their inability to return to
10 work despite the use of their tickets.

11 (D) PERIODIC EVALUATION REPORTS.—

12 Following the close of the third and fifth fiscal
13 years ending after the effective date under sub-
14 section (c), and prior to the close of the seventh
15 fiscal year ending after such date, the Commis-
16 sioner shall transmit to the Committee on Ways
17 and Means of the House of Representatives and
18 the Committee on Finance of the Senate a re-
19 port containing the Commissioner's evaluation
20 of the progress of activities conducted under the
21 provisions of this section and the amendments
22 made thereby. Each such report shall set forth
23 the Commissioner's evaluation of the extent to
24 which the Program has been successful and the
25 Commissioner's conclusions on whether or how

1 the Program should be modified. Each such re-
2 port shall include such data, findings, materials,
3 and recommendations as the Commissioner may
4 consider appropriate.

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

8 (A) IN GENERAL.—In the case of any
9 State in which the amendments made by sub-
10 section (a) have not been fully implemented
11 pursuant to this subsection, the Commissioner
12 shall determine by regulation the extent to
13 which—

14 (i) the requirement under section
15 222(a) of the Social Security Act for
16 prompt referrals to a State agency, and

17 (ii) the authority of the Commissioner
18 under section 222(d)(2) of the Social Secu-
19 rity Act to provide vocational rehabilitation
20 services in such State by agreement or
21 contract with other public or private agen-
22 cies, organizations, institutions, or individ-
23 uals,

24 shall apply in such State.

1 (B) EXISTING AGREEMENTS.—Nothing in
2 subparagraph (A) or the amendments made by
3 subsection (a) shall be construed to limit, im-
4 pede, or otherwise affect any agreement entered
5 into pursuant to section 222(d)(2) of the Social
6 Security Act before the date of enactment of
7 this Act with respect to services provided pursu-
8 ant to such agreement to beneficiaries receiving
9 services under such agreement as of such date,
10 except with respect to services (if any) to be
11 provided after 3 years after the effective date
12 provided in subsection (c).

13 (e) SPECIFIC REGULATIONS REQUIRED.—

14 (1) IN GENERAL.—The Commissioner of Social
15 Security shall prescribe such regulations as are nec-
16 essary to implement the amendments made by this
17 section.

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

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

1 (B) the format and wording of such tick-
2 ets, which shall incorporate by reference any
3 contractual terms governing service by employ-
4 ment networks under the Program;

5 (C) the form and manner in which State
6 agencies may elect participation in the Ticket to
7 Work and Self-Sufficiency Program (and revoke
8 such an election) pursuant to section
9 1148(c)(1) of the Social Security Act and provi-
10 sion for periodic opportunities for exercising
11 such elections (and revocations);

12 (D) the status of State agencies under sec-
13 tion 1148(c)(1) at the time that State agencies
14 exercise elections (and revocations) under that
15 section;

16 (E) the terms of agreements to be entered
17 into with program managers pursuant to sec-
18 tion 1148(d) of the Social Security Act,
19 including—

20 (i) the terms by which program man-
21 agers are precluded from direct participa-
22 tion in the delivery of services pursuant to
23 section 1148(d)(3) of the Social Security
24 Act;

1 (ii) standards which must be met by
2 quality assurance measures referred to in
3 paragraph (6) of section 1148(d) and
4 methods of recruitment of employment net-
5 works utilized pursuant to paragraph (2)
6 of section 1148(e); and

7 (iii) the format under which dispute
8 resolution will operate under section
9 1148(d)(7);

10 (F) the terms of agreements to be entered
11 into with employment networks pursuant to sec-
12 tion 1148(d)(4) of the Social Security Act,
13 including—

14 (i) the manner in which service areas
15 are specified pursuant to section
16 1148(f)(2)(A) of the Social Security Act;

17 (ii) the general selection criteria and
18 the specific selection criteria which are ap-
19 plicable to employment networks under
20 section 1148(f)(1)(C) of the Social Secu-
21 rity Act in selecting service providers;

22 (iii) specific requirements relating to
23 annual financial reporting by employment
24 networks pursuant to section 1148(f)(3) of
25 the Social Security Act; and

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

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

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

11 (i) the form and manner in which
12 elections by employment networks of pay-
13 ment systems are to be exercised pursuant
14 to section 1148(h)(1)(A);

15 (ii) the terms which must be met by
16 an outcome payment system under section
17 1148(h)(2);

18 (iii) the terms which must be met by
19 an outcome-milestone payment system
20 under section 1148(h)(3);

21 (iv) any revision of the percentage
22 specified in paragraph (2)(C) of section
23 1148(h) of the Social Security Act or the
24 period of time specified in paragraph
25 (4)(B) of such section 1148(h); and

1 (v) annual oversight procedures for
2 such systems; and

3 (I) procedures for effective oversight of the
4 Program by the Commissioner of Social Secu-
5 rity, including periodic reviews and reporting
6 requirements.

7 **SEC. 202. WORK INCENTIVES ADVISORY PANEL.**

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

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

14 (1) advise the Secretary of Health and Human
15 Services, the Secretary of Labor, the Secretary of
16 Education, and the Commissioner of Social Security
17 on issues related to work incentives programs, plan-
18 ning, and assistance for individuals with disabilities,
19 including work incentive provisions under titles II,
20 XI, XVI, XVIII, and XIX of the Social Security Act
21 (42 U.S.C. 401 et seq., 1301 et seq., 1381 et seq.,
22 1395 et seq., 1396 et seq.); and

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

1 (A) advise the Commissioner of Social Se-
2 curity with respect to establishing phase-in sites
3 for such Program and fully implementing the
4 Program thereafter, the refinement of access of
5 disabled beneficiaries to employment networks,
6 payment systems, and management information
7 systems, and advise the Commissioner whether
8 such measures are being taken to the extent
9 necessary to ensure the success of the Program;

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

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

18 (D) furnish progress reports on the Pro-
19 gram to the Commissioner and each House of
20 Congress.

21 (c) MEMBERSHIP.—

22 (1) NUMBER AND APPOINTMENT.—The Panel
23 shall be composed of 12 members appointed by the
24 Commissioner of Social Security in consultation with
25 the Speaker of the House of Representatives, the

1 Minority Leader of the House of Representatives,
2 the Majority Leader of the Senate, and the Minority
3 Leader of the Senate.

4 (2) REPRESENTATION.—All members appointed
5 to the Panel shall have experience or expert knowl-
6 edge in the fields of, or related to, work incentive
7 programs, employment services, vocational rehabili-
8 tation services, health care services, and other sup-
9 port services for individuals with disabilities. At least
10 7 members of the Panel shall be individuals with dis-
11 abilities or representatives of individuals with dis-
12 abilities, except that, of those 7 members, at least 5
13 members shall be current or former title II disability
14 beneficiaries or title XVI disability beneficiaries (as
15 such terms are defined in section 1148(k) of the So-
16 cial Security Act (as added by section 201(a) of this
17 Act)).

18 (3) TERMS.—

19 (A) IN GENERAL.—Each member shall be
20 appointed for a term of 4 years (or, if less, for
21 the remaining life of the Panel), except as pro-
22 vided in subparagraphs (B) and (C). The initial
23 members shall be appointed not later than 90
24 days after the date of enactment of this Act.

1 (B) TERMS OF INITIAL APPOINTEES.—As
2 designated by the Commissioner at the time of
3 appointment, of the members first appointed—

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

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

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

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

23 (5) TRAVEL EXPENSES.—Each member shall
24 receive travel expenses, including per diem in lieu of

1 subsistence, in accordance with sections 5702 and
2 5703 of title 5, United States Code.

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

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

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

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

14 (1) DIRECTOR.—The Panel shall have a Direc-
15 tor who shall be appointed by the Commissioner and
16 paid at a rate, and in a manner, that is consistent
17 with guidelines established under section 7 of the
18 Federal Advisory Committee Act (5 U.S.C. App.).

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

23 (3) EXPERTS AND CONSULTANTS.—Subject to
24 rules prescribed by the Commissioner, the Director

1 may procure temporary and intermittent services
2 under section 3109(b) of title 5, United States Code.

3 (4) STAFF OF FEDERAL AGENCIES.—Upon re-
4 quest of the Panel, the head of any Federal depart-
5 ment or agency may detail, on a reimbursable basis,
6 any of the personnel of that department or agency
7 to the Panel to assist it in carrying out its duties
8 under this section.

9 (e) POWERS OF PANEL.—

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

15 (2) POWERS OF MEMBERS AND AGENTS.—Any
16 member or agent of the Panel may, if authorized by
17 the Panel, take any action which the Panel is au-
18 thorized to take by this section.

19 (3) MAILS.—The Panel may use the United
20 States mails in the same manner and under the
21 same conditions as other departments and agencies
22 of the United States.

23 (f) REPORTS.—

1 (1) INTERIM REPORTS.—The Panel shall sub-
2 mit to the President and Congress interim reports at
3 least annually.

4 (2) FINAL REPORT.—The Panel shall transmit
5 a final report to the President and Congress not
6 later than 8 years after the date of enactment of
7 this Act. The final report shall contain a detailed
8 statement of the findings and conclusions of the
9 Panel, together with its recommendations for legisla-
10 tion and administrative actions which the Panel con-
11 siders appropriate.

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

15 (h) ALLOCATION OF COSTS.—The costs of carrying
16 out this section shall be paid from amounts made available
17 for the administration of title II of the Social Security Act
18 (42 U.S.C. 401 et seq.) and amounts made available for
19 the administration of title XVI of that Act (42 U.S.C.
20 1381 et seq.), and shall be allocated among those amounts
21 as appropriate.

1 **Subtitle B—Elimination of Work**
2 **Disincentives**

3 **SEC. 211. PROHIBITION ON USING WORK ACTIVITY AS A**
4 **BASIS FOR REVIEW OF AN INDIVIDUAL’S DIS-**
5 **ABLED STATUS.**

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

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

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

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

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

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

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

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

7 **SEC. 212. EXPEDITED ELIGIBILITY DETERMINATIONS FOR**
8 **APPLICATIONS OF FORMER LONG-TERM**
9 **BENEFICIARIES THAT COMPLETED AN EX-**
10 **TENDED PERIOD OF ELIGIBILITY.**

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

13 “Expedited Eligibility Determinations for Applications of
14 Former Long-Term Beneficiaries That Completed
15 an Extended Period of Eligibility

16 “(j) The Commissioner of Social Security shall estab-
17 lish a process for providing an expedited eligibility deter-
18 mination in the case of an application for disability insur-
19 ance benefits under this section, or for monthly insurance
20 benefits under section 202 based on another individual’s
21 disability, that is filed by an individual that previously—

22 “(1) received such benefits for at least 24
23 months; and

1 “(2) engaged in substantial gainful activity dur-
2 ing the 36-month period following the end of a trial
3 work period under section 222(c).”.

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

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

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

10 “WORK INCENTIVES OUTREACH PROGRAM

11 “SEC. 1149. (a) ESTABLISHMENT.—

12 “(1) IN GENERAL.—The Commissioner, in con-
13 sultation with the Work Incentives Advisory Panel
14 established under section 202 of the Work Incentives
15 Improvement Act of 1999, shall establish a commu-
16 nity-based work incentives planning and assistance
17 program for the purpose of disseminating accurate
18 information to disabled beneficiaries on work incen-
19 tives programs and issues related to such programs.

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

24 “(A) establish a competitive program of
25 grants, cooperative agreements, or contracts to
26 provide benefits planning and assistance, in-

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

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

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

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

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

9 “(i) disabled beneficiaries;

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

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

15 “(D) provide—

16 “(i) training for the work incentive
17 specialists and the individuals providing
18 planning assistance described in subpara-
19 graph (C); and

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

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

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

16 “(b) CONDITIONS.—

17 “(1) SELECTION OF ENTITIES.—

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

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

5 “(C) ELIGIBILITY OF STATES AND PRI-
6 VATE ORGANIZATIONS.—

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

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

22 “(I) Any public or private agency
23 or organization (including Centers for
24 Independent Living established under
25 title VII of the Rehabilitation Act of

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

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

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

22 “(2) SERVICES PROVIDED.—A recipient of a
23 grant, cooperative agreement, or contract to provide
24 benefits planning and assistance shall select individ-
25 uals who will act as planners and provide informa-

1 tion, guidance, and planning to disabled beneficiaries
2 on the—

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

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

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

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

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

24 “(B) LIMITATIONS.—

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

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

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

18 “(c) DEFINITIONS.—In this section:

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

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

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

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

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

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

15 “(b) SERVICES PROVIDED.—

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

19 “(A) information and advice about obtain-
20 ing vocational rehabilitation and employment
21 services; and

22 “(B) advocacy or other services that a dis-
23 abled beneficiary may need to secure or regain
24 gainful employment.

25 “(c) APPLICATION.—In order to receive payments
26 under this section, a protection and advocacy system shall

1 submit an application to the Commissioner, at such time,
2 in such form and manner, and accompanied by such infor-
3 mation and assurances as the Commissioner may require.

4 “(d) AMOUNT OF PAYMENTS.—

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

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

16 “(i) \$100,000; or

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

20 “(B) in the case of a protection and advo-
21 cacy system located in Guam, American Samoa,
22 the United States Virgin Islands, and the Com-
23 monwealth of the Northern Mariana Islands,
24 \$50,000.

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

11 “(e) ANNUAL REPORT.—Each protection and advo-
12 cacy system that receives a payment under this section
13 shall submit an annual report to the Commissioner and
14 the Work Incentives Advisory Panel established under sec-
15 tion 202 of the Work Incentives Improvement Act of 1999
16 on the services provided to individuals by the system.

17 “(f) FUNDING.—

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

24 “(2) CARRYOVER.—Any amounts allotted for
25 payment to a protection and advocacy system under

1 this section for a fiscal year shall remain available
 2 for payment to or on behalf of the protection and
 3 advocacy system until the end of the succeeding fis-
 4 cal year.

5 “(g) DEFINITIONS.—In this section:

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

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

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

17 **TITLE III—DEMONSTRATION**
 18 **PROJECTS AND STUDIES**

19 **SEC. 301. EXTENSION OF DISABILITY INSURANCE PRO-**
 20 **GRAM DEMONSTRATION PROJECT AUTHOR-**
 21 **ITY.**

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

24 (1) in subsection (a)(1)—

1 (A) by striking “and (B)” and inserting “,
2 (B)”;

3 (B) by inserting “, and (C) implementing
4 sliding scale benefit offsets using variations in
5 the amount of the offset as a proportion of
6 earned income, the duration of the offset pe-
7 riod, and the method of determining the
8 amount of income earned by the beneficiaries,
9 and using state-of-the-art information tech-
10 nology and electronic funds transfer technology
11 to streamline the reporting of data and the im-
12 plementation of the offsets, and developing and
13 making available to beneficiaries, their families,
14 guardians, and advocates, through the Internet
15 information regarding work incentives and as-
16 sistance for beneficiaries to make informed deci-
17 sions regarding work,” after “rehabilitation),”;
18 and

19 (C) by adding at the end the following:
20 “The Commissioner may expand the scope of
21 any such demonstration project to include any
22 group of applicants for benefits under such pro-
23 gram with impairments which may reasonably
24 be presumed to be disabling for purposes of
25 such demonstration project, and may limit any

1 such demonstration project to any such group
2 of applicants, subject to the terms of such dem-
3 onstration project which shall define the extent
4 of any such presumption.”;

5 (2) in subsection (a)(3), by striking “June 10,
6 1996” and inserting “June 10, 2001”;

7 (3) in subsection (a)(4), by inserting “and on or
8 before October 1, 2000,” after “1995,”; and

9 (4) in subsection (c), by striking “October 1,
10 1996” and inserting “October 1, 2002”.

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

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

1 program. Such projects shall identify reductions in Fed-
2 eral expenditures that may result from the permanent im-
3 plementation of such a program.

4 (b) SCOPE AND SCALE AND MATTERS TO BE DETER-
5 MINED.—

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

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

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

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

1 The Commissioner shall take into account advice
2 provided by the Work Incentives Advisory Panel pur-
3 suant to section 202(b)(2)(B).

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

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

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

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

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

20 (c) WAIVERS.—The Commissioner may waive compli-
21 ance with the benefit provisions of title II of the Social
22 Security Act, and the Secretary of Health and Human
23 Services may waive compliance with the benefit require-
24 ments of title XVIII of that Act, insofar as is necessary
25 for a thorough evaluation of the alternative methods under

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

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

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

24 (f) EXPENDITURES.—Expenditures made for dem-
25 onstration projects under this section shall be made from

1 the Federal Disability Insurance Trust Fund and the Fed-
 2 eral Old-Age and Survivors Insurance Trust Fund, as de-
 3 termined appropriate by the Commissioner of Social Secu-
 4 rity, and from the Federal Hospital Insurance Trust Fund
 5 and the Federal Supplementary Medical Insurance Trust
 6 Fund, as determined appropriate by the Secretary of
 7 Health and Human Services, to the extent provided in ad-
 8 vance in appropriation Acts.

9 **SEC. 303. SENSE OF CONGRESS REGARDING ADDITIONAL**
 10 **DEMONSTRATION PROJECTS.**

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

16 **SEC. 304. STUDIES AND REPORTS.**

17 (a) STUDY BY GENERAL ACCOUNTING OFFICE OF
 18 EXISTING DISABILITY-RELATED EMPLOYMENT INCEN-
 19 TIVES.—

20 (1) STUDY.—As soon as practicable after the
 21 date of enactment of this Act, the Comptroller Gen-
 22 eral of the United States shall undertake a study to
 23 assess existing tax credits and other disability-relat-
 24 ed employment incentives under the Americans with
 25 Disabilities Act of 1990 and other Federal laws. In

1 such study, the Comptroller General shall specifically
2 address the extent to which such credits and other
3 incentives would encourage employers to hire and re-
4 tain individuals with disabilities.

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

15 (b) STUDY BY GENERAL ACCOUNTING OFFICE OF
16 EXISTING COORDINATION OF THE DI AND SSI PROGRAMS
17 AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAV-
18 ING CONCURRENT ENTITLEMENT.—

19 (1) STUDY.—As soon as practicable after the
20 date of enactment of this Act, the Comptroller Gen-
21 eral of the United States shall undertake a study to
22 evaluate the coordination under current law of the
23 disability insurance program under title II of the So-
24 cial Security Act and the supplemental security in-
25 come program under title XVI of that Act, as such

1 programs relate to individuals entering or leaving
2 concurrent entitlement under such programs. In
3 such study, the Comptroller General shall specifically
4 address the effectiveness of work incentives under
5 such programs with respect to such individuals and
6 the effectiveness of coverage of such individuals
7 under titles XVIII and XIX of the Social Security
8 Act.

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

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

22 (1) STUDY.—As soon as practicable after the
23 date of enactment of this Act, the Comptroller Gen-
24 eral of the United States shall undertake a study of
25 the substantial gainful activity level applicable as of

1 that date to recipients of benefits under section 223
2 of the Social Security Act (42 U.S.C. 423) and
3 under section 202 of that Act (42 U.S.C. 402) on
4 the basis of a recipient having a disability, and the
5 effect of such level as a disincentive for those recipi-
6 ents to return to work. In the study, the Comptroller
7 General also shall address the merits of increasing
8 the substantial gainful activity level applicable to
9 such recipients of benefits and the rationale for not
10 yearly indexing that level to inflation.

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

1 **TITLE IV—TECHNICAL**
2 **AMENDMENTS**

3 **SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG**
4 **ADDICTS AND ALCOHOLICS.**

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

11 (1) in subparagraph (A), by striking “by the
12 Commissioner of Social Security” and “by the Com-
13 missioner”; and

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

15 “(D) For purposes of this paragraph, an
16 individual’s claim, with respect to benefits
17 under title II of the Social Security Act based
18 on disability, which has been denied in whole
19 before the date of enactment of this Act, may
20 not be considered to be finally adjudicated be-
21 fore such date if, on or after such date—

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

1 “(ii) there is pending, with respect to
2 such claim, a readjudication by the Com-
3 missioner of Social Security pursuant to
4 relief in a class action or implementation
5 by the Commissioner of a court remand
6 order.

7 “(E) Notwithstanding the provisions of
8 this paragraph, with respect to any individual
9 for whom the Commissioner of Social Security
10 does not perform the entitlement redetermina-
11 tion before the date prescribed in subparagraph
12 (C), the Commissioner shall perform such enti-
13 tlement redetermination in lieu of a continuing
14 disability review whenever the Commissioner de-
15 termines that the individual’s entitlement is
16 subject to redetermination based on the preced-
17 ing provisions of this paragraph, and the provi-
18 sions of section 223(f) of the Social Security
19 Act shall not apply to such redetermination.”.

20 (b) CORRECTION TO EFFECTIVE DATE OF PROVI-
21 SIONS CONCERNING REPRESENTATIVE PAYEES AND
22 TREATMENT REFERRALS OF SOCIAL SECURITY BENE-
23 FICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—
24 Section 105(a)(5)(B) of the Contract with America Ad-

1 vancement Act of 1996 (42 U.S.C. 405 note) is amended
2 to read as follows:

3 “(B) The amendments made by para-
4 graphs (2) and (3) shall take effect on July 1,
5 1996, with respect to any individual—

6 “(i) whose claim for benefits is finally
7 adjudicated on or after the date of enact-
8 ment of this Act; or

9 “(ii) whose entitlement to benefits is
10 based on an entitlement redetermination
11 made pursuant to subparagraph (C).”.

12 (c) EFFECTIVE DATES.—The amendments made by
13 this section shall take effect as if included in the enact-
14 ment of section 105 of the Contract with America Ad-
15 vancement Act of 1996 (Public Law 104–121; 110 Stat.
16 852 et seq.).

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

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

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

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

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

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

7 “(I) the institution shall provide to the Com-
8 missioner, on a monthly basis and in a manner spec-
9 ified by the Commissioner, the names, Social Secu-
10 rity account numbers, dates of birth, confinement
11 commencement dates, and, to the extent available to
12 the institution, such other identifying information
13 concerning the individuals confined in the institution
14 as the Commissioner may require for the purpose of
15 carrying out paragraph (1); and

16 “(II) the Commissioner shall pay to the institu-
17 tion, with respect to information described in sub-
18 clause (I) concerning each individual who is confined
19 therein as described in paragraph (1)(A), who re-
20 ceives a benefit under this title for the month pre-
21 ceeding the first month of such confinement, and
22 whose benefit under this title is determined by the
23 Commissioner to be not payable by reason of con-
24 finement based on the information provided by the
25 institution, \$400 (subject to reduction under clause

1 (ii) if the institution furnishes the information to
2 the Commissioner within 30 days after the date such
3 individual's confinement in such institution begins,
4 or \$200 (subject to reduction under clause (ii)) if
5 the institution furnishes the information after 30
6 days after such date but within 90 days after such
7 date.

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

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

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

23 “(v) The Commissioner is authorized to provide, on
24 a reimbursable basis, information obtained pursuant to
25 agreements entered into under clause (i) to any agency

1 administering a Federal or federally assisted cash, food,
2 or medical assistance program for eligibility purposes.”.

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

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

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

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

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

20 (C) in clause (ii)(I), by striking “an of-
21 fense punishable by imprisonment for more
22 than 1 year” and inserting “a criminal of-
23 fense”.

24 (2) EFFECTIVE DATE.—The amendments made
25 by this subsection shall apply to individuals whose

1 period of confinement in an institution commences
2 on or after the first day of the fourth month begin-
3 ning after the month in which this Act is enacted.

4 (c) CONFORMING TITLE XVI AMENDMENTS.—

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

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

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

14 (C) by inserting after clause (i) the follow-
15 ing:

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

21 (2) EXPANSION OF CATEGORIES OF INSTITU-
22 TIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH
23 THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of
24 the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i))
25 is amended in the matter preceding subclause (I) by

1 striking “institution” and all that follows through
 2 “section 202(x)(1)(A),” and inserting “institution
 3 comprising a jail, prison, penal institution, or correc-
 4 tional facility, or with any other interested State or
 5 local institution a purpose of which is to confine in-
 6 dividuals as described in section 202(x)(1)(A)(ii),”.

7 (3) EFFECTIVE DATE.—The amendments made
 8 by this subsection shall take effect as if included in
 9 the enactment of section 203(a) of the Personal Re-
 10 sponsibility and Work Opportunity Reconciliation
 11 Act of 1996 (Public Law 104–193; 110 Stat. 2186).
 12 The reference to section 202(x)(1)(A)(ii) of the So-
 13 cial Security Act in section 1611(e)(1)(I)(i) of the
 14 Social Security Act as amended by paragraph (2)
 15 shall be deemed a reference to such section
 16 202(x)(1)(A)(ii) as amended by subsection (b)(1)(C).

17 (d) CONTINUED DENIAL OF BENEFITS TO SEX OF-
 18 FENDERS REMAINING CONFINED TO PUBLIC INSTITU-
 19 TIONS UPON COMPLETION OF PRISON TERM.—

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

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

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

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

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

11 (2) CONFORMING AMENDMENT.—Section
 12 202(x)(1)(B)(ii) of the Social Security Act (42
 13 U.S.C. 402(x)(1)(B)(ii)) is amended by striking
 14 “clause (ii)” and inserting “clauses (ii) and (iii)”.

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

19 **SEC 403. REVOCATION BY MEMBERS OF THE CLERGY OF**
 20 **EXEMPTION FROM SOCIAL SECURITY COV-**
 21 **ERAGE.**

22 (a) IN GENERAL.—Notwithstanding section
 23 1402(e)(4) of the Internal Revenue Code of 1986, any ex-
 24 emption which has been received under section 1402(e)(1)
 25 of such Code by a duly ordained, commissioned, or li-

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

1 the applicant's income derived in that taxable year which
2 would have constituted net earnings from self-employment
3 for purposes of chapter 2 of such Code (notwithstanding
4 paragraph (4) or (5) of section 1402(c) of such Code) ex-
5 cept for the exemption under section 1402(e)(1) of such
6 Code.

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

19 **SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING**
20 **TO COOPERATIVE RESEARCH OR DEM-**
21 **ONSTRATION PROJECTS UNDER TITLES II**
22 **AND XVI.**

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

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall take effect as if included in the enact-
3 ment of the Social Security Independence and Program
4 Improvements Act of 1994 (Public Law 103–296; 108
5 Stat. 1464).

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

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

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

20 (1) by striking “(as defined in section
21 453A(a)(2)(B)(iii))”; and

22 (2) by inserting “(as defined in section
23 453A(a)(2)(B))” after “employers” .

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

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