

**Calendar No. 80**

106<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**S. 331**

[Report No. 106-37]

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**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.

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MARCH 26, 1999

Reported with an amendment

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## IN THE SENATE OF THE UNITED STATES

JANUARY 28, 1999

Mr. JEFFORDS (for himself, Mr. KENNEDY, Mr. ROTH, Mr. MOYNIHAN, Mr. CHAFEE, Mr. GRASSLEY, Mr. HATCH, Mr. MURKOWSKI, Mr. BREAUX, Mr. GRAHAM, Mr. KERREY, Mr. ROBB, Mr. ROCKEFELLER, Mr. BINGAMAN, Mrs. BOXER, Mr. CLELAND, Ms. COLLINS, Mr. DASCHLE, Mr. DEWINE, Mr. DODD, Mr. DURBIN, Mr. ENZI, Mrs. FEINSTEIN, Mr. GRAMS, Mr. HARKIN, Mr. HOLLINGS, Mr. HUTCHINSON, Mr. INOUE, Mr. JOHNSON, Mr. KERRY, Ms. MIKULSKI, Mrs. MURRAY, Mr. REED, Mr. REID, Mr. SARBANES, Ms. SNOWE, Mr. STEVENS, Mr. TORRICELLI, Mr. WELLSTONE, Mr. BOND, Mr. CONRAD, Mr. SPECTER, Mr. BRYAN, Mr. BAUCUS, Mr. AKAKA, Mr. SCHUMER, Mr. COCHRAN, Mr. DOMENICI, Mr. DORGAN, Mr. LEVIN, Mr. LEAHY, Mr. SMITH of Oregon, Mrs. LINCOLN, Mr. BIDEN, Mr. BYRD, Mr. MACK, Mr. EDWARDS, Mr. WYDEN, Ms. LANDRIEU, Mr. KOHL, Mr. LAUTENBERG, Mr. BAYH, Mr. FRIST, Mr. LIEBERMAN, Mr. CRAPO, Mr. ALLARD, Mr. FEINGOLD, Mr. GORTON, Mr. ABRAHAM, and Mr. CAMPBELL)

MARCH 26, 1999

Reported under authority of the order of the Senate of March 25, 1999, by  
Mr. ROTH, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

## A BILL

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

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

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

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

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

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purposes.

~~TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES~~

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

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

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

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

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

~~Subtitle A—Ticket to Work and Self-Sufficiency~~

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

Sec. 202. Work Incentives Advisory Panel.

~~Subtitle B—Elimination of Work Disincentives~~

- Sec. 211. Prohibition on using work activity as a basis for review of an individual's disabled status.
- Sec. 212. Expedited eligibility determinations for applications of former long-term beneficiaries that completed an extended period of eligibility.

Subtitle C—Work Incentives Planning, Assistance, and Outreach

- Sec. 221. Work incentives outreach program.
- Sec. 222. State grants for work incentives assistance to disabled beneficiaries.

TITLE III—DEMONSTRATION PROJECTS AND STUDIES

- Sec. 301. Extension of disability insurance program demonstration project authority.
- Sec. 302. Demonstration projects providing for reductions in disability insurance benefits based on earnings.
- Sec. 303. Sense of Congress regarding additional demonstration projects.
- Sec. 304. Studies and reports.

TITLE IV—TECHNICAL AMENDMENTS

- Sec. 401. Technical amendments relating to drug addicts and alcoholics.
- Sec. 402. Treatment of prisoners.
- Sec. 403. Revocation by members of the clergy of exemption from Social Security coverage.
- Sec. 404. Additional technical amendment relating to cooperative research or demonstration projects under titles II and XVI.
- Sec. 405. Authorization for State to permit annual wage reports.

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

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

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

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

1           (3) Americans with significant disabilities often  
2           are unable to obtain health care insurance that pro-  
3           vides coverage of the services and supports that en-  
4           able them to live independently and enter or rejoin  
5           the workforce. Personal assistance services (such as  
6           attendant services, personal assistance with trans-  
7           portation to and from work, reader services, job  
8           coaches, and related assistance) remove many of the  
9           barriers between significant disability and work.  
10          Coverage for such services, as well as for prescrip-  
11          tion drugs, durable medical equipment, and basic  
12          health care are powerful and proven tools for indi-  
13          viduals with significant disabilities to obtain and re-  
14          tain employment.

15          (4) For individuals with disabilities, the fear of  
16          losing health care and related services is one of the  
17          greatest barriers keeping the individuals from maxi-  
18          mizing their employment, earning potential, and  
19          independence.

20          (5) Individuals with disabilities who are bene-  
21          ficiaries under title II or XVI of the Social Security  
22          Act (42 U.S.C. 401 et seq., 1381 et seq.) risk losing  
23          medicare or medicaid coverage that is linked to their  
24          cash benefits, a risk that is an equal, or greater,

1 work disincentive than the loss of cash benefits asso-  
2 ciated with working.

3 (6) Currently, less than 1/2 of 1 percent of so-  
4 cial security disability insurance and supplemental  
5 security income beneficiaries cease to receive benefits  
6 as a result of employment.

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

10 (8) If an additional 1/2 of 1 percent of the cur-  
11 rent social security disability insurance (DI) and  
12 supplemental security income (SSI) recipients were  
13 to cease receiving benefits as a result of employ-  
14 ment, the savings to the Social Security Trust  
15 Funds in cash assistance would total  
16 \$3,500,000,000 over the worklife of the individuals.

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

19 (1) To provide health care and employment  
20 preparation and placement services to individuals  
21 with disabilities that will enable those individuals to  
22 reduce their dependency on cash benefit programs.

23 (2) To encourage States to adopt the option of  
24 allowing individuals with disabilities to purchase

1       medicaid coverage that is necessary to enable such  
2       individuals to maintain employment.

3           (3) To provide individuals with disabilities the  
4       option of maintaining medicare coverage while work-  
5       ing.

6           (4) To establish a return to work ticket pro-  
7       gram that will allow individuals with disabilities to  
8       seek the services necessary to obtain and retain em-  
9       ployment and reduce their dependency on cash ben-  
10      efit programs.

11 **TITLE I—EXPANDED AVAIL-**  
12 **ABILITY OF HEALTH CARE**  
13 **SERVICES**

14 **SEC. 101. EXPANDING STATE OPTIONS UNDER MEDICAID**  
15 **FOR WORKERS WITH DISABILITIES.**

16       (a) STATE OPTION TO ELIMINATE INCOME, ASSETS,  
17 AND RESOURCE LIMITATIONS FOR WORKERS WITH DIS-  
18 ABILITIES BUYING INTO MEDICAID.—Section  
19 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C.  
20 1396a(a)(10)(A)(ii)) is amended—

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

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

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

1           ~~“(XV) who, but for earnings in~~  
2           ~~excess of the limit established under~~  
3           ~~section 1905(q)(2)(B), and subject to~~  
4           ~~limitations on assets, resources, or un-~~  
5           ~~earned income that may be set by the~~  
6           ~~State, would be considered to be re-~~  
7           ~~ceiving supplemental security income~~  
8           ~~(subject, notwithstanding section~~  
9           ~~1916, to payment of premiums or~~  
10           ~~other cost-sharing charges (set on a~~  
11           ~~sliding scale based on income that the~~  
12           ~~State may determine and that may re-~~  
13           ~~quire an individual with income that~~  
14           ~~exceeds 250 percent of the income of-~~  
15           ~~ficial poverty line (as defined by the~~  
16           ~~Office of Management and Budget,~~  
17           ~~and revised annually in accordance~~  
18           ~~with section 673(2) of the Omnibus~~  
19           ~~Budget Reconciliation Act of 1981)~~  
20           ~~applicable to a family of the size in-~~  
21           ~~volved to pay an amount equal to 100~~  
22           ~~percent of the premium cost for pro-~~  
23           ~~viding medical assistance to the indi-~~  
24           ~~vidual), so long as any such premiums~~  
25           ~~or other cost-sharing charges are the~~

1 same as any premiums or other cost-  
 2 sharing charges imposed for individ-  
 3 uals described in subclause (XVI));”.

4 (b) STATE OPTION TO EXPAND OPPORTUNITIES FOR  
 5 WORKERS WITH DISABILITIES TO BUY INTO MED-  
 6 ICAID.—

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

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

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

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

16 “(XVI) who are working individ-  
 17 uals with disabilities described in sec-  
 18 tion 1905(v) (subject, notwithstanding  
 19 section 1916, to payment of premiums  
 20 or other cost-sharing charges (set on  
 21 a sliding scale based on income) that  
 22 the State may determine so long as  
 23 any such premiums or other cost-shar-  
 24 ing charges are the same as any pre-  
 25 miums or other cost-sharing charges

1 imposed for individuals described in  
2 subclause (XV)); but only if the State  
3 provides medical assistance to individ-  
4 uals described in subclause (XV);”.

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

9 “(v)(1) The term ‘working individuals with disabili-  
10 ties’ means individuals ages 16 through 64 who—

11 “(A) by reason of medical improvement, cease  
12 to be eligible for benefits under section 223(d) or  
13 1614(a)(3) at the time of a regularly scheduled con-  
14 tinuing disability review but who continue to have a  
15 severe medically determinable impairment; and

16 “(B) are employed.

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

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

23 “(B) is engaged in a work effort that meets  
24 substantial and reasonable threshold criteria for

1 hours of work, wages, or other measures, as defined  
 2 by the State and approved by the Secretary.”.

3 ~~(3)~~ CONFORMING AMENDMENT.—Section  
 4 1905(a) of the Social Security Act (42 U.S.C.  
 5 1396d(a)) is amended in the matter preceding para-  
 6 graph (1)—

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

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

11 (C) by inserting after clause (xi), the fol-  
 12 lowing:

13 “(xii) individuals described in subsection (v).”.

14 (e) PROHIBITION AGAINST SUPPLANTATION OF  
 15 STATE FUNDS; MAINTENANCE OF EFFORT REQUIRE-  
 16 MENT; CONDITION FOR APPROVAL OF STATE PLAN  
 17 AMENDMENT.—

18 (1) NO SUPPLANTATION OF STATE FUNDS.—

19 Federal funds paid to a State for medical assistance  
 20 provided to an individual described in subclause  
 21 (XV) or (XVI) of section 1902(a)(10)(A)(ii) of the  
 22 Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii))  
 23 must be used to supplement but not supplant the  
 24 level of State funds expended as of October 1, 1998

1 for programs to enable working individuals with dis-  
2 abilities to work.

3 ~~(2) MAINTENANCE OF EFFORT.~~—With respect  
4 to a fiscal year quarter, no Federal funds may be  
5 paid to a State for medical assistance provided to an  
6 individual described in subclause ~~(XV)~~ or ~~(XVI)~~ of  
7 section 1902(a)(10)(A)(ii) of the Social Security Act  
8 ~~(42 U.S.C. 1396a(a)(10)(A)(ii))~~ for such fiscal year  
9 quarter if the Secretary of Health and Human Serv-  
10 ices determines that the total of the State expendi-  
11 tures for programs to enable working individuals  
12 with disabilities to work for the preceding fiscal year  
13 quarter is less than the total of such expenditures  
14 for the same fiscal year quarter of the preceding fis-  
15 cal year.

16 ~~(3) CONDITION FOR APPROVAL OF STATE PLAN~~  
17 ~~AMENDMENTS.~~—No State plan amendment that pro-  
18 poses to provide medical assistance to an individual  
19 described in subclause ~~(XV)~~ or ~~(XVI)~~ of section  
20 1902(a)(10)(A)(ii) of the Social Security Act ~~(42~~  
21 ~~U.S.C. 1396a(a)(10)(A)(ii))~~ may be approved unless  
22 the chief executive officer of the State certifies to  
23 the Secretary of Health and Human Services that  
24 the plan, as so amended, will satisfy the require-  
25 ments of paragraphs (1) and (2) of this subsection.

1       (d) ~~EFFECTIVE DATE.~~—

2           (1) ~~IN GENERAL.~~—The amendments made by  
3 this section shall apply on and after October 1,  
4 1999.

5           (2) ~~EXTENSION OF EFFECTIVE DATE FOR~~  
6 ~~STATE LAW AMENDMENT.~~—In the case of a State  
7 plan under title XIX of the Social Security Act  
8 which the Secretary of Health and Human Services  
9 determines requires State legislation in order for the  
10 plan to meet the additional requirements imposed by  
11 the amendments made by this section, the State  
12 plan shall not be regarded as failing to comply with  
13 the requirements of this section solely on the basis  
14 of its failure to meet these additional requirements  
15 before the first day of the first calendar quarter be-  
16 ginning after the close of the first regular session of  
17 the State legislature that begins after the date of en-  
18 actment of this Act. For purposes of the previous  
19 sentence, in the case of a State that has a 2-year  
20 legislative session, each year of the session is consid-  
21 ered to be a separate regular session of the State  
22 legislature.

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

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

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

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

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

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

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

17 “(2) Any individual who, as of the date of enactment  
 18 of this subsection is enrolled in the medicare program  
 19 under this section and would, without regard to paragraph  
 20 (1), otherwise satisfy the eligibility requirements for en-  
 21 rollment set forth in subsection (a) shall be deemed to sat-  
 22 isfy the requirement of subsection (a)(2)(C) of that section  
 23 after the application of paragraph (1)(A)(i) for purposes  
 24 of not being subject to a premium for enrollment in the  
 25 medicare program under this section.

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

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

10           (1) examines the effectiveness and cost of sec-  
 11 tion 1818A of the Social Security Act (42 U.S.C.  
 12 1395i-2a) as amended by subsection (a); and

13           (2) recommends whether that section should  
 14 continue to be applied, as so amended, beyond the  
 15 10-year period described in subsection (e) of that  
 16 section.

17 **SEC. 103. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**  
 18 **FRAStructures TO SUPPORT WORKING IN-**  
 19 **DIVIDUALS WITH DISABILITIES.**

20       (a) ESTABLISHMENT.—

21           (1) IN GENERAL.—The Secretary of Health and  
 22 Human Services (in this section referred to as the  
 23 “Secretary”) shall award grants described in sub-  
 24 section (b) to States to support the design, establish-  
 25 ment, and operation of State infrastructures that

1 provide items and services to support working indi-  
 2 viduals with disabilities. A State may submit an ap-  
 3 plication for a grant authorized under this section at  
 4 such time, in such manner, and containing such in-  
 5 formation as the Secretary may determine.

6 (2) DEFINITION OF STATE.—In this section,  
 7 the term “State” means each of the 50 States, the  
 8 District of Columbia, Puerto Rico, Guam, the  
 9 United States Virgin Islands, American Samoa, and  
 10 the Commonwealth of the Northern Mariana Is-  
 11 lands.

12 (b) GRANTS FOR INFRASTRUCTURE AND OUT-  
 13 REACH.—

14 (1) IN GENERAL.—Out of the funds appro-  
 15 priated under subsection (c), the Secretary shall  
 16 award grants to States to—

17 (A) support the establishment, implemen-  
 18 tation, and operation of the State infrastruc-  
 19 tures described in subsection (a); and

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

22 (2) ELIGIBILITY FOR GRANTS.—

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

1 (i) the State has an approved amend-  
2 ment to the State plan under title XIX of  
3 the Social Security Act (42 U.S.C. 1396 et  
4 seq.) that—

5 (I) provides medical assistance  
6 under such plan to individuals de-  
7 scribed in section  
8 1902(a)(10)(A)(ii)(XV) of the Social  
9 Security Act (42 U.S.C.  
10 1396a(a)(10)(A)(ii)(XV)); or

11 (II) provides medical assistance  
12 under such plan to individuals de-  
13 scribed in subclauses (XV) and (XVI)  
14 of section 1902(a)(10)(A)(ii) of the  
15 Social Security Act (42 U.S.C.  
16 1396a(a)(10)(A)(ii)); and

17 (ii) the State demonstrates to the sat-  
18 isfaction of the Secretary that the State  
19 makes personal assistance services avail-  
20 able under the State plan under title XIX  
21 of the Social Security Act (42 U.S.C. 1396  
22 et seq.) to the extent necessary to enable  
23 individuals described in subclause (I) or  
24 (II) of clause (i) to remain employed (as  
25 determined under section 1905(v)(2) of the

1 Social Security Act (42 U.S.C.  
2 1396d(v)(2)).

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

14 (3) DETERMINATION OF AWARDS.—

15 (A) IN GENERAL.—Subject to subpara-  
16 graph (B), the Secretary shall determine a for-  
17 mula for awarding grants to States under this  
18 section that provides special consideration to  
19 States that provide medical assistance under  
20 title XIX of the Social Security Act to individ-  
21 uals described in section  
22 1902(a)(10)(A)(ii)(XVI) of that Act (42 U.S.C.  
23 1396a(a)(10)(A)(ii)(XVI)).

24 (B) AWARD LIMITS.—

1           (i) ~~MINIMUM AWARDS.~~—No State that  
2           submits an approved application for fund-  
3           ing under this section shall receive a grant  
4           for a fiscal year that is less than \$500,000.

5           (ii) ~~MAXIMUM AWARDS.~~—No State  
6           that submits an approved application for  
7           funding under this section shall receive a  
8           grant for a fiscal year that exceeds 15 per-  
9           cent of the total expenditures by the State  
10          (including the reimbursed Federal share of  
11          such expenditures) for medical assistance  
12          for individuals eligible under subclause  
13          (XV)       or       (XVI)       of       section  
14          1902(a)(10)(A)(ii), whichever is greater, as  
15          estimated by the State and approved by  
16          the Secretary.

17       (e) ~~AVAILABILITY OF FUNDS.~~—

18           (1) ~~FUNDS ALLOCATED TO STATES.~~—Funds al-  
19           located to a State under a grant made under this  
20           section for a fiscal year shall remain available until  
21           expended.

22           (2) ~~FUNDS NOT ALLOCATED TO STATES.~~—  
23           Funds not allocated to States in the fiscal year for  
24           which they are appropriated shall remain available  
25           in succeeding fiscal years for allocation by the Sec-

1       retary using the allocation formula established by  
2       the Secretary under subsection (c)(3)(A).

3       (d) ANNUAL REPORT.—A State that receives a grant  
4       under this section shall submit an annual report to the  
5       Secretary on the use of funds provided under the grant.  
6       Each report shall include the percentage increase in the  
7       number of title II disability beneficiaries, as defined in sec-  
8       tion 1148(k)(3) of the Social Security Act (as amended  
9       by section 201) in the State, and title XVI disability bene-  
10      ficiaries, as defined in section 1148(k)(4) of the Social Se-  
11      curity Act (as so amended) in the State who return to  
12      work.

13      (e) APPROPRIATION.—Out of any funds in the Treas-  
14      ury not otherwise appropriated, there is authorized to be  
15      appropriated and there is appropriated to make grants  
16      under this section—

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

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

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

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

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

22           (6) for fiscal years 2005 through 2010, the  
23      amount appropriated for the preceding fiscal year  
24      increased by the percentage increase (if any) in the  
25      Consumer Price Index for All Urban Consumers

1 (United States city average) for the preceding fiscal  
2 year.

3 (f) **RECOMMENDATION.**—Not later than October 1,  
4 2009, the Secretary of Health and Human Services, in  
5 consultation with the Work Incentives Advisory Panel es-  
6 tablished under section 202, shall submit a recommenda-  
7 tion to the Committee on Commerce and the Committee  
8 on Ways and Means of the House of Representatives and  
9 the Committee on Finance of the Senate regarding wheth-  
10 er the grant program established under this section should  
11 be continued after fiscal year 2010.

12 **SEC. 104. DEMONSTRATION OF COVERAGE OF WORKERS**  
13 **WITH POTENTIALLY SEVERE DISABILITIES.**

14 (a) **STATE APPLICATION.**—A State may apply to the  
15 Secretary of Health and Human Services (in this section  
16 referred to as the “Secretary”) for approval of a dem-  
17 onstration project (in this section referred to as a “dem-  
18 onstration project”) under which up to a specified max-  
19 imum number of individuals who are workers with a po-  
20 tentially severe disability (as defined in subsection (b)(1))  
21 are provided medical assistance equal to that provided  
22 under section 1905(a) of the Social Security Act (42  
23 U.S.C. 1396d(a)) to individuals described in section  
24 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C.  
25 1396a(a)(10)(A)(ii)(XV)).

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

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

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

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

16 (C) is employed (as defined in paragraph  
 17 (2)).

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

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

24 (B) is engaged in a work effort that meets  
 25 substantial and reasonable threshold criteria for

1           hours of work, wages, or other measures, as de-  
2           fined under the demonstration project and ap-  
3           proved by the Secretary.

4           (c) APPROVAL OF DEMONSTRATION PROJECTS.—

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

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

19                 (A) ELECTION OF OPTIONAL CATEGORY.—

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

1           ~~(B) MAINTENANCE OF STATE EFFORT.—~~  
 2           Federal funds paid to a State pursuant to this  
 3           section must be used to supplement, but not  
 4           supplant, the level of State funds expended for  
 5           workers with potentially severe disabilities  
 6           under programs in effect for such individuals at  
 7           the time the demonstration project is approved  
 8           under this section.

9           ~~(C) INDEPENDENT EVALUATION.—~~The  
 10          State provides for an independent evaluation of  
 11          the project.

12          ~~(3) LIMITATIONS ON FEDERAL FUNDING.—~~

13                 ~~(A) APPROPRIATION.—~~Out of any funds in  
 14                 the Treasury not otherwise appropriated, there  
 15                 is authorized to be appropriated and there is  
 16                 appropriated to carry out this section—

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

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

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

20                         and

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

22           ~~(B) LIMITATION ON PAYMENTS.—~~In no  
 23           ease may—

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

4 (ii) payment be provided by the Sec-  
5 retary for a fiscal year after fiscal year  
6 2005.

7 (C) FUNDS ALLOCATED TO STATES.—The  
8 Secretary shall allocate funds to States based  
9 on their applications and the availability of  
10 funds. Funds allocated to a State under a grant  
11 made under this section for a fiscal year shall  
12 remain available until expended.

13 (D) FUNDS NOT ALLOCATED TO STATES.—  
14 Funds not allocated to States in the fiscal year  
15 for which they are appropriated shall remain  
16 available in succeeding fiscal years for alloca-  
17 tion by the Secretary using the allocation for-  
18 mula established under this section.

19 (E) PAYMENTS TO STATES.—Subject to  
20 the succeeding provisions of this section, the  
21 Secretary shall pay to each State with a dem-  
22 onstration project approved under this section,  
23 from its allocation under subparagraph (C), an  
24 amount for each quarter equal to the Federal  
25 medical assistance percentage (as defined in

1 section 1905(b) of the Social Security Act (42  
 2 U.S.C. 1395d(b)) of expenditures in the quarter  
 3 for medical assistance provided to workers with  
 4 a potentially severe disability.

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

8 **TITLE II—TICKET TO WORK AND**  
 9 **SELF-SUFFICIENCY AND RE-**  
 10 **LATED PROVISIONS**

11 **Subtitle A—Ticket to Work and**  
 12 **Self-Sufficiency**

13 **SEC. 201. ESTABLISHMENT OF THE TICKET TO WORK AND**  
 14 **SELF-SUFFICIENCY PROGRAM.**

15 (a) IN GENERAL.—Part A of title XI of the Social  
 16 Security Act (42 U.S.C. 1301 et seq.) is amended by add-  
 17 ing after section 1147 (as added by section 8 of the Non-  
 18 citizen Benefit Clarification and Other Technical Amend-  
 19 ments Act of 1998 (Public Law 105–306; 112 Stat.  
 20 2928)) the following:

21 “TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

22 “SEC. 1148. (a) IN GENERAL.—The Commissioner  
 23 shall establish a Ticket to Work and Self-Sufficiency Pro-  
 24 gram, under which a disabled beneficiary may use a ticket  
 25 to work and self-sufficiency issued by the Commissioner  
 26 in accordance with this section to obtain employment serv-

1 ices, vocational rehabilitation services, or other support  
2 services from an employment network which is of the bene-  
3 ficiary's choice and which is willing to provide such serv-  
4 ices to the beneficiary.

5 “(b) TICKET SYSTEM.—

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

10 “(2) ASSIGNMENT OF TICKETS.—A disabled  
11 beneficiary holding a ticket to work and self-suffi-  
12 ciency may assign the ticket to any employment net-  
13 work of the beneficiary's choice which is serving  
14 under the Program and is willing to accept the as-  
15 signment.

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

1           “(4) PAYMENTS TO EMPLOYMENT NET-  
2 WORKS.—The Commissioner shall pay an employ-  
3 ment network under the Program in accordance with  
4 the outcome payment system under subsection  
5 (h)(2) or under the outcome-milestone payment sys-  
6 tem under subsection (h)(3) (whichever is elected  
7 pursuant to subsection (h)(1)). An employment net-  
8 work may not request or receive compensation for  
9 such services from the beneficiary.

10           “(c) STATE PARTICIPATION.—

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

1 section 1615. The Commissioner shall provide for  
2 periodic opportunities for exercising such elections  
3 (and revocations).

4 “(2) EFFECT OF PARTICIPATION BY STATE  
5 AGENCY.—

6 “(A) STATE AGENCIES PARTICIPATING.—

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

18 “(B) STATE AGENCIES ADMINISTERING  
19 MATERNAL AND CHILD HEALTH SERVICES PRO-  
20 GRAMS.—Subparagraph (A) shall not apply  
21 with respect to any State agency administering  
22 a program under title V of this Act.

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

1           “(A) IN GENERAL.—In any case in which  
2           an employment network has been assigned a  
3           ticket to work and self-sufficiency by a disabled  
4           beneficiary, no State agency shall be deemed re-  
5           quired, under this section, title I of the Work-  
6           force Investment Act of 1998, title I of the Re-  
7           habilitation Act of 1973, or a State plan ap-  
8           proved under such title, to accept any referral  
9           of such disabled beneficiary from such employ-  
10          ment network unless such employment network  
11          and such State agency have entered into a writ-  
12          ten agreement that meets the requirements of  
13          subparagraph (B). Any beneficiary who has as-  
14          signed a ticket to work and self-sufficiency to  
15          an employment network that has not entered  
16          into such a written agreement with such a  
17          State agency may not access vocational rehabili-  
18          tation services under title I of the Rehabilita-  
19          tion Act of 1973 until such time as the bene-  
20          ficiary is reassigned to a State vocational reha-  
21          bilitation agency by the Program Manager.

22           “(B) TERMS OF AGREEMENT.—An agree-  
23          ment required by subparagraph (A) shall speci-  
24          fy, in accordance with regulations prescribed  
25          pursuant to subparagraph (C)—

1           “(i) the extent (if any) to which the  
2           employment network holding the ticket will  
3           provide to the State agency—

4           “(I) reimbursement for costs in-  
5           curred in providing services described  
6           in subparagraph (A) to the disabled  
7           beneficiary; and

8           “(II) other amounts from pay-  
9           ments made by the Commissioner to  
10          the employment network pursuant to  
11          subsection (h); and

12          “(ii) any other conditions that may be  
13          required by such regulations.

14          “(C) REGULATIONS.—The Commissioner  
15          and the Secretary of Education shall jointly  
16          prescribe regulations specifying the terms of  
17          agreements required by subparagraph (A) and  
18          otherwise necessary to carry out the provisions  
19          of this paragraph.

20          “(D) PENALTY.—No payment may be  
21          made to an employment network pursuant to  
22          subsection (h) in connection with services pro-  
23          vided to any disabled beneficiary if such em-  
24          ployment network makes referrals described in  
25          subparagraph (A) in violation of the terms of

1           the agreement required under subparagraph (A)  
2           or without having entered into such an agree-  
3           ment.

4           “(d) RESPONSIBILITIES OF THE COMMISSIONER.—

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

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

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

1           “(B) measures for determining the extent  
2           to which failures in obtaining services for bene-  
3           ficiaries fall within acceptable parameters, as  
4           determined by the Commissioner.

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

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

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

20           “(4) SELECTION OF EMPLOYMENT NET-  
21           WORKS.—

22           “(A) IN GENERAL.—The Commissioner  
23           shall select and enter into agreements with em-  
24           ployment networks for service under the Pro-  
25           gram. Such employment networks shall be in

1 addition to State agencies serving as employ-  
2 ment networks pursuant to elections under sub-  
3 section (c).

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

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

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

1 that the results of the periodic reviews are made  
2 available to beneficiaries who are prospective service  
3 recipients as they select employment networks. The  
4 Commissioner shall ensure that the periodic surveys  
5 of beneficiaries receiving services under the Program  
6 are designed to measure customer service satisfac-  
7 tion.

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

16 “(e) PROGRAM MANAGERS.—

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

21 “(2) RECRUITMENT OF EMPLOYMENT NET-  
22 WORKS.—A program manager shall recruit, and rec-  
23 ommend for selection by the Commissioner, employ-  
24 ment networks for service under the Program. The  
25 program manager shall carry out such recruitment

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

20           “(3) FACILITATION OF ACCESS BY BENE-  
21 FICIARIES TO EMPLOYMENT NETWORKS.—A pro-  
22 gram manager shall facilitate access by beneficiaries  
23 to employment networks. The program manager  
24 shall ensure that each beneficiary is allowed changes  
25 in employment networks for good cause, as deter-

1       mined by the Commissioner, without being deemed  
2       to have rejected services under the Program. The  
3       program manager shall establish and maintain lists  
4       of employment networks available to beneficiaries  
5       and shall make such lists generally available to the  
6       public. The program manager shall ensure that all  
7       information provided to disabled beneficiaries pursu-  
8       ant to this paragraph is provided in accessible for-  
9       mats.

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

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

1 ment, career planning, career plan development, vo-  
 2 cational assessment, job training, placement, fol-  
 3 lowup services, and such other services as may be  
 4 specified by the Commissioner under the Program.  
 5 The program manager shall ensure that such serv-  
 6 ices are available in each service area.

7 ~~“(f) EMPLOYMENT NETWORKS.—~~

8 ~~“(1) QUALIFICATIONS FOR EMPLOYMENT NET-~~  
 9 ~~WORKS.—~~

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

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

24 ~~“(C) COMPLIANCE WITH SELECTION CRI-~~  
 25 ~~TERIA.—No employment network may serve~~

1 under the Program unless it meets and main-  
 2 tains compliance with both general selection cri-  
 3 teria (such as professional and educational  
 4 qualifications (where applicable)) and specific  
 5 selection criteria (such as substantial expertise  
 6 and experience in providing relevant employ-  
 7 ment services and supports).

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

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

23 “(A) serve prescribed service areas; and

24 “(B) take such measures as are necessary  
 25 to ensure that employment services, vocational

1           rehabilitation services, and other support serv-  
2           ices provided under the Program by, or under  
3           agreements entered into with, the employment  
4           network are provided under appropriate indi-  
5           vidual work plans meeting the requirements of  
6           subsection (g).

7           “(3) ANNUAL FINANCIAL REPORTING.—Each  
8           employment network shall meet financial reporting  
9           requirements as prescribed by the Commissioner.

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

1 graph are made available to the public under reason-  
2 able terms.

3 “(g) **INDIVIDUAL WORK PLANS.**—

4 “(1) **REQUIREMENTS.**—Each employment net-  
5 work shall—

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

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

21 “(C) ensure that each individual work plan  
22 includes at least—

23 “(i) a statement of the vocational goal  
24 developed with the beneficiary;

1           “(ii) a statement of the services and  
2           supports that have been deemed necessary  
3           for the beneficiary to accomplish that goal;

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

7           “(iv) a statement of understanding re-  
8           garding the beneficiary’s rights under the  
9           Program (such as the right to retrieve the  
10          ticket to work and self-sufficiency if the  
11          beneficiary is dissatisfied with the services  
12          being provided by the employment net-  
13          work) and remedies available to the indi-  
14          vidual, including information on the avail-  
15          ability of advocacy services and assistance  
16          in resolving disputes through the State  
17          grant program authorized under section  
18          1150;

19          “(D) provide a beneficiary the opportunity  
20          to amend the individual work plan if a change  
21          in circumstances necessitates a change in the  
22          plan; and

23          “(E) make each beneficiary’s individual  
24          work plan available to the beneficiary in, as ap-

1           appropriate, an accessible format chosen by the  
2           beneficiary.

3           ~~“(2) EFFECTIVE UPON WRITTEN APPROVAL.—~~

4           A beneficiary’s individual work plan shall take effect  
5           upon written approval by the beneficiary or a rep-  
6           resentative of the beneficiary and a representative of  
7           the employment network that, in providing such  
8           written approval, acknowledges assignment of the  
9           beneficiary’s ticket to work and self-sufficiency.

10          ~~“(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—~~

11           ~~“(1) ELECTION OF PAYMENT SYSTEM BY EM-~~  
12          ~~PLOYMENT NETWORKS.—~~

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

1           “(B) NO CHANGE IN METHOD OF PAY-  
2           MENT FOR BENEFICIARIES WITH TICKETS AL-  
3           READY ASSIGNED TO THE EMPLOYMENT NET-  
4           WORKS.—Any election of a payment system by  
5           an employment network that would result in a  
6           change in the method of payment to the em-  
7           ployment network for services provided to a  
8           beneficiary who is receiving services from the  
9           employment network at the time of the election  
10          shall not be effective with respect to payment  
11          for services provided to that beneficiary and the  
12          method of payment previously selected shall  
13          continue to apply with respect to such services.

14          “(2) OUTCOME PAYMENT SYSTEM.—

15                 “(A) IN GENERAL.—The outcome payment  
16                 system shall consist of a payment structure gov-  
17                 erning employment networks electing such sys-  
18                 tem under paragraph (1)(A) which meets the  
19                 requirements of this paragraph.

20                 “(B) PAYMENTS MADE DURING OUTCOME  
21                 PAYMENT PERIOD.—The outcome payment sys-  
22                 tem shall provide for a schedule of payments to  
23                 an employment network in connection with each  
24                 individual who is a beneficiary for each month  
25                 during the individual’s outcome payment period

1 for which benefits (described in paragraphs (3)  
 2 and (4) of subsection (k)) are not payable to  
 3 such individual because of work or earnings.

4 “(C) COMPUTATION OF PAYMENTS TO EM-  
 5 PLOYMENT NETWORK.—The payment schedule  
 6 of the outcome payment system shall be de-  
 7 signed so that—

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

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

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

21 “(A) IN GENERAL.—The outcome-mile-  
 22 stone payment system shall consist of a pay-  
 23 ment structure governing employment networks  
 24 electing such system under paragraph (1)(A)

1 which meets the requirements of this para-  
2 graph.

3 “(B) ~~EARLY PAYMENTS UPON ATTAIN-~~  
4 ~~MENT OF MILESTONES IN ADVANCE OF OUT-~~  
5 ~~COME PAYMENT PERIODS.~~—The outcome-mile-  
6 stone payment system shall provide for 1 or  
7 more milestones with respect to beneficiaries re-  
8 ceiving services from an employment network  
9 under the Program that are directed toward the  
10 goal of permanent employment. Such milestones  
11 shall form a part of a payment structure that  
12 provides, in addition to payments made during  
13 outcome payment periods, payments made prior  
14 to outcome payment periods in amounts based  
15 on the attainment of such milestones.

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

1 the employment network with respect to the  
2 beneficiary would be limited if the employment  
3 network were paid under the outcome payment  
4 system.

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

6 “(A) PAYMENT CALCULATION BASE.—The  
7 term ‘payment calculation base’ means, for any  
8 calendar year—

9 “(i) in connection with a title II dis-  
10 ability beneficiary, the average disability  
11 insurance benefit payable under section  
12 223 for all beneficiaries for months during  
13 the preceding calendar year; and

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

24 “(B) OUTCOME PAYMENT PERIOD.—The  
25 term ‘outcome payment period’ means, in con-

1           nection with any individual who had assigned a  
 2           ticket to work and self-sufficiency to an employ-  
 3           ment network under the Program, a period—

4                   “(i) beginning with the first month,  
 5                   ending after the date on which such ticket  
 6                   was assigned to the employment network,  
 7                   for which benefits (described in paragraphs  
 8                   (3) and (4) of subsection (k)) are not pay-  
 9                   able to such individual by reason of en-  
 10                  gagement in substantial gainful activity or  
 11                  by reason of earnings from work activity;  
 12                  and

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

19           “(5) PERIODIC REVIEW AND ALTERATIONS OF  
 20           PRESCRIBED SCHEDULES.—

21                   “(A) PERCENTAGES AND PERIODS.—The  
 22                   Commissioner shall periodically review the per-  
 23                   centage specified in paragraph (2)(C), the total  
 24                   payments permissible under paragraph (3)(C),  
 25                   and the period of time specified in paragraph

1           (4)(B) to determine whether such percentages,  
2           such permissible payments, and such period  
3           provide an adequate incentive for employment  
4           networks to assist beneficiaries to enter the  
5           workforce, while providing for appropriate  
6           economies. The Commissioner may alter such  
7           percentage, such total permissible payments, or  
8           such period of time to the extent that the Com-  
9           missioner determines, on the basis of the Com-  
10          missioner's review under this paragraph, that  
11          such an alteration would better provide the in-  
12          centive and economies described in the pre-  
13          ceding sentence.

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

1 other reliable sources. The Commissioner may  
2 from time to time alter the number and  
3 amounts of milestone payments initially estab-  
4 lished by the Commissioner pursuant to this  
5 section to the extent that the Commissioner de-  
6 termines that such an alteration would allow an  
7 adequate incentive for employment networks to  
8 assist beneficiaries to enter the workforce. Such  
9 alteration shall be based on information pro-  
10 vided to the Commissioner by program man-  
11 agers, the Work Incentives Advisory Panel es-  
12 tablished under section 202 of the Work Incen-  
13 tives Improvement Act of 1999, or other reli-  
14 able sources.

15 “(i) **SUSPENSION OF DISABILITY REVIEWS.**—During  
16 any period for which an individual is using, as defined by  
17 the Commissioner, a ticket to work and self-sufficiency  
18 issued under this section, the Commissioner (and any ap-  
19 plicable State agency) may not initiate a continuing dis-  
20 ability review or other review under section 221 of whether  
21 the individual is or is not under a disability or a review  
22 under title XVI similar to any such review under section  
23 221.

24 “(j) **ALLOCATION OF COSTS.**—

1           “(1) PAYMENTS TO EMPLOYMENT NET-  
2           WORKS.—Payments to employment networks (in-  
3           cluding State agencies that elect to participate in the  
4           Program as an employment network) shall be made  
5           from the Federal Old-Age and Survivors Insurance  
6           Trust Fund or the Federal Disability Insurance  
7           Trust Fund, as appropriate, in the case of ticketed  
8           title II disability beneficiaries who return to work,  
9           or from the appropriation made available for making  
10          supplemental security income payments under title  
11          XVI, in the case of title XVI disability beneficiaries  
12          who return to work. With respect to ticketed bene-  
13          ficiaries who concurrently are entitled to benefits  
14          under title II and eligible for payments under title  
15          XVI who return to work, the Commissioner shall al-  
16          locate the cost of payments to employment networks  
17          to which the tickets of such beneficiaries have been  
18          assigned among such Trust Funds and appropria-  
19          tion, as appropriate.

20          “(2) ADMINISTRATIVE EXPENSES.—The costs  
21          of administering this section (other than payments  
22          to employment networks) shall be paid from  
23          amounts made available for the administration of  
24          title II and amounts made available for the adminis-

1       tration of title XVI, and shall be allocated among  
2       those amounts as appropriate.

3       “(k) DEFINITIONS.—In this section:

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

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

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

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

1           “(5) SUPPLEMENTAL SECURITY INCOME BEN-  
 2           EFIT UNDER TITLE XVI.—The term ‘supplemental  
 3           security income benefit under title XVI’ means a  
 4           cash benefit under section 1611 or 1619(a), and  
 5           does not include a State supplementary payment,  
 6           administered federally or otherwise.

7           “(1) REGULATIONS.—Not later than 1 year after the  
 8           date of enactment of this section, the Commissioner shall  
 9           prescribe such regulations as are necessary to carry out  
 10          the provisions of this section.

11          “(m) SUNSET OF PROGRAM.—The Program estab-  
 12          lished under this section shall terminate on September 30,  
 13          2004.”.

14          (b) CONFORMING AMENDMENTS.—

15                  (1) AMENDMENTS TO TITLE II.—

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

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

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

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

1           (D) Section 225(b)(1) of the Social Secu-  
2           rity Act (42 U.S.C. 425(b)(1)) is amended by  
3           striking “a program of vocational rehabilitation  
4           services” and inserting “a program consisting  
5           of the Ticket to Work and Self-Sufficiency Pro-  
6           gram under section 1148 or another program of  
7           vocational rehabilitation services, employment  
8           services, or other support services”.

9           (2) AMENDMENTS TO TITLE XVI.—

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

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

15           “~~(1)~~ has not attained age 16, and

16           “~~(2)~~ with respect to whom benefits are paid  
17           under this title,

18           the Commissioner of Social Security shall make provision  
19           for referral of such individual to the appropriate State  
20           agency administering the State program under title V.”.

21           (B) Section 1615(e) of the Social Security  
22           Act (42 U.S.C. 1382d(e)) is repealed.

23           (C) Section 1631(a)(6)(A) of the Social  
24           Security Act (42 U.S.C. 1383(a)(6)(A)) is  
25           amended by striking “a program of vocational

1           rehabilitation services” and inserting “a pro-  
 2           gram consisting of the Ticket to Work and Self-  
 3           Sufficiency Program under section 1148 or an-  
 4           other program of vocational rehabilitation serv-  
 5           ices, employment services, or other support  
 6           services”.

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

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

10                    (ii) by adding at the end the fol-  
 11                    lowing:

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

16           (e) EFFECTIVE DATE.—Subject to subsection (d),  
 17           the amendments made by subsections (a) and (b) shall  
 18           take effect with the first month following 1 year after the  
 19           date of enactment of this Act.

20           (d) GRADUATED IMPLEMENTATION OF PROGRAM.—

21                     (1) IN GENERAL.—Not later than 1 year after  
 22           the date of enactment of this Act, the Commissioner  
 23           of Social Security shall commence implementation of  
 24           the amendments made by this section (other than  
 25           paragraphs (1)(C) and (2)(B) of subsection (b)) in

1 graduated phases at phase-in sites selected by the  
2 Commissioner. Such phase-in sites shall be selected  
3 so as to ensure, prior to full implementation of the  
4 Ticket to Work and Self-Sufficiency Program, the  
5 development and refinement of referral processes,  
6 payment systems, computer linkages, management  
7 information systems, and administrative processes  
8 necessary to provide for full implementation of such  
9 amendments. Subsection (e) shall apply with respect  
10 to paragraphs (1)(C) and (2)(B) of subsection (b)  
11 without regard to this subsection.

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

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

25 (4) ONGOING EVALUATION OF PROGRAM.—

1           (A) IN GENERAL.—The Commissioner  
2 shall design and conduct a series of evaluations  
3 to assess the cost-effectiveness of activities ear-  
4 ried out under this section and the amendments  
5 made thereby, as well as the effects of this sec-  
6 tion and the amendments made thereby on  
7 work outcomes for beneficiaries receiving tickets  
8 to work and self-sufficiency under the Program.

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

21           (C) METHODOLOGY.—

22           (i) IMPLEMENTATION.—The Commis-  
23 sioner, in consultation with the Work In-  
24 centives Advisory Panel established under  
25 section 202, shall ensure that plans for

1 evaluations and data collection methods  
2 under the Program are appropriately de-  
3 signed to obtain detailed employment infor-  
4 mation.

5 (ii) SPECIFIC MATTERS TO BE AD-  
6 DRESSED.—Each such evaluation shall ad-  
7 dress (but is not limited to)—

8 (I) the annual cost (including net  
9 cost) of the Program and the annual  
10 cost (including net cost) that would  
11 have been incurred in the absence of  
12 the Program;

13 (II) the determinants of return to  
14 work, including the characteristics of  
15 beneficiaries in receipt of tickets  
16 under the Program;

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

24 (IV) the duration of employment  
25 services, vocational rehabilitation serv-

1           ices, and other support services fur-  
2           nished to beneficiaries in receipt of  
3           tickets under the Program who return  
4           to work and the duration of such serv-  
5           ices furnished to those who do not re-  
6           turn to work and the cost to employ-  
7           ment networks of furnishing such  
8           services;

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

16          (VI) the characteristics of pro-  
17          viders whose services are provided  
18          within an employment network under  
19          the Program;

20          (VII) the extent (if any) to which  
21          employment networks display a great-  
22          er willingness to provide services to  
23          beneficiaries with a range of disabil-  
24          ities;

1           (VIII) the characteristics (includ-  
2           ing employment outcomes) of those  
3           beneficiaries who receive services  
4           under the outcome payment system  
5           and of those beneficiaries who receive  
6           services under the outcome-milestone  
7           payment system;

8           (IX) measures of satisfaction  
9           among beneficiaries in receipt of tick-  
10          ets under the Program; and

11          (X) reasons for (including com-  
12          ments solicited from beneficiaries re-  
13          garding) their choice not to use their  
14          tickets or their inability to return to  
15          work despite the use of their tickets.

16          (D) PERIODIC EVALUATION REPORTS.—

17          Following the close of the third and fifth fiscal  
18          years ending after the effective date under sub-  
19          section (c), and prior to the close of the seventh  
20          fiscal year ending after such date, the Commis-  
21          sioner shall transmit to the Committee on Ways  
22          and Means of the House of Representatives and  
23          the Committee on Finance of the Senate a re-  
24          port containing the Commissioner's evaluation  
25          of the progress of activities conducted under the

1 provisions of this section and the amendments  
2 made thereby. Each such report shall set forth  
3 the Commissioner's evaluation of the extent to  
4 which the Program has been successful and the  
5 Commissioner's conclusions on whether or how  
6 the Program should be modified. Each such re-  
7 port shall include such data, findings, materials,  
8 and recommendations as the Commissioner may  
9 consider appropriate.

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

13 (A) IN GENERAL.—In the case of any  
14 State in which the amendments made by sub-  
15 section (a) have not been fully implemented  
16 pursuant to this subsection, the Commissioner  
17 shall determine by regulation the extent to  
18 which—

19 (i) the requirement under section  
20 222(a) of the Social Security Act for  
21 prompt referrals to a State agency; and

22 (ii) the authority of the Commissioner  
23 under section 222(d)(2) of the Social Secu-  
24 rity Act to provide vocational rehabilitation  
25 services in such State by agreement or

1 contract with other public or private agen-  
2 cies, organizations, institutions, or individ-  
3 uals,

4 shall apply in such State.

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

17 (c) SPECIFIC REGULATIONS REQUIRED.—

18 (1) IN GENERAL.—The Commissioner of Social  
19 Security shall prescribe such regulations as are nec-  
20 essary to implement the amendments made by this  
21 section.

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

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

5           (B) the format and wording of such tick-  
6 ets, which shall incorporate by reference any  
7 contractual terms governing service by employ-  
8 ment networks under the Program;

9           (C) the form and manner in which State  
10 agencies may elect participation in the Ticket to  
11 Work and Self-Sufficiency Program (and revoke  
12 such an election) pursuant to section  
13 1148(c)(1) of the Social Security Act and provi-  
14 sion for periodic opportunities for exercising  
15 such elections (and revocations);

16           (D) the status of State agencies under sec-  
17 tion 1148(e)(1) at the time that State agencies  
18 exercise elections (and revocations) under that  
19 section;

20           (E) the terms of agreements to be entered  
21 into with program managers pursuant to sec-  
22 tion 1148(d) of the Social Security Act,  
23 including—

24                   (i) the terms by which program man-  
25 agers are precluded from direct participa-

1           tion in the delivery of services pursuant to  
2           section 1148(d)(3) of the Social Security  
3           Act;

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

10          (iii) the format under which dispute  
11          resolution will operate under section  
12          1148(d)(7);

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

17          (i) the manner in which service areas  
18          are specified pursuant to section  
19          1148(f)(2)(A) of the Social Security Act;

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

1           (iii) specific requirements relating to  
2           annual financial reporting by employment  
3           networks pursuant to section 1148(f)(3) of  
4           the Social Security Act; and

5           (iv) the national model to which peri-  
6           odic outcomes reporting by employment  
7           networks must conform under section  
8           1148(f)(4) of the Social Security Act;

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

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

15           (i) the form and manner in which  
16           elections by employment networks of pay-  
17           ment systems are to be exercised pursuant  
18           to section 1148(h)(1)(A);

19           (ii) the terms which must be met by  
20           an outcome payment system under section  
21           1148(h)(2);

22           (iii) the terms which must be met by  
23           an outcome-milestone payment system  
24           under section 1148(h)(3);

- 1           (iv) any revision of the percentage  
2           specified in paragraph (2)(C) of section  
3           1148(h) of the Social Security Act or the  
4           period of time specified in paragraph  
5           (4)(B) of such section 1148(h); and
- 6           (v) annual oversight procedures for  
7           such systems; and
- 8           (I) procedures for effective oversight of the  
9           Program by the Commissioner of Social Secu-  
10          rity, including periodic reviews and reporting  
11          requirements.

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

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

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

19               (1) advise the Secretary of Health and Human  
20               Services, the Secretary of Labor, the Secretary of  
21               Education, and the Commissioner of Social Security  
22               on issues related to work incentives programs, plan-  
23               ning, and assistance for individuals with disabilities,  
24               including work incentive provisions under titles II,  
25               XI, XVI, XVIII, and XIX of the Social Security Act

1       (42 U.S.C. 401 et seq., 1301 et seq., 1381 et seq.,  
2       1395 et seq., 1396 et seq.); and

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

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

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

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

23          (D) furnish progress reports on the Pro-  
24      gram to the Commissioner and each House of  
25      Congress.

1       ~~(c) MEMBERSHIP.—~~

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

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

23               ~~(3) TERMS.—~~

24                       ~~(A) IN GENERAL.—~~Each member shall be  
25 appointed for a term of 4 years (or, if less, for

1 the remaining life of the Panel), except as pro-  
2 vided in subparagraphs (B) and (C). The initial  
3 members shall be appointed not later than 90  
4 days after the date of enactment of this Act.

5 (B) TERMS OF INITIAL APPOINTEES.—As  
6 designated by the Commissioner at the time of  
7 appointment, of the members first appointed—

8 (i) 6 of the members appointed under  
9 paragraph (1) shall be appointed for a  
10 term of 2 years; and

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

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

23 (4) BASIC PAY.—Members shall each be paid at  
24 a rate, and in a manner, that is consistent with

1 guidelines established under section 7 of the Federal  
2 Advisory Committee Act (5 U.S.C. App.):

3 (5) TRAVEL EXPENSES.—Each member shall  
4 receive travel expenses, including per diem in lieu of  
5 subsistence, in accordance with sections 5702 and  
6 5703 of title 5, United States Code.

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

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

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

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

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

23 (2) STAFF.—Subject to rules prescribed by the  
24 Commissioner, the Director may appoint and fix the

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

3 (3) EXPERTS AND CONSULTANTS.—Subject to  
4 rules prescribed by the Commissioner, the Director  
5 may procure temporary and intermittent services  
6 under section 3109(b) of title 5, United States Code.

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

13 (c) POWERS OF PANEL.—

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

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

23 (3) MAILED.—The Panel may use the United  
24 States mails in the same manner and under the

1 same conditions as other departments and agencies  
2 of the United States.

3 (f) REPORTS.—

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

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

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

18 (h) ALLOCATION OF COSTS.—The costs of carrying  
19 out this section shall be paid from amounts made available  
20 for the administration of title II of the Social Security Act  
21 (42 U.S.C. 401 et seq.) and amounts made available for  
22 the administration of title XVI of that Act (42 U.S.C.  
23 1381 et seq.); and shall be allocated among those amounts  
24 as appropriate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1           “(2) engaged in substantial gainful activity dur-  
2           ing the 36-month period following the end of a trial  
3           work period under section 222(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                   ~~“(H) The State agency admin-~~  
13                   ~~istering the State program funded~~  
14                   ~~under part A of title IV.~~

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

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

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

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

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

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

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

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

24 “(B) LIMITATIONS.—

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

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

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

18          “(e) DEFINITIONS.—In this section:

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

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

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

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

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

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

15 “(b) SERVICES PROVIDED.—

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

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

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

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

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

4 “(d) AMOUNT OF PAYMENTS.—

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

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

16 “(i) \$100,000; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**TITLE IV—TECHNICAL  
AMENDMENTS**

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

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

(1) in subparagraph (A), by striking “by the Commissioner of Social Security” and “by the Commissioner”; and

(2) by adding at the end the following:

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

“(i) there is pending a request for either administrative or judicial review with respect to such claim; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (3) EFFECTIVE DATE.—The amendments made  
 8 by this subsection shall take effect as if included in  
 9 the enactment of section 203(a) of the Personal Re-  
 10 sponsibility and Work Opportunity Reconciliation  
 11 Act of 1996 (Public Law 104–193; 110 Stat. 2186).  
 12 The reference to section 202(x)(1)(A)(ii) of the So-  
 13 cial Security Act in section 1611(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 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(c)(1). If the application is filed  
20 after the due date of the applicant's Federal income tax  
21 return for a taxable year and is effective with respect to  
22 that taxable year, it shall include or be accompanied by  
23 payment in full of an amount equal to the total of the  
24 taxes that would have been imposed by section 1401 of  
25 the Internal Revenue Code of 1986 with respect to all of

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Sec. 1. Short title; table of contents.*

*Sec. 2. Findings and purposes.*

**TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES**

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

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

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

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

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

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

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

*Subtitle B—Elimination of Work Disincentives*

*Sec. 211. Work activity standard as a basis for review of an individual’s disabled status.*

*Sec. 212. Expedited reinstatement of disability benefits.*

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

*Sec. 221. Work incentives outreach program.*

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

**TITLE III—DEMONSTRATION PROJECTS AND STUDIES**

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

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

*Sec. 303. Studies and reports.*

## TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

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

Sec. 402. *Treatment of prisoners.*

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

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

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

## TITLE V—REVENUE

Sec. 501. *Modification to foreign tax credit carryback and carryover periods.*

Sec. 502. *Limitation on use of non-accrual experience method of accounting.*

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

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

2 (a) *FINDINGS.—Congress makes the following findings:*

3 (1) *Health care is important to all Americans.*

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

11 (3) *Americans with significant disabilities often*  
 12 *are unable to obtain health care insurance that pro-*  
 13 *vides coverage of the services and supports that enable*  
 14 *them to live independently and enter or rejoin the*  
 15 *workforce. Personal assistance services (such as at-*  
 16 *tendant services, personal assistance with transpor-*  
 17 *tation to and from work, reader services, job coaches,*  
 18 *and related assistance) remove many of the barriers*  
 19 *between significant disability and work. Coverage for*

1        *such services, as well as for prescription drugs, dura-*  
2        *ble medical equipment, and basic health care are*  
3        *powerful and proven tools for individuals with sig-*  
4        *nificant disabilities to obtain and retain employment.*

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

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

17           *(6) Currently, less than 1/2 of 1 percent of social*  
18        *security disability insurance and supplemental secu-*  
19        *rity income beneficiaries cease to receive benefits as a*  
20        *result of employment.*

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

24           *(8) If an additional 1/2 of 1 percent of the cur-*  
25        *rent social security disability insurance (DI) and*

1        *supplemental security income (SSI) recipients were to*  
2        *cease receiving benefits as a result of employment, the*  
3        *savings to the Social Security Trust Funds in cash*  
4        *assistance would total \$3,500,000,000 over the*  
5        *worklife of the individuals.*

6        *(b) PURPOSES.—The purposes of this Act are as fol-*  
7        *lows:*

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

12                *(2) To encourage States to adopt the option of*  
13                *allowing individuals with disabilities to purchase*  
14                *medicaid coverage that is necessary to enable such in-*  
15                *dividuals to maintain employment.*

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

19                *(4) To establish a return to work ticket program*  
20                *that will allow individuals with disabilities to seek*  
21                *the services necessary to obtain and retain employ-*  
22                *ment and reduce their dependency on cash benefit*  
23                *programs.*

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

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

7 *(a) IN GENERAL.—*

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

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

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

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

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

1                    *tations (if any) as the State may es-*  
 2                    *tablish;”.*

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

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

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

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

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

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

1                   (B) *DEFINITION OF EMPLOYED INDIVIDUALS*  
2                   WITH A MEDICALLY IMPROVED DISABILITY.—*Sec-*  
3                   tion 1905 of the Social Security Act (42 U.S.C.

4                   1396d) is amended by adding at the end the fol-

5                   lowing:

6                   “(v)(1) The term ‘employed individual with a medi-

7                   cally improved disability’ means an individual who—

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

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

10                  “(C) ceases to be eligible for medical assistance

11                  under section 1902(a)(10)(A)(ii)(XV) because the in-

12                  dividual, by reason of medical improvement, is deter-

13                  mined at the time of a regularly scheduled continuing

14                  disability review to no longer be eligible for benefits

15                  under section 223(d) or 1614(a)(3); and

16                  “(D) continues to have a severe medically deter-

17                  minable impairment, as determined under regulations

18                  of the Secretary.

19                  “(2) For purposes of paragraph (1), an individual is

20                  considered to be ‘employed’ if the individual—

21                  “(A) is earning at least the applicable minimum

22                  wage requirement under section 6 of the Fair Labor

23                  Standards Act (29 U.S.C. 206) and working at least

24                  40 hours per month; or

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

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

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

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

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

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

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

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

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

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

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

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

6 “(2) require payment of 100 percent of such pre-  
7 miums in the case of such an individual who has in-  
8 come that exceeds 250 percent of the income official  
9 poverty line (referred to in subsection (c)(1)) applica-  
10 ble to a family of the size involved.”

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

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

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

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

1       *(other than for such medical assistance) is not less*  
2       *than the level expended for such programs during the*  
3       *most recent State fiscal year ending before the date*  
4       *of enactment of this paragraph.”.*

5       ***(b) CONFORMING AMENDMENTS.—***

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

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

15       ***(c) EFFECTIVE DATE.—***

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

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

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

3 *(a) CONTINUATION OF COVERAGE.—*

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

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

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

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

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

16 *“(2) for subsequent months, in the case of an in-*  
17 *dividual who was entitled to benefits under subsection*  
18 *(b) as of the last month of such 10-year period and*  
19 *would continue (but for such 24-month limitation) to*  
20 *be so entitled.”.*

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

24 *(A) by striking “solely”; and*

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

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

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

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

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

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

23          (1) months described in section 226(j)(1) of such  
24          Act (42 U.S.C. 426(j)(1)) (as added by subsection  
25          (a)); and

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

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

8 (a) *ESTABLISHMENT.—*

9           (1) *IN GENERAL.—The Secretary of Health and*  
 10 *Human Services (in this section referred to as the*  
 11 *“Secretary”)* shall award grants described in sub-  
 12 *section (b) to States to support the design, establish-*  
 13 *ment, and operation of State infrastructures that pro-*  
 14 *vide items and services to support working individ-*  
 15 *uals with disabilities.*

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

21           (3) *DEFINITION OF STATE.—In this section, the*  
 22 *term “State” means each of the 50 States, the District*  
 23 *of Columbia, Puerto Rico, Guam, the United States*  
 24 *Virgin Islands, American Samoa, and the Common-*  
 25 *wealth of the Northern Mariana Islands.*

1       **(b) GRANTS FOR INFRASTRUCTURE AND OUTREACH.—**

2               **(1) IN GENERAL.—***Out of the funds appropriated*  
3 *under subsection (e), the Secretary shall award grants*  
4 *to States to—*

5                       **(A)** *support the establishment, implementa-*  
6 *tion, and operation of the State infrastructures*  
7 *described in subsection (a); and*

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

10       **(2) ELIGIBILITY FOR GRANTS.—**

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

13                               **(i)** *has an approved amendment to the*  
14 *State plan under title XIX of the Social Se-*  
15 *curity Act (42 U.S.C. 1396 et seq.) that pro-*  
16 *vides medical assistance under such plan to*  
17 *individuals described in section*  
18 *1902(a)(10)(A)(ii)(XV) of the Social Secu-*  
19 *rity Act (42 U.S.C.*  
20 *1396a(a)(10)(A)(ii)(XV)); and*

21                               **(ii)** *demonstrates to the satisfaction of*  
22 *the Secretary that the State makes personal*  
23 *assistance services available under the State*  
24 *plan under title XIX of the Social Security*  
25 *Act (42 U.S.C. 1396 et seq.) to the extent*

1           *necessary to enable individuals described in*  
2           *clause (i) to remain employed (as deter-*  
3           *mined under section 1905(v)(2) of the So-*  
4           *cial Security Act (42 U.S.C. 1396d(v)(2))).*

5           *(B) DEFINITION OF PERSONAL ASSISTANCE*  
6           *SERVICES.—In this paragraph, the term “per-*  
7           *sonal assistance services” means a range of serv-*  
8           *ices, provided by 1 or more persons, designed to*  
9           *assist an individual with a disability to perform*  
10           *daily activities on and off the job that the indi-*  
11           *vidual would typically perform if the individual*  
12           *did not have a disability. Such services shall be*  
13           *designed to increase the individual’s control in*  
14           *life and ability to perform everyday activities on*  
15           *or off the job.*

16           *(3) DETERMINATION OF AWARDS.—*

17           *(A) IN GENERAL.—Subject to subparagraph*  
18           *(B), the Secretary shall determine a formula for*  
19           *awarding grants to States under this section that*  
20           *provides special consideration to States that pro-*  
21           *vide medical assistance under title XIX of the*  
22           *Social Security Act to individuals described in*  
23           *section 1902(a)(10)(A)(ii)(XVI) of that Act (42*  
24           *U.S.C. 1396a(a)(10)(A)(ii)(XVI)).*

25           *(B) AWARD LIMITS.—*

1 (i) *MINIMUM AWARDS.*—

2 (I) *IN GENERAL.*—Subject to sub-  
3 clause (II), no State with an approved  
4 application under this section shall re-  
5 ceive a grant for a fiscal year that is  
6 less than \$500,000.

7 (II) *PRO RATA REDUCTIONS.*—If  
8 the funds appropriated under sub-  
9 section (e) for a fiscal year are not suf-  
10 ficient to pay each State with an ap-  
11 plication approved under this section  
12 the minimum amount described in  
13 subclause (I), the Secretary shall pay  
14 each such State an amount equal to the  
15 pro rata share of the amount made  
16 available.

17 (ii) *MAXIMUM AWARDS.*—No State  
18 with an application that has been approved  
19 under this section shall receive a grant for  
20 a fiscal year that exceeds 15 percent of the  
21 total expenditures by the State (including  
22 the reimbursed Federal share of such ex-  
23 penditures) for medical assistance for indi-  
24 viduals eligible under subclause (XV) and  
25 (XVI) of section 1902(a)(10)(A)(ii) of the

1                    *Social Security Act (42 U.S.C.*  
2                    *1396a(a)(10)(A)(ii)), as estimated by the*  
3                    *State and approved by the Secretary.*

4                    *(c) AVAILABILITY OF FUNDS.—*

5                    *(1) FUNDS AWARDED TO STATES.—Funds*  
6                    *awarded to a State under a grant made under this*  
7                    *section for a fiscal year shall remain available until*  
8                    *expended.*

9                    *(2) FUNDS NOT AWARDED TO STATES.—Funds*  
10                    *not awarded to States in the fiscal year for which*  
11                    *they are appropriated shall remain available in suc-*  
12                    *ceeding fiscal years for awarding by the Secretary.*

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

22                    *(e) APPROPRIATION.—*

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

1                   (A) for fiscal year 2000, \$20,000,000;  
2                   (B) for fiscal year 2001, \$25,000,000;  
3                   (C) for fiscal year 2002, \$30,000,000;  
4                   (D) for fiscal year 2003, \$35,000,000;  
5                   (E) for fiscal year 2004, \$40,000,000; and  
6                   (F) for each of fiscal years 2005 through  
7                   2010, the amount appropriated for the preceding  
8                   fiscal year increased by the percentage increase  
9                   (if any) in the Consumer Price Index for All  
10                  Urban Consumers (United States city average)  
11                  for the preceding fiscal year.

12                  (2) *BUDGET AUTHORITY.*—*This subsection con-*  
13                  *stitutes budget authority in advance of appropria-*  
14                  *tions Acts and represents the obligation of the Federal*  
15                  *Government to provide for the payment of the*  
16                  *amounts appropriated under paragraph (1).*

17                  (f) *RECOMMENDATION.*—*Not later than October 1,*  
18                  *2009, the Secretary, in consultation with the Work Incen-*  
19                  *tives Advisory Panel established under section 201(f), shall*  
20                  *submit a recommendation to the Committee on Commerce*  
21                  *of the House of Representatives and the Committee on Fi-*  
22                  *nance of the Senate regarding whether the grant program*  
23                  *established under this section should be continued after fis-*  
24                  *cal year 2010.*

1 **SEC. 104. DEMONSTRATION OF COVERAGE UNDER THE**  
 2 **MEDICAID PROGRAM OF WORKERS WITH PO-**  
 3 **TENTIALLY SEVERE DISABILITIES.**

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

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

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

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

22 (B) has a specific physical or mental im-  
 23 pairment that, as defined by the State under the  
 24 demonstration project, is reasonably expected,  
 25 but for the receipt of items and services described  
 26 in section 1905(a) of the Social Security Act (42

1           *U.S.C. 1396d(a)*), to become blind or disabled (as  
2           *defined under section 1614(a) of the Social Secu-*  
3           *rity Act (42 U.S.C. 1382c(a))*); and

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

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

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

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

17           (c) *APPROVAL OF DEMONSTRATION PROJECTS.*—

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

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

6           (A) *ELECTION OF OPTIONAL CATEGORY.*—

7           *The State has elected to provide coverage under*  
8 *its plan under title XIX of the Social Security*  
9 *Act of individuals described in section*  
10 *1902(a)(10)(A)(ii)(XV) of the Social Security*  
11 *Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).*

12           (B) *MAINTENANCE OF STATE EFFORT.*—

13 *Federal funds paid to a State pursuant to this*  
14 *section must be used to supplement, but not sup-*  
15 *plant, the level of State funds expended for work-*  
16 *ers with potentially severe disabilities under pro-*  
17 *grams in effect for such individuals at the time*  
18 *the demonstration project is approved under this*  
19 *section.*

20           (C) *INDEPENDENT EVALUATION.*—*The State*

21 *provides for an independent evaluation of the*  
22 *project.*

23           (3) *LIMITATIONS ON FEDERAL FUNDING.*—

24           (A) *APPROPRIATION.*—

1           (i) *IN GENERAL.*—*Out of any funds in*  
2           *the Treasury not otherwise appropriated,*  
3           *there is appropriated to carry out this*  
4           *section—*

5                   (I) *for fiscal year 2000,*  
6                   *\$70,000,000;*

7                   (II) *for fiscal year 2001,*  
8                   *\$73,000,000;*

9                   (III) *for fiscal year 2002,*  
10                  *\$77,000,000; and*

11                  (IV) *for fiscal year 2003,*  
12                  *\$80,000,000.*

13           (ii) *BUDGET AUTHORITY.*—*Clause (i)*  
14           *constitutes budget authority in advance of*  
15           *appropriations Acts and represents the obli-*  
16           *gation of the Federal Government to provide*  
17           *for the payment of the amounts appro-*  
18           *priated under clause (i).*

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

21                   (i) *the aggregate amount of payments*  
22                   *made by the Secretary to States under this*  
23                   *section exceed \$300,000,000; or*

1                   (ii) payments be provided by the Sec-  
2                   retary for a fiscal year after fiscal year  
3                   2005.

4                   (C) FUNDS ALLOCATED TO STATES.—The  
5                   Secretary shall allocate funds to States based on  
6                   their applications and the availability of funds.  
7                   Funds allocated to a State under a grant made  
8                   under this section for a fiscal year shall remain  
9                   available until expended.

10                  (D) FUNDS NOT ALLOCATED TO STATES.—  
11                  Funds not allocated to States in the fiscal year  
12                  for which they are appropriated shall remain  
13                  available in succeeding fiscal years for allocation  
14                  by the Secretary using the allocation formula es-  
15                  tablished under this section.

16                  (E) PAYMENTS TO STATES.—The Secretary  
17                  shall pay to each State with a demonstration  
18                  project approved under this section, from its al-  
19                  location under subparagraph (C), an amount for  
20                  each quarter equal to the Federal medical assist-  
21                  ance percentage (as defined in section 1905(b) of  
22                  the Social Security Act (42 U.S.C. 1395d(b)) of  
23                  expenditures in the quarter for medical assist-  
24                  ance provided to workers with a potentially se-  
25                  vere disability.

1       (d) *RECOMMENDATION.*—Not later than October 1,  
 2 2002, the Secretary shall submit a recommendation to the  
 3 Committee on Commerce of the House of Representatives  
 4 and the Committee on Finance of the Senate regarding  
 5 whether the demonstration project established under this  
 6 section should be continued after fiscal year 2003.

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

10 **TITLE II—TICKET TO WORK AND**  
 11 **SELF-SUFFICIENCY AND RE-**  
 12 **LATED PROVISIONS**

13 **Subtitle A—Ticket to Work and**  
 14 **Self-Sufficiency**

15 **SEC. 201. ESTABLISHMENT OF THE TICKET TO WORK AND**  
 16 **SELF-SUFFICIENCY PROGRAM.**

17       (a) *IN GENERAL.*—Part A of title XI of the Social Se-  
 18 curity Act (42 U.S.C. 1301 et seq.) is amended by adding  
 19 after section 1147 (as added by section 8 of the Noncitizen  
 20 Benefit Clarification and Other Technical Amendments Act  
 21 of 1998 (Public Law 105–306; 112 Stat. 2928)) the fol-  
 22 lowing:

23       “*TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM*

24       “*SEC. 1148. (a) IN GENERAL.*—The Commissioner  
 25 shall establish a Ticket to Work and Self-Sufficiency Pro-  
 26 gram, under which a disabled beneficiary may use a ticket

1 *to work and self-sufficiency issued by the Commissioner in*  
2 *accordance with this section to obtain employment services,*  
3 *vocational rehabilitation services, or other support services*  
4 *from an employment network which is of the beneficiary's*  
5 *choice and which is willing to provide such services to the*  
6 *beneficiary.*

7       “(b) *TICKET SYSTEM.—*

8               “(1) *DISTRIBUTION OF TICKETS.—The Commis-*  
9 *sioner may issue a ticket to work and self-sufficiency*  
10 *to disabled beneficiaries for participation in the Pro-*  
11 *gram.*

12              “(2) *ASSIGNMENT OF TICKETS.—A disabled ben-*  
13 *eficiary holding a ticket to work and self-sufficiency*  
14 *may assign the ticket to any employment network of*  
15 *the beneficiary's choice which is serving under the*  
16 *Program and is willing to accept the assignment.*

17              “(3) *TICKET TERMS.—A ticket issued under*  
18 *paragraph (1) shall consist of a document which evi-*  
19 *dences the Commissioner's agreement to pay (as pro-*  
20 *vided in paragraph (4)) an employment network,*  
21 *which is serving under the Program and to which*  
22 *such ticket is assigned by the beneficiary, for such em-*  
23 *ployment services, vocational rehabilitation services,*  
24 *and other support services as the employment network*  
25 *may provide to the beneficiary.*

1           “(4) *PAYMENTS TO EMPLOYMENT NETWORKS.*—  
2           *The Commissioner shall pay an employment network*  
3           *under the Program in accordance with the outcome*  
4           *payment system under subsection (h)(2) or under the*  
5           *outcome-milestone payment system under subsection*  
6           *(h)(3) (whichever is elected pursuant to subsection*  
7           *(h)(1)). An employment network may not request or*  
8           *receive compensation for such services from the bene-*  
9           *ficiary.*

10          “(c) *STATE PARTICIPATION.*—

11           “(1) *IN GENERAL.*—*Each State agency admin-*  
12           *istering or supervising the administration of the*  
13           *State plan approved under title I of the Rehabilita-*  
14           *tion Act of 1973 may elect to participate in the Pro-*  
15           *gram as an employment network with respect to a*  
16           *disabled beneficiary. If the State agency does elect to*  
17           *participate in the Program, the State agency also*  
18           *shall elect to be paid under the outcome payment sys-*  
19           *tem or the outcome-milestone payment system in ac-*  
20           *cordance with subsection (h)(1). With respect to a dis-*  
21           *abled beneficiary that the State agency does not elect*  
22           *to have participate in the Program, the State agency*  
23           *shall be paid for services provided to that beneficiary*  
24           *under the system for payment applicable under sec-*  
25           *tion 222(d) and subsections (d) and (e) of section*

1       1615. *The Commissioner shall provide for periodic*  
2       *opportunities for exercising such elections (and rev-*  
3       *ocations).*

4               “(2) *EFFECT OF PARTICIPATION BY STATE*  
5       *AGENCY.—*

6               “(A) *STATE AGENCIES PARTICIPATING.—In*  
7       *any case in which a State agency described in*  
8       *paragraph (1) elects under that paragraph to*  
9       *participate in the Program, the employment*  
10       *services, vocational rehabilitation services, and*  
11       *other support services which, upon assignment of*  
12       *tickets to work and self-sufficiency, are provided*  
13       *to disabled beneficiaries by the State agency act-*  
14       *ing as an employment network shall be governed*  
15       *by plans for vocational rehabilitation services*  
16       *approved under title I of the Rehabilitation Act*  
17       *of 1973.*

18               “(B) *STATE AGENCIES ADMINISTERING MA-*  
19       *TERNAL AND CHILD HEALTH SERVICES PRO-*  
20       *GRAMS.—Subparagraph (A) shall not apply with*  
21       *respect to any State agency administering a pro-*  
22       *gram under title V of this Act.*

23               “(3) *SPECIAL REQUIREMENTS APPLICABLE TO*  
24       *CROSS-REFERRAL TO CERTAIN STATE AGENCIES.—*

1           “(A) *IN GENERAL.*—*In any case in which*  
2           *an employment network has been assigned a*  
3           *ticket to work and self-sufficiency by a disabled*  
4           *beneficiary, no State agency shall be deemed re-*  
5           *quired, under this section, title I of the Workforce*  
6           *Investment Act of 1998, title I of the Rehabilita-*  
7           *tion Act of 1973, or a State plan approved under*  
8           *such title, to accept any referral of such disabled*  
9           *beneficiary from such employment network un-*  
10           *less such employment network and such State*  
11           *agency have entered into a written agreement*  
12           *that meets the requirements of subparagraph (B).*  
13           *Any beneficiary who has assigned a ticket to*  
14           *work and self-sufficiency to an employment net-*  
15           *work that has not entered into such a written*  
16           *agreement with such a State agency may not ac-*  
17           *cess vocational rehabilitation services under title*  
18           *I of the Rehabilitation Act of 1973 until such*  
19           *time as the beneficiary is reassigned to a State*  
20           *vocational rehabilitation agency by the Program*  
21           *Manager.*

22           “(B) *TERMS OF AGREEMENT.*—*An agree-*  
23           *ment required by subparagraph (A) shall specify,*  
24           *in accordance with regulations prescribed pursu-*  
25           *ant to subparagraph (C)—*

1           “(i) the extent (if any) to which the  
2           employment network holding the ticket will  
3           provide to the State agency—

4                   “(I) reimbursement for costs in-  
5                   curred in providing services described  
6                   in subparagraph (A) to the disabled  
7                   beneficiary; and

8                   “(II) other amounts from pay-  
9                   ments made by the Commissioner to  
10                  the employment network pursuant to  
11                  subsection (h); and

12           “(ii) any other conditions that may be  
13           required by such regulations.

14           “(C) *REGULATIONS.*—The Commissioner  
15           and the Secretary of Education shall jointly pre-  
16           scribe regulations specifying the terms of agree-  
17           ments required by subparagraph (A) and other-  
18           wise necessary to carry out the provisions of this  
19           paragraph.

20           “(D) *PENALTY.*—No payment may be made  
21           to an employment network pursuant to sub-  
22           section (h) in connection with services provided  
23           to any disabled beneficiary if such employment  
24           network makes referrals described in subpara-  
25           graph (A) in violation of the terms of the agree-

1           *ment required under subparagraph (A) or with-*  
2           *out having entered into such an agreement.*

3           “(d) *RESPONSIBILITIES OF THE COMMISSIONER.—*

4           “(1) *SELECTION AND QUALIFICATIONS OF PRO-*  
5           *GRAM MANAGERS.—The Commissioner shall enter into*  
6           *agreements with 1 or more organizations in the pri-*  
7           *vate or public sector for service as a program man-*  
8           *ager to assist the Commissioner in administering the*  
9           *Program. Any such program manager shall be se-*  
10          *lected by means of a competitive bidding process,*  
11          *from among organizations in the private or public*  
12          *sector with available expertise and experience in the*  
13          *field of vocational rehabilitation and employment*  
14          *services.*

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

22                  “(A) *measures for ease of access by bene-*  
23                  *ficiaries to services; and*

24                  “(B) *measures for determining the extent to*  
25                  *which failures in obtaining services for bene-*

1           *ficiaries fall within acceptable parameters, as de-*  
 2           *termined by the Commissioner.*

3           “(3) *PRECLUSION FROM DIRECT PARTICIPATION*  
 4           *IN DELIVERY OF SERVICES IN OWN SERVICE AREA.—*  
 5           *Agreements under paragraph (1) shall preclude—*

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

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

17           “(4) *SELECTION OF EMPLOYMENT NETWORKS.—*

18                   “(A) *IN GENERAL.—The Commissioner shall*  
 19                    *select and enter into agreements with employ-*  
 20                    *ment networks for service under the Program.*  
 21                    *Such employment networks shall be in addition*  
 22                    *to State agencies serving as employment net-*  
 23                    *works pursuant to elections under subsection (c).*

24                   “(B) *ALTERNATE PARTICIPANTS.—In any*  
 25                    *State where the Program is being implemented,*

1           *the Commissioner shall enter into an agreement*  
2           *with any alternate participant that is operating*  
3           *under the authority of section 222(d)(2) in the*  
4           *State as of the date of enactment of this section*  
5           *and chooses to serve as an employment network*  
6           *under the Program.*

7           “(5) *TERMINATION OF AGREEMENTS WITH EM-*  
8           *PLOYMENT NETWORKS.—The Commissioner shall ter-*  
9           *minate agreements with employment networks for in-*  
10          *adequate performance, as determined by the Commis-*  
11          *sioner.*

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

1        *ceiving services under the Program are designed to*  
2        *measure customer service satisfaction.*

3            *“(7) DISPUTE RESOLUTION.—The Commissioner*  
4        *shall provide for a mechanism for resolving disputes*  
5        *between beneficiaries and employment networks, be-*  
6        *tween program managers and employment networks,*  
7        *and between program managers and providers of*  
8        *services. The Commissioner shall afford a party to*  
9        *such a dispute a reasonable opportunity for a full*  
10       *and fair review of the matter in dispute.*

11        *“(e) PROGRAM MANAGERS.—*

12            *“(1) IN GENERAL.—A program manager shall*  
13        *conduct tasks appropriate to assist the Commissioner*  
14        *in carrying out the Commissioner’s duties in admin-*  
15        *istering the Program.*

16            *“(2) RECRUITMENT OF EMPLOYMENT NET-*  
17        *WORKS.—A program manager shall recruit, and rec-*  
18        *ommend for selection by the Commissioner, employ-*  
19        *ment networks for service under the Program. The*  
20        *program manager shall carry out such recruitment*  
21        *and provide such recommendations, and shall mon-*  
22        *itor all employment networks serving in the Program*  
23        *in the geographic area covered under the program*  
24        *manager’s agreement, to the extent necessary and ap-*  
25        *propriate to ensure that adequate choices of services*

1        *are made available to beneficiaries. Employment net-*  
2        *works may serve under the Program only pursuant*  
3        *to an agreement entered into with the Commissioner*  
4        *under the Program incorporating the applicable pro-*  
5        *visions of this section and regulations thereunder, and*  
6        *the program manager shall provide and maintain as-*  
7        *surances to the Commissioner that payment by the*  
8        *Commissioner to employment networks pursuant to*  
9        *this section is warranted based on compliance by such*  
10       *employment networks with the terms of such agree-*  
11       *ment and this section. The program manager shall*  
12       *not impose numerical limits on the number of em-*  
13       *ployment networks to be recommended pursuant to*  
14       *this paragraph.*

15            *“(3) FACILITATION OF ACCESS BY BENE-*  
16        *FICIARIES TO EMPLOYMENT NETWORKS.—A program*  
17        *manager shall facilitate access by beneficiaries to em-*  
18        *ployment networks. The program manager shall en-*  
19        *sure that each beneficiary is allowed changes in em-*  
20        *ployment networks for good cause, as determined by*  
21        *the Commissioner, without being deemed to have re-*  
22        *jected services under the Program. The program man-*  
23        *ager shall establish and maintain lists of employment*  
24        *networks available to beneficiaries and shall make*  
25        *such lists generally available to the public. The pro-*

1 *gram manager shall ensure that all information pro-*  
2 *vided to disabled beneficiaries pursuant to this para-*  
3 *graph is provided in accessible formats.*

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

11 “(5) *REASONABLE ACCESS TO SERVICES.—The*  
12 *program manager shall take such measures as are*  
13 *necessary to ensure that sufficient employment net-*  
14 *works are available and that each beneficiary receiv-*  
15 *ing services under the Program has reasonable access*  
16 *to employment services, vocational rehabilitation serv-*  
17 *ices, and other support services. Services provided*  
18 *under the Program may include case management,*  
19 *work incentives planning, supported employment, ca-*  
20 *reer planning, career plan development, vocational*  
21 *assessment, job training, placement, followup services,*  
22 *and such other services as may be specified by the*  
23 *Commissioner under the Program. The program man-*  
24 *ager shall ensure that such services are available in*  
25 *each service area.*

1       “(f) *EMPLOYMENT NETWORKS.*—

2               “(1) *QUALIFICATIONS FOR EMPLOYMENT NET-*  
3 *WORKS.*—

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

13               “(B) *ONE-STOP DELIVERY SYSTEMS.*—*An*  
14 *employment network serving under the Program*  
15 *may consist of a one-stop delivery system estab-*  
16 *lished under subtitle B of title I of the Workforce*  
17 *Investment Act of 1998.*

18               “(C) *COMPLIANCE WITH SELECTION CRI-*  
19 *TERIA.*—*No employment network may serve*  
20 *under the Program unless it meets and main-*  
21 *tains compliance with both general selection cri-*  
22 *teria (such as professional and educational*  
23 *qualifications (where applicable)) and specific*  
24 *selection criteria (such as substantial expertise*

1           *and experience in providing relevant employ-*  
2           *ment services and supports).*

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

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

18                   “(A) *serve prescribed service areas; and*

19                   “(B) *take such measures as are necessary to*  
20                   *ensure that employment services, vocational re-*  
21                   *habilitation services, and other support services*  
22                   *provided under the Program by, or under agree-*  
23                   *ments entered into with, the employment network*  
24                   *are provided under appropriate individual work*  
25                   *plans meeting the requirements of subsection (g).*

1           “(3) *ANNUAL FINANCIAL REPORTING.*—*Each em-*  
2           *ployment network shall meet financial reporting re-*  
3           *quirements as prescribed by the Commissioner.*

4           “(4) *PERIODIC OUTCOMES REPORTING.*—*Each*  
5           *employment network shall prepare periodic reports,*  
6           *on at least an annual basis, itemizing for the covered*  
7           *period specific outcomes achieved with respect to spe-*  
8           *cific services provided by the employment network.*  
9           *Such reports shall conform to a national model pre-*  
10          *scribed under this section. Each employment network*  
11          *shall provide a copy of the latest report issued by the*  
12          *employment network pursuant to this paragraph to*  
13          *each beneficiary upon enrollment under the Program*  
14          *for services to be received through such employment*  
15          *network. Upon issuance of each report to each bene-*  
16          *ficiary, a copy of the report shall be maintained in*  
17          *the files of the employment network. The program*  
18          *manager shall ensure that copies of all such reports*  
19          *issued under this paragraph are made available to the*  
20          *public under reasonable terms.*

21          “(g) *INDIVIDUAL WORK PLANS.*—

22                 “(1) *REQUIREMENTS.*—*Each employment net-*  
23                 *work shall—*

24                         “(A) *take such measures as are necessary to*  
25                         *ensure that employment services, vocational re-*

1           *habilitation services, and other support services*  
2           *provided under the Program by, or under agree-*  
3           *ments entered into with, the employment network*  
4           *are provided under appropriate individual work*  
5           *plans that meet the requirements of subpara-*  
6           *graph (C);*

7           “(B) *develop and implement each such indi-*  
8           *vidual work plan in partnership with each bene-*  
9           *ficiary receiving such services in a manner that*  
10          *affords the beneficiary the opportunity to exer-*  
11          *cise informed choice in selecting an employment*  
12          *goal and specific services needed to achieve that*  
13          *employment goal;*

14          “(C) *ensure that each individual work plan*  
15          *includes at least—*

16                  “(i) *a statement of the vocational goal*  
17                  *developed with the beneficiary;*

18                  “(ii) *a statement of the services and*  
19                  *supports that have been deemed necessary*  
20                  *for the beneficiary to accomplish that goal;*

21                  “(iii) *a statement of any terms and*  
22                  *conditions related to the provision of such*  
23                  *services and supports; and*

24                  “(iv) *a statement of understanding re-*  
25                  *garding the beneficiary’s rights under the*

1            *Program (such as the right to retrieve the*  
2            *ticket to work and self-sufficiency if the ben-*  
3            *eficiary is dissatisfied with the services*  
4            *being provided by the employment network)*  
5            *and remedies available to the individual,*  
6            *including information on the availability of*  
7            *advocacy services and assistance in resolv-*  
8            *ing disputes through the State grant pro-*  
9            *gram authorized under section 1150;*

10            *“(D) provide a beneficiary the opportunity*  
11            *to amend the individual work plan if a change*  
12            *in circumstances necessitates a change in the*  
13            *plan; and*

14            *“(E) make each beneficiary’s individual*  
15            *work plan available to the beneficiary in, as ap-*  
16            *propriate, an accessible format chosen by the*  
17            *beneficiary.*

18            *“(2) EFFECTIVE UPON WRITTEN APPROVAL.—A*  
19            *beneficiary’s individual work plan shall take effect*  
20            *upon written approval by the beneficiary or a rep-*  
21            *resentative of the beneficiary and a representative of*  
22            *the employment network that, in providing such writ-*  
23            *ten approval, acknowledges assignment of the bene-*  
24            *ficiary’s ticket to work and self-sufficiency.*

25            *“(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—*

1           “(1) *ELECTION OF PAYMENT SYSTEM BY EM-*  
2           *PLOYMENT NETWORKS.—*—

3           “(A) *IN GENERAL.—The Program shall pro-*  
4           *vide for payment authorized by the Commis-*  
5           *sioner to employment networks under either an*  
6           *outcome payment system or an outcome-mile-*  
7           *stone payment system. Each employment net-*  
8           *work shall elect which payment system will be*  
9           *utilized by the employment network, and, for*  
10           *such period of time as such election remains in*  
11           *effect, the payment system so elected shall be uti-*  
12           *lized exclusively in connection with such employ-*  
13           *ment network (except as provided in subpara-*  
14           *graph (B)).*

15           “(B) *NO CHANGE IN METHOD OF PAYMENT*  
16           *FOR BENEFICIARIES WITH TICKETS ALREADY AS-*  
17           *SIGNED TO THE EMPLOYMENT NETWORKS.—Any*  
18           *election of a payment system by an employment*  
19           *network that would result in a change in the*  
20           *method of payment to the employment network*  
21           *for services provided to a beneficiary who is re-*  
22           *ceiving services from the employment network at*  
23           *the time of the election shall not be effective with*  
24           *respect to payment for services provided to that*  
25           *beneficiary and the method of payment pre-*

1 *viously selected shall continue to apply with re-*  
2 *spect to such services.*

3 *“(2) OUTCOME PAYMENT SYSTEM.—*

4 *“(A) IN GENERAL.—The outcome payment*  
5 *system shall consist of a payment structure gov-*  
6 *erning employment networks electing such sys-*  
7 *tem under paragraph (1)(A) which meets the re-*  
8 *quirements of this paragraph.*

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

18 *“(C) COMPUTATION OF PAYMENTS TO EM-*  
19 *PLOYMENT NETWORK.—The payment schedule of*  
20 *the outcome payment system shall be designed so*  
21 *that—*

22 *“(i) the payment for each of the 60*  
23 *months during the outcome payment period*  
24 *for which benefits (described in paragraphs*  
25 *(3) and (4) of subsection (k)) are not pay-*

1           *able is equal to a fixed percentage of the*  
2           *payment calculation base for the calendar*  
3           *year in which such month occurs; and*

4           “(ii) *such fixed percentage is set at a*  
5           *percentage which does not exceed 40 percent.*

6           “(3) *OUTCOME-MILESTONE PAYMENT SYSTEM.—*

7           “(A) *IN GENERAL.—The outcome-milestone*  
8           *payment system shall consist of a payment*  
9           *structure governing employment networks elect-*  
10          *ing such system under paragraph (1)(A) which*  
11          *meets the requirements of this paragraph.*

12          “(B) *EARLY PAYMENTS UPON ATTAINMENT*  
13          *OF MILESTONES IN ADVANCE OF OUTCOME PAY-*  
14          *MENT PERIODS.—The outcome-milestone pay-*  
15          *ment system shall provide for 1 or more mile-*  
16          *stones with respect to beneficiaries receiving serv-*  
17          *ices from an employment network under the Pro-*  
18          *gram that are directed toward the goal of perma-*  
19          *nent employment. Such milestones shall form a*  
20          *part of a payment structure that provides, in*  
21          *addition to payments made during outcome pay-*  
22          *ment periods, payments made prior to outcome*  
23          *payment periods in amounts based on the at-*  
24          *tainment of such milestones.*

1           “(C) *LIMITATION ON TOTAL PAYMENTS TO*  
2           *EMPLOYMENT NETWORK.*—*The payment schedule*  
3           *of the outcome-milestone payment system shall be*  
4           *designed so that the total of the payments to the*  
5           *employment network with respect to each bene-*  
6           *ficiary is less than, on a net present value basis*  
7           *(using an interest rate determined by the Com-*  
8           *missioner that appropriately reflects the cost of*  
9           *funds faced by providers), the total amount to*  
10           *which payments to the employment network with*  
11           *respect to the beneficiary would be limited if the*  
12           *employment network were paid under the out-*  
13           *come payment system.*

14           “(4) *DEFINITIONS.*—*In this subsection:*

15           “(A) *PAYMENT CALCULATION BASE.*—*The*  
16           *term ‘payment calculation base’ means, for any*  
17           *calendar year—*

18                   “(i) *in connection with a title II dis-*  
19                   *ability beneficiary, the average disability*  
20                   *insurance benefit payable under section 223*  
21                   *for all beneficiaries for months during the*  
22                   *preceding calendar year; and*

23                   “(ii) *in connection with a title XVI*  
24                   *disability beneficiary (who is not concu-*  
25                   *rently a title II disability beneficiary), the*

1           *average payment of supplemental security*  
2           *income benefits based on disability payable*  
3           *under title XVI (excluding State supplemen-*  
4           *tation) for months during the preceding cal-*  
5           *endar year to all beneficiaries who have at-*  
6           *tained age 18 but have not attained age 65.*

7           “(B) *OUTCOME PAYMENT PERIOD.*—*The*  
8           *term ‘outcome payment period’ means, in con-*  
9           *nection with any individual who had assigned a*  
10           *ticket to work and self-sufficiency to an employ-*  
11           *ment network under the Program, a period—*

12           *“(i) beginning with the first month,*  
13           *ending after the date on which such ticket*  
14           *was assigned to the employment network,*  
15           *for which benefits (described in paragraphs*  
16           *(3) and (4) of subsection (k)) are not pay-*  
17           *able to such individual by reason of engage-*  
18           *ment in substantial gainful activity or by*  
19           *reason of earnings from work activity; and*

20           *“(ii) ending with the 60th month (con-*  
21           *secutive or otherwise), ending after such*  
22           *date, for which such benefits are not pay-*  
23           *able to such individual by reason of engage-*  
24           *ment in substantial gainful activity or by*  
25           *reason of earnings from work activity.*

1           “(5) *PERIODIC REVIEW AND ALTERATIONS OF*  
2           *PRESCRIBED SCHEDULES.—*

3           “(A) *PERCENTAGES AND PERIODS.—The*  
4           *Commissioner shall periodically review the per-*  
5           *centage specified in paragraph (2)(C), the total*  
6           *payments permissible under paragraph (3)(C),*  
7           *and the period of time specified in paragraph*  
8           *(4)(B) to determine whether such percentages,*  
9           *such permissible payments, and such period pro-*  
10          *vide an adequate incentive for employment net-*  
11          *works to assist beneficiaries to enter the work-*  
12          *force, while providing for appropriate economies.*  
13          *The Commissioner may alter such percentage,*  
14          *such total permissible payments, or such period*  
15          *of time to the extent that the Commissioner de-*  
16          *termines, on the basis of the Commissioner’s re-*  
17          *view under this paragraph, that such an alter-*  
18          *ation would better provide the incentive and*  
19          *economies described in the preceding sentence.*

20          “(B) *NUMBER AND AMOUNTS OF MILESTONE*  
21          *PAYMENTS.—The Commissioner shall periodi-*  
22          *cally review the number and amounts of mile-*  
23          *stone payments established by the Commissioner*  
24          *pursuant to this section to determine whether*  
25          *they provide an adequate incentive for employ-*

1            *ment networks to assist beneficiaries to enter the*  
2            *workforce, taking into account information pro-*  
3            *vided to the Commissioner by program man-*  
4            *agers, the Work Incentives Advisory Panel estab-*  
5            *lished under section 201(f) of the Work Incen-*  
6            *tives Improvement Act of 1999, and other reli-*  
7            *able sources. The Commissioner may from time*  
8            *to time alter the number and amounts of mile-*  
9            *stone payments initially established by the Com-*  
10           *missioner pursuant to this section to the extent*  
11           *that the Commissioner determines that such an*  
12           *alteration would allow an adequate incentive for*  
13           *employment networks to assist beneficiaries to*  
14           *enter the workforce. Such alteration shall be*  
15           *based on information provided to the Commis-*  
16           *sioner by program managers, the Work Incen-*  
17           *tives Advisory Panel established under section*  
18           *201(f) of the Work Incentives Improvement Act*  
19           *of 1999, or other reliable sources.*

20           *“(i) SUSPENSION OF DISABILITY REVIEWS.—During*  
21           *any period for which an individual is using, as defined*  
22           *by the Commissioner, a ticket to work and self-sufficiency*  
23           *issued under this section, the Commissioner (and any ap-*  
24           *plicable State agency) may not initiate a continuing dis-*  
25           *ability review or other review under section 221 of whether*

1 *the individual is or is not under a disability or a review*  
2 *under title XVI similar to any such review under section*  
3 *221.*

4 “(j) *ALLOCATION OF COSTS.—*

5 “(1) *PAYMENTS TO EMPLOYMENT NETWORKS.—*

6 *Payments to employment networks (including State*  
7 *agencies that elect to participate in the Program as*  
8 *an employment network) shall be made from the Fed-*  
9 *eral Old-Age and Survivors Insurance Trust Fund or*  
10 *the Federal Disability Insurance Trust Fund, as ap-*  
11 *propriate, in the case of ticketed title II disability*  
12 *beneficiaries who return to work, or from the appro-*  
13 *priation made available for making supplemental se-*  
14 *curity income payments under title XVI, in the case*  
15 *of title XVI disability beneficiaries who return to*  
16 *work. With respect to ticketed beneficiaries who con-*  
17 *currently are entitled to benefits under title II and el-*  
18 *igible for payments under title XVI who return to*  
19 *work, the Commissioner shall allocate the cost of pay-*  
20 *ments to employment networks to which the tickets of*  
21 *such beneficiaries have been assigned among such*  
22 *Trust Funds and appropriation, as appropriate.*

23 “(2) *ADMINISTRATIVE EXPENSES.—The costs of*  
24 *administering this section (other than payments to*  
25 *employment networks) shall be paid from amounts*

1       *made available for the administration of title II and*  
2       *amounts made available for the administration of*  
3       *title XVI, and shall be allocated among those amounts*  
4       *as appropriate.*

5       “(k) *DEFINITIONS.—In this section:*

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

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

11              “(3) *TITLE II DISABILITY BENEFICIARY.—The*  
12       *term ‘title II disability beneficiary’ means an indi-*  
13       *vidual entitled to disability insurance benefits under*  
14       *section 223 or to monthly insurance benefits under*  
15       *section 202 based on such individual’s disability (as*  
16       *defined in section 223(d)). An individual is a title II*  
17       *disability beneficiary for each month for which such*  
18       *individual is entitled to such benefits.*

19              “(4) *TITLE XVI DISABILITY BENEFICIARY.—The*  
20       *term ‘title XVI disability beneficiary’ means an indi-*  
21       *vidual eligible for supplemental security income bene-*  
22       *fits under title XVI on the basis of blindness (within*  
23       *the meaning of section 1614(a)(2)) or disability*  
24       *(within the meaning of section 1614(a)(3)). An indi-*  
25       *vidual is a title XVI disability beneficiary for each*

1       *month for which such individual is eligible for such*  
 2       *benefits.*

3               “(5) *SUPPLEMENTAL SECURITY INCOME BENEFIT*  
 4       *UNDER TITLE XVI.—The term ‘supplemental security*  
 5       *income benefit under title XVI’ means a cash benefit*  
 6       *under section 1611 or 1619(a), and does not include*  
 7       *a State supplementary payment, administered feder-*  
 8       *ally or otherwise.*

9               “(l) *REGULATIONS.—Not later than 1 year after the*  
 10       *date of enactment of this section, the Commissioner shall*  
 11       *prescribe such regulations as are necessary to carry out the*  
 12       *provisions of this section.*

13               “(m) *REAUTHORIZATION OF PROGRAM.—*

14               “(1) *IN GENERAL.—The Program established*  
 15       *under this section shall terminate on the date that is*  
 16       *5 years after the date that the Commissioner com-*  
 17       *mences implementation of the Program.*

18               “(2) *ASSURANCE OF OUTCOME PAYMENT PE-*  
 19       *RIOD.—Notwithstanding paragraph (1)—*

20               “(A) *any individual who has initiated a*  
 21       *work plan in accordance with subsection (g) may*  
 22       *use services provided under the Program in ac-*  
 23       *cordance with this section; and*

1           “(B) any employment network that provides  
2           services to such an individual shall receive pay-  
3           ments for such services,  
4           during the individual’s outcome payment period (as  
5           defined in paragraph (4)(B) of subsection (h), includ-  
6           ing any alteration of such period in accordance with  
7           paragraph (5) of that subsection).”.

8           (b) CONFORMING AMENDMENTS.—

9           (1) AMENDMENTS TO TITLE II.—

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

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

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

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

20           (D) Section 225(b)(1) of the Social Security  
21           Act (42 U.S.C. 425(b)(1)) is amended by striking  
22           “a program of vocational rehabilitation services”  
23           and inserting “a program consisting of the Tick-  
24           et to Work and Self-Sufficiency Program under  
25           section 1148 or another program of vocational

1           *rehabilitation services, employment services, or*  
2           *other support services”.*

3           (2) *AMENDMENTS TO TITLE XVI.—*

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

7           “*SEC. 1615. (a) In the case of any blind or disabled*  
8           *individual who—*

9                   “*(1) has not attained age 16, and*

10                   “*(2) with respect to whom benefits are paid*  
11           *under this title,*

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

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

17                   (C) *Section 1631(a)(6)(A) of the Social Se-*  
18           *curity Act (42 U.S.C. 1383(a)(6)(A)) is amended*  
19           *by striking “a program of vocational rehabilita-*  
20           *tion services” and inserting “a program con-*  
21           *sisting of the Ticket to Work and Self-Sufficiency*  
22           *Program under section 1148 or another program*  
23           *of vocational rehabilitation services, employment*  
24           *services, or other support services”.*

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

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

4                   (ii) *by adding at the end the following:*

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

9                   (c) *EFFECTIVE DATE.—Subject to subsection (d), the*  
10 *amendments made by subsections (a) and (b) shall take ef-*  
11 *fect with the first month following 1 year after the date*  
12 *of enactment of this Act.*

13                   (d) *GRADUATED IMPLEMENTATION OF PROGRAM.—*

14                   (1) *IN GENERAL.—Not later than 1 year after*  
15 *the date of enactment of this Act, the Commissioner*  
16 *of Social Security shall commence implementation of*  
17 *the amendments made by this section (other than*  
18 *paragraphs (1)(C) and (2)(B) of subsection (b)) in*  
19 *graduated phases at phase-in sites selected by the*  
20 *Commissioner. Such phase-in sites shall be selected so*  
21 *as to ensure, prior to full implementation of the Tick-*  
22 *et to Work and Self-Sufficiency Program, the develop-*  
23 *ment and refinement of referral processes, payment*  
24 *systems, computer linkages, management information*  
25 *systems, and administrative processes necessary to*

1 *provide for full implementation of such amendments.*  
2 *Subsection (c) shall apply with respect to paragraphs*  
3 *(1)(C) and (2)(B) of subsection (b) without regard to*  
4 *this subsection.*

5 (2) *REQUIREMENTS.—Implementation of the*  
6 *Program at each phase-in site shall be carried out on*  
7 *a wide enough scale to permit a thorough evaluation*  
8 *of the alternative methods under consideration, so as*  
9 *to ensure that the most efficacious methods are deter-*  
10 *mined and in place for full implementation of the*  
11 *Program on a timely basis.*

12 (3) *FULL IMPLEMENTATION.—The Commissioner*  
13 *shall ensure that the ability to provide tickets and*  
14 *services to individuals under the Program exists in*  
15 *every State as soon as practicable on or after the ef-*  
16 *fective date specified in subsection (c) but not later*  
17 *than 3 years after such date.*

18 (4) *ONGOING EVALUATION OF PROGRAM.—*

19 (A) *IN GENERAL.—The Commissioner shall*  
20 *design and conduct a series of evaluations to as-*  
21 *sess the cost-effectiveness of activities carried out*  
22 *under this section and the amendments made*  
23 *thereby, as well as the effects of this section and*  
24 *the amendments made thereby on work outcomes*

1           *for beneficiaries receiving tickets to work and*  
2           *self-sufficiency under the Program.*

3           (B) *CONSULTATION.*—*The Commissioner*  
4           *shall design and carry out the series of evalua-*  
5           *tions after receiving relevant advice from experts*  
6           *in the fields of disability, vocational rehabilita-*  
7           *tion, and program evaluation and individuals*  
8           *using tickets to work and self-sufficiency under*  
9           *the Program and consulting with the Work In-*  
10           *centives Advisory Panel established under section*  
11           *201(f), the Comptroller General of the United*  
12           *States, other agencies of the Federal Government,*  
13           *and private organizations with appropriate ex-*  
14           *pertise.*

15           (C) *METHODOLOGY.*—

16           (i) *IMPLEMENTATION.*—*The Commis-*  
17           *sioner, in consultation with the Work Incen-*  
18           *tives Advisory Panel established under sec-*  
19           *tion 201(f), shall ensure that plans for eval-*  
20           *uations and data collection methods under*  
21           *the Program are appropriately designed to*  
22           *obtain detailed employment information.*

23           (ii) *SPECIFIC MATTERS TO BE AD-*  
24           *DRESSED.*—*Each such evaluation shall ad-*  
25           *dress (but is not limited to)—*

1                   (I) *the annual cost (including net*  
2 *cost) of the Program and the annual*  
3 *cost (including net cost) that would*  
4 *have been incurred in the absence of*  
5 *the Program;*

6                   (II) *the determinants of return to*  
7 *work, including the characteristics of*  
8 *beneficiaries in receipt of tickets under*  
9 *the Program;*

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

17                  (IV) *the duration of employment*  
18 *services, vocational rehabilitation serv-*  
19 *ices, and other support services fur-*  
20 *nished to beneficiaries in receipt of*  
21 *tickets under the Program who return*  
22 *to work and the duration of such serv-*  
23 *ices furnished to those who do not re-*  
24 *turn to work and the cost to employ-*

1 *ment networks of furnishing such serv-*  
2 *ices;*

3 *(V) the employment outcomes, in-*  
4 *cluding wages, occupations, benefits,*  
5 *and hours worked, of beneficiaries who*  
6 *return to work after receiving tickets*  
7 *under the Program and those who re-*  
8 *turn to work without receiving such*  
9 *tickets;*

10 *(VI) the characteristics of pro-*  
11 *viders whose services are provided*  
12 *within an employment network under*  
13 *the Program;*

14 *(VII) the extent (if any) to which*  
15 *employment networks display a greater*  
16 *willingness to provide services to bene-*  
17 *ficiaries with a range of disabilities;*

18 *(VIII) the characteristics (includ-*  
19 *ing employment outcomes) of those*  
20 *beneficiaries who receive services under*  
21 *the outcome payment system and of*  
22 *those beneficiaries who receive services*  
23 *under the outcome-milestone payment*  
24 *system;*

1                   *(IX) measures of satisfaction*  
2                   *among beneficiaries in receipt of tick-*  
3                   *ets under the Program; and*

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

9                   *(D) PERIODIC EVALUATION REPORTS.—Fol-*  
10                  *lowing the close of the third and fifth fiscal years*  
11                  *ending after the effective date under subsection*  
12                  *(c), and prior to the close of the seventh fiscal*  
13                  *year ending after such date, the Commissioner*  
14                  *shall transmit to the Committee on Ways and*  
15                  *Means of the House of Representatives and the*  
16                  *Committee on Finance of the Senate a report*  
17                  *containing the Commissioner's evaluation of the*  
18                  *progress of activities conducted under the provi-*  
19                  *sions of this section and the amendments made*  
20                  *thereby. Each such report shall set forth the*  
21                  *Commissioner's evaluation of the extent to which*  
22                  *the Program has been successful and the Com-*  
23                  *missioner's conclusions on whether or how the*  
24                  *Program should be modified. Each such report*  
25                  *shall include such data, findings, materials, and*

1           *recommendations as the Commissioner may con-*  
2           *sider appropriate.*

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

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

11                           (i) *the requirement under section*  
12                           *222(a) of the Social Security Act for*  
13                           *prompt referrals to a State agency, and*

14                           (ii) *the authority of the Commissioner*  
15                           *under section 222(d)(2) of the Social Secu-*  
16                           *rity Act to provide vocational rehabilitation*  
17                           *services in such State by agreement or con-*  
18                           *tract with other public or private agencies,*  
19                           *organizations, institutions, or individuals,*  
20                   *shall apply in such State.*

21                   (B) *EXISTING AGREEMENTS.—Nothing in*  
22                   *subparagraph (A) or the amendments made by*  
23                   *subsection (a) shall be construed to limit, im-*  
24                   *pede, or otherwise affect any agreement entered*  
25                   *into pursuant to section 222(d)(2) of the Social*

1           *Security Act before the date of enactment of this*  
2           *Act with respect to services provided pursuant to*  
3           *such agreement to beneficiaries receiving services*  
4           *under such agreement as of such date, except*  
5           *with respect to services (if any) to be provided*  
6           *after 3 years after the effective date provided in*  
7           *subsection (c).*

8           *(e) SPECIFIC REGULATIONS REQUIRED.—*

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

13          *(2) SPECIFIC MATTERS TO BE INCLUDED IN REG-*  
14          *ULATIONS.—The matters which shall be addressed in*  
15          *such regulations shall include—*

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

20                 *(B) the format and wording of such tickets,*  
21                 *which shall incorporate by reference any contrac-*  
22                 *tual terms governing service by employment net-*  
23                 *works under the Program;*

24                 *(C) the form and manner in which State*  
25                 *agencies may elect participation in the Ticket to*

1           *Work and Self-Sufficiency Program (and revoke*  
2           *such an election) pursuant to section 1148(c)(1)*  
3           *of the Social Security Act and provision for*  
4           *periodic opportunities for exercising such elec-*  
5           *tions (and revocations);*

6                     *(D) the status of State agencies under sec-*  
7                     *tion 1148(c)(1) at the time that State agencies*  
8                     *exercise elections (and revocations) under that*  
9                     *section;*

10                    *(E) the terms of agreements to be entered*  
11                    *into with program managers pursuant to section*  
12                    *1148(d) of the Social Security Act, including—*

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

18                             *(ii) standards which must be met by*  
19                             *quality assurance measures referred to in*  
20                             *paragraph (6) of section 1148(d) and meth-*  
21                             *ods of recruitment of employment networks*  
22                             *utilized pursuant to paragraph (2) of sec-*  
23                             *tion 1148(e); and*

1                   (iii) the format under which dispute  
2                   resolution will operate under section  
3                   1148(d)(7);

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

8                   (i) the manner in which service areas  
9                   are specified pursuant to section  
10                  1148(f)(2)(A) of the Social Security Act;

11                  (ii) the general selection criteria and  
12                  the specific selection criteria which are ap-  
13                  plicable to employment networks under sec-  
14                  tion 1148(f)(1)(C) of the Social Security  
15                  Act in selecting service providers;

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

20                  (iv) the national model to which peri-  
21                  odic outcomes reporting by employment net-  
22                  works must conform under section  
23                  1148(f)(4) of the Social Security Act;

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

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

7                   (i) the form and manner in which elec-  
8                   tions by employment networks of payment  
9                   systems are to be exercised pursuant to sec-  
10                  tion 1148(h)(1)(A);

11                  (ii) the terms which must be met by an  
12                  outcome payment system under section  
13                  1148(h)(2);

14                  (iii) the terms which must be met by  
15                  an outcome-milestone payment system  
16                  under section 1148(h)(3);

17                  (iv) any revision of the percentage  
18                  specified in paragraph (2)(C) of section  
19                  1148(h) of the Social Security Act or the  
20                  period of time specified in paragraph  
21                  (4)(B) of such section 1148(h); and

22                  (v) annual oversight procedures for  
23                  such systems; and

24           (I) procedures for effective oversight of the  
25           Program by the Commissioner of Social Secu-

1            *rity, including periodic reviews and reporting*  
2            *requirements.*

3            *(f) WORK INCENTIVES ADVISORY PANEL.—*

4            *(1) ESTABLISHMENT.—There is established with-*  
5            *in the Social Security Administration a panel to be*  
6            *known as the “Work Incentives Advisory Panel” (in*  
7            *this subsection referred to as the “Panel”).*

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

10            *(A) advise the Secretary of Health and*  
11            *Human Services, the Secretary of Labor, the*  
12            *Secretary of Education, and the Commissioner of*  
13            *Social Security on issues related to work incen-*  
14            *tives programs, planning, and assistance for in-*  
15            *dividuals with disabilities, including work in-*  
16            *centive provisions under titles II, XI, XVI,*  
17            *XVIII, and XIX of the Social Security Act (42*  
18            *U.S.C. 401 et seq., 1301 et seq., 1381 et seq.,*  
19            *1395 et seq., 1396 et seq.); and*

20            *(B) with respect to the Ticket to Work and*  
21            *Self-Sufficiency Program established under sec-*  
22            *tion 1148 of the Social Security Act—*

23            *(i) advise the Commissioner of Social*  
24            *Security with respect to establishing phase-*  
25            *in sites for such Program and fully imple-*

1            *menting the Program thereafter, the refine-*  
2            *ment of access of disabled beneficiaries to*  
3            *employment networks, payment systems,*  
4            *and management information systems, and*  
5            *advise the Commissioner whether such*  
6            *measures are being taken to the extent nec-*  
7            *essary to ensure the success of the Program;*

8            *(ii) advise the Commissioner regarding*  
9            *the most effective designs for research and*  
10           *demonstration projects associated with the*  
11           *Program or conducted pursuant to section*  
12           *302;*

13           *(iii) advise the Commissioner on the*  
14           *development of performance measurements*  
15           *relating to quality assurance under section*  
16           *1148(d)(6) of the Social Security Act; and*

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

20           *(3) MEMBERSHIP.—*

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

1 *House of Representatives, the Majority Leader of*  
2 *the Senate, and the Minority Leader of the Sen-*  
3 *ate.*

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

19 (C) *TERMS.*—

20 (i) *IN GENERAL.*—*Each member shall*  
21 *be appointed for a term of 4 years (or, if*  
22 *less, for the remaining life of the Panel), ex-*  
23 *cept as provided in clauses (ii) and (iii).*  
24 *The initial members shall be appointed not*

1           *later than 90 days after the date of enact-*  
2           *ment of this Act.*

3           (ii) *TERMS OF INITIAL APPOINTEES.—*

4           *As designated by the Commissioner at the*  
5           *time of appointment, of the members first*  
6           *appointed—*

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

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

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

23           (D) *BASIC PAY.—Members shall each be*  
24           *paid at a rate, and in a manner, that is con-*  
25           *sistent with guidelines established under section*

1           7 of the Federal Advisory Committee Act (5  
2           U.S.C. App.).

3           (E) TRAVEL EXPENSES.—Each member  
4           shall receive travel expenses, including per diem  
5           in lieu of subsistence, in accordance with sections  
6           5702 and 5703 of title 5, United States Code.

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

10          (G) CHAIRPERSON.—The Chairperson of the  
11          Panel shall be designated by the Commissioner.  
12          The term of office of the Chairperson shall be 4  
13          years.

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

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

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

1           (B) *STAFF.*—Subject to rules prescribed by  
2           the Commissioner, the Director may appoint and  
3           fix the pay of additional personnel as the Direc-  
4           tor considers appropriate.

5           (C) *EXPERTS AND CONSULTANTS.*—Subject  
6           to rules prescribed by the Commissioner, the Di-  
7           rector may procure temporary and intermittent  
8           services under section 3109(b) of title 5, United  
9           States Code.

10          (D) *STAFF OF FEDERAL AGENCIES.*—Upon  
11          request of the Panel, the head of any Federal de-  
12          partment or agency may detail, on a reimburs-  
13          able basis, any of the personnel of that depart-  
14          ment or agency to the Panel to assist it in car-  
15          rying out its duties under this subsection.

16          (5) *POWERS OF PANEL.*—

17               (A) *HEARINGS AND SESSIONS.*—The Panel  
18               may, for the purpose of carrying out its duties  
19               under this subsection, hold such hearings, sit and  
20               act at such times and places, and take such testi-  
21               mony and evidence as the Panel considers appro-  
22               priate.

23               (B) *POWERS OF MEMBERS AND AGENTS.*—  
24               Any member or agent of the Panel may, if au-

1           *thorized by the Panel, take any action which the*  
2           *Panel is authorized to take by this subsection.*

3           (C) *MAILS.*—*The Panel may use the United*  
4           *States mails in the same manner and under the*  
5           *same conditions as other departments and agen-*  
6           *cies of the United States.*

7           (6) *REPORTS.*—

8           (A) *INTERIM REPORTS.*—*The Panel shall*  
9           *submit to the President and Congress interim re-*  
10          *ports at least annually.*

11          (B) *FINAL REPORT.*—*The Panel shall trans-*  
12          *mit a final report to the President and Congress*  
13          *not later than 8 years after the date of enact-*  
14          *ment of this Act. The final report shall contain*  
15          *a detailed statement of the findings and conclu-*  
16          *sions of the Panel, together with its recommenda-*  
17          *tions for legislation and administrative actions*  
18          *which the Panel considers appropriate.*

19          (7) *TERMINATION.*—*The Panel shall terminate*  
20          *30 days after the date of the submission of its final*  
21          *report under paragraph (6)(B).*

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



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

3               “(A) *continuing disability reviews on a regu-*  
4 *larly scheduled basis that is not triggered by work;*  
5 *and*

6               “(B) *termination of benefits under this title in*  
7 *the event that the individual has earnings that exceed*  
8 *the level of earnings established by the Commissioner*  
9 *to represent substantial gainful activity.”.*

10 **SEC. 212. EXPEDITED REINSTATEMENT OF DISABILITY BEN-**  
11 **EFITS.**

12       (a) *OASDI BENEFITS.—Section 223 of the Social Se-*  
13 *curity Act (42 U.S.C. 423) is amended—*

14               (1) *by redesignating subsection (i) as subsection*  
15 *(j); and*

16               (2) *by inserting after subsection (h) the fol-*  
17 *lowing:*

18                       *“Reinstatement of Entitlement*

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

1 *such entitlement shall be in accordance with the terms of*  
2 *this subsection.*

3       “(B) *An individual is described in this subparagraph*  
4 *if—*

5               “(i) *prior to the month in which the individual*  
6 *files a request for reinstatement—*

7                       “(I) *the individual was entitled to benefits*  
8 *under this section or section 202 on the basis of*  
9 *disability pursuant to an application filed there-*  
10 *fore; and*

11                       “(II) *such entitlement terminated due to the*  
12 *performance of substantial gainful activity;*

13               “(ii) *the individual is under a disability and the*  
14 *physical or mental impairment that is the basis for*  
15 *the finding of disability is the same as (or related to)*  
16 *the physical or mental impairment that was the basis*  
17 *for the finding of disability that gave rise to the enti-*  
18 *tlement described in clause (i); and*

19               “(iii) *the individual’s disability renders the in-*  
20 *dividual unable to perform substantial gainful activ-*  
21 *ity.*

22       “(C)(i) *Except as provided in clause (ii), the period*  
23 *prescribed in this subparagraph with respect to an indi-*  
24 *vidual is 60 consecutive months beginning with the month*  
25 *following the most recent month for which the individual*

1 *was entitled to a benefit described in subparagraph*  
2 *(B)(i)(I) prior to the entitlement termination described in*  
3 *subparagraph (B)(i)(II).*

4       “(ii) *In the case of an individual who fails to file a*  
5 *reinstatement request within the period prescribed in clause*  
6 *(i), the Commissioner may extend the period if the Commis-*  
7 *sioner determines that the individual had good cause for*  
8 *the failure to so file.*

9       “(2)(A)(i) *A request for reinstatement shall be filed in*  
10 *such form, and containing such information, as the Com-*  
11 *missioner may prescribe.*

12       “(ii) *A request for reinstatement shall include express*  
13 *declarations by the individual that the individual meets the*  
14 *requirements specified in clauses (i) and (iii) of paragraph*  
15 *(1)(B).*

16       “(B) *A request for reinstatement filed in accordance*  
17 *with subparagraph (A) may constitute an application for*  
18 *benefits in the case of any individual who the Commissioner*  
19 *determines is not entitled to reinstated benefits under this*  
20 *subsection.*

21       “(3) *In determining whether an individual meets the*  
22 *requirements of paragraph (1)(B)(ii), the provisions of sub-*  
23 *section (f) shall apply.*

24       “(4)(A)(i) *Subject to clause (ii), entitlement to benefits*  
25 *reinstated under this subsection shall commence with the*

1 benefit payable for the month in which a request for rein-  
2 statement is filed.

3       “(ii) An individual whose entitlement to a benefit for  
4 any month would have been reinstated under this subsection  
5 had the individual filed a request for reinstatement before  
6 the end of such month shall be entitled to such benefit for  
7 such month if such request for reinstatement is filed before  
8 the end of the twelfth month immediately succeeding such  
9 month.

10       “(B)(i) Subject to clauses (ii) and (iii), the amount  
11 of the benefit payable for any month pursuant to the rein-  
12 statement of entitlement under this subsection shall be deter-  
13 mined in accordance with the provisions of this title.

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

21       “(iii) Benefits under this section or section 202 pay-  
22 able for any month pursuant to a request for reinstatement  
23 filed in accordance with paragraph (2) shall be reduced by  
24 the amount of any provisional benefit paid to such indi-  
25 vidual for such month under paragraph (7).

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

5       “(D) The entitlement of any individual that is rein-  
6 stated under this subsection shall end with the benefits pay-  
7 able for the month preceding whichever of the following  
8 months is the earliest:

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

10          “(ii) The month in which the individual attains  
11 retirement age.

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

14       “(5) Whenever an individual’s entitlement to benefits  
15 under this section is reinstated under this subsection, enti-  
16 tlement to benefits payable on the basis of such individual’s  
17 wages and self-employment income may be reinstated with  
18 respect to any person previously entitled to such benefits  
19 on the basis of an application if the Commissioner deter-  
20 mines that such person satisfies all the requirements for en-  
21 titlement to such benefits except requirements related to the  
22 filing of an application. The provisions of paragraph (4)  
23 shall apply to the reinstated entitlement of any such person  
24 to the same extent that they apply to the reinstated entitle-  
25 ment of such individual.

1       “(6) *An individual to whom benefits are payable under*  
2 *this section or section 202 pursuant to a reinstatement of*  
3 *entitlement under this subsection for 24 months (whether*  
4 *or not consecutive) shall, with respect to benefits so payable*  
5 *after such twenty-fourth month, be deemed for purposes of*  
6 *paragraph (1)(B)(i)(I) and the determination, if appro-*  
7 *priate, of the termination month in accordance with sub-*  
8 *section (a)(1) of this section, or subsection (d)(1), (e)(1),*  
9 *or (f)(1) of section 202, to be entitled to such benefits on*  
10 *the basis of an application filed therefore.*

11       “(7)(A) *An individual described in paragraph (1)(B)*  
12 *who files a request for reinstatement in accordance with the*  
13 *provisions of paragraph (2)(A) shall be entitled to provi-*  
14 *sional benefits payable in accordance with this paragraph,*  
15 *unless the Commissioner determines that the individual*  
16 *does not meet the requirements of paragraph (1)(B)(i) or*  
17 *that the individual’s declaration under paragraph*  
18 *(2)(A)(ii) is false. Any such determination by the Commis-*  
19 *sioner shall be final and not subject to review under sub-*  
20 *section (b) or (g) of section 205.*

21       “(B) *The amount of a provisional benefit for a month*  
22 *shall equal the amount of the last monthly benefit payable*  
23 *to the individual under this title on the basis of an applica-*  
24 *tion increased by an amount equal to the amount, if any,*

1 *by which such last monthly benefit would have been in-*  
2 *creased as a result of the operation of section 215(i).*

3       “(C)(i) *Provisional benefits shall begin with the month*  
4 *in which a request for reinstatement is filed in accordance*  
5 *with paragraph (2)(A).*

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

8               “(I) *the month in which the Commissioner*  
9 *makes a determination regarding the individual’s en-*  
10 *titlement to reinstated benefits;*

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

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

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

20       “(D) *In any case in which the Commissioner deter-*  
21 *mines that an individual is not entitled to reinstated bene-*  
22 *fits, any provisional benefits paid to the individual under*  
23 *this paragraph shall not be subject to recovery as an over-*  
24 *payment unless the Commissioner determines that the indi-*

1 *vidual knew or should have known that the individual did*  
 2 *not meet the requirements of paragraph (1)(B).”.*

3 *(b) SSI BENEFITS.—*

4 *(1) IN GENERAL.—Section 1631 of the Social Se-*  
 5 *curity Act (42 U.S.C. 1383) is amended by adding at*  
 6 *the end the following:*

7 *“Reinstatement of Eligibility on the Basis of Blindness or*  
 8 *Disability*

9 *“(p)(1)(A) Eligibility for benefits under this title shall*  
 10 *be reinstated in any case where the Commissioner deter-*  
 11 *mines that an individual described in subparagraph (B)*  
 12 *has filed a request for reinstatement meeting the require-*  
 13 *ments of paragraph (2)(A) during the period prescribed in*  
 14 *subparagraph (C). Reinstatement of eligibility shall be in*  
 15 *accordance with the terms of this subsection.*

16 *“(B) An individual is described in this subparagraph*  
 17 *if—*

18 *“(i) prior to the month in which the individual*  
 19 *files a request for reinstatement—*

20 *“(I) the individual was eligible for benefits*  
 21 *under this title on the basis of blindness or dis-*  
 22 *ability pursuant to an application filed there-*  
 23 *fore; and*

24 *“(II) the individual thereafter was ineligible*  
 25 *for such benefits due to earned income (or earned*

1           *and unearned income) for a period of 12 or more*  
2           *consecutive months;*

3           “(i) *the individual is blind or disabled and the*  
4           *physical or mental impairment that is the basis for*  
5           *the finding of blindness or disability is the same as*  
6           *(or related to) the physical or mental impairment*  
7           *that was the basis for the finding of blindness or dis-*  
8           *ability that gave rise to the eligibility described in*  
9           *clause (i);*

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

13           “(iv) *the individual satisfies the nonmedical re-*  
14           *quirements for eligibility for benefits under this title.*

15           “(C)(i) *Except as provided in clause (ii), the period*  
16           *prescribed in this subparagraph with respect to an indi-*  
17           *vidual is 60 consecutive months beginning with the month*  
18           *following the most recent month for which the individual*  
19           *was eligible for a benefit under this title (including section*  
20           *1619) prior to the period of ineligibility described in sub-*  
21           *paragraph (B)(i)(II).*

22           “(ii) *In the case of an individual who fails to file a*  
23           *reinstatement request within the period prescribed in clause*  
24           *(i), the Commissioner may extend the period if the Commis-*

1 sioner determines that the individual had good cause for  
2 the failure to so file.

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

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

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

15 “(3) In determining whether an individual meets the  
16 requirements of paragraph (1)(B)(ii), the provisions of sec-  
17 tion 1614(a)(4) shall apply.

18 “(4)(A) Eligibility for benefits reinstated under this  
19 subsection shall commence with the benefit payable for the  
20 month following the month in which a request for reinstate-  
21 ment is filed.

22 “(B)(i) Subject to clause (ii), the amount of the benefit  
23 payable for any month pursuant to the reinstatement of eli-  
24 gibility under this subsection shall be determined in accord-  
25 ance with the provisions of this title.

1       “(ii) *The benefit under this title payable for any*  
2 *month pursuant to a request for reinstatement filed in ac-*  
3 *cordance with paragraph (2) shall be reduced by the*  
4 *amount of any provisional benefit paid to such individual*  
5 *for such month under paragraph (7).*

6       “(C) *Except as otherwise provided in this subsection,*  
7 *eligibility for benefits under this title reinstated pursuant*  
8 *to a request filed under paragraph (2) shall be subject to*  
9 *the same terms and conditions as eligibility established pur-*  
10 *suant to an application filed therefore.*

11       “(5) *Whenever an individual’s eligibility for benefits*  
12 *under this title is reinstated under this subsection, eligi-*  
13 *bility for such benefits shall be reinstated with respect to*  
14 *the individual’s spouse if such spouse was previously an*  
15 *eligible spouse of the individual under this title and the*  
16 *Commissioner determines that such spouse satisfies all the*  
17 *requirements for eligibility for such benefits except require-*  
18 *ments related to the filing of an application. The provisions*  
19 *of paragraph (4) shall apply to the reinstated eligibility*  
20 *of the spouse to the same extent that they apply to the rein-*  
21 *stated eligibility of such individual.*

22       “(6) *An individual to whom benefits are payable under*  
23 *this title pursuant to a reinstatement of eligibility under*  
24 *this subsection for twenty-four months (whether or not con-*  
25 *secutive) shall, with respect to benefits so payable after such*

1 *twenty-fourth month, be deemed for purposes of paragraph*  
2 *(1)(B)(i)(I) to be eligible for such benefits on the basis of*  
3 *an application filed therefore.*

4       “(7)(A) *An individual described in paragraph (1)(B)*  
5 *who files a request for reinstatement in accordance with the*  
6 *provisions of paragraph (2)(A) shall be eligible for provi-*  
7 *sional benefits payable in accordance with this paragraph,*  
8 *unless the Commissioner determines that the individual*  
9 *does not meet the requirements of paragraph (1)(B)(i) or*  
10 *that the individual’s declaration under paragraph*  
11 *(2)(A)(ii) is false. Any such determination by the Commis-*  
12 *sioner shall be final and not subject to review under para-*  
13 *graph (1) or (3) of subsection (c).*

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

19       “(ii) *If the individual has a spouse who was previously*  
20 *an eligible spouse of the individual under this title and the*  
21 *Commissioner determines that such spouse satisfies all the*  
22 *requirements of section 1614(b) except requirements related*  
23 *to the filing of an application, the amount of a provisional*  
24 *benefit for a month shall equal the amount of the month*  
25 *benefit that would be payable to an eligible individual and*

1 *eligible spouse under this title with the same kind and*  
2 *amount of income.*

3       “(C)(i) *Provisional benefits shall begin with the month*  
4 *following the month in which a request for reinstatement*  
5 *is filed in accordance with paragraph (2)(A).*

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

8               “(I) *the month in which the Commissioner*  
9 *makes a determination regarding the individual’s eli-*  
10 *gibility for reinstated benefits;*

11               “(II) *the fifth month following the month for*  
12 *which provisional benefits are first payable under*  
13 *clause (i); or*

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

19       “(D) *In any case in which the Commissioner deter-*  
20 *mines that an individual is not eligible for reinstated bene-*  
21 *fits, any provisional benefits paid to the individual under*  
22 *this paragraph shall not be subject to recovery as an over-*  
23 *payment unless the Commissioner determines that the indi-*  
24 *vidual knew or should have known that the individual did*  
25 *not meet the requirements of paragraph (1)(B).*

1       “(8) *For purposes of this subsection other than para-*  
2 *graph (7), the term ‘benefits under this title’ includes State*  
3 *supplementary payments made pursuant to an agreement*  
4 *under section 1616(a) or section 212(b) of Public Law 93-*  
5 *66.”.*

6           (2) *CONFORMING AMENDMENTS.—*

7           (A) *Section 1631(j)(1) of such Act (42*  
8 *U.S.C. 1383(j)(1)) is amended by striking the pe-*  
9 *riod and inserting “, or has filed a request for*  
10 *reinstatement of eligibility under subsection*  
11 *(p)(2) and been determined to be eligible for re-*  
12 *instatement.”.*

13           (B) *Section 1631(j)(2)(A)(i)(I) of such Act*  
14 *(42 U.S.C. 1383(j)(2)(A)(i)(I)) is amended by*  
15 *inserting “(other than pursuant to a request for*  
16 *reinstatement under subsection (p))” after “eligi-*  
17 *ble”.*

18           (c) *EFFECTIVE DATE.—*

19           (1) *IN GENERAL.—The amendments made by*  
20 *this section shall take effect on the first day of the*  
21 *thirteenth month beginning after the date of enact-*  
22 *ment of this Act.*

23           (2) *LIMITATION.—No benefit shall be payable*  
24 *under title II or XVI of the Social Security Act on*  
25 *the basis of a request for reinstatement filed under*

1        *section 223(i) or 1631(p) of such Act before the effec-*  
 2        *tive date described in paragraph (1).*

3        ***Subtitle C—Work Incentives Plan-***  
 4        ***ning, Assistance, and Outreach***

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

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

9                *“WORK INCENTIVES OUTREACH PROGRAM*

10              *“SEC. 1149. (a) ESTABLISHMENT.—*

11                    *“(1) IN GENERAL.—The Commissioner, in con-*  
 12                    *sultation with the Work Incentives Advisory Panel es-*  
 13                    *tablished under section 201(f) of the Work Incentives*  
 14                    *Improvement Act of 1999, shall establish a commu-*  
 15                    *nity-based work incentives planning and assistance*  
 16                    *program for the purpose of disseminating accurate in-*  
 17                    *formation to disabled beneficiaries on work incentives*  
 18                    *programs and issues related to such programs.*

19                    *“(2) GRANTS, COOPERATIVE AGREEMENTS, CON-*  
 20                    *TRACTS, AND OUTREACH.—Under the program estab-*  
 21                    *lished under this section, the Commissioner shall—*

22                            *“(A) establish a competitive program of*  
 23                            *grants, cooperative agreements, or contracts to*  
 24                            *provide benefits planning and assistance, includ-*  
 25                            *ing information on the availability of protection*  
 26                            *and advocacy services, to disabled beneficiaries,*

1           *including individuals participating in the Ticket*  
2           *to Work and Self-Sufficiency Program estab-*  
3           *lished under section 1148, the program estab-*  
4           *lished under section 1619, and other programs*  
5           *that are designed to encourage disabled bene-*  
6           *ficiaries to work;*

7           “(B) *conduct directly, or through grants, co-*  
8           *operative agreements, or contracts, ongoing out-*  
9           *reach efforts to disabled beneficiaries (and to the*  
10           *families of such beneficiaries) who are poten-*  
11           *tially eligible to participate in Federal or State*  
12           *work incentive programs that are designed to as-*  
13           *ist disabled beneficiaries to work, including—*

14                   “(i) *preparing and disseminating in-*  
15                   *formation explaining such programs; and*

16                   “(ii) *working in cooperation with other*  
17                   *Federal, State, and private agencies and*  
18                   *nonprofit organizations that serve disabled*  
19                   *beneficiaries, and with agencies and organi-*  
20                   *zations that focus on vocational rehabilita-*  
21                   *tion and work-related training and coun-*  
22                   *seling;*

23           “(C) *establish a corps of trained, accessible,*  
24           *and responsive work incentives specialists within*  
25           *the Social Security Administration who will spe-*

1           *cialize in disability work incentives under titles*  
 2           *II and XVI for the purpose of disseminating ac-*  
 3           *curate information with respect to inquiries and*  
 4           *issues relating to work incentives to—*

5                   “(i) *disabled beneficiaries;*

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

8                   “(iii) *individuals or entities awarded*  
 9                   *grants under subparagraphs (A) or (B);*  
 10                   *and*

11                   “(D) *provide—*

12                   “(i) *training for work incentives spe-*  
 13                   *cialists and individuals providing planning*  
 14                   *assistance described in subparagraph (C);*  
 15                   *and*

16                   “(ii) *technical assistance to organiza-*  
 17                   *tions and entities that are designed to en-*  
 18                   *courage disabled beneficiaries to return to*  
 19                   *work.*

20                   “(3) *COORDINATION WITH OTHER PROGRAMS.—*

21           *The responsibilities of the Commissioner established*  
 22           *under this section shall be coordinated with other*  
 23           *public and private programs that provide informa-*  
 24           *tion and assistance regarding rehabilitation services*  
 25           *and independent living supports and benefits plan-*

1        *ning for disabled beneficiaries including the program*  
2        *under section 1619, the plans for achieving self-sup-*  
3        *port program (PASS), and any other Federal or*  
4        *State work incentives programs that are designed to*  
5        *assist disabled beneficiaries, including educational*  
6        *agencies that provide information and assistance re-*  
7        *garding rehabilitation, school-to-work programs, tran-*  
8        *sition services (as defined in, and provided in accord-*  
9        *ance with, the Individuals with Disabilities Edu-*  
10       *cation Act (20 U.S.C. 1400 et seq.)), a one-stop deliv-*  
11       *ery system established under subtitle B of title I of the*  
12       *Workforce Investment Act of 1998, and other services.*

13       “(b) *CONDITIONS.—*

14                “(1) *SELECTION OF ENTITIES.—*

15                        “(A) *APPLICATION.—An entity shall submit*  
16                        *an application for a grant, cooperative agree-*  
17                        *ment, or contract to provide benefits planning*  
18                        *and assistance to the Commissioner at such time,*  
19                        *in such manner, and containing such informa-*  
20                        *tion as the Commissioner may determine is nec-*  
21                        *essary to meet the requirements of this section.*

22                        “(B) *STATEWIDENESS.—The Commissioner*  
23                        *shall ensure that the planning, assistance, and*  
24                        *information described in paragraph (2) shall be*  
25                        *available on a statewide basis.*

1                   “(C) *ELIGIBILITY OF STATES AND PRIVATE*  
2                   *ORGANIZATIONS.—*

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

15                  “(ii) *AGENCIES AND ENTITIES DE-*  
16                  *SCRIBED.—The agencies and entities de-*  
17                  *scribed in this clause are the following:*

18                         “(I) *Any public or private agency*  
19                         *or organization (including Centers for*  
20                         *Independent Living established under*  
21                         *title VII of the Rehabilitation Act of*  
22                         *1973, protection and advocacy organi-*  
23                         *zations, client assistance programs es-*  
24                         *tablished in accordance with section*  
25                         *112 of the Rehabilitation Act of 1973,*

1                   *and State Developmental Disabilities*  
2                   *Councils established in accordance*  
3                   *with section 124 of the Developmental*  
4                   *Disabilities Assistance and Bill of*  
5                   *Rights Act (42 U.S.C. 6024)) that the*  
6                   *Commissioner determines satisfies the*  
7                   *requirements of this section.*

8                   “(II) *The State agency admin-*  
9                   *istering the State program funded*  
10                  *under part A of title IV.*

11                  “(D) *EXCLUSION FOR CONFLICT OF INTER-*  
12                  *EST.—The Commissioner may not award a*  
13                  *grant, cooperative agreement, or contract under*  
14                  *this section to any entity that the Commissioner*  
15                  *determines would have a conflict of interest if the*  
16                  *entity were to receive a grant, cooperative agree-*  
17                  *ment, or contract under this section.*

18                  “(2) *SERVICES PROVIDED.—A recipient of a*  
19                  *grant, cooperative agreement, or contract to provide*  
20                  *benefits planning and assistance shall select individ-*  
21                  *uals who will act as planners and provide informa-*  
22                  *tion, guidance, and planning to disabled beneficiaries*  
23                  *on the—*

24                  “(A) *availability and interrelation of any*  
25                  *Federal or State work incentives programs de-*

1           *signed to assist disabled beneficiaries that the in-*  
2           *dividual may be eligible to participate in;*

3           “(B) *adequacy of any health benefits cov-*  
4           *erage that may be offered by an employer of the*  
5           *individual and the extent to which other health*  
6           *benefits coverage may be available to the indi-*  
7           *vidual; and*

8           “(C) *availability of protection and advocacy*  
9           *services for disabled beneficiaries and how to ac-*  
10          *cess such services.*

11          “(3) *AMOUNT OF GRANTS, COOPERATIVE AGREE-*  
12          *MENTS, OR CONTRACTS.—*

13                 “(A) *BASED ON POPULATION OF DISABLED*  
14                 *BENEFICIARIES.—Subject to subparagraph (B),*  
15                 *the Commissioner shall award a grant, coopera-*  
16                 *tive agreement, or contract under this section to*  
17                 *an entity based on the percentage of the popu-*  
18                 *lation of the State where the entity is located*  
19                 *who are disabled beneficiaries.*

20                 “(B) *LIMITATIONS.—*

21                         “(i) *PER GRANT.—No entity shall re-*  
22                         *ceive a grant, cooperative agreement, or*  
23                         *contract under this section for a fiscal year*  
24                         *that is less than \$50,000 or more than*  
25                         *\$300,000.*

1                   “(i) *TOTAL AMOUNT FOR ALL GRANTS,*  
 2                   *COOPERATIVE AGREEMENTS, AND CON-*  
 3                   *TRACTS.—The total amount of all grants,*  
 4                   *cooperative agreements, and contracts*  
 5                   *awarded under this section for a fiscal year*  
 6                   *may not exceed \$23,000,000.*

7                   “(4) *ALLOCATION OF COSTS.—The costs of car-*  
 8                   *rying out this section shall be paid from amounts*  
 9                   *made available for the administration of title II and*  
 10                   *amounts made available for the administration of*  
 11                   *title XVI, and shall be allocated among those amounts*  
 12                   *as appropriate.*

13                   “(c) *DEFINITIONS.—In this section:*

14                   “(1) *COMMISSIONER.—The term ‘Commissioner’*  
 15                   *means the Commissioner of Social Security.*

16                   “(2) *DISABLED BENEFICIARY.—The term ‘dis-*  
 17                   *abled beneficiary’ has the meaning given that term in*  
 18                   *section 1148(k)(2).”.*

19   **SEC. 222. STATE GRANTS FOR WORK INCENTIVES ASSIST-**  
 20                   **ANCE TO DISABLED BENEFICIARIES.**

21                   *Part A of title XI of the Social Security Act (42 U.S.C.*  
 22                   *1301 et seq.), as amended by section 221, is amended by*  
 23                   *adding after section 1149 the following:*



1        *under this section, a protection and advocacy system*  
2        *shall not be paid an amount that is less than—*

3                *“(A) in the case of a protection and advo-*  
4                *cacy system located in a State (including the*  
5                *District of Columbia and Puerto Rico) other*  
6                *than Guam, American Samoa, the United States*  
7                *Virgin Islands, and the Commonwealth of the*  
8                *Northern Mariana Islands, the greater of—*

9                        *“(i) \$100,000; or*

10                      *“(ii)  $\frac{1}{3}$  of 1 percent of the amount*  
11                      *available for payments under this section;*  
12                      *and*

13                *“(B) in the case of a protection and advo-*  
14                *cacy system located in Guam, American Samoa,*  
15                *the United States Virgin Islands, and the Com-*  
16                *monwealth of the Northern Mariana Islands,*  
17                *\$50,000.*

18                *“(2) INFLATION ADJUSTMENT.—For each fiscal*  
19                *year in which the total amount appropriated to carry*  
20                *out this section exceeds the total amount appropriated*  
21                *to carry out this section in the preceding fiscal year,*  
22                *the Commissioner shall increase each minimum pay-*  
23                *ment under subparagraphs (A) and (B) of paragraph*  
24                *(1) by a percentage equal to the percentage increase*  
25                *in the total amount appropriated to carry out this*

1        *section between the preceding fiscal year and the fis-*  
2        *cal year involved.*

3        “(e) *ANNUAL REPORT.*—*Each protection and advocacy*  
4        *system that receives a payment under this section shall sub-*  
5        *mit an annual report to the Commissioner and the Work*  
6        *Incentives Advisory Panel established under section 201(f)*  
7        *of the Work Incentives Improvement Act of 1999 on the serv-*  
8        *ices provided to individuals by the system.*

9        “(f) *FUNDING.*—

10        “(1) *ALLOCATION OF PAYMENTS.*—

11        “(A) *IN GENERAL.*—*Subject to subpara-*  
12        *graph (B), payments under this section shall be*  
13        *made from amounts made available for the ad-*  
14        *ministration of title II and amounts made avail-*  
15        *able for the administration of title XVI, and*  
16        *shall be allocated among those amounts as ap-*  
17        *propriate.*

18        “(B) *LIMITATION.*—*Payments under this*  
19        *section shall not exceed \$7,000,000 for fiscal year*  
20        *2000, and such sums as may be necessary for*  
21        *any fiscal year thereafter.*

22        “(2) *CARRYOVER.*—*Any amounts allotted for*  
23        *payment to a protection and advocacy system under*  
24        *this section for a fiscal year shall remain available*  
25        *for payment to or on behalf of the protection and ad-*

1       *vocacy system until the end of the succeeding fiscal*  
 2       *year.*

3       “(g) *DEFINITIONS.—In this section:*

4               “(1) *COMMISSIONER.—The term ‘Commissioner’*  
 5       *means the Commissioner of Social Security.*

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

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

15       **TITLE III—DEMONSTRATION**  
 16       **PROJECTS AND STUDIES**

17       **SEC. 301. PERMANENT EXTENSION OF DISABILITY INSUR-**  
 18       **ANCE PROGRAM DEMONSTRATION PROJECT**  
 19       **AUTHORITY.**

20       “(a) *PERMANENT EXTENSION OF AUTHORITY.—Title II*  
 21       *of the Social Security Act (42 U.S.C. 401 et seq.) is amend-*  
 22       *ed by adding at the end the following:*

23               “*DEMONSTRATION PROJECT AUTHORITY*

24               “*SEC. 234. (a) AUTHORITY.—*

25               “(1) *IN GENERAL.—The Commissioner of Social*  
 26       *Security (in this section referred to as the ‘Commis-*

1       sioner’) shall develop and carry out experiments and  
2       demonstration projects designed to determine the rel-  
3       ative advantages and disadvantages of—

4               “(A) various alternative methods of treating  
5       the work activity of individuals entitled to dis-  
6       ability insurance benefits under section 223 or to  
7       monthly insurance benefits under section 202  
8       based on such individual’s disability (as defined  
9       in section 223(d)), including such methods as a  
10      reduction in benefits based on earnings, designed  
11      to encourage the return to work of such individ-  
12      uals;

13              “(B) altering other limitations and condi-  
14      tions applicable to such individuals (including  
15      lengthening the trial work period (as defined in  
16      section 222(c)), altering the 24-month waiting  
17      period for hospital insurance benefits under sec-  
18      tion 226, altering the manner in which the pro-  
19      gram under this title is administered, earlier re-  
20      ferral of such individuals for rehabilitation, and  
21      greater use of employers and others to develop,  
22      perform, and otherwise stimulate new forms of  
23      rehabilitation); and

24              “(C) implementing sliding scale benefit off-  
25      sets using variations in—

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

3                   “(ii) the duration of the offset period;  
4                   and

5                   “(iii) the method of determining the  
6                   amount of income earned by such individ-  
7                   uals,

8                   to the end that savings will accrue to the Trust  
9                   Funds, or to otherwise promote the objectives or facili-  
10                  tate the administration of this title.

11                  “(2) *AUTHORITY FOR EXPANSION OF SCOPE.*—  
12                  The Commissioner may expand the scope of any such  
13                  experiment or demonstration project to include any  
14                  group of applicants for benefits under the program es-  
15                  tablished under this title with impairments that rea-  
16                  sonably may be presumed to be disabling for purposes  
17                  of such demonstration project, and may limit any  
18                  such demonstration project to any such group of ap-  
19                  plicants, subject to the terms of such demonstration  
20                  project which shall define the extent of any such pre-  
21                  sumption.

22                  “(b) *REQUIREMENTS.*—The experiments and dem-  
23                  onstration projects developed under subsection (a) shall be  
24                  of sufficient scope and shall be carried out on a wide enough  
25                  scale to permit a thorough evaluation of the alternative

1 *methods under consideration while giving assurance that*  
2 *the results derived from the experiments and projects will*  
3 *obtain generally in the operation of the disability insurance*  
4 *program under this title without committing such program*  
5 *to the adoption of any particular system either locally or*  
6 *nationally.*

7       “(c) *AUTHORITY TO WAIVE COMPLIANCE WITH BENE-*  
8 *FITS REQUIREMENTS.*—*In the case of any experiment or*  
9 *demonstration project conducted under subsection (a), the*  
10 *Commissioner may waive compliance with the benefit re-*  
11 *quirements of this title, and the Secretary may (upon the*  
12 *request of the Commissioner) waive compliance with the*  
13 *benefits requirements of title XVIII, insofar as is necessary*  
14 *for a thorough evaluation of the alternative methods under*  
15 *consideration. No such experiment or project shall be actu-*  
16 *ally placed in operation unless at least 90 days prior there-*  
17 *to a written report, prepared for purposes of notification*  
18 *and information only and containing a full and complete*  
19 *description thereof, has been transmitted by the Commis-*  
20 *sioner to the Committee on Ways and Means of the House*  
21 *of Representatives and to the Committee on Finance of the*  
22 *Senate. Periodic reports on the progress of such experiments*  
23 *and demonstration projects shall be submitted by the Com-*  
24 *missioner to such committees. When appropriate, such re-*  
25 *ports shall include detailed recommendations for changes in*

1 *administration or law, or both, to carry out the objectives*  
 2 *stated in subsection (a).*

3 “(d) *REPORTS.*—

4 “(1) *INTERIM REPORTS.*—*On or before June 9 of*  
 5 *each year, the Commissioner shall submit to the Com-*  
 6 *mittee on Ways and Means of the House of Represent-*  
 7 *atives and to the Committee on Finance of the Senate*  
 8 *an interim report on the progress of the experiments*  
 9 *and demonstration projects carried out under this*  
 10 *subsection together with any related data and mate-*  
 11 *rials that the Commissioner may consider appro-*  
 12 *priate.*

13 “(2) *FINAL REPORTS.*—*Not later than 90 days*  
 14 *after the termination of any experiment or dem-*  
 15 *onstration project carried out under this section, the*  
 16 *Commissioner shall submit to the Committee on Ways*  
 17 *and Means of the House of Representatives and to the*  
 18 *Committee on Finance of the Senate a final report*  
 19 *with respect to that experiment and demonstration*  
 20 *project.”.*

21 (b) *CONFORMING AMENDMENTS; TRANSFER OF PRIOR*  
 22 *AUTHORITY.*—

23 (1) *CONFORMING AMENDMENTS.*—

24 (A) *REPEAL OF PRIOR AUTHORITY.*—*Para-*  
 25 *graphs (1) through (4) of subsection (a) and sub-*

1           *section (c) of section 505 of the Social Security*  
2           *Disability Amendments of 1980 (42 U.S.C. 1310*  
3           *note) are repealed.*

4           (B) *CONFORMING AMENDMENT REGARDING*  
5           *FUNDING.—Section 201(k) of the Social Security*  
6           *Act (42 U.S.C. 401(k)) is amended by striking*  
7           *“section 505(a) of the Social Security Disability*  
8           *Amendments of 1980” and inserting “section*  
9           *234”.*

10          (2) *TRANSFER OF PRIOR AUTHORITY.—With re-*  
11          *spect to any experiment or demonstration project*  
12          *being conducted under section 505(a) of the Social Se-*  
13          *curity Disability Amendments of 1980 (42 U.S.C.*  
14          *1310 note) as of the date of enactment of this Act, the*  
15          *authority to conduct such experiment or demonstra-*  
16          *tion project (including the terms and conditions ap-*  
17          *plicable to the experiment or demonstration project)*  
18          *shall be treated as if that authority (and such terms*  
19          *and conditions) had been established under section*  
20          *234 of the Social Security Act, as added by subsection*  
21          *(a).*

1 **SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-**  
2 **DUCTIONS IN DISABILITY INSURANCE BENE-**  
3 **FITS BASED ON EARNINGS.**

4 (a) *AUTHORITY.*—*The Commissioner of Social Secu-*  
5 *rity shall conduct demonstration projects for the purpose*  
6 *of evaluating, through the collection of data, a program for*  
7 *title II disability beneficiaries (as defined in section*  
8 *1148(k)(3) of the Social Security Act) under which each*  
9 *\$1 of benefits payable under section 223, or under section*  
10 *202 based on the beneficiary's disability, is reduced for each*  
11 *\$2 of such beneficiary's earnings that is above a level to*  
12 *be determined by the Commissioner. Such projects shall be*  
13 *conducted at a number of localities which the Commissioner*  
14 *shall determine is sufficient to adequately evaluate the ap-*  
15 *propriateness of national implementation of such a pro-*  
16 *gram. Such projects shall identify reductions in Federal ex-*  
17 *penditures that may result from the permanent implemen-*  
18 *tation of such a program.*

19 (b) *SCOPE AND SCALE AND MATTERS TO BE DETER-*  
20 *MINED.*—

21 (1) *IN GENERAL.*—*The demonstration projects*  
22 *developed under subsection (a) shall be of sufficient*  
23 *duration, shall be of sufficient scope, and shall be car-*  
24 *ried out on a wide enough scale to permit a thorough*  
25 *evaluation of the project to determine—*

1           (A) the effects, if any, of induced entry into  
2           the project and reduced exit from the project;

3           (B) the extent, if any, to which the project  
4           being tested is affected by whether it is in oper-  
5           ation in a locality within an area under the ad-  
6           ministration of the Ticket to Work and Self-Suf-  
7           ficiency Program established under section 1148  
8           of the Social Security Act; and

9           (C) the savings that accrue to the Federal  
10          Old-Age and Survivors Insurance Trust Fund,  
11          the Federal Disability Insurance Trust Fund,  
12          and other Federal programs under the project  
13          being tested.

14          The Commissioner shall take into account advice pro-  
15          vided by the Work Incentives Advisory Panel pursu-  
16          ant to section 201(f)(2)(B)(ii).

17          (2) *ADDITIONAL MATTERS.*—The Commissioner  
18          shall also determine with respect to each project—

19               (A) the annual cost (including net cost) of  
20               the project and the annual cost (including net  
21               cost) that would have been incurred in the ab-  
22               sence of the project;

23               (B) the determinants of return to work, in-  
24               cluding the characteristics of the beneficiaries  
25               who participate in the project; and

1           (C) *the employment outcomes, including*  
2           *wages, occupations, benefits, and hours worked,*  
3           *of beneficiaries who return to work as a result of*  
4           *participation in the project.*

5           *The Commissioner may include within the matters*  
6           *evaluated under the project the merits of trial work*  
7           *periods and periods of extended eligibility.*

8           (c) *WAIVERS.—The Commissioner may waive compli-*  
9           *ance with the benefit provisions of title II of the Social Se-*  
10          *curity Act, and the Secretary of Health and Human Serv-*  
11          *ices may waive compliance with the benefit requirements*  
12          *of title XVIII of that Act, insofar as is necessary for a thor-*  
13          *ough evaluation of the alternative methods under consider-*  
14          *ation. No such project shall be actually placed in operation*  
15          *unless at least 90 days prior thereto a written report, pre-*  
16          *pared for purposes of notification and information only*  
17          *and containing a full and complete description thereof, has*  
18          *been transmitted by the Commissioner to the Committee on*  
19          *Ways and Means of the House of Representatives and to*  
20          *the Committee on Finance of the Senate. Periodic reports*  
21          *on the progress of such projects shall be submitted by the*  
22          *Commissioner to such committees. When appropriate, such*  
23          *reports shall include detailed recommendations for changes*  
24          *in administration or law, or both, to carry out the objectives*  
25          *stated in subsection (a).*

1       (d) *INTERIM REPORTS.*—Not later than 2 years after  
2 the date of enactment of this Act, and annually thereafter,  
3 the Commissioner of Social Security shall submit to Con-  
4 gress an interim report on the progress of the demonstration  
5 projects carried out under this subsection together with any  
6 related data and materials that the Commissioner of Social  
7 Security may consider appropriate.

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

12       (f) *EXPENDITURES.*—Expenditures made for dem-  
13 onstration projects under this section shall be made from  
14 the Federal Disability Insurance Trust Fund and the Fed-  
15 eral Old-Age and Survivors Insurance Trust Fund, as de-  
16 termined appropriate by the Commissioner of Social Secu-  
17 rity, and from the Federal Hospital Insurance Trust Fund  
18 and the Federal Supplementary Medical Insurance Trust  
19 Fund, as determined appropriate by the Secretary of  
20 Health and Human Services, to the extent provided in ad-  
21 vance in appropriation Acts.

22 **SEC. 303. STUDIES AND REPORTS.**

23       (a) *STUDY BY GENERAL ACCOUNTING OFFICE OF EX-*  
24 *ISTING DISABILITY-RELATED EMPLOYMENT INCENTIVES.*—

1           (1) *STUDY.*—As soon as practicable after the  
2           date of enactment of this Act, the Comptroller General  
3           of the United States shall undertake a study to assess  
4           existing tax credits and other disability-related em-  
5           ployment incentives under the Americans with Dis-  
6           abilities Act of 1990 and other Federal laws. In such  
7           study, the Comptroller General shall specifically ad-  
8           dress the extent to which such credits and other incen-  
9           tives would encourage employers to hire and retain  
10          individuals with disabilities.

11          (2) *REPORT.*—Not later than 3 years after the  
12          date of enactment of this Act, the Comptroller General  
13          shall transmit to the Committee on Ways and Means  
14          of the House of Representatives and the Committee on  
15          Finance of the Senate a written report presenting the  
16          results of the Comptroller General’s study conducted  
17          pursuant to this subsection, together with such rec-  
18          ommendations for legislative or administrative  
19          changes as the Comptroller General determines are  
20          appropriate.

21          (b) *STUDY BY GENERAL ACCOUNTING OFFICE OF EX-*  
22          *ISTING COORDINATION OF THE DI AND SSI PROGRAMS AS*  
23          *THEY RELATE TO INDIVIDUALS ENTERING OR LEAVING*  
24          *CONCURRENT ENTITLEMENT.*—

1           (1) *STUDY.*—As soon as practicable after the  
2           date of enactment of this Act, the Comptroller General  
3           of the United States shall undertake a study to evalu-  
4           ate the coordination under current law of the dis-  
5           ability insurance program under title II of the Social  
6           Security Act and the supplemental security income  
7           program under title XVI of that Act, as such pro-  
8           grams relate to individuals entering or leaving con-  
9           current entitlement under such programs. In such  
10          study, the Comptroller General shall specifically ad-  
11          dress the effectiveness of work incentives under such  
12          programs with respect to such individuals and the ef-  
13          fectiveness of coverage of such individuals under titles  
14          XVIII and XIX of the Social Security Act.

15          (2) *REPORT.*—Not later than 3 years after the  
16          date of enactment of this Act, the Comptroller General  
17          shall transmit to the Committee on Ways and Means  
18          of the House of Representatives and the Committee on  
19          Finance of the Senate a written report presenting the  
20          results of the Comptroller General’s study conducted  
21          pursuant to this subsection, together with such rec-  
22          ommendations for legislative or administrative  
23          changes as the Comptroller General determines are  
24          appropriate.

1           (c) *STUDY BY GENERAL ACCOUNTING OFFICE OF THE*  
2 *IMPACT OF THE SUBSTANTIAL GAINFUL ACTIVITY LIMIT ON*  
3 *RETURN TO WORK.—*

4           (1) *STUDY.—As soon as practicable after the*  
5 *date of enactment of this Act, the Comptroller General*  
6 *of the United States shall undertake a study of the*  
7 *substantial gainful activity level applicable as of that*  
8 *date to recipients of benefits under section 223 of the*  
9 *Social Security Act (42 U.S.C. 423) and under sec-*  
10 *tion 202 of that Act (42 U.S.C. 402) on the basis of*  
11 *a recipient having a disability, and the effect of such*  
12 *level as a disincentive for those recipients to return*  
13 *to work. In the study, the Comptroller General also*  
14 *shall address the merits of increasing the substantial*  
15 *gainful activity level applicable to such recipients of*  
16 *benefits and the rationale for not yearly indexing that*  
17 *level to inflation.*

18           (2) *REPORT.—Not later than 2 years after the*  
19 *date of enactment of this Act, the Comptroller General*  
20 *shall transmit to the Committee on Ways and Means*  
21 *of the House of Representatives and the Committee on*  
22 *Finance of the Senate a written report presenting the*  
23 *results of the Comptroller General's study conducted*  
24 *pursuant to this subsection, together with such rec-*  
25 *ommendations for legislative or administrative*

1        *changes as the Comptroller General determines are*  
2        *appropriate.*

3        *(d) REPORT ON DISREGARDS UNDER THE DI AND SSI*  
4        *PROGRAMS.—Not later than 90 days after the date of enact-*  
5        *ment of this Act, the Commissioner of Social Security shall*  
6        *submit to the Committee on Ways and Means of the House*  
7        *of Representatives and the Committee on Finance of the*  
8        *Senate a report that—*

9                *(1) identifies all income, assets, and resource dis-*  
10              *regards (imposed under statutory or regulatory au-*  
11              *thority) that are applicable to individuals receiving*  
12              *benefits under title II or XVI of the Social Security*  
13              *Act (42 U.S.C. 401 et seq., 1381 et seq.);*

14              *(2) with respect to each such disregard—*

15                      *(A) specifies the most recent statutory or*  
16                      *regulatory modification of the disregard; and*

17                      *(B) recommends whether further statutory*  
18                      *or regulatory modification of the disregard*  
19                      *would be appropriate; and*

20              *(3) with respect to the disregard described in sec-*  
21              *tion 1612(b)(7) of the Social Security Act (42 U.S.C.*  
22              *1382a(b)(7)) (relating to grants, scholarships, or fel-*  
23              *lowships received for use in paying the cost of tuition*  
24              *and fees at any educational (including technical or*  
25              *vocational education) institution)—*

1           (A) identifies the number of individuals re-  
 2           ceiving benefits under title XVI of such Act (42  
 3           U.S.C. 1381 et seq.) who have attained age 22  
 4           and have not had any portion of any grant,  
 5           scholarship, or fellowship received for use in pay-  
 6           ing the cost of tuition and fees at any edu-  
 7           cational (including technical or vocational edu-  
 8           cation) institution excluded from their income in  
 9           accordance with that section;

10           (B) recommends whether the age at which  
 11           such grants, scholarships, or fellowships are ex-  
 12           cluded from income for purposes of determining  
 13           eligibility under title XVI of the Social Security  
 14           Act should be increased to age 25; and

15           (C) recommends whether such disregard  
 16           should be expanded to include any such grant,  
 17           scholarship, or fellowship received for use in pay-  
 18           ing the cost of room and board at any such insti-  
 19           tution.

20       **TITLE IV—MISCELLANEOUS AND**  
 21       **TECHNICAL AMENDMENTS**

22       **SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG**  
 23       **ADDICTS AND ALCOHOLICS.**

24           (a) *CLARIFICATION RELATING TO THE EFFECTIVE*  
 25       *DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY*

1 *BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.*—Section  
2 *105(a)(5) of the Contract with America Advancement Act*  
3 *of 1996 (Public Law 104–121; 110 Stat. 853) is amended—*

4           (1) *in subparagraph (A), by striking “by the*  
5 *Commissioner of Social Security” and “by the Com-*  
6 *missioner”;* and

7           (2) *by adding at the end the following:*

8                   “(D) *For purposes of this paragraph, an in-*  
9 *dividual’s claim, with respect to benefits under*  
10 *title II of the Social Security Act based on dis-*  
11 *ability, which has been denied in whole before*  
12 *the date of enactment of this Act, may not be*  
13 *considered to be finally adjudicated before such*  
14 *date if, on or after such date—*

15                           “(i) *there is pending a request for ei-*  
16 *ther administrative or judicial review with*  
17 *respect to such claim, or*

18                                   “(ii) *there is pending, with respect to*  
19 *such claim, a readjudication by the Com-*  
20 *missioner of Social Security pursuant to re-*  
21 *lief in a class action or implementation by*  
22 *the Commissioner of a court remand order.*

23                                   “(E) *Notwithstanding the provisions of this*  
24 *paragraph, with respect to any individual for*  
25 *whom the Commissioner of Social Security does*

1           *not perform the entitlement redetermination be-*  
2           *fore the date prescribed in subparagraph (C), the*  
3           *Commissioner shall perform such entitlement re-*  
4           *determination in lieu of a continuing disability*  
5           *review whenever the Commissioner determines*  
6           *that the individual's entitlement is subject to re-*  
7           *determination based on the preceding provisions*  
8           *of this paragraph, and the provisions of section*  
9           *223(f) of the Social Security Act shall not apply*  
10           *to such redetermination.”.*

11           ***(b) CORRECTION TO EFFECTIVE DATE OF PROVISIONS***  
12           ***CONCERNING REPRESENTATIVE PAYEES AND TREATMENT***  
13           ***REFERRALS OF SOCIAL SECURITY BENEFICIARIES WHO***  
14           ***ARE DRUG ADDICTS AND ALCOHOLICS.—Section***  
15           ***105(a)(5)(B) of the Contract with America Advancement***  
16           ***Act of 1996 (42 U.S.C. 405 note) is amended to read as***  
17           ***follows:***

18                     ***“(B) The amendments made by paragraphs***  
19                     ***(2) and (3) shall take effect on July 1, 1996,***  
20                     ***with respect to any individual—***

21                             ***“(i) whose claim for benefits is finally***  
22                             ***adjudicated on or after the date of enact-***  
23                             ***ment of this Act; or***

1                   “(ii) whose entitlement to benefits is  
2                   based on an entitlement redetermination  
3                   made pursuant to subparagraph (C).”.

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

8 **SEC. 402. TREATMENT OF PRISONERS.**

9           (a) *IMPLEMENTATION OF PROHIBITION AGAINST PAY-*  
10 *MENT OF TITLE II BENEFITS TO PRISONERS.*—

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

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

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

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

21                   “(I) the institution shall provide to the Commis-  
22 sioner, on a monthly basis and in a manner specified  
23 by the Commissioner, the names, Social Security ac-  
24 count numbers, dates of birth, confinement commence-  
25 ment dates, and, to the extent available to the institu-

1     *tion, such other identifying information concerning*  
2     *the individuals confined in the institution as the*  
3     *Commissioner may require for the purpose of car-*  
4     *rying out paragraph (1); and*

5             *“(II) the Commissioner shall pay to the institu-*  
6     *tion, with respect to information described in sub-*  
7     *clause (I) concerning each individual who is confined*  
8     *therein as described in paragraph (1)(A), who receives*  
9     *a benefit under this title for the month preceding the*  
10    *first month of such confinement, and whose benefit*  
11    *under this title is determined by the Commissioner to*  
12    *be not payable by reason of confinement based on the*  
13    *information provided by the institution, \$400 (subject*  
14    *to reduction under clause (ii)) if the institution fur-*  
15    *nishes the information to the Commissioner within 30*  
16    *days after the date such individual’s confinement in*  
17    *such institution begins, or \$200 (subject to reduction*  
18    *under clause (ii)) if the institution furnishes the in-*  
19    *formation after 30 days after such date but within 90*  
20    *days after such date.*

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

1       “(iii) *There is authorized to be transferred from the*  
 2 *Federal Old-Age and Survivors Insurance Trust Fund and*  
 3 *the Federal Disability Insurance Trust Fund, as appro-*  
 4 *prate, such sums as may be necessary to enable the Com-*  
 5 *missioner to make payments to institutions required by*  
 6 *clause (i)(II).*

7       “(iv) *The Commissioner is authorized to provide, on*  
 8 *a reimbursable basis, information obtained pursuant to*  
 9 *agreements entered into under clause (i) to any agency ad-*  
 10 *ministering a Federal or federally assisted cash, food, or*  
 11 *medical assistance program for eligibility purposes.”.*

12           (2) *CONFORMING AMENDMENT TO THE PRIVACY*  
 13 *ACT.—Section 552a(a)(8)(B) of title 5, United States*  
 14 *Code, is amended—*

15           (A) *in clause (vi), by striking “or” at the*  
 16 *end;*

17           (B) *in clause (vii), by adding “or” at the*  
 18 *end; and*

19           (C) *by adding at the end the following:*

20           “(viii) *matches performed pursuant to*  
 21 *section 202(x)(3)(B) or 1611(e)(1)(I) of the*  
 22 *Social Security Act (42 U.S.C.*  
 23 *402(x)(3)(B), 1382(e)(1)(I));”.*

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

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

4        *(b) ELIMINATION OF TITLE II REQUIREMENT THAT*  
 5        *CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-*  
 6        *PRISONMENT FOR MORE THAN 1 YEAR.—*

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

10                *(A) in the matter preceding clause (i), by*  
 11                *striking “during” and inserting “throughout”;*

12                *(B) in clause (i), by striking “an offense*  
 13                *punishable by imprisonment for more than 1*  
 14                *year (regardless of the actual sentence imposed)”*  
 15                *and inserting “a criminal offense”; and*

16                *(C) in clause (ii)(I), by striking “an offense*  
 17                *punishable by imprisonment for more than 1*  
 18                *year” and inserting “a criminal offense”.*

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

24        *(c) CONFORMING TITLE XVI AMENDMENTS.—*

1           (1) *FIFTY PERCENT REDUCTION IN TITLE XVI*  
2           *PAYMENT IN CASE INVOLVING COMPARABLE TITLE II*  
3           *PAYMENT.*—Section 1611(e)(1)(I) of the Social Security  
4           Act (42 U.S.C. 1382(e)(1)(I)) is amended—

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

8                   (B) by redesignating clauses (ii) and (iii)  
9                   as clauses (iii) and (iv), respectively; and

10                  (C) by inserting after clause (i) the fol-  
11                  lowing:

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

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

1        *local institution a purpose of which is to confine in-*  
 2        *dividuals as described in section 202(x)(1)(A)(ii),”.*

3            (3) *ELIMINATION OF OVERLY BROAD EXEMP-*  
 4        *TION.—Section 1611(e)(1)(I)(iii) of such Act (42*  
 5        *U.S.C. 1382(e)(1)(I)(iii)) (as redesignated by para-*  
 6        *graph (1)(B), is amended by striking “(I) The provi-*  
 7        *sions” and all that follows through “(II)”.*

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

18        (d) *CONTINUED DENIAL OF BENEFITS TO SEX OF-*  
 19       *FENDERS REMAINING CONFINED TO PUBLIC INSTITUTIONS*  
 20       *UPON COMPLETION OF PRISON TERM.—*

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

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

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

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

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

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

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

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

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

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

1 *which would have constituted net earnings from self-em-*  
2 *ployment for purposes of chapter 2 of such Code (notwith-*  
3 *standing paragraph (4) or (5) of section 1402(c) of such*  
4 *Code) except for the exemption under section 1402(e)(1) of*  
5 *such Code.*

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

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

22 (a) *IN GENERAL.*—*Section 1110(a)(3) of the Social Se-*  
23 *curity Act (42 U.S.C. 1310(a)(3)) is amended by striking*  
24 *“title XVI” and inserting “title II or XVI”.*

1           (b) *EFFECTIVE DATE.*—The amendment made by sub-  
 2 section (a) shall take effect as if included in the enactment  
 3 of the Social Security Independence and Program Improve-  
 4 ments Act of 1994 (Public Law 103–296; 108 Stat. 1464).

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

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

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

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

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

23           (c) *EFFECTIVE DATE.*—The amendments made by this  
 24 section shall apply to wage reports required to be submitted  
 25 on and after the date of enactment of this Act.

**TITLE V—REVENUE****SEC. 501. MODIFICATION TO FOREIGN TAX CREDIT  
CARRYBACK AND CARRYOVER PERIODS.**

(a) *IN GENERAL.*—Section 904(c) of the Internal Revenue Code of 1986 (relating to limitation on credit) is amended—

(1) by striking “in the second preceding taxable year,” and

(2) by striking “or fifth” and inserting “fifth, sixth, or seventh”.

(b) *EFFECTIVE DATE.*—The amendments made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 2001.

**SEC. 502. LIMITATION ON USE OF NON-ACCRUAL EXPERIENCE METHOD OF ACCOUNTING.**

(a) *IN GENERAL.*—Section 448(d)(5) of the Internal Revenue Code of 1986 (relating to special rule for services) is amended—

(1) by inserting “in fields described in paragraph (2)(A)” after “services by such person”, and

(2) by inserting “CERTAIN PERSONAL” before “SERVICES”.

(b) *EFFECTIVE DATE.*—

1           (1) *IN GENERAL.*—*The amendments made by*  
2 *this section shall apply to taxable years ending after*  
3 *the date of the enactment of this Act.*

4           (2) *CHANGE IN METHOD OF ACCOUNTING.*—*In*  
5 *the case of any taxpayer required by the amendments*  
6 *made by this section to change its method of account-*  
7 *ing for its first taxable year ending after the date of*  
8 *the enactment of this Act—*

9                   (A) *such change shall be treated as initiated*  
10 *by the taxpayer,*

11                   (B) *such change shall be treated as made*  
12 *with the consent of the Secretary of the Treasury,*  
13 *and*

14                   (C) *the net amount of the adjustments re-*  
15 *quired to be taken into account by the taxpayer*  
16 *under section 481 of the Internal Revenue Code*  
17 *of 1986 shall be taken into account over a period*  
18 *(not greater than 4 taxable years) beginning*  
19 *with such first taxable year.*

20 **SEC. 503. EXTENSION OF INTERNAL REVENUE SERVICE**  
21 **USER FEES.**

22           (a) *IN GENERAL.*—*Chapter 77 of the Internal Revenue*  
23 *Code of 1986 (relating to miscellaneous provisions) is*  
24 *amended by adding at the end the following new section:*

1 **“SEC. 7527. INTERNAL REVENUE SERVICE USER FEES.**

2       “(a) *GENERAL RULE.*—*The Secretary shall establish*  
3 *a program requiring the payment of user fees for—*

4               “(1) *requests to the Internal Revenue Service for*  
5 *ruling letters, opinion letters, and determination let-*  
6 *ters, and*

7               “(2) *other similar requests.*

8       “(b) *PROGRAM CRITERIA.*—

9               “(1) *IN GENERAL.*—*The fees charged under the*  
10 *program required by subsection (a)—*

11                       “(A) *shall vary according to categories (or*  
12 *subcategories) established by the Secretary,*

13                       “(B) *shall be determined after taking into*  
14 *account the average time for (and difficulty of)*  
15 *complying with requests in each category (and*  
16 *subcategory), and*

17                       “(C) *shall be payable in advance.*

18               “(2) *EXEMPTIONS, ETC.*—*The Secretary shall*  
19 *provide for such exemptions (and reduced fees) under*  
20 *such program as the Secretary determines to be ap-*  
21 *propriate.*

22               “(3) *AVERAGE FEE REQUIREMENT.*—*The average*  
23 *fee charged under the program required by subsection*  
24 *(a) shall not be less than the amount determined*  
25 *under the following table:*

<b>“Category</b>	<b>Average Fee</b>
<i>Employee plan ruling and opinion .....</i>	\$250
<i>Exempt organization ruling .....</i>	\$350
<i>Employee plan determination .....</i>	\$300
<i>Exempt organization determination .....</i>	\$275
<i>Chief counsel ruling .....</i>	\$200.

1       “(c) *TERMINATION.*—*No fee shall be imposed under*  
 2 *this section with respect to requests made after September*  
 3 *30, 2006.*”

4       (b) *CONFORMING AMENDMENTS.*—

5               (1) *The table of sections for chapter 77 of the In-*  
 6 *ternal Revenue Code of 1986 is amended by adding*  
 7 *at the end the following new item:*

*“Sec. 7527. Internal Revenue Service user fees.”*

8               (2) *Section 10511 of the Revenue Act of 1987 is*  
 9 *repealed.*

10       (c) *EFFECTIVE DATE.*—*The amendments made by this*  
 11 *section shall apply to requests made after the date of the*  
 12 *enactment of this Act.*