

FOIA MARKER

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Collection/Record Group: Clinton Presidential Records
Subgroup/Office of Origin: Domestic Policy Council
Series/Staff Member: Diana Fortuna
Subseries:

OA/ID Number: 12025
FolderID:

Folder Title:
Disabled Work Incentive Development [Folder 2]

Stack:	Row:	Section:	Shelf:	Position:
S	97	2	11	1

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Weekly Employment Initiative of Disability Policy Review Meeting; RE:Personally Identifiable Information [partial] (1 page)	00/00/0000	b(6)
002. paper	Handwritten list to Diana; RE: Personally Identifiable Information [partial] (1 page)	11/13/1996	b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Diana Fortuna
OA/Box Number: 12025

FOLDER TITLE:

Disabled Work Incentive Development [Folder 2]

2007-0143-F
db4495

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Record Type: Record

To: Diana Fortuna/OPD/EOP
cc: See the distribution list at the bottom of this message
bcc:
Subject: Re: State perspective on Medicaid work disability program

In response to your questions on state impact of the disability work incentives proposal.

It is very difficult to assess the impact on states if they adopted this optional program. There are many interrelated issues to consider.

1. State Supplement. Your question was whether or not states that pay SSI supplements would save money if people left 1619(a) status as a result of this proposal. Under current law, 1619(a) beneficiaries are receiving both SSI and Medicaid. 1619(b) beneficiaries retain their Medicaid coverage but lose SSI because their earnings (after the applicable exclusions) are too high to permit an SSI payment. The return to work proposal would create a 1619(c) category that would allow people whose earnings exceed 1619(b) levels to retain Medicaid coverage as long as they are disabled and pay the state determined Medicaid premium. All but eight states and jurisdictions provide some form of state supplements.

I discussed this with Katie Hong (IM Branch). The savings that a state could see from reduced state supplements will vary depending on how many 1619(a) recipients are incentivized to leave as a result of this proposal and the amount of the state supplement (which varies by state). Although we don't know how many 1619(a) recipients would leave for 1619(c) status, Katie thinks that the savings from the SSI state supplements would not likely provide more than a small offset to Medicaid costs.

2. Baseline Concept. Costs or savings to states will depend a great deal on how much states will be able to collect in premiums per person and how many people will leave 1619 (b) status who would not have left otherwise. For the sake of illustration, assume every person in 1619(c) status is paying half the costs of their enrollment in a premium. In this case, the program will be a cost to states for people who would have left 1619(b) status in the absence of this program because states would not have been paying anything for these people previously but are now paying the state share of half of their cost of care. However, this program will be a savings to states for people who would not have left 1619(b) status in the absence of this program but are incentivized to leave because of this program. Previously, the state was paying the state share of the full cost of care for these people and now they are only paying half. Therefore, the costs or savings to the state will depend, in part, on how well the program entices people to leave 1619(b) status who wouldn't have otherwise and how much all 1619(c) benes would contribute in a premium.

Remember though, that OACT assumed a small effect for woodwork. If the woodwork effect is much larger, state costs could increase regardless of how well the program is enticing people to leave 1619(b) status.

3. Federal Match of Premium. State costs could be mitigated if they are allowed to "keep" the entire premium collection. One of our concerns about this proposal is that states would not share with the federal government the amounts collected under the premium but would, instead, be able to use it to partially offset only the state share of Medicaid costs.

4. Interaction with Per Capita Cap. This proposal might help states "game" the per capita cap because it would permit States to enroll a population of "healthier" disabled people (those who are currently leaving 1619 (b)) whose costs are likely to be consistently below the average amount of the cap for the disabled population. By the way, this possibility may increase CBO's assumptions of "leakage" in the per capita cap scoring when the proposal is scored in interaction with the per capita cap. Increased assumptions of leakage will require a tighter cap to get the same amount of savings.

5. We question States' ability to collect premium revenue. HCFA has had difficulty in the past collecting payments from this population.

Because of the difficulty in predicting the outcome of these issues, we would caution you in speculating on the impact of this program on states who would choose to offer it.

Diana Fortuna

Diana Fortuna 02/06/97 07:16:05 PM

Record Type: Record

To: Anne E. Tumlinson/OMB/EOP, Jack A. Smalligan/OMB/EOP, Katie Hong/OMB/EOP

cc:

Subject: State perspective on Medicaid work disability program

Question: how does Medicaid 1619c look from a state budget perspective? Clearly it costs them something, for the state share of Medicaid. Isn't it possible that, depending on which beneficiaries take advantage of this, it could save them a bit if they have a large SSI state supplement, and the people who respond are on 1619a or in the regular SSI program? Could such savings outweigh the costs in some states? (Jack, roughly how many states have supplements?)

I guess, to boil it down, my question is: will this basically cost states money (at their option, of course), or will it depend on the state's circumstances?

(Of course, none of this addresses the possibility that states may have some other subsidies to these people that they could potentially reduce.... Actually, Anne, I have been meaning to write to you about the legislative specs on this proposal. They're not done yet, right? I would like to talk to you about whether it's possible to design something that protects us should something go haywire on the costs of this thing.)

Message Copied To: _____



FAX COVER SHEET

OFFICE OF LEGISLATIVE &
INTER-GOVERNMENTAL AFFAIRSNumber of Pages: cover + 1Date: 1/16/97To: Diana FortunaFrom: Jennie BonneyFax: 456-7431Fax: 202-690-8168

Phone: _____

Phone: _____

REMARKS: Here's what I faxed to SSA.

HEALTH CARE FINANCING ADMINISTRATION

200 Independence Ave., SW
Room 341-H, Humphrey Building
Washington, DC 20201

o **Demonstration to extend premium-free Part A coverage to working disabled**

During demo per
Proposal: A 4-year demonstration would be established to encourage SSDI beneficiaries to work. Beginning in 1998 and ending in 2001, certain SSDI beneficiaries would be provided premium-free Part A Medicare coverage for up to four additional years. SSDI beneficiaries would be eligible for the additional years of premium-free Part A Medicare coverage after completion of the trial work period and extended period of eligibility.

Rationale: Despite existing work incentives in the SSDI program, fewer than 1/2 of 1 percent of beneficiaries return to substantial gainful employment annually. The fear of losing medical benefits has been identified as one of the most significant barriers to SSDI beneficiaries returning to work. This demonstration is intended to test whether strengthening the existing work incentives by providing additional years of premium-free Part A Medicare coverage would encourage more SSDI beneficiaries to work.

o **Allow SSI beneficiaries who earn more than the 1619(b) thresholds to buy into Medicaid.**

Proposal: This proposal would give States the option of creating a new eligibility category for disabled persons -- 1619C -- to encourage them to work beyond the 1619(b) income thresholds. SSI beneficiaries in 1619C would contribute to the cost of the program by paying a premium. Premium levels would be on a sliding scale, based on the individual's income.

Rationale: Despite existing work incentives in SSI, fewer than 1/2 of 1 percent of beneficiaries return to substantial gainful employment annually. The fear of losing medical benefits has been identified as one of the most significant barriers to disabled beneficiaries returning to work or working for the first time. Under this proposal, Medicaid would be used to extend access to coverage for the working disabled who no longer qualify for health care benefits under current law.

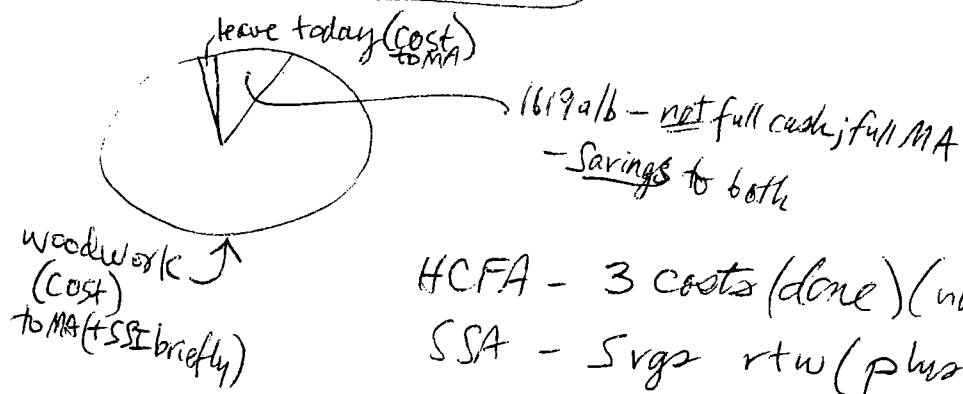
*Run w/ ticket states,
then add*



MA: (1. On full cash + MA _{-successes} → contribute $\frac{9}{15}$)

(2. Those who already leave → cost)

(3. Woodwork _{-cost})



HCFA - 3 costs (done) (no wd work)

SSA - Srgs rtw (plus wd work?)

MC: (1. On cash + MC - rtw induced _{-successes} - MC: no cost - SSDI: srgs)

(2. Those who already leave - MC: cost - SSDI: no cost)

(3. Woodwork - MC: cost - SSDI: cost)

(4. Grandfather gp (all wkg) - MC: cost (declines) - SSDI: no cost)

HCFA - 2/3 costs - done

SSA - Srgs successes (plus woodwork)

DRAFT OD

December 16, 1996

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A Phased-In Test of the RTW Ticket for Social Security Disability Beneficiaries

Recommended Option

The Social Security Administration (SSA) recommends a 10-year test of the Return-to-Work (RTW) ticket. The test will be conducted to achieve 3 purposes:

1. Pilot the ticket idea in general to determine whether or not a private market for return-to-work services can be created;
2. Test different models of the ticket and payment systems; and
3. Roll-out the ticket nationwide, based on success of tests and refinements made over the life of the test.

Scope and Timing: The RTW ticket will be tested over 10 years through a series of models with gradually expanding phases. The testing will begin in 5-10 selected States and, at critical decision points, the Commissioner of SSA will decide to either end the test or expand to more States. Ultimately, the models could be operating in as many as 25-35 States.

State VRA Options: The State VR agencies (SVRAs) in each test State will have the option to participate on an equal basis with any other provider or to remain in the current SSA VR program (i.e., receive cost reimbursement after 9 months of Substantial Gainful Activity). Under either system, private sector providers will be able to work directly with recipients before they are first considered by a State VR agency.

Eligibility for Tickets: Tickets will be given to all new beneficiaries at the time of award, except those awardees who are classified "Medical Improvement Expected" (MIE). MIE cases will be granted a ticket only after the first Continuing Disability Review (CDR) has resulted in a continuation of benefits. Also, beneficiaries who are in close proximity for a CDR would not be granted a ticket until after the CDR has resulted in a continuation decision.

Payment Formula: SVRAs or private providers will be paid a percentage of disability benefits saved, as a result of beneficiary work, for a specified period of time. Several models will be tested with variations across models in the payment formula (20-50 percent of savings) and the length of the payment period (3-5 years) with the greater risks of longer payment periods being compensated by higher total payments. Providers will be eligible for payment for each month of the payment

DRAFT OD

December 16, 1986

Pg 2

period in which no disability benefits are paid. The payment period will begin in the first month of zero benefits due to work and will continue for 36-60 consecutive months, according to the variant being tested.

Decision Points: At the end of the third, fifth, and seventh year of the tests, the Commissioner will decide:

1. if the ticket system has been sufficiently successful to continue,
2. whether details of the models need to be modified (such as the payment formula or length of the payment period), or
3. if the tests should be expanded to additional States.

At the end of the third, fifth, and seventh year of the tests, SSA will be required to estimate the costs and savings from the test, including SSI and DI costs and SSI, DI, Medicaid, and Medicare savings. If the annual costs net of program savings of the program, as compared to current law, are found to exceed \$20 million a year, the Commissioner of Social Security would be required to issue regulations that would reduce the level of payments to providers, reduce costs through other means, or provide for SSA to return to the current reimbursement system.

In the tenth year, the Commissioner will decide:

1. whether to recommend that the tests be continued for an additional period of time,
2. whether the RTW ticket system should be ended, or
3. whether the RTW ticket system should be converted to a permanent nationwide program and, if so, under which model or models.

Measures of Success: The success of each model will be measured by comparing the number of beneficiaries served and the costs and savings of the models between test States and to control States, as well as each test State's own historical record of return-to-work in a pre/post evaluation design.

Management: A contracted administrator will manage the system of referrals, ticket registration, and payment distribution to providers. The administrator will also develop a data collection system incorporating management reports (MIS), a beneficiary tracking system, and perform basic data analysis to inform the Commissioner's decisions.

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Dispute Resolution: The current P&A system will be supplemented to provide alternate dispute resolution services, disability rights information, & information & referral services to similar benefits for ticket holders. The system will be augmented by transferring funds by Interagency Agreement (under a demonstration umbrella) to the agencies currently funding the existing P&A system(s). This aspect of the process will be testing (as with the current demonstration to provide dispute resolution to participants in the alternate provider process) the efficacy of using the current P&A model to provide services to SSA beneficiaries.

Legislative Authority: Legislation will be needed to change existing law related to reimbursement for the costs of rehabilitating disability beneficiaries. Those changes would specify the boundaries for testing the various models and the terms for conversion to one or more of the models on a permanent basis. Legislation is also needed for SSA to refer beneficiaries directly to private sector providers (as well as State VR agencies) to allow those providers to work directly with beneficiaries before they are first considered by a State VR agency.

Levels and Sources of Funding: The payments to providers, including the SVRAs, for successful RTW efforts would be made from program funds out of savings realized from benefit suspension due to work. The funding of the contract with the project administrator will come from LAE funds and funding for the P&A demonstration will come from demonstration funds. The total is estimated to be approximately \$8 million per year for the period covered by years 1-3, \$12 million per year for years 4-6, and \$18 million per year for years 7-10. The P&A portion of that budget is \$2.3 million for the first 3 years combined; the remainder coming from LAE the budget for private contractor administration of the ticket system. Funding for the first 3 years of the administration contract should be front-loaded to allow for one-time costs of setup and testing initial procedures. Payments to providers may extend to 5 years beyond the end of the test to fully liquidate all payment obligations. Also, SSA will need an additional 5 FTEs per year to provide management oversight, contract administration, and analytical support.

Evaluation: SSA will identify a group of States which represent a range of size of resident beneficiary population and geographic diversity and will solicit their participation. SSA will collaborate with the project administrator in the design and implementation of the data collection system, which will include information for a sample of cases on the specific impairments of beneficiaries served and the nature of services provided. The Office of Systems and the Office of Disability in SSA will jointly design a system for tracking payment obligations and making payments to providers. Earnings information from annual earnings reports will be added to the record for evaluation of work activity and benefit savings. A system of routine reports to the Commissioner on the numbers and types of beneficiaries receiving tickets and of providers registering tickets, as well as the numbers and costs of

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payments made will be established. Data collected from other sources within and outside SSA on beneficiaries served by the SVRAs in participating States will be used for comparison.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL# of pages > **3****DRAFT OD**

Pg 1

To: <i>Diana Fortuna</i>	From:
Dept./Agency:	Phone #:
Fax # <i>202-456-7431</i>	Fax #:
NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION	

A Phased-in Test of Continued Medicare and Medicaid for Working Social Security Disability Beneficiaries

Recommended Option

The Social Security Administration (SSA) recommends a 10-year test of the continued Medicare and Medicaid coverage for SSDI and SSI beneficiaries who work. The test will be conducted in conjunction with SSA's Return to Work Ticket Pilot Test. The test will be conducted to achieve 3 purposes:

1. Pilot the idea in general to determine whether or not the assurance of continued access to health care coverage means that more SSDI and SSI beneficiaries can return to work and gain more economic independence;
2. Test different models of the differing effects of this promise for Medicare and Medicaid; and
3. Roll-out the assurance of health care coverage for working beneficiaries nationwide, based on success of tests and refinements made over the life of the test.

Design Features

Medicare

Extend premium-free Part A Medicare coverage as long as disabling impairment continues to SSDI beneficiaries (who have met the 2-year waiting period) who return to work. There would be no change to the law for non-working SSDI beneficiaries or for working SSDI beneficiaries during the 39 months of EPE and grace period. After 39 months, however, working SSDI beneficiaries would continue to receive premium-free Part A coverage and unless they decline, pay for Part B coverage as long as the disabling impairment continues. Former SSDI beneficiaries who currently are working and those who are currently in the EPE would not be eligible for this program.

Medicaid

States would have the option to establish an income-related premium buy-in program under Medicaid for the working disabled. A new eligibility group would be created (a new section 1619(c) of the Act) to provide Medicaid to working disabled individuals who exceed the section 1619(b) income threshold levels. Individuals eligible for 1619(c) would be required to contribute to the cost of the

DRAFT OD

December 16, 1996

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program by paying a premium, which would be on a sliding scale, based on the individual's income. All working disabled (who had received SSI benefits) in States that choose this option would have the Medicaid buy-in option available.

Scope and Timing: The continuation of Medicare/Medicaid will be tested over 10 years through a series of models with gradually expanding phases. The testing will begin in 5-10 selected States and, at critical decision points, the Commissioner of SSA (and Secretary of HHS?) will decide to either end the test (although providing assurances to those individuals who have already made decisions to return to work with the assurance of Medicare/Medicaid continuation) or expand to more States. Ultimately, the models could be operating in as many as 25-35 States.

State Medicaid Options: The State Medicaid agencies in each test State will have the option to participate in this pilot process or remain with the current process.

Decision Points: At the end of the third, fifth, and seventh year of the tests, the Commissioner and Secretary will decide:

1. if the continued Medicare/Medicaid coverage pilot project for working beneficiaries has been sufficiently successful to continue,
2. whether details of the models need to be modified, or
3. if the tests should be expanded to additional States.

At the end of the third, fifth, and seventh year of the tests, SSA will be required to estimate the costs and savings from the test, including SSI and DI Medicare and Medicaid costs and SSI, DI, Medicaid, and Medicare savings. If the annual costs net of program savings of the program, as compared to current law, are found to exceed \$20 million a year, the Commissioner and the Secretary would be required to limit the eligibility of new participants, or reduce costs through other means.

In the tenth year, the Commissioner and Secretary will decide:

1. whether continuing Medicare/Medicaid for working beneficiaries should be converted to a permanent nationwide program and, if so, under which model or models.

2. or whether the pilot should end.

DRAFT OD

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Measures of Success: The success of each model will be measured by comparing the number of beneficiaries returning to work and the costs and savings of the models between test States and control States, as well as each test State's own historical record of return-to-work in a pre/post evaluation design.

Management: A contracted administrator will develop a data collection system incorporating management reports (MIS), a beneficiary tracking system, and perform basic data analysis to inform the Commissioner's and Secretary's decisions.

Legislative Authority: Legislation will be needed to change existing law related to continuation of Medicare and Medicaid for working beneficiaries. Those changes would specify the boundaries for testing the various models and the terms for conversion to one or more of the models on a permanent basis.

Levels and Sources of Funding: The funding of the contract with the project administrator and evaluation will come from SSA's research and LAE funds. The total is estimated to be approximately \$2 million per year for the period covered by years 1-3, \$3 million per year for years 4-6, and \$4 million per year for years 7-10. SSA and HCFA will need to ensure staff resources necessary to provide management oversight, contract administration, and analytical support.

Evaluation: SSA and HCFA will identify a group of States which represent a range of size of resident beneficiary population and geographic diversity and will solicit their participation. SSA will collaborate with the project administrator in the design and implementation of the data collection system, which will include information for a sample of cases on the specific impairments of beneficiaries served and the nature of services provided. Earnings information from annual earnings reports will be added to the record for evaluation of work activity and benefit savings. A system of routine reports to the Commissioner and Secretary on the numbers and types of beneficiaries returning to work. Data collected from other sources within and outside SSA on beneficiaries in non-participating States will be used for comparison.



Beyond the Water's Edge: Charting the Course of Managed Care for People with Disabilities

November 20 - 21, 1996, St. Michaels, Maryland

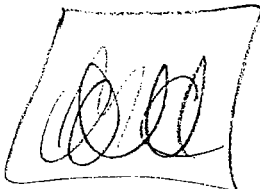
Sponsored by: Office of the Assistant Secretary for Planning and Evaluation
Health Care Financing Administration
American Association of Retired Persons

Health svcs → ticket

Did ticket alone - so as not to
fly by w/ actuals

Price vs. score

Don't say demo - R & D budget



Salun R -

MC Life - transfer → OMB issue

SSA doing demo

Brian

Add to SSA plot test of ticket
2 advantages - phase-in so cheaper
- stop-loss

Cover plus 6 pages

TO: Susan Daniels

Attached is what I got from HCFA a while back. I can't believe you guys haven't had it. I can explain how it works.

We need to talk. I guess I hadn't realized that SSA wasn't working on estimates of what the Medicare proposal would save in terms of SSDI dollars. SSA doing this estimate is our only remaining hope to avoid a demo.

Call me.

Diana

for file
MS-671
Sharon Arnold

12/5/96

Version 1 - Grandfathers in those who

Subject: Proposal to Have HI Free for DI Beneficiaries
Who Return to Work as Long as the Disabling Condition Continues

Have left the rolls

There are 3 groups of people who will be included in this proposal. The first is those who are already entitled but would exit the rolls when the RPE ended. Under current law their Medicare eligibility would have ended at this time but will extend indefinitely under the proposal. This assumes that there would be no medical recoveries.

The second group is those disabled persons who are not currently on the DI rolls but would be induced to file to obtain health insurance. These people would have a two-year waiting period before becoming eligible for Medicare.

The third group is made up of those people who are working disabled who are eligible to buy into Part A but choose not to either because they have other insurance or cannot afford the premium.

These people would now be entitled to premium-free HI. In July 1994 BPO told us that there were 78,000 such people in this group with an additional 1,200 per year becoming eligible. However, the SSA actuaries numbers indicate that an additional 7,000 each year exit the EPE. (These are the numbers we used for Group 1.)

Factors were obtained from Dave McKusick about secondary payor for Medicare which are 5% for Part A and 30% for Part B.

An effective date of 10/1/95 was assumed.

MA?

	(1)	(2)	(3)	(4)	(5)
	Part A 1/ Disabled Incurred Benefits	Part B 1/ Disabled Incurred Benefits	Disabled Non-ESRD FY Pop.	Inc. Disabled Per Cap. Part A	Inc. Disabled Per Cap. Part B
FY					
1996	13806	6527	4.675	2953	1396
1997	15554	7546	4.989	3118	1513
1998	17464	8590	5.295	3298	1622
1999	19510	9743	5.582	3495	1745
2000	21648	11122	5.854	3698	1900
2001	23895	12857	6.110	3911	2104
2002	26241	14620	6.352	4131	2302
2003	28713	16571	6.587	4359	2516
2004	31303	18819	6.816	4593	2761
2005	33969	21403	7.032	4831	3044

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

✓ **✓ satisfied no**

Case McPherson

James Brown

1

*grandfathered
noted back*

FY	(6) <i>Those who are leave</i> Group 1 (000)	(7) <i>Induced pers</i> Group 2 (000)	(8) Group 3 (000)	(9) Exposure Medicare Secondary (75%)	(10) Medicare Primary (25%)
1996	7	0	52	44	15
1997	13	0	45	44	15
1998	19	0	40	44	15
1999	24	2	35	46	15
2000	30	4	31	49	16
2001	36	7	27	53	18
2002	40	10	24	56	19
2003	48	12	21	61	20
2004	54	14	18	65	22
2005	60	16	16	69	23

MEDICARE PREMIUM-FREE PROPOSAL

FY	(11) Total Medicare Incurred (000)	(12) Utiliza. Factor	(13) Medicare Outlays Cash (000,000)
1996	89220	0.75	60
1997	93657	0.75	70
1998	101410	0.75	80
1999	111870	0.75	80
2000	127765	0.75	90
2001	148671	0.75	110
2002	168793	0.75	120
2003	198303	0.75	150
2004	226338	0.75	170
2005	260778	0.75	190

*No need to
calc those
induced to
work, bec
no sin costs*

*This is
cost
490*

*Alam:
Scale back - slight
positive*

FAX TRANSMISSION

TO: Olga FROM: David McKusick

DATE: 12/16/96 TIME: 11:56

RECEIVED: 12/16/96 BY: 1

GENERAL SERVICES ADMINISTRATION

Version 2 - don't grandfather

Subject: Proposal to Have Free HI for DI Beneficiaries Who Return to Work as Long as the Disabling Condition Continues

There are 3 groups of people who will be included in this proposal. The first is those who are already entitled but would exit the rolls when the EPE ended. Under current law their Medicare eligibility would have ended at this time but will extend indefinitely under the proposal. This assumes that there would be no medical recoveries.

The second group is those disabled persons who are not currently on the DI rolls but would be induced to file to obtain health insurance. These people would have a two-year waiting period before becoming eligible for Medicare.

The third group is excluded from this estimate.

The third group is made up of those people who are working disabled who are eligible to buy into Part A but choose not to either because they have other insurance or cannot afford the premium. These people would now be entitled to premium-free HI. In July 1994 BPO told us that there were 78,000 such people in this group with an additional 1,200 per year becoming eligible. However, the SSA actuaries most current estimates indicate that an additional 7,000 each year who exit the EPE. (These are the numbers we used for Group 1.) Factors were obtained from Dave McKusick about secondary payor for Medicare which are 5% for Part A and 30% for Part B. An effective date of 10/1/95 was assumed.

	(1) Part A 1/ Disabled Incurred Benefits	(2) Part B 1/ Disabled Incurred Benefits	(3) Disabled Non-ESRD FY Pop.	(4) Inc. Disabled Per Cap. Part A	(5) Inc. Disabled Per Cap. Part B
FY					
1996	13806	6527	4.675	2953	1396
1997	15554	7546	4.989	3118	1513
1998	17464	8590	5.295	3298	1622
1999	19510	9743	5.582	3495	1745
2000	21648	11122	5.854	3698	1900
2001	23895	12857	6.110	3911	2104
2002	26241	14620	6.352	4131	2302
2003	28713	16571	6.587	4359	2516
2004	31303	18819	6.816	4593	2761
2005	33969	21403	7.032	4831	3044

Costs

Grandfather version \$430m

\$290m No grandfather

	(6)	(7)	(8)	(9)	(10)
				Exposure	
				Medicare	Medicare
				Secondary	Primary
FY	Group 1 (000)	Group 2 (000)	Group 3 (000)	(75¢)	(25¢)
1996	7	0	0	5	2
1997	13	0	0	10	3
1998	19	0	0	14	5
1999	24	2	0	20	7
2000	30	4	0	26	9
2001	36	7	0	32	11
2002	40	10	0	38	13
2003	48	12	0	45	15
2004	54	14	0	51	17
2005	60	16	0	57	19

MEDICARE PREMIUM -FREE for DISABLED

	(11) Total Medicare Incurred (000)	(12) Utiliza. Factor	(13) Medicare Outlays Cash (000,000)
FY			
1996	10585	0.75	10
1997	20992	0.75	10
1998	32658	0.75	20
1999	47682	0.75	30
2000	66831	0.75	50
2001	91327	0.75	70
2002	114049	0.75	80
2003	146891	0.75	110
2004	178965	0.75	130
2005	215425	0.75	160

{ This is cost

OPTIONAL FORMS 50 (7-80)

FAX TRANSMITTAL

8 of pages 2

Name <i>Jessie Bonner</i> Address <i>02169</i>	Phone # <i>02169</i>
---	-------------------------

Fig. 1



5010 75-00-01-917-7200

1999-2001

GENERAL SERVICES ADMINISTRATION

MEMORANDUM

FROM: Isidor Strauss
HCFA Office of the Actuary

SUBJECT: Medicaid Effects of a Proposed 1619(c) for Disabled Workers

The proposal would permit disabled workers who are no longer eligible for other 1619 Medicaid coverage due to earnings to continue their coverage by contributing to the costs through premiums, deductibles, and coinsurance based on a sliding scale related to income.

In calculating these effects, we have assumed that those who currently leave Medicaid due to earnings would most likely make use of this program. There would be every incentive for them (or their employer) to make use of this lower-cost option. These people thus would represent a cost to the Medicaid program. It is assumed for the purposes of this estimate that these people, who clearly are healthier than most disableds, have percapita costs equal to one half the standard disabled percapita, and that the beneficiary contribution of premiums, deductibles, and coinsurance will offset program costs by one half.

Offsetting this group would be the group of current Medicaid recipients who would be encouraged to earn more, without fear of losing their Medicaid coverage. These people, for whom the program is now paying the full cost, would contribute to the cost of their coverage, thus generating program saving. It is hard to sort out the various incentives operating on these people, particularly since the details of the proposal have not as yet been fleshed out, and in any event it is difficult to estimate how many people would fall into this group. ~~With the estimated savings for an annual reduction of 1000 Medicaid recipients.~~

Throughout, we have assumed a ~~continuation~~ rate from year to year of 90%. This has been standard in Title XVI estimates of this type. There might be some reasons to lower it for this case, however, due to the possibility that recipients would "fall back" to one of the other Title XVI categories as their earnings declined, for whatever reason. ~~If the continuation rate were lowered, it would lower both the costs and the savings.~~

Complicating this issue is the proposal to institute percapita caps on all Medicaid spending. Under this proposal, the Federal government would pay the same percapita cost for each recipient, regardless of whether the program spends more or less on any individual. In that case, it is unclear who (the state or the Federal government) would gain from the recipient contribution of premiums, deductibles, or coinsurance. We have done an estimate using these higher percapita caps, assuming that the whole program would gain from the offsets, but assuming that the offsets are based on actual costs rather than on the higher percapita caps. ~~Thus, the costs are higher than under current law, while the savings are the same.~~

Jack - Health on MC
Mittor Woodwork effect July 5, 1996

James - 10/10/96
MC share

Medicaid Estimate
1619(c)

Current Law

	FY97	FY98	FY99	FY00	FY01
pop buildup	800	1520	2168	2751	3278
percaps	4738	5025	5331	5671	6049
cost (\$ Millions)	4	8	12	16	20
offsets (est .5) (prems, deducts, coins)	2	4	6	8	10
net cost	2	4	6	8	10
fed shr	1	2	3	4	6

16

Cost

Savings per Annual 1000 Reduction in SSI, 1619(a), and 1619(b) Caseload

pop buildup	1000	1800	2710	3439	4065
percaps	4738	5025	5331	5671	6049
savings (\$ Millions) (assumes .5 for prem coins & deduct)	2	5	7	10	12
fed shr	1	3	4	6	7

21

Savings

Net: Savings of 5

FAX COVER

Date/Time:

**Income Maintenance Branch**

Executive Office of the President
Office of Management and Budget
Washington, DC 20503

TO: *Diana Fortuna*FROM: *Katie Hong*

Fax Destination

Organization:

Fax Number:

Number of Attached Pages: *Cover +*

Notes:

*this is the
revised draft from SSA !!*

Income Maintenance Fax Number:
Voice Confirmation:

202/395-0851
202/395-4686

Cost Estimates for FY98 President's Budget Medicaid Options

1/8/98 15:00

	Cost(Savgs) in \$bill					
	FY1998	FY1999	FY2000	FY2001	FY2002	Total
Welfare Reform-Related Regulations						
Extend Period for Eligibility Redeterminations	0.1	0	0.0	0.0	0.0	0.1
Impact of SSI Childhood Disability Reg	0.0	0.1	0.1	0.1	0.1	0.3
Per Capita Cap/DSH¹						
Savings from Cap	0.0	0.0	-0.8	-2.4	-4.0	-7.2
DSH Savings	-0.9	-1.5	-2.8	-4.1	-6.1	-15.4
Welfare Reform Legislative Changes						
Retain MCD for curr disab children who lose SSI	0.1	0.1	0.1	0.1	0.1	0.3
Exempt disabled from SSI ban ²	0.4	0.5	0.5	0.5	0.5	2.3
Exempt disabled from 5-yr ban/deeming	0.2	0.3	0.5	0.6	0.8	2.4
Exempt preg w/m from 5-yr ban/deeming	0.0	0.0	0.0	0.0	0.0	0.1
Exempt children from 5-yr ban/deeming	0.0	0.0	0.0	0.0	0.1	0.2
Extend refugee/asylee exemption	0.0	0.0	0.0	0.0	0.0	0.0
Children's Health Initiatives						
State Partnership Demos	0.75	0.75	0.75	0.75	0.75	3.75
State Partnership Demos- MCD Outreach Impact ³	0.1	0.1	0.2	0.3	0.4	1.1
12-mo Continuous Eligibility for Children	0.3	0.5	0.7	1.0	1.2	3.7
Other Proposals						
Increase DC FMAP to 70% ⁴	0.2	0.2	0.2	0.2	0.2	0.9
Increase Payments to Puerto Rico	0.0	0.0	0.0	0.0	0.0	0.2
Extension of VA Sunset	0.0	0.5	0.6	0.6	0.6	2.3
Impact of Medicare Proposals						
Part B Premium	0.0	0.0	0.1	0.2	0.4	0.8
Admin Costs						
Partnership Demo Outreach	0.0	0.0	0.0	0.0	0.0	0.1
TOTAL	1.2	1.5	0.2	-1.9	-5.1	-4.1

Note: Cost estimates assume implementation of proposals in order shown; thus each cost/savings line reflects interactions with prior provisions.

¹Specifications as of 1/1/97

²Residual cost for elderly non-disabled would be about \$1 bill/yr (\$1.6 bill over 5 yrs.)

³Cost shown is the impact of bringing an estimated 400 thous. eligible but non-enrolled children onto Medicaid by FY 2000.

Additional outreach activities expected to enroll an additional 1.6 million children would have the following costs (including admin.):

FY98	FY99	FY00	FY01	FY02	Total
0.2	0.5	0.9	1.4	1.5	4.5

⁴Based on Nov 96 State estimates - cost based on DC Mayor's budget projections comes to approx. \$1 billion/5-years

Office of the Actuary/HCFR
1/8/97

budget98actuary1

*Bucket - disabled from WR
no fix in
non-dis. elderly
\$600 m / 5 yrs.*

* Kern - budget chapters
+ Bruce - R

i'Compatible in Hamis' alphon,
no es tanto importante a digitar again?

TODO:

Fold in these 2 changes into a test that SSA is doing of a return to work system

- keys are stop-loss, start small (only some states)
- test different alternatives & compare

- both MA and MC?
- one test or two?
- what are costs
 - MC changing due to slimmed down,
 - MA changing due to per capita cap

Does OMB have all paper?

paper faxed to omb this pm; meeting at 4 on MA? Bruce/Sally tonight;

tkr int'g alt if can't do more

MC — 840
MA — ding?

Propose to do these 2 ^{MC+MA} proposals as part of
pilot test of a ticket — that is already in budget
① — voucher to reward providers who achieve
② — Not a 5-10 year test
③ — Advantages
2 Advantages

- Phased in → ^(5-10 states → 35 states) so costs even lower
- Stop loss: set 3/5/7
- Has research design to study success
- Combined power of voucher + health care

Outcome — MA review by OMB?
OK to do even slower — smaller to swallow or still SSA TF?

1/7/97

TO: Diana Fortuna

FROM: Ken McGill

SUBJECT: Medicare Proposal Estimates

Attached are two items for your review, which I am also sharing with the HCFA OLIGA staff. The 1/07/97 note is from Clare McFarland, HCFA actuary and includes a look at the financial effect over 10 years of our proposed revision of the Medicare proposal. The 09/15/95 note is a look at the financial effect of our DI ticket proposal, which is still pertinent.

A quick look at column 13 of the HCFA note and comparison with the SSA note for comparable years shows that for the period 1997-2002, for example, Medicare cumulative costs come in at \$40 million, and for the same period, DI cumulative savings come in at \$180 million.

The DI savings outweigh the Medicare costs in any individual year and cumulatively during the period reviewed.

cc: Susan Daniels
Alan Shafer
Leo McManus

Old memo relevance - not new
To OMB?
De Law don't like policy
→ y-nel prem!

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL		# of pages
To Diane Fortuna Dept./Agency	From Ken McGill	4
Fax # 202-456-7028	Phone # 410-965-3988	
NSM 7540 01-317 7368	Fax # 410-966-8597	
5099-101		GENERAL SERVICES ADMINISTRATION

JAN-07-1997 11:29 FROM HCFA ONCT

TO

99668593 P.01

1/7/97
#####

Subject: Proposal to Have Free HI for DI Beneficiaries
Who Return to Work as Long as the Disabling Condition Continues

This proposal would not give premium-free HI to any current working disabled or anyone currently in the EPE. Only those who return to work in the future would be eligible.

There are 2 groups of people who will be included in this proposal. The first is those who are currently on the DI rolls and will return to work. Under current law their Medicare eligibility will end after they have exited the EPE. This proposal would extend indefinitely Medicare eligibility. This assumes that there would be no medical recoveries. SSA currently estimates that there are 7,000 people per year exiting the EPE.

The second group is those disabled persons who are not currently on the DI rolls but would be induced to file to obtain health insurance. These people would have a two-year waiting period before becoming eligible for Medicare.

Factors were obtained from Dave McKusick about secondary payor for Medicare which are 5% for Part A and 30% for Part B.

An effective date of 10/1/97 was assumed.

FY	(1) Part A 1/ Disabled Incurred Benefits	(2) Part B 1/ Disabled Incurred Benefits	(3) Disabled Non-ESRD FY Pop.	(4) Inc. Disabled Per Cap. Part A	(5) Inc. Disabled Per Cap. Part B
1997	15485	6956	4.907	3156	1418
1998	17261	7687	5.148	3353	1532
1999	19202	8941	5.397	3558	1657
2000	21280	9967	5.652	3765	1763
2001	23528	11221	5.898	3989	1903
2002	25877	12863	6.140	4214	2095
2003	28361	14691	6.375	4449	2304
2004	30979	16618	6.605	4690	2516
2005	33689	18822	6.835	4929	2754
2006	36553	21343	7.063	5175	3022
2007	39658	24142	7.278	5449	3317

OPTIONAL FORM 80 (7-82)

FAX TRANSMITTAL

of pages 2

TO: <i>Allen Schaffer</i>	FROM: <i>Clara McFadden</i>
DEPT/AGENCY:	PHONE: <i>776-6390</i>
FAX #	FAX #

NSN 7540-01-317-7988

5038-101

GENERAL SERVICES ADMINISTRATION

JAN-07-1997 11:30 FROM HCFA DACT

TO

99668593 P.02

FY	(6) <i>are</i> Group 1 (000)	(7) <i>Woodwork</i> Group 2 (000)	(8) Group 3 (000)	(9) Exposure Medicare Secondary (75%)	(10) Medicare Primary (25%)
1997	0	0	0	0	0
1998	0	0	0	0	0
1999	0	0	0	0	0
2000	0	0	0	0	0
2001	7	2	0	7	2
2002	13	4	0	13	4
2003	19	7	0	20	7
2004	24	10	0	26	9
2005	30	12	0	32	11
2006	36	14	0	38	13
2007	40	16	0	42	14

MEDICARE BUY-IN PROPOSAL

FY	(11) Total Medicare Incurred (000)	(12) Utiliza. Factor	(13) Medicare Outlays Cash (000,000)
1997	0	0.75	0
1998	0	0.75	0
1999	0	0.75	0
2000	0	0.75	0
2001	18455	0.75	10
2002	37515	0.75	30
2003	61715	0.75	40
2004	86480	0.75	60
2005	114454	0.75	80
2006	146162	0.75	110
2007	175965	0.75	130

MEMORANDUM

September 15, 1995

FROM: James R. McLaughlin
Office of the Actuary

TACA

SUBJECT: Estimated OASDI Short-Range Financial Effect Resulting From the Proposal Contained in the Proposed Employment Strategy to Provide Incentive Payments to Rehabilitation Providers--**INFORMATION**

Under this proposal, all OASDI disability beneficiaries, except those whose medical conditions are expected to improve, would be issued a ticket for services which may be given to a provider of their choice. If the beneficiary returns to work and ends receipt of disability benefits due to earnings, the provider would receive one-half of the pre-termination monthly benefit of the disabled individual for those months that the beneficiary receives no OASDI benefit within the 5-year period after the initial cessation date. Under the proposal, the reimbursements to vocational rehabilitation (VR) agencies (or alternate providers) that occur under present law would cease.

The proposal was assumed effective October 1, 1996. Current-law reimbursements to VR agencies would cease for new VR acceptances on or after that date. There is substantial uncertainty regarding the financial effect of this proposal as mentioned in my memorandum of July 21, 1995 which presented illustrative estimates of the possible financial effect of this proposal. Due to this uncertainty, the estimates below should be considered only "ballpark" estimates of the possible financial impact of the proposal. The estimates assume that new substantial gainful activity suspensions under the proposal would gradually rise to about *an additional* 6 thousand per year in fiscal year 2003.

<u>Fiscal</u> <u>year</u>	<u>Net OASDI savings</u> <u>(In millions)</u>
1997	(1/)
1998	(1/)
1999	\$40
2000	40
2001	50
2002	50
2003	60
2004	80
2005	<u>120</u>
Total, 1997-2005	\$440

1/ Savings less than \$5 million.

How just a demo
eval

James R. McLaughlin
James R. McLaughlin, Ph.D., A.S.A.
Actuary



FAX COVER SHEET

OFFICE OF LEGISLATIVE &
INTER-GOVERNMENTAL AFFAIRSNumber of Pages: cover + 1Date: 1/8/97To: Diana Fortuna

From:

Jennie BonneyFax: 456-7431Fax: 202-690-8168

Phone: _____

Phone: _____

REMARKS:

HEALTH CARE FINANCING ADMINISTRATION
200 Independence Ave., SW
Room 341-H, Humphrey Building
Washington, DC 20201

From: John Klemm
To: Washington.DC1.JBonney, Washington.DC1.DJohnson4
Date: 1/8/97 4:23pm
Subject: Working Disabled Proposal

Below is our estimate for the 1619(c) proposal:

Fed Cost in \$mill

FY	Cost
----	------

98	0
----	---

99	0
----	---

00	5
----	---

01	10
----	----

02	10
----	----

Total	25

MC → never raised @ policy level

Frank

President →

MA

758 6071
Cover plus 6 pages

TO: Susan Daniels

Attached is what I got from HCFA a while back. I can't believe you guys haven't had it. I can explain how it works.

We need to talk. I guess I hadn't realized that SSA wasn't working on estimates of what the Medicare proposal would save in terms of SSDI dollars. SSA doing this estimate is our only remaining hope to avoid a demo.

Call me.

Diana

12/5/96

Version 1 - Grandfathers in those who

Subject: Proposal to Have HI Free for DI Beneficiaries
Who Return to Work as Long as the Disabling Condition Continues

have left the rolls

There are 3 groups of people who will be included in this proposal. The first is those who are already entitled but would exit the rolls when the RPE ended. Under current law their Medicare eligibility would have ended at this time but will extend indefinitely under the proposal. This assumes that there would be no medical recoveries.

The second group is those disabled persons who are not currently on the DI rolls but would be induced to file to obtain health insurance. These people would have a two-year waiting period before becoming eligible for Medicare.

The third group is made up of those people who are working disabled who are eligible to buy into Part A but choose not to either because they have other insurance or cannot afford the premium.

These people would now be entitled to premium-free HI. In July 1994 BPO told us that there were 78,000 such people in this group with an additional 1,200 per year becoming eligible. However, the SSA actuaries numbers indicate that an additional 7,000 each year exit the EPE. (These are the numbers we used for Group 1.)

Factors were obtained from Dave McKusick about secondary payor for Medicare which are 5% for Part A and 30% for Part B.

An effective date of 10/1/95 was assumed.

WIA??

	(1) Part A 1/ Disabled Incurred Benefits	(2) Part B 1/ Disabled Incurred Benefits	(3) Disabled Non-ESRD FY Pop.	(4) Inc. Disabled Per Cap. Part A	(5) Inc. Disabled Per Cap. Part B
FY					
1996	13806	6527	4.675	2953	1396
1997	15554	7546	4.989	3118	1513
1998	17464	8590	5.295	3298	1622
1999	19510	9743	5.582	3495	1745
2000	21648	11122	5.854	3698	1900
2001	23895	12857	6.110	3911	2104
2002	26241	14620	6.352	4131	2302
2003	28713	16571	6.587	4359	2516
2004	31303	18819	6.816	4593	2761
2005	33969	21403	7.032	4831	3044

OPTIONAL FORM NO. 10 (7-90)

FAX TRANSMITTAL

17 of 10000

1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319</
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Agency	6-91701	Phone
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*grandfathered
induced to work*

FY	(6) <i>Those who are leave</i> Group 1 (000)	(7) <i>Induced pers</i> Group 2 (000)	(8) Group 3 (000)	(9) Exposure Medicare Secondary (75%)	(10) Medicare Primary (25%)
1996	7	0	52	44	15
1997	13	0	45	44	15
1998	19	0	40	44	15
1999	24	2	35	46	15
2000	30	4	31	49	16
2001	36	7	27	53	18
2002	40	10	24	56	19
2003	48	12	21	61	20
2004	54	14	18	65	22
2005	60	16	16	69	23

MEDICARE PREMIUM-FREE PROPOSAL

FY	(11) Total Medicare Incurred (000)	(12) Utiliza. Factor	(13) Medicare Outlays Cash (000,000)
1996	89220	0.75	60
1997	93657	0.75	70
1998	101410	0.75	80
1999	111870	0.75	80
2000	127765	0.75	90
2001	148671	0.75	110
2002	168793	0.75	120
2003	198303	0.75	150
2004	226338	0.75	170
2005	260778	0.75	190

*No need to
calc those
induced to
work, bec
no sin costs*

FAX TRANSMISSION

TO: *Janey Bonner* FROM: *Dave McKusick*

SUBJECT: *OLIGA*

DATE: *12/16/96*

TIME: *10:16*

PHONE: *202-690-8168*

FAX: *202-690-8168*

GENERAL SERVICES ADMINISTRATION

Version 2 - don't grandfather

Subject: Proposal to Have Free HI for DI Beneficiaries Who Return to Work as Long as the Disabling Condition Continues

There are 3 groups of people who will be included in this proposal. The first is those who are already entitled but would exit the rolls when the EPE ended. Under current law their Medicare eligibility would have ended at this time but will extend indefinitely under the proposal. This assumes that there would be no medical recoveries.

The second group is those disabled persons who are not currently on the DI rolls but would be induced to file to obtain health insurance. These people would have a two-year waiting period before becoming eligible for Medicare.

The third group is excluded from this estimate.

The third group is made up of those people who are working disabled who are eligible to buy into Part A but choose not to either because they have other insurance or cannot afford the premium. These people would now be entitled to premium-free HI. In July 1994 BPO told us that there were 78,000 such people in this group with an additional 1,200 per year becoming eligible. However, the SSA actuaries most current estimates indicate that an additional 7,000 each year who exit the EPE. (These are the numbers we used for Group 1.) Factors were obtained from Dave McKusick about secondary payor for Medicare which are 5% for Part A and 30% for Part B. An effective date of 10/1/95 was assumed.

	(1) Part A 1/ Disabled Incurred Benefits	(2) Part B 1/ Disabled Incurred Benefits	(3) Disabled Non-ESRD FY Pop.	(4) Inc. Disabled Per Cap. Part A	(5) Inc. Disabled Per Cap. Part B
FY					
1996	13806	6527	4.675	2953	1396
1997	15554	7546	4.989	3118	1513
1998	17464	8590	5.295	3298	1622
1999	19510	9743	5.582	3495	1745
2000	21648	11122	5.854	3698	1900
2001	23895	12857	6.110	3911	2104
2002	26241	14620	6.352	4131	2302
2003	28713	16571	6.587	4359	2516
2004	31303	18819	6.816	4593	2761
2005	33969	21403	7.032	4831	3044

Costs

*Grandfather
version
\$430m*

*\$296m
No grandfather*

	(6)	(7)	(8)	(9)	(10)
				Exposure	
				Medicare	Medicare
FY	Group 1	Group 2	Group 3	Secondary	Primary
	(000)	(000)	(000)	(75%)	(25%)
1996	7	0	0	5	2
1997	13	0	0	10	3
1998	19	0	0	14	5
1999	24	2	0	20	7
2000	30	4	0	26	9
2001	36	7	0	32	11
2002	40	10	0	38	13
2003	48	12	0	45	15
2004	54	14	0	51	17
2005	60	16	0	57	19

MEDICARE PREMIUM -FREE for DISABLED

	(11)	(12)	(13)
	Total	Utiliza.	Medicare
	Medicare	Factor	Outlays
FY	Incurred		Cash
	(000)		(000,000)
1996	10585	0.75	10
1997	20992	0.75	10
1998	32658	0.75	20
1999	47682	0.75	30
2000	66831	0.75	50 ¹⁵⁰
2001	91327	0.75	70 ²²⁰
2002	114049	0.75	80
2003	146891	0.75	110
2004	178965	0.75	130
2005	215425	0.75	160

This is cost

OPTIONAL FORM 98 (7-90)

FAX TRANSMITTAL

of pages = 1

<i>Jessie Bonner</i> <i>OLIGA</i>		<i>Don McFarland</i> Phone # Fax #
FAX #		FAX #

5010-101-017-7208

5010-101

GENERAL SERVICES ADMINISTRATION

MEMORANDUM

FROM: Isidor Strauss
HCFA Office of the Actuary

SUBJECT: Medicaid Effects of a Proposed 1619(c) for Disabled Workers

The proposal would permit disabled workers who are no longer eligible for other 1619 Medicaid coverage due to earnings to continue their coverage by contributing to the costs through premiums, deductibles, and coinsurance based on a sliding scale related to income.

In calculating these effects, we have assumed that those who currently leave Medicaid due to earnings would most likely make use of this program. There would be every incentive for them (or their employer) to make use of this lower-cost option. These people thus would represent a cost to the Medicaid program. It is assumed for the purposes of this estimate that these people, who clearly are healthier than most disableds, have percapita costs equal to one half the standard disabled percapita, and that the beneficiary contribution of premiums, deductibles, and coinsurance will offset program costs by one half.

Offsetting this group would be the group of current Medicaid recipients who would be encouraged to earn more, without fear of losing their Medicaid coverage. These people, for whom the program is now paying the full cost, would contribute to the cost of their coverage, thus generating program saving. It is hard to sort out the various incentives operating on these people, particularly since the details of the proposal have not as yet been fleshed out, and in any event it is difficult to estimate how many people would fall into this group. ~~We have estimated the savings for an assumed reduction of 1000 Medicaid recipients.~~

Throughout, we have assumed a ~~continuation rate~~ rate from year to year of 90%. This has been standard in Title XVI estimates of this type. There might be some reasons to lower it for this case, however, due to the possibility that recipients would "fall back" to one of the other Title XVI categories as their earnings declined, for whatever reason. ~~If the continuation rate were lowered, it would lower both the costs and the savings.~~

Complicating this issue is the proposal to institute percapita caps on all Medicaid spending. Under this proposal, the Federal government would pay the same percapita cost for each recipient, regardless of whether the program spends more or less on any individual. In that case, it is unclear who (the state or the Federal government) would gain from the recipient contribution of premiums, deductibles, or coinsurance. We have done an estimate using these higher percapita caps, assuming that the whole program would gain from the offsets, but assuming that the offsets are based on actual costs rather than on the higher percapita caps. ~~Therefore, the costs are higher than under current law, while the savings are the same.~~

Jack - Health on MC
Mittor Woodwork effect

July 5, 1996

Janey - MC cost
MC share

**Medicaid Estimate
1619(c)**

Current Law

	FY97	FY98	FY99	FY00	FY01
pop buildup	800	1520	2168	2751	3276
percaps	4738	5025	5331	5671	6049
cost (\$ Millions)	4	8	12	16	20
offsets (est .5) (prems, deducts, coins)	2	4	6	8	10
net cost	2	4	6	8	10
fed shr	1	2	3	4	6

16

Cost

Savings per Annual 1000 Reduction in SSI, 1619(a), and 1619(b) Caseload

pop buildup	1000	1800	2710	3439	4095
percaps	4738	5025	5331	5671	6049
savings (\$ Millions) (assumes .5 for prem coins & deduct)	2	5	7	10	12
fed shr	1	3	4	6	7

21

Savings

Net: Savings of 5



FAX COVER SHEET

OFFICE OF LEGISLATIVE &
INTER-GOVERNMENTAL AFFAIRSNumber of Pages: cover + 7Date: 12/17/96To: Diana Fortuna
OFCFrom:
Jennie Bonney
HCFAFax: 456-7431Fax: 202-690-8168

Phone: _____

Phone: (202) 690-5636

REMARKS: Here are the 2 Medicare cost estimates -- column 13 is the bottom line. I've also included the Medicaid estimate. Please ignore page on per capita cap + refer to current law.

HEALTH CARE FINANCING ADMINISTRATION

200 Independence Ave., SW
Room 341-H, Humphrey Building
Washington, DC 20201Thanks,
Jennie

Medicaid Estimate
1619(c)

Costs Under Per Capita Cap Proposal

	FY97	FY98	FY99	FY00	FY01
pop buildup	800	1520	2168	2751	3276
percapa	9319	9709	10118	10485	10899
cost (\$ Millions)	7	15	22	29	38
offsets (prems, deducts, coins)	2	4	8	8	10
net cost	6	11	16	21	28
fed shr	3	8	9	12	15

45

Savings per Annual 1000 Reduction in SSI, 1619(a), and 1619(b) Caseload

	1000	1900	2710	3439	4095
pop buildup	1000	1900	2710	3439	4095
percapa	4738	5025	5331	5671	6049
savings (\$ Millions) (assumes .5 for prem coins & deduct)	2	5	7	10	12
fed shr	1	3	4	6	7

- if 1,000 people
lower
1619b

21

Part A
\$300/mo
3600/yr

demo
offer for 3 yrs

10-17-96
in CPE

AKS b

induced demand -
→

Idior Strauss
Office of the Actuary
July 23, 1996

EXISTING SSA WORK INCENTIVE PROGRAMS

Congress has enacted a number of work incentive programs, but only a small number of SSA's clients use them.

SSDI:

- o **Trial Work Period:** A beneficiary can work for 9 months without losing benefits. *Jeffords: like 16/19*
- o **Extended Period of Eligibility:** If a beneficiary's income falls below SGA (substantial gainful activity) level during the 3 years after a trial work period, cash benefits are reinstated for that month.
- o **Medicare Coverage and Buy-In:** A beneficiary gets 39 months on Medicare after the trial work period. After that, a beneficiary can purchase Part A Medicare coverage. *at full cost* *2/15K: continue MC; then buy*

SSI:

- o **Section 1619(a):** A beneficiary who earns more than SGA (normally the point where benefits are cut off) loses \$1 of benefits for every \$2 earned.
- o **Section 1619(b):** Allows a beneficiary to keep Medicaid coverage when earnings become too high to allow a cash benefit. Coverage continues unless earnings reach a threshold amount which varies by state -- examples are \$17,000 in Pennsylvania and \$22,000 in California in 1994. *individual?*
- o **PASS:** Allows a beneficiary to exclude from their SSI eligibility and benefit calculation any income or resources used to achieve a work goal.
- o **Students:** A beneficiary under 22 who is in school can exclude another \$1,600 a year from income.

Both SSDI and SSI:

- o **Impairment-Related Work Expenses (IRWE):** A beneficiary can deduct from earnings the cost of certain items or services needed to work, such as transportation, medical devices, or attendant care at work.
- o **Subsidies:** The value of support a person receives on the job is deducted from earnings to determine if a person is engaged in SGA.
- o **Continued Payment While Under VR:** A beneficiary who is no longer disabled can still get benefits if participating in a VR program.

*Peter

who else?
NSC Law Ctr

- HCFA speed up

- Examine above; new props old fail too

- Demo

→ what's diff?

2 states - demo - KK - subvention - protect existing

~~***CONFIDENTIAL***~~

November 27, 1996 revised

POTENTIAL MEDICAID FY 1998 PROPOSALS

*Note: When available, a crude estimate of the FY 98-02 savings or cost of each proposal, reflected as low impact (L), medium impact (M), or high impact (H), is included in the left margin.

Italicized proposal are new proposals; non-italicized proposals are proposals from the 1996 per capita cap proposal.

Medicaid Proposals included in the Initiative for Children

- Baseline cost? • *Improve eligibility process to ensure eligibles are enrolled*
(Administrative)
- Baseline cost? • *Expand outreach* (Administrative)
- cost L • *Market Medicaid enrollment to public* (Administrative)
- cost L • *Optional eligibility group for older children --accelerate enrollment of children's poverty-related eligibility groups*

Targeting Financial Assistance

- \$10 B • Reduce disproportionate share hospital (DSH) payments to states and establish Federal standards to target certain essential providers:
 - For example allocate 70-75% to public hospitals, 10-15% to FQHCs, and 10-20% other providers
 - Insure that DSH payments go directly to providers -- Modified
 - DSH proposal would be linked to change in proposal related to cost-based reimbursement for FQHCs

Working Families Proposals

- cost H • *Allow eligibility simplification at percent of poverty*
- cost H • *Modify Medically Needy income threshold*
- neutral • *Create process to permit permanent extension of 1115 Demonstrations that meet Federal criteria*
- save L • *Support State expansions to expansion populations by allowing optional premiums for expansions populations w/ incomes >100% of poverty*

State Flexibility

o Payment Rates

- save L • Repeal the Boren amendment for hospitals

1

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: QB DATE: 10/13/17

- minimal • Modify Boren amendment for nursing homes
- save L • Move to eliminate cost-based reimbursement for health clinics with transition linked to DSH proposal
- neutral • Eliminate OB/Peds physician qualification requirements
- neutral • Eliminate annual state reporting requirements for certain providers (Ob/Peds)
- cost L • Increase the Federal payment cap for Puerto Rico and other territories.

o Administrative

- save L • Simplify computer systems requirements
- save L • Eliminate personnel requirements
- cost L • *Require all states to participate in person-based data system (MSIS)*

o Managed Care

- cost ? • *Modify upper payment limit for capitation rates, enhance actuarial standards*
- ??? • Convert 1915(b) waivers to State Plan Amendments
- ??? • Eliminate 75/25 rule
- ??? • Modify Federal review of managed care contracts with higher threshold - Modified.
- neutral • *Develop quality review and monitoring procedures (Administrative)*
- neutral • *Create process to permit permanent extension of 1115 Demonstrations that meet Federal criteria*

Other

o Long Term care (LTC) Access

- cost L • *Allow States to simplify income and asset rules for institutionalized individuals*
- ?? • *Repeal authority for criminal penalties for persons who transfer assets to qualify for Medicaid*
- neutral • PACE Demonstrations -- Grant full permanent provider status for entities

o Nursing Home Reform

- neutral • Nurse Aide Training Waivers
- neutral • *Give States incentive to use alternative remedies to correct nursing home quality of care deficiencies*
- neutral • *Eliminate the duplicative inspection of care requirements in mental hospitals and ICFs/MR -- rely on survey and certification review process*
- neutral • *Alternative Sanctions in ICFs/MR*
- cost L • *Survey and Certification. match from 75% to 85%*

o Home and Community Based Services (HCBS)

- cost H • Convert HCBS 1915(c) waivers into State Plan Option
- cost L • *Legislate demonstration authority to allow direct payment to individuals*

- cost ? • *for HCBS*
- cost L • *Eliminate the institutional level of care requirement for home and community-based services*
- cost L • *Provide enhanced 75% Administrative Matching Rate for HCBS administration*

o American Indians/Alaska Natives

- neutral • *Allow tribal/urban Indian providers to bill directly for Medicaid*
- cost L • *Extend 100% Federal matching to urban Indian organizations*
- minima • *Provide Federal survey and certification of tribal/village providers*
- neutral • *Guarantee qualified IHS, tribal, and urban Indian organization providers (ITUs) the right to participate in State managed care networks*
- neutral • *Allow ITUs to participate in managed care systems as primary care case managers (PCCMs)*
- neutral • *Require hospitals to accept Medicare-like rates for non-Medicare Indian patients paid for by ITUs (as they must now for patients paid for by CHAMPUS & VA) -- Medicare*
- cost L • *Allow ITU free-standing clinics to bill Medicare Part B-- Medicare*

o Working Disabled to be Included in SSA Package

- cost M • *Provide premium-free Hospital Insurance (Part A) to all working disabled beneficiaries under Medicare -- included in Medicare and SSA legislative proposal lists*
- cost L • *Allow States' the option to have SSI beneficiaries who earn more than the 1619(b) thresholds to buy into Medicaid -- included in SSA list*

Medicaid Proposals Related to Welfare and Immigration Reform

o Welfare

- cost H • *State option to extend transitional Medicaid for an additional 12 months*
- cost L • *Deem new SSI eligibles in first month*

o Immigration

- cost M • *Optional eligibility for "qualified aliens" who would be eligible for SSI cash except for the welfare reform ban*
- cost L • *Restore parity for Cuban/Haitian entrants*
- ?? • *Add limits to amount of Medicaid sponsor deeming*
- ?? • *Exclude certain resources from Medicaid sponsor deeming*
- cost M • *Allow prenatal care option for newly arriving legal immigrants*
- cost H • *State option to provide Medicaid to newly arriving legal immigrant children and pregnant women*

HHS →

Proposals Included in Per Capita Cap Proposal, Not on FY98 List

- Per capita cap proposal
- Permit all States to roll back higher, optional income levels for pregnant women and children to the Federally mandated level.
- Repeal cooperative agreements requirements.
- Establish commission on equity in Medicaid financing (FMAP).
- Two provisions related to per capita cap financing structure:
 - Modify and strengthen Medicaid Eligibility Quality Control system.
 - New reporting requirements to ensure program integrity.



FAX COVER SHEET

**OFFICE OF LEGISLATIVE &
INTER-GOVERNMENTAL AFFAIRS**

Number of Pages: cover + _____

Date: 12/20/96

To: Diane Fortune

From:

Jennie Barney

Fax: 456-7431

Fax: 202-690-8168

Phone: _____

Phone: _____

REMARKS:

HEALTH CARE FINANCING ADMINISTRATION
200 Independence Ave., SW
Room 341-H, Humphrey Building
Washington, DC 20201

**TITLE: Personal Assistance Services "Cash and Counseling" Demonstration/
Evaluation.**

PRINCIPAL INVESTIGATORS: Kevin Mahoney, University of Maryland, College Park, MD; Barbara Phillips, Mathematica Policy Research, Inc., Princeton NJ.

PURPOSE: This project will employ a classical experimental research design (i.e., random assignment of participants to treatment and control groups) to test the effects of "cashing out" Medicaid-funded personal assistance services for the disabled. This demonstration will initially be carried out in two states: New York and Arkansas. One or two additional states may be allowed to join the demonstration in 1997. Control group members will receive "traditional" benefits--i.e. case-managed home and community-based services, where payments for services are made to vendors, while treatment group members receive a monthly cash payment in an amount roughly equal to the cash value of the services they would have received under the traditional program.

It is hypothesized that cash payments will foster greater client autonomy and that, as a result, consumer satisfaction will be greater. It is also hypothesized that states will save Medicaid monies (mostly in administrative expenses) from cashing out benefits. The analysis will consider the effects of the demonstration according to the varying characteristics of the consumers including age, disability, and other factors. The project is being co-sponsored by the Robert Wood Johnson Foundation.

CONTACT PERSON: Pamela Doty (202-690-6172)

COMPLETION DATE: 2000

REPORT AVAILABLE: None yet available

**AN EXPLORATORY STUDY OF BARRIERS AND
INCENTIVES TO IMPROVING LABOR FORCE
PARTICIPATION AMONG PERSONS WITH
SIGNIFICANT DISABILITIES**

Final Report

Prepared under HHS Contract No. 100-0012 for:

**The Department of Health and Human Services
The Office of Disability, Aging, and Long-Term Care Policy in
The Office of the Assistant Secretary for Planning and Evaluation
Project Officer: Kathleen Bond**

Prepared by:

**Lewin-VHI, Inc.
Project Director: David Stapleton
Lisa Alecxih
Burt Barnow
Kevin Coleman
Gina Livermore
Gilbert Lo
Steve Lutsky
Andrea Zeuschner**

June 30, 1995

legislation in 1972 may have contributed significantly to the decline in labor force participation of older men, but to our knowledge, no one has attempted to estimate the magnitude of this effect.

Health Insurance Coverage and Incentives to Work

- Working-age persons with disabilities are less likely to have private insurance and are more likely to receive public health insurance through Medicare and Medicaid than the overall population (LaPlante, 1993).
- Working-age persons with disabilities use substantially more health care services than persons without disabilities (Lewin-VHI, 1995a).
- Average health care expenditures for those with disabilities are more than seven times the average of those for persons without disabilities (Lewin-VHI, 1995a).
- There are compelling reasons to believe that high health care costs and access to health insurance discourage labor force participation and encourage participation in SSI and DI, but we have found no research that examines the effect of these factors on labor force participation or program participation of persons with disabilities. Research on the work disincentives associated with high health care costs and access to public and private insurance has focused on how the availability of Medicaid affects the labor supply and AFDC program participation of young mothers. Although evidence of work disincentives is mixed, the more recent and methodologically superior AFDC studies find statistically significant and substantial effects (Blank, 1988) (Winkler, 1990) (Moffit and Wolfe, 1992) (Yelowitz, 1994).

The Effect of Impairment on Earnings

- Numerous studies have demonstrated the impact of poor health on earnings, both through its impact on hours of work and on wages (Luft, 1975) (Bartel and Taubman, 1979) (Chirikos and Nestel, 1981). Fewer studies, however, have focused specifically on the experience of persons with severe disabilities or on the differences across individuals with different types of impairments.
- A recent study that focuses on disability found that wage offers to individuals with specific impairments range from 74 percent to 101 percent of those to individuals without impairments, depending on impairment and holding other important characteristics of the worker constant. This study also shows that wage losses from specific impairments vary by gender: limitations to mobility and strength reduce male wages more, and limitations to sensory capacities and appearance reduce female wages more. The methodology used to develop these estimates is complex and uses strong assumptions; hence these results should be viewed with some caution (Baldwin, Zeager, and Flacco, 1994).
- A study that compares the earnings of persons before and after the onset of disability indicates that women and persons with less than a high school education experience the largest declines in average earnings following the onset of disability (Burkhauser and Daly, 1994b).

To date, no studies have been conducted to determine the extent to which Medicare and Medicaid availability and the high costs of private health insurance may induce individuals with disabilities to leave the labor force in order to obtain health insurance coverage.

Several studies have, however, examined the effect of Medicaid benefits on the labor force and program participation decisions of AFDC mothers. We would expect the impacts on participation decisions for people with disabilities to be similar. Two early AFDC studies (Blank, 1988) (Winkler, 1990) found little or no effect. Several more recent studies, (Moffitt and Wolfe, 1992) (Yelowitz, 1994) (Wolfe and Hill, 1995) addressed methodological flaws of the earlier work and found much stronger effects of Medicaid on labor force and AFDC participation.

Both Blank (1988) and Winkler (1990) used state-specific average Medicaid expenditures for families in different states as the measure of the value of these services. This measure failed to capture variations of the value of Medicaid services to different families, and would thus bias their results towards finding no effects for Medicaid on labor force participation or hours worked.

Moffitt and Wolfe (1992) estimated the impact of Medicaid benefits on AFDC caseloads using a sample of 545 female-headed households from the 1985 panel of the Survey of Income and Program Participation (SIPP). The authors developed an index of the value of Medicaid benefits to families that depends on state program benefits and the composition of the family. They also developed an index of the probability of access to private insurance if the family leaves welfare. Their estimates, which control for numerous household characteristics variables, imply that a 33 percent increase in the value of Medicaid benefits would increase the AFDC caseload by about six percent, and that continuing benefits for all women who leave AFDC would reduce the caseload by almost 11 percent.³⁵

Yelowitz (1994) points out that the measurement of the value of Medicaid in the Moffitt and Wolfe study may have biased the findings in favor of strong effects of Medicaid. The health index employed by Moffitt and Wolfe valued Medicaid benefits more highly for families

³⁵ Probit estimates of AFDC participation that included numerous household characteristic variables along with the two indices yielded significant coefficients with the expected signs for both indices (positive for the value of Medicaid benefits, and negative for insurance availability).

with greater health problems. Their measure takes health status into account, but health status itself is a strong determinant of wages and of the desire to work. Thus, Moffit and Wolfe's methodology might attribute changes in work caused by the effect of health status on wages and on the desire to work to changes in Medicaid coverage.

Yelowitz himself analyzed this issue using the natural experiment offered by recent expansions in Medicaid coverage for children. Legislation during the 1980s consistently required states to extend Medicaid coverage to children in low income families. With these expansions, single mothers could often earn more and retain their Medicaid benefits.

The natural experiment nature of the Medicaid expansions permitted Yelowitz to estimate their effects on the labor force and AFDC program participation decisions of single women for a sample of single mothers age 18 to 55 drawn from the March CPS from 1989 through 1992. He only needed to assume that his control group, women that were not subject to the expansion(s), and his treatment group, women that were identical in all important respects beyond measurable differences such as age, education, family size and composition, and state of residence. There was no need to estimate the value of Medicaid at all, thus avoiding a difficult empirical problem.³⁶

Yelowitz estimated that a Medicaid expansion that increases the maximum income of recipients by 25 percent of the poverty line increases the labor force participation rate of single women subject to the expansion by 3.32 percent, and decreases the proportion receiving AFDC by 4.61 percent. Both estimates were highly significant and robust to many changes in specification and choice of sample. These estimates were quite large, much larger than those found by Winkler, but somewhat smaller than those found by Moffitt and Wolfe.

³⁶ The optional nature of some expansions and the latitude legislation grants states in timing mandatory expansions could introduce sample selection bias into this natural experiment. That is, a state's decision of whether to adopt an optional expansion or when to implement a mandatory expansion may not be random. Another potential source of bias is the effect of expansions on family status — i.e., expanding benefits to low income children regardless of their parents' marital status may encourage some single mothers to remain or become married, as opposed to staying and becoming single to qualify for AFDC and Medicaid. In this paper, Yelowitz attempts to control for the first source of bias by comparing within-state changes in labor force and AFDC program participation decisions over time across states for a sample of states, and finds qualitatively similar results.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

20-Dec-1996 11:42am

TO: FORTUNA_D

FROM: Jennifer Bonney

SUBJECT: home and cmtly based services

Diana,
I'm going to fax to you a short description of an ASPE demo that provides cash to disabled benes for Medicaid funded personal assistance services. My understanding is that our proposal to have a demo to allow direct payment to individuals for HCBS would be based on this concept. Apparently, we want to test it for other services as well as personal assistance.

Kathy Bond suggested I share with you a few pages from an ASPE study on barriers to labor force participation. Again, it doesn't have relevant research on people with disabilities, but it does have related studies on AFDC women and labor force participation.



FAX COVER SHEET

OFFICE OF LEGISLATIVE &
INTER-GOVERNMENTAL AFFAIRSNumber of Pages: 4Date: 12-10-96

To:

Diana Fortuna

From:

Don Johnson

Fax:

456-7431

Fax:

202 690-8168

Phone:

Phone:

202 690-7762

REMARKS:

Please call me tomorrowmorning[Signature]

HEALTH CARE FINANCING ADMINISTRATION
200 Independence Ave., SW
Room 341-H, Humphrey Building
Washington, DC 20201

DATE: December 6, 1996
TO: Judy Moore
Kathy Bato
Bill Hickman
FROM: Debbie Chang
SUBJECT: WORK INCENTIVES FOR PEOPLE WITH DISABILITIES - MEDICAID

DRAFT

pilot hand
cost?

ISSUE

OLIGA is chairing a workgroup to develop a Medicare and a Medicaid proposal to encourage disabled beneficiaries to return to work by ensuring health care coverage. The workgroup, which includes staff from BPD, MB, OBR, OACT and ORD, completed its work on the Medicare proposal and began discussion of a Medicaid proposal. The group identified a number of open issues, but did not reach consensus on what approach should be taken. This memo presents OLIGA's recommendations on a draft Medicaid proposal for the working disabled. We have worked closely with staff of the Medicaid Bureau in developing these positions. We would like your input on the proposal before we share this memo with Bruce Vladeck.

BACKGROUND

Current law: SSI provides cash assistance to needy disabled and blind individuals who have little or no income and resources. SSI disabled beneficiaries are categorically eligible for Medicaid in 39 states and DC. The remaining 11 states use more restrictive eligibility criteria than those of the SSI program (the so-called 209(b) option).

To qualify for SSI disability benefits, the individual must meet the disability standard of being unable to engage in substantial gainful activity (SGA) by reason of a medically determined physical or mental impairment. The impairment must be expected to result in death or last for a continuous period of at least 12 months. Current regulations define average earnings of over \$500 per month as SGA.

SSI provides special rules for disabled persons who already are *receiving SSI and who also are working*. Section 1619(a) provides for continuation of SSI cash benefits for those working at the SGA level. Section 1619(b) provides for continuation of Medicaid for SSI beneficiaries whose earnings become too high to allow an SSI cash payment. The 1619(b) earnings threshold varies by state within a range of \$12,012 to \$32,504 (set at option of the State). SSI beneficiaries who earn more than this threshold level receive no Medicaid except where the State has a special waiver or the beneficiary spends down to the State's medically needy levels (when available). It is assumed that many beneficiaries stop working as soon as they get close to the earnings threshold.

"RETURN TO WORK" PROPOSAL

States would have the option to establish an income-related premium buy-in program under Medicaid for the working disabled. A new eligibility group would be created (a new section

1619(c) of the Act) to provide Medicaid to working disabled individuals who exceed the section 1619(b) income threshold levels. Individuals eligible for 1619(c) would be required to contribute to the cost of the program by paying a premium, which would be established by the State. Premium levels would be on a sliding scale, based on the individual's income. All working disabled (who had received SSI benefits) in need of health coverage would have the Medicaid option available.

OTHER OPTIONS REJECTED:

Broaden Medicaid Eligibility to Allow More Working Disabled to Qualify Without Paying Premiums We considered modifying the income standards for eligibility under 1619(b) to allow more working disabled to qualify without paying a premium. This could be achieved either by raising the income threshold or by eliminating the income threshold completely.

- This option was rejected because providing Medicaid at no cost (other than possible nominal copayments) to individuals with relatively high incomes would create an equity problem with those individuals who have the same income but are uninsured, or underinsured, or have to pay premiums for their health insurance. Modifying the 1619(b) threshold would appear to be a "traditional" expansion of the current Medicaid program. OLIGA believes the Medicaid "buy-in" approach would be more consistent with the President's other incremental health reform proposals. ✓

Employer pays All or Part of the Premium Require employers, rather than individuals, to pay part or all of the premium for eligible individuals. This would reduce or eliminate the out-of-pocket premium expenses of the individual.

- This option was rejected for a number of reasons. It would be difficult to sell politically. As with any expansion of employer obligations to pay for employee health insurance, it might create an incentive for employers to adjust compensation levels downward. It would increase the administrative complexity of the program, not just for States, but for employers as well. Unless the Medicaid subsidy of the premium is high enough to permit the premium to equate to levels for the non-disabled employees, it might create an incentive for employers to avoid employing working disabled individuals who would meet the program's eligibility criteria. ✓

Mandatory requirement States would be required to establish this new eligibility category.

- This option was rejected because States may react unfavorably to being required to cover individuals with relatively high incomes and potentially high program costs. Overall program cost impact should be small, but a mandatory group might bring into play laws dealing with unfunded federal mandates. ✓

DRAFT 11/8/96**WORK INCENTIVES FOR PEOPLE WITH DISABILITIES - MEDICARE**

Current law: SSDI beneficiaries are eligible for Medicare after a 2-year waiting period. After this waiting period, they receive Part A free of charge and, unless they decline, pay a premium for Part B. Current law provides for a period during which beneficiaries can test their ability to work without losing their entitlement for benefits. The period consists of: (1) a "trial work period" that allows beneficiaries to work for up to 9 months (within a 60 month rolling period) with no effect on their disability or Medicare benefits; and (2) a 36 month period known as the "extended period of eligibility" (EPE) during which disability benefits are suspended for every month in which the individual is engaged in substantial gainful activity. SSDI beneficiaries retain free Part A Medicare coverage during the EPE and a 3 month grace period (39 months). After 39 months, working SSDI beneficiaries lose free Part A coverage, but can purchase Medicare coverage -- or "buy-in" -- as long as the disabling impairment continues.

Proposal: Extend premium-free Part A Medicare coverage as long as the disabling impairment continues to SSDI beneficiaries (who have met the 2-year waiting period) who return to work. There would be no change to the law for the non-working SSDI beneficiaries or for the working SSDI beneficiaries during the 39 months of EPE and grace period. After 39 months, however, working SSDI beneficiaries would continue to receive premium-free Part A Medicare coverage and, unless they decline, pay for Part B coverage as long as the disabling impairment continues. Former SSDI beneficiaries who currently are working would be grandfathered in under the proposal so they could gain equal benefit to those who return to work.

Rationale: The growth rate in the SSDI benefits program has increased dramatically over the last decade. The number of SSDI beneficiaries grew from 2.3 million to 3.3 million -- a 41 percent increase -- between 1985 and 1994. Cash benefits paid to these beneficiaries rose 49 percent from \$16.5 billion to \$33.7 billion over this time period.

Fewer than 1/2 of 1 percent of beneficiaries return to substantial gainful employment annually. The fear of losing medical benefits has been identified as one of the most significant barriers to disabled beneficiaries returning to work.

The existing Medicare "buy-in" provision was intended to act as an incentive to encourage SSDI beneficiaries to return to work by giving them the opportunity to continue their Medicare coverage as long as the disabling impairment continues. Since the buy-in began in 1990, only 404 former beneficiaries have ever purchased coverage -- although 80,000 former DI beneficiaries were notified when it began. In addition, Medicare coverage is expensive to purchase. The premium for hospital insurance was \$261 per month and the premium for supplementary Medical insurance was \$46.10 per month in 1995.

We believe that the incentive to return to work could be significantly strengthened if individuals with disabling impairments were permitted to retain premium-free Part A coverage as long as the

impairment continues. All SSDI beneficiaries would know, upon entitlement to Medicare under the disability provision, that Medicare would be available to them for as long as their disabling impairment continues. This would provide them with the maximum incentive to return to productive work and also would be easier for them to understand.

Cost: The HCFA Office of the Actuary estimated that the cost of the proposal would be \$10 million in 1997, rising to \$23 million in 2005.

Tumlinson 12/6/96

missing a lot of info; falls between cracks; skeptical but ways could be made to work; particularly MC; income relate part A; minimize cost

but don't know income distribution

MA: complicated, 50 states; self-funded; very complex; came up at mc technicals; unless ssa pays hcfa back for mc;

find some ways to pay back states; how? cost sharing would fund it; want to convince state cost neutral; is an option;

hcfa wants it to be part of package;
omb would make budget neutral through income rel premium; not nec NAMin

employers: grandfather population 52,000; messes things up for emp'er; why?
ask HCFA; is equity issue

woodwork: MC actuary would score ww; ma would not; weird; more impr'd



FAX COVER SHEET



**OFFICE OF LEGISLATIVE &
INTER-GOVERNMENTAL AFFAIRS**

Number of Pages: cover + _____

Date: 11/25/96

To: Diane Fortuna

From:

Jennie Bonney

Fax: 456-7431

Fax: 202-690-8168

Phone: _____

Phone: _____

REMARKS:

HEALTH CARE FINANCING ADMINISTRATION
200 Independence Ave., SW
Room 341-H, Humphrey Building
Washington, DC 20201

DRAFT

DATE:

TO:

FROM:

SUBJECT: **WORK INCENTIVES FOR PEOPLE WITH DISABILITIES - MEDICAID****ISSUE**

OLIGA is chairing a workgroup to develop a Medicare and a Medicaid proposal to encourage disabled beneficiaries to return to work by ensuring health care coverage. The workgroup, which includes staff from SSA as well as from BPD, MB, OBR, OACT and ORD, completed its work on the Medicare proposal and has begun its discussion of a Medicaid buy-in proposal. The group identified a number of open issues, but did not reach consensus on what approach should be taken. This memo presents several options on how to construct the Medicaid proposal. We would like your views on the two general approaches and any views on the open issues.

BACKGROUND

Current law: SSI provides cash assistance to needy disabled and blind individuals who have little or no income and resources. SSI disabled beneficiaries are categorically eligible for Medicaid in 39 states and DC. The remaining 11 states use more restrictive eligibility criteria than those of the SSI program (the so-called 209(b) option).

To qualify for SSI disability benefits, the individual must meet the disability standard of being unable to engage in substantial gainful activity (SGA) by reason of a medically determined physical or mental impairment. The impairment must be expected to result in death or last for a continuous period of at least 12 months. Current regulations define average earnings of over \$500 per month as SGA.

SSI provides special rules for disabled persons who already are *receiving SSI and who also are working*. Section 1619(a) provides for continuation of SSI cash benefits for those working at the SGA level. Section 1619(b) provides for continuation of Medicaid for SSI beneficiaries whose earnings become too high to allow an SSI cash payment. The 1619(b) earnings threshold varies by state within a range of \$12,012 to \$32,504. SSI beneficiaries who earn more than this threshold level receive no Medicaid except where the State has a special waiver or the beneficiary spends down to the State's medically needy levels (when available). It is assumed that many beneficiaries stop working as soon as they get close to the earnings threshold.

OPTIONS

"Return to Work" Proposal: Below are two options on how the Medicaid proposal could be

drafted:

Option 1--Allow the Individual to Buy Into Medicaid

Establish an income-related premium buy-in program under Medicaid for the working disabled. This would involve creation of a new eligibility group (by creating a new section 1619(c) of the Act) to provide Medicaid to working disabled individuals who exceed the section 1619(b) income threshold levels. Eligible individuals would be required to contribute to the cost of the program by paying a premium. Premium levels would be on a sliding scale, based on the individual's income. All working disabled in need of health coverage would have the Medicaid option available, except for those who do not meet the SSI resource requirements or some other SSI eligibility requirement.

Option 2--Broaden Medicaid Eligibility to Allow More Working Disabled to Qualify Without Paying Premiums

Modify the income standards for eligibility for Medicaid under the existing section 1619(b) of the Act. This broad option would not require creation of a new eligibility group, as would Option 1. Instead, eligibility under the existing group at section 1619(b) would be expanded.

Since a relatively high level of income is the primary impediment to eligibility under section 1619(b), modifying the income standards would allow more working disabled individuals to qualify for Medicaid.

- Suboption 2a --Raise Income Standards to Higher Levels. Raise the current income standards for section 1619(b) to higher levels. Working disabled with incomes in excess of the standards who needed health coverage would not have this option available to them.

Pros: This would involve minimal administrative disruption to the program since nothing would change for this eligibility group except the income standards.

Cons: Providing Medicaid at no cost (other than possible nominal copays) to individuals with relatively high incomes creates an equity problem with those individuals who have the same income but are uninsured, or underinsured, or have to pay premiums for their health insurance.

- Suboption 2b --Eliminate the 1619(b) Income Standards. Eliminate the income standards for eligibility under section 1619(b). All working disabled individuals in need of health coverage would have the Medicaid option available to them, except those who do not meet the SSI resource requirements or some other non-income SSI eligibility requirement.

Pros: This would involve minimal administrative disruption to the program since the only thing that would change for this group would be requirement that an income standard be met.

Cons: The equity problem noted under Suboption 2a would be even greater. It may be difficult to rationalize providing Medicaid coverage without any means-testing.

Recommendation: OLIGA would recommend Option 1 because it would appear to fit in with the President's other incremental health reform proposals. It would allow for a premium-based Medicaid buy-in. Option 2 would appear to be a "traditional" expansion of the current Medicaid program.

Do you want to proceed with a legislative proposal based on:

- ☐ option 1 (Medicaid buy-in)
☐ option 2 (Medicaid expansion)?

OPEN ISSUES:

- **Premiums** -- (If you choose option 1:) Who should pay the premiums?

Individual Pays Premium. Require the individual to pay the entire premium.

Pros: Payment of the entire premium would be supportive of the goal of individuals assuming greater responsibility for themselves.

Cons: (1) If the premium amount is relatively high (the Medicare Part A premium alone is currently \$269 a month, for example), many individuals might have difficulty paying it, their relatively high incomes notwithstanding.

(2) Collection of premiums would impose new administrative burdens on States.

Employer pays All or Part of the Premium. Require employers to pay part or all of the premium for eligible individuals.

Pros: This would reduce or eliminate the out-of-pocket premium expenses of the individual.

Cons: (1) As with any expansion of employer obligations to pay for employee health insurance, it might create an incentive for employers to adjust compensation levels downward.

(2) It would increase the administrative complexity of the program, not just for States, but for employers as well.

(3) Unless the Medicaid subsidy of the premium is high enough to permit the premium to equate to levels for the non-disabled employees, it might create an incentive for employers to avoid employing working disabled individuals who would meet the program's eligibility criteria.

Recommendation: OLIGA would recommend that individuals be required to pay for the premium. If employers were required to pay the premium, it would be difficult to sell politically. It also would be more administratively complex if states had to notify and collect premiums from employers.

Do you want to require:

the individual to pay the Medicaid premium _____

the employer to pay the Medicaid premium _____

- **State mandate:** Should these programs be mandatory or optional?

Mandatory States would be required to establish this new eligibility category.

Pros: A mandatory group would ensure that all eligible individuals could receive Medicaid, regardless of the State in which they live.

Cons: (1) States may react unfavorably to being required to cover individuals with relatively high incomes and potentially high program costs.

(2) Overall program cost impact should be small, but a mandatory group might bring into play laws dealing with unfunded federal mandates.

Optional -- States would have the option to establish this new eligibility group.

Pros: Making the group optional would reduce negative State reactions (and avoid potential problems with unfunded Federal mandates).

Cons: It may leave individuals in States that do not choose to cover this group without access to Medicaid.

Recommendation: OLIGA recommends that these programs (buy in or expansion) should be optional to states. This would be easier to sell politically and would avoid being criticized as an "unfunded state mandate."

Do you want the Medicaid work incentive proposal to be a:

state option _____

state mandate _____

g:\Medicaid\19-98\ma-work.jbb

could not mail/SSN
would +164-610

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

17-Dec-1996 04:24pm

TO: FORTUNA_D

FROM: Nancy A. Min

SUBJECT: Re: disability work incentives

Message Creation Date was at 17-DEC-1996 16:17:00

my only concern is the medicare trust fund of the one proposal--which i understand that ssa says they will indemnify, but we would have to nail that down--and the cost to medicaid of the other--which my staff thinks could be substantial. we will need to figure out how to finance that--because hhs doesn't want to cut medicaid at all as it is, and i wonder whether it makes sense to cut medicaid in order to fund more medicaid, if you follow me.

~~***CONFIDENTIAL***~~MARKING INITIALS: DB DATE: 10/13/97

November 25, 1996 revised

POTENTIAL MEDICAID FY 1998 PROPOSALS

*Note: When available, a crude estimate of the FY 98-02 savings or cost of each proposal, reflected as low impact (L), medium impact (M), or high impact (H), is included in the left margin.

Italicized proposal are new proposals; non-italicized proposals are proposals from the 1996 per capita cap proposal.

MA FIVE
WR

Medicaid Proposals included in the Initiative for Children

- Baseline cost? • *Improve eligibility process to ensure eligibles are enrolled*
(Administrative)
- Baseline cost? • *Expand outreach* (Administrative)
- cost L • *Market Medicaid enrollment to public* (Administrative)
- cost L • *Optional eligibility group for older children --accelerate enrollment of children's poverty-related eligibility groups*

Targeting Financial Assistance

- \$10 B • Reduce disproportionate share hospital (DSH) payments to states and establish Federal standards to target certain essential providers:
- For example allocate 70-75% to public hospitals, 10-15% to FQHCs, and 10-20% other providers
 - Insure that DSH payments go directly to providers -- Modified
 - DSH proposal would be linked to change in proposal related to cost-based reimbursement for FQHCs

Working Families Proposals

- cost H • *Allow eligibility simplification at percent of poverty*
- cost H • *Modify Medically Needy income threshold*
- neutral • *Create process to permit permanent extension of 1115 Demonstrations that meet Federal criteria - part of NGA 93 agreement*
- save L • *Support State expansions to expansion populations by allowing optional premiums for expansions populations w/ incomes > 100% of poverty*

W/WR? did sink if more people covered
190242 - moves away
old g father mrs

State Flexibility**o Payment Rates**

- save L • Repeal the Boren amendment for hospitals

(numerator for neg homes)
- remove proceed.
- keep protect

all st op home
L < 250m
H 7 \$16

- minimal • Modify Boren amendment for nursing homes
- save L • Move to eliminate cost-based reimbursement for health clinics with transition linked to DSH proposal
- neutral • Eliminate OB/Peds physician qualification requirements
- neutral • Eliminate annual state reporting requirements for certain providers (Ob/Peds)

o Administrative

- save L • Simplify computer systems requirements
- save L • Eliminate personnel requirements
- cost L • *Require all states to participate in person-based data system (MSIS)*
- cost L • *Deem new SSI eligibles in first month* → to wr p/age

o Managed Care

- cost ? • *Modify upper payment limit for capitation rates, enhance actuarial standards*
- ??? • Convert 1915(b) waivers to State Plan Amendments
- ??? • Eliminate 75/25 rule
- ??? • Modify Federal review of managed care contracts with higher threshold - Modified.
- neutral • *Develop quality review and monitoring procedures (Administrative)*
- neutral • *Create process to permit permanent extension of 1115 Demonstrations that meet Federal criteria*

Other

o Long Term care (LTC) Access

- cost L • *Allow States to simplify income and asset rules for institutionalized individuals* odd
- ?? • *Repeal authority for criminal penalties for persons who transfer assets to qualify for Medicaid* effect? helps people, not lose elig, band down going down once in K-K
- neutral • PACE Demonstrations -- Grant full permanent provider status for entities

o Nursing Home Reform

- neutral • Nurse Aide Training Waivers
- neutral • *Give States incentive to use alternative remedies to correct nursing home quality of care deficiencies*
- neutral • *Eliminate the duplicative inspection of care requirements in mental hospitals and ICFs/MR -- rely on survey and certification review process*
- neutral • *Alternative Sanctions in ICFs/MR*
- cost L • *Survey and Certification. match from 75% to 85%*

o Home and Community Based Services (HCBS)

- cost H • Convert HCBS 1915(c) waivers into State Plan Option
- cost L • *Legislate demonstration authority to allow direct payment to individuals* ✓

amb: pay
yr
neighbor 2

direct us
to do what we
all can
(unions nervous)

cost ?

- *for HCBS*
Eliminate the institutional level of care requirement for home and community-based services

cost L

- Provide enhanced 75% Administrative Matching Rate for HCBS administration

o American Indians/Alaska Natives

neutral

- Allow tribal/urban Indian providers to bill directly for Medicaid

cost L

- Extend 100% Federal matching to urban Indian organizations

minima

- Provide Federal survey and certification of tribal/village providers

neutral

- Guarantee qualified IHS, tribal, and urban Indian organization providers (ITUs) the right to participate in State managed care networks

neutral

- Allow ITUs to participate in managed care systems as primary care case managers (PCCMs)

neutral

- Require hospitals to accept Medicare-like rates for non-Medicare Indian patients paid for by ITUs (as they must now for patients paid for by CHAMPUS & VA) -- Medicare

cost L

- Allow ITU free-standing clinics to bill Medicare Part B-- Medicare

o Working Disabled to be Included in SSA Package

cost M

- Provide premium-free Hospital Insurance (Part A) to all working disabled beneficiaries under Medicare -- included in Medicare and SSA legislative proposal lists

cost D

- Allow SSI beneficiaries who earn more than the 1619(b) thresholds to buy into Medicaid -- included in SSA list

Medicaid Proposals Related to Welfare and Immigration Reform

o Welfare

cost H

- ✓ State option to extend transitional Medicaid for an additional 12 months

o Immigration

cost M

- Optional eligibility for "qualified aliens" who would be eligible for SSI cash except for the welfare reform ban

cost L

- Restore parity for Cuban/Haitian entrants

??

- Add limits to amount of Medicaid sponsor deeming

??

- Exclude certain resources from Medicaid sponsor deeming

cost M

- Allow prenatal care option for newly arriving legal immigrants

cost H

- State option to provide Medicaid to newly arriving legal immigrant children and pregnant women

Deem SSI elignd 1st yr

Proposals Included in Per Capita Cap Proposal, Not on FY98 List

- Per capita cap proposal
- Repeal requirement for States to pay private insurance premiums when cost-effective.
- Permit all States to roll back higher, optional income levels for pregnant women and children to the Federally mandated level.
- Repeal cooperative agreements requirements.
- Establish commission on equity in Medicaid financing (FMAP).
- Two provisions related to per capita cap financing structure:
 - Modify and strengthen Medicaid Eligibility Quality Control system.
 - New reporting requirements to ensure program integrity.

FY 1998 Social Security Administration Mandatory Budget

• **Mandatory Proposals:**

Employment Strategies for the Disabled -- The FY 1998 request includes pilots of the proposal to allow private sector providers to work directly with recipients before they are first considered by a State VR agency and to be reimbursed based on a percentage of a recipients benefits. Payment would begin when a recipient leaves the SSI or DI program and would continue for five years. Legislation is needed to enable SSA to change current practices. A strong research design and evaluation is needed.

The success of the private sector pilots will be compared with concurrent pilots within the state VR system under which SSDI clients will be given priority for service under the State VR system. SSA should work with DED to include in the evaluation a component matching SSI/DI clients participating in pilot states and non-pilot states to determine differences in outcomes. In addition, SSA should analyze and report to OMB on the following questions: *when?*

- What is the potential pool of recipients who can realistically leave SSA's benefit rolls to return to work?
- Why are so few of SSA's referred beneficiaries currently served by State VR agencies?
- Does participating in VR services (for VR's other non-SSA disabled clients) indeed reduce the likelihood of entering the DI and SSI program?

This additional information coupled with the pilot evaluations could then be used to determine which program components, if any, are made permanent.

SSI State Supplement -- The FY 1998 request includes a proposal to recover Federal costs for administration of the SSI State Supplement program through increased assessments to participating states. The proposal would increase the current \$5.00 charge to \$6.12 in FY 1998 and FY 1999, and to \$7.25 in FY 2000. The charge would be indexed to the CPI thereafter. This proposal is estimated to save \$360 million over five years.

SSA should begin formulating and implementing a study of the cost accounting for the SSI State Supplement program. This study should identify the full cost attributable to the states for the work SSA does for this program. This study should ensure that specific costs for each individual state are identifiable.

With the exception of possible welfare reform changes, all other mandatory programs follow current law assumptions.

- **Cost Estimates of Welfare Reform Technical Amendments:** Formal transmittal of welfare reform technical amendments by the Administration requires PAYGO cost estimates for each proposed amendment. Each agency with amendments included in the transmittal package must provide cost estimates of the amendments, including estimates using the baseline assumed in the President's FY 1997 Budget and estimates using the baselines to be presented in the President's forthcoming FY 1998 submission to Congress.
- **Welfare Reform Proposals:** SSA was contacted previously about developing recommendations to address flaws identified by the Administration in the welfare reform bill. SSA was asked to submit proposals to OMB by Friday, December 6. SSA's submission should be accompanied by cost estimates using both the baseline assumed in the President's FY97 Budget (submitted to Congress in March 1996) and the baseline to be presented in the President's forthcoming FY98 Budget submission to Congress. (If the baseline for the FY98 Budget is not yet available, cost estimates derived from it should be provided once the baseline is completed.)
- **Baseline Information:** SSA should provide mandatory baseline reestimates by December 9. Information will include item-by-item changes in baseline technical assumptions and the estimated impact of administrative and/or regulatory changes related to welfare reform implementation.

EXECUTIVE OFFICE OF THE PRESIDENT

22-Nov-1996 12:16pm

TO: fortuna_d
FROM: Mark Hill
CC: Ruth, David
SUBJECT: Thanks for invite

Dianna, I wanted to thank you for including David Ruth and I on your upcoming phone conference. If you are planning on sending out a notice to other participants you may want to recommend to them that they visit our web site before the call. We have made changes today. I suggest you visit the site before recommending it to ensure it is in line with your conference call mission. Most of the site relates to the effects of current work incentive policy and future alternative policies. Note that we analyze both the Bunning Bill and the Jefford's Bill while comparing each to our own WorkWORLD supported ESI recommendations. Please give us advice as to how we could improve the site if you get a chance. The web site is at:
<http://www.vcu.edu/busweb/esi>
Thanks for your interest in our work.

EXECUTIVE OFFICE OF THE PRESIDENT

09-Dec-1996 10:17am

TO: FORTUNA_D
FROM: Bob Wardwell
CC: BWardwell
SUBJECT: instit. bias -Reply

Sorry it took a while to get back to you, I was on the road Thursday and Friday.

On the issue of making an exception to the direct payment requirement to allow self-directed HCBS...its a big yes. There are some limitations on this that make sense but I suspect that States will act responsibly to put them in place or get to Congress to put them in the legislation itself (e.g. accounting for the spending, things the dollars cannot be used for...you get into the same issues that you have in a direct benefits transfer like food stamps)

On the proposal to lower the institutional level of care requirement...its a bit hard to know just what they mean. States have enormous flexibility in defining what their institutional levels actually are. If they define them very strictly, then it carries over as a barrier to their HCBS program...unless they fudge them, which I suspect some do. If the proposal is really intended as a way to decouple the program from the "but for" criterion (that folks only qualify for HCBS if they would require an institutional level of care) I can endorse it in principle, but suspect OMB and the many States themselves may be unwilling to deal with the uncertain increase in demand for services.

That having been said, the issue of decoupling is something we really do need to work on. This is clearest in the mental retardation area where there are several states who no longer have institutions...and this will grow. This makes the "but for" test and the requirement that folks have a choice of HCBS or institutional care an embarrassing anachronism. The trick is how do we eliminate it without the problem discussed above. My thought inevitably turns to a capping mechanism which goes into place for States that opt out of the "but for" criterion. Years ago we tried a flexibility piece that capped both institutional and non-institutional dollars in exchange for an open HCBS. It was ahead of its time...but its time to think that way again...if fact the LTC work group is doing so.

On this same issue, I hope ASPE resurrects its legislative proposal to eliminate the requirement that folks who get supported employment under the waiver must have been institutionalized at some point in their life. Really dumb and outmoded. We will pay for you to bang out ashtrays in a sheltered workshop but if you want training to get out in the real world of work you need to have been in an institution. I was reminded of this provision by the folks at the annual convention of State DD directors. Its the top of the list for small things that could be fixed and look like we know what we are doing. P.S. I had to be at another meeting when Carol spoke, but I heard that she did a great job and really impressed folks with her sincere desire to see progress in community-based supports.

Your last issue...on increasing the Federal match rate for admin for HCBS. This last iteration I saw was an increase in service match rate so I'm not sure what the thinking is on limiting the premium to admin. When I floated the service match idea, it got some luke-warm response. Given the fixed budgets of the States, those with a low match rate could probably serve some more folks. Those with a high match rate could as well, but there was some question as to whether the premium would apply to high match states....this could be how it got to admin...which is uniform across states. I certainly don't see anything wrong with a premium match rate but I'm not sure it will have a major effect, except in the way States will categorize their expenditures to maximize those that come under the premium match. Perhaps there is more to this, but I've not been privy to the discussion.

Hope this helps.

Bob Ww

DRAFT

From Susan Daniels
To Jack Smalligan
Fr Diana Fortuna

The proposal is to conduct pilot implementation of the ticket (using any public or private return-to-work vendor with payment from a portion of benefit savings) and to concurrently modified state VR practices in an equal number of states in which SSA beneficiaries would be served first before other eligible applicants. This proposal has the potential to show how a significantly modified version of the state VR program performs as compared to a new vendor and payment scheme. The feasibility of this research project depends upon the following:

Major changes in state VR eligibility would be enacted.

State VR agencies would be willing to volunteer.

A sufficient number of private vendors would have sufficient incentives to invest in "pilots" so that real market behavior actually occurs.

Other options for comparing state VR performance with new payment schemes avoid the above requirements while pursuing rigorous evaluation of the relative effectiveness of both. The goal of having sufficient information to determine whether or not the new schemes improves return-to-work outcomes in a cost effective manner can be achieved by the following options:

Ticket Implementation Options

The FY 98 budget reflects the staged implementation of the expansion of the vocational rehabilitation program to include private and public vendors of services using rigorous evaluation. These vendors will be paid a portion of the savings accrued to program budgets resulting from benefit termination.

Option 1. SSA will begin the expansion in states having the lowest per capita return-to-work outcomes. Pre and post-implementation data will be compared to determine if the expansion results in increased return-to-work outcomes. Each state will serve as its own control group in this pre/post test design.

Options 2. SSA will begin the expansion with regions with the lowest performance per capita return-to-work outcomes. Pre and post-implementation data will be collected. Non-implementation regions will serve as controls as well as regions serving as their own controls. Implementation will continue as long as outcomes are improving.

Option 3. SSA will begin the expansion by piloting various features of the new program in various states and comparing the performance of these features with each other and with states previous return-to-work performance under the VR only mechanism. These features include: the percent of savings paid to vendors, the timing of the ticket, the match between type of impairment and payment amount. Cost benefit analysis will be performed on these pilots. States will serve as their own controls.

CAX # 5-0851

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

09-Dec-1996 01:22pm

TO: Kenneth S. Apfel
TO: Carol H. Rasco

FROM: Diana M. Fortuna
 Domestic Policy Council

CC: Barry White
CC: Jeremy D. Benami

SUBJECT: "Ticket" idea for SSA clients for return to work

OMB has told SSA our position on the "ticket" proposal for providers who successfully get people off the rolls -- a 5 state demo.

I became persuaded by Susan Daniels that the risks of this plan are small enough and the benefits great enough that it is probably worth skipping the pilot phase. On the other hand, she is so much the true believer that she has never produced a coherent argument on paper that we have demo'd enough related things to feel some confidence that this idea would work.

(Just so you know, Susan is working frantically to fight the demo idea -- although I doubt SSA leadership will appeal this. One of her tactics is to frighten RSA about OMB's position on both the ticket and an RSA demo to give SSA clients a preference -- she is telling RSA that OMB's position is that VR could no longer serve SSA clients in the 5 "ticket demo" states, which is wrong.)

However, there is a compromise between a demo and nation-wide implementation that we might want to reconsider: Under a "phased rollout," SSA would have statutory authority to implement this nation-wide IF the first year or two of results are good.

Barry's excellent point on a phased rollout was that Susan would find a way to do the research design such that she would get a green light no matter what. However, here are 3 arguments for a phased rollout:

1. If the ticket idea works, a regular demo would delay nation-wide reform for 5 or 6 years, which would be too bad for an idea that has fairly low risks.
2. The Republicans (Bunning) are prepared to go whole hog with a ticket, which is pretty popular with the disability community. This would make us look pretty timid by comparison.

3. There is consensus in the disability around a 3-part "return to work" strategy -- the ticket, health insurance, and a tax credit (NCD, NASI) -- and that one part doesn't work without the others. The latter two are the most popular. Since we may or may not do something on health, and we definitely won't do the tax credit, people will be very disappointed with just a demo of the ticket.

I would be interested in your reactions.

SSDI and Earnings from Employment

Scenario #1

Jerry lives in Baltimore, MD and receives an SSDI benefit of \$600 a month. He is single with no children. He begins to work in a part-time position at a factory and begins to earn \$450 a month. He begins his trial work period and for nine months continues to receive his full SSDI benefit. Then SSA reviews his case and determines he is not performing SGA. His full benefit continues. His total monthly income both during and after the trial work period is \$1050 (wages plus SSDI benefit). Medicare coverage continues.

Scenario #2

Sam lives in Baltimore and receives an SSDI benefit of \$600 a month. He is single with no children. He begins to work in a full time position at a factory and begins to earn \$1000 a month. He begins his trial work period and for nine months continues to receive his full SSDI benefit. Then SSA reviews his case and determines he is performing SGA. His full benefit continues for the next 3 months. In the 13th month, his SSDI benefits stop. His total monthly income during the trial work period is \$1600 (wages plus SSDI benefit). Afterward, his monthly income is \$1000 (wages only). Medicare coverage continues for 3 more years.

Scenario #3

George receives an SSDI benefit of \$600 a month. He is married and has two children. His family members receive another \$300 a month, so the total family income is \$900 a month. He begins to work in a full time position at a factory and begins to earn \$1000 a month. He begins his trial work period and for nine months continues to receive his full SSDI benefit. Then SSA reviews his case and determines he is performing SGA. His full benefit continues for the next 3 months. In the 13th month, his SSDI benefits stop. His total family monthly income during the trial work period is \$1900 (wages plus SSDI benefit). Afterward, his monthly income is \$1000 (wages only). Medicare coverage continues for 3 more years.

~~4000~~
6.25/hr.
40 hrs wk
240
106
80
26

+ FICA
provider would get 70

SGA not rel to SSI

SSI and Earnings from Employment

Scenario #1

Mary lives in Jackson, MS and receives an SSI benefit of \$470 a month (no State supplement). She begins to work in a sheltered workshop and earns a piece rate which adds up to \$70 a month. Her SSI benefit is not adjusted because she is below the \$85/month income exclusion. Her total monthly income (wages and SSI benefits) is now \$540.

Scenario #2

Sally lives in Jackson, MS and receives an SSI benefit of ~~\$470~~ a month (no State supplement). She begins to work at a restaurant and earns the minimum wage of \$4.75 an hour for 40 hours a week. Her monthly wage income is \$760. Her SSI benefit will be adjusted down to \$132.50 a month. Her total monthly income (wages and SSI benefits) is now \$892.50.

Keeps MA

above SGA

No provider % -
bec still on rolls

SS dis reg
& 1/2 rem.

Scenario #3

Sue lives in Jackson, MS and receives an SSI benefit of \$470 a month (no State supplement). She begins to work at a department store and begins to earn \$6.50 an hour for 40 hours a week. Her monthly wage income is \$1040. Her SSI benefit will be adjusted down to zero. Her total monthly income (wages only) is now \$1040.

MA - continues - 16/96 - unless income goes too high

Scenario #4

4 (a)

Loretta lives in Sacramento, California and receives an SSI benefit of \$626.40 (\$470 Federal plus \$156.40 State supplement). She begins work at a department store and begins to earn \$6.50 an hour for 40 hours a week. Her monthly wage income is \$1040. Her SSI benefit is adjusted down to \$148.90. Her total monthly income (wages and SSI benefits) is now ~~\$1666.40~~.

4 (b)

only state supp left

1040
+ 148.90
1188.90

reg MA
(No) provider %

Loretta gets a raise to \$8.50 an hour. Her monthly wages are now \$1360. Her SSI benefit is adjusted down to zero. Her total monthly income (wages and SSI benefits) is now ~~\$1986.40~~ 1360.

16/96

Provider gets \$

alt - pay provider %
when off Fed rolls, not state
alt. will be provider gets %
If any supp - not just off rolls

Scenario #5

5 (a)

Sheila lives in San Diego, California and receives an SSI benefit of \$626.40 (\$470 Federal plus \$156.40 State supplement). She begins to work at a bank and begins earning ~~\$10.50~~ an hour for 40 hours a week. Her monthly wage income is \$1680. Her SSI benefit is adjusted down to zero. Because of 1619B, she retains eligibility for Medicaid because she is below the annual threshold amount for California of \$22,114.

provider gets \$

5 (b)

Sheila gets a raise to ~~\$12.50~~ an hour. Her monthly wage income is now \$2000. Because this is over the California 1619B threshold, she is no longer eligible for continued Medicaid unless she has an individualized threshold because of high individual medical expenses.

provider gets \$

~~only~~ Federal
expenses > x
~~threshold~~

Duals can be worst, bec
S6A applies

Also SSI payment so low,
a bit of income $\Rightarrow$ no SSI

Reasons for Not Demonstrating the Return-to-Work Ticket

A demonstration of the Return-to-Work (RTW) ticket would not be an accurate representation of the operation and impact of the Provider Incentive program. Primarily, it would not be possible in a demonstration to stimulate an environment consistent with a permanent Provider Incentive program. The results of the demonstration would not be an accurate reflection of the extent of provider participation or the degree of interest in or success with RTW efforts by beneficiaries. Specific problems are:

- o **The restructuring of the market for RTW services and the development of new markets for RTW tickets takes several years.**

The success of the Provider Incentive program depends on the development of markets for RTW tickets among private for-profit and nonprofit providers. It will take several years for providers to learn how to structure and market service packages which will attract sufficient numbers of beneficiaries and result in efficient use of resources in achieving successful outcomes. New relationships between the private and public sectors will develop over time as providers and beneficiaries adjust their preferences and expectations for RTW services. Markets for RTW tickets will take several years to develop as beneficiaries become aware of new approaches to rehabilitation and begin to switch to providers with emerging reputations for excellence in services and long-term outcomes.

- o **The costs and risks of entering new markets for new providers and of developing new service packages for existing providers would be prohibitive in the limited timeframe of a demonstration.**

The integrity of the Provider Incentive system in a demonstration would be critically damaged by the realization on the part of providers and beneficiaries that the system was to operate for only a few years. Current providers would have no incentive to develop new services packages which would require a realignment of their resources if they know that the demonstration would last 5 or fewer years. Potential new providers would also not be inclined to test their possibilities in the market if they know that the demonstration will be ending about the time they learn how to efficiently do business under the Provider Incentive program. Many would be inclined to wait for the results of the demonstration to determine if a permanent program were to be put in place. Such an outcome would result in a general lack of activity under the demonstration, leaving the impression that there is little interest in the Provider Incentive Program and little likelihood that it could succeed.

- o **Beneficiaries would not have confidence in a program with a short-term duration.**

Providers in the demonstration would have an incentive to look for the shortest RTW solutions possible to maximize the numbers of beneficiaries for whom they have a ticket and can place in substantial gainful activity. Some beneficiaries who receive a ticket and who would contract with providers for RTW services under a permanent program would be reluctant to get involved in a demonstration under such circumstances. Beneficiaries who may need continuous or intermittent support over several years, especially those in the SSI program, would be particularly reluctant to place a ticket with a provider in the latter stages of the demonstration.

- o **The demonstration would likely be limited in scope and several years would be required to observe outcomes, while the existing system would continue to be unable to serve the needs of disability beneficiaries.**

A demonstration of the RTW ticket would have to run for several years to have sufficient experience to assess its potential impact. At least 5 years would be needed to establish the provider network, recruit sufficient participants, complete RTW services, connect beneficiaries to jobs, and observe the longer-term effects of the system on job retention and benefits status. In the meantime, progress in improving the existing system of rehabilitation for SSA's beneficiaries would be impeded, pending the results of the demonstration. In addition, the demonstration would probably be confined by budget to a limited number of providers, possibly in a few geographic areas, which would devalue the findings for assessing the potential effects of a national program.

*SDaniel -
wld hv comment
w/ CBO cost est -
not yet done
- wld cost \$*

**Comparison of the Return-to-Work Program
under the SSA Proposal, H.R. 4230, and the
National Academy of Social Insurance Recommendation**

PROVISION	SSA PROPOSAL	H.R. 4230 (Bunning Bill)	NASI RECOMMENDATION
General	Establishes a rehabilitation provider incentive program under which DI and SSI disability beneficiaries (beneficiary) would be given a "VR ticket" (ticket) which they may use (voluntarily) to obtain rehabilitation and employment services from a provider of their choice. The beneficiary would give the ticket to the provider which agrees to furnish him/her with the necessary services.	Establishes a Rehabilitation and Return-to-Work program under SSA. Requires that a determination of an individual's capability of vocational adjustment be made simultaneously with the determination of disability. Any beneficiary capable of vocational adjustment would be required to participate in the program.	Recommends that a new approach, similar to SSA's "ticket" proposal, be taken to finance rehabilitation and return-to-work services for beneficiaries.

- pro-provider?

PROVISION	SSA PROPOSAL	H.R. 4230 (Bunning Bill)	NASI RECOMMENDATION
Payment System	The provider holding the ticket at the time a DI or concurrent DI/SSI beneficiary completes a trial work period (TWP) would be paid the greater of 50 percent of the beneficiary's primary insurance amount (PIA) or \$300 for each month the beneficiary does not receive a benefit under either the DI or SSI programs during the 63-month period immediately following the TWP. The provider holding an SSI recipient's ticket in the month before the month for which the recipient's benefits are suspended or terminated on account of earned income will be paid 50 percent of the	Establishes a 4 milestone payment system which provides an incremental fee structure to govern payments to providers. Payment of initial fixed fees (up to a maximum of one-third of the fees paid on an individual basis) would be made to a provider upon the beneficiary's attainment of each specified milestone; the remaining two-thirds of the fee would be paid at the time the beneficiary's entitlement terminates.	Recommends that for a specified number of years after a beneficiary has completed his/her TWP, the provider be paid a specified fraction of trust fund savings from benefits not paid because the beneficiary is working.

PROVISION	SSA PROPOSAL	H.R. 4230 (Bunning Bill)	NASI RECOMMENDATION
	recipient's average monthly benefit before the recipient does not receive either a Social Security or SSI benefit during the 60-month period beginning with such first month.		
Protection and Advocacy (P&A) System	Would provide funding for a P&A system designed to protect the rights of DI and SSI beneficiaries through both individual and group advocacy activities.	No provision.	No provision.
Accommodation Funds	Provides funds that could be used to help offset the cost of expensive equipment and other accommodations that will result in the beneficiary's employment.	No provision.	Recommends a nonrefundable tax credit to compensate working people with disabilities for part of the cost of personal assistance services they need and pay for in order to work.

PROVISION	SSA PROPOSAL	H.R. 4230 (Bunning Bill)	NASI RECOMMENDATION
Administration	Would be administered through SSA's existing administrative structure.	Would establish a new bureaucracy consisting of Regional Administrators (RAs) (i.e., private sector organizations selected through competitive bidding) and Network Coordinators (recruited and hired by the RAs, but compensated by SSA) to administer the Program.	Same as SSA's proposal.
Rehabilitation and Return-to-Work Commission (Commission)	No provision.	Establishes a 9-member Commission within SSA to work jointly with the Commissioner to implement the Program as soon as practicable, but no later than 3 year after enactment.	No provision.

PROVISION	SSA PROPOSAL	H.R. 4230 (Bunning Bill)	NASI RECOMMENDATION
Health Insurance Coverage for Beneficiaries Who Work	Provides premium-free Part A Medicare coverage to all DI beneficiaries who are working. No change for working SSI beneficiaries who retain Medicaid coverage under section 1619(b). Those whose earnings are above the 1619 threshold would be allowed to purchase Medicaid coverage by cost-sharing premiums, deductibles, and co-payments on a sliding income scale.	Continues Medicare coverage for a period of 5 consecutive years after a (DI) beneficiary had been employed at or above the minimum wage level, even though cash benefits may have been stopped on account of work activity.	Recommends a simplified Medicare buy-in for DI beneficiaries with premiums charged on a sliding scale related to the beneficiary's prior earnings. Recommends that States, in revising their Medicaid programs, allocate both acute care and on-going support services in ways that promote work.

PROVISION	SSA PROPOSAL	H.R. 4230 (Bunning Bill)	NASI RECOMMENDATION
Employer Tax Credit	No provision.	Provides an income tax credit to employers, for their share of the FICA taxes, who hire DI and SSI beneficiaries on a full-time basis at or above the minimum wage level.	No provision.
Disabled Worker Tax Credit	Proposal is currently being developed.	No provision.	Recommends a disabled worker tax credit that would be separate from the disability benefit programs. The wage subsidy would be paid to low-income workers with disabilities not because they are unable to work, but because they work despite their impairments.

11/20/96
12/4/96

* Andrea Friday 12/6

Talk 10 a.m.
Wave in

waves
Caught
work incentive meeting/conf call on Friday 1:30
Continue discussion
X Medicaid

~~Copies to Speed~~

6-6636
Garro 410-965-2386
Schroeder 7-319-9226

SD: SBA vs min wage
- depress wk activity
- too exp to raise SBA

State 1988
SBA

yno. 965-2386
Diane Garro-RTW
- Bunning
- int'd in SERS

Pentester
Tax Credit
- in HSA
\$600m/7yr

VR don't want to play
but state did by opt-in

* Examples SSI/MI/duals
* Why bother sheets
- recession probs
- phor demos
RUNNING TEETH!

RSA
segregated Employment - people won't do if national
outstanding

✓ Role of VR/subcontract - VR taker for a ride by provider
- solution: don't let VR serve people w/ Ht elsewhere

✓ Vol/mand - vol - but if no @ end
- mandat. → less choice than VR
- but more of these
- b/c SA find for them

New \$ JARA

DFQ's

- upfront incentives (wait for notakers make flex in statute)
- How decide 50%
- Education of consumers
- Lock-in 1 yr?
- Provider registration/vetting; workload
- Due process details
- Info re svcs
- Work 1yr + quit - SSA old review - same as current tho'

Jack SQ's

1. Demo option - why bad
2. SSA - VR: why link smaller
3. Likely beneficiaries - vetting, why worth
- 4.

new demo: demonstrate mkt

SSDI - more private
SSI - more private

RSA only: dispute new old cost under
providers no rights
- revoke elect - no lock-in
- provider can't appeal if bond quit
Vol impst.
Min wage - 700-800/mo
12
\$8400 - 9600

Next wk:

- 1 - DTC - demonstrate assessment - force us
- 2 - Transit: a

Bunning?
- or cost \$
- lower % to providers

conf call again
- save that

Andrea

Tkt ~~123~~ - 5 lg states @ demo
have auth to roll out }

UR - SSDI priority ??

--

Next time: finish 6's
DTC - diff offsets - sidebar A - 19

RRR c:\usrfiles\wp\legis\A-19\pillars\reimburs.96DRAFT - 11/12/96

SOCIAL SECURITY ADMINISTRATION
FISCAL YEAR 1998 LEGISLATIVE PROPOSAL

*SSA to give me provider examples

Schweizer - ①
anti-ticket - Creaming
will make VR tougher
② Too many sheltered workshops - SSA: wouldn't be SGA - a subsidy

VOCATIONAL REHABILITATION AND EMPLOYMENT SERVICES
REFERRAL AND PROVIDER INCENTIVE PROGRAM

Replace the Current Vocational Rehabilitation (VR) Reimbursement Program with a Ticket System

Current Law: Requires the Commissioner of Social Security to refer Social Security Disability Insurance (DI) applicants and beneficiaries and Supplemental Security Income (SSI) disabled and blind recipients to the State agencies administering the State's VR services program. Also, authorizes the Social Security Administration (SSA) to reimburse the State VR agencies and, in certain situations, alternate VR providers for their reasonable and necessary costs in furnishing VR services to DI and SSI blind and disabled beneficiaries/recipients who, as a result of such services, perform substantial gainful activity (SGA) for a continuous period of at least 9 months.

VR - not a level playing field - fully in or fully out

VR could be a provider - other option - keep existing

Proposal: Would replace the present law Social Security and SSI VR reimbursement programs with programs that would provide all current and new disabled and blind DI and SSI beneficiaries with a rehabilitation and employment ticket they may voluntarily use to obtain rehabilitation and employment services from an approved provider of their choice. Beneficiaries whose conditions, at the time they first become entitled to/eligible for benefits, are expected to improve would not be eligible to receive a rehabilitation ticket until (1) they have undergone a continuing disability review, (2) their entitlement to/eligibility for benefits has been continued, and (3) they are no longer expected to improve.

Fred - VR
would be more
success w/
keth + tax
credit pillar

The disabled beneficiary would give his/her ticket to an approved provider which agrees to furnish him/her with rehabilitation and/or employment services. The beneficiary would also decide whether the provider could retain the ticket for one-year or a two-year period. A provider could then retain the ticket for the designated period, except in those situations in which (1) the beneficiary is dissatisfied with services of the provider or (2) the provider, with the beneficiary's concurrence, surrenders the ticket earlier. At the end of the designated period, the beneficiary may (1) renew the ticket with the same provider, (2) select a new provider, or (3) choose to hold, but not use the ticket.

Major surprise
to VR: HKT
could go w/
keth + DTC

vol vs. mand
??

Referrals

(States more likely to do SSI bec state costs)

For DI beneficiaries whose primary insurance amount (PIA) is more than \$600 for the 9th month of the period of trial work, the rehabilitation or employment services provider holding the ticket

VR - Providers refer to VR? - settle
Upfront incentive
Give yearly HKT! No
Demo option - providers prob.
CSA/RK?

1 of 4

Provider registered w/SSA - workload
Wouldn't know SVCS - prob?
50% - Nat.
Transfer HKT if provider agrees unless...
Enc market - how cons decide

in such 9th month will be paid 50 percent of the beneficiary's PIA for each month the beneficiary does not receive a benefit under either the Social Security or SSI program during the 63-month period immediately following the trial work period. (Because the beneficiary would be entitled to benefits for a 3-month grace period during the 63-month period, the provider would be paid for no more than 60 months.) The provider will be paid \$300 per month for a beneficiary whose PIA is \$600 or less for the 9th month of the trial work period.

In SSI-only cases, the provider holding the rehabilitation and employment ticket in the month before the first month for which the SSI benefits are suspended or terminated on account of earned income will be paid 50 percent of the SSI individual's average monthly benefit for the quarter before the provider was issued the ticket for each month the recipient does not receive a benefit under either the Social Security or SSI program during the 60-month period beginning with such first month. The amount of any State supplemental payment will not be considered in determining the amount of the provider incentive payment.

If the beneficiary is receiving concurrent DI-SSI benefits, the provider holding the rehabilitation and employment ticket in the 9th month of the period of trial work will be paid the higher of (1) 50 percent of the beneficiary's PIA or (2) \$300 per month for each month the beneficiary does not receive a benefit under either the Social Security or SSI program during the 63-month period immediately following the trial work period.

The payments to providers shall be paid annually within 60 days of the close of the fiscal year.

Continuing payments to providers which served former DI and SSI beneficiaries will not be increased as a result of an annual cost-of-living increase in a benefit payment to current beneficiaries/recipients under the Social Security or SSI programs that occurs during the specified provider incentive payment period.

The provider holding the ticket at the time the beneficiary completes the trial work period or stops receiving Federal SSI payments due to work shall be entitled to all provider incentive payments. SSA shall not be involved in the distribution of provider incentive payments between providers.

The present law provision which provides for deductions on account of refusal to accept VR services available to the beneficiary under a State plan approved under title I of the Rehabilitation Act of 1973 will be expanded to include refusal to accept rehabilitation or employment services available from a non-State VR provider. VR
has
issue

The Commissioner shall be authorized (1) to prescribe such regulations, in such detail as he or she deems appropriate, as may be necessary to implement the amendments made by this provision and (2) to release to an approved rehabilitation or employment services provider information maintained by the SSA regarding the beneficiary that would be necessary for such provider to furnish such services to the beneficiary.

Rationale: The Disability Advisory Council, in its March 1988 report, stated that disability beneficiaries do not receive high quality, cost-effective VR services because of a lack of competition among VR providers in furnishing such services and the fact that the State VR agencies have a limited capacity to provide VR services to people with disabilities.

The Disability Policy Panel (Panel) of the National Academy of Social Insurance, in a January 25, 1996 report "Balancing Security and Opportunity: The Challenge of Disability Income Policy," proposed a similar incentive payment for providers of rehabilitation and employment services to Social Security disability beneficiaries. As the Panel notes in its report, this type of approach "builds on the principles of consumer choice and empowerment, encouraging competition and innovation among service providers, rewarding service providers for their results rather than for the cost of their inputs, and encouraging providers to have a continuing interest in their clients' long-term success in remaining employed."

Authorizing the Commissioner to make incentive payments to any public or private provider which furnishes rehabilitation and employment services to a DI or SSI disabled or blind beneficiary which helps in getting the beneficiary to work and off the disability rolls. This would significantly increase the number of providers from whom DI and SSI disabled beneficiaries could obtain rehabilitation services, including employment services. This would also give the Commissioner flexibility to insure that such beneficiaries receive high-quality, cost-effective services from any rehabilitation and employment services provider.

To give the Commissioner the maximum flexibility in arranging for DI and SSI disabled beneficiaries to obtain rehabilitation and employment services, the Commissioner would be authorized to prescribe by regulations the criteria relating to the referral of DI and SSI beneficiaries to providers, the conditions under which the provider may furnish VR services and be paid, the monitoring activities of the Commissioner, and any other policies, e.g., deductions because of refusal to accept rehabilitation services from non-State VR providers, which would be needed to insure an efficient, effective Social Security referral and provider incentive payment program.

Effect on Beneficiaries: Because beneficiaries would have the opportunity to select a rehabilitation service provider, they may have more incentive to participate in a rehabilitation program designed to get them a job and to leave the disability rolls. It is also expected that an increased number of beneficiaries will receive timely, high quality rehabilitation and employment services from providers of such services.

Federalism Impact: The State VR agencies may be concerned about the loss of their almost exclusive right to serve SSA's beneficiaries with disabilities. However, the State VR agencies have finite capacity to provide services and are not able to keep pace with the growing numbers of individuals needing services. Other qualified public and private agencies are able and willing to provide these services.

Cost: (millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
<u>Program</u>					
Social Security			TO BE DETERMINED		
SSI			TO BE DETERMINED		
<u>Administrative</u>					
Social Security			TO BE DETERMINED		
SSI			TO BE DETERMINED		

Effective Date: Would direct the Commissioner of Social Security to announce, in the Federal Register, the date on which the new provider incentive program shall be effective, but such date shall not be later than the first day of the twenty-fifth month beginning after the month of enactment.

To permit beneficiaries who are enrolled in a VR program under present law in the month before the month in which the provider incentive provision becomes effective to complete their program, the present law DI and SSI VR reimbursement programs would be repealed as of the last day of the third fiscal year beginning after the date of enactment.

Contact Person: Judy L. Chesser, (202) 482-7148.

woodruff

5/10/96

EMPLOYMENT STRATEGY

Scenario #1--Social Security Disability Insurance (SSDI)

Individual is disabled but working full-time, annual salary is \$50,000.
To access long-term features of the Employment Strategy, he/she would:

DATE	ACTION
06/03/96	Stop working and file a claim for SSDI benefits
11/01/96 (Approx.)	Receive favorable decision on claim
12/01/96	First month of entitlement to SSDI benefits
01/03/97	Actual receipt of first monthly benefit
12/01/98	First month of eligibility for Medicare
01/01/99	Return to work full-time
01/01/99 thru 09/30/99	Trial work period (current law)
10/01/99 thru 12/30/99	Grace period to continue SSDI benefits
01/01/00	Cash benefits stop
01/01/00	Eligibility for Disability Tax Credit begins
01/01/00 thru 12/30/04	Provider (if there is one) is eligible for Provider Incentive payments
01/01/00 thru 12/30/02	Extended Medicare (pay Part B premium only--current law)
01/01/03	Begin new program eligibility for Medicare (pay Part B premium only)

EMPLOYMENT STRATEGY

Scenario #2--Supplemental Security Income (SSI)

Individual is disabled but working full-time, annual salary is \$12,500.
To access long-term features of the Employment Strategy, he/she would:

DATE	ACTION
06/03/96	Stop working and file a claim for SSI benefits
11/01/96 (Approx.)	Receive favorable decision on claim (eligible effective 07/01/96)
11/01/96	Begin receiving monthly benefits (and retroactive payment)
06/96	Begin eligibility for Medicaid (in most States) 
12/01/96	Return to work full-time
12/01/96	Cash benefits stop
12/01/96	1619(b) eligibility for Medicaid begins (up to State or individualized threshold--current law)
12/01/96	Begin new program eligibility for Medicaid (if exceeds State or individualized threshold)
12/01/96 thru 11/30/01	Provider (if there is one) is eligible for Provider Incentive payments
07/01/97	Eligibility for Disability Tax Credit begins

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

25-Nov-1996 01:54pm

TO: FORTUNA_D

FROM: Leo.McManus

SUBJECT: Re[2]: Agenda for Wed. Meeting

SIDEBAR MEETING - RSA ISSUES

I did try to send an attachment. It is the agenda for the meeting with Howard on Wed. before your meeting:

DATE; Wednesday, November 27
 9:30 - 10:30 AM

PLACE: Office of Howard Moses
 Rm 3006 Switzer Bldg.

WITH: Howard Moses, Ken McGill, Leo McManus, Marie Strahan
 Invited, response unknown: Fred Schroeder, Dave Ziskind

TOPICS: o What constitutes services vs subsidies when
 computing SGA. *Not*

 o Clarify contradiction between "Voluntary" and
 sanctioned refusal.

 o Suggested solutions from RSA for payment
 guarantees when VR is subcontracting with private
 providers who are ticket holders.

Reply Separator

Subject: RE: Agenda for Wed. Meeting
Author: FORTUNA_D@al.eop.gov at ##INTERNET
Date: 11/25/96 1:37 PM

Meeting will be Wed. as usual. I am about to send out the notice.

If you were trying to send me an attachment in your email, it came out garbled. I wasn't sure.

EMPLOYMENT INITIATIVE
AGENDA
October 24, 1996

→ Wed @ 11??
*Next note by Mon

- next time ← I. Summary of Bunning proposal
- II. Discussion of VR reauthorization — mainstream + localized — R prop last time
1% round table today w/ Secy 92 reforms? SD: no bill + wait on our prop.
- next time ← III. (4) Brainstorm on early intervention/screening ideas — Use IDEA??
Funding source not worth fight
Assessmt \$600 each — \$90m
- IV. Brainstorm on transition benefit ideas — budget neutral
is pers living in another hh
people of who loose
- V. Issues arising from agency work underway? (see below)
Susan don't want to deviate from
- VI. Clarify timing on tax credit work — Ticket priority for people
- Ken to look at alt funding sources

Work underway:

1. Ticket: some product by 2nd week of November
2. Health: Medicaid by mid-November; Medicare sooner if possible
3. Tax Credit: timing unclear

} 2nd wk of Nov.

DOL — Jansten — one stop Int. Directive
or Geri Fala

(3) Next week's meeting: Diana to structure discussion about existing work incentive programs (PASS, 1619, etc.)

- ① Howard's demo pc — discuss
- ② VR profile — Howard

Jack: wk after next — TJTC → WOTC
eligibles — SSI + VR
overlaps w/ ticket?? — too much

next time ← ave time sep 18-20/mos.
200,000 come out — declining success rate
940K → system was 1.2m → system

— 92 reforms
Profile — nature of disab
Form for distrib

Success rate — DOE, GAO, CRS

Rules how \$ spent

Must be st ag?
Extent of privatiz

Not test of private intro
mkt — too slow

harder cash flow
Pay if success 9 mos
Bulldozing to agencies
SSA project — If VR can't serve

BILL TEXT Report for H.R.4230

As introduced in the House, September 27, 1996

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I

104th CONGRESS

2d Session

H. R. 4230

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to make improvements in the rehabilitation programs provided for disabled individuals under such Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

September 27, 1996

Mr. Bunning of Kentucky (for himself, Mr. Jacobs, Mr. Gibbons, Mr. Crane, Mr. Thomas, Mr. Shaw, Mrs. Johnson of Connecticut, Mr. Camp, Mr. Sam Johnson of Texas, Mr. Collins of Georgia, Mr. Portman, Mr. Laughlin, Mr. English of Pennsylvania, Mr. Christensen, and Ms. Dunn of Washington) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to make improvements in the rehabilitation programs provided for disabled individuals under such Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Rehabilitation and Return to Work Opportunity Act of 1996".

SEC. 2. REHABILITATION SERVICES UNDER REHABILITATION AND RETURN-TO-WORK PROGRAM.

(a) In General.--Section 222 of the Social Security Act (42 U.S.C. 422) is amended--

(1) by redesignating subsection (e) as subsection (f); and

(2) by inserting after subsection (d) the following new subsection:

"(e) Rehabilitation and Return-to-Work Program.--

"(1) In general.--There is established under the Social Security Administration a Rehabilitation and Return-to-Work Program.

"(2) Assessment of capability for vocational adjustment.--Under the Program, each determination under section 221 or sections 1631(c) and 1633(a) that an individual is under a disability shall be accompanied by a determination, by the officials making such determination under section 221 or sections 1631(c) and 1633(a), of whether or not the individual is capable of vocational adjustment. The individual shall be determined to be capable of vocational adjustment if such officials determine that there is a reasonable possibility that the individual will be capable, upon provision of vocational rehabilitation services to the individual under the Program or under a State plan approved under title I of the Rehabilitation Act of 1973, to perform substantial gainful activity. Participation in the Program or such a State plan by individuals determined capable of vocational adjustment shall be mandatory, until a determination is made by a provider of rehabilitation services, in the course of employment evaluation under paragraph (5)(B) or during the implementation of the employment plan under paragraph (5), that the individual is no longer capable of vocational adjustment or that the original determination that the individual is capable of vocational adjustment was in error. Nothing in this paragraph shall be construed to preclude voluntary participation in the Program by any individual

determined to be under a disability under section 221 for whom participation is not mandatory.

"(3) Regional administrators.--

"(A) Service regions.--The Program shall provide for the division of the geographic area of the United States into specified service regions for purposes of the Program.

"(B) Selection and assignment to service regions.--Under the Program, the Commissioner of Social Security shall enter into agreements with organizations in the private sector to serve as regional administrators of the Program for each service region. Regional administrators shall be selected for each region by means of a competitive bidding process, from among organizations in the private sector with substantial expertise and experience in the field of vocational rehabilitation or Federal contract management. Such organizations may serve as regional administrator for any number of service regions, except that not less than 2 qualified organizations may serve at any time as regional administrators under the Program.

"(C) Tenure, renewal, and early termination.--Each agreement entered into under this paragraph shall provide for service by regional administrators limited to terms of 5 years, subject to renewal. Such agreements shall provide for early termination upon failure to meet performance standards which shall be specified in the agreement and which shall be weighted to take into account any performance in prior terms. Such performance standards shall include (but are not limited to)--

"(i) measures for timely operation of provider payment systems,

"(ii) measures for ease of access by recipients to vocational rehabilitation services, and

"(iii) measures for determining the extent to which failures in obtaining vocational rehabilitation for participants for each service region, and in relation to other service regions, fall within acceptable parameters.

"(D) Preclusion from direct participation in delivery of services in own service area.--

"(i) In general.--Agreements under this paragraph shall conform to requirements which shall be provided in regulations prescribed under this section which preclude--

"(I) direct participation by the regional administrator for any service region in the delivery of vocational rehabilitation services to participants in such region, and

"(II) the holding by regional administrators of financial interests in network coordinators and service providers under their administration.

"(ii) Delivery of services in other areas permitted.--No agreement under this paragraph shall limit the ability of a regional administrator for any service region to operate as a service provider under the Program in any other service region not under its administration.

"(E) Referral of beneficiaries and applicants to providers.--The regional administrator for each service region shall provide for expedited referral of beneficiaries and applicants to providers of vocational rehabilitation services in the service region. The regional administrator shall ensure that each beneficiary or applicant is allowed changes in providers for good cause without being deemed to have rejected services under the Program, under standards which shall be provided in regulations prescribed under this section in order to promote the mutual responsibility of the provider of such services and the recipient of such services to avoid unnecessary disruption in the delivery of such services by the provider. The regional administrator for each service region shall establish and maintain lists of providers of vocational rehabilitation services eligible for referrals in the service region and shall make such lists generally available to the public.

"(F) Quality assurance.--The regional administrator for each service region shall enter into arrangements providing at least annually for such reviews by consumer groups and private auditing firms as are necessary to provide for effective quality assurance in

the provision of services by providers in the service region and in the administration of the milestone payment system prescribed pursuant to paragraph (6) with respect to such providers. The primary focus of such reviews shall be on the extent to which the required components of employment evaluation under paragraph (5)(B) and of individual employment plans under paragraph (5)(C) are reflected in the files of the recipients of vocational rehabilitation under the Program. Such reviews shall also determine the extent to which such recipients have received information required under the Program relating to the availability of the services of providers of core services, providers of support services, and providers of specialized services, and the extent to which such recipients have been given the opportunity of personal choice regarding the selection of providers and of their own employment goals and objectives. The regional administrator shall publish locally the results obtained from the arrangements entered into under this subparagraph, in accordance with regulations prescribed under this section, so as to effectively educate prospective recipients of vocational rehabilitation services as they select their providers.

"(G) Dispute resolution.--Under regulations which shall be prescribed under this section, the regional administrator for each service region--

"(i) shall afford to any party to a dispute arising under the Program a reasonable opportunity for a full and fair review by the regional administrator of the matter in dispute, and

"(ii) shall afford to all parties to the dispute an opportunity to submit the dispute to arbitration by a third party selected by the parties from persons determined by the regional administrator as qualified to serve as an independent arbitrator.

An award by an arbitrator pursuant to arbitration entered into under this subparagraph shall be final and binding between the parties to the arbitration but shall have no force or effect on any other person. Nothing in this subparagraph shall be construed to otherwise limit the application of subsections (b) and (g) of section 205 and sections 221, 1631(c), and 1633(a) with respect to any beneficiary or applicant.

"(4) Network coordinators.--

"(A) Hiring by regional administrators.--The regional administrator for each service region under the Program shall recruit, hire, monitor, and authorize the compensation by the Social Security Administration of such network coordinators for the service region as are necessary and appropriate to ensure that adequate choices for vocational rehabilitation services are made available to recipients of such services under the Program.

"(B) Qualifications for network coordinators.--The network coordinators referred to in subparagraph (A) shall consist of organizations which have substantial expertise and experience in the field of vocational rehabilitation.

"(C) Ensuring availability of adequate services.--In accordance with regulations which shall be prescribed under this section, each network coordinator assigned to a service region shall ensure that--

"(i) a comprehensive array of vocational rehabilitation services are available throughout the service region, including rural areas, and

"(ii) such services are provided by both--

"(I) providers who are generalists with respect to all populations, and

"(II) providers who are specialists with respect to particular populations, which may include specialists in mobility, cognitive, sensory, and mental impairments and other areas specified in such regulations.

A network coordinator may meet the requirements of this subparagraph by providing vocational rehabilitation services directly, or by entering into agreements with other vocational rehabilitation service providers.

"(D) Reasonable access to services.--Under standards which shall be provided in regulations prescribed under this section, each network coordinator shall take such measures as are necessary to

ensure that each beneficiary or applicant has reasonable access under the Program to vocational rehabilitation services, including career planning, career plan development, vocational assessment, job training, placement, and follow-up services and such other vocational rehabilitation services as may be specified in regulations issued under this section as core services.

"(E) Requirements relating to provision of services.--Each network coordinator shall take such measures as are necessary to ensure that--

"(i) providers of vocational rehabilitation services made available by the network coordinator meet specific service delivery program expectations which shall be set forth in regulations prescribed under this section,

"(ii) such providers serve minimum geographic areas and populations which shall be specified in regulations prescribed under this section, and

"(iii) such providers are required to meet, and maintain compliance with, both general selection criteria (such as professional and governmental certification and educational credentials) and specific selection criteria (such as the extent of work experience by the provider with specific populations), which shall be set forth in regulations prescribed under this section.

"(F) Referral lists and quality measures.--Each network coordinator shall maintain procedures for establishing lists of network providers eligible for referrals under the Program and reimbursement for time periods specified under the Program, subject to annual performance reviews measured against established quality measures applied to recipients of rehabilitation services. Such measures shall include return-to-work rates, job retention, timeliness, cost, and other factors which shall be specified in regulations prescribed under this section.

"(G) Provision of services under individual employment plans ensured.--Each network coordinator shall take such measures as are necessary to ensure that vocational rehabilitation services provided

under the Program by, or under agreements entered into with, the network coordinator are provided under appropriate individual employment plans meeting the requirements of paragraph (4).

"(H) Administration of milestone payment system.--Each regional administrator for a service region shall take such measures as are necessary, in accordance with regulations prescribed under this section, to ensure that any compensation received, by network coordinators or by other providers under agreements entered into with network coordinators, for vocational rehabilitation services provided under the Program in the service region complies with the requirements of the milestone payment system prescribed pursuant to paragraph (6). Each network coordinator shall administer the milestone payment system with respect to vocational rehabilitation services provided by, or under agreements with, such network coordinator, including the authorization and verification of payments to providers and securing restitution of overpayments.

"(I) Annual financial reporting.--In accordance with regulations which shall be prescribed under this section, each network coordinator for a service region shall engage a certified public accountant, who shall prepare such annual financial reports to the regional administrator for such region as are necessary to provide for the quality assurance required under paragraph (3)(F).

"(J) Periodic outcomes reporting.--Each network coordinator for a service region shall prepare periodic reports, on at least an annual basis, itemizing for the covered period specific outcomes achieved with respect to specific services provided by the network coordinator. Such report shall conform to a national model which shall be prescribed in regulations under this section. In such report, outcomes shall be measured at least in part on uniform customer satisfaction surveys. Each network coordinator shall provide a copy of the latest report issued by the network coordinator pursuant to this subparagraph to each beneficiary or applicant upon enrollment under the Program for services to be received through such network coordinator. Upon issuance of such report to each beneficiary or applicant, a copy of such report shall be maintained in the files of the network coordinator pertaining to such beneficiary or applicant. The regional administrator for each service region shall ensure that copies of all such reports issued under this subparagraph

are made available to the public under reasonable terms.

"(5) Individual employment plans.--

"(A) In general.--In accordance with regulations which shall be prescribed under this section, each provider of vocational rehabilitation services under the Program shall develop, jointly with each recipient of such services, an employment plan meeting the requirements of this paragraph.

"(B) Employment evaluation.--In devising the employment plan, the provider shall undertake an employment evaluation with respect to the recipient. Each employment evaluation shall set forth in writing with respect to the recipient at least the following:

"(i) A review and assessment of--

"(I) the recipient's prior work history,

"(II) the recipient's educational background,

"(III) the recipient's mobility, cognitive, sensory, and mental abilities and limitations, and

"(IV) the recipient's interests and aptitudes.

"(ii) An inventory of the services determined by the network coordinator as most efficacious in obtaining employment for the recipient or facilitating training for employment for the recipient, identifying--

"(I) those services which are to be provided by providers who are generalists with respect to all populations, and

"(II) those services which are to be provided by providers in areas of specialty, which may include specialties in mobility, cognitive, sensory, and mental impairment and other areas specified in regulations prescribed under this section.

"(C) Requirements for individual employment plans.--Each individual employment plan shall--

"(i) take into account results obtained from the employment evaluation undertaken pursuant to subparagraph (B), identifying any particular strengths and abilities of the recipient,

"(ii) set forth specific employment goals that relate to the availability of gainful activity within the economy of the service region or the economy of any alternative service region within which the recipient chooses to relocate,

"(iii) outline specific steps and activities necessary to prepare for employment, obtain employment, retain employment, and pursue advancement after initial employment,

"(iv) identify and promote career paths that will allow the recipient to maintain a level of compensation upon obtaining employment which equals or exceeds the greater of--

"(I) the minimum level of earnings which, under regulations of the Commissioner of Social Security, demonstrates an ability to engage in substantial gainful activity, or

"(II) the level of benefits received by the recipient while disabled as cash benefits under this title and title XVI and the cash value of items and services received under title XVIII or under State plans under title XIX,

"(v) incorporate to the extent practicable existing resources and programs, including (but not limited to):

"(I) co-enrollment in vocational rehabilitation programs provided under State plans approved under title I of the Rehabilitation Act of 1973,

"(II) any unexhausted training resources available from the carrier through which the recipient's worker's compensation benefits are provided,

"(III) personal resources of the recipient,

"(IV) stipends, grants, and loans available from other Federal, State, or local governmental programs,

"(V) stipends, grants, or loans from, or partnership agreements with, organizations of network coordinators, and

"(VI) cooperative agreements with prospective employers providing for assistance with training and related costs, and

"(vi) take effect upon approval by the recipient.

"(6) Milestone payment system.--

"(A) In general.--Under regulations prescribed under this section, the Program shall provide for a milestone payment system, which shall consist of an incremental fee structure governing providers of vocational rehabilitation services under the Program which meets the requirements of this paragraph. The milestone payment system shall provide for capitation of costs and fees in the case of each recipient of such services under managed competition (thereby precluding the use of any cost-reimbursement, cost-plus, or other cost-based payment methodology).

"(B) Milestones.--The milestone payment system shall provide for milestones, with respect to all recipients of vocational rehabilitation services from a provider under the Program, which are directed toward the goal of permanent employment and which shall serve as the basis for graduated fee levels applicable with respect to providers. Such milestones may include:

"(i) completion of the employment plan developed with the recipient under paragraph (5);

"(ii) initial employment of the recipient secured after enrollment under the Program; and

"(iii) retention by the recipient of employment secured after enrollment under the Program for specified periods of time.

"(C) Initial fixed fees and subsequent deferred retention fees.--
The milestone payment system shall provide for--

"(i) payment of a fixed fee to the network coordinator upon the attainment of each milestone by the recipient of vocational rehabilitation services, as consideration for the attainment by the recipient of such milestone, and

"(ii) subsequent payment of deferred retention fees to the network coordinator for a recipient who ceases to be entitled to benefits under this title or ceases to be eligible for benefits under title XVI by reason of retention by the recipient of employment after enrollment under the Program.

"(D) Backloaded payment structure.--Under regulations prescribed under this section, the milestone payment system shall provide for a schedule of fee payments in connection with milestones attained by a recipient prior to termination of entitlement to benefits under this title or eligibility for benefits under title XVI. The fee schedule shall be designed so that the total amount of such fee payments do not exceed 33 percent of all fees payable under the Program with respect to such a recipient if the recipient were to attain all milestones and retain employment upon termination of such entitlement or eligibility for a substantially continuous period of not less than 5 years. Such fees shall be scheduled so as to ensure that profits attained by providers for providing vocational rehabilitation services under the Program are deferred generally until after retention by the recipient of employment for a significant period of time. At least 67 percent of all fees payable under the Program shall consist of deferred retention fees described in subparagraph (C)(ii).

"(E) Periodic revisions.--Under regulations prescribed under this section, any fee schedule established under the milestone payment system shall be revised on a periodic basis, based on information provided to the Commissioner of Social Security by the regional administrators under the Program and on comparisons made by the Commissioner of the Program with other similar programs established by the Federal Government."

(b) Conforming Amendments.--

(1) Amendments to title ii.--

(A) Section 222 of such Act (42 U.S.C. 422) is further amended--

(i) in subsection (a), by striking "shall be promptly referred" and all that follows through "services," and inserting the following: "shall be promptly referred to qualified providers of vocational rehabilitation services,";

(ii) in subsection (b)(1)--

(I) by striking "for any month in which such individual, if" and inserting "for any month, if (A) such individual is";

(II) by striking "refuses" and inserting "(B) participation by the individual in the Rehabilitation and Return-to-Work Program or a State plan approved under title I of the Rehabilitation Act of 1973 is mandatory under subsection (e)(2), and (C) the individual refuses in such month"; and

(III) by striking "a State plan approved under title I of the Rehabilitation Act of 1973" each place it appears and inserting "the Program or such a State plan";

(iii) in subsection (d)(1)--

(I) by inserting "to operate, administer, and provide for payments under the Rehabilitation and Return-to-Work Program and" before "to reimburse"; and

(II) by inserting "under such a State plan" after "under this paragraph" in clause (ii);

(iv) by striking paragraph (2) of subsection (d) and redesignating paragraphs (3), (4), and (5) of subsection (d) as paragraph (2), (3), and (4), respectively;

(v) in paragraph (2) (as redesignated) of subsection (d), by inserting "to States" after "Payments";

(vi) in paragraph (3) (as redesignated) of subsection (d), by striking "for the reimbursement of the costs of providing services to" and inserting "for the operation and administration of the Rehabilitation and Return-to-Work Program with respect to services provided to", and by inserting "and otherwise for the reimbursement of the costs of providing services to such individuals," after "such individuals,", and by striking "to be reimbursed" in subparagraph (A) and inserting "to be paid for the operation and administration of the Rehabilitation and Return-to-Work Program and otherwise for reimbursement"; and

(vii) in paragraph (4) (as redesignated) of subsection (d), by striking "subsection" each place it appears and inserting "section".

(B) Section 225(b)(1) of such Act (42 U.S.C. 425(b)(1)) is amended by striking "a program" and inserting "a program consisting of the Rehabilitation and Return-to-Work Program or another program".

(2) Amendments to title xvi.--Section 1615 of such Act (42 U.S.C. 1382d) is amended--

(A) in subsection (a), by inserting after "referral of such individual" the following: "(A) to the Rehabilitation and Return-to-Work Program established under section 222(e) or (B)"; and

(B) in subsection (b), by inserting "under the Rehabilitation and Return-to-Work Program or" after "available to him".

(c) Effective Date.--Subject to subsection (d)(2)(C), the amendments made by subsections (a) and (b) shall apply with respect to applications filed, and reviews of continuing disability commenced, after 6 months after the date of the enactment of this Act.

(d) The Rehabilitation and Return-to-Work Commission.--

(1) Establishment.--There is established in the Social Security Administration a commission to be known as the "Rehabilitation and

Return-to-Work Commission" (in this subsection referred to as the "Commission").

(2) Duties of commission.--

(A) In general.--The Commission shall, jointly with the Commissioner of Social Security, take such actions, including issuance of appropriate regulations under the amendments made by this section, as are necessary for the full implementation of such amendments as soon as practicable after the date of the enactment of this Act but not later than 3 years after such date of enactment.

(B) Specific program development responsibilities.--As soon as practicable after the date of the enactment of this Act, the Commission shall, in direct consultation with Commissioner of Social Security--

(i) formulate and develop for purposes of subparagraph (A) the procedures for assessing the capability of beneficiaries and applicants for vocational rehabilitation,

(ii) formulate and develop for purposes of subparagraph (A) the milestone payment system described in section 222(e)(5) of the Social Security Act (as amended by subsection (a)) and establish annual oversight procedures for such system,

(iii) formulate and develop for purposes of subparagraph (A) the referral services, quality assurance measures, and dispute resolution procedures referred to in subparagraphs (E), (F), and (G) (respectively) of section 222(e)(3) of such Act (as so amended),

(iv) establish, for the Rehabilitation and Return-to-Work Program upon its establishment and for programs undertaken in preparation for the establishment of the Program, procedures for effective oversight by the Commission and by the Commissioner of Social Security, including periodic reviews and reporting requirements, and

(v) establish the initial service regions for the Rehabilitation and Return-to-Work Program and carry out the

provisions of subparagraph (C) in each such region.

(C) Graduated implementation of program.--

(i) In general.--Not later than 6 months after the date of the enactment of this Act, the Commission, in consultation with the Commissioner of Social Security, shall commence implementation of the amendments made by this Act in graduated phases at pilot sites selected by the Commission. Such pilot sites shall be selected so as to ensure, prior to full implementation of the Program, the development and refinement of referral processes, payment systems, computer linkages, management information systems, and administrative processes necessary to provide for full implementation of such amendments.

(ii) Requirements.--Implementation of the Program at each pilot site shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods under consideration, so as to ensure that the most efficacious methods are determined and in place for full implementation of the Rehabilitation and Return-to-Work Program on a timely basis. In selecting pilot sites under this subparagraph, the Commission shall take full advantage of the results of experiments and demonstration projects conducted pursuant to section 505 of the Social Security Disability Amendments of 1980 selecting pilot sites which have participated in such demonstration projects (including "Project Network"). The Commission shall also select sites which have participated in the "Project with Industries" programs established under title VI of the Rehabilitation Act of 1973.

(iii) Full implementation.--The Commission, in consultation with the Commissioner of Social Security, shall ensure that the Rehabilitation and Return-to-Work Program is fully implemented as soon as practicable after the date of the enactment of this Act but not later than 3 years after such date of enactment..

(D) Oversight duties.--After full implementation of the Rehabilitation and Return-to-Work Program pursuant to subparagraph (C)(iii), until termination of the Commission, the Commission shall oversee the operation of the Rehabilitation and Return-to-Work

Program and include the results of its oversight of the Program in its reports to the President and the Congress pursuant to paragraph (6). The Commissioner of Social Security shall cooperate with the Commission in carrying out its duties under this subparagraph and, to the extent permitted by law, provide to the Commission such information and facilities as the Commission may request in the performance of its duties under this subparagraph.

(3) Membership.--

(A) Number and appointment.--The Commission shall be composed of 9 members appointed by the President as follows:

(i) 3 members selected for appointment from among individuals recommended by the Speaker of the House of Representatives.

(ii) 3 members selected for appointment from among individuals recommended by the Majority Leader of the Senate.

(iii) 3 members selected for appointment from among such other individuals as the President may consider appropriate.

(B) Political affiliation.--Not more than 2 members appointed under each of clauses (i), (ii), and (iii) of subparagraph (A) may be of the same political party.

(C) Representation.--Of the members appointed under each of clauses (i), (ii), and (iii) of subparagraph (A)--

(i) one shall represent the interests of recipients of vocational rehabilitation services,

(ii) one shall represent the interests of providers of vocational rehabilitation services, and

(iii) one shall represent the interests of private employers.

(D) Terms.--

(i) In general.--Each member shall be appointed for a term of 4 years (or, if less, for the remaining life of the Commission),

except as provided in clauses (ii) and (iii).

(ii) Terms of initial appointees.--As designated by the President at the time of appointment, of the members first appointed--

(I) 4 shall be appointed for a term of 2 years, and

(II) 5 shall be appointed for a term of 4 years.

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

(E) Basic Pay.--Members shall each be paid at a rate equal to the daily equivalent of the rate of basic pay for level 4 of the Senior Executive Service, as in effect from time to time under section 5382 of title 5, United States Code, for each day (including travel time) during which they are engaged in the actual performance of duties vested in the Commission.

(F) Travel Expenses.--Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(G) Quorum.--5 members of the Commission shall constitute a quorum but a lesser number may hold hearings.

(H) Chairperson.--The Chairperson of the Commission shall be designated by the President. The term of office of the Chairperson shall be 4 years.

(I) Meetings.--The Commission shall meet at least quarterly and at other times at the call of the Chairperson or a majority of its members.

(4) Director and staff of commission; experts and consultants.--

(A) Director.--The Commission shall have a Director who shall be appointed by the Commission. The Director shall be paid at a rate not to exceed the maximum rate of pay payable for GS-15 of the General Schedule.

(B) Staff.--Subject to rules prescribed by the Commission, the Director may appoint and fix the pay of additional personnel as the Director considers appropriate.

(C) Experts and Consultants.--Subject to rules prescribed by the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(D) Staff of federal agencies.--Upon request of the Commission, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of that department or agency to the Commission to assist it in carrying out its duties under this Act.

(5) Powers of commission.--

(A) Hearings and sessions.--The Commission may, for the purpose of carrying out this its duties under this subsection, hold such hearings, sit and act at such times and places, and take such testimony and evidence as the Commission considers appropriate.

(B) Powers of members and agents.--Any member or agent of the Commission may, if authorized by the Commission, take any action which the Commission is authorized to take by this section.

(C) Mails.--The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(D) Administrative support services.--Upon the request of the Commission, the Administrator of General Services shall provide to the Commission, on a reimbursable basis, the administrative support services necessary for the Commission to carry out its duties under this subsection.

(6) Reports.--

(A) Interim reports.--The Commission shall submit to the President and the Congress interim reports at least annually.

(B) Final report.--The Commission shall transmit a final report to the President and the Congress not later than 5 years after the date of the enactment of this Act. The final report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for legislation and administrative actions which the Commission considers appropriate.

(7) Termination.--The Commission shall terminate immediately upon submission of its final report under paragraph (6)(B).

(8) Authorization of appropriations.--There are authorized to be appropriated from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as appropriate, such sums as are necessary to carry out this subsection.

SEC. 3. MEDICARE COVERAGE FOR OASDI DISABILITY BENEFIT RECIPIENTS WHO RETURN TO WORK.

(a) Providing for 5-Year Period of Continuation Coverage for Those Returning to Work.--Section 226 of the Social Security Act (42 U.S.C. 426) is amended--

(1) in the first sentence of subsection (b), by inserting "(subject to subsection (h))" after "and ending";

(2) by redesignating subsection (h) as subsection (i); and

(3) by inserting after subsection (g) the following new subsection:

"(h)(1) If an individual, in each month during a 3-consecutive-month period (covered under paragraph (2))--

"(A)(i) is entitled to benefits described in subsection (b)(2)(A),
(ii) is a disabled qualified railroad retirement beneficiary (within the meaning of section 7(d) of the Railroad Retirement Act of 1974), or (iii)

is described in subsection (b)(2)(C)(i) and would be entitled to benefits described in subsection (b)(2)(A) if subclauses (I) and (II) of subsection (b)(2)(C)(ii)(II) were applicable, and

"(B) has earnings from employment of at least 160 times the minimum hourly wage rate in effect under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) for the month,

then the entitlement to benefits pursuant to subsection (b) shall not end before the earlier of (i) the end of the 5-year period beginning with the month immediately following such 3-consecutive-month period, or (ii) the month before the month in which the individual attains age 65.

"(2) Paragraph (1) shall apply only to a 3-consecutive-month period that--

"(A) begins on or after the 4th month that begins after the date of the enactment of the Disability Benefits Reform Act of 1996, and

"(B) does not begin (with respect to an individual) during a 5-year coverage period previously provided under such paragraph with respect to the individual.

"(3) Nothing in this subsection shall be construed as affecting the month in which an entitlement under subsection (b) begins with respect to an individual."

(b) Making Permanent Medicare Secondary Payer Rules Relating to Disability.--Section 1862(b)(1)(A) of such Act (42 U.S.C. 1395y(b)(1)(A)) is amended by striking clause (iii).

(c) Elimination of Current Continuation Coverage Rules.--

(1) In general.--Section 226(b) of such Act (42 U.S.C. 426(b)) is amended--

(A) by striking "(subject to the next to last sentence of this subsection)" in the first sentence, and

(B) by striking the third and fourth sentences.

(2) Effective date.--The amendments made by paragraph (1) shall apply beginning with the 8th month that begins after the date of the enactment of this Act, except that such amendments shall not apply to individuals who are entitled to benefits under section 226(b) of the Social Security Act pursuant to the third sentence of such section for the 7th month that begins after such date of enactment.

SEC. 4. TAX CREDIT FOR EMPLOYERS WHO HIRE CERTAIN DISABLED INDIVIDUALS.

(a) In General.--Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business-related credits) is amended by adding at the end the following new section:

"SEC. 45D. CREDIT FOR EMPLOYERS WHO HIRE CERTAIN DISABLED INDIVIDUALS.

"(a) In General.--For purposes of section 38, the disabled employee hiring credit determined under this section for the taxable year is an amount equal to the tax paid or incurred by the taxpayer under section 3111 during such taxable year with respect to wages paid for services performed by a qualified disabled individual during an eligible month of employment.

"(b) Qualified Disabled Individual.--For purposes of this section, the term 'qualified disabled individual' means any individual who is disabled within the meaning of section 223 of the Social Security Act or blind or disabled within the meaning of paragraph (2) or (3), respectively, of section 1614(a) of such Act.

"(c) Eligible Month of Employment.--For purposes of this section:

"(1) In general.--The term 'eligible month of employment' means--

"(A) the first month in which the individual is employed on a substantially full-time basis by the employer at a monthly rate of pay equal to at least 160 times the minimum hourly wage rate in effect under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) for the month, and

"(B) subject to paragraph (2), each succeeding month in which the individual is so employed.

"(2) Limitation on number of eligible months.--

"(A) In general.--The number of eligible months which are taken into account under this section with respect to the employment of an individual (whether or not with the same employer) during any period of disability shall not exceed 12.

"(B) Months of eligibility to be certified.--An employer may treat a month as one of the 12 months referred to in subparagraph (A) only if the employer receives a certificate to that effect from--

"(i) a provider of rehabilitation services providing such services to the employed individual under section 222 or 1615 of the Social Security Act, or

"(ii) in the case of an individual who does not receive services from a provider of rehabilitation services under section 222 or 1615, the Commissioner.

"(C) Period of disability.--For purposes of subparagraph (A), the term 'period of disability' means the period of eligibility specified in the disability determination under section 221(i) of the Social Security Act.

"(d) Denial of Credit for Employment of Relatives.--No credit shall be determined under this section with respect to the employment of any individual described in a subparagraph of section 51(i)(1).

"(e) Denial of Double Benefit.--No deduction shall be allowed under this chapter for any amount taken into account in determining the credit under this section.

"(f) Election Not To Claim Credit.--This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year."

(b) Credit To Be Part of General Business Credit.--

(1) Subsection (b) of section 38 of such Code (relating to general business credits) amended by striking "plus" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", plus", and by adding after paragraph (12) the following new paragraph:

"(13) the disabled employee hiring credit determined under section 45D(a)."

(2) Subsection (d) of section 39 of such Code is amended by adding at the end thereof the following new paragraph:

"(8) No carryback of section 45D credit before enactment.--No portion of the unused business credit for any taxable year which is attributable to the disabled employee hiring credit determined under section 45D may be carried to a taxable year ending before the date of the enactment of the Rehabilitation and Return to Work Opportunity Act of 1996."

(c) Conforming Amendments.--

(1) Subsection (c) of section 196 of such Code (relating to deduction for certain unused business credits) is amended by striking "and" at the end of paragraph (6), by striking the period at the end of paragraph (7) and inserting ", and", and by adding at the end the following new paragraph:

"(8) the disabled employee hiring credit determined under section 45D(a)."

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

"Sec. 45D. Credit for employers who hire certain disabled individuals."

(d) Effective Date.--The amendments made by this section shall apply to months beginning after the date of the enactment of this Act in taxable years ending after such date.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Weekly Employment Initiative of Disability Policy Review Meeting; RE:Personally Identifiable Information [partial] (1 page)	00/00/0000	b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Diana Fortuna
OA/Box Number: 12025

FOLDER TITLE:

Disabled Work Incentive Development [Folder 2]

2007-0143-F
db4495

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Add 3 from RSA

Benbow Susan
Ecklund ~~David~~
Elliott Jerry

(b)(6)

Weekly Employment Initiative of Disability Policy Review Meeting

Hardy Diane
Schroeder Fred

Name	Organization	Phone	Fax	Birth
Judy Heumann	Education	205-5465	205-9252	
Howard Moses	Education	205-5465	205-9252	

Jennifer Bonney	HHS/HCFA	690-5636	690-8168	
Donald Johnson	HHS/HCFA	690-7762	690-8168	

Lisa Fairhall	OMB	5-5880	5-4875	
Richard Green	OMB	5-7398	?	
Katie Hong	OMB	?	?	
Janet Looney	OMB	5-5880	5-4875	
Meg Murray	OMB	5-4930	395-7840	(b)(6)
Jack Smalligan	OMB	5-7759	?	

John Lancaster	PCEPD	376-6200	376-6219	
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Susan Daniels	Social Security	410-965-3424	410-965-6503	
J. Ken McGill	Social Security	410-965-3988	410-966-8597	
Leo McManus	Social Security	410-965-3424	410-966-8597	
Marie Strahan	Social Security	410-965-5774	410-965-6503	

Alan Shafer

Add Labor later

CEA, NEC

Andrea Storey
Add KatzBond
Speed Davis
Andy Imperato

(b)(6)

UK bond @ os aspe. dhts.gov

Jack - If no
woodwork, cost
small MA;MA - beyond 1619 levels,
sliding scale pay
for itNada from acthans
yet - waiting for HCFA

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. paper	Handwritten list to Diana; RE: Personally Identifiable Information [partial] (1 page)	11/13/1996	b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Diana Fortuna
OA/Box Number: 12025

FOLDER TITLE:

Disabled Work Incentive Development [Folder 2]

2007-0143-F
db4495

RESTRICTION CODES

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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Diana,

The following people need
to be cleared for tomorrow's
(11-13-96) 11 am meeting in
room 472.

1) Judy Chesser

DOB: [REDACTED]

(b)(6)

[002]

→ 2) Diane Garro ~~11/1~~

DOB: [REDACTED]

(b)(6)

→ 3) Margie LaFond

DOB: [REDACTED]

(b)(6)

→ 4) James O'Donnell

DOB: [REDACTED]

(b)(6)

→ 5) William Daly

DOB: [REDACTED]

(b)(6)

If you have any questions
call Paulette Anderson at:
358-6030

- Jill B.
- Marty F. - netd call
- Fri mtg
- R's re ~~stila~~ mtg
- Vicki

EMPLOYMENT INITIATIVE AGENDA

October 30, 1996

Good
w/1 bkw

Bad
Admin
Proc Process

??
Milestone / up front
vce potential

1. Quick overview of Bunning by SSA, and reaction
2. Check that work on ticket, tax credit, and health coverage are proceeding on schedule for second week of November; timing on transition proposal
3. Profile of VR program from Dept of Education - I ask for success rates, profile (by disab) are b/bene (incl SSI/SSDI)
4. Brainstorm on early intervention/screening ideas - more later, w/ STW IDEA - Howard
- How come in - youth wkro Pre-clig Post-clig
5. Any discussion of the demo idea that Education presented last time?
6. Discussion of existing SSA work incentives (defer to next time?)

For later
transition
DOL

Item for next week: Work Opportunity Tax Credit interaction; OMB to present?

Next time: HHS/ASPE w/ SSA - health ins - res. review

Work underway:

1. Ticket: product by 2nd week of November Nov 13
2. Health: Medicaid by mid-November; Medicare sooner if possible - yes 11/13 MC
3. Tax Credit: mid-November
4. Transition Benefit: SSA to look at alternative funding sources; by when? MA later?

Jill: Dec - SD, JH, BW

same timing

CR:
Atlanta gp -
STW PWD
wingspread
RWS/Keeleand Eubank
disab
Trans: PCEPD/Coelho
Commission papers
outside people for
- marriage

* Plan CR mtg late Nov - or just do local briefs?
cc hy on a lot?

* Add DOL, CEA?, ~~Paul O~~ Paul O?

* Re-do THe STW Comp.

11/12-2 hours??

SUMMARY OF H.R. 4230
(REHABILITATION AND RETURN TO WORK
OPPORTUNITY ACT OF 1996)

co-sp
10R
2D (contingency)
came from RRU -
Tony Young
NCIL
proinder

Chairman Bunning (R., KY) of the House Subcommittee on Social Security (and 14 co-sponsors) introduced H.R. 4230 (Rehabilitation and Return to Work Opportunity Act of 1996) on September 27, 1996. The bill was referred to the Committee on Ways and Means.

In his introductory remarks, Chairman Bunning stated that the bill contains the "features that persons with disabilities, rehabilitation providers, and small businesses agree are necessary for a successful return-to-work effort." The Chairman also indicated that he looked forward to hearing comments from all of these constituencies so that in the next Congress "legislative action to provide real opportunity to persons with severe disabilities, enabling them to return to productive employment and self sufficiency" can be taken.

SUMMARY

General

The bill would--

- o establish a Rehabilitation and Return-to-Work program (Program) under the Social Security Administration (SSA);
- o require that the officials making determinations that an individual is disabled under the Social Security disability insurance (DI) and the Supplemental Security Income (SSI) disability and blindness programs simultaneously make a determination of whether or not the disabled individual is capable of vocational adjustment;
- o require the mandatory participation of disabled beneficiaries who are capable of vocational adjustment in the Program so long as he/she is considered capable of such adjustment; and
- o direct that, for purposes of the Program, the United States be divided into service regions.

(like RE/RS)
VR-f337

short shift to 15T
more provider funds
50% benefit upfront -
work make \$

Regional Administrators

- o The Commissioner of Social Security ~~would be directed to select, by competitive bidding~~ private sector organizations to serve as regional administrators for each service region. An organization may serve as a regional administrator for more than 1 service region, but at least 2 organizations must serve as regional administrators at all times.
- o Agreements between the Commissioner and the regional administrators would be limited to a 5-year period, but these agreements can be renewed. The agreements must also provide for early termination of regional administrators.

which fail to meet the performance standards specified in the agreement.

- o A regional administrator cannot be a service provider in its own region, but can operate as a service provider in any service region not under its administration.
- o The regional administrator would be required to--
 - provide for the expedited referral of beneficiaries and applicants to VR service providers in its service region. Beneficiaries and applicants may change their providers for good cause without being deemed to have rejected services under the Program.
 - make arrangements with consumer groups and private auditing firms to conduct, at least annually, such reviews as are necessary to provide for effective quality assurance in the provision of services by the VR providers in the service region and in the administration of milestone payment system;
 - publish the results of these reviews locally;
 - give any party to a dispute arising under the Program the opportunity for a full and fair review by such administrator of the matter in dispute and the opportunity to submit the dispute to arbitration by a third party. An award by an arbitrator would be final and binding on the parties to the dispute;
 - recruit, hire, monitor, and authorize the compensation by SSA of such network coordinators as are necessary to ensure that adequate choices for VR services are made available to Program participants; and
 - ensure that compensation to network coordinators and VR service providers comply with the milestone payment system.

Network Coordinators

- o The network coordinator would be responsible for ensuring that--
 - each beneficiary and applicant has reasonable access under the Program to VR services, including career planning, career plan development, vocational assessment, job training, placement, and follow-up services;
 - VR service providers meet specific service delivery program expectations (as set forth in regulations);
 - such VR providers meet, and maintain compliance with, the general selection criteria (e.g., professional and governmental certification and educational credentials)

- and specific selection criteria (e.g., extent of work experience by the provider with specific populations;
- procedures for establishing lists of network providers eligible for referrals under the Program are maintained;
 - VR services provided under the Program are provided under appropriate individual employment plans;
 - the milestone payment system is administered within its area, including the authorization and verification of payments to providers and securing restitution of any overpayments;
 - a certified public accountant prepares such annual financial reports as are necessary for the regional administrator;
 - periodic reports are prepared, at least annually, listing the specific outcomes (measured in part on uniform customer satisfaction) which have been achieved; and
 - a copy of the periodic report is given to each beneficiary and applicant enrolling in the Program.
- o A network coordinator may provide VR services directly or by agreement with other VR service providers.

VR Service Providers

- o Each VR service provider is required, after it completes an employment evaluation with respect to the recipient, to develop, jointly with each recipient of services, an employment plan.
- o The employment evaluation reviews and assesses the recipient's background, physical mental abilities and limitations, and interests and aptitudes and prepare an inventory of the services the recipient needs in order to work.

Milestone Payment System

- o The bill would establish a milestone payment system which would provide an incremental fee structure to govern the payment for services provided under the Program. This system is intended to provide for capitation of costs and fees of rehabilitation services provided to recipients of services under this Program.
- o The system would provide for the payment of both initial fixed fees which would be paid upon the attainment of each milestone and subsequent deferred retention fees paid at the time the recipient's entitlement/eligibility terminates.

- o Under this payment system, the fee schedule would be designed so that up to 33 percent of all fees would be paid when the milestones are reached, and the remaining 67 percent would be designated as deferred retention fees.

The fee schedule shall be revised on a periodic basis.

Rehabilitation and Return-to-Work Commission

- o The bill would establish a 9-member Commission within the Social Security Administration to take such actions (jointly with the Commissioner), including the issuance of appropriate regulations, as are necessary to implement the Program as soon as practicable, but not later than 3 years after enactment.
- o Five of the Commission members would be appointed for a term of 4 years, and the other 4 members for a term of 2 years.

One of the Commission members would be selected to represent the interests of recipients of VR services; one the interests of VR providers; and another the interests of private employers.

- o The Commission must meet at least quarterly.
- o The Commission, in direct consultation with the Commissioner, will--
 - formulate and develop the procedures for assessing the capability of beneficiaries and applicants for vocational rehabilitation;
 - formulate and develop the milestone payment system and establish annual oversight procedures for the system;
 - formulate and develop the referral services, quality assurance measures, and dispute resolution procedures referred to in the bill; and
 - establish the initial service regions for the Program.
- o The Commission, in consultation with the Commissioner, will begin to implement this Program, in graduated phases, at pilot sites selected by the Commission so as to ensure a successful implementation throughout the country on a timely basis.
- o The Commission is directed to take advantage of the results of the section 505 experiments and demonstration projects by selecting pilot sites which participated in the demonstration projects and of the pilot sites which participated in the "Project with Industries" programs established under title VI of the Rehabilitation Act of 1973.
- o The Commission shall oversee the operation of the Program after its full implementation and until the Commission

terminates, i.e., immediately upon submission of its final report.

- o The Commission is directed to submit (1) interim reports to the President and the Congress at least annually and (2) a final report, containing its findings, conclusions, and recommendations not later than 5 years after the date of enactment of the bill.
- o The bill authorizes the appropriation from the OASDI Trust Funds such sums as are necessary for the expenses of the Commission.

Medicare Coverage of OASDI Beneficiaries Who return to Work

- o Medicare coverage would be continued for a period of 5 consecutive years after the recipient had been employed at least the minimum wage level, even though cash benefits may have been stopped on account of work activity. MA?

Tax Credit for Employers Who Hire Certain Individuals with Disabilities

- o Employers who hire DI and SSI disability and blind beneficiaries would be granted an income tax credit for the employer share of FICA taxes. The credit would apply to earnings in the 12 consecutive month period, beginning with the first month in which the recipient is employed full-time at or above the minimum wage.

COMMENTS

General comments regarding the bill are attached at tab A.

Attachment

DRAFT ①

REHABILITATION SERVICES AND DISABILITY RESEARCH

Employment Initiative

Program improvement activities

(Rehabilitation Act of 1973, Section 12(a))

1998 Request (\$ in 000s): \$20,000 ¹

¹ Funds to support model projects under the Employment Initiative are included in the program improvement request. The total request for program improvement activities is \$21,400,000.

*DOE - their own \$
for 6 mos to start
\$250K this yr*

systems change project

PURPOSE AND METHOD OF OPERATION

Section 12(a) authorizes the Commissioner of the Rehabilitation Services Administration (RSA), for the purposes of carrying out the Act, to: (1) provide technical assistance and consultative services to public and non-profit private agencies and organizations; (2) provide short-term training and technical instruction; (3) conduct special demonstrations; (4) collect, prepare publish, and disseminate educational or information materials; and (5) provide monitoring and conduct evaluations.

Employment Initiative funds would support the demonstration of innovative models for coordinating activities across agencies and organizations to reduce the rate of unemployment of individuals with disabilities. Approximately four to six 5-year grants would be awarded to consortia that could include public and private entities such as State and local education, rehabilitation, workforce development, and economic development agencies; community rehabilitation programs; postsecondary institutions; businesses; and labor organizations. This activity would be current-funded.

RSA will dedicate staff and resources sufficient to maintaining the day-to-day project oversight and management. A Federal Systems Change Committee will be created, composed of senior representatives from Department of Labor; Social Security Administration; Department of Health and Human Services; Rehabilitation Services Administration; Office of Special Education Programs; Administration on Developmental Disabilities; Department of Justice; and other agencies as appropriate. Members will identify strategies which can be implemented under current law that will facilitate the achievement of project objectives and identify exemplary practices suitable for dissemination.

1998 BUDGET REQUEST

The Department's budget request includes \$20 million to support an OSERS-wide initiative to increase the rate of employment for individuals with disabilities and reduce their dependency on benefit programs by promoting significant change in the existing

DRAFT (2)

employment environment and in employment programs for person with disabilities. Funds to support the initiative are requested under the program improvement activities budget-line item.

In 1995, 23 percent of working age persons without disabilities were unemployed or not in the labor force. In stark contrast, 74 percent of persons with work disabilities and 92 percent of persons with severe work disabilities were unemployed or not in the labor force according to **Disability Statistics Abstracts** (January, 1996), published by the National Institute on Disability and Rehabilitation Research (NIDRR). The public costs of disability are very high. In 1993, 6.7 million working-age people were receiving either Social Security Disability Income (SSDI) or Supplemental Security Income (SSI) checks. The number of beneficiaries has increased 50 percent since 1982. Thus, significantly increasing the employment of persons with disabilities would result in substantial Government savings.

The Employment Initiative would support model projects that use innovative systems-change activities and new and innovative methods of service delivery to improve employment outcomes, including the identification of State and Federal public policies which are barriers to the employment of persons with disabilities. It is anticipated that these models projects will become a catalyst for changing infrastructures to make them more effective in reducing the high rate of unemployment for persons with disabilities. It is also anticipated that findings from the initiative will contribute to the formulation of a national disability policy that results in an increased presence of Americans with disabilities in the competitive work force.

Projects would develop models and strategies aimed at facilitating the provision of coordinated, comprehensive services at the community, city and county levels; (2) reducing employment barriers, including work disincentives and public/employer attitudes; (3) improving the infrastructure, e.g. transportation; (4) improving technology and data systems; (5) improving the provision of services; (6) improving the effective transition of students with disabilities into employment following completion of their secondary or postsecondary education; (7) economic development initiatives; and (8) enhancing self employment opportunities. Findings from this initiative will be continuously disseminated and will be used to provide information useful to policymakers in developing a national disability policy that results in increased employment opportunities for individuals with disabilities.

In addition the budget request for NIDRR includes \$2 million to support a contract to provide evaluation, dissemination and utilization, and technical assistance activities. In addition, the contractor would provide support to the Federal Systems Change Committee, including the preparation of policy papers and research reports.

DRAFT

(3)

REHABILITATION SERVICES AND DISABILITY RESEARCH
(Program Improvement Activities)

EMPLOYMENT INITIATIVE - PROPOSED INDICATORS

OBJECTIVE

To reduce the unemployment rate for persons with disabilities.

PROPOSED INDICATORS

1. Increase in the numbers of VR consumers with severe disabilities obtaining full-time employment.
2. Increase in the numbers of Workers Compensation consumers returning to full-time competitive employment.
3. Increase in the numbers of SSI/SSDI applicants and recipients in the area obtaining full-time competitive employment.
4. Increase in the numbers of students who terminate from Special Education and obtain full-time competitive employment.
5. Increase in the numbers of consumers with disabilities served by the Department of Labor programs, including the Job Training Partnership Act, who obtain full-time competitive employment.
6. For persons in the above categories, increases in earnings, hours worked, upward career mobility and job related benefits.
7. For persons in the above categories, improvements in job retention.
8. For persons in the above categories, reduction in dependence on public income transfer payments.
9. Decrease in SSDI applications for individuals 45-55 years old, adjusted for population projections.
10. Increasing participation in consortia membership and leveraged resources from other sources.
11. Significant increase in the proportion of persons with disabilities participating in the labor market.

Draft

REHABILITATION SERVICES AND DISABILITY RESEARCH

Employment Initiative

Section 12(a) of the Rehabilitation Act authorizes the Commissioner of the Rehabilitation Services Administration (RSA), to conduct special projects and demonstrations for the purposes of carrying out the purposes of the Act. Funds to support model projects under the Employment Initiative are included in the fiscal year 1998 budget request for program improvement activities. The total request for program improvement activities is \$21,400,000, of which \$20,000,000 is requested for the Employment Initiative.

STATEMENT OF NEED

In 1995, 23% of working age persons without disabilities were unemployed or not in the labor force. In stark contrast, 74% of persons with work disabilities and 92% of persons with severe work disabilities were unemployed or not in the labor force according to **Disability Statistics Abstracts** (January, 1996), published by the National Institute on Disability and Rehabilitation Research (NIDRR). The public costs of disability are very high. "In 1993, 6.7 million working-age people were receiving either Social Security Disability Income (SSDI) or Supplemental Security Income (SSI) checks. This number of beneficiaries has increased 50 percent since 1982." Thus, significantly increasing the employment of persons with disabilities would result in substantial Government savings.

PROGRAM OVERVIEW

The significant increase of \$19,000,000 in Section 12(a) funding will be used to support an OSERS-wide initiative to improve employment outcomes for individuals with disabilities, especially those individuals with severe disabilities. Four or more grants will be provided to a consortia representing a wide variety of public and private organizations and agencies in order to develop models for: reducing unemployment of persons with disabilities at the community, city and county levels utilizing coordinated, comprehensive services; reducing employment barriers, including work disincentives and public/employer attitudes; improving infrastructure, eg. transportation; improving technology and data systems; improving services; economic development initiatives; and enhancing self employment opportunities. Findings from this initiative will be continuously disseminated and will be used to provide information useful to policymakers in developing a national disability policy that results in increased employment opportunities for individuals with disabilities.

PURPOSE

The purposes of this initiative are to bring about positive, significant changes in the existing employment environment and in employment programs for persons with disabilities to assist them in increasing their rate of employment in the nation's work force, and to reduce their dependency on benefits programs. The results of this initiative will contribute to the formulation of a national disability policy that results in an increased presence of Americans with disabilities in the competitive work force.

OBJECTIVES

The following objectives relate to reducing the unemployment rate of persons with disabilities:

- o Bring about changes in Federal and State laws, regulations, policies and practices necessary to remove barriers preventing individuals with disabilities from entering the work force;
- o Obtain program and financial support from other Federal agencies who are stakeholders in improving the achievement of employment outcomes;
- o Establish employment initiatives in multiple sites which bring about systemic reform that results in a significant increase in the employment of individuals with disabilities;
- o Promote the utilization of work incentives, and the elimination of barriers (for example, securing waivers to reduce impediments to employment), in the SSDI and SSI programs;
- o Improve the local coordination of available resources in order to enhance the work skills of the individuals served, increase the efficiency and effectiveness of job placement efforts, and avoid duplication of service delivery;
- o Develop and strengthen linkages between existing employment programs and business and industry to facilitate a significant increase in employment outcomes for individuals with disabilities;
- o Improve the utilization and dissemination of state-of-the-art technology and employment practices;
- o Identify innovative programs and best practices which can be disseminated and implemented in the near-term throughout the country;
- o Facilitate the transitioning from school-to-work and to community life for students with disabilities, including the utilization of work incentives in the SSDI/SSI programs; and
- o Promote and enhance adherence to the requirements of the Americans With Disabilities Act, particularly as it relates to improving the achievement of employment outcomes.

DESCRIPTION OF PROGRAM DESIGN

One or more contracts will be awarded utilizing FY 1997 Section 12 funds to assist in planning for this initiative. The contractor(s) will: conduct a literature review; identify types of localities and potential consortia members; convene focus groups to identify project design and development issues; design an implementation strategy; conceptualize parameters for program operation; and develop an evaluation design and common data system for measuring the achievement of project objectives.

A two-tiered process shall be conducted for selection of the consortia and project sites. Competitors will be requested to submit abstracts (not to exceed 35 pages) describing projected results for the project, the geographic and demographic description of the project sites, cooperative strategies and the commitment of supportive resources by consortia members, the comprehensive project strategies to be implemented, and the implications of the project for national replication. A competitive peer review of the abstracts will identify the consortia and project sites to be invited to submit full proposals for internal ED review and approval.

Five year grants will be awarded to approximately four to six consortia. Grantees shall include consortia serving center cities, metropolitan/suburban areas and rural areas. The consortia must include in their membership: State Vocational Rehabilitation agency; appropriate programs funded by the Department of Labor; special education programs; and other relevant State or local programs.

Strategies and services that may be addressed include improving employer involvement in education and rehabilitation programs responsible for preparing qualified workers; changing negative attitudes surrounding employment of individuals with disabilities; providing support, technical assistance and disability management systems that enable employers to employ or retain disabled workers, creating effective school-to-work; establishing transition, internship and apprenticeship systems for youth with disabilities; providing accessible transportation; initiating systems change that improve responsiveness and capacities of work force development, vocational rehabilitation, community rehabilitation, and independent living programs to improve employment results for disabled workers; providing benefits such as health insurance; applying technology and telecommunications to improve job placement and job support; supporting entrepreneurship and self employment; leveraging public and private, profit and nonprofit funding and resources to the project goals; improving dissemination and replication of project effectiveness; encouraging availability of public and private health care services to workers with disabilities; improving civil rights enforcement in employment for individuals with disabilities; and other strategies and services that improve employment results for working-age individuals with disabilities. It is not intended that the consortia will provide direct services that are presently the responsibility of other agencies, but will develop new and innovative strategies and patterns of service delivery for increasing employment opportunities, and will augment existing service delivery systems to enhance the capacity, scope and quality of service. The consortia may operate programs or provide services that are not the current responsibility of an existing agency, if the programs or services will result in the achievement of increased employment outcomes.

Consortia management will come from a State or local agency, or other organization, able to function as a change agent in developing the innovative strategies to accomplish the objectives of the demonstration program. Project management will operate as a systems change catalyst for bringing together various entities, including employers and members of the business community, in order to improve employment outcomes. The consortia will facilitate economic development and create jobs in the target community in a manner that can be widely replicated in other States and locations. Consortia management must actively involve the State VR agency and other service providers assisting individuals with disabilities to achieve employment.

Representatives from the following components will be responsible for the Department of Education's management of the Employment Initiative: RSA Office of Policy, Planning and Evaluation (evaluation and management of Section 12(a) activities); RSA Office of Discretionary Grants Programs (coordination with other RSA grants); Office of Special Education Programs (school-to-work transitioning issues); RSA Office of Program Operations (program support and dissemination of best practices to VR programs); and the NIDRR (coordination with other research activities and dissemination of findings).

RSA will dedicate staff and resources sufficient to maintaining the day-to-day project oversight and management. A Federal Systems Change Committee will be created, composed of senior representatives from Department of Labor; Social Security Administration; Department of Health and Human Services; Rehabilitation Services Administration; Office of Special Education Programs; Administration on Developmental Disabilities; Department of Justice; and other agencies as appropriate. Members will identify strategies which can be implemented under current law that will facilitate the achievement of project objectives and identify exemplary practices suitable for dissemination.

EVALUATION, DISSEMINATION AND SUPPORT

NIDRR will provide funds supporting a contract for \$2,000,000 per year during the five year demonstration grant cycle to evaluate these projects. The evaluation shall be both formative and summative. The contractor shall assess project implementation, identify best practices, and evaluate project effectiveness and efficiency. The contractor shall provide support to the Federal Systems Change Committee and assist with dissemination and utilization activities. The contractor will identify matched comparison (non-project) sites in order to assist in measuring the impact of these projects, including surveying changes in the unemployment rate of persons with disabilities at each site. The contractor shall issue and widely disseminate annual interim reports and a Final Report. The evaluation shall continue one year after the completion of the projects to ensure there is adequate consumer follow-up and to identify any project-initiated locally-supported activities that remain after the Federal funding terminates.

Proposed Indicators for Section 12 Employment Initiative Demonstration Projects

OBJECTIVE

To reduce the unemployment rate for persons with disabilities.

PROPOSED INDICATORS

1. Increase in the numbers of VR consumers with severe disabilities obtaining full-time employment.
2. Increase in the numbers of Workers Compensation consumers returning to full-time competitive employment.
3. Increase in the numbers of SSI/SSDI applicants and recipients in the area obtaining full-time competitive employment.

4. Increase in the numbers of students who terminate from Special Education and obtain full-time competitive employment.
5. Increase in the numbers of consumers with disabilities served by the Department of Labor programs, including the Job Training Partnership Act, who obtain full-time competitive employment.
6. For persons in the above categories, increases in earnings, hours worked, upward career mobility and job related benefits.
7. For persons in the above categories, improvements in job retention.
8. For persons in the above categories, reduction in dependence on public income transfer payments.
9. Decrease in SSDI applications for individuals 45-55 years old, adjusted for population projections.
10. Increasing participation in consortia membership and leveraged resources from other sources.
11. Significant increase in the proportion of persons with disabilities participating in the labor market.

INTRODUCTION

The Targeted Jobs Tax Credit (TJTC) has been a complex and active Employment Service program frequently involved in legislation, and involving reimbursable program funding allocations since its inception in 1978.

We believe that thoughtful reforms of the program's administration and design can help to turn the TJTC into an effective tool for improving the employment prospects of disadvantaged Americans.

What follows is a side-by-side comparison of the proposed legislation --passed by the House and the Senate on August 2, 1996-- against the old program. It has a new name, **Work Opportunity Tax Credit (WOTC)**, and addresses many of the weaknesses of the former program with changes in hiring practices, target groups, amount of credit and overall program administration and operation.

Like its predecessor, the WOTC has been designed with two main objectives: 1) it seeks to address the employment and training needs of a large group of individuals who face significant barriers to employment and 2) it provides tax credits to employers who hire individuals from seven targeted groups.

There are several significant improvements in the WOTC, which make it a much better program than the TJTC. These are:

1. A longer Retention Period before employers can claim a tax credit. TJTC required 120 hours. The provision in the WOTC increases this period to 400 hours.
2. Employers are required to pre-screen potential candidates to determine WOTC eligibility before a job offer is made. This provision is designed to ensure that only qualified target group members will be hired.
3. The eligibility determination process has been simplified by requiring AFDC and Food Stamps eligibility instead of the annual "Family Income" requirement, which had to be 70 per cent or less of the Lower Living Income Levels for the specific geographic location.

We hope the comparison is informative about the status of the new tax credit program, and invite you to provide comments. For purposes of clarity, the definitions for the seven target groups have been lifted from the legislation and are included as Attachment A. A copy of the proposed legislation, Subtitle B -- Extension of Certain Expiring Provisions, Sec. 1201. **Work Opportunity Tax Credit** is also provided as Attachment B.

SIDE-BY-SIDE COMPARISON OF FINAL WOTC LEGISLATION
Passed by the House and Senate on: Friday, August 2, 1996

FORMER TJTC	NEW WOTC	COMMENTS BY USES
Authority: Sec. 51, Internal Rev. Code of 1986 (IRC) as amended.	Authority: Subtitle B.-- Sec. 1201. Work Opportunity Tax Credit of 1996 (WOTC)	
DURATION: Renewable as Required by each new legislative authority.	DURATION: A 12-month authorization effective October 1, 1996 - September 30, 1997.	Recommend periods of extension not greater than 3-5 years . This allows for oversight, monitoring, and testing to see if the Prog. fulfills Congressional intent, and provides employers with confidence that the Program's future is somewhat stable. Marketing of the Program would be easier with this longer (yet short enough for review & assessment) life/authorization period.
PROGRAM OBJECTIVES: Provide employers an incentive to offer private sector jobs to individuals from groups w/high unemployment rates/barriers to employment.	PROGRAM OBJECTIVES: Job and training opportunities in the private sector for individuals on Public Assistance Progs. (i.e., under a IV-A program for, at least, a 9-month period ending on the hiring date), or for those high-risk youth likely to go on Public Assistance .	This is not a new prog. objective , but rather a shift in emphasis for categories that were already benefiting.
CREDIT AMOUNT: 40% of the first \$6,000 in "qualified wages" for the 1st. yr. of employment for a <u>Maximum Credit</u> of \$2,400. Summer Youth participants: 40% of 1st. \$3,000 in "qualified wages" for <u>any</u> 90-day period which falls between May 1 and Sept 15.	CREDIT AMOUNT: 35% percent of up to \$6,000 in "qualified 1st-year wages" for a <u>Maximum Credit</u> of \$2,100. Summer Youth participants: 35% of 1st. \$3,000 in "qualified 1st-yr. wages" paid during the 90-day required working period (May 1-Sep 15), & whose principal place of abode is within an empowerment zone or enterprise community.	Reflects a 5% decrease from previous program for all target groups. Summer Youth group: Reflects a \$3,000 decrease in "qualified wages" from previous prog., and <u>must reside</u> within an "empowerment zone or enterprise community."
"QUALIFIED 1ST-YEAR WAGES DEFINED:	"QUALIFIED 1ST-YEAR. WAGES" DEFINED: Wages paid for services rendered during the 1-yr period, beginning w/the day the individual starts work for the employer. The amount cannot exceed \$6,000 per year.	Same as in former TJTC legislation.

Continuation:

FORMER TJTC	NEW WOTC	COMMENTS BY USES
HIRING PROCEDURES: Probable TJTC eligibility will be determined "on or before" the <u>first day of work</u>.	HIRING PROCEDURES: Probable eligibility will be determined PRIOR to the <u>job offer</u> as part of the application process. Employer completes and signs a "pre-screening notice" on the individual "on or before" the day the individual is offered employment; and submits this "notice" to the designated local agency [office], not later than the 21st day after the individual begins work for the employer --as part of his written request for certification.	This provision is very similar to the "good faith" effort clause established in the old Program. It does not appear to place the employer under any greater burden to assure target group membership. "Pre-screening notice" - means a document as defined by the "Secretary...", that contains information (under penalties of perjury) provided by the individual, which makes the employer believe that such individual is a member of a targeted group. This provision ensures that only qualified persons can/will be hired.

Continuation:

FORMER TJTC	NEW WOTC	COMMENTS BY USES
CERTIFICATION PROCEDURES: Employer sends request in writing to the SESA "on or before" the <u>first day of work</u>.	CERTIFICATION PROCEDURES: An individual shall not be treated as a member of a target group, unless: "on or before" the individual <u>begins work</u> for this employer, he has received a certification that such individual is a member of a target group, <u>or</u> "on or before" the day the individual <u>is offered</u> employment, a "pre-screening notice" is completed by the employer, <u>and</u> "not later than the 21st day <u>after</u> the individual <u>begins work</u> for the employer, the employer submits this <u>signed notice</u> (under penalties of perjury) as part of his written request for certification to the "designated local agency."¹	Procedures for Handling Incorrect Certifications (i.e., based on <u>false</u> information) and/or Denial...[s] of Request of Certification by SESA remain the same as under former TJTC program provisions, (See: <u>ETA Handbook No. 377</u>, 5th Edition, August 1991, p. IV-3, D.). • "designated local agency" might not mean the same as States reconfigure their workforce development systems under One-Stop Career Centers, and as congressional action in this regard is taken.

¹ "designated local agency" means, a State Employment Security Agency (SESA) established in accordance with the [Wagner Peyser] Act of June 6, 1933, as amended (29 U.S.C. 49-49n).

Continuation:

FORMER TJTC	NEW WOTC	COMMENTS BY USES
RETENTION PERIOD: The employer <u>must retain</u> the employee for, at least, 90 days or 120 hrs. In the case of Summer Youth, 14 days or 20 hrs.	RETENTION PERIOD: <u>Must retain</u> employees, at least, 180 days or employee must complete 400 hours of service, so employer qualifies to claim the tax credit against "qualified wages." In the case of qualified Summer Youth, employees must work for 20 days, or, complete 120 hours of service.	The longer Retention Period is a significant provision, and one we believe is a positive change designed to ensure original Congressional intent. Target group members can benefit by taking advantage of training opportunities, developing good working habits not available before, thereby, marketing themselves for other entry-level jobs when the 1-year period ends.
TARGET GROUPS: Original legislation created 7 and later added 2 additional groups for a total of 9 target groups; each group was clearly defined w/specific qualifying criteria/requirements. These groups are: 1. People with Disabilities who are referred to employers for the Vocational Rehabilitation programs of either a State or the U.S. Department of Veterans Affairs; 2. Youth ages 18-22 from economically disadvantaged families; 3. Youth ages 16-19 from economically disadvantaged families who participate in qualified Cooperative Education programs; 4. Economically Disadvantaged Youth 16 to 17 years old on the hiring date, who had not previously worked for the employer, and who were hired for a summer job; 5. Economically Disadvantaged Vietnam-Era veterans; 6. Recipients of Federal Supplemental Security Income (SSI); 7. Recipients of State and local payments for at least 30 days; 8. Economically Disadvantaged Ex-Convicts who are hired no later than five years after their date of release from prison or the date of conviction, whichever is more recent; and 9. Recipients of AFDC who are eligible for AFDC on the hiring date and had received it for 90 days immediately prior to being hired.	TARGET GROUPS:² Seven (7) target groups are defined. These groups are: (A) a qualified IV-A recipient; (B) a qualified veteran; (C) a qualified ex-felon; (D) a high-risk youth; (E) a vocational rehabilitation referral; (F) a qualified summer youth employee; or (G) a qualified food stamp recipient. <i>Why not SSI + DI ?</i>	Eligibility determination has been greatly simplified...i.e., using AFDC and Food Stamps to establish eligibility in the WOTC, instead of the annual "Family Income" requirement, which had to be 70 % or less of the <u>Lower Living Standard Income Levels (LLSILs)</u> established for a specific geographic location. The introduction of the "food stamp recipient" target group <u>requires</u> that the Secretaries of the Treasury and Agriculture sign an Agreement to provide information to the "designated local agencies," regarding target group member participation in this program.

² For a complete definition of each of these target groups, see Attachment A.

Continuation:

FORMER TJTC	NEW WOTC	COMMENTS BY USES
	DEFINITIONS/CRITERIA FOR TARGET GROUPS: The definition for "high-risk youth" and "summer youth" introduce the requirement of: "...having his/[her] principal place of abode within an <u>empowerment zone</u> or <u>enterprise community</u>."	• "empowerment zones" and "enterprise communities" are not specifically defined by this proposed law;
	The definition for the "summer youth" target group requires this individual to "not have worked for the employer prior to the 90-day period."	• "who has not been an employee before" <u>should</u> be a requirement of all target group members, not just the Summer Youth; Not clearly addressed.
Validity period for voucher (i.e., economic eligibility determination for a specific target group) is 45 days.	45-day validity period for economic determinations.	Provision relating to 45-day validity period for [voucher] remains the same as in former TJTC program.

8/14/96

Prepared By: Carmen Ortiz
U.S. Employment Service
Washington, D.C.

ATTACHMENT A.

TARGET GROUPS' DEFINITIONS PER WOTC of 1996

Subpart B. Sec. 1201

The Work Opportunity Tax Credit (WOTC)

Effective Date: October 1, 1996 - September 30, 1997

DEFINITIONS FOR TARGET GROUPS: (7)

- (A) a qualified IV-A recipient,
- (B) a qualified veteran,
- (C) a qualified ex-felon,
- (D) a high-risk youth,
- (E) a vocational rehabilitation referral,
- (F) a qualified summer youth employee, or
- (G) a qualified food stamp recipient.

A. *"a qualified IV-A recipient" -*

The term means, any individual who is certified by the "designated local agency" as being a member of a family receiving assistance under a IV-A program for at least a 9-month period ending on the "hiring date."

What is a IV-A Program?

This term means, any program providing assistance under a State plan approved under: **part A of title IV of the Social Security Act** (relating to assistance to needy families with minor children (i.e., AFDC), and any successor of such program.

B. *"a qualified veteran" -*

The term "veteran" means, any individual who is certified by the designated local agency as being:

- i) a member of a family receiving assistance under a IV-A program (as defined in paragraph (2)(B) Subtitle B. Sec. 1201) for, at least, a 9-month period ending during the 12-month period ending on the hiring date, or

ii) a member of a family receiving assistance under a **food stamp program**, under the Food Stamp Act of 1977 for, at least, a **3-month period ending** during the **12-month period ending** on the **hiring date**; and as:

NOTE: "Hiring date" - means the day the individual is hired by the employer.

- having served on active duty (other than active duty for training) in the Armed Forces of the United States for a period of more than 180 days, or
- having been discharged or released from active duty in the Armed Forces of the United States for a service-disconnected disability, and
- not having any day during the 60-day period ending on the hiring date; which was a day of extended active duty in the Armed Forces of the United States.

NOTE: "Extended active duty" - means a period of more than 90 days during which the individual was on active duty, other than active duty for training.

C. "a qualified ex-felon" -

The term means, any individual who is certified by the "designated local agency" as:

- having been convicted of a felony under any statute of the United States or any State.
- having a "hiring date" which is not more than 1 year after the last date on which such individual was so convicted or was released from prison, and
- being a member of a family which had an income during the 6 months immediately preceding the earlier of the month in which such income determination occurs or the month in which the hiring date occurs, which, on an annual basis, would be: 70 percent or less of the Bureau of Labor Statistics, Lower Living Standard Income Levels (LLSILs).

D. "a high-risk youth" -

The term means, any individual who is certified by the designated local agency as:

- having attained age 18 but not age 25 on the hiring date, and

- having his **principal place of abode** within an empowerment zone or enterprise community.

NOTE: Members of this target group **MUST CONTINUE TO RESIDE** in an **empowerment zone or enterprise community**, so their "qualified wages" can be counted under the WOTC and entitle the employer(s) for a tax credit against these wages.

E. "vocational rehabilitation referral" -

The term means, any individual who is certified by the designated local agency as:

- having a physical or mental disability which, for such individual, constitutes or results in a substantial handicap to employment, and
- having been referred to the employer **upon completion** (or **while receiving**) rehabilitative services pursuant to:
 - i) an individualized written rehab plan under a State plan for vocational rehabilitation services approved under the **Rehabilitation Act of 1973**, or
 - ii) a program of vocational rehabilitation under **Chapter 31 of Title 38, United States Code**.

F. "qualified summer youth employee" -

The term means, any individual who:

- performs services for the employer between **May 1 and September 15**;
- is certified as having attained **age 16 but not 18** on the hiring date (or if later, on May 1 of the calendar year involved);
- has not been an employee during any period prior to the 90-day employment period allowed; and
- is certified by the designated local agency as, living within an **empowerment zone or enterprise community**.

New Provisions for Determining Amount of Credit for this target group:

- "qualified wages" are wages earned during the **"1-year period beginning with the day the individual begins work for the employer."**

- amount of credit is 35% of the first \$6,000 paid in wages during the 1-year period," instead of the 40% of the first \$3,000 earned during the former specified 90-day period, (i.e., under the former TJTC program which expired on December 31, 1994).

Exception to this rule/provision:

- the \$6,000 limit **will not apply** to an individual who --with respect to the same employer,-- is certified as a member of **another target group** after the individual has been a qualified "summer youth" employee.

G. "qualified food stamp recipient" -

The term means, any individual who is certified by the designated local agency as:

- having attained age 18 but not age 25 on the hiring date, and
- being a member of a family--
 - i) receiving assistance under a food stamp program under the Food Stamp Act of 1977 for the 6-month period ending on the hiring date, or
 - ii) receiving such assistance, for at least, 3 months of the 5-month period ending on the hiring date, in the case of a member of a family who ceases to be eligible for such assistance under section 6(o) of the Food Stamp Act of 1977.

By: Carmen Ortiz
Aug. 14, 1996

Effectiveness of Existing Social Security Work Incentive Programs Teleconference
Friday, December 6, 1996 1:30-2:30 pm

Advocates Participating:

- Rick Baron, Matrix Research (PA)
- Marty Ford
- Jim Gashel, NFIB
- Lori Hearn, National Empowerment Center
- Alan Jensen, GWU Center for Health Policy
- Doug Martin, UCLA
- Bryon MacDonald, NCIL Social Security Committee
- Alana Theriault, Berkeley Center for Independent Living
- Susan Webb, NCIL Social Security Committee
- Tony Young, UCPA

Major Themes:

- There was a general consensus that **the work incentive programs do not work** most of the time.
- Gashel noted that the **complexity** of the process and its seeming **interminability** instead discourage people from working.
- **Uncertainty of benefits eligibility** and the nuances of the transition period, particularly for older individuals, also contribute to the programs' under-utilization.
- Webb noted that she used the work incentive programs (trial work period) to return to work 20 years ago, but that since then the **SSA has adopted "gestapo tactics"** in determining the feasibility of work goals. She also expressed displeasure with the new PASS program instructions.
- MacDonald claimed that **conflicting information reports to consumers**--e.g., between the 1-800 numbers and local offices--contributes to confusion.
- Gashel noted that **overpayment of benefits** also creates confusion. MacDonald added that studies have indicated that 6 of 10 beneficiaries are overpaid at some point. Theriault also added that the themes of **confusion and complexity are related in this overpayment**; often professional counselors cannot fully understand the regulations and calculations, not to speak of the challenge this presents to the people with disabilities that the programs target.
- Martin advocated that reforms emphasize security (no fear of precipitous loss of income), simplicity, savings, flexibility, and parody in order to encourage studying, working, and marrying.
- Martin also suggested a **conversion plan** that he and Jensen devised to allow Title II enrollees--that are not dually enrolled--to convert to SSI so that they can access Section 1619.
- Martin also expressed **concern about CBO efforts to score budgets** that were based on general assumptions with which he did not agree.
- Regarding the **health incentive programs** (Medicare coverage buy-in and Section 1619(b) for Medicaid), Martin noted that he had to nearly **double his income, in order to gain comparable health insurance** when exiting **Section 1619(b)**.
- Webb expressed support for the **Common Health Program of Massachusetts**.

- MacDonald noted that **enrollment in the PASS program had dropped** from 10,500 to 6,000 over the last 12 months.
- Martin asserted that the ongoing **medical** and **personal assistance** issues, rather than cash issues, are the biggest problems.

FAX COVER

Date/Time:

**Income Maintenance Branch**

Executive Office of the President
Office of Management and Budget
Washington, DC 20503

TO: *Diana Fortuna*FROM: *Joe Gumbly*

Fax Destination

Organization:

Fax Number:

Number of Attached Pages: *Cover +*

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DRAFT

A-19

HCFA-96/5
BPO-95/A-1**HEALTH CARE FINANCING ADMINISTRATION
FISCAL YEAR 1996 LEGISLATIVE PROPOSAL****Premium Free Hospital Insurance****Provide Premium-Free Hospital Insurance to All Working Disabled**

Current Law: A disability beneficiary who is working and earning enough to constitute substantial gainful activity (SGA), but who is still disabled (even though cash benefits have ceased) continues to have his/her premium-free hospital insurance for up to three years after cash benefits cease. This is called an extended period of eligibility. At the end of three years, the beneficiary is eligible to buy hospital insurance (and SMI) at the current premium rates.

This provision was enacted in 1989 as a disability work incentive. It was believed that many individuals who could work, but were afraid to do so for fear of losing their Medicare coverage, would do so because their coverage would continue. This was also the basis for enacting the provision on the extended period of eligibility.

Proposal: Provide premium-free Hospital Insurance to all working disabled beneficiaries.

Rationale: At the time of implementation of the legislation, of the over 78,000 people solicited, less than 450 beneficiaries chose to be covered under the working disabled provisions. The total annual potential universe is less than 1,200 people per year.

Each month, SSA sends an outreach letter to all beneficiaries who are ending their three years of free HI and advises them of their eligibility for premium-HI. For the last months for which statistics are available, SSA sent letters to the following numbers of potential eligibles:

October, 1993	57
November, 1993	61
January, 1994	71
February, 1994	73

Of these beneficiaries, an average of one per month files to receive premium-HI. Each filing requires a disability review to ensure that the individual still meets the Social Security disability requirements and periodic re-exams must be scheduled (in the same manner as if the beneficiary were entitled to cash disability benefits).

Many working individuals are covered under some employer group health plan, so the number of eligibles who opt for coverage is

very small (as is the potential universe itself). Additionally, Medicare would be the secondary payer for all those who chose the free premium-HI.

Claims for premium-HI that are awarded must be manually processed by SSA's Office of Disability Operations, which maintains a special unit that handles only these cases. Many of these cases cannot be automated because SSA has not been able to make the necessary systems modifications to process these claims and ensure proper premium billing. In a number of cases, SSA manually bills and collects for premiums each month. As a result, HCFA must intervene manually to put these individuals on the Enrollment Data base so payments for services can be made.

Effect on Beneficiaries: This proposal would eliminate the need for the beneficiary to refile a claim for Medicare entitlement. Since disability determinations normally take time to process, any disruption of coverage would be eliminated. Those few hundred beneficiaries who currently pay premiums would then get free HI.

Cost: The administrative costs of the current law are high because this process is manual and labor intensive. It also appears that a number of these beneficiaries are eligible for a premium reduction under OBRA-93, so HCFA is no longer collecting the full premium to cover costs. The savings in administrative costs would offset the cost to implement this proposal.

Effective Date: Upon enactment.

NDPR

update todo list
health - CR to CJ
meet w/Richard (Soc Sec subcomm/TonyY)
set up accomms (access. of web sites, etc.)
-POTUS int'd in health care ideas??

Burning
bill

SSS kids - draft memo to Ken

* Don Johnson - call

Bonney - timing?

Draft
DISABILITY EMPLOYMENT INITIATIVE
(For internal use only)

* Fairhall -

* Meg Murray

- Wilson options
w/ BV

Goal of meeting: Agree on plan to develop an employment initiative for people with disabilities for the 1998 budget/early 1997.

* Set up next mtg

Definition of problem:

- o Growing disability rolls creates budget pressure; clients increasingly young
- o Existing system out of step with our goals in disability policy, particularly as changes in technology and society make it possible for more people with disabilities to work. We continue to equate disability with an inability to work.
- o Because health benefits are often not available or affordable for people with disabilities even when find work, many SSA clients choose not to take the risk of working. The result is lost productivity and taxes, unnecessary costs, greater dependence.
- o Difficult to devise solutions without risk of increased costs.

Criteria for successful initiative:

- o increase employment of disabled (target only to SSA clients?)
- o earn support of disability community
- o not seen as endangering trust funds
- o budget neutral

Progress to Date:

Disability policy review work group chaired by Susan Daniels developed recommendations. Should we focus only on these recommendations, or look at additional options as well?

The 4 "pillars" of this plan are:

- o allowing SSA clients to purchase Medicaid or Medicare on a sliding scale as income rises;
- o a disability tax credit for workers;
- o allowing rehab providers who successfully remove people from the rolls to collect a percentage of the benefits; and
- o creating a new SSI/SSDI transition benefit for youth 18-25.

Pro's:

- o Bold proposals would probably increase incentive for work
- o Relies on private sector for services, rather than assuming SSA can become case manager
- o Many recommendations have support in disability community (National Academy of Social Insurance, Return to Work Group, National Council on Disability)

Tracks
1 - ~~Rehab~~ Ticket
2 - Health Rehab - VR
3 - Tax Credit - prob SSA
4 - Early intervention screening

Con's:

- o Risk of woodwork effect/higher costs for health care coverage and tax credit (although SSA argues that people would not be willing to endure the required lengthy waiting period with no income to get benefits)
- o Private rehab proposal raises potential criticisms about use of trust fund money
- o Transition proposal not broadly supported.

Alternatives to Work Group Recommendations -- Options:

1. Proceed with only a portion of work group's plan
 - FYI, SSA has begun paying private providers when VR can't serve them
2. Do work group plan as a demonstration (SSA opposes)
3. Strengthen existing work incentive programs (see attached description)
4. Improve Vocational Rehab program (up for reauthorization in 1997)
 - more focus on SSA clients (now 20-25% of caseload)
 - introduce competition (already beginning)
 - pay for outcomes
 - increase accountability
 - improve VR/SSA links: standardize definitions (48,000 vs. 6,200)
 - enforce requirement that people referred to VR participate in rehab? (many don't respond, drop out)
 - must coordinate with overall employment/training strategy

Handwritten notes for item 4:
- 4% of [unclear]
- waiting list for SSA VR
- 6 mos vs 60 days
- SSA → VR reimb
- VR "success"
5. Create return-to-work initiative ~~outside of SSA~~, and station case managers at SSA field offices

Handwritten note: *Katie - Project Network - evaltg
6. Time limit benefits?
 - opposed by disability community, but would we consider it as part of package with other, more desirable features?
 - potential cost: may be high administrative costs in determining who should be under time limits, conducting reviews that merely confirm person is disabled; risk that new criteria could increase costs

Handwritten note: - case mgrs - look at that
7. Early intervention/"disability management" - pre DDS, send to private sector - Jack
 - Private sector experience that rehabilitation most likely to be successful with early intervention
 - combine with time limits?
 - potential cost

Howard De mo

DISCUSSION OF EMPLOYMENT INITIATIVE/DISABILITY POLICY REVIEW

August 8, 1996

AGENDA

I. Opening: Discussion of Goals

II. Review of Progress to Date

- o Work Group and SSA Efforts
- o Activity by Other Groups (NASI, NCD, etc.)
- o Discussion of pro's and con's of this approach

III. Should we consider alternatives to work group plan?

- o Break it apart, demonstrations
- o Existing work incentive programs
- o Role of Voc Rehab
- o Other options

IV. Discussion of Next Steps and Work Plan

- o Continue to "vet" Work Group Plan with HCFA, Treasury, etc.
- o How/whether to move alternatives forward

noting
Ask JH what she will
add to list of alt's
Revise the plan
* Meeting on VR
* Why not? OMB
- HCFA
- Treas.

* What on kg people in ref
- TA?

VR - say thrust
Ea pillar - where are we

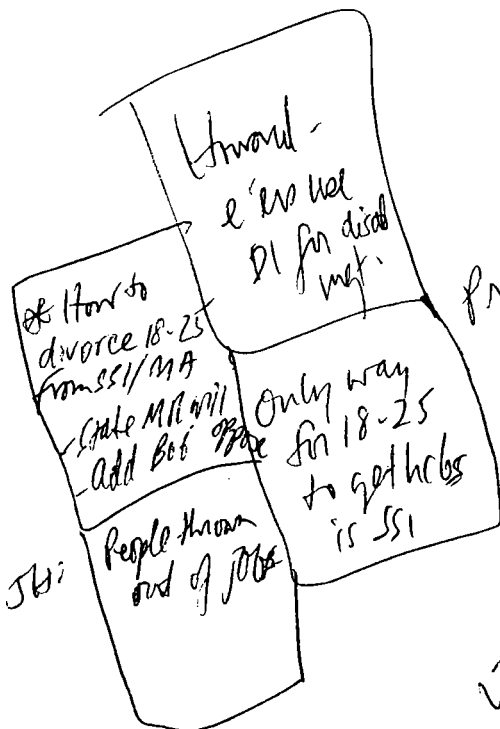
OMB - hr disc here, not EIT
JH - not totally
= more hugs in Sept.
Fall - begin earnest
- no direction now

Prevention?

KA: Transition CWD SSI
25 percent idea
on Hill we had back

Parent clout
youth + - better if
180

WIC incents @ substitute for DTC
(KA better sense @ on tax side)
CSAVR - oppose genlly
CR - will push if
kept



DRAFT WORKPLAN

August:

- o Develop finite list of alternatives being considered
- o SSA to answer Treasury questions on tax credit
- o Better detail/comfort level on "ticket" to rehab services, including better estimates of how SSA clients would respond to work incentives

September:

- o HCFA to develop a detailed health care proposal
- o Flesh out any new options
- o Preliminary review of options for Voc Rehab reauthorization with Department, in context of education/training strategy

October:

- o Narrow options in meeting with major principals

November:

- o Make decisions → Xmas

December:

- o Feel out key congressional staff on Voc Rehab, Social Security

BRIEFING BOOK MEMO

August 8, 1996
10:00 a.m.
Carol Rasco's office

FROM: Diana Fortuna

SUBJECT: Next Steps on Disability Employment Initiative of Disability Policy Review

PARTICIPANTS: Ken Apfel and staff (probably Keith Fontenot, Richard Green, Janet Looney)
Susan Daniels
Judy Heumann
Howard Moses
Diana Fortuna
Jeremy Ben-Ami

I decided to keep it quite small in order to foster a good discussion. I would have liked to include John Lancaster of the President's Committee, but he is out of town. I will include him in future meetings.

PURPOSE: The goal of the meeting is to try to get agreement on a plan to develop an employment initiative for people with disabilities for the 1998 budget/early 1997.

AGENDA: Attached is:

- o a 2-page internal document describing where we are and goal of meeting
- o Agenda to be distributed to agency people
- o Description of Existing SSA Work Incentive Programs
- o Preliminary work plan

The discussion should follow the points in the 2-pager. I am prepared to go through this material, including the goal of an initiative early next year, a review of the problem we are trying to solve, and a description of progress to date on the work group/SSA's plan. We should briefly discuss the pro's and con's of the work group plan, and our work on analyzing it.

Then we should discuss what alternatives to the work group's full plan we want to evaluate, including proceeding with only part of it; doing it as a demonstration; strengthening existing work incentive programs; attacking the problem by improving the VR program, and the other options listed on the 2-pager. However, I do not want to pass out paper that refers to time limiting benefits.

I do want to draw your attention to the 1-page description of existing work incentives. They actually appear to be a pretty good package, but very few clients use them. Susan is convinced they can't be fixed.

I will have spoken to Susan in advance of the meeting to advise her that we are looking for her to be flexible on her plan. But it is not clear how she will react. I am also concerned about how to ensure that we take concrete next steps.

DISCUSSION OF EMPLOYMENT INITIATIVE/DISABILITY POLICY REVIEW
August 8, 1996

AGENDA

- I. Opening: Discussion of Goals
- II. Review of Progress to Date
 - o Work Group and SSA Efforts
 - o Activity by Other Groups (NASI, NCD, etc.)
 - o Discussion of pro's and con's of this approach
- III. Should we consider alternatives to work group plan?
 - o Break it apart, demonstrations
 - o Existing work incentive programs
 - o Role of Voc Rehab
 - o Other options
- IV. Discussion of Next Steps and Work Plan
 - o Continue to "vet" Work Group Plan with HCFA, Treasury, etc.
 - o How/whether to move alternatives forward

+ Bill W

Effectiveness of Existing Social Security Work Incentive Programs Teleconference
Friday, December 6--1:30-2:30 pm

Person	Organization	Phone Number	Fax Number
→ Rick Baron	Matrix Research, PA	(215) 438-8200	(215) 438-8337
(Judy Chamberland)	National Empowerment Ctr. Mental Health Advocate/ Consumer	(800) POWER 2 U ? (617) 353-3549 (617) 626-8438--home	
→ Marty Ford		785-3388	467-4179
→ Jim Gashel	NFIB	(410) 659-9314	?
→ Alan Jensen	GWU, Center for Health Policy	530-2319	296-0025
Mark Hill	Software Developer, VA Commonwealth Univ., Employment Support Institute	(804) 266-3303	(804) 828-8884
→ ✓ Doug Martin	UCLA	(310) 825-2242 (310) 474-0582 for 12/6/96	(310) 474-4886
→ ✓ Bryon McDonald	NCIL Social Security Cmte.	(510) 891-0602	(510) 763-4910
David Ruth	Software Developer, VA Commonwealth Univ., Employment Support Institute	(540) 894-5853	?
→ ✓ Alana Theriault	Berkeley Center for Independent Living	(510) 841-4776	(510) 841-6168
→ ✓ Susan Webb	NCIL Social Security Cmte.	(602) 256-2245	(602) 254-6407
→ Tony Young	UCPA	776-0406	776-0414

→ Laurie Ahearn Nat'l Emp Ctr

Jenny Bonney

Berbow

Hong
McMinnus etc.
Jane West

~~ISO + some etc~~

EMPLOYMENT & REHABILITATION PROVIDERS

CURRENT PROCESS

82 State VR Agencies

Other Providers participate through State VR----8000-10,000+

ALTERNATE PROVIDER PROCESS

82 State VR Agencies.

4500 providers expressed interest; 500 proposals being reviewed:

- 1. Nonprofit agencies such as Goodwill Industries, United Cerebral Palsy Assoc. affiliates, Easter Seals affiliates, local mental health agencies, Jewish Vocational Services.**
- 2. Small for-profit companies, independent proprietorships, small corporations and partnerships.**
- 3. Larger rehabilitation and disability management companies (a few identifiable).**

PROPOSED TICKET APPROACH

Potential providers include all of the above:

- 1. State VR Agencies.**
- 2. Other State Agencies (Mental Health, Developmental Disabilities, Substance Abuse, etc.**
- 3. Community-based public agencies.**
- 4. Community mental health rehabilitation programs**
- 5. Nonprofit agencies.**
- 6. For-profit (small businesses).**
- 7. For-profit (large businesses).**
- 8. Other nontraditional:**
 - * Native American agencies;**
 - * Employers;**
 - * Independent living centers;**
 - * Self-help consumer consortiums or corporations;**
 - * ??????**