times higher than the national rate, when too many people with disabilities have to make an unthinkable choice between health care coverage and going to work, we must do more.

Last Spring, I appointed the President's Task Force on Employment of People with Disabilities. They have reported to me that too many workers and employers are not aware of the rights, responsibilities, and legal requirements of the ADA. Few, if any, states are acting on the new provision I fought for in last year's Balanced Budget Act that enables people with disabilities to buy into Medicaid, and keep their health insurance when they return to work.

We must ensure that the laws that we have worked so hard to pass fully serve the millions of Americans with disabilities. Today, I am signing an Executive Memorandum that directs the Justice Department, the Equal Employment Opportunity Commission, and the Small Business Administration to do everything in their power to insure that employers and workers across the country are fully aware of the ADA. I am also directing the Department of Health and Human Services to work with the states and the disability community to take full advantage of the Medicaid disability buy-in provision.

I am committed to working with Senator Jeffords and Senator Kennedy to pass feasible, affordable legislation that builds on our efforts to help people with disabilities to keep their health insurance -- under Medicaid and Medicare -- when they return to work. I want to thank Senator Jeffords and Senator Kennedy for their leadership. I am hopeful that working together we can pass a strong bill this year.

Finally, we have to do more to make sure that our public programs help people with disabilities to live in their communities, not institutions. We believe that the ADA -- and recent court opinions -- require states to provide more services to people with disabilities to help them live independently. Today, the Health Care Financing Administration is sending a letter to every state Medicaid director that says: if a person with a disability could live in a community with the right mix of support services, states must take reasonable steps to ensure they can.

With these steps, we will help to realize the full promise of the ADA for millions of Americans. This month, Vice President Gore announced our plan to build at the FDR Memorial a new statue of President Franklin Roosevelt in the wheelchair from which he led our nation -- a wheelchair he felt he had to hide. We have come a long way since those days
-- but you and I know that we still have much to do. We cannot rest until every American is measured not by their disabilities, but by their drive and their dreams. I am confident that working together, we will reach that day soon.

And now, I will sign the Executive Memorandum to improve health care and

This demonstration is intended to help people whose condition has not yet deteriorated enough to prevent work but who need health care to prevent that deterioration. For example, a person with muscular dystrophy, Parkinson's Disease, or diabetes may be able to function and continue to work with appropriate health care, but such health care may only be available once their conditions have become severe enough to qualify them for SSI or SSDI and thus Medicaid or Medicare. This demonstration would provide new information on the cost effectiveness of early health care intervention in keeping people with disabilities from becoming too disabled to work.

TICKET TO WORK AND OTHER PROVISIONS

- **Ticket to Work.** Currently, SSDI and SSI disabled beneficiaries believed to benefit from employment-related services are mostly referred to state vocational rehabilitation (VR) programs administered by the Department of Education, which are then reimbursed based on cost. This provision would give more consumer choice in receiving employment services and increases provider incentives to serve SSI and SSDI beneficiaries. Components of the ticket proposal include:

  Consumer Options for Employment Services. The ticket would enable an SSI and SSDI beneficiary to go to either a public or a participating private provider.

  Provider Options for Reimbursement. Providers who accept the ticket would select their preferred reimbursement: (1) outcome payments system (e.g., 40 percent of benefits saved for five years once the recipient leaves the rolls), or (2) an outcome-milestone payment system (e.g., a flat payment when a specific employment related goal is achieved plus a portion of benefits saved once the recipient leaves the rolls).

  Temporary Suspension of Continuing Disability Reviews. During the period when a beneficiary is "using a ticket" the individual would not be subject to continuing disability reviews -- medically scheduled or triggered by work activity.

- **Demonstrations**. This provision requires SSA to undertake a demonstration project that reduces SSDI benefits by $1 for each $2 earned above a certain level. Under current law, a DI beneficiary in the extended period of eligibility who earns more than the substantial gainful activity level, currently $500 a month, does not receive a cash benefit. Another provision would extend SSA's SSDI demonstration authority which expired in June 1996.

- **Changes in Continuing Disability Reviews (CDRs)**. SSA uses CDRs to determine if a beneficiary continues to meet the definition of disability over time. This provision would prohibit using work activity as the sole basis for scheduling a CDR for individuals during the first 24 months of DDSI eligibility. Additionally, this proposal would provide an expedited eligibility determination process for SSDI applicants who received benefits for at least 24 months & engaged in substantial gainful activity during their extended periods of eligibility.

WORK INCENTIVE GRANTS

The Work Incentive Grant proposal would combine the strong ideas in Title IV of the Work Incentive Improvement Act with those of the Task Force on the Employment of Adults with Disabilities to improve the existing infrastructure for providing information and services to individuals with disabilities. The new grant program would build upon the *Workforce Investment Act (WIA)*, signed into law by the President last year, by ensuring that people with disabilities have access to the full range of employment and re-employment services in the One-Stop delivery system established by the WIA.

- **New partnerships.** Competitive grants (totaling $50 million a year) would be awarded to partnerships of organizations (public and private), including organizations of people with disabilities in every state. These partnerships will be responsible for working with the One-Stop system to augment that system's capacity to provide a wide range of high quality services to people with disabilities working or returning to work, including:
  - Providing benefits planning and assistance;
  - Facilitating access to information about services and work incentives available in the public, private, nonprofit sectors (e.g., availability of transportation services in the local area, eligibility for health benefits, and access to personal assistance services);
  - Better integrating and coordinating employment and support services on the Federal, state, and local levels of government.

- **Building on current efforts.** The new grant program would build upon the solid base formed by the state and local workforce investment boards mandated by the Workforce Investment Act. The WIA sets forth a new priority on ensuring that individuals with disabilities are provided access to employment and training information and services. The Federally-funded Vocational Rehabilitation agencies are required to participate in the One-Stop delivery system of employment and training services. Further, the local workforce investment boards are required to include representatives of community-based organizations, including those that represent persons with disabilities. DOL will encourage local boards to include business leaders with experience in employing such individuals.

- **Administration**. As the lead Federal agency for employment and training services for all Americans, DOL would administer these grants. DOL would consult with National Council on Disability, the President's Committee on the Employment of People with Disabilities, and the Task Force on the Employment of Adults with Disabilities, the Education Department, the Department of Health and Human Services, the Social Security Administration, the Department of Veterans Affairs, the Small Business Administration, the Department of Commerce, and others on the development of its solicitation for grant applications, on review of applications for quality and comprehensiveness, and on monitoring and evaluating the grants and the operations of the One-Stop system.

TAX CREDIT FOR WORKERS WITH DISABILITIES

Eligible workers with disabilities would receive a $1,000 tax credit beginning in 2000. This would help about 200,000 to 300,000 people, at a cost of $700 million for 2000-04.

- **Goal**. This new tax credit would help offset some of the formal and informal costs associated with employment for people with disabilities. As such, it would provide a greater incentive to begin working, and help those people with jobs maintain them. It would complement the Work Incentives Improvement Act and would be available to all people with disabilities, irrespective of their state Medicaid eligibility options. For participants in a Medicaid buy-in, it could pay for services not covered (e.g., special clothing, transportation). It also gives the person with disabilities flexibility in directing the credit toward the services that they need the most.

- **Amount of the credit**. The credit would be $1,000. It would phase out for higher income tax payers (taxpayer with modified adjusted gross income exceeding $110,000 for couples, $75,000 for unmarried taxpayers, and $55,000 if the taxpayer is married but filing a separate return; same phase-out as the child tax credit). This credit cannot exceed the total amount of tax liability except, however, that it may be refundable for taxpayers with 3 or more dependents.

- **Eligibility.** A taxpayer (or his or her spouse) would qualify for the proposed tax credit if he or she had earnings and was disabled. "Disabled" for this credit would be defined as being certified within the previous 12 months as being unable, for at least 12 months, to perform at least one activity of daily living (bathing, dressing, eating, toileting, transferring and continence management) without personal assistance from another individual, due to loss of functional capacity.

- **Interaction with other tax provisions**. Worker with severe disabilities who also qualify for the President's proposed long-term care credit may receive both credits since they are intended to help with different types of costs.

  Individuals receiving this credit may also be eligible for the present-law deduction for impairment-related work expenses of persons with disabilities (this deduction is not subject to the 2 percent limit). However, many individuals with disabilities may not be able to itemize their deductions or incur significant work-related expenses outside the workplace (which do not qualify for the deduction).

- **Who benefits**. About 200,000 to 300,000 workers would receive this credit.

- **Cost**: $700 million over 5 years.

EMPOWERING AMERICANS WITH DISABILITIES WITH ASSISTIVE TECHNOLOGY

This multifaceted initiative would improve the development, adoption and prevalence of technologies that help people with disabilities work. It would cost $35 million in FY 2000, more than doubling the government's current investment in deploying assistive technology.

- **Goal**: This initiative would accelerate the development and adoption of information and communications technologies that can be easily used by Americans with disabilities. Information technology has the potential to significantly improve the quality of life for people with disabilities, enhance their ability to participate in the workplace, and make them full participants in the Information Society.

- **Elements of the initiative**. This initiative has five parts:

  - **Making the Federal government a model employer.** The government would expand its purchases of assistive technology and services to increase employment opportunities for people with disabilities in the federal government.

  - **Supporting state loan programs to make assistive technology more affordable.** The Department of Education's National Institute on Disabilities and Rehabilitation Research (NIDRR) would provide matching funds to states that create or expand loan programs to make assistive technology more affordable for people with disabilities.

  - **Investing in research and development and technology transfer to make technology more accessible**. NIDRR and the National Science Foundation would invest in research on technologies such as "text to speech" for people who are blind, automatic captioning for people who are deaf, or speech recognition and eye tracking for people who cannot use a keyboard.

  - **Developing an "Underwriters Laboratory" for accessible technologies**. The government would provide start-up funding to a private sector organization, analogous to the Underwriters' Laboratory, that would test information and communications technologies to see if they are accessible. This would help expand the market for accessible technologies.

  - **Encourage industry to make products more accessible**, Building on a successful partnership with the Internet industry (the Web Accessibility Initiative), the government would provide matching funds to industry consortia that work with disabilities community to make key technologies accessible, such as interactive television, small, hand-held computers, and cellular phones.

- **Cost**: $35 million per year.

WORK INCENTIVES IMPROVEMENT ACT

The Work Incentives Improvement Act is an historic bill produced through the bipartisan efforts of Senators Jeffords, Kennedy, Roth and Moynihan in collaboration with leaders in the disability community and staff throughout the Administration. It is the centerpiece of the President's initiative to provide economic opportunities to people with disabilities. Altogether, it would cost an estimated $1.2 billion over 5 years. Its major components are described below.

HEALTH INSURANCE PROTECTIONS

Health care -- particularly prescription drugs and personal assistance -- is essential to enabling people with disabilities to work. This proposal would: (1) expand option and funding for the Medicaid buy-in for workers with disabilities; (2) extend Medicare coverage for people with disabilities who return to work; and (3) create a demonstration of a Medicaid buy-in for people with disabilities that have not yet gotten severe enough to end work and qualify them for disability, Medicaid or Medicare.

- **Expanding the State Medicaid Buy-In Option for Workers with Disabilities.** Two new optional eligibility categories would allow states to expand Medicaid coverage to workers with disabilities beyond the current option created in the Balanced Budget Act of 1997 (BBA). Additionally, a new grant program would be provide $150 million in funds to states taking these option to help them start their programs and outreach to eligible workers.

  The BBA option allows people with disabilities who would be eligible for Supplemental Security Income (SSI) but for earned income up to 250 percent of poverty to buy into Medicaid at a premium set by the state. This would be expanded through two new options:

  Workers with higher earned income, unearned income, and assets. The first new option allows states to expand this Medicaid buy-in to people with disabilities with earned income above 250 percent of poverty with assets, resources and unearned income to limits set by the state. This is important since many workers with disabilities have either assets and resources that exceed the current limit of $2,000 or are transitioning from Social Security Disability Insurance (SSDI) and have unearned income exceeding the limit of about $500.

  Workers whose conditions improve but still are disabled. The second new option would allow states that elect the first option (covering working people with disabilities with assets, resources and unearned income below limits set by the state) to also extend the Medicaid buy-in to people who continue to have a severe medically determinable impairment but lose eligibility for SSI or Social Security Disability Insurance (SSDI) because of medical improvement. Often, such improvements are possible only with health care.

ADMINISTRATION COMMITMENT TO IMPROVING OPPORTUNITIES

The President has made expanding economic opportunities to all Americans -- particularly people with disabilities -- a priority. His accomplishments include:

- **Most diverse Administration in history** by appointing a large number of people with disabilities to senior positions. The Federal government now employs about 127,000 employees with some type of disability.

- **Strong efforts to end job discrimination**. In July 1998, the President directed key federal civil rights agencies (Department of Justice, Equal Employment Opportunity Commission and the Small Business Administration) to increase outreach and implementation efforts.

- **New Medicaid buy-in option for workers with disabilities**. The Balanced Budget Act of 1997 created an optional program whereby states could allow people with disabilities who were earning up to 250 percent of poverty to purchase Medicaid coverage.

- **Improving employment services**. On August 7, the President signed the Workforce Investment Act (WIA), including the Rehabilitation Act Amendments of 1998. It establishes better links between the vocational rehabilitation and the workforce development systems.

- **Expanding accessible transportation**. In September 1998, the Department of Transportation issued the final regulation implementing the Americans with Disabilities Act (ADA) provisions for over-the-road bus (OTRB) accessibility.

- **Reauthorizing and expanding the Assistive Technology Act**. In October, 1998, the President signed the "Tech Act" which provides assistive technology to low-income people with disabilities and encourages small businesses to design and market innovative ideas.

- **TASK FORCE ON EMPLOYMENT OF ADULTS WITH DISABILITIES**. One of the most important actions taken by President Clinton was the signing of the executive order establishing the Presidential Task Force on Employment of Adults with Disabilities on March 13, 1998. Led by Alexis Herman, Secretary of Labor, and Tony Coelho, this Task Force is charged with coordinating an aggressive national policy to bring adults with disabilities into gainful employment. It produced a set of interim recommendations in December, 1998, summarized below:

RECOMMENDATION	ACTION
1. Work to pass the Work Incentive Improvement Act	President includes in budget
2. Work to pass the Patients' Bill of Rights	High Presidential priority
3. Examine tax options to assist with expenses of work	President includes in budget
4. Foster interdisciplinary consortia for employment services	President includes in budget
5. Accelerate development/adoption of assistive technology	President includes in budget
6. Direct Small Business Administration to start outreach	Vice President announced 12/98
7. Remove Federal hiring barriers for people w/ mental illness	Mrs. Gore announced tomorrow
8. Develop a model plan for Federal hiring of people w/ disabilities	Vice President announced 12/98

To give an example of who might be helped by this option, a person with rheumatoid arthritis whose condition prevents work could receive disability and health coverage. If, at the medical review, laboratory tests were still positive but the therapy and a new drug allowed the person to work, benefits would essentially end. Although this temporary remission is mostly attributable to health care coverage, the improvement would disqualify the person from disability and thus health benefits under current law.

Grant assistance. States that take one or both of the new eligibility options for working individuals with disabilities would be eligible for a new grant program. This program would give states funds for infrastructures to support working individuals with disabilities as well as to build the capacity of states and communities to provide home and community-based services. Funds could also be used for outreach campaigns to connect people with disabilities with resources. A total of $150 million would be available for the first 5 years, and annual amounts will be increased at the rate of inflation for 2004 through 2009. States meeting these criteria would receive a grant no less than $500,000 and no more than equal to 15 percent of expenditures on medical assistance for individuals eligible under the new state options. Funds would be available until expended.

Both options would be treated like any other Medicaid eligibility option (e.g., same Federal matching rate, benefits rules). States could not supplant existing state spending with Medicaid funding under these options and would have to maintain effort for current spending for people made eligible under these options.

- **Continuation of Medicare Coverage for Working Individuals with Disabilities.** A ten-year trial program would allow people who are receiving Medicare because of their receipt of SSDI payments to continue to receive Medicare coverage when they return to work. Under current law, these individuals may receive Medicare coverage during the 39-month period following their trial work period, but have to pay the full Medicare Part A premium after that time. In many cases, people returning to work following SSDI either work part time and thus are not eligible for employer-based health insurance or work in jobs that do not offer insurance. This leaves them no alternative to the individual insurance market which can charge people with pre-existing conditions exorbitant premiums or deny them coverage altogether in many states. This option, which allows these workers to maintain their Medicare coverage so long as they remain disabled (as determined through continuing disability reviews), would remove a critical barrier to returning to work.

- **Demonstration of Coverage of Workers with Potentially Severe Disabilities.** A demonstration program would allow states to offer the Medicaid buy-in to workers that, as defined by the State, have a disability that without health care could become severe enough to qualify them for SSI or SSDI. Funding of $300 million would be available for this demonstration, which sunsets at the end of FY 2004. States could participate in this demonstration if they have opted to expand coverage through at least one of the new Medicaid eligibility options for workers with disabilities. People covered in this demonstration would receive the same coverage as other workers with disabilities.

PRESIDENT CLINTON AND VICE PRESIDENT GORE UNVEIL NEW INITIATIVE TO IMPROVE ECONOMIC OPPORTUNITIES FOR AMERICANS WITH DISABILITIES
January 13, 1999

Today, President Clinton will unveil a historic new initiative that will remove significant barriers to work for people with disabilities. This three-part budget initiative, which invests over $2 billion over five years, includes: (1) full funding of the Work Incentives Improvement Act which will be introduced by Senators Jeffords, Kennedy, Roth, and Moynihan next week; (2) a new $1,000 tax credit to cover work-related costs for people with disabilities; and (3) expanded access to information and communications technologies. With these new proposals, the Administration will have taken action on every recommendation made in the report of the President's Task Force on the Employment of Adults with Disabilities, which the Vice President accepted last month. Justin Dart, one of the foremost leaders of the disability communities, stated in response to today's proposals: "The Clinton-Gore Administration has a long history of supporting the disability community. This policy initiative is one of the boldest since the landmark passage of the ADA."

CRITICAL NEED TO REMOVE BARRIERS TO WORK

Since President Clinton took office, the American economy has added 17.7 million new jobs, and unemployment is at a 29-year low of 4.3 percent. The unemployment rate among all working-age adults with disabilities, however, is nearly 75 percent. According to current estimates, about 1.6 million working-age adults have a disability that leads to functional limitations and 14 million working-age adults have less severe but still significant disabilities.

People with disabilities can bring tremendous energy and talent to the American workforce, but institutional barriers often limit their ability to work. Most critically, people with disabilities often become ineligible for Medicaid or Medicare if they work. This means that many people with disabilities are put in the untenable position of choosing between health care coverage and work. In addition, advances in technology and communications are often not accessible to people with disabilities.

THREE-PART INITIATIVE TO IMPROVE ECONOMIC OPPORTUNITIES FOR AMERICANS WITH DISABILITIES

- **Funding the Work Incentives Improvement Act in the President's budget.** Health care -- particularly prescription drugs and personal assistance -- is essential for people with disabilities to work. Today, the President is announcing that his FY 2000 budget will fund the full cost of the Work Incentives Improvement Act. This proposal, which costs $1.2 billion over 5 years, would:

  - <u>Improve access to health care by:</u>

    -- Expanding states' ability to provide a Medicaid buy-in to people with disabilities who return to work. This provision would enable states to offer the buy-in to people whose assets and/or income exceed current limits. It also would give states the option of offering the buy-in to people with medical conditions, such as rheumatoid arthritis, who do not meet the current disability standard, but who can work only because of medical treatment. Finally, this provision would give health care grants to those that do so.

    -- Extending Medicare coverage, for the first time, for people with disabilities who return to

work. Although Medicare does not provide as comprehensive a benefit as Medicaid, this aspect of the proposal ensures that all people with disabilities who return to work have access to health care coverage, even if they live in a state that does not take the Medicaid option.

-- Creating a new Medicaid buy-in demonstration to help people with a specific physical or mental impairment that is not yet severe enough to qualify for health care assistance, but that is reasonably expected to lead to a severe disability in the absence of medical treatment. This demonstration could help people with muscular dystrophy, Parkinson's Disease, HIV or diabetes who are able to work with appropriate health care.

- Modernize the employment services system by creating a "ticket" that will enable SSI or SSDI beneficiaries to go to any of a number of public or private providers for vocational rehabilitation. If the beneficiary goes to work and achieves substantial earnings, providers would be paid a portion of the benefits saved.

- Create a Work Incentive Grant program to provide benefits planning and assistance, facilitate access to information about work incentives, and better integrate services to people with disabilities working or returning to work.

- **Providing a $1,000 tax credit for work-related expenses for people with disabilities.** The daily costs of getting to and from work, and being effective at work, can be high if not prohibitive for people with disabilities. Under this new proposal, workers with significant disabilities would receive an annual $1,000 tax credit to help cover the formal and informal costs that are associated with employment, such as special transportation and technology. Like the Jeffords-Kennedy-Roth-Moynihan Work Incentive Act, this tax credit, which will assist 200,000 to 300,000 Americans, will help ensure that people with disabilities have the tools they need to return to work. The credit will cost $700 million over 5 years.

- **Improving access to assistive technology.** Technology is often not adapted for people with disabilities and even when it is, people with disabilities may not be able to afford it. This new initiative would accelerate the development and adoption of information and communications technologies that can improve the quality of life for people with disabilities and enhance their ability to participate in the workplace. The initiative would: (1) help make the Federal government a "model user" of assistive technology; (2) support new and expanded state loan programs to make assistive technology more affordable for Americans with disabilities; and (3) invest in research and development and technology transfer in areas such as "text to speech" for people who are blind, automatic captioning for people who are deaf, and speech recognition and eye tracking for people who can't use a keyboard. It would cost $35 million in FY 2000, more than double the government's current investment in deploying assistive technology.

With these steps, the Administration has taken action on all Task Force Recommendations. In December, the Vice President accepted the report of the President's Task Force on the Employment of Adults with Disabilities, took action on some of their recommendations, and pledged that the Administration would review others in the budget process. With the new steps taken today, as well as an announcement that Mrs. Gore will make tomorrow, the Administration has taken action on all the Task Force formal recommendations:

-- Work to pass the Work Incentive Improvement Act -- included in Adminstration's budget.
-- Work to pass a strong Patients' Bill of Rights -- high Administration priority.
-- Examine tax options to assist with expenses of work -- included in Administration's budget.
-- Foster interdisciplinary consortia for employment services -- included in Administration's budget.
-- Accelerate development and adoption of assistive technology -- included in Administration's budget.
-- Direct Small Business Administration to expand outreach -- Vice President announced in December.
-- Remove Federal hiring barriers for people with mental illness -- Mrs. Gore will unveil tomorrow.
-- Direct OPM to develop model plan for Federal hiring of people with disabilities -- Vice President unveiled in December.

PRESIDENT CLINTON AND VICE PRESIDENT GORE UNVEIL NEW INITIATIVE TO IMPROVE ECONOMIC OPPORTUNITIES FOR AMERICANS WITH DISABILITIES
***BACKGROUND*: January 13, 1999**

Today, President Clinton will unveil an historic new initiative that will remove significant barriers to work for people with disabilities. This three-part budget initiative, which invests over $2 billion over five years, includes: (1) full funding of the Work Incentives Improvement Act which will be introduced by Senators Jeffords, Kennedy, Roth, and Moynihan next week; (2) a new $1,000 tax credit to cover work-related costs for people with disabilities; and (3) expanded access to information and communications technologies. With these new proposals, the Administration will have taken action on every recommendation made in the report of the President's Task Force on the Employment of Adults with Disabilities, which the Vice President accepted last month. Justin Dart, one of the foremost leaders of the disability communities, stated in response to today's proposals: "The Clinton-Gore Administration has a long history of supporting the disability community. This policy initiative is one of the boldest since the landmark passage of the ADA."

BARRIERS TO WORK FOR PEOPLE WITH DISABILITIES

- **Millions of working-age adults have disabilities**. About 1.6 million working-age adults have a disability that leads to functional limitations (i.e., needs help with at least one activity of daily living). About 14 million working-age adults are disabled using a broader definition (e.g., uses a wheelchair, or walker; has a developmental disability).

- **The unemployment rate among people with disabilities is staggering**. Nearly 75 percent of people with disabilities are unemployed. Not only is it more difficult for people with disabilities to work; when they do work, their earnings are lower. According to one study, the average earnings for men with disabilities are 15 to 30 percent below those of men without disabilities. These disparities are greater for those needing help with daily activities.

- **Multiple barriers to work**. People with disabilities face a number of challenges, including:
  - **Lack of adequate health insurance**. In most places in the U.S., people with health problems can be charged high premiums by private insurance companies or denied coverage altogether. Those who are insured may not be covered for some of their needs, such as personal assistance. Medicaid covers these services, but eligibility is generally restricted to people who cannot work. Thus, there is little incentive to return to work.

  - **Higher costs of work**. People with disabilities not only face lower than average wages, but typically pay more to get to and from work and to function at work. Thus, for some, returning to work may decrease rather than increase their savings.

  - **Disconnected employment service system**: A variety of vocational rehabilitation, educational, training and health programs exist to facilitate work for people with disabilities, but they rarely work together in a coordinated way.

  - **Inaccessible or unavailable technology**: Technological advances facilitate work, improve productivity and reduce the costs of such technology. Yet, people with disabilities often lack information on what exists, how to use it, and how to afford it.

SSA → Ways + Means

Draft 3/8/99 9 a.m.

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss initiatives to assure that the Social Security Administration's (SSA) beneficiaries with disabilities who want to work have the opportunity to do so. I am accompanied today by Dr. Susan Daniels, Deputy Commissioner for Disability and Income Security Programs.

As a nation, we are best served when all our citizens have the opportunity to contribute their talents, ideas, and energy to the workforce. There are a number of initiatives underway both at SSA and in Congress which promise to make this year one in which we see significant progress in doing just that. Today I will discuss the Clinton Administration's ongoing efforts to help people with disabilities participate in the workforce.

Lay out problem

Clinton Administration Initiatives

I would like to tell you briefly what we have done and what we would like to do. As part of this Administration's continuing commitment to the return to work effort, President Clinton established the National Task Force on Employment of Adults with Disabilities on March 13, 1998 by Executive Order 13078. This high-level task force includes the Secretaries of Labor, Education, Veterans Affairs, Health and Human Services (HHS), as well as the Administrator of the Small Business Administration, the Chair of the Equal Employment Opportunity Commission, the Chair of the National Council on Disability, and the Commissioner of Social Security.

Briefly stated, the purpose of the task force is to create an aggressive and coordinated national policy to bring adults with disabilities into gainful employment at the closest

Recommendations of task force are reflected in Admin actions.

possible rate to that of the general adult population. This involves studying existing policies to determine what changes are necessary to remove barriers to work, to develop health insurance options, and analyze the outcomes of programs related to employment for young people with disabilities. The final report of the task force is due to be issued in July 2002, with interim reports to be issued periodically.

July announcement.

As the first activity launched by the task force, Vice President Gore announced last September that SSA, in a collaborative effort with the Departments of Health and Human Services, Education, and Labor, would award grants to 12 States initially totalling over $5 million to develop innovative projects to assist adults to reenter the workforce. It is expected that the new approaches now getting underway in these States will create Federal/State partnerships and serve as models for other States to replicate.

(3) The budget contains a new initiative that will remove significant barriers to work for people with disabilities. This three part budget initiative, which invests over $12 billion over 5 years,

The President's fiscal year (FY) 2000 budget includes funding for additional provisions to ~~further remove barriers for people with disabilities who want to work.~~ (A) ~~[illegible]~~ The package includes important new health care initiatives and the "Ticket to Work" proposal that would allow disability beneficiaries to chose the type of rehabilitation and employment services they want from either public or private service providers. ~~I will discuss the Ticket in greater detail~~ later.

(2)

(B) Also included in the President's budget is a proposal for a new tax credit of $1,000 a year for work-related costs of individuals with serious disabilities. The tax credit is designed to help defray costs incurred by people with disabilities who need transportation, special job equipment, or other assistance in returning to work.

(C) Finally, the budget proposes to expand access to information and communication technologies

In January, I joined Vice President Gore in announcing that SSA will fund a Disability

Research Institute to help provide policy makers with information and research data in the disability policy area, including ways to strengthen return-to-work policies for people with disabilities. The Disability Research Institute should be operational by the end of the year.

On February 12 Vice President Gore announced SSA's proposal to increase the amount that adult beneficiaries with disabilities can earn while still remaining eligible for benefits. The proposed increase, from $500 to $700 per month, may affect as many as 250,000 Social Security beneficiaries with disabilities.

Finally, the Administration has developed a legislative proposal which is designed to encourage all beneficiaries to return to work by providing the assurance that cash and health benefits can be restored in a timely fashion if an individual must stop working and continues to meet standards for disability. If an individual's entitlement to benefits was terminated because of work, the proposal would allow the individual to request reinstatement for benefits without filing a new application. The individual must have become unable to continue working on the basis of his or her medical condition within 5 years following the termination. While SSA is making a determination of the reinstatement request, the proposal would allow for the individual to be eligible for provisional payments--cash and Medicare or Medicaid, if appropriate--for a period of up to six months.

Draft 3/8/99 9 a.m.

Ticket to Work Provision

The "Ticket to Work" included in the President's budget was first proposed in 1997 and was again included in his FY 2000 budget. In addition, I would like to mention that a bill which contained similar provisions to the Administration's "Ticket" proposal, which was introduced by two former members of this Subcommittee, Representatives Bunning and Kennelly, was passed overwhelmingly last year by the House but not enacted. We believe that the Administration-proposed "Ticket" will result in many more opportunities for our beneficiaries to receive the services they need in order to work. The "Ticket" is a public-private partnership to give people receiving disability payments what they want and need--the control and flexibility to secure services tailored to their individual requirements from their choice of providers. The "Ticket" maintains fiscal discipline, since providers would be paid only for results.

The President's proposal for a Ticket to Independence is based on the following fundamental principles:

Customer Choice: We believe that beneficiaries desire and need maximum flexibility and choice in pursuing services which will help them to become gainfully employed. Beneficiaries with disabilities must be able to choose a participating public or private employment or rehabilitation provider to receive the services that they need to participate in the workforce.

SSDI/SSI currently served by VR: Ticket gives consumer more choice + increase provider incentives.

Components of Ticket include:
1. Consumer options for employment services
2. Provider options for reimbursement
3. Temp suspension of CDRs

Paying for Outcomes: Beneficiaries and providers alike should focus on the goal of stable employment. A focus on outcomes and milestones is best achieved by linking it to financial rewards. Our goal is to reward success while using public funds in an accountable and targeted way.

Encouraging Innovation: We believe the competitive spirit in the proposed legislation will encourage innovations in the private and public sectors by creating opportunities for State agencies, local non-profit and for-profit providers, employers, and beneficiaries.

The Administration-proposed "Ticket" is designed to bring new service providers into this process. We want to develop new and innovative ways to bring beneficiaries with disabilities to the workforce based on actual outcomes, working with capable and committed service providers, and providing a strong infrastructure of information and support services. Many of these concepts are currently underway at SSA, and I would like to take this opportunity to discuss some of our initiatives.

SSA Initiatives

Historically, a very limited number of our approximately 10 million Social Security and Supplemental Security Income (SSI) disability recipients leave the disability rolls each year because of successful rehabilitation. In fiscal year (FY) 1998, SSA paid State VR agencies about $102 million for their services provided to approximately

10,000 beneficiaries with disabilities who worked at least 9 months at the substantial gainful activity level. Although this was a record year for reimbursements, I believe we can do better.

Based on our experience and extensive collaboration with professional groups and advocates, we have learned that many more individuals with disabilities want to work and will do so if they have access to the rehabilitation services they need to reenter the workforce. We recognize the myriad complex and sensitive issues that must be addressed to remove barriers to participation in the workforce.

With this is mind, we have made progress on a number of other initiatives in the return-to-work arena which I would now like to share with you.

Alternate Provider

It is clear that there are many providers in the private sector who are willing to help. In March 1994, SSA amended its VR regulations to provide more opportunities for people with disabilities to receive the employment and rehabilitation services they need to return to work or enter the workforce for the first time.

These regulatory changes allowed SSA to refer Social Security Disability Insurance (SSDI) beneficiaries and SSI recipients who are blind or disabled to VR service providers in the public or private sectors. The option of serving the beneficiary continues to be offered first to the states; however, if SSA does not receive notification that the state VR agency has accepted a beneficiary for services by the end of the 4th month after the month of referral, we may arrange for an alternate provider of rehabiltation services to

serve that individual. Usually, these providers come to us from the private sector. (Of course, this process would change with passage of the "Ticket.")

We provide each alternate provider under contract with us with a monthly listing of beneficiary referrals who meet its service criteria. Currently, there are approximately 123,000 beneficiaries listed nationally for selection by alternate providers.

To further expand the pool of alternate providers, we have released two RFPs, the second of which will remain open continuously. It is important to note that this is not a competitive procurement with limits on the number of the contracts awarded. We are interested in expanding the pool of providers who can serve our beneficiaries and will award contracts to all providers who qualify. Through the first week of March, we have signed contracts with 419 VR service providers nationally.

Some of these providers have begun to work with our beneficiaries. We just authorized payment for the first successful case, with several other cases soon to mature for payment. Alternate providers, like current VR providers, are reimbursed only after an individual has been working at the SGA level for at least nine months.

Project RSVP

Our experience with Project RSVP (Referral System for Vocational Rehabilitation Providers) will help us better understand the concept of using a program manager to oversee service providers. The objective of Project RSVP is to assure that return to work services are more readily available to SSA-referred individuals while improving the administration and cost-effectiveness of the program. RSVP is a 3-year demonstration

project to test the advantages and the cost-effectiveness of contracting out certain administrative functions under SSA's VR referral and reimbursement programs, and assist in managing the alternate providers. On September 27, 1997 a contract was competitively awarded to Birch & Davis Associates, Inc. of Maryland. Birch & Davis is marketing the project to potential VR providers. In addition, a toll-free number to provide technical assistance and respond to questions from beneficiaries and providers as well as the contractor's bulletin board to refer individuals to alternate providers is in place.

Self-Referral Initiative

With the assistance of the RSVP contractor, we are expanding ways to provide SSDI and SSI recipients with disabilities or blindness an increased access to rehabilitation and employment services to help them go to work. Under this process, these individuals have the opportunity to self-identify their interest in receiving return-to-work services by calling a toll-free number. Our contractor will obtain information from the caller, combine it with information supplied by SSA and transmit a referral to the State VR agency and/or the alternate provider(s) serving the individual's area of residence. We believe this initiative helps to support our intent to offer beneficiaries a more pro-active role in assessing services at a time that is most appropriate to their circumstances.

Through all of these provider initiatives, we have and will continue to gain valuable insight and experience that we will use to ensure the success of the proposed legislation. We are encouraged by the results. We have learned that many highly skilled, outcome-focused agencies and professionals are eager to assist our diverse population to return to work. And, we have learned that individualized planning and support is essential to

successful work re-entry.

Delivery of Work Incentive Information

We are working with the Virginia Commonwealth University to develop and test a decision support software package called WorkWorld for use in assisting consumers and service providers in determining the effects of work on their entitlement to SSA benefits as well as other federal/state benefits, such as food stamps. This will allow our beneficiaries to make more informed choices regarding employment opportunities.

We have created an attractive education kit called, "Graduating to Independence" (GTI), that is aimed specifically at youth in transition from education to employment and their families. The kit is designed for use by educators or professional organizations to instruct young beneficiaries and their families about SSA's work incentives. This multimedia kit contains a videotape and several computer disks, in addition to written materials, that combine facts with motivational examples. We have been very aggressive in distributing the GTI kits, sending them to school districts across the country, and handing them out at national conferences.

Additionally, we publish a number of other training and public information materials on work incentives. These materials are provided in multiple formats and have been designed with significant consumer input to be user-friendly. And, we have developed an Internet website which contains information about work incentive provisions, access to our publications, and information on our rehabilitation and employment programs.

Finally, SSA Operations and Program Offices are working together to assess our policies

and procedures relative to our work incentive service delivery. Through this process, we are exploring ways we can improve the accuracy and timeliness of work incentive information in our field offices. Beyond that, we plan to develop methods to speed "on-demand" information to customers and stakeholders.

Demonstration Authority

The demonstration authority of section 505(a) of the Social Security Disability Amendments of 1980 expired June 9, 1996. I want to thank the members on this Committee for their support for an extension passed by the House last year, which unfortunately was not enacted. In order to initiate any new projects under the SSDI program for researching return-to-work, the Administration seeks a permanent extension of demonstration authority so that we can test new approaches to accomplish our goals in this area. With this renewed authority, SSA can develop a comprehensive strategy that integrates earlier intervention, and identification and provides necessary assistance in removing barriers to work for applicants and beneficiaries.

With renewed authority we will pursue other projects that bring us closer to our goal of supporting the active participation of our beneficiaries with disabilities in the workforce.

Health Care

Finally, although I would defer to HHS on the details, I would like to mention the issue of health care coverage, which is addressed in the President's legislative package. Fear of losing health care coverage is frequently cited as the most common reason many disabled beneficiaries do not attempt to return to work. These initiatives would expand Medicare and Medicaid so that people can retain their health benefits coverage when they return to work. Under the President's proposal, Medicare coverage for disabled beneficiaries who return to work would be extended for a 10-year period. Also, States would be permitted to allow disabled individuals to buy insurance through Medicaid.

Conclusion

Mr. Chairman, I want to assure you that the Social Security Administration stands ready, willing, and able to work with lawmakers on both sides of the aisle to enact fiscally responsible legislation to help thousands of Americans with disabilities, who with appropriate services and support, can be successful in obtaining or continuing to work. We need new and innovative approaches so that Americans with disabilities can work. The initiatives I have discussed today represent not only new approaches, but also a continued commitment to make every effort to enrich the lives of people with disabilities and to help those who want to work do so.

I would be happy to answer any questions.

MAKE THE CASE FOR COMPREHENSIVE PACKAGE INCLUDING Healthcare

the house is more likely to do a more limited bill.

- Commerce - Medicaid.
- ways + means - Ticket - Thomas does not want to do Medicare piece

-$73 million

labor strategy
- insert it purely into bill
- have it in a package for amendments

Nichols Amendments:
1. Cap medicaid buy in 300% poverty
2. -
3. -

Senate - 1. Only task expedited eligibility process
2. Modification of 5 year search
3.

Didn't take:
1. DOL
2. Anything on P+A
3. pieces opposing Nichols amendments

Can we get taking pieces opposing Nichols amendments

SSA only has $23 million in authorization but there is no appropriation →. It would have to come out of SSA LAE account
Could we delay program and put it off until 2006

Possible - phone call to Marty Ford and Kelly Ann that we have an authorization but no appropriation - DPC/SSA - Jeanne/Susan McDaniels