FOIA Number: 2007-0143-F

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Cheryl Klein to Christina Ho; RE: Personally Identifiable Information [partial] (1 page)	09/27/2000	b(6)

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Domestic Policy Council
Christina Ho
OA/Box Number: 21539

FOLDER TITLE:
Disability - SSA [Social Security Administration] General

2007-0143-F
db4513

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]

Eugenia Chough 07/20/99 11:54:36 AM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc:
Subject: IDA/PASS update

Just spoke with Diane Blackmand of SSA, who was very helpful on the PASS/IDA coordination issue. She thought your 2-pager fact sheet idea (pros and cons of choosing IDA, PASS or IDA/PASS) was great and easily workable both substantively and process-wise. Substantively, she thought the 2 programs could complement each other very well, and that the mechanics of coordinating IDA/PASS apps was not hard.

Process-wise, we could disseminate the 2-pager thru their existing communication lines with SSA fieldworkers. Also, they are about to issue an updated POMS (Program Operations Manual System -- a comprehensive elig/income guide for frontline SSA workers). Updates will include: (1) modifying income/assets chapter to include info on treatment of income/assets under an IDA, (2) adding a new chapter on IDAs, which cross-references PASS chapter, and (3) modify PASS chapter to include IDA info. Instructions will include info on how the SSA field office should consult with the local PASS cadre (19 PASS cadre sites nationwide to do outreach, answer Qs on 800 # for PASS, provide field offices with TA, operate websites), who will coordinate with IDA grantees.

I suggested 2-pagers go to field offices, PASS cadres, and IDA grantees, and go on SSA's website and PASS cadre websites. She thought those all sounded reasonable. I also asked if we could slip the 2 pager in the POMS when it goes out in Oct (by mail -- will go out electronically before then). She said the POMS sometimes includes a "spotlight" -- a plain English ready-to-handout doc. -- sounds like perfect way to disseminate info.

Timing -- she said 2 pager would require coordination with ACF. She'll get back to me on when they could get it done by.

IDA's + PASS

8/28

TO: Tom Kalil
Jonathan Young
Mary Waller
Christina D

From: Andrea Lane

Here's info on the SSA PASS program Jonathan G. It's a little over a year old but I think it's still pretty accurate.

I've also attached one paper on the Assistive Independence Act 101 Demo Program operated by ACL.

- Joanne Cranch
- Lee Neuberger
- Carmen Nazario, HHS
- Nancy

INDIVIDUAL DEVELOPMENT ACCOUNTS
(Assets for Independence Demonstration Program)

The Assets for Independence Demonstration Program was established by the Assets for Independence Act (AFI Act), under title IV of the Community Opportunities, Accountability and Training and Educational Services Human Services Reauthorization Act of 1998, P.L. 105-285. This demonstration program was authorized at $25 million annually for five years.

The Assets for Independence Demonstration Program is a directed, matched savings program for low income working individuals and families. Participants enter into a Savings Plan Agreement with the project grantee which establishes a schedule and goal of savings from earned income, to be matched at an agreed rate which can be from one dollar to eight dollars for each dollar saved. Currently, IDAs may be expended for: (1) the purchase of a principal residence by a first-time home buyer; (2) the capitalization of a business; or (3) expenses of post-secondary education. The Administration's FY 2001 budget also proposes to also low-income families to use Individual Development Accounts (IDAs) to save for the purchase of a car to be used to get to work.

The major goals of the program are to establish demonstration projects to determine: (1) the social, civic, psychological, and economic effects of providing to individuals and families with limited means an incentive to accumulate assets by saving a portion of their earned income; (2) the extent to which an asset-based policy that promotes saving for post-secondary education, homeownership and small business capitalization may be used to enable individuals and families with limited means to increase their economic self-sufficiency; and (3) the extent to which an asset-based policy stabilizes and improves families and the community in which the families live.

Eligible applicants are private, not-for-profit 501(c)(3) organizations, or State and local governmental agencies or Tribal governments applying jointly with eligible not-for-profit organizations. Grantees are selected competitively on the basis of applications which present the background and capabilities of the applicant, and a description of the target population; project theory, design, and plan; a reasonable budget; a plan for providing information needed for program evaluation; additional resources available to support project participants; and a description of the results and benefits expected to result from the project. Applications must include a commitment for a cash non-Federal share equal to the amount of the Federal grant requested.

This program was new in FY 1999, when 38 applications were competitively funded in twenty-three states and the District of Columbia, ranging in grant amount from $6000 to $500,000 for a total of some $7.55 million. In addition, under the terms of the legislation two States with existing statewide programs, Indiana and Pennsylvania, were "grandfathered" into the program with one-year grants of $930,000 each. Together, these grants will support a projected 10,200 Individual Development Accounts over the next five years. There was a comparable appropriation of $10 million for FY 2000, which is expected to provide funding for approximately 40 additional five-year projects. The Administration Budget for FY 2001 requests funding the program at its full authorized level of $25 million.

cc: AIC
CR

SOCIAL SECURITY ADMINISTRATION
OFFICE OF PROGRAM BENEFITS
SUITE 760 ALTMEYER BUILDING
6401 SECURITY BOULEVARD
BALTIMORE, MD 21235-6401
FAX NUMBER 410-965-8582

Lacy, Like it should help for 2 of 3 Sites & IDAs - can SSA send letter/guidance IDA cadres say PASS rules?

TO:	FROM:
• Richard Saul, ACF • Eugenia Chough, DPC	DIANE BLACKMAN, SSA, ORB

LOCATION/ORGANIZATION:

OFFICE OF PROGRAM BENEFITS

TELEPHONE NUMBER:	TELEPHONE NUMBER:
	(410) 965-3571

FAX NUMBER:	TOTAL PAGES:	DATE:
• Richard Saul 202-401-5718 • Eugenia Chough 202-456-7431	COVER + 9	5/6/99

MESSAGE

RE: Individual Development Accounts/Plans for Achieving Self-Support (PASS)

As promised, here is some basic information on PASS: a pamphlet/available on SSA website; article from SSA's internal magazine describing the new service function established to develop expertise in PASS/employment support; map of cadre sites. Important: cadres cover entire country -- PASS available nationwide. PASS helps disabled people who want to work or increase their work. In support of the priority of helping disabled beneficiaries enter the workforce, SSA just created a new office: Office of Employment Support Programs. PASS (used to be handled by our office, OPB), now OESP handles. OESP is aware of the IDA/PASS connection. I'll be happy to be your contact if/when you'd like to know more and get you connected with the right people in OESP.

Social Security

Working While Disabled

A Guide To Plans For Achieving Self-Support

Publication No. 05-11017
March 1999
ICN 480302

What Is A Plan For Achieving Self--Support?

Basically, a plan for achieving self--support, or PASS for short, is a plan for your future. Many people with disabilities want to work, and you're probably one of them. But maybe you need to go back to school before you can get a job. Or, maybe you'd like to start your own business, but you don't have the money. Whatever your work goal may be, a PASS can help you reach it.

A PASS lets you set aside money and/or other things you own to help you reach your goal. For example, you could set aside money to start a business or to go to school or to get training for a job.

Your goal **must be a job that will produce sufficient earnings to reduce your dependency on Supplemental Security Income (SSI) payments.** A PASS is meant to help you acquire those items, services or skills you need so that you can compete with able--bodied persons for an entry level job in a professional, business or trade environment. If you have graduated from college or a trade/technical school, we usually consider you capable of obtaining such a position without the assistance of a PASS. You can contact your local Social Security office to find out whether a PASS is appropriate for you.

How Will A Plan Affect My SSI Benefit?

Under regular SSI rules, your SSI benefit is reduced by the other income you have. But the income you set aside for a PASS **doesn't** reduce your SSI benefit. This means you can get a higher SSI benefit when you have a PASS. But you can't get more than the maximum SSI benefit for the state where you live.

Money you save or things you own, such as property or equipment, that you set aside for a PASS won't count against the resource limit of $2,000 (or $3,000 for a couple). Under regular SSI rules, you wouldn't be eligible for SSI if your resources are above $2,000. But with a plan, you may set aside some resources so you would be eligible.

Who Can Have A PASS?

You can, if:

- you want to work;
- you get SSI (or can qualify for SSI) because of blindness or a disability; or
- you have or expect to receive income (other than SSI) and/or resources to set aside toward a work goal.

What Kinds Of Expenses Can A Plan Help Pay For?

A plan may be used to pay for a variety of expenses that are necessary to help you reach your work goal.

For example, your plan may help you save for:

- supplies to start a business;
- tuition, fees, books and supplies that are needed for school or training;
- employment services, such as payments for a job coach;
- attendant care or child care expenses;
- equipment and tools to do the job;
- transportation to and from work; or
- uniforms, special clothing and safety equipment.

These are only examples. Not all of these will apply to every plan. You might have other expenses depending on your goal.

How Do I Set Up A Plan?

Ask your local Social Security office for a copy of PASS form, SSA--545--BK. The form collects most of the information we need to review your plan.

Then, follow the steps below to set up your plan:

1. Choose a work goal. It should be a job that you're interested in doing and that you think you'll be able to do when you complete your plan. We can refer you to a vocational rehabilitation counselor who can help you choose your goal. You also can set up a PASS to cover any costs for the vocational services, including testing.

2. Find out all the steps you need to take to reach your goal and how long it will take you to complete each step.

3. Decide what items or services you will need to reach your goal.

Note: Each person will need different things to reach his or her goal. For example, if you want to work in a restaurant, you may need training to learn how to cook. If you want to become a computer programmer, you may need a college degree and a computer. If you want to start a business, you may need to buy
equipment and supplies.

4. Get several cost estimates for the things you need to achieve your goal.

5. Find out how much money you'll need to set aside each month in order to pay for them.

Note: If you're setting aside income for your plan, your SSI benefit usually will increase to help pay your living expenses. The people at Social Security can estimate what your new SSI payment will be if you set up your plan.

6. Keep any money you save for your goal **separate** from any other money you have. The easiest way to do this is to open a separate bank account for the money you save under your plan. But, if you don't open a separate bank account, you must be able to tell us exactly how you're keeping the money separate.

7. Also include a business plan if you intend to start a business. Your business plan should explain:

- what kind of business you want to start (e.g., a restaurant, a print shop);
- how you will pay for your business;
- where you will set up your business (e.g., rent a store, share space);
- your hours of operation;
- how you will market your product or service;
- who your suppliers and customers will be; and
- your expected earnings.

Note: We encourage you to talk with a local banker, the Small Business Administration, a vocational counselor or other knowledgeable people about writing your business plan.

8. Complete all the questions on form SSA--545--BK, and sign and date it.

9. Take or mail the form to your local Social Security office.

Who May Help Me

Set Up A Plan?

You may set up a plan yourself or get help from:

- a vocational rehabilitation counselor;
- an organization that helps people with disabilities;
- an employer;
- a friend or relative; or
- the people at your Social Security office.

Note: Some organizations charge a fee for writing a PASS. The Social Security office may be able to refer you to someone who does not charge a fee.

What Does Social Security Do After I Submit My Plan?

After you submit your plan, Social Security will:

- review the plan to make sure it is complete;
- decide if there is a good chance that you can reach your goal;
- decide if the things you want to buy to reach your goal are necessary and are reasonably priced;
- decide if any changes are needed and discuss those changes with you; and
- send you a letter to tell you if the plan is approved or denied.

If your plan is approved, Social Security will contact you from time to time to make sure that you are doing what your plan says you will do to reach your goal. Make sure that you keep receipts for the items and services you have bought under the plan.

What Happens If My Plan Is Not Approved?

If we do not approve your plan, you have a right to appeal the decision. The letter you get will explain your appeal rights and tell you what you need to do to file an appeal. **You also may submit a new plan to us.**

Can I Change My Plan After It Is Approved?

Yes. However, you must get approval from us **before** you make any changes. Tell the Social Security office **in writing** what changes you want to make, such as a change in the amount of money you set aside monthly or a change in the expenses you will have. We will review your request and let you know if the changes are approved.

It is very important that you tell us as soon as possible about any changes that might affect your plan.

What Happens If I Cannot Complete My Plan?

If you cannot complete your plan, you may set up a new plan with a new work goal. If you don't set up a new plan, any money or other things set aside under the original plan **may** count toward the $2,000 resource limit for getting SSI. If your resources are over the limit, it's possible you may lose your eligibility for SSI.

Also, we will start counting the income you were setting aside under the plan. Tell us as soon as possible that you cannot complete your plan. Then, you won't have to pay back any extra SSI you got while you were following your plan.

How Will A Plan Affect Other Benefits I Get?

You should check with the agency that is responsible for those benefits to find out if the plan (and the extra SSI) might affect those benefits.

In many cases, income and resources set aside under a plan will not be counted for food stamps and housing assistance provided through the U.S. Department of Housing and Urban Development. **But, it's important that you contact the particular agency to find out how your benefits will be affected.**

Are There Any Other Rules That May Help?

Yes. Other SSI rules may help you while you work. They can help you keep more of your SSI benefit, and they can help you keep your Medicaid. There are also some special rules for students. For more information, ask Social Security for the booklet, *Working While Disabled–How We*

Can Help (Publication No. 05--10095).

Any Questions?

If you want more information or if you want to make an appointment with a Social Security representative, just give us a call. Our telephone number is **1--800--772--1213**. Recorded information is available 24 hours a day, including weekends and holidays. You can speak to a service representative between 7 a.m. and 7 p.m. on business days. Our lines are busiest early in the month, so, if your business can wait, it's best to call at other times. When you call, have your Social Security number handy.

People who are deaf or hard of hearing may call our toll--free "TTY" number, 1--800--325--0778, between 7 a.m. and7 p.m. on business days.

You also can reach us on the Internet. Type www.ssa.gov to access Social Security information.

We treat all calls confidentially--whether they're made to our toll--free numbers or to one of our local offices. We also want to ensure that you receive accurate and courteous service. That is why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

Social Security Administration
SSA Publication No. 05--11017
March 1999
ICN 480302

PASS

Specialists help beneficiaries achieve self-support

Some disability beneficiaries who want to return to work get the opportunity with a Plan for Achieving Self-Support (PASS), a provision of the SSI program. To help these beneficiaries reach their work goals, SSA created a group of PASS specialists.

"A PASS allows an SSI recipient to set aside income and resources to be used for the expenses of reaching a work goal, such as starting a business, going to school or purchasing work-related equipment," said Program Analyst Nancy Lloyd, Office of Public Service and Operations Support. "These funds are not counted in determining either eligibility for SSI or the payment amount."

To participate in the PASS program, a disability recipient must first develop a plan to reach his or her work goal. Field office personnel play an important role in informing claimants and beneficiaries about the availability of PASS and how to develop one. Once submitted, the plan is sent to a PASS specialist who determines whether the proposal has a clear, attainable goal and a realistic plan for achieving it.

"The PASS program is moving toward a case management model where the PASS specialist is responsible for monitoring the participant's progress on a continuing basis," said Nancy.

There are currently 43 PASS specialists in 19 teams, called cadres, around the country.

"The PASS caseload is a small but very important portion of our SSI caseload, requiring a high level of expertise from PASS specialists," said Nancy. "We recently brought all of the PASS specialists to headquarters for a very intense two-and-a-half-week training course.

"During the training, the PASS specialists were briefed on Social Security policy changes and clarifications and received training in vocational rehabilitation counseling and public speaking. The specialists also received hands-on experience with vocational assessment software."

In addition to working closely with PASS participants, the Dallas region cadre of four specialists in Fort Worth, Texas, train field office personnel and vocational rehabilitation case workers in PASS policies and procedures.

"We want to make sure that our claims reps and voc rehab workers have a good working knowledge of the PASS program so they'll be able to make some decisions about cases before we receive them for further development," said Dallas PASS Specialist Peggy Rios.

"We also make an effort to share ideas, trends and best practices about the PASS program with other regional cadres," added Sam Trimiar, another Dallas cadre member. "Currently, we're processing 90 percent of our PASS requests in 30 days or less."

Recently, the Dallas cadre has reached out to build partnerships with state agencies and PASS advocates.

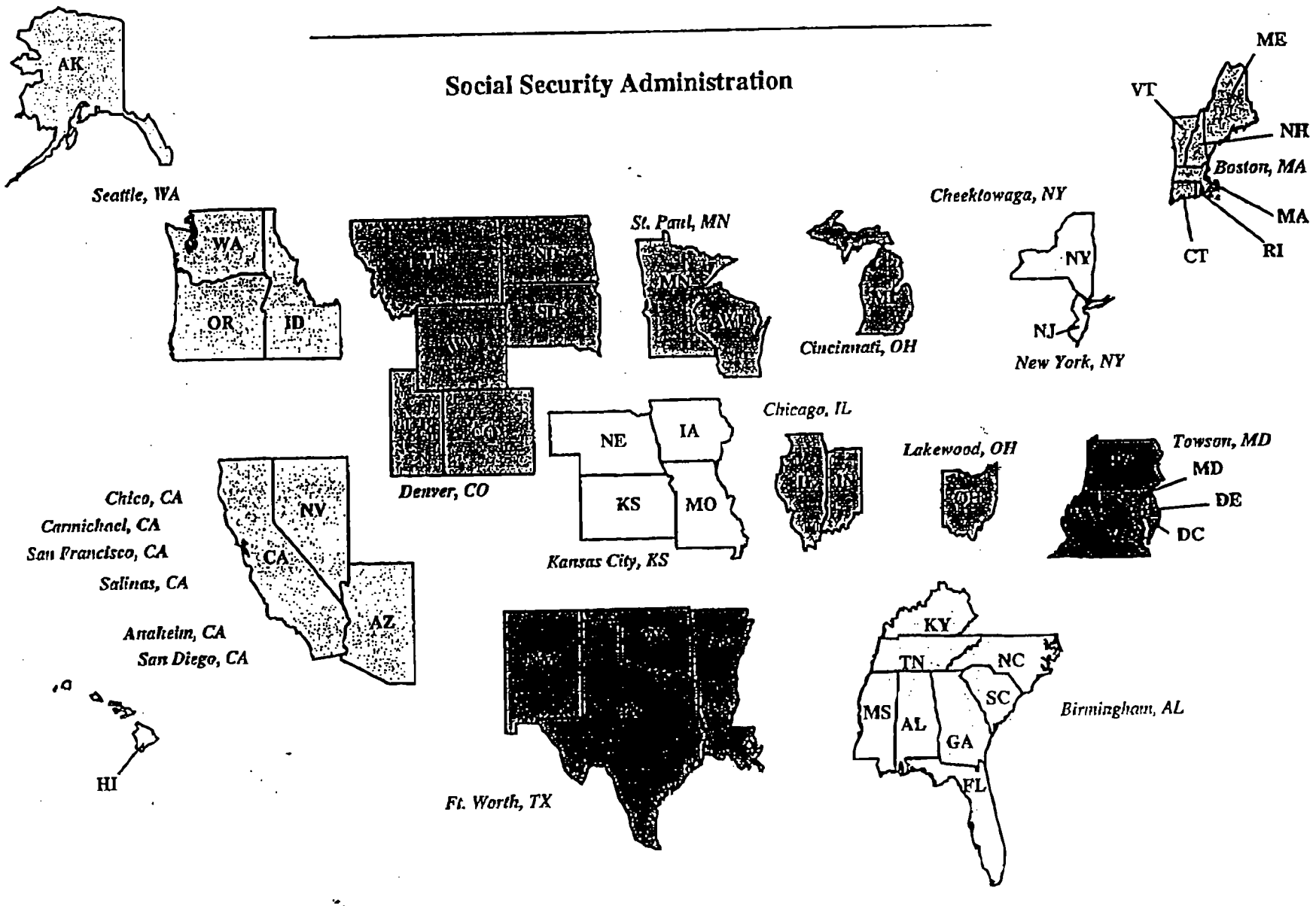
"We frequent meet with representatives in the community who can help us assist our PASS participants," said Dallas PASS Specialist Dale Allen. "Last year, our cadre attended a multi-state conference on building partnerships with state agencies.

"In addition, we formed partnerships with Fort Worth Reach, a local voc rehab agency, and the Texas Rehabilitation Commission. We also activated a special toll-free number for PASS applicants, their representatives and PASS advocates. All of the cadres have toll-free numbers now."

"The PASS specialists in the Dallas cadre and the other 18 cadres across the country are committed to helping highly motivated disability beneficiaries succeed with the PASS program," said Nancy. "It feels good to help disabled beneficiaries get back to work." ◆

Locations of PASS Cadres

Social Security Administration



Plans for Achieving Self-Support (PASS)

For general information about PASS, as well as information about Social Security and Supplemental Security Income, call 1-800-772-1213 from anywhere in the U.S. For specific information about PASS, call your area's PASS cadre

PASS CADRE	TOLL-FREE TELEPHONE NUMBER	LOCAL TELEPHONE NUMBER
Anaheim, CA	800-551-1507	714-502-9233
Birmingham, AL	800-254-9489	205-801-4444
Boston, MA	800-297-4291, ext. 3017	617-565-8906 ext. 3017
Carmichael, CA	888-383-1862	916-338-3705 ext. 3210 or 3212
Cheektowaga, NY	800-510-5680	716-685-8039
Chicago, IL	800-842-0588	312-575-5970 or 5969
Chico, CA	800-551-1762	530-345-9788
Cincinnati, OH	888-674-6249	513-821-9424 ext. 3008 or 3009
Denver, CO	800-551-1034	303-235-0511 or 0637
Ft. Worth, TX	888-287-7845	817-978-1772 ext. 3642 or 3471
New York, NY	800-551-9583	212-264-3344, ext. 4045 or 4046
Kansas City, KS	800-551-9289	913-621-3014
Lakewood, OH	800-551-2056	216-228-2926
St. Paul, MN	800-551-9796	612-290-0304 ext. 3061, 3074 or 3018
Salinas, CA	877-361-4796	831-443-9195 ext. 220
San Diego, CA	888-674-6250	619-557-6605
San Francisco, CA	877-612-8474	415-744-5773 ext. 3242
Seattle, WA	888-674-6251	206-615-2131 or 2627
Towson, MD	800-551-9305	410-825-4002 ext. 239, 240 or 241

"(2) REPORT; FINAL PROPOSAL.—The Secretary shall make a progress report to the Congress with respect to paragraph (1) not later than one year after the effective date of this section, and shall develop a final report not later than three years after such effective date including a detailed summary of the significant findings and problems and the best strategies to prevent future infections, based on available science.

"(c) HPV EDUCATION AND PREVENTION.—

"(1) IN GENERAL.—The Secretary shall prepare and distribute educational materials for health care providers and the public that include information on HPV. Such materials shall address—

"(A) modes of transmission;

"(B) consequences of infection, including the link between HPV and cervical cancer;

"(C) the available scientific evidence on the effectiveness or lack of effectiveness of condoms in preventing infection with HPV; and

"(D) the importance of regular Pap smears, and other diagnostics for early intervention and prevention of cervical cancer purposes in preventing cervical cancer.

"(2) MEDICALLY ACCURATE INFORMATION.—Educational material under paragraph (1), and all other relevant educational and prevention materials prepared and printed from this date forward for the public and health care providers by the Secretary (including materials prepared through the Food and Drug Administration, the Centers for Disease Control and Prevention, and the Health Resources and Services Administration) or by contractors, grantees, or subgrantees thereof, that are specifically designed to address STDs including HPV shall contain medically accurate information regarding the effectiveness or lack of effectiveness of condoms in preventing the STD the materials are designed to address. Such requirement only applies to materials mass produced for the public and health care providers, and not to routine communications."

SEC. 4. LABELING OF CONDOMS.

The Secretary of Health and Human Services shall reexamine existing condom labels that are authorized pursuant to the Federal Food, Drug, and Cosmetic Act to determine whether the labels are medically accurate regarding the overall effectiveness or lack of effectiveness of condoms in preventing sexually transmitted diseases, including HPV.

SEC. 517. Section 403(a) of the Food, Drug, and Cosmetic Act (21 U.S.C. 343(a)) is repealed. Subsections (c) and (d) of section 4 of the Saccharin Study and Labeling Act are repealed.

SEC. 518. (a) Title VIII of the Social Security Act is amended by inserting after section 810 (42 U.S.C. 1010) the following new section:

"SEC. 810A. OPTIONAL FEDERAL ADMINISTRATION OF STATE RECOGNITION PAYMENTS.

"(a) IN GENERAL.—The Commissioner of Social Security may enter into an agreement with any State (or political subdivision thereof) that provides cash payments on a regular basis to individuals entitled to benefits under this title under which the Commissioner of Social Security shall make such payments on behalf of such State (or subdivision).

"(b) AGREEMENT TERMS.

"(1) IN GENERAL.—Such agreement shall include such terms as the Commissioner of Social Security finds necessary to achieve efficient and effective administration of both this title and the State program.

"(2) FINANCIAL TERMS.—Such agreement shall provide for the State to pay the Commissioner of Social Security, at such times and in such installments as the parties may specify—

"(A) an amount equal to the expenditures made by the Commissioner of Social Security pursuant to such agreement as payments to individuals on behalf of such State; and

"(B) an administration fee to reimburse the administrative expenses incurred by the Commissioner of Social Security in making payments to individuals on behalf of the State.

"(c) SPECIAL DISPOSITION OF ADMINISTRATION FEES.—Administration fees, upon collection, shall be credited to a special fund established in the Treasury of the United States for State recognition payments for certain World War II veterans. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out this title.".

(b) CONFORMING AMENDMENTS.—

(1) The Table of Contents of title VIII of the Social Security Act is amended by inserting after "Sec. 810. Other administrative provisions." the following:

"Sec. 810A. Optional federal administration of State recognition payments.".

(2) Section 1129A(e) of the Social Security (42 U.S.C. 1320a-8a(e)) is amended--

(A) by inserting "VIII or" after "benefits under";

(B) by inserting "810A or" after "agreement under section";

(C) by inserting "1010A or" before "1382(e)(a)"; and

(D) by inserting ", as the case may be" immediately before the period.

SEC. 519. Section 1612(a)(1) of the Social Security Act (42 U.S.C. 1382(a) is amended—

(1) in subparagraph (A), by inserting "(but without the application of section 210(j)(3)" immediately before the semicolon; and

(2) in subparagraph (B), by--

(A) striking "and the last" and inserting "the last", and

(B) inserting ", and section 210(j)(3)" after "subsection (a)".

SEC. 520. Amounts made available under this Act for the administrative and related expenses for departmental management for the Department of Labor, the Department of Health and Human Services, and the Department of Education shall be reduced on a pro rata basis by $25,000,000: Provided, That this provision shall not apply to the Food and Drug Administration and the Indian Health Service.

TITLE VI--ASSETS FOR INDEPENDENCE

SECTION 601. SHORT TITLE.

That this title may be cited as the "Assets for Independence Act Amendments of 2000".

SEC. 602. MATCHING CONTRIBUTIONS UNAVAILABLE FOR EMERGENCY WITHDRAWALS.

Section 404(5)(A)(v) of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking ", or enabling the eligible individual to make an emergency withdrawal"

SEC. 603. ADDITIONAL QUALIFIED ENTITIES.

Section 404(7)(A) of the Assets for Independence Act (42 U.S.C. 604 note) is amended—

(1) in clause (i), by striking "or" at the end thereof;

(2) in clause (ii), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following new clause:

"(iii) an entity that—

"(I) is—

"(aa) a credit union designated as a low-income credit union by the National Credit Union Administration (NCUA); or

"(bb) an organization designated as a community development financial institution by the Secretary of the Treasury (or the Community Development Financial Institutions Fund); and

"(II) can demonstrate a collaborative relationship with a local community-based organization whose activities are designed to address poverty in the community and the needs of community members for economic independence and stability.".

SEC. 604. HOME PURCHASE COSTS.

Section 404(8)(B)(i) of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking "100" and inserting "120".

SEC. 605. INCREASED SET-ASIDE FOR ECONOMIC LITERACY TRAINING AND ADMINISTRATIVE COSTS.

Section 407(c)(3) of the Assets for Independence Act (42 U.S.C. 604 note) is amended—

(1) by striking "9.5" and inserting "15"; and

(2) by inserting after the first sentence the following: "Of the total amount specified in this paragraph, not more than 7.5 percent shall be used for administrative functions under paragraph (1)(C), including program management, reporting requirements, recruitment and enrollment of individuals, and monitoring. The remainder of the total amount specified in this paragraph (not including the amount specified for use for the purposes described in paragraph (1)(D)) shall be used for nonadministrative functions described in paragraph (1)(A), including case management, budgeting, economic literacy, and credit counseling. If the cost of nonadministrative functions described in paragraph (1)(A) is less than 5.5 percent of the total amount specified in this paragraph, such excess funds may be used for administrative functions."

SEC. 606. ALTERNATIVE ELIGIBILITY CRITERIA.

Section 408(a)(1) of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking "does not exceed" and inserting "is equal to or less than 200 percent of the poverty line (as determined by the Office of Management and Budget) or"

SEC. 607. REVISED ANNUAL PROGRESS REPORT DEADLINE.

(a) IN GENERAL.—Section 412(c) of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking "calendar" and inserting "project".

(b) TRANSITIONAL DEADLINE. Notwithstanding the amendment made by subsection (a), the submission of the initial report of a qualified entity under section 412(c) shall not be required prior to the date that is 90 days after the date of enactment of this title.

SEC. 608. REVISED INTERIM EVALUATION REPORT DEADLINE.

(a) IN GENERAL.—Section 414(d)(1) of the Assets for Independence Act (42 U.S.C. 604 note) is amended by striking "calendar" and inserting "project".

(b) TRANSITIONAL DEADLINE.—Notwithstanding the amendment made by subsection (a), the submission of the initial interim report of the Secretary under section 412(c) shall not be required prior to the date that is 90 days after the date of enactment of this title.

SEC. 609. INCREASED APPROPRIATIONS FOR EVALUATION EXPENSES.

Subsection (c) of section 414 of the Assets for Independence Act (42 U.S.C. 604 note) is amended to read as follows:

"(c) EVALUATION EXPENSES. Of the amount appropriated under section 416 for a fiscal year, the Secretary may expend not more than $500,000 for such fiscal year to carry out the objectives of this section.".

SEC. 610. NO REDUCTION IN BENEFITS.

Section 415 of the Assets for Independence Act (42 U.S.C. 604 note) is amended to read as follows:

"SEC. 415. NO REDUCTION IN BENEFITS.

"Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this Act shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.".

TITLE VII—PHYSICAL EDUCATION FOR PROGRESS ACT

SEC. 701. PHYSICAL EDUCATION FOR PROGRESS. Title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8001 et seq.) is amended by adding at the end the following

Christina S. Ho 09/29/2000 05:19:14 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP
cc: karin kullman/opd/eop@eop, devorah r. adler/opd/eop@eop, anna richter/opd/eop@eop
bcc:
Subject: Re: any interest in doing something w/this?

well
Andrea Kane

Andrea Kane [redacted]

Record Type: Record

To: Karin Kullman/OPD/EOP@EOP
cc: devorah r. adler/opd/eop@eop, anna richter/opd/eop@eop, Christina S. Ho/OPD/EOP@EOP
bcc:
Subject: Re: any interest in doing something w/this?

these look promising. we're pretty close to clearing the regulation on Ticket to Work - maybe we could package grant release and publication of rule. Christina, do you think the rule would be ready by the 12th?
Karin Kullman

Karin Kullman 09/29/2000 03:16:17 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP, Devorah R. Adler/OPD/EOP@EOP
cc: Anna Richter/OPD/EOP@EOP
Subject: any interest in doing something w/this?

What do you all think of these announcements?
---------- Forwarded by Karin Kullman/OPD/EOP on 09/29/2000 03:16 PM ----------

Wendy Arends 09/29/2000 02:59:20 PM

Record Type: Record

To: Stephanie A. Cutter/WHO/EOP@EOP, Karin Kullman/OPD/EOP@EOP

cc:

Subject: any interest in doing something w/this?

The Social Security Administration is about to award $7.5 million in grants to about 35 non-profit organizations and/or state agencies in 25 states to provide benefit planning, assistance and outreach for persons with disabilities who are attempting to return to work. These grants are part of the Work Incentive Improvement Act which the President signed last year. These are the first round of grants to be issued. The grants to be awarded range from $50,000 to $300,000. When fully implemented, grants will be awarded to organizations and/or state agencies in all 50 states in accordance with the law. Grants to the remaining states will be issued later in the fall once the Social Security Administration has its appropriation for Fiscal Year 2001.

In addition to these grant awards, the Social Security Administration is about to announce the 13 states that will be the first round states for national implementation of the Ticket to Work Program which is one of the central features of the Work Incentives Improvement Act. These states will begin issuing tickets which enable people with disabilities to contract for employment support services. Providers of these support services may receive milestone payments for their work with individuals with disabilities, and mayl receive additional payments if these individuals return to work and come off the Social Security rolls. It is a new, innovative approach for assisting people with disabilities. The 13 states will begin implementing this new program, and the Social Security Administration will use data from these states as part of an overall evaluation before rolling out the program nationally.

I raise these items in case the White House may want to participate in the announcement of the grants or the selection of the first states to begin implementation of the new ticket program. Given that these grants are being awarded with end of year funding, it would be difficult to hold off announcing these grants past October 12th.

TO: Christina

FAX TRANSMITTAL

To Genie Clough | Dept./Agency | Fax # 202 456-7431

From Hazel Drummond | Phone # 410 965-3436 | Fax # 410 965-3433

# of pages ▶ 4

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

OPTIONAL FORM 99 (7-90)

SOCIAL SECURITY

Office of the Commissioner

October 4, 2000

MEMORANDUM FOR THE HONORABLE JOHN PODESTA

FROM : Kenneth S. Apfel Kenneth S. Apfel
Commissioner of Social Security

SUBJECT: Social Security Administration's Weekly Report—October 9 - 20, 2000
--INFORMATION

KEY AGENCY NEWS

SSA Commissioner Announces Plans to Take Position at University of Texas: On October 3, SSA's Commissioner, Kenneth S. Apfel, announced his plans to accept a position at the Lyndon B. Johnson School of Public Affairs at the University of Texas when his term ends in January 2001. Mr. Apfel will hold the Sid Richardson Chair in Public Affairs—a position once held by the late Wilbur Cohen, an aide to President Franklin Roosevelt and co-author of the Social Security program. Commissioner Apfel, the first confirmed Commissioner of an independent Social Security Administration, has served as Commissioner of Social Security for more than three years.

Social Security Benefit Increase: On October 18, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for September 2000 is scheduled to be released. When it is released, the automatic Social Security benefit increase for December 2000 will be determined, and the Commissioner of Social Security will notify the Senate Committee on Finance and the House Committee on Ways and Means. The benefit increase, also referred to as the cost-of-living adjustment (COLA), will be effective for December and first included in the Social Security checks paid in January 2001. Payments to Supplemental Security Income recipients will also be increased, beginning December 29, to reflect the effect of the COLA. Based on the increase in the CPI-W through August, the COLA for December 2000 will probably be in the range of 3.3 to 3.5 percent. Last year's COLA, which was effective for December 1999, was 2.4 percent.

AGENCY WORK ON PRESIDENTIAL INITIATIVES

SSA Participation In Campus Week of Dialogue Events: During the week of October 10 – 17, SSA will participate in several Campus Week of Dialogue events at its headquarters in Baltimore, MD and at its regional offices across the country. These include a College Fair at SSA Headquarters in Baltimore, MD with several high schools and middle

schools, a town hall meeting with Morgan State University students and students from other area colleges, and focus group discussions with SSA Executives and college students in the Baltimore area. In SSA's Atlanta Region, regional SSA staff will participate at the Historically Black Colleges and Universities/Management Intern Educational Expo in Atlanta, GA.

OTHER AGENCY NEWS

Association of Government Accountants (AGA) Award Certificate of Excellence in Accountability Reporting to SSA: On October 17, the AGA will present the Certificate of Excellence in Accountability Reporting to SSA for its Fiscal Year 1999 Accountability Report. SSA is one of only two Federal agencies to be awarded this prestigious honor; the National Science Foundation is also a recipient of this year's Certificate. This is the second year that SSA has received the award since AGA began presenting it in 1999. The Certificate is the highest form of recognition for Federal Government financial management reporting.

Government Executive Magazine Awards SSA's New York Region with 2000 Government Technology Leadership Award: Government Executive Magazine awarded SSA's New York Region, Area 3 with the 2000 Government Technology Leadership Award for the Inmate Project. The Inmate Project is a generalized software program to automate the receipt and processing of prison inmate reports. Robert levers, Social Security Office Manager, Corning, NY, developed this generalized format that takes the files from jails in New York and reformats them to SSA's standard so the data can be directly input to SSA's mainframe system in Baltimore. The Government Technology Leadership Awards program recognizes information/communications technology projects that have made exceptional contributions to mission accomplishment, cost-effectiveness and service to the public. The award will be presented at a ceremony at the Reagan International Trade Center in Washington, D.C. on November 28, 2000.

Miss America Social Security Initiative: SSA's New York Regional Office has secured the commitment of Mr. Bob Renneissen, CEO of the Miss America Organization, to deliver a Social Security information package to each of this year's contestants in the 2000 Miss America pageant (50 states and the District of Columbia). As part of the Miss America selection process, each contestant is required to develop and comment on a platform issue during the competition when millions of Americans are watching the pageant. Each contestant will receive a letter from Social Security Commissioner Kenneth Apfel asking her to consider discussing the critical need to educate young people, and especially women, about the important role that Social Security plays in their lives. The pageant airs live on October 14 on the ABC television network.

SSA's Chicago Region Sponsors African-American Outreach Forum: On October 9, SSA's Chicago Region will sponsor a forum on the importance of Social Security to African-Americans. The forum will be held at Chicago State University in Chicago, IL. More than 400 community leaders have been invited. Speakers will include Representatives Danny Davis and Bobby Rush or their staff, Paul Barnes, SSA's Deputy Commissioner for Human Resources, and SSA's Chicago Regional Commissioner, Jim Martin.

SSA's New York Region to Hold Hassle Free Communities Event in New York City: On October 12, SSA's New York Regional Office, in cooperation with the New York Federal Executive Board, the New York City Department for the Aging, and the New York City Human Resources Administration, will hold the first of three Hassle Free Communities events scheduled for this fall in New York City. The event will be held at the Lenox Hill Neighborhood House, a multi-service community center. The Hassle Free Communities initiative provides one-stop service so that members of the community are able to conduct business with a variety of Government agencies in one location at the same time.

COMMISSIONER'S SCHEDULE

- On October 12, Commissioner Apfel will be in Charleston, WV where he will speak to participants at the State Conference on Traumatic Brain and Spinal Cord Injuries about "SSA Work Incentives and Ticket to Work." West Virginia University is sponsoring the conference. The Commissioner will also do an electronic services presentation demonstration at Kanawha Valley Senior Services Center and visit Social Security employees in local field and hearing offices to discuss the SSA 2010 vision and SSA's principles for service delivery in the future. While in WV, Commissioner Apfel will participate in live and taped interviews for various media including the *West Virginia Gazette* and West Virginia Public Radio. Mr. Apfel will discuss SSA's online services, retirement planning, and the "Future of Social Security" at media events.

- On October 13, Commissioner Apfel will be in San Antonio, TX where he will attend a disability forum with disability advocacy groups on Ticket to Work and address the chief judges of SSA's hearing offices at the Hearing Office Chief Administrative Law Judge Summit. Commissioner Apfel will also participate in various media interviews, including interviews on *Good Morning San Antonio,* Channel 41 Univision, Spanish Radio and *San Antonio Express News.* Mr. Apfel will discuss SSA's online services, retirement planning, and the "Future of Social Security" at media events.

- On October 16 – 18, Commissioner Apfel will be in Seattle, WA where he will address the National Council of Social Security Management Associations and visit Social Security employees in the regional office and the Auburn Teleservice Center. Commissioner Apfel will also participate in a surplus computer donation event at the Seattle Indian Heritage School with the superintendent of Seattle Public Schools and the Washington State Superintendent of Public Instruction and participate in media interviews on the "Future of Social Security."

DEPUTY COMMISSIONER'S SCHEDULE

- On October 12, Deputy Commissioner William Halter will travel to Des Moines, IA where he will visit employees in local field offices to discuss the SSA 2010 vision and SSA's principles for service delivery in the future. Mr. Halter will also donate excess computers to local public schools and conduct media interviews on the Agency's efforts to provide services via the Internet.

OTHER SIGNIFICANT MEETINGS AND CONFERENCES

- On October 11, Ken McGill, SSA's Associate Commissioner for Employment Support Programs, will be a presenter at the National School-to-Work (STW) Conference in Washington D.C. Mr. McGill will discuss resources within SSA that support School-to-Work. The conference will draw more than 1300 people from across the country to celebrate accomplishments, motivate participants and shape the future agenda for School-to-Work.

- On October 12, Susan M. Daniels, SSA's Deputy Commissioner for Disability and Income Security Programs, will travel to Flint, MI where she will be the keynote speaker at the Employee/Employer Luncheon sponsored by the Disability Network. Participants include individuals with disabilities and employers who have been exemplary in hiring people with disabilities. The luncheon coincides with Investing in Ability Week, designated by Michigan Governor Engler and the President's Committee on the Employment of People with Disabilities. Ms. Daniels will discuss the "Ticket to Work and Work Incentives Improvement Act."

- On October 16, Susan M. Daniels, SSA's Deputy Commissioner for Disability and Income Security Programs, will be a panelist at the Seventh National Disability Statistics and Policy Forum in Washington, D.C. Ms. Daniels will speak to an audience of about 100 disability researchers, representatives of government agencies and disability rights advocates about the participation of people with disabilities in the work force. The forum is co-sponsored by the National Institute on Disability and Rehabilitation Research and the Disability Statistics Center.

- On October 16, Mike Greenberg, SSA's Deputy Associate Commissioner for Employment Support Programs, will be a presenter at the Business Women Network Leaders Summit and Market Place in Washington D.C. Mr. Greenberg will discuss the Ticket to Work legislation and how it creates new employment opportunities for people with disabilities. Over 1,100 businesswomen, leaders, corporate, media and other Federal agencies from across the U.S. and more than one hundred nations are expected to attend.

- On October 17, Ken McGill, SSA's Associate Commissioner for Employment Support Programs, will speak at the National Business and Disability Council 2000 Conference in New York, NY. Mr. McGill's will discuss "Government Initiatives to Increase Employment." Over 250 business leaders from across the country are expected to attend this conference.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Cheryl Klein to Christina Ho; RE: Personally Identifiable Information [partial] (1 page)	09/27/2000	b(6)

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Christina Ho
OA/Box Number: 21539

FOLDER TITLE:
Disability - SSA [Social Security Administration] General

2007-0143-F
db4513

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]

Klein Cheryl <klein-cheryl@dol.gov>
09/27/2000 11:36:08 AM

Record Type: Record

To: Christina S. Ho/OPD/EOP

cc:
Subject: meeting 10/5

Hi Christina,

Bill McKinnon asked me to forward this information to you for the meeting on October 5 at OEOB.

William McKinnon (b)(6)
Rebecca Ogle (b)(6)

[001]

Becky says that right now no one else comes to mind to invite other than Andrea Kane and Michelle Aronowitz. I'll let you know if Becky thinks of anyone else.

If you need more information please call (202-693-4939) or email.

Thank you,
Cherie Klein

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Social Security, Committee on Ways and Means, House of Representatives

For Release on Delivery
Expected at 10:00 a.m.
Thursday, July13, 2000

SSA DISABILITY

Other Programs May Provide Lessons for Improving Return-to-Work Efforts

Statement of Barbara D. Bovbjerg, Associate Director
Education, Workforce, and Income Security Issues
Health, Education, and Human Services Division

SSA Disability: Other Programs May Provide Lessons for Improving Return-to-Work Efforts

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss the practices of the private sector and other countries in helping people with severe disabilities return to work. Each month the Social Security Administration's (SSA) Disability Insurance (DI) program pays over $4 billion in cash benefits to people with disabilities. The DI beneficiary population has grown significantly over the past 15 years, increasing by 67 percent, while benefit payments have nearly tripled. This growth has contributed to the DI trust fund's projected insolvency in 2023. Yet, during this period of program growth, numerous technological and medical advances, combined with changes in society and the nature of work, have increased the potential for some people with disabilities to return to, or remain in, the labor force. Many beneficiaries with disabilities indicate that they want to work and be independent, and many can work if they receive the supports they need, yet fewer than one-half of 1 percent of DI beneficiaries leave the rolls each year to return to work.

The U.S. private sector, as well as other countries, has designed disability systems to help disabled workers return to work. In recent years, a growing number of private insurance companies have been focusing on developing and implementing strategies for controlling disability costs by enabling people with disabilities to return to work. Disability programs financed by social insurance systems in other countries also focus on return to work and have implemented practices similar to those in the U.S. private sector.

Today I would like to discuss how disability systems in the private sector and other countries encourage and facilitate return to work in three key areas: (1) the eligibility assessment process, (2) work incentives, and (3) staffing practices. I will describe these three elements for U.S. private sector disability insurers and for other countries' social insurance systems and compare the practices of both with those of the DI program. We are comparing these practices with those of the DI program because the work experience of the DI population is most comparable to that of employees covered under private disability insurance. However, many of the comparisons discussed would be applicable as well to SSA's other disability program, Supplemental Security Income (SSI).

To develop this information, we conducted in-depth interviews and reviewed policy documents and program data at three private sector

disability insurers: UNUMProvident, Hartford Life, and CIGNA.[1] We also interviewed program officials and other experts on the disability systems of Germany, Sweden, and The Netherlands and reviewed policy documents and studies of these programs. This work updates and expands on our previous work in this area.[2]

In summary, the disability systems of the private insurers and the countries we reviewed integrate return-to-work considerations early after disability onset and throughout the eligibility assessment process. This involves both determining—as well as enhancing—the ability of each claimant to return to work. In addition, these systems provide incentives for claimants to take part in vocational rehabilitation programs and to obtain appropriate medical treatment and for employers to provide work opportunities for claimants. Managers of these other systems also explained to us that they have developed techniques—such as separating (or "triaging") claims—to use staff with the appropriate expertise to provide return-to-work assistance to claimants in a cost-effective manner. Although these practices are common to the private sector insurers and the countries whose systems we examined, limited data exist on the cost-effectiveness of these approaches.

SSA may face greater difficulty in returning some of its beneficiaries to work than the private sector insurers, since DI covers a broader population than the private insurers. Nevertheless, opportunities exist to help disabled workers remain at or return to the work place. In recognition of these opportunities, SSA has recently begun placing greater priority on returning beneficiaries to work. Moreover, the new Ticket to Work and Work Incentives Improvement Act of 1999 (Ticket to Work Act), by expanding access to vocational rehabilitation services, is expected to enhance work incentives for people with disabilities. However, fundamental policy weaknesses in the DI program remain unchanged. As we have reported in the past, these weaknesses include an eligibility

[1]Taken together, these three insurers have experience not only in long-term, stand-alone disability insurance, but also in integrating short- and long-term disability insurance with workers' compensation and, in one instance, with health care. These insurers are also among the largest long-term disability insurers in the country, together covering about 52 percent of the long-term U.S. private disability insurance market in 1997. We focused our analysis on the population of applicants and beneficiaries whose disabilities are of such severity that they would likely qualify for SSA's disability benefits. In addition, we focused our review on private insurers' group disability insurance policies, which contain return-to-work incentives.

[2]See *SSA Disability: Return-to-Work Strategies From Other Systems May Improve Federal Programs* (GAO/HEHS-96-133, July 11, 1996).

determination process that concentrates on applicants' incapacities, an "all-or-nothing" benefits structure, and return-to-work services offered only after a lengthy determination process.

To address these policy weaknesses, we continue to believe—as we recommended in 1996—that SSA should develop a comprehensive return-to-work strategy. In developing the strategy, SSA can draw upon the experiences of other systems to identify elements of a new federal disability system that could help each individual realize his or her productive potential without jeopardizing the availability of benefits for people who cannot work. Having identified these elements, SSA would then be in a position to determine the legislative and regulatory changes needed to test and evaluate the effectiveness of these practices in the federal disability system.

Background

DI provides monthly cash benefits to workers who are unable to work because of severe long-term disability. Established in 1956, DI is an insurance program funded by payroll taxes paid by workers and their employers into a Social Security trust fund. Workers who have worked long enough and recently enough become insured for DI coverage. In addition to cash assistance, DI beneficiaries receive Medicare coverage after they have received cash benefits for 24 months. In 1999, 4.9 million disabled workers received DI cash benefits totaling about $46.5 billion, with average monthly cash benefits amounting to $755 per person.[3]

To meet the definition of disability under DI, an individual must have a medically determinable physical or mental impairment that (1) has lasted or is expected to last at least 1 year or to result in death and (2) prevents the individual from engaging in substantial gainful activity. Individuals are considered to be engaged in substantial gainful activity if they have countable earnings at or above a certain dollar level.[4] Moreover, the statutory definition specifies that, for a person to be determined to be disabled, the impairment must be of such severity that the person not only

[3]In the same year, DI also paid about $4.9 billion in cash benefits to about 1.7 million spouses and children of disabled workers.

[4]Regulations currently define substantial gainful activity (SGA) as employment that produces countable earnings of more than $700 a month for nonblind disabled individuals. The SGA level for individuals who are blind is set by statute and indexed to the annual wage index. Currently, the SGA for blind individuals is $1,170 of countable earnings. SSA deducts from gross earnings the cost of items a person needs in order to work and the value of support a person needs on the job because of the impairment before deciding if work is considered SGA.

is unable to do his or her previous work, but, considering his or her age, education, and work experience, is unable to do any other kind of substantial work that exists in the national economy. SSA pays state disability determination service (DDS) agencies to determine whether applicants are disabled. The program offers people on the DI rolls incentives that are intended to encourage beneficiaries to return to work—and, potentially, to leave the rolls. For example, the DI work incentives provide for a trial work period in which a beneficiary may earn any amount for 9 months within a 60-month period and still receive full cash and medical benefits.

Historically, SSA has given little emphasis to assisting beneficiaries in returning to work, and we have made a number of recommendations for improvement. For example, in 1996, we identified weaknesses in SSA's return-to-work efforts and recommended that SSA intervene earlier to foster a greater emphasis on assisting disabled applicants and beneficiaries in returning to the workforce.[5] We also reported that the disability determination process encourages work incapacity because applicants have a strong incentive to emphasize their limitations in order to qualify for benefits. In addition, we observed that the often lengthy and cumbersome application process may itself reinforce applicants' perceptions of their inability to work.[6]

SSA has recently begun to place higher priority on emphasizing return to work for DI beneficiaries. For example, SSA recently established the Office of Employment Support Programs to promote the employment of disabled beneficiaries. In addition, the Ticket to Work Act is expected to enhance work opportunities for people with disabilities. For example, this new act expanded eligibility for Medicare for DI beneficiaries and created a "Ticket to Work" voucher program that will allow beneficiaries a greater choice of vocational rehabilitation and employment service providers. SSA has also funded partnership agreements in 12 states that are intended to help the states develop services to increase the employment of DI beneficiaries.

[5]See GAO/HEHS-96-133, July 11, 1996.

[6]See *SSA Disability: Program Redesign Necessary to Encourage Return to Work* (GAO/HEHS-96-62, Apr. 24, 1996).

Private Disability Insurers Implement Return-to-Work Practices to Control Costs

Private insurers provide disability insurance to a selected portion of the U.S. working population. Unlike SSA, private sector insurers are able to choose the industries to which they market their policies. The characteristics of the private insurers' beneficiaries can also differ from those of SSA's beneficiaries because private insurers can allow employers who purchase their disability policies to vary coverage by type of impairment or by class of employee. For example, employers generally choose to limit coverage for mental impairments to a maximum of 24 months.[7] Employers may also choose to provide long-term disability coverage for only their white collar employees, rather than for all their employees.

The private disability insurance industry, moreover, provides benefits to many individuals who are not as severely disabled as the beneficiaries of the DI program. However, for the insurers reviewed, almost two-thirds of those receiving private long-term disability benefits also received DI benefits.[8] This group of beneficiaries, in the cases of the two insurers that provided us with comparable data, was composed of a slightly higher proportion of female and older beneficiaries than the overall DI population. All the insurers had a lower proportion of beneficiaries with mental impairments than the DI population.

Some private sector organizations have recognized the potential for reducing disability costs through an increased focus on returning people with disabilities to productive activity. To accomplish this comprehensive shift in orientation, the private disability insurers have begun developing and implementing strategies for helping claimants return to work as soon as possible, when appropriate. Although the private sector insurance companies expect a positive effect on return-to-work outcomes from these strategies, it is too early to fully measure the effect of these changes. In many cases, return-to-work processes have only recently been implemented. Moreover, although the private insurers are now including return-to-work provisions in the standard contracts that they are writing, a large number of employees are still insured under prior contracts that lack

[7]The 24-month limitation on mental impairments does not include time spent in a hospital or mental institution. Also, the three insurers vary in their descriptions of the types of mental illness that are covered under this special limitation. One insurer excludes bipolar affective disorders, psychotic disorders, and schizophrenia from this limitation. In contrast, the DI program does not have time-limited benefits for beneficiaries with mental impairments. In 1999, 26.8 percent of DI disabled workers with an available diagnosis had mental disorders.

[8]For claimants who receive both private and DI benefits, the private insurers reduce their disability payments by the amount of the DI payment.

these provisions. While the insurers could not provide us with comprehensive cost-effectiveness studies, their initial return-to-work rates are promising. The private insurers reported that, in 1999, between 2 and 3 percent of their long-term disability beneficiaries who also received DI benefits returned to work or were terminated from the private sector disability benefit rolls because they were assessed as having the capacity to work.

Other Countries Also Invest in Return-to-Work Efforts

In contrast to the private sector, which covers a selected portion of the U.S. working population, the experiences of Germany, Sweden, and The Netherlands show that return-to-work strategies are applicable to a population with a wide range of work histories, job skills, and disabilities. However, these disability systems operate in a somewhat different social and political context than the DI program. For example, public health care programs in these countries ensure that the retention of health insurance is not an issue in a worker's decision on whether to apply for benefits, participate in rehabilitation, or attempt returning to work. In addition, disability systems in these countries offer short-term as well as long-term benefits, which provides an important basis for comprehensive disability case management.

The social insurance disability programs in these countries have invested in return-to-work efforts and have implemented practices similar to those in the U.S. private sector. While the German social insurance system has had a long-standing focus on the goal of "rehabilitation before pension," the reorientation of Sweden and The Netherlands toward a return-to-work focus has occurred mostly within the past decade. Although rigorous studies demonstrating the cost-effectiveness of German, Swedish, or Dutch programs generally do not exist, some limited studies and data indicate positive results from the return-to-work approach in these disability insurance systems.[9]

[9]For example, a 1990-92 study of certain return-to-work practices used by Sweden's social insurance offices concluded that social insurance costs had been reduced by returning people to the workplace sooner. Practices assessed included early screening and contact with disabled individuals.

The Eligibility Assessment Process Integrates Return-to-Work Considerations Throughout

All the private disability insurers and the countries we reviewed have developed an eligibility process that includes assessing and enhancing the ability of claimants to work throughout the process. To enable claimants to return to work as quickly as possible, insurers incorporate return-to-work considerations early in the assessment process and throughout a customized evaluation of each claimant's initial and continuing eligibility for benefits. In contrast, SSA's return-to-work efforts occur after its eligibility assessment process. (See table 1.)

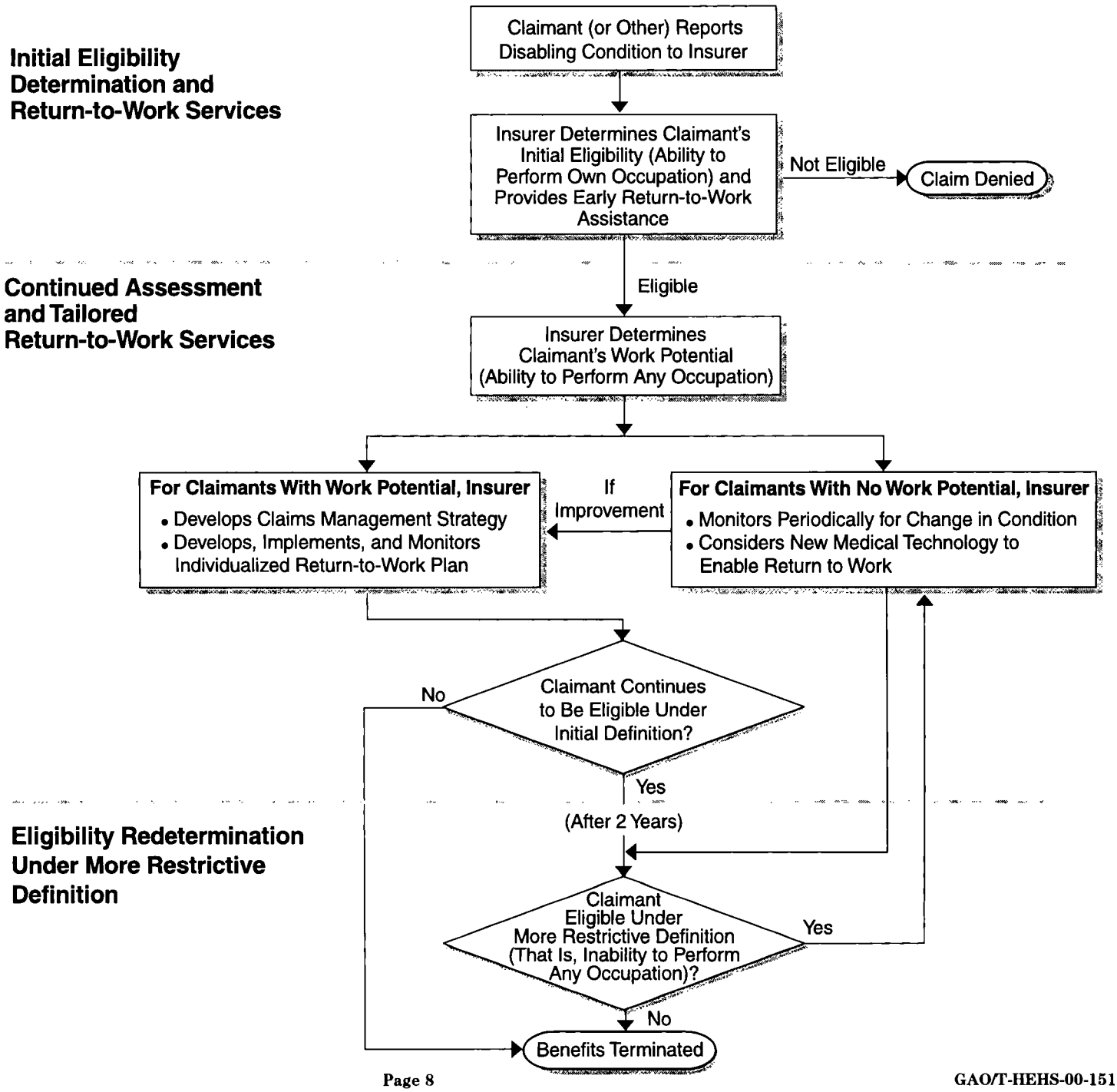
Table 1: Comparison of Eligibility Assessment Process Features of Private Insurers and Other Countries With Those of SSA

Process feature	Private insurers and other countries	SSA
Disability definition	Definition of disability shifts over specified time period from less to more restrictive, recognizing the possibility of improvement in the capacity to work through provision of supports and services, such as retraining.	"All-or-nothing" definition characterizes individuals as either unable to work or having the capacity to work.
Early intervention	Intervention occurs soon after disability onset to identify return-to-work needs.	There is a long delay in providing services because only individuals who have been awarded benefits—following an often lengthy assessment process—are eligible for return-to-work services.
Ongoing assessment of work potential	Work capacity is periodically monitored and reassessed, focusing on returning those with work potential to work.	There is no integration of return-to-work considerations into either the initial or the continuing eligibility assessment process.

Private Insurers Incorporate Return-to-Work Efforts From the Beginning of the Assessment Process

All the private insurers we observed incorporate return-to-work considerations early in the assessment process to assist claimants in their recovery and in returning to work as soon as possible. With the initial reporting of a disability claim, these insurers, when appropriate, immediately set up the expectation that the claimant will return to work. The insurers' process for assessing and assisting a claimant's ability to work is illustrated in figure 1.

Figure 1: Private Disability Insurers' Eligibility Assessment Process



After receiving a claim, the private insurers' assessment process begins with determining whether the claimant meets the initial definition of disability. In general, for all the private sector insurers we studied, claimants are considered disabled when, because of injury or sickness, they are limited from performing the essential duties of their own occupation, and they earn less than 60 to 80 percent of their predisability earnings, depending upon the particular insurer.[10] As part of determining whether the claimant meets this definition, the insurers compare the claimant's capabilities and limitations with the demands of his or her own occupation and identify and pursue possible opportunities for accommodation—including alternative jobs or job modifications—that would allow a quick and safe return to work. A claimant may receive benefits under this definition of disability for up to 2 years.[11]

As part of the process of assessing eligibility according to the "own occupation" definition, insurers directly contact the claimant, the treating physician, and the employer to collect medical and vocational information and initiate return-to-work efforts, as needed. Insurers' contacts with the claimant's treating physician are aimed at ensuring that the claimant has an appropriate treatment plan focused, in many cases, on timely recovery and return to work. Similarly, early contact with the claimant's employer is used to encourage the employer to make accommodations for claimants with the capacity to work.

If the insurers find the claimant initially unable to return to his or her own occupation, they provide cash benefits and continue to assess the claimant to determine if he or she has any work potential. For those with work potential, the insurers focus on return to work before the end of the 2-year period when, for all the private insurers we studied, the definition of disability becomes more restrictive: after 2 years, the definition shifts from

[10]The private insurers generally define one's "own occupation" as the occupation a person is routinely performing at onset of disability. They generally assess how the claimant's own occupation is performed in the national economy, rather than how the work is performed for a specific employer or at a specific location. Two insurers have expanded their "own occupation" definition of disability to include a reasonable alternative position. These insurers require that a claimant who is judged able to do so accept a reasonable alternative position—a job in the same general location offered by the claimant's current employer—or risk losing cash benefits. The claimant must be qualified to perform this alternative position—which must pay the claimant more than 60 to 80 percent of predisability earnings, depending upon the insurer—given his or her education, training, or experience.

[11]Our review of group disability insurance policies focused on those with an "own occupation" definition of disability that changes to an "any occupation" definition after 2 years.

an inability to perform one's own occupation to an inability to perform any occupation for which the claimant is qualified by education, training, or experience. Claimants may be found ineligible for benefits under the more restrictive definition.[12]

The private insurers' shift from a less to a more restrictive disability definition after 2 years reflects the changing nature of disability and allows a transitional period for insurers to provide financial and other assistance, as needed, to help claimants with work potential return to the workforce. During this 2-year period, the insurer attempts to determine the best strategy for managing the claim. Such strategies can include, for example, helping plan medical care or providing vocational services to help claimants acquire new skills, adapt to assistive devices to increase functioning, or find new positions. For those requiring vocational intervention to return to work, the insurers develop an individualized return-to-work plan, as needed. Basing the continuing receipt of benefits upon a more restrictive definition after 2 years provides the insurer with leverage to encourage the claimant to participate in a rehabilitation and return-to-work program. Indeed, the insurers told us that they find that claimants tend to increase their efforts to return to work as they near the end of the 2-year period.

If the insurer initially determines that the claimant has no work potential, it regularly monitors the claimant's condition for changes that could increase the potential to work and reassesses after 2 years the claimant's eligibility under the more restrictive definition of disability. In addition, the insurer looks for opportunities to assist these claimants when changes in medical technology, such as new treatments for cancer or AIDS, may enable them to work.

The private insurers that we reviewed told us that they customize their assessment and enhancement of a claimant's ability to work throughout the duration of the claim. To do this, disability insurers use a wide variety of tools and methods when needed. Some of these tools, as shown in tables 2 and 3, are used to help ensure that medical and vocational

[12]The private insurers generally use the same "own occupation" definition for short- and long-term disability benefits. However, in the case of long-term benefits, the definition shifts to the "any occupation" definition after 2 years. When applying the "any occupation" definition, private insurers generally try to identify several occupations that exist locally that could provide a sufficient salary for the claimant. However, the insurer is obligated only to identify occupations with a sufficient salary in the national economy and not to find specific job openings or place the claimant in a new position.

information is complete and as objective as possible. For example, insurers consult medical staff and other resources to evaluate whether the treating physician's diagnosis and the expected duration of the disability are in line with the claimant's reported symptoms and test results. Insurers may also use an independent medical examination or a test of basic skills, interests, and aptitudes to clarify the medical or vocational limitations and capabilities of a claimant. In addition, insurers identify transferable skills to compare the claimant's capabilities and limitations with the demands of the claimant's own occupation. This method is also used to help identify other suitable occupations and the specific skills needed for these new occupations when the claimant's limitations prevent him or her from returning to a prior occupation. Included in these tools and methods are services to help the claimant return to work, such as job placement, job modification, and retraining.

Table 2: Tools and Methods Used to Provide Medical Assessment

Task	Tools and methods
Assess diagnosis, treatment, and duration of the impairment and begin developing a treatment plan focused on returning the claimant to work promptly and safely.	Consultation of medical staff and other resources, including current medical guidelines describing symptoms, expected results from diagnostic tests, expected duration of disability, and treatment
Assess the claimant's cognitive skills.	Standardized mental tests
Validate the treating physician's assessment of the impairment's effect on the claimant's ability to work and the most appropriate treatment and accommodation.	Review of the claimant's file, generally by a nurse or a physician who is not the claimant's treating physician
Verify diagnosis, level of functioning, and appropriateness of treatment.	Independent medical examination of the claimant by a contracted physician
Evaluate the claimant's ability to function, determine needed assistance, and help the claimant develop an appropriate treatment plan with the physician.	Home visits by a field nurse or investigator or accompanied doctor visits
Assess the claim's validity.	Home visits and interviews with neighbors or others who have knowledge of the claimant's activities

Table 3: Tools and Methods Used to Provide Vocational Assessment and Assistance

Task	Tools and methods
Identify transferable skills, validate restrictions on and capabilities for performing an occupation, and identify other suitable occupations and retraining programs.	-- Test basic skills, such as reading or math. -- Determine interests and aptitudes. -- Evaluate functional capacities associated with an occupation, such as lifting, walking, and following directions. -- Compare functional capacities, work history, education, and skills with the demands of an occupation.
Enhance work capabilities and help develop job-seeking skills.	-- Provide resume preparation, development of job-seeking skills, and help with job placement. -- Assist in obtaining physical, occupational, or speech therapy and access to employee assistance, support groups, or state agency vocational rehabilitation or other community services. -- Identify and fund on-the-job training or other educational courses.
Assess ability to perform own or any occupation, assess potential for accommodation, and determine whether sufficient salary is offered locally or nationally for a suitable occupation.	-- Observe and analyze the essential duties of the claimant's own occupation, another occupation for the same employer, or an occupation of a prospective employer. -- Determine the general availability and salary range of specified occupations. Identify for a specified occupation the potential employers and related job descriptions, salary range, and openings.
Reaccustom claimant to a full work schedule and enable claimant to overcome impairment and return to work.	-- Provide work opportunities for the claimant to gradually resume his or her job duties. -- Procure devices to assist with work or otherwise help to modify the job.

Other Countries Also Provide Return-to-Work Assistance Early After Disability Onset and Throughout the Assessment Process

The countries we studied also begin assessing return-to-work needs soon after the onset of a disabling condition and integrate return-to-work assistance that is tailored to meet individual needs throughout the assessment process. These countries also provide short-term benefits on the basis of a person's inability to perform his or her current job because of illness or injury. These short-term disability benefits—which may be granted for a year or more—are similar to the private insurers' provision of benefits during the 2-year "own occupation" period of disability in that they provide a transitional period for assessing an individual's work potential and providing treatment and rehabilitation.

For example, German laws and policies require that all applicants for disability benefits be evaluated for rehabilitation and return to work. Based on the principle that intervention should occur at the earliest

possible stage of disability to minimize the degree and effect of the impairment, intervention in Germany often begins when the health insurance agency urges a disabled worker receiving short-term benefits to apply for medical rehabilitation. In addition, vocational counselors often discuss rehabilitation and return-to-work plans with disabled workers while they are still in the hospital. The social insurance office then evaluates the person's capacity to work and, if necessary, refers the applicant to vocational rehabilitation or other types of return-to-work services and assistance. These return-to-work measures may include assistance in retaining or obtaining a job or in selecting an occupation. They may also involve providing basic training or retraining to prepare for an occupation and developing workplace accommodations. As long as the person continues to receive short-term disability benefits, the social insurance office will monitor the case and periodically reassess the person's work capacity and need for return-to-work assistance. The office will award long-term disability benefits only after it determines that a person's earning capacity cannot be restored through return-to-work interventions.

Under Swedish laws and policies, both the private and public sectors are responsible for the early identification of candidates for rehabilitation and return to work. After an employee has been on sick leave for 4 weeks, employers are responsible for determining whether the employee needs some type of rehabilitation and are required to report this information to the social insurance office. Social insurance offices closely monitor the use of short-term benefits and intervene when employers disregard their early intervention responsibilities.[13] The social insurance office then begins the process of determining whether the person will need vocational rehabilitation to return to work. The office arranges for an assessment of the disabled employee's rehabilitation needs and works with the employer and employee to develop a rehabilitation plan. Rehabilitation in Sweden is not meant to be a lengthy process, but rather a short, intensive period of medical and vocational training to help the individual return to work as soon as possible. As in Germany, the social insurance offices in Sweden periodically monitor and reassess the rehabilitation needs of individuals receiving short-term disability benefits and, after the first year of benefits, consider granting long-term benefits if the person's rehabilitation potential has not improved.

[13]Social insurance offices in Sweden have no mechanisms or sanctions to force employers to comply with their rehabilitation responsibilities. We reported in 1996 that, according to social insurance office surveys, employers do not arrange for rehabilitation examinations in about 40 to 50 percent of the cases.

In The Netherlands, the employer has had increasing responsibility for efforts to return the employee to his or her current job or a comparable job within the company since the mid-1990s. This shift of responsibility from the public to the private sector is intended to encourage greater responsibility on the part of employers in the prevention and prompt amelioration of employee health impairments. Under this policy, within about 3 months of the onset of the disability, the employer must submit to the social insurance agency a preliminary plan to return the disabled worker to the workforce. A final plan must be submitted within about 9 months. If the employer determines that the disabled worker cannot return to the workplace, or if the disabled worker has not returned to work after 1 year of receiving short-term benefits, the social insurance agency assesses the person's condition to determine eligibility for long-term disability benefits. The assessment involves evaluations of the applicant's physical and mental capabilities, which are then matched against different occupations to determine whether the person is capable of performing any work.

SSA Does Not Incorporate Return-to-Work Efforts Into Its Eligibility Assessment Process

Unlike the private sector and foreign countries, SSA does not integrate efforts to return individuals to work into either its initial or continuing eligibility assessment process. To be considered initially eligible for DI benefits, applicants must meet the Social Security Act's definition of disability—an "all-or-nothing" definition that characterizes individuals as either unable to work or having the capacity to work.[14] Because the result of the decision is either full award or denial of cash benefits, applicants have a strong incentive to emphasize their limitations to establish their inability to work and a disincentive to demonstrate any capacity to work. The act's definition of disability—under which a person is unable to do any substantial work in the national economy—is comparable to the private sector's most restrictive definition.

[14]There are also distinct differences between the methods used by SSA and the private insurers to determine a level of earnings beyond which an individual no longer qualifies for benefits. SSA regulations, on one hand, apply a standard level of countable monthly income for all people other than the blind (currently $700), regardless of predisability earnings. In contrast, the private insurers we studied establish an individualized level that is a proportion of each person's predisability earnings. For disabled beneficiaries with high predisability earnings, the private sector's individualized level represents a much greater incentive to work than does SSA's standard level. However, the private sector's individualized level may provide less of a barrier to qualify for benefits and thus may encourage more people to apply for disability benefits.

In recent years, SSA has piloted numerous initiatives to redesign and thereby improve its disability determination process. But while an internal SSA evaluation recently recommended that the agency "create an awareness and attitudinal change to accept employment support as a core SSA mission," the agency has not yet integrated return-to-work considerations into its efforts to redesign its disability determination process.[15] Moreover, the recently enacted Ticket to Work Act was intended to increase beneficiary access to vocational services but does not change the point in the process at which beneficiaries may receive assistance. Only those individuals who have met the Social Security Act's definition of disability and are approved for DI benefits will, under the Ticket to Work Act, receive a ticket entitling them to receive return-to-work services. There can be a long delay in receiving services: SSA's eligibility determination process ranges up to 18 months or longer for individuals who are initially denied benefits and who then appeal. Since many applicants have been unemployed before applying and remain unemployed during the eligibility determination process, it is likely that their skills, work habits, and motivation to work deteriorate during this wait, thus decreasing their readiness to work.[16] However, the Ticket to Work Act authorizes SSA to carry out a demonstration project to test the advantages and disadvantages of earlier referral of applicants and beneficiaries for rehabilitation.[17] SSA may also gain additional insights into early intervention approaches through its funding of demonstration projects in 12 states.[18]

[15]Social Security Administration, *Employment Support Concept Development Plan*, Apr. 12, 1999.

[16]See GAO/HEHS-96-62, Apr. 24, 1996.

[17]SSA has not yet designed such a project, and it is unclear how early SSA will be intervening after onset of disability in this demonstration.

[18]For example, one state is testing the provision of short-term vocational services to DI applicants with recent work histories, with an emphasis on early intervention and quick employment.

Other Systems Provide Incentives for Claimants and Employers to Encourage and Facilitate Return to Work

To facilitate return to work, all of the insurers and the countries we studied employ incentives both for claimants to participate in vocational activities and receive appropriate medical treatment, and for employers to accommodate claimants. For claimants who could benefit from vocational rehabilitation, insurers and the countries we studied require participation in an individualized return-to-work program. They alsoprovide financial incentives to promote claimants' efforts to become rehabilitated and return to work. To better ensure that medical needs are met, the insurers and the countries we studied require that claimants receive appropriate medical treatment and assist them in receiving this treatment. In addition, they provide financial incentives to employers to encourage them to provide work opportunities for claimants. Although these practices are common to the private sector insurers and the countries we examined, limited data exist to determine whether these incentives for claimants and employers yield positive outcomes. In contrast to the practices of other systems, the Ticket to Work Act makes participating in rehabilitation and return-to-work services voluntary for DI beneficiaries. In addition, under law and SSA regulations, receiving appropriate medical treatment is not a prerequisite for award or continuing receipt of DI benefits. Moreover, DI applicants and beneficiaries may not have access to appropriate medical care.

Private Insurers Offer Incentives to Claimants and Employers to Promote Return to Work

All the private insurers we reviewed require claimants who could benefit from vocational rehabilitation to participate in a customized program or risk loss of benefits. As part of this program, the return-to-work plan for each claimant can include, for example, adaptive equipment, modifications to the work site, or other accommodations. All the private insurers mandate the participation of claimants whom they believe could benefit from rehabilitation, because they believe that voluntary compliance has not encouraged sufficient claimant participation in these plans.[19].

These insurers also make special financial incentives available to claimants who participate in rehabilitation programs, as appropriate. All insurers may defray costs associated with rehabilitation, such as child care expenses. For example, one insurer may pay $250 a month per child, up to $1,000 per month. This insurer also increases claimants' benefit payments

[19]Although claimants may be involved in the development of the individualized rehabilitation plans, the insurers make the final decision as to the types of rehabilitation services claimants will receive.

by 10 percent, up to a maximum of $1,000 a month, for those who participate in rehabilitation.

In addition, all of the insurers told us that they encourage rehabilitation and return to work by allowing claimants who work to supplement their disability benefit payments with earned income.[20] During the first 12 or 24 months of receiving benefits, depending upon the particular insurer, claimants who are able to work can do so to supplement their benefit payment and thereby receive total income of up to 100 percent of predisability earnings.[21] After this period, if the claimant is still working, the insurers decrease the benefit amount so that the total income a claimant is allowed to retain is less than 100 percent of predisability income.

However, when a private insurer determines that a claimant is able, but unwilling, to work, the insurer can reduce or terminate the claimant's benefits. Moreover, to encourage claimants to work to the extent they can, even if only part-time, two of the insurers may reduce a claimant's benefit by the amount the claimant would have earned if he or she had worked to maximum capacity. One insurer uses the claimant's physician or three independent experts qualified to evaluate the claimant's condition to determine a claimant's maximum capacity to work. One of the insurers may also reduce a claimant's monthly benefit during the first year by the amount that the claimant could have earned if he or she had not refused a reasonable job offer—that is, a job that was consistent with the claimant's background, education, and training. Claimants' benefits may also be terminated if claimants refuse to accept a reasonable accommodation that would allow them to work. For example, if a claimant with impaired vision refuses the offer of a large-screen terminal that would allow the claimant to work, the insurer can terminate his or her benefits.

[20]The private disability insurers we reviewed told us that their benefits generally replace 60 percent of predisability earnings, depending upon the insurer.

[21]To illustrate, assume that Ms. Jones is a claimant with predisability earnings of $1,000 per month and an insurance policy that replaces 60 percent of her predisability earnings. She is currently not working. Under this scenario, her income would be limited to $600 per month in disability benefits. However, if she returned to work, even part-time, she would have the opportunity to increase her total income to 100 percent of her predisability earnings or, in this instance, $1,000. If she returned to work and earned $500 per month, the insurer would reduce her benefit payment from $600 to $500 per month, so that her combined earnings and benefit payment would provide a total monthly income equal to her predisability income of $1,000.

Since medical improvement or recovery can also enhance claimants' ability to work, the private insurers we studied not only require, but also help, claimants to obtain appropriate medical treatment. To maximize medical improvement, private insurers require that the claimant's physician be qualified to treat the particular impairment. Additionally, two insurers require that treatment be provided in conformance with medical standards for type and frequency. Moreover, to help ensure that a claimant is receiving appropriate treatment, the insurers' medical staff work with the treating physician as needed to ensure that the claimant has an appropriate treatment plan. The insurers may also provide funding for those who cannot otherwise afford treatment.

All private sector insurers we studied may also provide financial incentives to employers to encourage them to provide work opportunities for claimants. By paying for accommodations and offering lower insurance premiums to employers, private insurers encourage employers to become partners in returning disabled workers to productive employment. For example, to encourage employers to adopt a disability policy with return-to-work incentives, all the insurers offer employers a discounted insurance premium that they can continue to receive if their disability caseload declines to the level expected for those companies that assist claimants in returning to work. To this end, these insurers fund accommodations, as needed, for disabled workers at the employer's work site. [22]

Other Countries Also Provide Incentives to Claimants and Employers to Encourage Return to Work

Germany and Sweden also require participation in rehabilitation. Individuals there may be denied benefits for not participating in rehabilitation when it is recommended by the social insurance offices. Both these countries, as well as The Netherlands, also provide financial incentives to encourage participation in rehabilitation. For example, they provide supplementary benefits to cover rehabilitation-related expenses, such as transportation and housing costs and the cost of educational

[22]Educating employers about the size and extent of disability costs is an important element in motivating the employer to promote efforts to return claimants to work. For example, private insurers educate employers about the direct and indirect costs of not controlling lost time associated with disability, which was estimated by one insurer to be 4 to 6 percent of an employer's payroll.

courses, books, and study aids.[23] Germany and Sweden also offer transitional work opportunities that enable people with disabilities to return to work part-time while earning disability benefits. These individuals can gradually increase their daily work hours, and thus their earnings, until they reach their maximum work capacity, with a corresponding decrease in benefits.[24] Similarly, The Netherlands provides a supplemental wage to beneficiaries who work, allowing them to earn a wage equal to their predisability earnings. The countries we studied also provide appropriate medical treatment and rehabilitation services to disabled individuals, and social insurance offices in Germany and Sweden may terminate the disability benefits of individuals who refuse to follow such medical recommendations.

In addition, Germany, Sweden, and The Netherlands provide financial assistance to employers for the purchase of workplace accommodations needed by disabled employees. For example, such assistance may pay for technical aids, special staff or personal assistants to help a disabled worker perform various work functions, or adaptations of the work environment to meet the special needs of a disabled worker. These countries also offer financial incentives for the employment of disabled individuals by subsidizing the wages that employers pay them. Wage subsidies are provided for a time-limited period of 3 to 4 years, with the amount of the subsidy declining each year.[25] Furthermore, in The Netherlands, employers have an additional incentive to assist employees in returning to work because the employers' contributions to the disability insurance fund are partially determined by the number of their employees who became disabled in the prior year.

[23]Germany and Sweden also promote disabled workers' efforts to return to work by providing them with financial assistance to purchase technical aids; workplace adaptations; and other work-related needs, such as personal assistants or payment of transportation costs. Additionally, Sweden provides grants to subsidize the purchase or modification of a vehicle if it is considered necessary for vocational training or for traveling to work.

[24]In Sweden, individuals with reduced work capacity may work full-time and still take part in the transitional work program.

[25]In Sweden, wage subsidies may be maintained at the same level and extended beyond the 4-year period if authorities determine it is appropriate.

SSA's Return-to-Work Incentives Are More Limited Than Those Used in Other Systems

In contrast to the private sector and the countries we studied, SSA's disability programs do not require rehabilitation for beneficiaries, regardless of their capacity to work. Instead, the recently enacted Ticket to Work Act establishes a voluntary system that depends upon the beneficiary's motivation to pursue rehabilitation services. Thus, a beneficiary who could benefit from rehabilitation might not choose to seek such services. Further, in contrast to the private sector requirement that an individual work to his or her maximum capacity, the Social Security Act does not have such a requirement, which may act as a disincentive to work. In particular, beneficiaries with low earnings may find it more financially advantageous to periodically stop working, or work part-time and continue to receive disability payments, than to earn more than SSA's limit of $700 a month in countable income and lose all cash benefits after completing a trial work period. In recognition of the potential work disincentive from this all-or-nothing benefit structure, the Ticket To Work Act requires SSA to conduct demonstration projects under which benefits are reduced by $1 for each $2 of a beneficiary's earnings above a level determined by SSA.

SSA also differs from the private sector and the countries we studied in requiring medical treatment. The Social Security Act, along with SSA regulations, requires that benefits be denied when an individual fails, without good cause, to follow treatment prescribed by his or her physician.[26] However, if an applicant is not receiving treatment, SSA still assesses the applicant's eligibility for benefits and—if the applicant qualifies—awards benefits, even if the applicant would not qualify for benefits if treated. And unless medical treatment is prescribed, it is not a prerequisite for continued receipt of benefits once they have been awarded. Indeed, SSA found in 1999 that some beneficiaries with affective disorders—who constitute one of the fastest-growing groups on the DI rolls—were receiving no medical treatment. However, SSA has recently begun a demonstration project to determine whether providing access to the right medical treatment for beneficiaries with affective disorders will

[26]For benefits to be denied, treatment must be prescribed by the individual's treating physician (the licensed physician who attends to an individual's medical needs). When an individual has no attending physician, the treating physician is the hospital or clinic where the individual goes for medical care.

enable them to return to work.[27] Nevertheless, access to medical treatment may be limited for many DI applicants and beneficiaries.[28]

In contrast to the private sector and The Netherlands, SSA does not have the legal authority to use financial incentives to encourage employers to assist those with disabilities to return to work, thus limiting the agency's ability to influence employers. SSA, however, is currently funding demonstration projects in 12 states to develop ways to increase employment of DI beneficiaries and other people with disabilities and is looking to employers for help. For example, a goal of one state project is to solicit employer views on barriers to hiring DI beneficiaries and identify strategies for, and educate employers about, increasing employment opportunities for DI beneficiaries. In addition, the federal government provides tax incentives, and states may provide other assistance to employers to encourage them to return people with disabilities to work.[29]

[27]In addition, many beneficiaries with affective disorders were not being treated by mental health professionals. Yet, research suggests that as many as 60 percent of affective disorder cases can be controlled with appropriate treatment, and SSA believes that providing appropriate medical treatment to beneficiaries with affective disorders could help them return to work. Outside of the ongoing demonstration project, SSA does not routinely intervene in the delivery of medical services for its beneficiaries.

[28]DI applicants may not be covered by health insurance. In addition, new DI beneficiaries have a 24-month waiting period before Medicare eligibility. Moreover, Medicare generally does not cover the costs of certain treatment—such as prescription drugs—that may be necessary to improve functioning for a return to work.

[29]For example, small businesses may take an annual tax credit for a variety of costs incurred in providing employee accommodations, such as readers, sign language interpreters, and adaptive equipment. Also, all businesses may take an annual deduction for the expense of removing physical, structural, and transportation barriers to disabled workers. Further, state vocational rehabilitation agencies can provide various services to employers, such as rehabilitation engineering services for architectural barrier removal and work site modifications.

Other Systems Strive to Use Appropriate Staff to Achieve Accurate Disability Decisions and Successful Return-to-Work Outcomes

Officials of each of the disability insurers and countries that we studied told us that they have developed techniques for using the right staff to assess eligibility for benefits and return those who can to work. Both the insurers and the countries have access to individuals with a range of skills and expertise. Moreover, officials told us that they selectively apply this expertise as appropriate to cost-effectively assess and enhance claimants' capacity to work. In contrast, SSA's DDS teams of medical and psychological consultants and disability examiners are hired and trained to assess eligibility of applicants to receive cash benefits rather than to enhance claimants' capacity to work. As a result, the staff of SSA and the DDSs do not have the expertise to carry out the role of returning disabled workers to productive employment.

Private Insurers Seek to Use Appropriate Staff to Assess Eligibility and Provide Return-to-Work Services

Each of the private disability insurers that we studied has access to multidisciplinary staff with a wide variety of skills and experience who can assess claimants' eligibility for benefits and provide needed return-to-work services to enhance the work capacity of claimants with severe impairments. The private insurers' core staff generally include claims managers, medical experts, vocational rehabilitation experts, and team supervisors.[30] The insurers explained that they set hiring standards to ensure that these multidisciplinary staff are highly qualified. Such qualifications are particularly important because assessments of benefit eligibility and work capacity can involve a significant amount of professional judgment when, for example, a disability cannot be objectively verified on the basis of medical tests or procedures or clinical examinations alone.[31] Table 4 describes the responsibilities of this core staff of experts employed by private disability insurers, as well as its general qualifications and training.

[30]The insurers also employ disability income specialists to assist claimants in applying for DI benefits.

[31]According to one insurer, disabilities with subjective diagnoses include certain types of mental illness, fibromyalgia, chronic pain (often back pain), and chronic fatigue syndrome.

Table 4: Responsibilities and Qualifications of Staff Employed by Disability Insurers to Assess and Enhance a Claimant's Work Potential

Type of staff	Responsibilities	Qualifications and training
Claims managers	-- Determine disability benefit eligibility. -- Develop, implement, and monitor an individualized claim management strategy. -- Serve as primary contact for the claimant and the claimant's employer. -- Focus on facilitating the claimant's timely, safe return to work. -- Coordinate the use of expert resources.	One insurer gives preference to those with a college degree and requires insurance claims experience and specialized training and education. Another requires a college degree, a passing grade on an insurer-sponsored test, and specialized training and coaching.
Medical and related experts[a]	-- Collect and evaluate medical and functional information about the claimant to assist in the eligibility assessment and help to ensure that claimants receive the appropriate medical care to enable them to return to work. -- At one insurer, physicians also help train company staff.	Medical staff include registered nurses with case management or disability-related experience and experts in behavioral and mental issues, such as psychologists, experienced psychiatric nurses, and licensed social workers. Two insurers also employ board-certified physicians in various specialties.[b]
Vocational rehabilitation experts	-- Help assess the claimant's ability to work. -- Help overcome work limitations by identifying needed assistance, such as assistive devices and additional training, and ensuring that it is provided.	Rehabilitation experts are masters-level vocational rehabilitation counselors. In addition, one insurer requires board-certification and 5 years of experience.
Supervisors	-- Provide oversight, mentoring, and training.	One insurer gives preference to those with a college degree and requires 3 years' disability experience, some management experience, and specialized training. Another insurer requires a college degree, more than 12 years' disability claims experience, and completion of courses leading to a professional designation.

[a]In one company, the medical expert is an employee of a company subsidiary but is often colocated with the insurers' employees.

[b]One company, for example, employs 85 part- and full-time physicians, including psychiatrists, doctors of internal medicine, orthopedists, family practice physicians, cardiologists, doctors of occupational medicine, and neurologists.

The disability insurers we reviewed use various strategies for organizing their staff to focus on return to work, with teams organized to manage claims associated either with a specific impairment type or with a specific employer (that is, the group disability insurance policyholder). One insurer organizes its staff by the claimant's impairment type—for example, cardiac/respiratory, orthopedic, or general medical—to develop in-depth staff expertise in the medical treatments and accommodations targeted at overcoming the work limitations associated with a particular impairment. The other two insurers organize their staff by the claimant's employer, because they believe that this enables them to better assess a claimant's job-specific work limitations and pursue workplace accommodations,

including alternative job arrangements, to eliminate these limitations.[32] Regardless of the overall type of staff organization, each of the insurers facilitates the interaction of its core staff—claims managers, medical experts, and vocational experts—by pulling these experts together into small, multidisciplinary teams responsible for managing claims. Additionally, one insurer engenders team interaction by physically colocating core team members in a single working area.

The disability insurers expand their core staff through agreements or contracts with subsidiaries or other companies to provide a wide array of needed experts. These experts—deployed both at the insurer's work site and in the field—provide specialized services to support the eligibility assessment process and to help return claimants to work. For instance, each insurer we studied contracts with medical experts beyond its core employee staff—such as physicians, psychologists, psychiatrists, nurses, and physical therapists—to help test and evaluate the claimant's medical condition and level of functioning. In addition, the insurers contract with vocational rehabilitation counselors and service providers for various vocational services, such as training, employment services, and vocational testing.[33]

All of the private insurers we examined told us that they strive to apply the appropriate type and intensity of staff resources to cost-effectively return to work claimants with work capacity. The insurers described various techniques that they use to route claims to the appropriate claims management staff, which include separating (or "triaging") claimants with work potential and directing their claims to staff with the appropriate expertise. According to one insurer, the critical factor in increasing return-to-work rates and, at the same time, reducing overall disability costs is proper triaging of claims. In general, the private insurers separate claims by those who are likely to return to work and those who are not expected to return to work. The insurers told us that they assign the type and

[32]All three insurers, however, have behavioral care specialists specifically for managing psychiatric claims.

[33]Two insurers also contract with investigators and surveillance personnel to investigate potential inconsistencies between the claimant's statements and actual activities. One company employs field-based investigators who verify claimant information and assess the conformance of the claim to observed claimant activities. These investigators usually have prior investigative experience and receive ongoing training on current medical issues and other professional education.

intensity of staff necessary to manage claims of people who are likely to return to work on the basis of the particular needs and complexity of the specific case. This selective staff assignment is shown in table 5.

Table 5: Triage of Claims and Illustrations of Selective Staff Assignment for Claims Management

Triage category	Staff assigned	Types of return-to-work services provided
Likely to return to work		
-- Condition requires medical assistance and more than 1 year to stabilize medically.	Medical specialist	-- Recommend improvements in treatment plan to treating physician. -- Refer claimant for more specialized or appropriate medical services. -- Ensure frequency of treatment meets standards for condition.
-- Condition requires less than a year to stabilize.	Claims manager	-- Monitor medical condition. -- Maintain contact with employer and physician to ensure return to work. -- Obtain input from medical and vocational specialists as needed.
-- Condition is stabilized and claimant needs rehabilitation or job accommodation to return to work.	Multidisciplinary team including -- Vocational expert -- Medical expert -- Claims specialist -- Specialists as needed	-- Evaluate claimant's functional abilities for work. -- Customize return-to-work plan. -- Arrange for needed return-to-work services. -- Monitor progress against expected return-to-work date.
Unlikely to return to work		
-- Claimant is determined unable to return to work.	Claims manager	-- Review medical condition and level of functioning regularly.

As shown in table 5, claimants expected to need medical assistance, such as those requiring more than a year for medical stabilization, are likely to receive an intensive medical claims management strategy. A medical strategy involves, for example, ensuring that the claimant receives appropriate medical treatment. Claimants who need less than a year to stabilize medically are managed much less intensively. For these claims, a claims manager primarily monitors the claimant's medical condition to assess whether the claimant has stabilized sufficiently medically to begin vocational rehabilitation, if appropriate. Alternatively, claimants with a more stable, albeit serious, medical condition who are expected to need vocational rehabilitation, job accommodations, or both to return to work might warrant an intensive vocational strategy. The private disability insurers generally apply their most resource-intensive, and therefore most expensive, multidisciplinary team approach to these claimants. Working closely with the employer and the attending physician, the team actively pursues return-to-work opportunities for claimants with work potential.

Finally, claimants who are likely not to return to work (or "stable and mature" claims) are generally managed using a minimum level of resources, with a single claims manager responsible for regularly reviewing a claimant's medical condition and level of functioning.[34] The managers of these claims carry much larger caseloads than managers of claims that receive an intensive vocational strategy. For example, one insurer's average claims manager's caseload for these stable and mature claims is about 2,200 claims, compared with an average caseload of 80 claims in the same company for claims managed more actively.

Regardless of the category into which a claim is placed, the claims manager is responsible for identifying the appropriate experts and involving them in the management of the claim as an essential element of developing and implementing a customized claims management strategy. The claims manager may informally use the assistance of experts or hold an interdisciplinary team meeting, including clinical and rehabilitation experts, to obtain advice on developing the claims management strategy and help in determining which specialized experts need to be deployed to manage the claim. Further, if the claims manager refers the claim to a specialist, that specialist may determine that additional expertise is required as well. But the insurers told us that they escalate a claim to staff with progressively more training and specialization, and thus higher cost, only if needed to resolve increasingly complex claims management issues. To ensure that staff are utilized cost-effectively, the private insurers said that they compute the return-on-investment accruing from investing in return-to-work resources for a particular claimant.

Other Countries Also Selectively Apply Specialized Staff to Return Claimants to Work

Other countries' social insurance offices also call upon various specialists, such as physicians, vocational experts, and psychologists, in the process of evaluating and enhancing a person's ability to work. If the needed expertise is unavailable in-house, the social insurance agency may purchase the necessary services from other organizations. The expertise applied is decided on a case-by-case basis depending on the case's complexity. For example, the social insurance offices in Sweden are responsible for working with the regional and local employment and rehabilitation offices to determine the appropriate types of rehabilitation services for a claimant. Medical assessments of work capacity in Germany

[34]One of the insurers reviewed cases of claimants who were not expected to recover medically and to remain work-disabled for the duration of the policy every 12 to 36 months.

and The Netherlands may also be supplemented by advice from vocational or other experts.

Social insurance offices in Germany and Sweden select the appropriate staffing and services to dedicate to particular cases on the basis of the likelihood of a successful outcome. The staff assignments made and the return-to-work actions taken by the social insurance offices depend on an assessment of each applicant's potential for returning to work. In complex cases of potential long-term disability, more extensive evaluations involving psychologists and vocational specialists may be conducted to assess the work capacity of an applicant. In Germany, medical rehabilitation is provided before an applicant's condition is assessed to determine whether vocational rehabilitation is necessary. Only if successful rehabilitation seems unlikely, or if rehabilitation has been provided without success, will the social insurance offices in Germany and Sweden typically grant the person long-term disability benefits. But, in contrast with the private insurers we examined, once an individual is granted long-term benefits and therefore considered too severely disabled to benefit from services, the social insurance offices rarely reassess the person's return-to-work potential and generally do not offer any return-to-work services or benefits.

The Netherlands also dedicates resources to evaluating return-to-work potential and providing rehabilitation services on the basis of the particular return-to-work potential and needs of individuals. But unlike Germany and Sweden, The Netherlands offers vocational rehabilitation to disability beneficiaries who choose to pursue a work goal even after they are granted long-term benefits.

SSA Staff Are Not Focused on Returning Claimants to Work

In contrast to the private insurers and the foreign social insurance offices, the focus of DDS staff who make determinations for SSA is to assess the eligibility of applicants to receive cash benefits. The DDSs do not assess what is needed for an individual to return to work or help an individual with work capacity to return to work. Neither do they ensure that DI applicants or beneficiaries receive medical treatment. To make initial benefit eligibility determinations, DDSs rely on teams comprising a disability examiner and a medical or psychological consultant. Since the DDS teams do not carry out the variety of roles related to return to work, they do not include staff with the vocational skills and expertise who are incorporated in teams used by the private and foreign disability systems. However, under the Ticket to Work Act, beneficiaries who voluntarily choose to attempt a return to work may tap into vocational expertise

outside SSA that could provide the additional services, expertise, and supports to help them in their effort, but only after benefit award.

Moreover, while SSA funds the state DDSs, SSA's regulations delegate authority to each DDS to set hiring policies and determine how to organize staff charged with carrying out the eligibility assessment function. Consequently, in contrast to the standardized hiring practices used by the private insurers, considerable variation can exist among the states in the requisite qualifications for hiring key staff. For example, among the DDSs, the required educational background for disability examiners ranges from a high school diploma to some college to a college degree.

In addition, SSA separates beneficiaries into groups according to their likelihood of medical improvement for the purpose of assessing continuing eligibility for benefits, in accordance with law and regulation. The agency invests greater staff resources in reviewing beneficiaries who are most likely to medically improve than in reviewing those with less likelihood of improvement. In contrast to practices of the private insurers and foreign social insurance offices, SSA uses its resources to determine continuing eligibility on the basis of medical improvement and does not separately evaluate whether a beneficiary has the potential to return to work.[35]

Concluding Observations

Return-to-work practices used in the U.S. private sector and in other countries reflect the understanding that people with disabilities can and do return to work. In 1996, we recommended that SSA place greater priority on helping disabled beneficiaries return to work. We also recommended that the agency develop a comprehensive strategy for this effort. While SSA has begun to focus more on return to work, it has yet to adopt a comprehensive strategy for implementing this new approach. For example, it has yet to integrate its return-to-work efforts with its initiatives to improve the disability decision-making process. In short, we continue to believe SSA is still not placing enough priority on identifying and enhancing the work potential of its beneficiaries with disabilities. We also continue to believe that SSA could do this more effectively without jeopardizing the availability of benefits for people who cannot work.

[35]The law contains several exceptions that allow benefits to be terminated even when a person's medical condition has not improved. For example, benefits may be disallowed when new or improved diagnostic techniques reveal that the impairment is less disabling than originally determined.

We acknowledge that limited data exist on the cost-effectiveness of the return-to-work approaches used in the other systems we examined. In addition, SSA may face greater difficulty in returning some of its beneficiaries to work than private sector insurers do, since DI covers a broader population than the private insurers. Moreover, significant differences exist between SSA's disability programs and those of private sector disability insurers and social insurance programs in other countries. Some of these differences can be attributed to the particular laws and regulations governing the programs. Although SSA would face substantial constraints and challenges in applying the return-to-work practices of other programs, we believe opportunities exist for providing the return-to-work assistance that could enable more of SSA's beneficiaries to reduce or eliminate their dependence on cash benefits.

The Congress recognized the need to focus more on return to work when it passed the Ticket to Work Act, which authorizes and requires SSA to conduct return-to-work demonstration programs. Program managers and policymakers will be able to learn from the experiences of these demonstrations, and they can also draw upon the approaches of the other systems to further strengthen and enhance a comprehensive return-to-work focus. Adopting such a focus will, however, require fundamental changes to the underlying philosophy and direction of the disability programs, including the determination of disability. Policymakers will need to carefully weigh the implications of such changes, but compelling reasons exist to try new approaches. Current estimates project that the DI trust fund will become insolvent in 2023. This financial strain, along with advances in technology and medicine that can help individuals improve their productive potential, provides ample reason for examining how practices from other systems could be applied to improve SSA's return-to-work outcomes.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you or Members of the Subcommittee may have.

GAO Contact and Staff Acknowledgments

For future contacts regarding this testimony, please call Barbara D. Bovbjerg at (202) 512-7215. Carol Dawn Petersen, Barbara H. Bordelon, Kelsey M. Bright, Julie M. DeVault, William E. Hutchinson, and Mark Trapani also made key contributions to this testimony.

Related GAO Products

Social Security Disability Insurance: Raising the Substantial Gainful Activity Level for the Blind (GAO/T-HEHS-00-82, Mar. 23, 2000).

Social Security Disability: Multiple Factors Affect Return to Work (GAO/T-HEHS-99-82, Mar. 11, 1999).

Social Security Disability Insurance: Factors Affecting Beneficiaries' Return to Work (GAO/T-HEHS-98-230, July 29, 1998).

Social Security Disability Insurance: Multiple Factors Affect Beneficiaries' Ability to Return to Work (GAO/HEHS-98-39, Jan. 12, 1998).

Social Security Disability: Improving Return-to-Work Outcomes Important, but Trade-Offs and Challenges Exist (GAO/T-HEHS-97-186, July 23, 1997).

Social Security: Disability Programs Lag in Promoting Return to Work (GAO/HEHS-97-46, Mar. 17, 1997).

SSA Disability: Return-to-Work Strategies From Other Systems May Improve Federal Programs (GAO/HEHS-96-133, July 11, 1996).

Social Security: Disability Programs Lag in Promoting Return to Work (GAO/T-HEHS-96-147, June 5, 1996).

SSA Disability: Program Redesign Necessary to Encourage Return to Work (GAO/HEHS-96-62, Apr. 24, 1996).

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Executive Office of the President
Washington, D.C. 20503

To: CHRISTINA HO

Organization: DPC

Fax Number: 6-7431

From: JOANNE CIANCI

Date/Time: 09/01/00

Number of Pages: Cover + 8

Notes:

Christina,

Attached is SSA's Draft Fact Sheet and Q&A on the Childhood Reg. Please let me know if you and Andrea have any comments or suggestions.

I would like to get back to SSA early next week.

-Joanne

Income Maintenance Fax Number: (202) 395-0851
Voice Confirmation: (202) 395-4686

DRAFT

FACTSHEET
"FINAL FINAL" CHILD DISABILITY REGULATIONS

These are final rules responding to public comments on the interim final rules we have been using since 2/11/97.

The final rules will be published in September. However, we plan a "delayed implementation date" of 1/2/2001. Will give us time to provide training and instructions to all of our adjudicators and to revise our forms and notices.

The interim final rules will continue to apply until the effective date of these final rules. (When the final rules become effective, we will apply them to new applications filed on or after the effective date of the rules and to claims pending at any step in our administrative process.)

Major features. Revisions based primarily on public comments, input from medical experts in childhood disability and advocates, the 1997 top-to-bottom review, and our experience adjudicating claims.

- Same standard as the 1997 interim final rules interpreting P.L. 104-193. Based on our listing of impairments: Meet, "medically" equal, or functionally equal ("marked" limitations in 2 domains or an "extreme" limitation in 1).
- Better general instructions on evaluation of functioning at all steps in our process. Reorganized and expanded existing rules based on public and expert input, and our longstanding instructions and training. Stresses comparison of child with other children the same age who don't have medical impairments and need to evaluate the overall effects of multiple medical impairments.
- Functional equivalence simplified and clarified. Based largely on public comments that asked us to do this. For example:

  --Reference to specific listings no longer required. Based on a single standard of "listing-level" severity.

  --Only 1 method for determining functional equivalence to the listings (prior rules had 4 that were to some extent redundant).

- Changes in domains:

  --All domains apply to all children (in prior rules, children age 1-3 were evaluated in fewer domains), including better rules for evaluating physical impairments.

--Domains revised to more clearly reflect the functional impacts of impairments. For example, "motor functioning" becomes "moving about and manipulating objects."

--Added a new domain for evaluating physical impairments based on prior methods.

- Emphasis on evaluation of the whole child helps in evaluating children who have multiple medical problems, or medical problems with multiple effects.

- Includes regulatory language to codify provisions from the 1997 Balanced Budget Act on when we can do low birth weight CDRs (may be later than age 1) and extended time limit for conducting age-18 redeterminations.

Another feature is that we tried to put these very technical rules into plain English that will be more accessible to families.

Projected effect:

- Children who should be allowed or denied under current (interim final) rules should get the same decision under the final rules.

- However, we project more accurate allowance and denial decisions because rules are clearer and easier to use.

- Based on a small pilot, we project a net of about 4,000 additional allowances in each of the next 5 years. Last year, we allowed about 140,000 children.

- In 12/99, there were about 850,000 children on the rolls.

Why are the final rules being published now? Why has it taken so long?

- We believe that it is vitally important that all children who meet the SSI eligibility requirements receive their benefits. Because of this commitment, we placed a higher priority on carefully considering the comments we received on the interim final rules than on publishing the final regulations quickly.

- The final rules respond to extensive comments on the interim final rules that we received from a wide range of child-serving professional organizations as well as advocacy, legal, and family groups. Their comments, together with our experience and other actions, support adjustments made in the interim final regulations that we publish today as the final childhood disability regulations.

- SSA believes that the final regulations are fair and fulfill this commitment to children.

Additional Information

- The top to bottom review indicated that SSA and the State agencies making disability determinations for us had done a good job of implementing the new provisions, but found some problems. Commissioner Apfel immediately ordered several corrective actions to address these concerns, including re-reviewing certain types of cases. Before these reviews began, we provided additional training to all our adjudicators on how to evaluate mental impairments other than mental retardation, and on the evaluation of speech disorders. We also issued a Social Security Ruling (SSR) on the evaluation of speech disorders in combination with cognitive limitations.

- The Balanced Budget Act of 1997, Pub. L. 105-33, enacted on August 5, 1997, contained two amendments that affect these final rules. The amendments were retroactive to August 22, 1996, the date of enactment of Pub. L. 104-193. These final rules also address those changes which:

  - allow us to perform age-18 redeterminations at any time in lieu of a CDR, not just during the one-year period beginning on the individual's 18th birthday; and

  - allow us to wait until after age 1 to do a CDR on a child for whom low birth weight is a contributing factor material to disability if we determine that the child's impairment is not expected to improve by age 1 and we schedule a CDR for after age 1.

What has changed from the interim final rules?

- Better general instructions on evaluation of functioning at all steps in our process. Reorganized and expanded existing rules based on public and expert input, and our longstanding instructions and training. Stresses comparison of child with other children the same age who don't have medical impairments and need to evaluate the overall effects of multiple medical impairments.

- Functional equivalence simplified and clarified based largely on public comments that asked us to do this. For example:

  - Reference to specific listings no longer required. Based on a single standard of "listing-level" severity.

  - Only 1 method for determining functional equivalence to the listings (prior rules had 4 that were to some extent redundant).

- Changes in domains:

  - All domains apply to all children (in prior rules, children age 1-3 were evaluated in fewer domains), including better rules for evaluating physical impairments.

  - Domains revised to more clearly reflect the functional impacts of impairments. For example, "motor functioning" becomes "moving about and manipulating objects."

  - Added a new domain for evaluating physical impairments, using both prior guidance and new guidance based on public comments.

- Emphasis on evaluation of the whole child helps in evaluating children who have multiple medical problems, or medical problems with multiple effects.

- Includes regulatory language to codify provisions from the 1997 Balanced Budget Act on when we can do low birth weight CDRs (may be later than age 1) and extended time limit for conducting age-18 redeterminations.

Are people generally satisfied with the final regulations? Is the Congress generally satisfied that SSA has now correctly implemented the SSI childhood disability sections of the welfare reform legislation?

- In general, we believe the public is satisfied. The combination of keeping the standard the same while improving the functional equivalence step and the domains of functioning hits just the right balance. Combining this with our careful, inclusive approach, we do not expect any strong opposition to the final rules. While some people would prefer a looser standard, generally they recognize that our interpretation is an appropriate one.

- We would defer to the Congress with regard to their assessment concerning SSA's implementation of welfare reform. In addition, since the rules have just been published, it would be premature to speculate on their reaction.

Is the childhood disability standard about right?

- Yes, we believe it is. Although many commenters stated that our interpretation of the phrase "marked and severe functional limitations" in the interim final rules did not properly reflect Congressional intent, we disagree. These final rules continue to define the term "marked and severe functional limitations," when used as a phrase, to mean the standard for disability in the Act for children claiming SSI benefits based on disability. We continue to define this standard in the final rules as being based on a level of severity that meets or medically or functionally equals the severity required by the listings.

- We continue to define listing-level severity, as required by the Act, as "marked" limitation in two domains or an extreme limitation in one domain. Therefore, although we delinked our policy of functional equivalence from reference to specific listings, we continue to use the phrase "functionally equals the listings," to underscore that the impairment(s) must be of listing-level severity.

What was the effect of the change in childhood rules? How many more children will be eligible under the final rule?

- SSA originally projected about 135,000 children would lose eligibility under the interim final rules after all appeals.

- This figure was revised to 100,000 with the actions taken as a result of the top-to-bottom review.

- Based on a small pilot, we project a net of about 4,000 additional allowances in each of the next 5 years under the final rule. Last year, we allowed about 140,000 children.

what does net mean?

compared to parallel effect of interim final

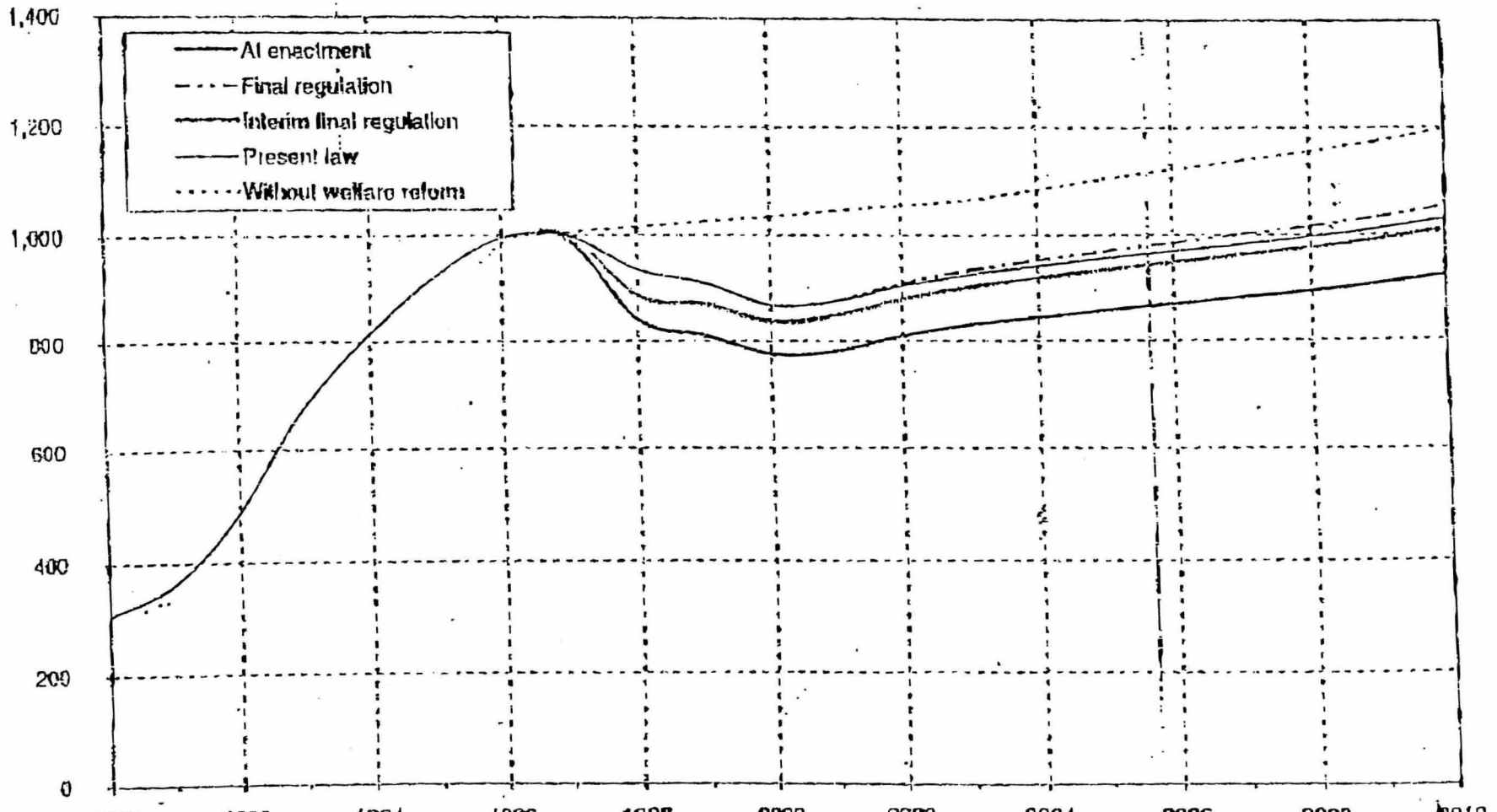
Additional Information

- There were approximately 1 million SSI childhood recipients on the rolls as of August 1996. As of December 1999, there were about 850,000 children on the rolls.

Attachment: OAct graph of the estimated effects of P.L. 104-193 on the average numbers of disabled children in payment status

Estimated effect of P.L. 104-193 on average numbers of disabled children in payment status during year based on assumptions underlying the SSI 2000 Annual Report, fiscal years 1990-2010

(in thousands)



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Subject: LRM KNB53 - - Social Security Administration Statement for the Record on Improved Programs for Disabled Persons for 7/13 hearing convened by House Ways and Means Committeee, Social Security Subcommittee

Can you look through and let's compare notes Monday afternoon. thanks

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Comments are due by 11:00am Tuesday, August 1. Thank you.

Statement fr Recrd.d

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EXECUTIVE OFFICE OF THE PRESIDENT
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Friday, July 28, 2000

LEGISLATIVE REFERRAL MEMORANDUM

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FROM: Ingrid M. Schroeder (for) Assistant Director for Legislative Reference
OMB CONTACT: Karen N. Blank
PHONE: (202)395-7363 FAX: (202)395-6148
SUBJECT: **Social Security Administration Statement for the Record on Improved Programs for Disabled Persons for 7/13 hearing convened by House Ways and Means Committeee, Social Security Subcommittee**

DEADLINE: **11:00am Tuesday, August 1, 2000**

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will**

affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: FYI, HHS testimony for this hearing was circulated on 7/11 as LRM KNB39.

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_____ **Concur**

_____ **No Objection**

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_____ **See proposed edits on pages** _____

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Mr. Chairman and Members of the Subcommittee:

Thank you for providing me the opportunity to discuss initiatives to assure that the Social Security Administration's beneficiaries with disabilities receive the supports needed to achieve independence. This is an important issue, and the Social Security Administration (SSA) has placed a high priority on helping its Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) beneficiaries return to work.

I will discuss SSA's disability process, the current work incentives available to individuals with disabilities and the Ticket to Work legislation that will provide more opportunities for individuals with disabilities to return to work. I will also discuss some of the differences between SSA's programs and private insurer programs.

Social Security Disability

Generally, when people think about Social Security, they think about retirement benefits. Nearly one third of Social Security beneficiaries, however, are the surviving family members of workers who have died or are severely disabled workers or their wives and children. Because about 25 to 30 percent of today's 20 year olds are estimated to become disabled before retirement, the protection provided by the SSDI program is extremely important, especially for young families. For a young, married, average income worker with two children, Social Security is the equivalent of a $223,000 disability income insurance policy. In the event of severe disability, the SSDI program stands between these families and poverty. Additionally SSI serves the most economically vulnerable population with disabilities, most of whom are living in poverty.

In June 2000, 5,884,200 beneficiaries were receiving Social Security benefits on the basis of disability--4,959,500 disabled workers, 724,400 disabled adult children, and 200,300 disabled widows and widowers. In addition, 170,800 spouses and 1,4219,800 minor and student children of disabled workers were receiving benefits. Further, 5,304,324 blind or disabled individuals received SSI benefits. About 30 percent of these individuals received both SSDI and SSI benefits. Thus, in June, SSA sent benefits to over 9.5 million individuals on the basis of disability. Disabled workers and their dependents received over $50 billion in cash benefits under the Social Security program in fiscal year 1999.

Furthermore, SSDI benefits are the gateway to the Medicare program to those individuals who have been eligible for disability benefits for 24 months. These benefits provide health care coverage that to many SSDI beneficiaries is simply irreplaceable, since many would not be able to obtain insurance in private markets simply because they are already disabled. The Medicare program paid over $24 billion in benefits in fiscal year 1999 to individuals whose entitlement to Medicare is based on their SSDI benefits. Thus, almost $75 billion was paid in fiscal year 1999 from the Social Security and Medicare programs on behalf of disabled workers and their families.

As with the retirement program, SSDI is funded through a payroll tax on covered earnings, paid by employees, their employers, and the self-employed. The current DI payroll tax on earnings is 0.85 percent for employees and employers, each, and 1.7 percent for the self-employed.

SSDI is designed to protect workers covered under the Social Security program who become severely disabled, with applicants judged on the basis of a uniform set of standards. The criteria we use to award disability benefits requires that the condition either be expected to result in death or last at least 12 months. To qualify, the individual must be unable because of a medical condition to perform any substantial work in the national economy. Thus, the inability to do one's own past work or the inability to find suitable employment are not a sufficient basis for meeting the definition of disability. Our regulations provide for a five-step sequential evaluation process based on the statutory definition of disability, and require that a claimant not currently be engaging in substantial gainful activity (SGA)--a level of work currently set at $700 per month. Additionally, applicants must have worked 20 quarters during the 40 quarter period ending with the quarter in which disability began (special provisions apply for workers who are under age 31), and they must complete a 5-month waiting period after the onset of the disability.

After a claim is taken in one of Social Security's field offices, it is forwarded to one of the State Disability Determination Services. These state employees are responsible for following up on at least one year's worth of medical evidence in support of the claim, scheduling consultative examinations if necessary, and making the disability determination at the initial and reconsideration (the first level of appeal of an adverse initial determination) levels. The States

are fully reimbursed for making these determinations. The process of evaluating an individual's disability accounts for the administrative costs for the disability program being somewhat higher (3.0 percent of benefits) than those for the retirement and survivor program, largely because of the cost of obtaining medical evidence and the need for a thorough evaluation by a physician or other highly trained professional reviewer.

While the Social Security eligibility criteria are very strict, we also have a very structured system to ensure that applicants' rights are protected and that those applicants who are eligible actually get their benefits. Currently, a physician must be part of the decision-making team, although we are testing a system where certain claims, generally the most severe and obvious cases, would be decided by a trained layperson. After a reconsideration denial, a claim can be appealed to an administrative law judge, then the Appeals Council and up to a federal court. We also are testing a model, which would streamline the process by eliminating the reconsideration step. While the primary purpose of SSDI is to replace a portion of income, the program also includes provisions designed to encourage beneficiaries to return to work.

Current Work Incentive Provisions

Work incentives assist beneficiaries with disabilities to enter or reenter the workforce by protecting entitlement to cash payments and/or health care until this goal is achieved. Some work incentives are common to both the Social Security Disability Insurance (SSDI) and Supplemental Security Income Program (SSI), while some are unique to one program or the other. Because even the common work incentives may be treated differently by either program, I would like to briefly discuss work incentives as each program treats them.

SSDI Work Incentives

There are several work incentives for SSDI beneficiaries built into the Act, most notably impairment-related work expenses (IRWE), the trial work period (TWP), the extended period of eligibility for reinstatement of benefits (EPE), and continuation of Medicare. These are dependent upon the disabled beneficiary continuing to have a disabling impairment.

When determining SGA, we deduct from gross earnings the cost of certain impairment-related work expenses. Thus, we deduct beneficiaries' IRWE paid during a period of work when:

- The item or service enables them to work;
- They need the item or service because of their disabling impairment;
- They pay the cost and are not reimbursed by another source (e.g., Medicare, Medicaid, private insurance);
- The expense is "reasonable"--that is, it represents the standard charge for the item or service in their community.

The TWP allows disabled beneficiaries to test their ability to work for at least 9 months. During the TWP, beneficiaries receive full benefits regardless of how high earnings might be. The TWP continues until the accumulation of 9 months (not necessarily consecutive) of "services" performed within a rolling 60-consecutive-month period. We use this "services" rule only to control when the TWP stops. "Services" means any activity in employment or self-employment for pay or profit or of the kind normally done for pay or profit (whether or not it is SGA). We currently consider work to be *services* if earnings are more than $200 a month (or more than 40 self-employed hours in a month).

Once benefits have been ceased due to SGA, the EPE allows automatic reinstatement of benefit payments for any month in which earnings fall below SGA. Benefits can be reinstated anytime during the 36-month period following the end of the TWP, and will continue as long as requirements are met. Currently, Medicare coverage continues during this period and for three additional months. At that point, individuals with disabilities can buy Medicare coverage. Effective October 1, 2000, based on the new Ticket to Work Incentives Improvement Act, premium-free Medicare is extended an additional 4 years.

In addition to providing incentives to work, we also refer beneficiaries with disabilities to their local State Vocational Rehabilitation (VR) agency, or to other service providers in the public and private sector who try to help beneficiaries return to work. In fiscal year 1999, SSA paid State VR agencies about $120 million for their services provided to over 11,000 beneficiaries with

disabilities who worked at least 9 months at the substantial gainful activity level. Although this was a record year for reimbursements, we look forward to much more progress in this area.

SSI Work Incentives

Some general information about the SSI program is useful to explain the work incentive provisions as they apply to that program. The SSI program differs from Social Security in that the monthly Federal benefit standard (currently, $512 for an individual and $769 for an individual with an eligible spouse) is reduced dollar-for-dollar by the amount of the individual's "countable" income--i.e., income less all applicable exclusions. The result of this computation determines whether the individual (or couple) is eligible and the amount of the benefit payable.

SSI law defines two kinds of income: earned and unearned. Earned income is wages, net income from self-employment, remuneration for work in a sheltered workshop, royalties on published work, and honoraria for services. All other income (including income received in kind) is unearned.

When determining an individual's countable income, exclusions are taken for various types of income. There is a general $20 exclusion, generally applied to an individual's for unearned income. In the case of earned income, we exclude a portion of the $20 general exclusion that has not been used, and then exclude the first $65 and one-half of the remainder of the earnings. This greater exclusion for earned income acts as a work incentive for all SSI recipients.

In determining the benefits of individuals with disabilities, we exclude IRWEs. For these individuals, we exclude work expenses directly related to the individual's disability, such as attendant care services, assistance in travelling to and from work and personal assistance related to work. Additional work incentives are available for blind SSI beneficiaries, as is a higher, statutory SGA threshold.

Under SSI we also exclude income set aside or being used to pursue a plan for achieving self-support (PASS) that has been established by a disabled or blind person. These plans are established to help blind and disabled individuals become self-supporting by excluding income

that is set aside to help the individual reach a specific occupational goal. In December 1999, there were 1,045 SSI recipients with a PASS established, although not all of those individuals reported earnings for that month.

Finally, the laws governing SSI contain provisions that enable blind and disabled individuals to continue working and receiving income beyond the limit that would normally result in ineligibility.

Under section 1619(a), a disabled beneficiary who would cease to be eligible because of earnings over the SGA limit (currently $700 a month) can continue to receive cash benefits until the amount of earnings would cause him or her to be ineligible for benefits under SSI income counting rules. Being a recipient of this special benefit equals being an "SSI recipient" for Medicaid eligibility purposes.

Section 1619(b) provides "SSI recipient" status for Medicaid eligibility purposes for certain SSI recipients. These individuals have earnings which preclude the payment of an SSI benefit but are not sufficient to provide a reasonable equivalent of the SSI, social services, and Medicaid benefits that the individuals would have in the absence of earnings. For these individuals, the loss of the social service and Medicaid benefits would seriously inhibit their ability to continue working. However, these individuals have to be otherwise eligible except for their earnings.

According to SSA's Office of Research, Evaluation and Statistics, there were approximately 340,000 SSI disability beneficiaries (or 6.4 percent) who were working in December 1999. About 70,000 of these individuals were receiving benefits under section 1619(b). These beneficiaries do not receive a SSI payment but retain their Medicaid coverage. Almost three-fourths of those who received this type of SSI benefit had amounts of earned income below the substantial gainful activity level.

Ticket to Work and Work Incentives Improvement Act of 1999

Last December the President signed the *Ticket to Work and Work Incentives Improvement Act of 1999 (the "Ticket")* into law. I want to express again my thanks to the Chairman and the members of the Subcommittee for your support in getting the "Ticket" passed. This legislation will help disabled individuals who want to work by lessening their fears about losing health care coverage and income during attempts to work. It improves and expands their VR choices, providing enhanced work incentives, outreach activities and new service structures.

Ever since the "Ticket" was enacted, we have been actively engaged in the hard work of implementing its various provisions. We again look forward to working with you as the different provisions take shape and begin to show the results we anticipate—more people with disabilities entering or reentering the workforce. We will be reporting to Congress regularly about the progress of the "Ticket" program. By December 2002, we must report to Congress on the adequacy of our payment rates to employment networks. Over the next six years we must make three separate reports to the House Committee on Ways and Means and Senate Committee on Finance evaluating the progress of program activities, as well as conclusions on whether or how the program should be modified.

The new law requires SSA to conduct a demonstration project to evaluate the effects of reducing benefits $1 for every $2 of earnings over a certain limit. Beginning in December 2001, annual reports to Congress are required on this project, with a final report due no later than one year after the project is complete. Additionally, Congress extended SSA demonstration authority till December 2004 to allow SSA to explore various projects that will enable more individuals to return to work. We are working out what experiments and projects we want to undertake.

Private Insurance vs. Social Security Disability

Both private and foreign systems use a less restrictive definition of disability. Generally, the first definition for disability in private insurance is the inability to do the person's own occupation; this makes for a quicker and easier determination. After six months to two years, the definition extends to any occupation. SSA must make a long-term, broad-ranging entitlement determination. Favorable DI determinations normally cannot be changed without demonstrating medical improvement, while a private insurance determination can be reversed or discontinued

without determining that the individual's disabling condition has medically improved. Furthermore, SSA must meet strict requirements for providing claimants legal due process and for ensuring uniformity across its national program.

SSA's beneficiaries are on average more severely and permanently disabled than workers in those other systems and have significantly lower expected return to work rates. Private insurers often provide policies and services only to relatively low-risk clients such as professional or technical employees or else charge high premiums for others. Insurers also may not offer individual disability insurance to people in higher risk jobs, or may offer it at a cost to the employee which is prohibitive. SSA provides benefits to any eligible disabled worker or low income disabled person and must accept disabled individuals with high-risk as well as low-risk profiles for high lifetime disability costs.

SSA tends to serve on average a less affluent and less educated population than private disability insurance providers do. As such, applicants under the SSA-administered disability programs often require greater assistance with the disability application and adjudication process than do applicants for private insurance disability benefits especially since the latter more frequently receive employer assistance in pursuing their claims. The SSDI and SSI programs must cover individuals with all types of impairments (pre-existing conditions, mental impairments, etc.) while private insurers can choose what conditions they will cover.

One-half of SSDI claimants have been out of work for over a year before applying for benefits. The current connection with the employer is often broken and sometimes health insurance lapses. Therefore, some SSDI applicants do not have complete and current medical documentation of their disability. Private insurance is frequently associated with an employer-based benefit program, and documentation of the medical condition is often available through the employee's employer-provided health insurer. Often, the employer will assist the claimant in obtaining evidence under the terms of their insurance coverage. Additionally, there is typically not an extended period during which the applicant does not have health insurance coverage.

SSA agrees that earlier intervention, and earlier identification and provision of necessary return-to-work assistance for applicants and beneficiaries should be researched and considered

as part of an overall return-to-work strategy. There are differences between the public and private system which must be taken into account. Private and, to a lesser extent, foreign disability programs have direct connections with employers. Private insurers sometimes place case managers on-site with large employers to achieve the earliest resolution of the disability episode.

Foreign systems require employers to notify the government-operated system when employees have been out of work for only a few days, so case workers can contact the employee at an early point in the episode. SSA does not have authority to require employers to provide notice that an episode is beginning nor can SSA intervene with workers before application for benefits. Application for SSDI and SSI is often months after the onset of the episode. Other than through our demonstration project authority, SSA cannot even refer disability claimants for reimbursable VR services until after they are awarded benefits. We agree that earlier intervention to assist presumably disabled applicants with securing appropriate return to work services should be researched and considered as part of an overall return-to-work strategy. How best to coordinate this with State unemployment insurance, State temporary disability benefits, and State workers compensation programs are just some of the details that will need to be worked out.

Conclusion

We want to build on the momentum provided by the enactment of the "Ticket" and to increase incentives to work for all people with disabilities. Our commitment is to make every effort to enrich the lives of all people with disabilities and to help all those who want to work do so. One of the best ways for SSA to do this is to continue its active implementation of the Ticket program, including the evaluation of its progress and our reports to Congress.

We know that return to work efforts must include coordination with other Federal departments and agencies as well as the private sector to find new and innovative ways to encourage work. Solutions to the redesign of the Federal disability programs require the active involvement of several Federal agencies, including the Departments of Education, Labor, Treasury, and Health and Human Services. On March 13, 1998, President Clinton signed into law Executive Order

13078, establishing the Presidential Task Force on Employment of Adults with Disabilities. The mandate of the Task Force is to evaluate existing Federal programs to determine what changes, modifications, and innovations may be needed to remove barriers to employment opportunities faced by adults with disabilities. The work of the Task Force will help ensure that national initiatives identified will receive high priority within respective departments and agencies.

The private rehabilitation community, private insurers, consumers, employers and advocates for people with disabilities can greatly assist SSA in implementing the Ticket to Work legislation. We will continue to look for ways to further enhance the productive capabilities of disabled beneficiaries with our private sector business partners.

We look forward to working together with the Subcommittee and Congress to achieve our mutual goal: removing as many barriers to work as possible and providing as many incentives and supports as possible to enable people with disabilities to participate in the workforce.

DRAFT 8-29-00//2

A B I L L

To amend the Social Security Act and related laws to make various improvements in the old-age, survivors, and disability insurance program and the supplemental security income program, 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; TABLE OF CONTENTS.

(a) Short Title.--This Act may be cited as the "Social Security Amendments of 2000 Addendum".

(b) Table of Contents.--The table of contents is as follows:

SEC. 2. DENIAL OF OASDI BENEFITS FOR FUGITIVE FELONS, AND PROBATION AND PAROLE VIOLATORS; RELEASE OF TITLE II

INFORMATION TO LAW ENFORCEMENT OFFICERS.

(a) Denial of OASDI Benefits for Fugitive Felons, and Probation and Parole Violators.--

(1) In general.--Section 202 of the Social Security Act is amended by adding at the end the following new subsection:

"Denial of Benefits for Fugitive Felons and Probation and Parole Violators

"(z)(1) Notwithstanding any other provision of this title, no monthly benefit shall be paid under this section or section 223 to any person with respect to any month if during such month the person is--

"(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(B) violating a condition of probation or parole imposed under Federal or State law.

"(2) In any case in which benefits otherwise payable to a person are not payable as a result of the application of paragraph (1), such benefits shall be deemed to be payable for purposes of--

"(A) determining, with respect to such person, entitlement to assistance under title XVIII; and

"(B) determining, with respect to any other person, entitlement to, and the amount of, benefits under this title.".

(2) Effective date.--The amendment made by this section shall take effect on the first day of the eighteenth month commencing after the date of the enactment of this Act.

(b) Release of Information to Law Enforcement Officers.--

(1) In general.--Section 1106 of the Social Security Act is amended by adding at the end the following new subsection:

"(g) Notwithstanding any other provision of law (other than section 6103 of the Internal Revenue Code of 1986), the Commissioner of Social Security shall furnish any federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, social security account number, and photograph (if applicable) of any person who is a current or former recipient of benefits under title II or XVI, if the officer furnishes the Commissioner with the name of the person, and other identifying information as reasonably required by the Commissioner to establish the unique identity of the recipient, and notifies the Commissioner that--

"(1) the person--

"(A) is described in section 202(z)(1) or section 1611(e)(5); and

"(B) has information that is necessary for the officer to conduct the officer's official duties; and

"(2) the location or apprehension of the recipient is within the officer's official duties.".

(2) Conforming amendment.--Section 1611(e) of the Social Security Act is amended by striking paragraph (6).

SEC. 3. WAIVER OF TWO-YEAR DURATION OF DIVORCE REQUIREMENT IN CERTAIN CASES.

(a) In General.--

(1) Divorced wife.--Section 202(b)(5) of the Social Security Act is amended--

(A) in subparagraph (A) (in the matter preceding clause (i)), by inserting "and subject to subparagraph (C)" after "subparagraph (B)"; and

(B) by adding at the end the following new subparagraph:

"(C) With respect to a divorced wife of an insured individual who, prior to the expiration of the period specified in subparagraph (A)(ii), enters into a marriage with a person other than the divorced wife, the duration of divorce requirement contained in such subparagraph shall be deemed to have been met as of the date the insured enters into such marriage.".

(2) Divorced husband.--Section 202(c)(5) of the Social Security Act is amended--

(A) in subparagraph (A) (in the matter preceding clause (i)), by inserting "and subject to subparagraph (C)" after "subparagraph (B)"; and

(B) by adding at the end the following new

subparagraph:

"(C) With respect to a divorced husband of an insured individual who, prior to the expiration of the period specified in subparagraph (A)(ii), enters into a marriage with a person other than the divorced husband, the duration of divorce requirement contained in such subparagraph shall be deemed to have been met as of the date the insured enters into such marriage.".

(b) Effective Date.--The amendments made by this section shall be effective with respect to months beginning after the month in which this Act is enacted.

SEC. 4. ELIMINATION OF TITLE II WAITING PERIOD FOR TERMINALLY ILL INDIVIDUALS.

(a) Section 223(a) of the Social Security Act is amended--

(1) in paragraph (1), by inserting "he meets the requirements of paragraph (3), or" after "but only if"; and

(2) by adding at the end the following new paragraph:

"(3)(A) For purposes of paragraph (1), an individual meets the requirements of this paragraph if--

"(i) the impairment underlying a finding that the individual is under a disability results in his death prior to the end of the applicable period described in subparagraph (B), or

"(ii)(I) in the case where such finding is made before the end of the applicable period, the Commissioner determines that such impairment is expected to result in the individual's death prior to the end of such period, or

"(II) in the case where such finding is made after the end of the applicable period, the Commissioner determines that, at any time during such period, such impairment was expected to result in the individual's death within such period.

"(B) For purposes of subparagraph (A), the 'applicable period' is the period of the first six consecutive calendar months throughout which such individual is under a disability by reason of such impairment which begins not earlier than the first day of the period described in subsection (c)(2)(B).".

(b) The amendment made by this section shall take effect with respect to applications filed after December 31, 2000.

SEC. 5. SSI TREATMENT OF THE CHILD TAX CREDIT.

(a) Exclusion from Income.--Section 1612(b) of the Social Security Act is amended--

(1) by striking "and" at the end of paragraph (21),

(2) by striking the period at the end of paragraph (22) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(23) any refund of federal income taxes made to such individual (or such spouse) by reason of section 24 of the Internal Revenue Code of 1986 (relating to the child tax credit).".

(b) Exclusion from Resources.--Section 1613(a) of such Act is amended--

(1) by striking "and" at the end of paragraph (12),

(2) by striking the period at the end of paragraph

(13) and inserting "; and"; and

(3) by inserting immediately after paragraph (13) the following:

"(14) for nine months following the month in which it is received, any refund of federal income taxes made to such individual (or such spouse) by reason of section 24 of the Internal Revenue Code of 1986 (relating to the child tax credit).".

SEC. 6. SSI TREATMENT OF INDIVIDUAL DEVELOPMENT ACCOUNTS.

(a) Exclusion from Income.--Section 1612(b) of the Social Security Act (as previously amended by section 5(a)) is further amended--

(1) by striking "and" at the end of paragraph (22),

(2) by striking the period at the end of paragraph (23) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(24) any contributions to, or interest accruing on assets in, an individual development account established and maintained in accordance with the Assets for Independence Act (Public Law 105-285) or section 404(h) of this Act.".

(b) Exclusion from Resources.--Section 1613(a) of such Act (as previously amended by section 5(b)) is amended--

(1) by striking "and" at the end of paragraph (13),

(2) by striking the period at the end of paragraph (14) and inserting "; and"; and

(3) by inserting immediately after paragraph (14) the

following:

"(15) any individual development account established and maintained in accordance with the Assets for Independence Act (Public Law 105-285) or section 404(h) of this Act.".

SEC. 7. AUTHORITY TO SUSPEND OR REDIRECT DELIVERY OF BENEFIT PAYMENTS WHEN A REPRESENTATIVE PAYEE FAILS TO PROVIDE REQUIRED ACCOUNTING.

(a) OASDI.--Section 205(j)(3) of the Social Security Act is amended--

(1) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(2) by inserting a new subparagraph after subparagraph (D) as follows:

"(E) In any case in which the person to whom payment under this title is made fails to submit a report required by the Commissioner of Social Security under subparagraph (A) or (D), the Commissioner may, after furnishing notice and opportunity for a hearing to such person and the individual entitled to such payment, suspend payment of benefits under this title or require that the person collect such payments in person at a field office of the Social Security Administration serving the area in which the individual resides.".

(b) SSI.--Section 1631(a)(2)(C) of such Act is amended by adding at the end the following new clause:

"(v) In any case in which the person to whom payment under this title is made fails to submit a report required by the Commissioner of Social Security under clause (i) or (iv), the

Commissioner may, after furnishing notice and opportunity for a hearing to such person and the individual entitled to such payment, suspend payment of benefits under this title or require that the person collect such payments in person at a field office of the Social Security Administration serving the area in which the individual resides.".

(c) Effective Date.--The amendments made by this section shall take effect 180 days after the date of the enactment of this Act.

SEC. 8. SSA REEMPLOYMENT OF ANNUITANTS.

Sections 8344(i) and 8468(f) of title 5, United States Code, are each amended by adding at the end the following new paragraph:

"(3) The Director of the Office of Personnel Management shall, at the request of the Commissioner of Social Security, waive the application of the preceding provisions of this section for any employee of the Social Security Administration who renders not more than 700 hours of service per year.".

SEC. 9. DISREGARD OF MARITAL STATUS IN DETERMINING ELIGIBILITY FOR CHILDHOOD DISABILITY BENEFITS.

(a) In General.--Section 202(d) of the Social Security Act is amended--

(1) in paragraph (1)(B)--

(A) by striking "was unmarried and (i) either" and inserting "(i) was unmarried and either", and

(B) inserting "has attained the age of 18 and" after "(ii)";

(2) in paragraph (5)--

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(B) by inserting "(A)" after "(5)";

(C) by inserting "and is a full-time elementary or secondary school student" after "the age of eighteen" the first place it appears; and

(D) by adding at the end the following new subparagraph:

"(B) In the case of a child who has attained the age of eighteen and is under a disability (as so defined in section 223(d)), such child's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1)(D), not be terminated by reason of such marriage.";

(3) in paragraph (6) (in the matter preceding subparagraph (A))--

(A) by striking "(provided no event specified in paragraph (1)(D) has occurred)"; and

(B) by striking "the first month in which an event specified in paragraph (1)(D) occurs" in subparagraph (C)n and inserting "the month in which the child's death occurs".

(b) Effective Date.--The amendments made by this section shall be effective with respect to benefits for the month after the month in which this Act is enacted.

Section-By-Section Description
"Social Security Amendments of 2000 Addendum"

Short Title

Section 1 would provide that the Act may be cited as the "Social Security Amendments of 2000 Addendum." Identical in SSI + TANF

Denial of OASDI Benefits for Fugitive Felons, and Probation and Parole Violators

Section 2 would deny Social Security benefits to individuals for any month during which the individual is fleeing to avoid prosecution of a felony, fleeing to avoid custody or confinement after conviction of a felony, or violating a condition of probation or parole. The provision would prevent criminals from using Social Security benefits to finance their flight from prosecution or confinement. In addition, the Commissioner shall have the authority to release to law enforcement agencies the addresses of beneficiaries who are fugitive felons and probation and parole violators.

The provision would be effective the first day of the eighteenth month following the date of enactment.

Waiver of Two-Year Duration of Divorce Requirement in Certain Cases

Section 3 would provide an exception to the 2-year duration of divorce requirement for eligibility as an independently-entitled divorced spouse in cases where the worker has remarried someone other than the ex-spouse who is claiming benefits. Under present law a spouse who had been married to the worker for at least 10 years must be divorced for at least 2 years in order to be eligible for benefits as an independently-entitled divorced spouse. The 2-year duration of divorce requirement was put into the law to prevent "sham" divorces obtained solely to gain eligibility to benefits. However, it can be assumed that if the worker has remarried someone other than the ex-spouse claiming benefits then the divorce was not a "sham" divorce.

The provision would be effective beginning with benefits for the month after the month of enactment.

Elimination of Title II Waiting Period for Terminally Ill Individuals

Section 4 would eliminate the 5-month Disability Insurance waiting period for terminally ill individuals. An individual will be determined terminally ill if the individual dies within 6 months due to his or her impairment or is expected to die

within 6 months. The decision to eliminate the waiting period would not be revised if the individual lived beyond 6 months.

Terminally ill individuals are often faced with both financial and emotional difficulties. Providing benefits immediately to terminally ill individuals would have a major impact on the quality of the medical care and their quality of life. Defining terminally ill as having 6 months or less to live is consistent with policies in place at hospice care facilities. In addition, health insurance companies as well as Medicare will pay for hospice care once a doctor has determined that an individual is terminally ill with a life expectancy of approximately 6 months or less to live.

The provision would be effective upon enactment.

SSI Treatment of Child Tax Credit

Section 5 would exclude the Child Tax Credit from income in the Supplemental Security Income (SSI) program. The provision also would exclude the tax credit from resources for the 9 months following the month of receipt.

The Child Tax Credit is similar to the Earned Income Tax Credit (EITC) as it reduces tax liability and any excess is refunded. It was designed by Congress to relieve some of the tax burden for those families with children. It was intended as an incentive to low-income workers to continue working and providing for their families. As Congress' intent in establishing the Child Tax Credit is the same as its' intent in establishing the EITC it is reasonable and equitable that both tax credits should be treated the same in the SSI program.

The provision would be effective upon enactment.

SSI Treatment of Individual Development Accounts

Section 6 would exclude from income and resources, for SSI purposes, contributions and matching funds deposited into, and interest earned on, individual development accounts (IDAs) authorized under demonstration authority in the Assets for Independence Act (AFIA, sections 404-416 of P.L. 105-285).

Under current law, the SSI program treats IDA contributions differently based on the funding source. IDAs under AFIA allow an individual to obtain and retain matching funds which are excluded from income and resources. But the individual's own contributions to the IDA and the interest they earn, count as income and resources for SSI. Thus, individuals who contribute part of their wages into a demonstration IDA

suffer a reduction in their SSI benefit. Individuals who have contributed $2,000 into a demonstration IDA (less if they have other resources) are ineligible for SSI. Under TANF-funded IDAs, all contributions, matching funds, and interest are excluded from income and resources for SSI purposes (section 404(h)(4) of the Social Security Act).

Treating AFIA authorized IDA contributions, matching funds and interest the same as TANF-funded IDAs will allow low-income individuals to fully participate in the IDA demonstrations without being disadvantaged for SSI purposes.

This provision would be effective upon enactment.

Authority to Suspend or Redirect Delivery of Benefit Payments When a Representative Payee Fails To Provide Required Accounting

Section 7 would give SSA the authority to redirect Social Security and SSI benefits to field offices (FOs) or suspend benefits when the representative payee fails to provide an annual accounting of benefits. (Current due process procedures would remain in place.)

Failure to provide an annual accounting of benefits is a failure to meet one of the responsibilities of a representative payee and may be an indication of the need to appoint a different representative payee. Studies have shown that the nonresponding payee is most often a parent or relative, usually a mother. However, in these cases, changing the representative payee is rarely warranted and is not cost effective. Redirecting benefits to the FO or suspending benefits, and notifying the payee of this possibility, provides an extremely effective tool for increasing the number of payees who return the annual accounting form, while providing the FOs with the flexibility to take the most appropriate action in a particular case.

The provision would be effective 6 months after the date of enactment.

SSA Reemployment of Annuitants

Section 8 would require the Director of the Office of Personnel Management to waive certain provisions upon the request of the Commissioner to allow SSA to reemploy civilian annuitants for up to 700 hours a year without reduction in their Federal salary. The exception is necessary for SSA to better meet the increasing demands for service brought about by the impending wave of retirement of the baby boom generation. As with annuitants reemployed under the Federal Employees Pay Comparability Act of 1990, annuitants reemployed under this provision would not be eligible to participate in CSRS or FERS, could not elect to have retirement contributions withheld from their

pay, could not use the reemployment as a basis for a supplemental or recomputed annuity, and could not participate in the Thrift Savings Plan.

The provision would be effective upon enactment.

Disregard Marital Status In Determining Benefit Entitlement for Social Security Childhood Disability Beneficiaries (CDBs)

Section 9 would allow claimants to receive Social Security childhood disability benefits regardless of marital status. Under current law, a person cannot become entitled to CDB benefits if the person is married and CDB benefits terminate if the CDB marries anyone other than an another adult Social Security beneficiary.

This provision would be effective with respect to benefits for the month after the month of enactment.

DRAFT
7/31/00

The Honorable J. Dennis Hastert
Speaker of House
United States House of Representatives
Washington, DC 20515

Dear Mr. Speaker,

Enclosed for the consideration of the Congress is the Social Security Administration's (SSA) draft bill intended as an addendum to the draft "Social Security Amendments of 2000," which was sent to the Congress on July 19, 2000. Upon enactment, the enclosed bill would be cited as the "Social Security Amendments of 2000 Addendum."

Similar to the earlier draft bill, this bill includes proposals to improve benefits and program integrity in the Social Security and Supplemental Security Income (SSI) programs. Although an enclosure to this letter includes a section-by-section description of the draft bill, I would like to point out several of the most significant proposals.

Section 2 of the draft bill would eliminate the possibility that fugitive felons and parole violators are able to use Social Security benefits to finance their flights from prosecutions or confinements. The provision would prohibit the payment of Social Security benefits to such individuals, and would be essentially the same as a provision enacted in 1996 in the SSI program in the "Personal Responsibility and Work Opportunity Reconciliation Act."

Two provisions in the draft bill would make benefit improvements in the Social Security program. Section 4 would eliminate the disability insurance 5-month waiting period for individuals who are terminally ill providing them with cash benefits in times of dire need. Section 9 would allow disabled adults eligible for Social Security childhood disability benefits to obtain or retain the benefits even if they marry. Under current law, marriage precludes an individual's entitlement to childhood disability benefits unless he or she marries another Social Security beneficiary. As a result, many married individuals disabled prior to age 18 are often left without income or have to rely on SSI or other forms of public assistance.

The Office of Management and Budget has advised that there is no objection to the transmittal of this draft bill to the Congress and that its enactment would be in accord with the program of the President.

We urge the Congress to give the draft bill prompt and favorable consideration.

Sincerely,

Kenneth S. Apfel
Commissioner
of Social Security

DRAFT 7-12-00

A B I L L

To amend the Social Security Act and related laws to make various improvements in the old-age, survivors, and disability insurance program and the supplemental security income program, 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; TABLE OF CONTENTS.

(a) Short Title.--This Act may be cited as the "Social Security Amendments of 2000".

(b) Table of Contents.--The table of contents is as follows:

Subtitle D--Technical Amendments

TITLE III--PROVISIONS AFFECTING THE FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM, AND THE SUPPLEMENTAL SECURITY INCOME PROGRAM

Subtitle A--Program Improvement

Subtitle B--Program Integrity

Subtitle C--Administrative Improvements

TITLE I--PROVISIONS AFFECTING THE FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

Subtitle A--Program Improvement

~~SEC. 101. IDENTIFICATION OF INDIVIDUALS RECEIVING PENSIONS FROM NONCOVERED EMPLOYMENT.~~

~~(a) Information Requirement.—~~

~~(1) In general.—Subpart B of part III of chapter 61 of subtitle F of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:~~

~~"SEC. 6050T. SPECIAL RETURN REQUIREMENT RESPECTING BENEFITS PAYABLE ON THE BASIS OF SOCIAL SECURITY EXEMPT EARNINGS.~~

~~"(a) In General.—Any person required to make a return under this subpart with respect to a payment to any individual that constitutes, in whole or in part, a benefit described in subsection (b) shall specifically identify in such return (in such manner as the Secretary may prescribe in regulations), the amount of such payment that so constitutes such benefit.~~

~~"(b) Benefit Described.—A benefit described in this subsection is a periodic payment (or a lump sum payment that is a commutation of, or a substitute for, periodic payments) that is payable on the basis of the earnings of the individual described in subsection (a) for service that did not constitute~~

~~'employment' as defined in section 210 of the Social Security Act.".~~

~~(2) Clerical amendment.--The table of contents for subpart B of part III of chapter 61 of subtitle F of the Internal Revenue Code of 1986 is amended by adding at the end the following:~~

~~"SEC. 6050T. SPECIAL RETURN REQUIREMENT RESPECTING BENEFITS PAYABLE ON THE BASIS OF SOCIAL SECURITY EXEMPT EARNINGS.".~~

~~(b) Authority to Disclose Return Information to the Social Security Administration.--Section 6103(l)(1) of such Code is amended--~~

~~(1) by striking "and" at the end of subparagraph (B); and~~

~~(2) by adding at the end a new subparagraph as follows:~~

~~"(D) information required to be included in returns by section 6050T, to the Social Security Administration for purposes of its administration of sections 202(b)(4), 202(c)(2), and 215(a)(7) of the Social Security Act.".~~

~~(c) Effective Date.--The amendments made by this section shall be effective with respect to tax years ending after the calendar year in which this Act is enacted.~~

SEC. 102. DEMONSTRATION PROJECTS.

(a) In General.--Section 1110 of the Social Security Act is amended--

(1) in the title, by striking "OR" and inserting "AND";

(2) by striking "(a)(1)" and inserting "(a) Cooperative Research.--(1)"; and

(3) by amending subsection (b) to read as follows:

"(b) Demonstration Projects.--

"(1) In general.--The Commissioner of Social Security is authorized to carry out any experimental, pilot, or demonstration project that, in the Commissioner's judgment, is likely to assist in promoting the objectives or facilitating the administration of title II or title XVI of this Act.

"(2) Waiver and other special authority.--In order to permit a thorough evaluation of any alternative being considered in any project carried out under this subsection--

"(A) the Commissioner is authorized--

"(i) to waive any of the requirements, conditions, or limitations of title II or title XVI (or to waive them only for specified purposes), and

"(ii) to impose additional requirements, conditions, or limitations respecting benefits payable under, or the administration of, such titles; and

"(B) the Secretary of Health and Human Services, upon the request of the Commissioner, is authorized--

"(i) to waive any of the requirements, conditions, or limitations of title XVIII or title XIX (or to waive them only for specified purposes), and

"(ii) to impose additional requirements, conditions, or limitations respecting medical assistance under such titles,

in connection with any project to promote the objectives or facilitate the administration of title II or title XVI.

"(3) Limitation on SSI projects.--With respect to the participation of recipients of supplemental security income benefits payable under title XVI in any project under this subsection--

"(A) the Commissioner is not authorized to carry out any project that would result in a substantial reduction in any individual's total income and resources as a result of the individual's participation in the project;

"(B) the Commissioner may not require any individual to participate in a project, and the Commissioner shall assure that--

"(i) the voluntary participation of each individual in a project is evidenced through informed written consent; and

"(ii) any individual's voluntary agreement to participate in a project may be revoked by the individual at any time; and

"(C) the Commissioner shall, to the extent feasible and appropriate, include recipients who are under age 18 as well as adult recipients.

"(4) Grants and Contracts.--The Commissioner may make grants to, and enter into contracts with, any agency, organization, or other entity, for the purpose of assisting the Commissioner in carrying out any project under this subsection.

"(5) Cost allocation.--

"(A) OASDI and SSI projects.--Any costs for benefits under or administration of any project authorized by this subsection (including planning, reviewing, or evaluating a project) in excess of those that would have been incurred without regard to the project, shall be met by the Commissioner from amounts available for this purpose from the Federal Old-Age Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or appropriations made to carry out title XVI, as appropriate.

"(B) Coordinated projects.--The cost of any such project that is carried out in coordination with one or more related projects, including projects authorized under other titles of this Act, shall be allocated

among the Trust Funds involved and the appropriations available for such projects in a manner determined by the Commissioner with respect to the old-age, survivors, and disability insurance programs under title II and the supplemental security income program under title XVI, and by the Secretary with respect to other titles of this Act, taking into consideration the programs (or types of benefits) to which the project (or part of a project) is most closely related or which the project (or part of a project) is intended to benefit.

"(C) Reimbursement of State costs.--

"(i) If, in order to carry out a project to promote the objectives or facilitate the administration of title XVI, the Commissioner requests a State to make supplementary payments (or the Commissioner makes them pursuant to an agreement under section 1616 of this Act or section 212(b) of Public Law 93-66) to individuals who are not eligible therefor or to individuals in amounts different from which they are eligible, the Commissioner--

"(I) from amounts appropriated to carry out title XVI, shall reimburse such State for the amount by which the cost of such payments exceeds the cost that the State would

otherwise have incurred in the absence of such request, and

"(II) shall waive any administrative fee that would otherwise be required by section 1616(d) in the case of a supplementary payment made at the Commissioner's request to an ineligible individual.

"(ii) If, in order to carry out a project under this subsection, the Secretary (pursuant to a request of the Commissioner) requests a State to provide medical assistance under its plan approved under title XIX to individuals who are not eligible therefor, or in amounts or under circumstances in which the State does not provide such medical assistance, the Secretary shall reimburse such State for the non-federal share of such assistance from amounts appropriated to carry out title XVI, which shall be provided by the Commissioner to the Secretary for this purpose.".

(b) Conforming Amendment.--Section 201(k) of such Act is amended by striking "experiments and demonstration projects under section 505(a) of the Social Security Disability Amendments of 1980" and inserting "experimental, pilot, or demonstration projects respecting this title that are conducted pursuant to section 1110(b)".

(c) Repeal.--Section 505 of the Social Security Disability Amendments of 1980 is repealed.

SEC. 103. ELIMINATION OF THE 7-YEAR DEADLINE FOR A WIDOW OR WIDOWER TO QUALIFY FOR BENEFITS ON THE BASIS OF DISABILITY.

(a) In General.--

(1) Widows.--Section 202(e) of the Social Security Act is amended--

(A) in paragraph (1)(B)(ii), by striking "which began before the end of the period specified in paragraph (4)";

(B) in paragraph (1)(F)(ii), by striking "(I) in the period specified in paragraph (4) and (II)"; and

(C) by striking paragraph (4).

(2) Widowers.--Section 202(f) of such Act is amended--

(A) in paragraph (1)(B)(ii), by striking "which began before the end of the period specified in paragraph (5)";

(B) in paragraph (1)(F)(ii), by striking "(I) in the period specified in paragraph (5) and (II)"; and

(C) by striking paragraph (5).

(b) Effective Date.--The amendments made by this section shall be effective with respect to benefits payable for months beginning after the date of the enactment of this Act on the basis of applications filed after such date.

Subtitle B--Program Equity

SEC. 111. ALTERATION IN THRESHOLD FOR APPLICATION OF TAXES AND COVERAGE TO DOMESTIC SERVICES IN ORDER TO CORRESPOND WITH THE AMOUNT REQUIRED FOR A QUARTER OF COVERAGE.

(a) In General.--

(1) Tax threshold.--Section 3121(a)(7)(B) of the Internal Revenue Code of 1986 is amended by striking "applicable dollar threshold (as defined in subsection (x)) for such year" and inserting "amount required for a quarter of coverage in that year as determined under section 213(d)(2) of the Social Security Act".

(2) Coverage threshold.--Section 209(a)(6)(B) of the Social Security Act is amended by striking "applicable dollar threshold (as defined in section 3121(x) of the Internal Revenue Code of 1986) for such year" and inserting "amount required for a quarter of coverage in that year as determined under section 213(d)(2)".

(b) Conforming Amendments.--The Internal Revenue Code of 1986 is further amended--

(1) in section 3102(a), by striking "applicable dollar threshold (as defined in section 3121(x)) for such year" and inserting "amount required for a quarter of coverage in that year as determined under section 213(d)(2) of the Social Security Act".

(2) in section 3121, by striking subsection (x).

(c) Effective Date.--The amendments made by this section shall apply to remuneration paid in calendar years beginning after the year in which this Act is enacted.

SEC. 112. OPTIONAL METHODS FOR COMPUTING NET EARNINGS FROM SELF-EMPLOYMENT.

(a) Amendments to the Internal Revenue Code of 1986.--

(1) In general.--Section 1402(h) of such Code is amended to read as follows:

"(h) Optional Method for Computing Net Earnings from Self-Employment.--

"(1) Individuals.--In the case of any trade or business which is carried on by an individual--

"(A) if the gross income derived by the individual from such trade or business is not more than the upper limit for the taxable year and the net earnings from self-employment derived by the individual from such trade or business (computed under subsection (a) without regard to this sentence) are less than 66-2/3 percent of such gross income, the net earnings from self-employment derived by the individual from such trade or business may, at the individual's option, be deemed to be 66-2/3 percent of such gross income, or

"(B) if the gross income derived by the individual from such trade or business is more than the upper limit for the taxable year and the net earnings from self-employment derived by the individual from such trade or business (computed under subsection (a) without regard to this sentence) are less than the lower limit for the taxable year, the net earnings from self-employment derived by the individual from such

trade or business may, at the individual's option, be deemed to be the lower limit for the taxable year.

"(2) Member of a partnership.--In the case of a member of a partnership carrying on any trade or business--

"(A) if the member's distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707(c) applies) is not more than the upper limit for the taxable year and the member's distributive share (whether or not distributed) of income described in section 702(a)(8) derived from such trade or business (computed under this subsection without regard to this sentence) is less than 66-2/3 percent of the member's distributive share of such gross income (after such gross income has been so reduced), the member's distributive share of income described in section 702(a)(8) derived from such trade or business may, at the member's option, be deemed to be an amount equal to 66-2/3 percent of the member's distributive share of such gross income (after such gross income has been so reduced), or

"(B) if the member's distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707(c)

applies) is more than the upper limit for the taxable year and the member's distributive share (whether or not distributed) of income described in section 702(a)(8) derived from such trade or business (computed under this subsection without regard to this sentence) is less than the lower limit for the taxable year, the member's distributive share of income described in section 702(a)(8) derived from such trade or business may, at the member's option, be deemed to be the lower limit for the taxable year.

"(3) Upper and lower limits.--For purposes of this subsection--

"(A) Lower limit.--The lower limit for any taxable year is the sum of the amounts required under section 213(d) of the Social Security Act for a quarter of coverage in effect with respect to each calendar quarter ending with or within such taxable year.

"(B) Upper limit.--The upper limit for any taxable year is the amount equal to 150 percent of the lower limit for such taxable year.

"(4) Determination of gross income.--For purposes of this subsection, the term 'gross income' means--

"(A) in the case of any trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of

property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (7) and paragraph (9) of subsection (a), and

"(B) in the case of any trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) and paragraphs (9) of subsection (a).

"(5) Income derived from more than one trade or business.--For purposes of this subsection, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business.

"(6) Election.--The option under this subsection shall be allowed for any taxable year only if elected on the first return filed for such taxable year.".

(2) Conforming amendment.--Section 1402(a) of such Code is amended by striking all that follows the first sentence following paragraph (15) and inserting "For optional method of determining net earnings from self-employment, see subsection (h).".

(b) Amendments to the Social Security Act.--

(1) In general.--Section 211(g) of such Act is amended to read as follows:

"(g) Optional Method for Computing Net Earnings from Self-Employment.--

"(1) Individuals.--In the case of any trade or business which is carried on by an individual--

"(A) if the gross income derived by the individual from such trade or business is not more than the upper limit for the taxable year and the net earnings from self-employment derived by the individual from such trade or business (computed under subsection (a) without regard to this sentence) are less than 66-2/3 percent of such gross income, the net earnings from self-employment derived by the individual from such trade or business may, at the individual's option, be deemed to be 66-2/3 percent of such gross income, or

"(B) if the gross income derived by the individual from such trade or business is more than the upper limit for the taxable year and the net earnings from self-employment derived by the individual from such trade or business (computed under subsection (a) without regard to this sentence) are less than the lower limit for the taxable year, the net earnings from self-employment derived by the individual from such trade or business may, at the individual's option, be deemed to be the lower limit for the taxable year.

"(2) Member of a partnership.--In the case of a member of a partnership carrying on any trade or business--

"(A) if the member's distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707(c) of the Internal Revenue Code of 1986 applies) is not more than the upper limit for the taxable year and the member's distributive share (whether or not distributed) of income described in section 702(a)(8) of such Code derived from such trade or business (computed under this subsection without regard to this sentence) is less than 66-2/3 percent of the member's distributive share of such gross income (after such gross income has been so reduced), the member's distributive share of income described in section 702(a)(8) derived from such trade or business may, at the member's option, be deemed to be an amount equal to 66-2/3 percent of the member's distributive share of such gross income (after such gross income has been so reduced), or

"(B) if the member's distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707(c) of such Code applies) is more than the upper limit for the

taxable year and the member's distributive share (whether or not distributed) of income described in section 702(a)(8) of such Code derived from such trade or business (computed under this subsection without regard to this sentence) is less than the lower limit for the taxable year, the member's distributive share of income described in section 702(a)(8) of such Code derived from such trade or business may, at the member's option, be deemed to be the lower limit for the taxable year.

"(3) Upper and lower limits.--For purposes of this subsection--

"(A) Lower limit.--The lower limit for any taxable year is the sum of the amounts required under section 213(d) for a quarter of coverage in effect with respect to each calendar quarter ending with or within such taxable year.

"(B) Upper limit.--The upper limit for any taxable year is the amount equal to 150 percent of the lower limit for such taxable year.

"(4) Determination of gross income.--For purposes of this subsection, the term 'gross income' means--

"(A) in the case of any trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of

property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (6) and paragraph (8) of subsection (a), and

"(B) in the case of any trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (6) and paragraphs (8) of subsection (a).

"(5) Income derived from more than one trade or business.--For purposes of this subsection, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business.

"(6) Election.--The option under this subsection shall be allowed for any taxable year only if elected in accordance with the provisions of section 1402(h) of the Internal Revenue Code of 1986.".

(2) Conforming amendments.--

(A) Section 211(a) of such Act is amended by striking all that follows the first sentence following paragraph (15) and inserting "For optional method of determining net earnings from self-employment, see subsection (g).".

(B) Section 212 of such Act is amended--

(i) in subsection (b), by striking "For" and inserting "Except as provided in subsection (c), for"; and

(ii) adding at the end a new subsection as follows:

"(c) For the purpose of determining average indexed monthly earnings, average monthly wage, and quarters of coverage in the case of any individual who elects the option described in paragraph (1)(B) or (2)(B) of section 211(g) for any taxable year that does not begin with or during a calendar year and does not end with or during such year, the self-employment income of such individual deemed to be derived during such taxable year shall be allocated to the two calendar years, portions of which are included within such taxable year, in the same proportion to the total of such deemed self-employment income as the sum of the amounts applicable under section 213(d) for the calendar quarters ending with or within each such calendar year bears to the lower limit for such taxable year specified in section 211(g)(3)(A).".

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

SEC. 113. AVAILABILITY OF DIVIDED RETIREMENT SYSTEM PROCEDURE TO ALL STATES.

(a) In General.--Section 218(d)(6)(C) of the Social Security Act is amended in the first sentence--

(1) by striking "the State of Alaska" and all that follows through "Hawaii" and inserting "a State"; and

(2) by striking "any such State" and inserting "a State".

(b) Conforming Amendment.--Section 218(g)(2) of such Act is amended in the third sentence by striking "the States to which the provisions of subsection (d)(6)(C) apply" and inserting "a State under subsection (d)(6)(C)".

SEC. 114. CLARIFICATION REGARDING COVERAGE STATUS OF INTERNS AND RESIDENTS.

(a) In General.--

(1) Social Security Act amendment.--Section 210(a)(10) of such Act is amended by inserting "(other than service as a medical or dental intern or a medical or dental resident in training)" after "(10) Service".

(2) Internal Revenue Code of 1986 amendment.--Section 3121(b)(10) of such Code amended by inserting "(other than service as a medical or dental intern or a medical or dental resident in training)" after "(10) service".

(b) Effective Date.--

(1) Except as provided in paragraph (2), the amendments made by this section apply to service performed before, on, or after the date of the enactment of this Act.

(2) The amendments made by this section shall apply only to service performed after the month in which this Act is enacted in the case of any individual whose service otherwise would be excluded from coverage under title II of

the Social Security Act and taxes under the Federal Insurance Contributions Act pursuant to the State of Minnesota v. Apfel, 151 F.3d 742 (8th Cir. 1998).

SEC. 115. CLARIFICATION RESPECTING THE FICA AND SECA TAX EXEMPTIO

Sections 1401(c), 3101(c), and 3111(c) of the Internal Revenue Code of 1986 are each amended by striking "to taxes or contributions for similar purposes under" and inserting "exclusively to the laws applicable to".

SEC. 116. QUINQUENNIAL ADJUSTMENTS RESPECTING DEEMED MILITARY WAGECREDITS.

Section 217(g)(2) of the Social Security Act is amended in the second sentence--

(1) by striking "30 days" and inserting "one year"; and

(2) by inserting "(including interest)" after "such amounts".

SEC. 117. NONPAYMENT OF BENEFITS UPON DEPORTATION.

(a) In General.--Paragraphs (1) and (2) of section 202(n) are each amended by striking "(other than under paragraph (1)(C) or (1)(E) thereof)".

(b) Effective Date.--The amendments made by this section shall apply to individuals with respect to whom the Commissioner of Social Security receives a deportation notice from the Attorney General after the date of the enactment of this Act.

SEC. 118. AUTOMATIC ENROLLMENT TO MEDICARE PART B FOR RESIDENTS OF PUERTO RICO.

Section 1837(f)(3) of the Social Security Act is amended by striking "exclusive of Puerto Rico,".

Subtitle C--Technical Amendments

SEC. 121. TECHNICAL CORRECTION RESPECTING RESPONSIBLE AGENCY HEAD.

Section 1143 of the Social Security Act is amended by striking "Secretary" each place it appears and inserting "Commissioner of Social Security".

SEC. 122. TECHNICAL CORRECTION RESPECTING DOMESTIC EMPLOYMENT.

(a) Section 3121(a)(7)(B) of the Internal Revenue Code of 1986 is amended by striking "described in subsection (g)(5)" and inserting "on a farm operated for profit".

(b) Section 209(a)(6)(B) of the Social Security Act is amended by striking "described in section 210(f)(5)" and inserting "on a farm operated for profit".

(c) Sections 3121(g)(5) of such Code and 210(f)(5) of such Act are amended by striking "or is domestic service in a private home of the employer".

SEC. 123. TECHNICAL CORRECTIONS OF OUTDATED REFERENCES.

(a) Correction of Terminology and Citations Respecting Removal from the United States.--Section 202(n) of the Social Security Act is amended--

(1) by striking "deportation" each place it appears and inserting "removal";

(2) by striking "deported" each place it appears and inserting "deported";

(3) in paragraph (1) (in the matter preceding subparagraph (A)), by striking "section 241(a)" and inserting "section 237(a) or 212(a)(6)(A)";

(4) in paragraph (2), by striking "any of the paragraphs of section 241(a)" and inserting "section 237(a) or 212(a)(6)(A)";

(5) in paragraph (3)--

(A) by striking "paragraph (19) of section 241(a)" and inserting "section 237(a)(4)(D)", and

(B) by striking "paragraph (19)" and inserting "section"; and

(6) in the heading, by striking "Deportation" and inserting "Removal".

(b) Correction of Citation Respecting the Tax Deduction Relating to Health Insurance Costs of Self-Employed Individuals.--Section 211(a)(15) of such Act is amended by striking "section 162(m)" and inserting "section 162(l)".

(c) Elimination of Reference to Obsolete 20-Day Agricultural Work Test.--Section 3102(a) of the Internal Revenue Code of 1986 is amended by striking "and the employee has not performed agricultural labor for the employer on 20 days or more in the calendar year for cash remuneration computed on a time basis".

SEC. 124. TECHNICAL CORRECTION RESPECTING SELF-EMPLOYMENT INCOME IN COMMUNITY PROPERTY STATES.

(a) Social Security Act Amendment.--Section 211(a)(5)(A) of the Social Security Act is amended by striking "all of the gross income" and all that follows and inserting "the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business;".

(b) Internal Revenue Code of 1986 Amendment.--Section 1402(a)(5)(A) of the Internal Revenue Code of 1986 is amended by striking "all of the gross income" and all that follows and inserting "the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business; and".

SEC. 125. TECHNICAL CORRECTION RESPECTING RETIREMENT BENEFITS OF MINISTERS.

(a) In General.--Section 211(a)(7) of the Social Security Act (defining net earnings from self-employment) is amended by inserting ", but shall not include in any such net earnings from self-employment the rental value of any parsonage or any parsonage allowance (whether or not excluded under section 107 of the Internal Revenue Code of 1986) provided after the individual retires, or any other retirement benefit received by such individual from a church plan (as defined in section 414(e) of such Code) after the individual retires" before the semi-colon at the end.

(b) Effective Date.--The amendment made by this section shall apply to years beginning before, on, or after December 31, 1994.

TITLE II--PROVISIONS AFFECTING THE SUPPLEMENTAL SECURITY INCOME PROGRAM

Subtitle A--Program Improvement

SEC. 201. ELIMINATION OF THE DEDICATED ACCOUNT REQUIREMENT.

(a) In General.--Section 1631(a)(2) of the Social Security Act is amended--

(1) by striking subparagraph (F); and

(2) by redesignating subparagraphs (G) and (H) as subparagraphs (F) and (G), respectively.

(b) Transitional Treatment of Funds Previously Subject to the Dedicated Account Requirement.--

(1) In determining the resources of an individual (and the individual's eligible spouse, if any) there shall be excluded during the period specified in paragraph (3) any amount held, at the close of the day preceding the date of the enactment of this Act, in an account established and maintained in accordance with section 1631(a)(2)(F) (as in effect on such day).

(2) The interest or other earnings of an account described in paragraph (1) shall be excluded form income during the period specified in paragraph (3).

(3) The period specified in this paragraph begins on the date of the enactment of this Act and ends on the last day of the seventeenth month beginning on or after such date of enactment.

(c) Conforming Amendments.--

(1) Section 1612(b) of such Act is amended--

(A) by adding "and" at the end of paragraph (20);

(B) by striking paragraph (21);

(C) by redesignating paragraph (22) as paragraph (21).

(2) Section 1613(a) of such Act is amended--

(A) by adding "and" at the end of paragraph (11);

(B) by striking paragraph (12); and

(C) by redesignating paragraph (13) as paragraph (12).

SEC. 202. LIMITED INTEREST EXCLUSION FOR INTEREST AND DIVIDENDS.

(a) Section 1612(b)(3) of the Social Security Act is amended by:

(1) striking "month" each place it appears and inserting "quarter";

(2) striking "$20" and inserting "$60".: and,

(3) striking "$10" and inserting "$30".

(b) Section 1612(b) of such Act (as previously amended by section 201(c)(1)) is further amended--

(1) by striking "and" at the end of paragraph (20);

(2) by striking the period at the end of paragraph (21) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(22) interest or dividend income from resources not excluded under section 1613(a).".

SEC. 203. UNIFORM 9-MONTH RESOURCE EXCLUSION PERIODS.

(a) In General.--Section 1613(a) of the Social Security Act is amended--

(1) in paragraph (7), by striking "6" and inserting "9" and by striking "(or to the first 9 months following such month with respect to any amount so received during the period beginning Oct. 1, 1987, and ending Sept. 30, 1989)"; and

(2) in paragraph (11) (as previously amended by section 201(c)(2)(A))--

(A) by inserting "(A)" after "(11)";

(B) by striking "month of receipt and the following month" and inserting "nine months following the month in which it is received"; and

(C) by inserting "(B) for the month following the month of receipt," before "any payment".

(b) Effective Date.--The amendments made by this section shall take effect on the first day of the first month beginning at least 90 ninety days after the date of the enactment of this Act, and shall apply to--

(1) amounts described in paragraph (7) of section 1613(a) of the Social Security Act, and

(2) refunds of federal income taxes described in paragraph (11)(A) of such section,

that are received by an eligible individual or eligible spouse on or after such date.

SEC. 204. CONFORMING CHANGES RELATED TO THE EXCLUSION OF DISASTER

(a) Exclusion from Income.--

(1) Section 1612(b)(11) of the Social Security Act is amended by striking "assistance received under the Disaster Relief and Emergency Assistance Act" and inserting "major disaster or emergency assistance received pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act or comparable disaster assistance received from a State, local government, or disaster assistance organization;".

(2) Section 1612(b)(12) of such Act is amended by striking "within the 9-month period" and all that follows and inserting instead a semi-colon.

(b) Exclusion from Resources.--Section 1613(a)(6) of such Act is amended by striking "for the 9-month period" and all that follows through "includes" and inserting instead "and any".

(c) Treatment of In-Kind Support and Maintenance Received by Individuals Displaced from Their Homes.--Section 1612(a)(2)(A)(iii) of such Act is amended--

(1) by inserting "on a temporary basis" after "while living" the first place such phrase appears;

(2) by striking "ceases" and all that follows through "if," and inserting instead "ceases to regard such living arrangement as temporary or ceases to receive such support and maintenance if,"; and

(3) by striking "Disaster Relief and Emergency Assistance Act" and inserting "Robert T. Stafford Disaster Relief and Emergency Assistance Act".

SEC. 205. ELIMINATIONS OF RESTRICTIONS ON THE APPLICATION OF THE STUDENT EARNED INCOME EXCLUSION.

(a) In General.--Section 1612(b)(1) of the Social Security Act is amended by striking "a child who is".

(b) Effective Date.--The amendment made by this section is effective with respect to supplemental security income benefits payable under title XVI of the Social Security Act for months after the month in which this Act is enacted.

Subtitle B--Program Integrity

SEC. 211. REQUIREMENT THAT THE REPRESENTATIVE PAYEE OF AN ELIGIBLE

(a) In General.--Section 1631(a)(2)(B) of the Social Security Act is amended--

(1) by redesignating clauses (viii) through (xiii) as clauses (xix) through (xiv), respectively; and

(2) by inserting after clause (vii) the following new clause:

"(viii)(I) Except as provided in subclause (II), no person or organization may serve as the representative payee of an eligible individual who is a child if, after notice to such person or organization by the Commissioner of Social Security that it is likely that payments for the support or maintenance of the child may be collectible from an absent parent, such person fails within the period or periods specified by the Commissioner, to cooperate with child support enforcement agency or pursue child support through similar means.

"(II) Clause (I) shall not apply with respect to any person who, or organization which, demonstrates to the satisfaction of the Commissioner that--

"(aa) no payments for support or maintenance of such child are collectible, or

"(bb) good cause exists for not pursuing such payments.".

(b) Effective Date.--The amendments made by this section shall be effective the first day of the fourth month following the month in which this Act is enacted.

SEC. 212. ACCESS TO THE FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.

Section 453(j)(4) of the Social Security Act is amended--

(1) by striking "NEW HIRE" in the caption;

(2) by inserting "and the Federal Case Registry of Child Support Orders" before "shall"; and

(3) by inserting "and the Federal Case Registry, respectively" before the period.

Subtitle C--Program Equity

SEC. 221. EXEMPTION FROM RESTRICTION ON PROGRAM PARTICIPATION BY CERTAIN ALIENS ENTITLED TO OASDI BENEFITS.

(a) In General.--Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding at the end the following new subparagraph:

"(L) SSI exception for certain aliens entitled to OASDI benefits.--With respect to the program specified in paragraph (3)(A), paragraph (1) shall not apply to

an alien who (i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act, and (ii) is entitled to benefits under title II of the Social Security Act. For purposes of this subparagraph only, the term 'entitled to benefits under title II' includes individuals who are in a 'waiting period' as defined in section 223(c)(2), 202(e)(5)(A), or 202(f)(6)(A) of such Act.".

(b) Effective Date.--The amendment made by this section shall be effective with respect to applications for benefits under title XVI of the Social Security Act filed on or after the date of the enactment of this Act.

SEC. 222. REMOVAL OF RESTRICTION ON PAYMENT OF BENEFITS TO CHILDREN

(a) In General.--Section 1614(a)(1)(B)(ii) of the Social Security Act is amended by striking ", and who," and all that follows and inserting a period.

(b) Effective Date.--The amendment made by subsection (a) shall take effect on the first day of the sixth month that begins after the date of the enactment of this Act, and shall apply with respect to benefits payable for months beginning on or after such day.

SEC. 223. TREATMENT OF UNIFORMED SERVICE COMPENSATION.

(a) Treatment of All Uniformed Service Cash Remuneration as Earned Income.--Section 1612(a)(1)(A) of the Social Security Act is amended by inserting "(and, in the case of cash remuneration paid for service as a member of a uniformed service, without

regard to the limitations contained in section 209(d))" immediately before the semi-colon.

(b) Treatment of Pay as Received When Earned.--Section 1611(c) of such Act is amended by adding at the end the following new paragraph:

"(9) For purposes of this subsection, remuneration for service performed as a member of a uniformed service may be treated as received in the month in which it is earned, if the Commissioner determines that such treatment would promote the economical and efficient administration of the program authorized by this title.".

(c) Effective Date.--The amendments made by this section are effective with respect to benefits payable under title XVI of the Social Security Act for months beginning at least 90 days after the date of the enactment of this Act.

Subtitle D--Technical Amendments

SEC. 231. RETURN TO FULL REIMBURSEMENT FOR MEDICAID-RELATED ACTIVITIES.

(a) In General.--Section 1634(a) of the Social Security Act is amended by striking the second sentence and inserting instead the following: "Any such agreement shall provide for payments by the State of an amount equal to one-half of the cost of carrying out the agreement, which shall include only those costs which are additional to the costs incurred in carrying out this title, to the Secretary of Health and Human Services. The Secretary will reimburse the Commissioner for the full cost of carrying out the agreement with the State, which shall include only those costs

which are additional to the costs incurred in carrying out this title. The Commissioner and the Secretary shall enter into an agreement regarding the above reimbursement.".

(b) Effective Date.--The amendment made by this section shall be effective as if included in the enactment of section 107 of the Social Security Independence and Program Improvements Act of 1994.

SEC. 232. TECHNICAL CLARIFICATION.

Section 1631(e)(7)(C) of the Social Security Act is amended by inserting "pursuant to this paragraph" after "redetermining".

TITLE III--PROVISIONS AFFECTING THE FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM, AND THE SUPPLEMENTAL SECURITY INCOME PROGRAM

Subtitle A--Program Improvement

SEC. 301. PROTECTION FROM LIABILITY FOR PERSONS WHO RELEASE RECORDS TO THE COMMISSIONER OF SOCIAL SECURITY.

(a) In General.--Section 223(d)(5) of the Social Security Act is amended by adding at the end a new subparagraph (C) as follows:

"(C) Notwithstanding any other provision of Federal or State law, no person shall be liable under any Federal or State law for disclosing any record or other information respecting an individual to the Commissioner of Social Security, if--

"(1) the disclosure is reasonably responsive to a request by the Commissioner in connection with a

determination concerning such individual's initial or continuing entitlement to benefits under this title on the basis of disability; and

"(2) the Commissioner provides assurances that--

"(A) such individual has provided written authorization for disclosure of records or information, and

"(B) such authorization is maintained in the records of the Social Security Administration.".

(b) Effective Date.--The amendment made by this section shall apply with respect to disclosures of records or other information made on or after the date of the enactment of this Act.

SEC. 302. ELIMINATION OF BAR TO STATE PERFORMANCE OF RECONSIDERATION OF DISABILITY CESSATION DETERMINATIONS RENDERED BY THE COMMISSIONER OF SOCIAL SECURITY.

(a) In General.--Section 205(b)(2) of the Social Security Act is amended in the second sentence by striking everything following "or the Commissioner of Social Security" and inserting a period.

(b) Effective Date.--The amendment made by this section shall take effect on the date of the enactment of this Act and shall apply to cases pending on or after such date.

SEC. 303. CLARIFICATION RESPECTING JUDICIAL AUTHORITY TO REMAND CASES TO THE COMMISSIONER OF SOCIAL SECURITY.

(a) In General.--Section 205(g) of the Social Security Act is amended in the sixth sentence by striking "before the Commissioner files the Commissioner's answer".

(b) Effective Date.--The amendment made by this section shall take effect on the date of the enactment of this Act, and shall apply to cases pending on or after such date.

SEC. 304. ELIMINATION OF TRANSCRIPT REQUIREMENT IN REMAND CASES FULLY FAVORABLE TO THE CLAIMANT.

Section 205(g) of the Social Security Act (as previously amended by section 303) is further amended in the sixth sentence by striking "and a transcript" and inserting "and, in any case in which the Commissioner has not made a decision fully favorable to the individual, a transcript".

Subtitle B--Program Integrity

SEC. 311. LOSS OF BENEFITS PENALTIES FOR PROGRAM VIOLATIONS.

(a) In General.--

(1) Criminal penalty.--

(A) Title II violation.--Section 208 of the Social Security Act is amended by adding at the end the following new subsection:

"(e)(1) In general.--If a person is convicted of a violation of any of the provisions of this section, then the court may, in addition to the other penalties described in this section and any other penalties provided by law, impose a penalty of--

"(A) nonpayment of the benefits under this title that would otherwise be payable to such person, and

"(B) ineligibility for cash benefits under title XVI (which includes, for purposes of this subsection, State supplementary payments which are paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66).

"(2) Terms of Penalty.--

"(A) Duration.--Any penalty imposed pursuant to paragraph (1) shall be for a period of not less than 12, and not more than 120, consecutive months.

"(B) Commencement.--Any penalty imposed pursuant to paragraph (1) shall commence with the second month beginning after the date on which the court imposes sentence upon the person pursuant to the conviction described in paragraph (1) or, at the court's election, the first month following the person's release from an institution described in section 202(x) to which the person is confined pursuant to such conviction.

"(3) Considerations.--The decision whether to impose the penalty described in paragraph (1), and the duration of any penalty so imposed, shall be made after consideration of--

"(A) the nature of the violation and the circumstances under which it occurred;

"(B) the person's history, if any, of related prior offenses; and

"(C) such other matters as justice may require.

"(4) Effect on other assistance.--A person subject to a period of nonpayment of benefits under title II or ineligibility for title XVI benefits by reason of this section nevertheless shall be considered to be eligible for and receiving such benefits, to the extent that the person would be receiving or eligible for such benefits but for the imposition of the penalty, for purposes of--

"(A) determination of the eligibility of the person for benefits under titles XVIII and XIX; and

(B) determination of the eligibility or amount of benefits payable under title II or XVI to another person.

"(5) Notice.--No later than 14 days after the penalty described in paragraph (1) has been imposed with respect to any person, the Attorney General shall notify the Commissioner of Social Security of such imposition.".

(B) Title XVI violation.--Section 1632 of such Act is amended by adding at the end the following new subsection:

"(c)(1) In general.--If a person is convicted of a violation of any of the provisions of subsection (a), then the court may, in addition to the other penalties described in this section and any other penalties provided by law, impose a penalty of--

"(A) ineligibility for cash benefits under this title (which includes, for purposes of this subsection, State supplementary payments which are paid by the Commissioner

pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66), and

"(B) nonpayment of the benefits under title II that would otherwise be payable to such person.

"(2) Terms of Penalty.--

"(A) Duration.--Any penalty imposed pursuant to paragraph (1) shall be for a period of not less than 12, and not more than 120, consecutive months.

"(B) Commencement.--Any penalty imposed pursuant to paragraph (1) shall commence with the second month beginning after the date on which the court imposes sentence upon the person pursuant to the conviction described in paragraph (1) or, at the court's election, the first month following the person's release from an institution described in section 1611(e) to which the person is confined pursuant to such conviction.

"(3) Considerations.--The decision whether to impose the penalty described in paragraph (1), and the duration of any penalty so imposed, shall be made after consideration of--

"(A) the nature of the violation and the circumstances under which it occurred;

"(B) the person's history, if any, of related prior offenses; and

"(C) such other matters as justice may require.

"(4) Effect on other assistance.--A person subject to a period of nonpayment of benefits under title II or ineligibility

for title XVI benefits by reason of this section nevertheless shall be considered to be eligible for and receiving such benefits, to the extent that the person would be receiving or eligible for such benefits but for the imposition of the penalty, for purposes of--

"(A) determination of the eligibility of the person for benefits under titles XVIII and XIX; and

(B) determination of the eligibility or amount of benefits payable under title II or XVI to another person.

"(5) Notice.--No later than 14 days after the penalty described in paragraph (1) has been imposed with respect to any person, the Attorney General shall notify the Commissioner of Social Security of such imposition.".

(2) Civil penalty.--

(A) In general.--Section 1129(a) of such Act is amended--

(i) by striking "(A)" and "(B)" and inserting "(i)" and "(ii)", respectively;

(ii) by striking "(a)(1)" and inserting "(a)(1)(A)";

(iii) by striking "(2)" and inserting "(B)";

(iv) in the second sentence of paragraph (1)(A) (as redesignated by clause (ii) of this subparagraph), by inserting "the loss of benefits penalty described in paragraph (2)(A) and to" after "subject to"; and

(v) by adding at the end the following new paragraph:

"(2) Loss of benefits penalty.--The penalty described in this paragraph consists of nonpayment of the benefits under title II that would otherwise be payable to such person, and ineligibility for cash benefits under title XVI (which includes, for purposes of this paragraph, State supplementary payments which are paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66) for a period of not less than 12, and not more than 120, consecutive months that commences with the second month beginning after the date on which the Commissioner makes a determination adverse to the person under this section.".

(B) Technical conforming amendment.--Section 1129(b)(1) of such Act is amended in the first sentence by striking "civil money".

(b) Preclusion of Delayed Retirement Credit for any Month to Which a Loss of Benefit Penalty Applies.--Section 202(w)(2)(B) of such Act is amended--

(1) by striking "and" at the end of clause (i);

(2) by striking the period at the end of clause (ii) and inserting ", and"; and

(3) by adding at the end the following new clause:

"(iii) such individual was not subject to any nonpayment of benefits penalty imposed pursuant to

section 208(e), section 1129(a)(3), or section 1632(c).".

(c) Effective Date.--The amendments made by this section shall be effective with respect to violations committed after the date of the enactment of this Act.

SEC. 312. REQUIREMENTS RESPECTING OFFERS TO PROVIDE FOR A FEE A PRODUCT OR SERVICE AVAILABLE WITHOUT CHARGE FROM THE SOCIAL SECURITY ADMINISTRATION.

(a) In General.--Section 1140 of the Social Security Act is amended--

(1) in subsection (a), by adding at the end the following new paragraph:

"(4)(A) No person shall offer, for a fee, to assist an individual to obtain a product or service that the person knows or should know is provided free of charge by the Social Security Administration unless, at the time the offer is made, the person provides to the individual to whom the offer is tendered a notice that--

"(i) explains that the product or service is available free of charge from the Social Security Administration, and

"(ii) complies with standards prescribed by the Commissioner of Social Security respecting content, placement, visibility, and legibility.

"(B) Subparagraph (A) shall not apply to any offer--

"(i) to serve as a claimant representative in connection with a claim arising under title II or title XVI; or

"(ii) to prepare, or assist in the preparation of, an individual's plan for achieving self support under title XVI."; and

(2) in the title, by striking "PROHIBITION OF MISUSE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE" and inserting "PROHIBITIONS RESPECTING REFERENCES".

(b) Effective Date.--The amendments made by this section shall apply to offers of assistance made after the sixth month ending after the Commissioner of Social Security promulgates final regulations prescribing the standards applicable to the notice required to be provided in connection with such offer.

SEC. 313. REFUSAL TO RECOGNIZE CERTAIN INDIVIDUALS AS CLAIMANT REPRESENTATIVES.

Section 206(a)(1) of the Social Security Act is amended by inserting after the second sentence the following: "Notwithstanding the preceding sentences, the Commissioner may refuse to recognize as a representative, and disqualify a representative already recognized, who has been disbarred or suspended from any court or bar to which he or she was previously admitted or disqualified from participating in or appearing before any Federal program or agency, and the Commissioner may refuse to recognize or disqualify as a non-attorney representative any attorney who has been disbarred or suspended from any court or bar to which he or she was previously admitted to practice. A representative who has been disqualified or suspended pursuant to this section from appearing before the Social Security Administration as a result of collecting or

receiving a fee in excess in the amount authorized shall be barred from appearing before the Social Security Administration as a representative until full restitution is made to the claimant and, thereafter, may be considered for reinstatement only under such rules as the Commissioner may prescribe.".

SEC. 314. ELIMINATION OF COMMISSIONER OF SOCIAL SECURITY'S AUTHORIT

Section 1129 of the Social Security Act (as previously amended by sections 311(a)(2) and 313) is further amended--

(1) in subsection (a)(1)(A) (as redesignated by section 311(a)(2)(A)), by striking the last sentence;

(2) in subsection (b)(1) (as previously amended by section 311(a)(2)(B)), by striking "or whether to recommend exclusion under subsection (a)";

(3) in subsection (c), by striking "or whether to recommend an exclusion,";

(4) in subsection (f), by striking ", or to recommend an exclusion"; and

(5) in subsection (k), by striking ", and for an exclusion under section 1128 based on a recommendation under subsection (a),".

Subtitle C--Administrative Improvements

SEC. 321. SOCIAL SECURITY CARD IMPROVEMENTS.

Section 205(c)(2)(G) of the Social Security Act is amended by striking the last sentence and inserting instead the following: "The Commissioner of Social Security shall

periodically make such changes to the card as the Commissioner of Social Security determines are necessary in order to render such card, to the maximum extent practicable, noncounterfeitable. Section 274A(d)(3) of the Immigration and Nationality Act shall not apply to changes in the card made pursuant to the preceding sentence.".

SEC. 322. PAY OF ADMINISTRATIVE APPEALS JUDGES.

(a) In General.--Section 704(a) of the Social Security Act is amended--

(1) in paragraph (1), by striking "the preceding sentence" and inserting "this subsection"; and

(2) by adding at the end the following new paragraph:

"(4) The Commissioner of Social Security shall fix in regulations the basic pay of administrative appeals judges of the Social Security Administration (other than judges who are members of the Senior Executive Service) at rates equivalent to the rates payable under section 5372 of title 5, United States Code, in accordance with the regulations of the Office of Personnel Management, promulgated pursuant to such section.".

(b) Effective Date.--The amendments made by this section shall be effective with respect to the first pay period that begins on or after the date of the enactment of this Act.

SEC. 323. LAW ENFORCEMENT AUTHORITY FOR THE OFFICE OF THE INSPECTO

(a) Authority.CTitle VII of the Social Security Act is amended by inserting after section 702 the following new section:

" 702a. Office of the Inspector General: law enforcement authority

"(a) Authority.CA Special Agent of the Office of Investigations, Office of the Inspector General, Social Security Administration; or any State or local law enforcement officer, designated by the Inspector General may--

"(1) carry firearms;

"(2) execute and serve any warrant or other process issued under the authority of the United States; and

"(3) make arrests without warrant for--

"(A) any offense against the United States committed in the Special Agent=s presence; or

"(B) any felony cognizable under the laws of the United States if the Special Agent has probable cause to believe that the person to be arrested has committed or is committing the felony.

"(b) Designation of Person to Have Authority.--Subsection (a) applies to any Special Agent of the Office of Investigations, Office of the Inspector General who conducts investigations of alleged or suspected criminal violations of statutes administered by the Commissioner of Social Security or any State or to any local law enforcement officer assisting a special agent.

"(c) Guidelines on Exercise of Authority.CThe authority provided under subsection (a) shall be exercised in accordance

with guidelines prescribed by the Inspector General of the Social Security Administration and approved by the Attorney General.

"(d) Federal Employee Status.CState and local law enforcement officers performing functions under this section shall not be deemed Federal employees and shall not be subject to provisions of law relating to Federal employees, except that such officers shall be subject to section 3374(c) of title 5.

(b) Conforming Amendment.CThe table of sections at the beginning of such title is amended by inserting after the item relating to section 702 the following:

"Section 702a. Office of the Inspector General: Law Enforcement Authority.

SEC. 324. REQUIREMENT FOR COMPUTER MATCHES WITH MEDICAL PROGRAM UTILIZATION DATABASES.

(a) In General.--For the purpose of assuring that assistance under the programs authorized by titles II and XVI of the Social Security Act is provided only to those individuals entitled to such assistance, the Commissioner of Social Security shall periodically conduct computer matches with data collected or maintained in connection with the programs authorized by--

(1) chapter 55 of title 10, United States Code;

(2) chapter 17 of title 38, United States Code;

(3) title 18 of the Social Security Act; and

(4) title 19 of the Social Security Act

respecting the utilization by individuals of services under such programs. The Secretary of Defense (with respect to the program

described in paragraph (1)), the Secretary of Veterans Affairs (with respect tot he program described in paragraph (2)), and the Secretary of Health and Human Services (with respect tot he programs described in paragraphs (3) and (40) shall furnish to the Commissioner of Social Security such information as the Commissioner of Social Security may request for the purpose of carrying out the preceding sentence.

(b) Reimbursement.--The Commissioner of Social Security shall remit payment, in advance or by way of reimbursement, in an amount sufficient to cover the cost of complying with requests under subsection (a). Such payments shall be made from funds appropriated for the purpose of administering title Ii or XVI of the Social Security Act, as appropriate.

SEC. 325. ACCELERATED PROVISION OF STATE DEATH DATA.

(a) In General.--Section 6103(d)(4)(B)(i) of the Internal Revenue Code of 1986 is amended by inserting "within 30 days following such filing" after "it".

(b) Technical Amendments.--Subparagraphs (A) and (B) of section 6103(d)(4) of such Code are amended by striking "Secretary of Health and Human Services" each place it appears and inserting "Commissioner of Social Security".

DRAFT
7/12/00

The Honorable J. Dennis Hastert
Speaker of House
United States House of Representatives
Washington, DC 20515

Attach to Social Security Privacy Act

Dear Mr. Speaker,

Enclosed for the consideration of the Congress is the Social Security Administration's (SSA) draft bill to amend the Social Security Act for purposes of making benefit improvements and improving the integrity of the Social Security and Supplemental Security Income (SSI) programs. Upon enactment the bill would be cited as the "Social Security Amendments of 2000."

An enclosure to this letter discusses all of the proposals in the bill, but I would like to highlight several of the more significant ones.

The draft bill includes proposals that would improve Social Security coverage and benefits. For example, section 111 of the draft bill would provide that wages paid to domestic workers will be covered under Social Security if the annual total of such wages from an employer equals or exceeds the amount necessary for a quarter of coverage ($780 in 2000). The provision in current law treats domestic workers less favorably than other workers by denying them credit for a quarter of coverage even though they are paid enough by an employer to otherwise receive one.

Other examples of Social Security benefit improvements are in section 103, which would eliminate the 7-year deadline, generally following the death of the worker, during which a widow(er) must become disabled in order to qualify for disabled widow(er)s benefits and section 112, which would increase the maximum amount a self-employed individual could report as net earnings under the optional reporting method. Section 114 would prevent the potential loss of benefits to medical/dental interns or residents and their families in the event of disability or death by clarifying that interns and residents are not considered students and, thus, are covered under Social Security. In addition, section 118 would allow residents of Puerto Rico, like those of the rest of the United States, to be automatically enrolled in Part B of Medicare.

Benefit improvements in the SSI program include provisions that would eliminate the current age restrictions on disabled students being able to qualify for the student earned income disregard (section 205) and provide SSI eligibility to disabled children who are born or become disabled overseas while their military personnel parents are on active duty (section 222). Additionally, section 201 would repeal the provision that requires a

dedicated financial account be set up for children who receive at least 6 months' worth of past-due SSI benefits. Under current law such an account may only be used for specific, restricted expenses of the child, generally not including his or her food, clothing, or shelter.

The public's trust in the Social Security and SSI programs is absolutely critical. Even a perception of program integrity problems can threaten this trust. We have worked strenuously to build quality management of the programs by developing new administrative procedures to prevent and detect overpayments and fraud. However, there are several situations that cannot be remedied administratively, and this draft bill includes proposals that address those issues.

Section 311 would provide for authority to impose a sanction of nonpayment of benefits on individuals upon a criminal conviction for fraud or as part of the final decision in a civil monetary penalty action for false representation. The proposal in section 313 would authorize the Commissioner to refuse to recognize a representative who has been disbarred, suspended or disqualified from participating in Social Security programs. With regard to consumer protection, section 312 of the draft bill would require companies that charge for services that SSA provides for free to notify individuals considering purchasing such services that SSA provides the same services for no charge.

Independent agency status gave SSA its own Office of Inspector General (OIG) that plays a vital role in the stewardship of the programs we administer. To enhance OIG's efforts in maintaining program integrity, section 323 would clarify the law enforcement authority for OIG agents by transferring the authority for allowing agents to carry firearms, make arrests, and serve search warrants from the Department of Justice to the Inspector General.

It has always been our responsibility to ensure that eligible individuals receive the correct amount of assistance under the program to which they are entitled. Section 101 would improve SSA's administration of the Windfall Elimination Provision and the Government Pension Offset by requiring administrators of pension systems to provide information that could be used to identify individuals receiving pensions from noncovered employment. Having the pension data identified in a timely manner would significantly reduce Social Security overpayments.

It is equally our responsibility to ensure that individuals who do not meet the eligibility criteria do not receive benefits. One very effective way of improving our administration of the programs involves data matches. To this end, section 212 would authorize data matches with the Office of Child Support's database of support orders to identify disabled children SSI beneficiaries who should be receiving child support. Other data matches required by section 324 would allow SSA to identify individuals who may have left the

United States or died as indicated by the fact that their medical assistance benefits—primarily Medicare and Medicaid—have not been used over a significant period of time. Another information sharing proposal in the draft bill would require States having contracts with the Commissioner for the provision of death data to provide the data within 30 days of their receipt (section 325).

The bill also includes a number of technical corrections that resolve a number of minor and technical issues in previously enacted legislation.

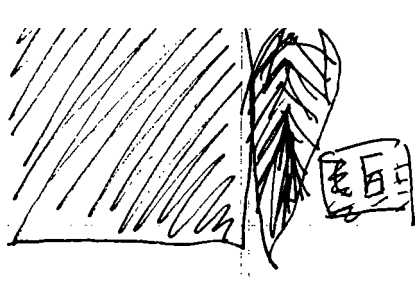
The legislation would affect direct spending and receipts. Therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. We estimate that the draft bill's effects on direct spending would be negligible.

The Office of Management and Budget has advised that there is no objection to the transmittal of this draft bill to the Congress and that its enactment would be in accord with the program of the President.

We urge the Congress to give the draft bill prompt and favorable consideration.

Sincerely,

Kenneth S. Apfel
Commissioner
of Social Security



§ 117 → Ask Irene

every yr § 221

§ 202 SSI Assets for Indep. Act

excluding Indiv. contrib to IDA's ~~count as resources~~

Andrea
Joanne
Christi Gallagher

→ (Costs minuscule)
→ remove disincs. for people w/ disabilities

cc Margy + Eric, Joanne Cianci, Karen Blank

Domestic workers.

SS privacy protection Act.

§ 205 → regulatory

§ 211 GAO report a few yrs. ago.

Regulatory I's

updating listings

impairments → look at function, ~ just condition

→ Eaves 1.2 Bower to only 1 pay for option

Revised 8/2000

SEC. 321. SOCIAL SECURITY CARD IMPROVEMENTS.

Section 205(c)(2)(G) of the Social Security Act is amended by striking the last sentence and inserting instead the following: "The Commissioner of Social Security shall periodically make such changes to the card as the Commissioner of Social Security determines are necessary in order to render such card, to the maximum extent practicable, noncounterfeitable.— ~~Section 274A(d)(3) of the Immigration and Nationality Act shall not apply to changes in the card made pursuant to the preceding sentence.~~.

Social Security Card Improvements

Section 321 would repeal the requirement that the Commissioner of Social Security issue Social Security cards made of banknote paper. This would permit the Commissioner to issue cards made of other material if it was found to be more cost-effective and counterfeit-resistant.

The provision would be effective upon enactment.

Revised 7/2000

Nonpayment of Benefits Upon Deportation

Section 117 would end the exception for termination of benefits upon the deportation of a worker for smuggling other aliens into the United States.

The provision would be effective with respect to aliens whose deportation/removal is reported by the Immigration and Naturalization Service to SSA after the date of enactment.

SEC. 117. NONPAYMENT OF BENEFITS UPON DEPORTATION.

(a) In General.--Paragraphs (1) and (2) of section 202(n) of the Social Security Act are each amended by striking "~~(other than under paragraph (1)(C)~~ or (1)(E) thereof~~)~~".

(b) Effective Date.--The amendments made by this section shall apply to individuals with respect to whom the Commissioner of Social Security receives a deportation notice from the Attorney General after the date of the enactment of this Act.

Draft revised 8/23 2:30pm

SEC. 114. CLARIFICATION REGARDING COVERAGE STATUS OF INTERNS AND RESIDENTS.

(a) In General.--

(1) Social Security Act amendment.--Section 210(a)(10) of such Act is amended by inserting "(other than service as a medical or dental intern or a medical or dental resident in training)" after "(10) Service".

(2) Internal Revenue Code of 1986 amendment.--Section 3121(b)(10) of such Code amended by inserting "(other than service as a medical or dental intern or a medical or dental resident in training)" after "(10) service".

(b) Effective Date.--

(1) Except as provided in paragraph (2), the amendments made by this section apply to service performed before, on, or after the date of the enactment of this Act.

(2) In the case of any individual whose service performed in the States of the Eighth Federal Judicial Circuit as comprised on July 6, 1998, otherwise would be excluded from coverage under title II of the Social Security Act and taxes under the Federal Insurance Contributions Act pursuant to the State of Minnesota v. Apfel, 151 F.3d 742 (8th Cir. 1998), the amendments made by this section shall apply only to service performed after the month in which this Act is enacted. ~~In the case of any individual whose service otherwise would be excluded from coverage under title II of the Social Security Act and taxes under the Federal Insurance Contributions Act pursuant to the State of~~

~~Minnesota v. Apfel, 151 F.3d 742 (8th Cir. 1998).~~

Clarification Regarding Coverage Status of Interns and Residents

Section 114 would clarify SSA's long-standing policy that the "student services exclusion" that applies to employment of students enrolled and attending classes by the school, college or university such students attend, does *not* apply to medical /dental interns or residents in training. SSA's published policy interpretation of the Social Security Act has consistently been that medical/dental interns and residents are not students and that they are covered under Social Security. However, in State of Minnesota v. Apfel, the Eighth Circuit Court of Appeals (1998) held that medical residents at the University of Minnesota are excluded from Social Security coverage as students under the student services exclusion. (SSA acquiesced, but only in the Eighth Circuit.)

The provision would provide equitable and consistent treatment of services by interns and residents regardless of whether they are performed in a university, private, or Federal government hospital, and would avoid a potential loss of benefits for interns and residents and for their families in the event of disability or death.

The provision would be effective for services performed by interns and residents before, on, or after enactment. However, if prior to date of enactment, the services were held to meet the student exclusion in a court case, the proposal would be effective for services addressed by that court decision which are performed beginning with month following the month of enactment

"Sondra S. Wallace" <swallace@os.dhhs.gov>
08/28/2000 03:27:55 PM

Please respond to swallace@os.dhhs.gov

Record Type: Record

To: Karen N. Blank/OMB/EOP

cc: See the distribution list at the bottom of this message
Subject: SSA/SSI proposal re: child support cooperation

This responds to OMB's request for HHS views on SSA's revised sec. 211 of its draft bill, the "Social Security Amendments of 2000". As I explained in my earlier e-mail, this is an interim response, as some key HHS staff were unavailable to review the revised language.

HHS does have concerns with that language. It may well be that the easiest way to resolve them is for appropriate SSA and HHS staff to discuss options for revising the language to ensure that this provision is consistent with the corresponding provisions of law in other Federal and Federally assisted benefit programs, and compatible with the child support enforcement (CSE) statute, title IV-D of the Social Security Act (SSAct).

In summary, HHS's concerns largely stem from the substantial divergence of the SSA language from all other provisions of law authorizing "CSE cooperation" as a condition of program benefits. In fact, the divergence is so great as to suggest that the drafters have never read these other statutory provisions. Sec. 211 provides far less statutory detail than the current programs -- a difference that we would think might leave it more vulnerable to legal challenges when used as the basis for a one-third reduction of a child's SSI entitlement benefits.

Sec. 211 would require the custodial parent (CP) or representative payee (RP) to cooperate with "a child support enforcement agency" or pursue child support through other means acceptable to the SSA Commissioner, or to demonstrate to the satisfaction of the Commissioner that support payments are not collectible, or that good cause exists for not pursuing such payments.

Problems with the SSA language:

1. It does not specify that the CSE agency must be a State agency administering a CSE program under title IV-D of the Social Security Act (SSAct).

2. It does not specify (as do all current "CSE cooperation" authorities) that the CP must cooperate BOTH with efforts to establish paternity and with efforts to establish and collect support.

3. It does not specify how the determination of cooperation or non-cooperation will be made, but arguably vests the determination in the SSA Commissioner. Compare sec. 454(29)(A) of the SSAct, which provides that the State IV-D agency shall determine (and periodically redetermine) cooperation or non-cooperation for purposes of specified programs.

4. It does not provide for consultation with the HHS Secretary in determining grounds for good cause exceptions. Compare Medicaid (sec. 1912(a)(1)(C) of the SSAct); Food Stamps (sec. 6(l) of the Food Stamp Act (7 USC 2015(l)).

5. It adds another problematical basis for exception: that the debt is not collectible, as demonstrated to the satisfaction of the Commissioner. We wonder how the SSA Commissioner is going to be able to make this determination. At the very least, we would think he would be less able to do so than the IV-D agency, and would very likely have to consult (or duplicate the effort of) that agency.

The items noted above raise concerns because they would permit the SSI standards to diverge from those of the other programs that make CSE cooperation a condition of eligibility - and that often serve the same individuals or individuals in the same families or households. This in turn could increase complication and confusion both for beneficiaries and for State and Federal agencies administering programs concerned. Strikingly divergent outcomes based on the same facts might also leave the concerned programs opened to "arbitrary and capricious" challenges. Unless there are compelling reasons for taking this approach, we feel strongly that it shouldn't be done.

I must reiterate, with apologies, that this may not be HHS's final list of concerns. We'll let you know as soon as key staff return from leave and have an opportunity to review the revised SSA language.

Message Copied To:

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From: Karen N. Blank on 08/29/2000 01:55:32 PM

Record Type: Record

To: Christina S. Ho/OPD/EOP@EOP

cc:
Subject: Re: SSA draft bill sec 211 -- SSA/SSI proposal re: child support cooperation

---------- Forwarded by Karen N. Blank/OMB/EOP on 08/29/2000 02:00 PM ----------

Joanne Cianci 08/29/2000 12:47:29 PM

Record Type: Record

To: Karen N. Blank/OMB/EOP@EOP
cc:
bcc:
Subject: Re: SSA draft bill sec 211 -- SSA/SSI proposal re: child support cooperation

FYI. Eric Gould's last day at DPC was a week or two ago. For the most part, I think Christina Ho is taking over his issue areas.

From: Karen N. Blank on 08/29/2000 10:53:08 AM

From: Karen N. Blank on 08/29/2000 10:53:08 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: J. Eric Gould/OPD/EOP@EOP, Alexander S. Keenan/OMB/EOP@EOP
Subject: SSA draft bill sec 211 -- SSA/SSI proposal re: child support cooperation

HHS's preliminary comments on sec 211
failing to file for child support:

<<chd_supp_sanction.doc>>

- chd_supp_sanction.doc

---------- Forwarded by Karen N. Blank/OMB/EOP on 08/29/2000 10:49 AM ----------

Section-by Section Description of the "Social Security Amendments of 2000"

~~Identification of Individuals Receiving Pensions From Noncovered Employment~~

~~Section 101 would amend the Internal Revenue code in order to require that administrators of pension systems provide the Secretary of the Treasury information that could be used to identify individuals receiving a pension from noncovered employment. SSA could then compare the information provided by the pension system administrators with SSA's beneficiary payment records and examine cases that indicate the possibility that the Windfall Elimination Provision (WEP) and/or the Government Pension Offset (GPO) should apply. This will improve SSA's administration of the WEP and GPO and significantly reduce overpayments that now occur due to problems in identifying pension data in a timely manner.~~

~~The provision would be effective with respect to years after the year of enactment.~~

Demonstration Projects

Section 102 would amend the Social Security Act to provide permanent statutory authority for the Commissioner of Social Security ~~to waive any of the~~ requirements, conditions, or limitations of the Social Security Old-Age, Survivors and Disability Insurance programs (or to waive them only for specified purposes) and to impose additional requirements, conditions, or limitations respecting benefits payable under or administration of such programs in carrying out any experimental, pilot, or demonstration projects which, in the Commissioner's judgment, are likely to assist in promoting the objectives or in facilitating the administration of Social Security programs. The Commissioner may include both applicants for, and beneficiaries of, Social Security benefits.

The proposal would give the Commissioner the same broad demonstration and waiver authority to carry out experimental or pilot projects with respect to the Social Security program as currently exists in the SSI program. In addition, it would eliminate the administrative concern over lapses in waiver authority and allow the Commissioner to use a longer-range view in testing innovative changes.

The provision would be effective upon enactment.

Elimination of the 7-Year Deadline for Widow(er)s to Qualify for Benefits on the Basis of Disability

Section 103 would eliminate the 7-year period during which a widow(er) must become disabled in order to qualify for disabled widow(er)'s benefits.

The 7-year eligibility period was intended to provide disability protection for widow(er)s until they have a reasonable opportunity after the worker's death to become insured for disability benefits on their own earnings record.

In 1968, when the 7-year eligibility period was enacted, 7 years provided enough time to become insured for disability benefits. This is no longer true; now a worker disabled after age 50 may need more than 7 years of work--up to 10 years depending on his/her age--in order to be insured for disability benefits.) Thus, the current provision leaves gaps in the protection of some widow(er)s, because the 7-year period may not afford all of them adequate opportunity to qualify for disability benefits based on their own work records. Eliminating the 7-year period would ensure that all widow(er)s would have the opportunity to work long enough to qualify for disability benefits on their own records, thus eliminating the gaps in protection that occur under present law.

The provision would be effective with respect to applications filed after the month of enactment.

Alteration in Threshold for Application of Taxes and Coverage to Domestic Services in Order to Correspond With the Amount Required for a Quarter of Coverage

Section 111 would provide that the wages paid to domestic employees would be covered under Social Security if the annual total of such wages from an employer equals or exceeds the amount necessary for a quarter of coverage ($780 in 2000).

Currently, domestic employees are not covered under Social Security unless their annual wages from an employer are $1,200 or higher. (This threshold increases automatically in $100 increments as average wages increase.) Thus, some domestic employees, especially those who work for multiple employers, may not earn enough from any one employer in a year to earn Social Security coverage. Because domestic employees typically have low earnings and few fringe benefits, they have a particularly urgent need for Social Security protection. Lowering the threshold would allow some domestic employees to earn Social Security coverage that otherwise would not be available to them.

The provision would be effective with respect to remuneration paid in calendar years after the year of enactment.

Optional Methods for Computing Net Earnings from Self-Employment

Section 112 would revise the optional method of computing self-employment income so that self-employed persons could receive credit for as many as four QCs in a year, instead of two, as under present law. The new law would provide that: (1) If the gross is 150 percent of the amount needed for four quarters of coverage (QCs) in a year (projected to be $4,920 in 2001) or less, net earnings would be 2/3 of the gross. (2) If the gross is more than 150 percent of the amount needed for four QCs in a year and the net is less than the amount needed for four QCs, the net would be the amount needed for four QCs (projected to be $3,280 in 2001).

Increasing the amount of earnings for which self-employed persons could receive credit under the option would enable more self-employed ~~per~~sons to become insured for Social Security benefits and would increase the amount of benefits payable to them.

The provision would be effective for taxable years beginning after enactment.

Availability of Divided Retirement System Procedure to All States

Section 113 would permit all states to extend Social Security coverage under the divided retirement system procedure to State and local employees who are under a retirement system.

State and local employees who are under a retirement system are covered under Social Security on a group basis at the option of the State if a majority of eligible employees vote in favor of coverage. However, present law allows 21 specified States the option of extending coverage to only those current employees who wish to be covered while automatically covering all future employees, the so-called "divided retirement system". Extending the divided retirement system to all States would eliminate the present unequal treatment of States and facilitate coverage without mandating coverage.

The provision would be effective upon enactment.

Clarification Regarding Coverage Status of Interns and Residents

Section 114 would clarify SSA's long-standing policy that the "student services exclusion" that applies to employment of students enrolled and attending classes by the school, college or university such students attend, does *not* apply to medical /dental interns or residents in training. SSA's published policy interpretation of the Social Security Act has consistently been that medical/dental interns and residents are not students and that they are covered under Social Security. However, in State of Minnesota v. Apfel, the Eighth Circuit Court of Appeals (1998) held that medical residents at the University of Minnesota are excluded from Social Security coverage as students under the student services exclusion. (SSA acquiesced, but only in the Eighth Circuit.)

The provision would provide equitable and consistent treatment of services by interns and residents regardless of whether they are performed in a university, private, or Federal government hospital, and would avoid a potential loss of benefits for interns and residents and for their families in the event of disability or death.

The provision would be effective for services performed by interns and residents before, on, or after enactment. However, if prior to date of enactment, the services were held to meet the student exclusion in a court case, the proposal would be effective for services addressed by that court decision which are performed beginning with month following the month of enactment.

Clarification Respecting the FICA and SECA Tax Exemptions for an Individual Whose Earnings Are Subject To the Laws of a Totalization Agreement Partner

Section 115 would provide clear legal authority to exempt a worker's earnings from U.S. Social Security tax in cases where their earnings were subject to a foreign country's laws in accordance with a U.S. totalization agreement, but the foreign country's law does not require compulsory contributions with respect to those earnings.

In U.S totalization agreements, a person's work is generally subject to the Social Security laws of the country in which the work is performed. Usually, the worker, whether subject to the laws of the United States or the other country, is compulsorily covered and required to pay contributions in accordance with the law of that country. In some instances, however, work that would be compulsorily covered in the U.S. is excluded form compulsory coverage in the other country. The IRS has questioned the exemption from U.S. Social Security tax in these cases. This provision would remove any question regarding the exemption and would be consistent with the general philosophy behind the coverage rules of totalization agreements.

The provision would be effective for earnings from work performed while any U.S. totalization agreement is in effect.

Quinquennial Adjustments Respecting Deemed Military Wage Credits

Section 116 would extend the 30 day period for the monetary transfer resulting from the determination of the amounts that should be transferred among the general fund of the Treasury and the Social Security Trust Funds to adjust previous reimbursements to the trust funds for the cost of granting noncontributory deemed wage credits for military service performed from September 16, 1940, through December 31, 1956 to one year and provide for interest payments for transfers that occur after the determination is made. The current 30-day requirement does not allow enough time for the necessary appropriation to occur, and the lack of provision for interest on delayed transfers results in a loss to the fund receiving the transfer.

The provision would be effective upon enactment.

Nonpayment of Benefits Upon Deportation

Section 117 would end the exception for termination of benefits upon the deportation of a worker for failing to maintain his immigration status or for smuggling other aliens into the United States.

what was the exception?

The provision would be effective with respect to aliens whose deportation/removal is reported by the Immigration and Naturalization Service to SSA after the date of enactment.

Automatic Enrollment to Medicare Part B for Residents of Puerto Rico

Section 118 would amend Section 1837(f) by deleting the exception for Puerto Rico to deemed enrollment in the medical insurance (part B of Medicare) program and would thereby allow automatic enrollment as provided for Medicare beneficiaries in the rest of the United States. Residents of Puerto Rico must enroll in part B in person and travel to the local Social Security office to authorize the deduction of the monthly payment from the Social Security check. This makes it more difficult for individuals in Puerto Rico to enroll in Medicare and actually discourages individuals from participating.

The provision would be effective upon enactment.

Technical Correction Respecting Responsible Agency Head

Section 131 would change "Secretary" to "Commissioner" wherever it appears in section 1143 regarding responsibility for Social Security Account statements. The change would correct the previous oversight in section 107 of P.L. 103-296 that replaced references to the "Secretary" with "Commissioner" in titles II, XVI, and other appropriate sections of the Social Security Act.

The provision would be effective as if it were included in the enactment of section 107 of P.L. 103-296 (that is, March 31, 1995).

Technical Correction Respecting Domestic Employment

Section 132 would provide that references to domestic employment be removed from the provisions in the law that define agricultural employment and the provisions that define domestic employment would specify that domestic employment includes domestic service performed on a farm.

Domestic service on a farm was treated as agricultural labor and was subject to the coverage threshold for agricultural employees rather than the coverage threshold for domestic employees. In 1994, when the Congress amended the law with respect to domestic employment, intending that domestic employment on a farm would become subject to the coverage threshold applicable to other domestic employees. However, the wording of the law is ambiguous. Both the coverage threshold for agricultural employees and the coverage threshold for domestic employees appear to apply to domestic employees on a farm.

The provision would be effective upon enactment.

Technical Correction of Outdated References

Section 133 would correct various outdated references in the Social Security Act and related laws. Over the years, provisions of the Social Security Act, the Internal Revenue Code, and other laws have been deleted, re-designated, or otherwise amended. However, necessary conforming changes have not always been made. Consequently, Social Security law includes some outdated references. For example, section 3102(a) of the Internal Revenue Code (pertaining to the deduction of Social Security taxes from a worker's wages) still refers to a 20-day work test for Social Security coverage of agricultural labor that was deleted from the Social Security Act in 1987.

The provision would be effective upon enactment.

Technical Correction Respecting Self-Employment in Community Property States

Section 134 would conform the provision in the Social Security Act and the Internal Revenue Code to current practice in both community property and non-community property States--to provide that income from a trade or business that is not a partnership will be taxed and credited to the spouse who is carrying on the trade or business

The Social Security Act and the Internal Revenue Code include a provision under which, in the absence of a partnership, all self-employment income from a trade or business operated by a married person in a community property State is deemed to be the husband's unless the wife exercises substantially all the management and control of the trade or business. This provision was found to be unconstitutional in several court cases in 1980. Subsequently, income from a trade or business that is not a partnership in a community property State has been treated like income from a trade or business in a non-community property State – it is taxed and credited to the spouse who is found to be carrying on the business. However, no change has been made to the law to remove the unconstitutional provision.

The provision would be effective upon enactment.

Technical Correction Respecting Retirement Benefits of Ministers

Section 135 would provide a conforming change would be made to the Social Security Act to exclude certain benefits received by retired ministers and members of religious orders for Social Security benefit purposes as well as Social Security tax purposes.

Elimination of the Dedicated Account Requirement

Section 201 would eliminate the requirement that past-due benefits greater than six times the maximum monthly benefit be deposited in a special account and be used only for certain specified purposes. For individuals with dedicated accounts already established under the repealed provision, permit the accounts to be excluded from the eligible individual's resources until the first day of the 18th month after the month of enactment. The interest or other earnings on such accounts also would be excluded from income during the same period.

There is little evidence that representative payees, who are mostly parents of the disabled child, use past-due benefits for purposes that are not in the child's best interest. The dedicated account provision is viewed negatively by parents and advocates of disabled children due to the conflict between the rigid nature of the uses permitted under the law and the unpredictable nature of the needs of disabled children.

The provision would be effective beginning with the month after the sixth month of enactment.

Limited Interest Exclusion for Interest and Dividends

Section 202 would exclude from the income determination all interest and dividend income earned on countable liquid resources. The provision also would amend the infrequent and irregular income exclusion to exclude income which is received irregularly and infrequently on a quarterly, rather than monthly, basis.

Because the SSI limits for allowable liquid resources are so low--$2,000 for an individual and $3,000 for a couple—interest paid monthly generally can be excluded under current law. However, interest at the same rate paid quarterly may not be excluded because it may exceed the excluded limit in the month it is received. The proposal also would permit an individual to receive small gifts, or payment for infrequent jobs such as babysitting, without worrying that such amounts of income would adversely affect his or her benefits.

The provision would be effective upon enactment.

Uniform 9-Month Resource Exclusion Periods

Section 203 would increase and make uniform at 9 months the period for excluding from beneficiaries' countable resources amounts attributable to underpayments of Social Security and Supplemental Security Income benefits and annual lump-sum earned ~~income tax credits~~. The current resource exclusion periods range from 1 to 9 months and are intended to allow beneficiaries sufficient time to meet outstanding obligations or needs before the sums become countable and might cause SSI ineligibility. There is no program reason for differing periods for these exclusions, and uniformity would simplify SSI administration and public understanding of the program rules.

The provision would be effective 90 days after enactment.

Conforming Changes Related to the Exclusion of Disaster-Related Assistance From Income and Resources

Section 204 would eliminate the time limits on all of the exclusions and expand the exclusions to cover disaster assistance provided by States, local governments, and disaster assistance organizations. It also would make the exclusion of support and maintenance received by an individual living in a private household from sources other than Federal, State, or local governments or disaster assistance organizations applicable for as long as the individual has not decided to remain permanently in another person's household. The provision would conform outdated language in SSI law with the language in the "Disaster Relief and Emergency Assistance Act of 1998."

The provision would be effective upon enactment.

Elimination of Restrictions on the Application of the Student Earned Income Exclusion

Section 205 would permit the exclusion of earned income for a student to apply for any period during which that individual is attending school, regardless of age, marital status or status as the head of a household. Currently, the $1,620 annual exclusion (amount set by the Commissioner in regulations) applies only to unmarried students under age 22 who are not heads of households. The provision would ensure that students who start school later in life or stay longer, as well as those whose disabilities begin after age 21, could receive the same benefits as disabled students who follow a more traditional path. Increasing the age limit would allow more students with disabilities to gain training, education, and work experience they need to become self-sufficient.

The provision would be effective with respect to benefits payable for months after the month of enactment.

Requirement That the Representative Payee of An Eligible Child Obtain Child Support Available to the Child

Section 211 would provide that a parent or representative payee of an eligible child must cooperate with child support enforcement agency or pursue child support through similar means if the child has an absent parent, unless good cause exists for refusal to pursue such support. Failure to pursue such support would result in a one-third reduction in the child's benefit. The requirement would be consistent with similar requirements in the food stamp, TANF, and Medicaid programs. Requiring individuals to seek all other means of support before SSI eligibility is provided is also consistent with the means-tested principle of the SSI program.

The provision would be effective the first day of the fourth month following the month of enactment.

Access to the Federal Case Registry of Child Support Orders

Section 212 would authorize disclosure to SSA of all information in the Federal Case Registry of Child Support Orders, which includes abstracts of child support orders and identifying information. SSA could use the information in the Case Registry as a lead to investigate the possible receipt of unreported child support for SSI purposes and to verify that representative payees have complied with the requirement in the provision above. SSA's access to the information in the case registry could prevent SSI overpayments and reduce SSI program outlays.

The provision would be effective upon enactment.

Exemption From Restriction on Program Participation By Certain Aliens Entitled to OASDI Benefits

Section 221 would provide that a noncitizen who is entitled to Social Security benefits would not be precluded from SSI eligibility.

The provision would be effective with respect to applications for benefits filed on or after the date of enactment.

Removal of Restriction on Payment of Benefits to Children Who Become Blind and Disabled After Their Military Parents Are Stationed Overseas

Section 222 would expand SSI eligibility to include blind and disabled children who are born to or who first apply for benefits while residing with parents who are military personnel stationed outside the United States. Currently, children of military personal stationed overseas may be eligible for SSI if they received SSI while they were in the United States. Such an extension would eliminate the disparate treatment of children of military personnel who were born or became blind or disabled outside of the United States.

The provision would be effective 6 months following the month of enactment.

Treatment of Uniformed Service Compensation

Section 223 would treat: (1) all cash military compensation as wages and, thus, as earned income; and (2) the compensation reported on a monthly leave and earnings statement issued by a military component reflecting compensation earned in the prior month as a compensation received in the prior month. Currently, SSA's determining military pay for SSI purposes—generally deeming to a disabled child or spouse--is a time consuming process. The provision would result in program simplification, and some military-related SSI beneficiaries would get higher benefits; none would get lower benefits.

The provision would be effective 3 months following the month of enactment.

Return to Full Reimbursement for Medicaid-Related Activities

Section 231 would provide statutory authority for the Commissioner to be fully reimbursed for the cost of Medicaid-related work instead of being reimbursed for just one-half of the cost. The technical change would assure that the reimbursement process that was in effect prior to P.L. 103-296 would continue, when the term "Secretary" was replaced by "Commissioner." Under the previous arrangements the Secretary of Health and Human Services reimbursed SSA.

The provision would be effective as if it were included in the enactment of section 107 of P.L. 103-296 (March 31, 1995).

Technical Clarification Regarding Terminations After Redeterminations

Section 232 would make a technical amendment to section 1631(e)(7)(C), which provides that the Commissioner may terminate an individual's SSI eligibility after a redetermination, if insufficient evidence exists to support eligibility. The provision is intended to apply only in cases of redeterminations conducted because of the suspicion of fraud or similar fault, but has been read to apply to any redeterminations. The proposal would clarify that termination after redeterminations apply only in cases in which fraud is suspected.

The provision would be effective upon enactment.

Protection from Liability for Persons Who Release Records to the Commissioner of Social Security

Section 301 would provide protection from liability for individuals who disclose records to the Commissioner, based on the authorization maintained in the Commissioner's files, in response to a request by the Commissioner related to title II or title XVI benefits. Evidence (including, but not limited to, medical, vocational, and school records) regarding a claimant who has a pending application for benefits based on disability or blindness or whose case is being reviewed for purposes of continuing eligibility to such benefits would be covered. Grants individuals protection from liability for the release of the information to SSA. The Commissioner would maintain a signed authorization in the claims file, which would remain valid for all requested evidence during the pendency of the individuals' disability determinations.

The proposal would substantially enhance the development of evidence necessary for timely adjudication of disability claims and reduce the paperwork burden on claimants, SSA, and providers of evidence. In addition, it would facilitate the electronic transfer of records, and further reduce processing times.

The proposal would be effective upon enactment.

Elimination of Bar to State Performance of Reconsideration of Disability Cessation Determinations Rendered by the Commissioner

Section 302 would eliminate the requirement that only a Federal disability hearing officer may conduct a hearing pertaining to a cessation determination made by a Federal component.

Federal hearings officers are part of the Federal Disability Determination Services (FDDS) located in Baltimore Maryland. If the FDDS conducts a CDR that results in a cessation, and an appeal is filed, a Federal hearing officer is required to conduct the hearing. Thus, the Federal hearing officer would be required to conduct hearings in the beneficiary's State rather than using local State hearings officers. As a result, the Federal DDS has not processed CDR workloads.

The proposal would be effective upon enactment.

Clarification Respecting Judicial Authority To Remand Cases to the Commissioner

Section 303 would clarify that courts have the authority to remand a civil suit after the Agency has filed an answer to the plaintiff's complaint.

In some cases, SSA, upon further consideration, decides that a case should not be defended on the record before the court. Although many courts interpret the statute to provide remand authority after a response has been filed, some courts prohibit Agency-requested remands after SSA has responded to a complaint. This proposal would clarify the statute to allow SSA to correct obvious deficiencies in the record and timely respond to civil actions.

The proposal would be effective upon enactment.

Elimination of Transcript Requirement in Remand Cases Fully Favorable to the Claimant

Section 304 would clarify that SSA is not required to file a full transcript with the court when a decision fully favorable to the claimant is issued by SSA following a court remand for further administrative proceedings.

There is no compelling need for the court to have a transcript of additional records and testimony upon which the Commissioner has made a fully favorable decision in a case remanded by the court for further administrative proceeding.

The proposal would be effective upon enactment.

Loss of Benefits Penalties for Program Violations

Section 311 would provide for authority to impose nonpayment of benefits for 1-10 years in both the Social Security and SSI programs (1) upon a criminal conviction for program-related fraud or (2) as part of the final decision in a civil monetary penalty action for false representation. If the payment of an individual's Social Security benefits would be suspended under the proposal, entitlement to Medicare would continue. Similarly, if nonpayment were imposed with respect to SSI benefits, entitlement to Medicaid benefits that are normally dependent on SSI eligibility would continue. Nonpayment could be provided only for the convicted individual, not for auxiliaries entitled to Social Security benefits on the convicted individual's earnings record.

Under present law, a person convicted of defrauding Social Security or SSI who continues to be eligible and is not imprisoned can receive monthly benefits from these programs, regardless of the fraud conviction. Providing authority to impose nonpayment would protect both programs from further fraud, improve program integrity, and foster public confidence in both programs.

The provision would be effective with respect to conduct occurring on or after enactment.

Require Companies to Notify Consumers if They Charge Fees For Services Provided For Free By SSA

Section 312 would amend Section 1140 by adding a mandatory requirement that persons or companies include in their solicitations a statement that services, which they provide for a fee, are available directly from SSA free of charge. The statements would be required to comply with standards promulgated by the Commissioner of Social Security with respect to their content, placement, visibility, and legibility. Such a requirement would ensure that customers give informed consent for receiving the services.

Section 312 would amend Section 205(c)(2)(G) to permit SSA to issue new and replacement Social Security cards made of materials other than banknote paper (e.g., plastic or polyester) if such materials, along with appropriate security features, are found by the Commissioner to yield cards that are at least as secure as those produced with banknote paper.

The provision would be effective upon enactment.

Refusal To Recognize Certain Individuals As Claimant Representatives

Section 313 would amend section 206(a)(1) to provide authority to the Commissioner to, with notice and an opportunity to respond, refuse to recognize a representative and disqualify a representative already recognized, who has been disbarred, suspended, or disqualified from participating in or appearing before any Federal program or agency.

Under current law, an attorney disbarred in one jurisdiction but licensed to practice in another must be recognized as a claimant's representative. This streamlined procedure would provide the representative notice and an opportunity to be heard in his or her defense, but would limit issues to those that are relevant to disbarment.

The proposal would be effective upon enactment.

Elimination of Commissioner of Social Security's Authority to Recommend Medicare Exclusion of Medical Providers and Physicians

Section 314 would provide that the Commissioner notify the Secretary of HHS when a determination to impose a civil monetary penalty (CMP) or assessment against a physician or medical provider becomes final, instead of recommending that the Secretary exclude the physician or provider from Medicare.

The Commissioner, in a proceeding to determine whether to impose a CMP or assessment against a physician or medical provider for submitting false statements or representations, or omissions of material fact for use in determining any right to or amount of benefits under Social Security or SSI, may also make a determination to recommend that the Secretary of HHS exclude the physician or medical provider from the Medicare program.

The law requires that a person against whom a penalty, assessment, or recommended exclusion is being considered - be given written notice of the proposed action and an opportunity for a determination to be made on the record after a hearing at which he may be represented by counsel, present witnesses, and cross-examine witnesses. Revising the law to provide that SSA notify HHS that penalties or assessments have been imposed against a physician or medical provider would remove SSA from making determinations regarding Medicare program policy and would result in these issues being considered by HHS, which has oversight over Medicare.

The provision would be effective as if included in the Social Security Independence and Program Improvements Act of 1994.

Social Security Card Improvements

Section 321 would repeal the requirement that the Commissioner of Social Security issue Social Security cards made of banknote paper. This would permit the Commissioner to issue cards made of other material if it was found to be more cost-effective and counterfeit-resistant.

The provision would be effective upon enactment.

Pay of Administrative Appeals Judges (AAJs)

Section 322 would require the Commissioner of Social Security to remove the pay disparity between Administrative Law Judges, who issue hearing decisions and who are paid at a higher rate, and AAJs, who review those decisions.

The provision would be effective with respect to the first pay period that begins on or after the date of enactment.

Law Enforcement Authority for the Office of the Inspector General, Social Security Administration

Section 323 would amend Title VII of the Social Security Act to codify the existing authorities now being exercised by Office of Inspector General (OIG) under a Memorandum Of Understanding with the Department of Justice. The authority for special agents to carry firearms, make arrests, and serve search warrants would become the responsibility of SSA's Inspector General. The proposal would eliminate a number of costly and burdensome administrative processes now required for the OIG to exercise these authorities.

The provision would be effective upon enactment.

Requirement for Computer Matches With Medical Program Utilization Databases

Section 324 would require that information collected by the States on utilization of Medicaid, information collected by HHS on the utilization of Medicare, information collected by Veterans Affairs on usage of VA medical center, and information collected by the Department of Defense on utilization of

TriCare/CHAMPUS be furnished to the Commissioner for the purpose of determining individuals' continued eligibility to benefits under the OASDI and SSI programs. The States, HHS, the VA and DoD would be reimbursed for their costs in furnishing such information. The Commissioner would be required to match such information, on a periodic basis, with information contained in SSA records in order to determine whether individuals continue to be eligible for Social Security or SSI benefits.

The provision would be effective upon enactment.

Accelerated Provision of State Death Data

Section 325 would require States having contracts with the Commissioner for the provision of death data to provide the data within 30 days of its receipt.

The provision would be effective upon enactment.

SEC. 211. BENEFIT REDUCTION IN CASE OF FAILURE TO PURSUE CHILD SUPPORT.

(a) In General.--Section 1611 of the Social Security Act is amended by adding at the end the following new subsection:

"Benefit Reduction in Case of Failure to Pursue Child Support

"(j)(1) With respect to any individual who is under the age of eighteen, the amount of the benefit otherwise payable to such individual under this title shall be reduced by 33-1/3 percent in any case in which a custodial parent or representative payee of such individual, after having received notice from the Commissioner of Social Security that payments for the support or maintenance of such individual may be collectible from an absent parent, fails (within the period specified by the Commissioner) to cooperate with a child support enforcement agency or pursue child support through other means acceptable to the Commissioner.

"(2) Paragraph (1) shall not apply in any case in which the custodial parent or representative payee demonstrates to the satisfaction of the Commissioner of Social Security that--

"(A) no such payments for support or maintenance of such individual are collectible, or

"(2) good cause exists for not pursuing such payments.".

(b) Effective Date.--The amendment made by this section shall take effect on the first day of the fourth month following the month in which this Act is enacted.