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Folder Title:
Disability - Work Incentives Improvement Act

Stack:	Row:	Section:	Shelf:	Position:
S	96	7	3	2

Mtg w/ Jeanne Lambrew 9/16

Kennedy - Jeffords

Health

① Medicare - SSDI recipients who leave can receive Part A subsidy so long as disabled. $200m/5 yrs.

Cost $1.3b/5yr.

② Medicaid - 2 pieces.

- $\boxed{a}$ new eligibility category:

① BBA (w/ $250 cap) - 250% of pov. - OLD.

② BBA w/o $250% cap - for disabled who work. + resource test - NEW

③ allows states participating in 2, for - NEW people who have disabilities just below SSI eligibility - less disabled who are working, they must cover the more disabled who aren't working.

- $\boxed{b}$ grants. $300m

sts must participate in ① or ② + assure Sec they provide personal assistance.

Sec determines grant size, formula is discretionary.

grants for infrastructure, outreach, etc.

mandatory spending.

no st match.

functions like enhanced st match.

- now - covering personal assistance is discretionary (st option) services.

Offsets

SSA fraud

Medicare fraud

we thought we had $1.6b in offsets, but will have less.

Total Pages: 136

LRM ID: MDH237

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Thursday, August 27, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference
Melinda D. Haskins for

OMB CONTACT: Melinda D. Haskins
PHONE: (202)395-3923 FAX: (202)395-6148

SUBJECT: **Request for Views: Congressional Draft Bill -- Work Incentives Improvement Act of 1998**

DEADLINE: 5 PM Wednesday, September 2, 1998

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: The Senate may introduce the enclosed draft bill as a substitute to the House-passed version of H.R. 3433, the Ticket to Work and Self-Sufficiency Act of 1998. The Senate may consider the bill in early September.

THIS DEADLINE IS FIRM.

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LRM ID: MDH237 **SUBJECT:** Request for Views: Congressional Draft Bill -- Work Incentives Improvement Act of 1998

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:
(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
(2) sending us a memo or letter
Please include the LRM number shown above, and the subject shown below.

TO: Melinda D. Haskins Phone: 395-3923 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: ______________________ (Date)
______________________ (Name)
______________________ (Agency)
______________________ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _________

_____ Other: ______________________

_____ FAX RETURN of _____ pages, attached to this response sheet

AMENDMENT NO.____ Calendar No.____

Purpose: To provide a complete substitute.

IN THE SENATE OF THE UNITED STATES—105th Cong., 2d Sess.

H.R. 3433

To amend the Social Security Act to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide beneficiaries with disabilities meaningful opportunities to work, to extend Medicare coverage for such beneficiaries, and to make additional miscellaneous amendments relating to Social Security.

Referred to the Committee on ____________________ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by ____________

Viz:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Work Incentives Improvement Act of 1998".

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

TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

TITLE II—ELIMINATION OF WORK DISINCENTIVES FOR LONG-TERM SSDI BENEFICIARIES

TITLE III—TICKET TO WORK AND SELF-SUFFICIENCY

TITLE IV—WORK INCENTIVES PLANNING, ASSISTANCE, AND OUTREACH

Subtitle A—Work Incentives Planning, Assistance, and Outreach for Individuals With Disabilities

Subtitle B—Work Incentives Advisory Panel

TITLE V—DEMONSTRATION PROJECTS AND STUDIES

TITLE VI—MISCELLANEOUS

SEC. 2. FINDINGS AND PURPOSES.

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

(1) Health care is important to all Americans.

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

(3) Americans with significant disabilities often are unable to obtain health care insurance that provides coverage of the tailored services and supports that enable them to live independently and enter or rejoin the workforce. Personal assistance services (such as attendant services, personal assistance with transportation to and from work, reader services, job coaches, and related assistance) remove many of the barriers between significant disability and work.

Coverage for such services, as well as for prescription drugs and durable medical equipment, are powerful and proven tools for individuals with significant disabilities to obtain and retain employment.

(4) For individuals with disabilities, the fear of losing health care and related services is one of the greatest barriers keeping the individuals from maximizing their employment, earning potential, and independence.

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

(6) Currently, less than ½ of 1 percent of social security disability insurance and supplemental security income beneficiaries cease to receive benefits as a result of employment.

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

(8) If an additional ½ of 1 percent of the current social security disability insurance (DI) and

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

(b) PURPOSES.—The purposes of this Act are as follows:

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

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

(3) To provide individuals with disabilities the option of maintaining medicare coverage while working.

(4) To establish a return to work ticket program that will allow individuals with disabilities to seek the services necessary to obtain and retain employment and reduce their dependency on cash benefit programs.

TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

SEC. 101. STATE WORK OPTIONS PROGRAM UNDER MEDICAID.

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

(1) in subclause (XIII), by striking "or" at the end;

(2) in subclause (XIV), by adding "or" at the end; and

(3) by adding at the end the following:

"(XV) who, but for earnings (determined without regard to any assets, resources, or unearned income of the individual) in excess of the limit established under section 1905(q)(2)(B), would be considered to be receiving supplemental security income (subject, notwithstanding section 1916, to payment of premiums or other cost-sharing charges (set on a sliding scale based on income) that the State may determine);".

(b) STATE OPTION TO EXPAND OPPORTUNITIES FOR WORKERS WITH DISABILITIES TO BUY INTO MEDICAID.—

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

(A) in subclause (XIV), by striking "or" at the end;

(B) in subclause (XV), by adding "or" at the end; and

(C) by adding at the end the following:

"(XVI) who are working individuals with disabilities described in section 1905(v) (subject, notwithstanding section 1916, to payment of premiums or other cost-sharing charges (set on a sliding scale based on income) that the State may determine), but only if the State provides medical assistance to individuals described in subclause (XV);".

(2) DEFINITION OF WORKING INDIVIDUALS WITH DISABILITIES.—Section 1905 of such Act (42 U.S.C. 1396d) is amended by adding at the end the following:

"(v)(1) The term 'working individuals with disabilities' includes—

"(A) individuals who, as determined by the State (without regard to income, assets, or resources), would be considered disabled under section 1614(a)(3); and

"(B) individuals, as determined by the State, who have a physical or mental impairment that is reasonably expected to lead to long-term disability,

but only if such individuals have attained age 16 but have not attained age 65 and, without access to medical assistance under this title, would be unable to perform essential functions of employment or are at risk of losing an immediate offer of employment.

"(2) In this subsection, the term 'employment' means—

"(A) working at least 40 hours per month; or

"(B) work effort that meets substantial and reasonable threshold criteria for hours of work, wages, or other measures, as defined by the State and approved by the Secretary.".

(3) CONFORMING AMENDMENT.—Section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)) is amended in the matter preceding paragraph (1)—

(A) in clause (x), by striking "or" at the end;

(B) in clause (xi), by adding "or" at the end; and

(C) by inserting after clause (xi), the following:

"(xii) individuals described in subsection (v).".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply on and after October 1, 1998.

(2) EXTENSION OF EFFECTIVE DATE FOR STATE LAW AMENDMENT.—In the case of a State plan under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of this section solely on the basis of its failure to meet these additional requirements

before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of the session is considered to be a separate regular session of the State legislature.

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

(a) CONTINUATION OF COVERAGE.—Section 1818A(a) of the Social Security Act (42 U.S.C. 1395i-2a(a)) is amended—

(1) in paragraph (2)(C), by inserting "on or after the date of enactment of the Work Incentives Improvement Act of 1998" after "ends"; and

(2) by inserting "without being subject to a premium" before the period.

(b) APPLICATION TO CURRENT ENROLLEES.—Any individual who, as of the date of enactment of this Act—

(1) is enrolled in the medicare program under section 1818A of the Social Security Act (42 U.S.C. 1395i–2a); and

(2) but for the amendment made by subsection (a)(1), would otherwise satisfy the eligibility require-

ments for enrollment set forth in subsection (a) of section 1818A of such Act.

shall be deemed to satisfy the requirement of subsection (a)(2)(C) of that section (as so amended) for purposes of not being subject to a premium for enrollment in the medicare program under that section.

(c) CONFORMING AMENDMENTS.—Section 1818A of such Act (42 U.S.C. 1395i–2a) is amended—

(1) in subsection (c)(2), by striking subparagraph (D) and all that follows through "90-day period."; and

(2) by striking subsection (d).

(d) EFFECTIVE DATE.—This section and the amendments made by this section shall apply to individuals enrolled in the medicare program under section 1818A of the Social Security Act (42 U.S.C. 1395i-2a) for months beginning with the first month that begins after the date of enactment of this Act.

SEC. 103. GRANTS TO DEVELOP AND ESTABLISH STATE INFRASTRUCTURES TO SUPPORT WORKING INDIVIDUALS WITH DISABILITIES.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall award grants described in sub-

section (b) to States to support the design, establishment, and operation of State infrastructures that provide items and services to support working individuals with disabilities. A State may submit an application for a grant authorized under this section at such time, in such manner, and containing such information as the Secretary may determine.

(2) DEFINITION OF STATE.—In this section, the term "State" means each of the 50 States, the District of Columbia, Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(b) GRANTS FOR OUTREACH AND PERFORMANCE.—

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

(A) support the establishment, implementation, and operation of the State infrastructures described in subsection (a); and

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

(2) ELIGIBILITY FOR GRANTS.—

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

(i) the State has an approved amendment to the State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) that—

(I) provides medical assistance under such plan to individuals described in section 1902(a)(10)(A)(ii)(XV) of such Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)); or

(II) provides medical assistance under such plan to individuals described in section 1902(a)(10)(A)(ii)(XVI) of such Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XVI)); and

(ii) the State demonstrates to the satisfaction of the Secretary that the State makes personal assistance services available to the extent necessary to enable working individuals with disabilities (as defined in section 1905(v) of the Social Security Act) to maintain employment (as defined in section 1905(v)(2) of such Act), either as an optional service available under the State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), or under any other provision of Federal or State law, including through a statewide waiver approved under section 1115 or 1915 of the Social Security Act (42 U.S.C. 1315, 1396n).

(B) DEFINITION OF PERSONAL ASSISTANCE SERVICES.—In this paragraph, the term "personal assistance services" means a range of services, provided by 1 or more persons, designed to assist an individual with a disability to perform daily activities on and off the job that the individual would typically perform if the individual did not have a disability. Such services shall be designed to increase the individual's control in life and ability to perform everyday activities on or off the job.

(c) AMOUNT OF GRANTS.—

(1) USE OF STANDARDS.—The amount of a grant awarded to a State for any fiscal year under this section shall, subject to paragraph (2), be determined on the basis of a score assigned to the State after application of outcome standards developed by the Secretary in consultation with the Secretary of

Labor, the Secretary of Education, the Commissioner of Social Security, and the Work Incentives Advisory Panel established under section 411. Such outcome standards shall include standards that—

(A) measure the percentage increase in the number of title II disability beneficiaries, as defined in section 1147(k)(3) of the Social Security Act (as amended by section 301), or title XVI disability beneficiaries, as defined in section 1147(k)(4) of such Act (as so amended), who return to work;

(B) provide a weighted factor for any State that has exercised the option under section 1902(a)(10)(A)(ii)(XVI) of the Social Security Act to provide medical assistance under title XIX of such Act to working individuals with disabilities (as defined in section 1905(v) of such Act) that is designed to encourage States to exercise such option; and

(C) allows for an adjustment to a State score that takes into account the relative size of the State population of title II disability beneficiaries (as so defined) and title XVI disability beneficiaries (as so defined);

(2) AWARD LIMITS.—

(A) MINIMUM AWARDS.—No State that submits an approved application for funding under this section shall receive a grant for a fiscal year that is less than $1.000.000.

(B) MAXIMUM AWARDS.—No State that submits an approved application for funding under this section shall receive a grant for a fiscal year that exceeds 25 percent of the total expenditures by the State (including the reimbursed Federal share of such expenditures) for medical assistance for individuals eligible under subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii), whichever is greater, as estimated by the State and approved by the Secretary.

(d) AVAILABILITY OF FUNDS.—

(1) FUNDS ALLOCATED TO STATES.—Funds allocated to a State under a grant made under this section for a fiscal year shall remain available until expended.

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

retary using the allocation formula established under this section.

(e) APPROPRIATION.—Out of any funds in the Treasury not otherwise appropriated, there is authorized to be appropriated and there is appropriated to make grants under this section—

(1) for fiscal year 1999, $50,000,000;

(2) for fiscal year 2000, $55,000,000;

(3) for fiscal year 2001, $60,000,000;

(4) for fiscal year 2002, $65,000,000;

(5) for fiscal year 2003, $70,000,000; and

(6) for fiscal years 2004 through 2009, the amount appropriated for the preceding fiscal year increased by the percentage increase (if any) in the Consumer Price Index for All Urban Consumers (United States city average) for the preceding fiscal year.

(f) RECOMMENDATION.—Not later than October 1, 2008, the Secretary of Health and Human Services, in consultation with the Work Incentives Advisory Panel established under section 411, shall submit a recommendation to the Committee on Commerce and the Committee on Ways & Means of the House of Representatives and the Committee on Finance of the Senate regarding whether the grant program established under this section should be continued after fiscal year 2009.

TITLE II—ELIMINATION OF WORK DISINCENTIVES FOR LONG-TERM SSDI BENEFICIARIES

SEC. 201. PROHIBITION ON USING WORK ACTIVITY AS A BASIS FOR REVIEW OF AN INDIVIDUAL'S DISABLED STATUS.

(a) IN GENERAL.—Section 221 of the Social Security Act (42 U.S.C. 421) is amended by adding at the end the following:

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

"(A) no continuing disability review conducted by the Commissioner may be scheduled for the individual solely as a result of the individual's work activity;

"(B) except with respect to determining whether the individual has engaged in substantial gainful activity, no work activity engaged in by the individual may be used as evidence that the individual is no longer disabled; and

"(C) no cessation of work activity by the individual may give rise to a presumption that the individual is unable to engage in work.

"(2) An individual to which paragraph (1) applies shall continue to be subject to continuing disability reviews on a regularly scheduled basis that is not triggered by work.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on October 1, 1998.

SEC. 202. DETERMINATION OF IMPAIRMENT-RELATED WORK EXPENSES.

(a) IN GENERAL.—Section 223(d)(4) of the Social Security Act (42 U.S.C. 423(d)(4)) is amended by adding at the end the following:

"(C) In the case of an individual who is entitled to disability insurance benefits under this section or to monthly insurance benefits under section 202 based on such individual's disability (as defined in this subsection), the determination of the individual's impairment-related work expenses for purposes of determining the extent to which the individual has engaged in substantial gainful activity shall include expenditures incurred by the individual for items and services related to the preparation for, and traveling to and from employment, including expenditures for the cost of obtaining a vehicle for the individual (subject to such reasonable limits as the Commissioner may prescribe), expenditures for durable medical equipment (as defined in section 1861(n)), adapting a vehicle for the individual, and orientation and mobility services.".

(b) CONFORMING AMENDMENT.—Section 216(i) of the Social Security Act (42 U.S.C. 416(i)) is amended in the third sentence by striking "(4)" and inserting "(4)(A), (4)(B)".

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 1998.

TITLE III—TICKET TO WORK AND SELF-SUFFICIENCY

SEC. 301. TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.

(a) IN GENERAL.—Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by adding at the end the following:

"TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

"SEC. 1147. (a) IN GENERAL.—The Commissioner shall establish a Ticket to Work and Self-Sufficiency Program, under which a disabled beneficiary may use a ticket to work and self-sufficiency issued by the Commissioner in accordance with this section to obtain employment services, vocational rehabilitation services, or other support services from an employment network which is of the beneficiary's choice and which is willing to provide such services to such beneficiary.

"(b) TICKET SYSTEM.—

"(1) DISTRIBUTION OF TICKETS.—The Commissioner may issue a ticket to work and self-sufficiency to disabled beneficiaries for participation in the Program.

"(2) ASSIGNMENT OF TICKETS.—A disabled beneficiary holding a ticket to work and self-sufficiency may assign the ticket to any employment network of the beneficiary's choice which is serving under the Program and is willing to accept the assignment.

"(3) TICKET TERMS.—A ticket issued under paragraph (1) shall consist of a document which evidences the Commissioner's agreement to pay (as provided in paragraph (4)) an employment network, which is serving under the Program and to which such ticket is assigned by the beneficiary, for such employment services, vocational rehabilitation services, and other support services as the employment network may provide to the beneficiary.

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

"(c) STATE PARTICIPATION.—

"(1) PERIODIC ELECTIONS.—Each State agency administering or supervising the administration of the State plan approved under title I of the Rehabilitation Act of 1973 may elect to participate in the Program (or to revoke any such election) as an employment network. The Commissioner shall provide for periodic opportunities for exercising such elections (and revocations).

"(2) PAYMENT BASED ON AGREEMENT.—Payment for services provided to a disabled beneficiary under the Program by a State agency described in paragraph (1) shall be made on the basis of an agreement between a program manager and the State agency that shall specify whether the outcome payment system, outcome-milestone payment system, or the system for payment applicable under title I of the Rehabilitation Act of 1973 applies to such services.

"(3) EFFECT OF PARTICIPATION BY STATE AGENCY.—

"(A) STATE AGENCIES PARTICIPATING.— In any case in which a State agency described in paragraph (1) elects under paragraph (1) to participate in the Program—

"(i) the employment services, vocational rehabilitation services, and other support services which, upon assignment of tickets to work and self-sufficiency, are provided to disabled beneficiaries by the State agency acting as an employment network shall be governed by plans for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973; and

"(ii) the provisions of section 222(d) and the provisions of subsections (d) and (e) of section 1615 shall not apply with respect to such State.

"(B) STATE AGENCIES ADMINISTERING MATERNAL AND CHILD HEALTH SERVICES PROGRAMS.—Subparagraph (A) shall not apply with respect to any State agency administering a program under title V of this Act.

"(4) SPECIAL REQUIREMENTS APPLICABLE TO CROSS-REFERRAL TO CERTAIN STATE AGENCIES.—

"(A) IN GENERAL.—In any case in which an employment network has been assigned a ticket to work and self-sufficiency by a disabled beneficiary, no State agency shall be deemed required, under this section, title I of the Rehabilitation Act of 1973, or a State plan approved under such title, to accept any referral of such disabled beneficiary from such employment network unless such employment network and such State agency have entered into a written agreement that meets the requirements of subparagraph (B). Any beneficiary who has assigned a ticket to work and self-sufficiency to an employment network that has not entered into such a written agreement with such a State agency may not access vocational rehabilitation services under title I of the Rehabilitation Act of 1973 until such time as the beneficiary is reassigned to a vocational rehabilitation agency by the Program Manager.

"(B) TERMS OF AGREEMENT.—An agreement required by subparagraph (A) shall specify, in accordance with regulations prescribed pursuant to subparagraph (C)—

"(i) the extent (if any) to which the employment network holding the ticket will provide to the State agency—

"(I) reimbursement for costs incurred in providing services described in subparagraph (A) to the disabled beneficiary; and

"(II) other amounts from payments made by the Commissioner to the employment network pursuant to subsection (h); and

"(ii) any other conditions that may be required by such regulations.

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

"(D) PENALTY.—No payment may be made to an employment network pursuant to subsection (h) in connection with services provided to any disabled beneficiary if such employment network makes referrals described in subparagraph (A) in violation of the terms of the contract required under subparagraph (A) or without having entered into such a contract.

"(d) RESPONSIBILITIES OF THE COMMISSIONER.—

"(1) SELECTION AND QUALIFICATIONS OF PROGRAM MANAGERS.—The Commissioner shall enter into agreements with 1 or more organizations in the private or public sector for service as a program manager to assist the Commissioner in administering the Program. Any such program manager shall be selected by means of a competitive bidding process, from among organizations in the private or public sector with available expertise and experience in the field of vocational rehabilitation or employment services.

"(2) TENURE, RENEWAL, AND EARLY TERMINATION.—Each agreement entered into under paragraph (1) shall provide for early termination upon failure to meet performance standards which shall be specified in the agreement and which shall be weighted to take into account any performance in prior terms. Such performance standards shall include—

"(A) measures for ease of access by beneficiaries to services; and

"(B) measures for determining the extent to which failures in obtaining services for beneficiaries fall within acceptable parameters, as determined by the Commissioner.

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

"(A) direct participation by a program manager in the delivery of employment services, vocational rehabilitation services, or other support services to beneficiaries in the service area covered by the program manager's agreement; and

"(B) the holding by a program manager of a financial interest in an employment network or service provider which provides services in a geographic area covered under the program manager's agreement.

"(4) SELECTION OF EMPLOYMENT NETWORKS.—

"(A) IN GENERAL.—The Commissioner shall select and enter into agreements with employment networks for service under the Program. Such employment networks shall be in addition to State agencies serving as employment networks pursuant to elections under subsection (c).

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

"(5) TERMINATION OF AGREEMENTS WITH EMPLOYMENT NETWORKS.—The Commissioner shall terminate agreements with employment networks for inadequate performance, as determined by the Commissioner.

"(6) QUALITY ASSURANCE.—The Commissioner shall provide for such periodic reviews as are necessary to provide for effective quality assurance in the provision of services by employment networks. The Commissioner shall solicit and consider the views of consumers and the program manager under which the employment networks serve and shall consult with providers of services to develop performance measurements. The Commissioner shall ensure that the results of the periodic reviews are made available to beneficiaries who are prospective service recipients as they select employment networks. The Commissioner shall ensure that the periodic surveys of beneficiaries receiving services under the Program are designed to measure customer service satisfaction.

"(7) DISPUTE RESOLUTION.—The Commissioner shall provide for a mechanism for resolving disputes between beneficiaries and employment networks, between program managers and employment networks, and between program managers and providers of services. The Commissioner shall afford a party to such a dispute a reasonable opportunity for a full and fair review of the matter in dispute.

"(e) PROGRAM MANAGERS.—

"(1) IN GENERAL.—A program manager shall conduct tasks appropriate to assist the Commissioner in carrying out the Commissioner's duties in administering the Program.

"(2) RECRUITMENT OF EMPLOYMENT NETWORKS.—A program manager shall recruit, and recommend for selection by the Commissioner, employment networks for service under the Program. The program manager shall carry out such recruitment and provide such recommendations, and shall monitor all employment networks serving in the Program in the geographic area covered under the program manager's agreement, to the extent necessary and appropriate to ensure that adequate choices of services are made available to beneficiaries. Employment networks may serve under the Program only pursuant to an agreement entered into with the Commissioner under the Program incorporating the applicable provisions of this section and regulations thereunder, and the program manager shall provide and maintain assurances to the Commissioner that payment by the Commissioner to employment networks pursuant to this section is warranted based on compliance by such employment networks with the terms of such agreement and this section. The program manager shall not impose numerical limits on the number of employment networks to be recommended pursuant to this paragraph.

"(3) FACILITATION OF ACCESS BY BENEFICIARIES TO EMPLOYMENT NETWORKS.—A program manager shall facilitate access by beneficiaries to employment networks. The program manager shall ensure that each beneficiary is allowed changes in employment networks for good cause, as determined by the Commissioner, without being deemed to have rejected services under the Program. The program manager shall establish and maintain lists of employment networks available to beneficiaries and shall make such lists generally available to the public. The program manager shall ensure that all information provided to disabled beneficiaries pursuant to this paragraph is provided in accessible format.

"(4) ENSURING AVAILABILITY OF ADEQUATE SERVICES.—The program manager shall ensure that employment services, vocational rehabilitation services, and other support services are provided to beneficiaries throughout the geographic area covered under the program manager's agreement, including rural areas.

"(5) REASONABLE ACCESS TO SERVICES.—The program manager shall take such measures as are necessary to ensure that sufficient employment networks are available and that each beneficiary receiving services under the Program has reasonable access to employment services, vocational rehabilitation services, and other support services. Services provided under the Program may include case management, work incentives planning, supported employment, career planning, career plan development, vocational assessment, job training, placement, follow-up services, and such other services as may be specified by the Commissioner under the Program. The program manager shall ensure that such services are available in each service area.

"(f) EMPLOYMENT NETWORKS.—

"(1) QUALIFICATIONS FOR EMPLOYMENT NETWORKS.—

"(A) IN GENERAL.—Each employment network serving under the Program shall consist of an agency or instrumentality of a State (or a political subdivision thereof) or a private entity that assumes responsibility for the coordination and delivery of services under the Program to individuals assigning to the employment network tickets to work and self-sufficiency issued under subsection (b).

"(B) ONE-STOP DELIVERY SYSTEMS.—An employment network serving under the Program may consist of a one-stop delivery system established under subtitle B of title I of the Workforce Improvement Act of 1998.

"(C) COMPLIANCE WITH SELECTION CRITERIA.—No employment network may serve under the Program unless it meets and maintains compliance with both general selection criteria (such as professional and educational qualifications (where applicable)) and specific selection criteria (such as substantial expertise and experience in providing relevant employment services and supports).

"(D) SINGLE OR ASSOCIATED PROVIDERS ALLOWED.—An employment network shall consist of either a single provider of such services or of an association of such providers organized so as to combine their resources into a single entity. An employment network may meet the requirements of subsection (e)(4) by providing services directly, or by entering into agreements with other individuals or entities providing appropriate employment services, vocational rehabilitation services, or other support services.

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

"(A) serve prescribed service areas; and

"(B) take such measures as are necessary to ensure that employment services, vocational rehabilitation services, and other support services provided under the Program by, or under agreements entered into with, the employment network are provided under appropriate individual work plans meeting the requirements of subsection (g).

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

"(4) PERIODIC OUTCOMES REPORTING.—Each employment network shall prepare periodic reports, on at least an annual basis, itemizing for the covered period specific outcomes achieved with respect to specific services provided by the employment network. Such reports shall conform to a national model prescribed under this section. Each employment network shall provide a copy of the latest report issued by the employment network pursuant to this paragraph to each beneficiary upon enrollment under the Program for services to be received through such employment network. Upon issuance of each report to each beneficiary, a copy of the report shall be maintained in the files of the employment network. The program manager shall ensure that copies of all such reports issued under this paragraph are made available to the public under reasonable terms.

"(g) INDIVIDUAL WORK PLANS.—

"(1) REQUIREMENTS.—Each employment network shall—

"(A) take such measures as are necessary to ensure that employment services, vocational rehabilitation services, and other support services provided under the Program by, or under agreements entered into with, the employment network are provided under appropriate individual work plans that meet the requirements of subparagraph (C);

"(B) develop and implement each such individual work plan in partnership with each beneficiary receiving such services in a manner that affords the beneficiary the opportunity to exercise informed choice in selecting an employment goal and specific services needed to achieve that employment goal;

"(C) ensure that each individual work plan includes at least—

"(i) a statement of the vocational goal developed with the beneficiary;

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

"(iii) a statement of any terms and conditions related to the provision of such services and supports; and

"(iv) a statement of understanding regarding the beneficiary's rights under the Program (such as the right to retrieve the ticket to work and self-sufficiency if the beneficiary is dissatisfied with the services being provided by the employment network) and remedies available to the individual, including information on the availability of advocacy services and assistance in resolving disputes through the protection and advocacy grant program authorized under section 402 of the Work Incentives Improvement Act of 1998;

"(D) provide a beneficiary the opportunity to amend the individual work plan if a change in circumstances necessitates a change in the plan; and

"(E) make each beneficiary's individual work plan available to the beneficiary in, as appropriate, an accessible format chosen by the beneficiary.

"(2) EFFECTIVE UPON WRITTEN APPROVAL.—A beneficiary's individual work plan shall take effect upon written approval by the beneficiary or a representative of the beneficiary and a representative of the employment network that, in providing such written approval, acknowledges assignment of the beneficiary's ticket to work and self-sufficiency.

"(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

"(1) ELECTION OF PAYMENT SYSTEM BY EMPLOYMENT NETWORKS.—

"(A) IN GENERAL.—The Program shall provide for payment authorized by the Commissioner to employment networks under either an outcome payment system or an outcome-milestone payment system. Each employment network shall elect which payment system will be utilized by the employment network, and, for such period of time as such election remains in effect, the payment system so elected shall be utilized exclusively in connection with such employment network (except as provided in subparagraph (B)).

"(B) NO CHANGE IN METHOD OF PAYMENT FOR BENEFICIARIES WITH TICKETS ALREADY ASSIGNED TO THE EMPLOYMENT NETWORKS.—Any election of a payment system by an employment network that would result in a change in the method of payment to the employment network for services provided to a beneficiary who is receiving services from the employment network at the time of the election shall not be effective with respect to payment for services provided to that beneficiary and the method of payment previously selected shall continue to apply with respect to such services.

"(2) OUTCOME PAYMENT SYSTEM.—

"(A) IN GENERAL.—The outcome payment system shall consist of a payment structure governing employment networks electing such system under paragraph (1)(A) which meets the requirements of this paragraph.

"(B) PAYMENTS MADE DURING OUTCOME PAYMENT PERIOD.—The outcome payment system shall provide for a schedule of payments to an employment network in connection with each individual who is a beneficiary for each month during the individual's outcome payment period for which benefits (described in paragraphs (3) and (4) of subsection (k)) are not payable to such individual because of work.

"(C) COMPUTATION OF PAYMENTS TO EMPLOYMENT NETWORK.—The payment schedule of the outcome payment system shall be designed so that—

"(i) the payment for each of the 60 months during the outcome payment period for which benefits (described in paragraphs (3) and (4) of subsection (k)) are not payable is equal to a fixed percentage of the payment calculation base for the calendar year in which such month occurs; and

"(ii) such fixed percentage is set at a percentage which does not exceed 40 percent.

"(3) OUTCOME-MILESTONE PAYMENT SYSTEM.—

"(A) IN GENERAL.—The outcome-milestone payment system shall consist of a payment structure governing employment networks electing such system under paragraph (1)(A) which meets the requirements of this paragraph.

"(B) EARLY PAYMENTS UPON ATTAINMENT OF MILESTONES IN ADVANCE OF OUTCOME PAYMENT PERIODS.—The outcome-milestone payment system shall provide for 1 or more milestones with respect to beneficiaries receiving services from an employment network under the Program that are directed toward the goal of permanent employment. Such milestones shall form a part of a payment structure that provides, in addition to payments made during outcome payment periods, payments made prior to outcome payment periods in amounts based on the attainment of such milestones.

"(C) LIMITATION ON TOTAL PAYMENTS TO EMPLOYMENT NETWORK.—The payment schedule of the outcome milestone payment system shall be designed so that the total of the payments to the employment network with respect to each beneficiary is less than, on a net present value basis (using an interest rate determined by the Commissioner that appropriately reflects the cost of funds faced by providers), the total amount to which payments to the employment network with respect to the beneficiary would be limited if the employment network were paid under the outcome payment system.

"(4) DEFINITIONS.—In this subsection:

"(A) PAYMENT CALCULATION BASE.—The term 'payment calculation base' means, for any calendar year—

"(i) in connection with a title II disability beneficiary, the average disability insurance benefit payable under section 223 for all beneficiaries for months during the preceding calendar year; and

"(ii) in connection with a title XVI disability beneficiary (who is not concurrently a title II disability beneficiary), the average payment of supplemental security income benefits based on disability payable under title XVI (excluding State supplementation) for months during the preceding calendar year to all beneficiaries who have attained age 18 but have not attained age 65.

"(B) OUTCOME PAYMENT PERIOD.—The term 'outcome payment period' means, in connection with any individual who had assigned a ticket to work and self-sufficiency to an employment network under the Program, a period—

"(i) beginning with the first month, ending after the date on which such ticket was assigned to the employment network, for which benefits (described in paragraphs (3) and (4) of subsection (k)) are not payable to such individual by reason of engagement in work activity; and

"(ii) ending with the 60th month (consecutive or otherwise), ending after such date, for which such benefits are not payable to such individual by reason of engagement in work activity.

"(5) PERIODIC REVIEW AND ALTERATIONS OF PRESCRIBED SCHEDULES.—

"(A) PERCENTAGES AND PERIODS.—The Commissioner shall periodically review the percentage specified in paragraph (2)(C), the total payments permissible under paragraph (3)(C), and the period of time specified in paragraph (4)(B) to determine whether such percentages, such permissible payments, and such period provide an adequate incentive for employment networks to assist beneficiaries to enter the workforce, while providing for appropriate economies. The Commissioner may alter such percentage, such total permissible payments, or such period of time to the extent that the Commissioner determines, on the basis of the Commissioner's review under this paragraph, that such an alteration would better provide the incentive and economies described in the preceding sentence.

"(B) NUMBER AND AMOUNT OF MILESTONE PAYMENTS.—The Commissioner shall periodically review the number and amounts of milestone payments established by the Commissioner pursuant to this section to determine whether they provide an adequate incentive for employment networks to assist beneficiaries to enter the workforce, taking into account information provided to the Commissioner by program managers, the Work Incentives Advisory Panel established under section 411 of the Work Incentives Improvement Act of 1998, and other reliable sources. The Commissioner may from time to time alter the number and amounts of milestone payments initially established by the Commissioner pursuant to this section to the extent that the Commissioner determines that such an alteration would allow an adequate incentive for employment networks to assist beneficiaries to enter the workforce. Such alteration shall be based on information provided to the Commissioner by program managers, the Work Incentives Advisory Panel established under section 411 of the Work Incentives Improvement Act of 1998, or other reliable sources.

"(i) SUSPENSION OF DISABILITY REVIEWS.—During any period for which an individual is using, as defined by the Commissioner, a ticket to work and self-sufficiency issued under this section, the Commissioner (and any applicable State agency) may not initiate a continuing disability review or other review under section 221 of whether the individual is or is not under a disability or a review under title XVI similar to any such review under section 221.

"(j) AUTHORIZATIONS.—

"(1) TITLE II DISABILITY BENEFICIARIES.— There are authorized to be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund each fiscal year such sums as are necessary to carry out the provisions of this section with respect to title II disability beneficiaries. Money paid from the Trust Funds under this section with respect to title II disability beneficiaries who are entitled to benefits under section 223 or who are entitled to benefits under section 202(d) on the basis of the wages and self-employment income of such beneficiaries, shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid from the Trust Funds under this section shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund. The Commissioner of Social Security shall determine according to such methods and procedures as shall be prescribed under this section—

"(A) the total amount to be paid to program managers and employment networks under this section, and

"(B) subject to the provisions of the preceding sentence, the amount which should be charged to each of the Trust Funds.

"(2) TITLE XVI DISABILITY BENEFICIARIES.—Amounts authorized to be appropriated to the Social Security Administration under section 1601 (as in effect pursuant to the amendments made by section 301 of the Social Security Amendments of 1972) shall include amounts necessary to carry out the provisions of this section with respect to title XVI disability beneficiaries.

"(k) DEFINITIONS.—In this section:

"(1) COMMISSIONER.—The term 'Commissioner' means the Commissioner of Social Security.

"(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means a title II disability beneficiary or a title XVI disability beneficiary.

"(3) TITLE II DISABILITY BENEFICIARY.—The term 'title II disability beneficiary' means an individual entitled to disability insurance benefits under section 223 or to monthly insurance benefits under section 202 based on such individual's disability (as defined in section 223(d)). An individual is a title II disability beneficiary for each month for which such individual is entitled to such benefits.

"(4) TITLE XVI DISABILITY BENEFICIARY.—The term 'title XVI disability beneficiary' means an individual eligible for supplemental security income benefits under title XVI on the basis of blindness (within the meaning of section 1614(a)(2)) or disability (within the meaning of section 1614(a)(3)). An individual is a title XVI disability beneficiary for each month for which such individual is eligible for such benefits.

"(5) SUPPLEMENTAL SECURITY INCOME BENEFIT.—The term 'supplemental security income benefit under title XVI' means a cash benefit under section 1611 or 1619(a), and does not include a State supplementary payment, administered federally or otherwise.

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

(b) CONFORMING AMENDMENTS.—

(1) AMENDMENTS TO TITLE II.—

(A) Section 221(i) of such Act (42 U.S.C. 421(i)) is amended by adding at the end the following:

"(5) For suspension of reviews under this subsection in the case of an individual using a ticket to work and self-sufficiency, see section 1147(i).".

(B) Section 222(a) of such Act (42 U.S.C. 422(a)) is repealed.

(C) Section 222(b) of such Act (42 U.S.C. 422(b)) is repealed.

(D) Section 225(b)(1) of such Act (42 U.S.C. 425(b)(1)) is amended by striking "a program of vocational rehabilitation services" and inserting "a program consisting of the Ticket to Work and Self-Sufficiency Program under section 1147 or another program of vocational rehabilitation services, employment services, or other support services".

(2) AMENDMENTS TO TITLE XVI.—

(A) Section 1615(a) of such Act (42 U.S.C. 1382d(a)) is amended to read as follows:

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

"(1) has not attained age 16, and

"(2) with respect to whom benefits are paid under this title.

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

(B) Section 1615(c) of such Act (42 U.S.C. 1382d(c)) is repealed.

(C) Section 1631(a)(6)(A) of such Act (42 U.S.C. 1383(a)(6)(A)) is amended by striking "a program of vocational rehabilitation services" and inserting "a program consisting of the Ticket to Work and Self-Sufficiency Program under section 1147 or another program of vocational rehabilitation services, employment services, or other support services".

(D) Section 1633(c) of such Act (42 U.S.C. 1383b(c)) is amended—

(i) by inserting "(1)" after "(c)"; and

(ii) by adding at the end the following:

"(2) For suspension of continuing disability reviews and other reviews under this title similar to reviews under section 221 in the case of an individual using a ticket to work and self-sufficiency, see section 1147(i).".

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

(d) GRADUATED IMPLEMENTATION OF PROGRAM.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Commissioner of Social Security shall commence implementation of the amendments made by this section (other than paragraphs (1)(C) and (2)(B) of subsection (b)) in graduated phases at phase-in sites selected by the Commissioner. Such phase-in sites shall be selected so as to ensure, prior to full implementation of the Ticket to Work and Self-Sufficiency Program, the development and refinement of referral processes, payment systems, computer linkages, management information systems, and administrative processes necessary to provide for full implementation of such amendments. Subsection (c) shall apply with respect to paragraphs (1)(C) and (2)(B) of subsection (b) without regard to this subsection.

(2) REQUIREMENTS.—Implementation of the Program at each phase-in site shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods under consideration.

so as to ensure that the most efficacious methods are determined and in place for full implementation of the Program on a timely basis.

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

(4) ONGOING EVALUATION OF PROGRAM.—

(A) IN GENERAL.—The Commissioner shall design and conduct a series of evaluations to assess the cost-effectiveness of activities carried out under this section and the amendments made thereby, as well as the effects of this section and the amendments made thereby on work outcomes for beneficiaries receiving tickets to work and self-sufficiency under the Program.

(B) CONSULTATION.—The Commissioner shall design and carry out the series of evaluations after receiving relevant advice from experts in the fields of disability, vocational rehabilitation, and program evaluation and individuals using tickets to work and self-sufficiency under the Program and consulting with the

Work Incentives Advisory Panel established under section 411, the Comptroller General of the United States, other agencies of the Federal Government, and private organizations with appropriate expertise.

(C) METHODOLOGY.—

(i) IMPLEMENTATION.—The Commissioner, in consultation with the Work Incentives Advisory Panel established under section 411, shall ensure that plans for evaluations and data collection methods under the Program are appropriately designed to obtain detailed employment information.

(ii) SPECIFIC MATTERS TO BE ADDRESSED.—Each such evaluation shall address (but is not limited to)—

(I) the annual cost (including net cost) of the Program and the annual cost (including net cost) that would have been incurred in the absence of the Program;

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

(III) the types of employment services, vocational rehabilitation services, and other support services furnished to beneficiaries in receipt of tickets under the Program who return to work and to those who do not return to work;

(IV) the duration of employment services, vocational rehabilitation services, and other support services furnished to beneficiaries in receipt of tickets under the Program who return to work and the duration of such services furnished to those who do not return to work and the cost to employment networks of furnishing such services;

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

(VI) the characteristics of providers whose services are provided within an employment network under the Program;

(VII) the extent (if any) to which employment networks display a greater willingness to provide services to beneficiaries with a range of disabilities;

(VIII) the characteristics (including employment outcomes) of those beneficiaries who receive services under the outcome payment system and of those beneficiaries who receive services under the outcome-milestone payment system;

(IX) measures of satisfaction among beneficiaries in receipt of tickets under the Program; and

(X) reasons for (including comments solicited from beneficiaries regarding) their choice not to use their tickets or their inability to return to work despite the use of their tickets.

(C) PERIODIC EVALUATION REPORTS.—Following the close of the third and fifth fiscal years ending after the effective date under subsection (c), and prior to the close of the seventh fiscal year ending after such date, the Commissioner shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report containing the Commissioner's evaluation of the progress of activities conducted under the provisions of this section and the amendments made thereby. Each such report shall set forth the Commissioner's evaluation of the extent to which the Program has been successful and the Commissioner's conclusions on whether or how the Program should be modified. Each such report shall include such data, findings, materials, and recommendations as the Commissioner may consider appropriate.

(5) EXTENT OF STATE'S RIGHT OF FIRST REFUSAL IN ADVANCE OF FULL IMPLEMENTATION OF AMENDMENTS IN SUCH STATE.—

(A) IN GENERAL.—In the case of any State in which the amendments made by subsection (a) have not been fully implemented pursuant to this subsection, the Commissioner shall determine by regulation the extent to which—

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

(ii) the authority of the Commissioner under section 222(d)(2) of such Act to provide vocational rehabilitation services in such State by agreement or contract with other public or private agencies, organizations, institutions, or individuals,

shall apply in such State.

(B) EXISTING AGREEMENTS.—Nothing in subparagraph (A) or the amendments made by subsection (a) shall be construed to limit, impede, or otherwise affect any agreement entered into pursuant to section 222(d)(2) of the Social Security Act before the date of enactment of this Act with respect to services provided pursuant to such agreement to beneficiaries receiving services under such agreement as of such date, except with respect to services (if any) to be provided after 3 years after the effective date provided in subsection (c).

(e) SPECIFIC REGULATIONS REQUIRED.—

(1) IN GENERAL.—The Commissioner of Social Security shall prescribe such regulations as are necessary to implement the amendments made by this section.

(2) SPECIFIC MATTERS TO BE INCLUDED IN REGULATIONS.—The matters which shall be addressed in such regulations shall include—

(A) the form and manner in which tickets to work and self-sufficiency may be distributed to beneficiaries pursuant to section 1147(b)(1) of such Act;

(B) the format and wording of such tickets, which shall incorporate by reference any contractual terms governing service by employment networks under the Program;

(C) the form and manner in which State agencies may elect participation in the Ticket to Work and Self-Sufficiency Program (and revoke such an election) pursuant to section 1147(c)(1) of such Act and provision for periodic opportunities for exercising such elections (and revocations);

(D) the status of State agencies under section 1147(c)(2) at the time that State agencies exercise elections (and revocations) under such section 1147(c)(1);

(E) the terms of agreements to be entered into with program managers pursuant to section 1147(d) of such Act, including—

(i) the terms by which program managers are precluded from direct participation in the delivery of services pursuant to section 1147(d)(3) of such Act;

(ii) standards which must be met by quality assurance measures referred to in paragraph (6) of section 1147(d) and methods of recruitment of employment networks utilized pursuant to paragraph (2) of section 1147(e); and

(iii) the format under which dispute resolution will operate under section 1147(d)(7);

(F) the terms of agreements to be entered into with employment networks pursuant to section 1147(d)(4) of such Act, including—

(i) the manner in which service areas are specified pursuant to section 1147(f)(2)(A) of such Act;

(ii) the general selection criteria and the specific selection criteria which are applicable to employment networks under section 1147(f)(1)(C) of such Act in selecting service providers;

(iii) specific requirements relating to annual financial reporting by employment networks pursuant to section 1147(f)(3) of such Act; and

(iv) the national model to which periodic outcomes reporting by employment networks must conform under section 1147(f)(4) of such Act;

(G) standards which must be met by individual work plans pursuant to section 1147(g) of such Act;

(H) standards which must be met by payment systems required under section 1147(h) of such Act, including—

(i) the form and manner in which elections by employment networks of payment systems are to be exercised pursuant to section 1147(h)(1)(A);

(ii) the terms which must be met by an outcome payment system under section 1147(h)(2);

(iii) the terms which must be met by an outcome-milestone payment system under section 1147(h)(3);

(iv) any revision of the percentage specified in paragraph (2)(C) of section 1147(h) of such Act or the period of time specified in paragraph (4)(B) of such section 1147(h); and

(v) annual oversight procedures for such systems; and

(I) procedures for effective oversight of the Program by the Commissioner of Social Security, including periodic reviews and reporting requirements.

TITLE IV—WORK INCENTIVES PLANNING, ASSISTANCE, AND OUTREACH

Subtitle A—Work Incentives Planning, Assistance, and Outreach for Individuals With Disabilities

SEC. 401. WORK INCENTIVES PLANNING, ASSISTANCE, AND OUTREACH PROGRAM.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Commissioner of Social Security (in this section referred to as the "Commissioner"), in consultation with the Work Incentives Advisory Panel established under section 411, shall establish a community-based work incentives planning and assistance program for the purpose of disseminating accurate information to individuals with disabilities on work incentives programs and issues related to such programs.

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

(A) establish a competitive program of grants, cooperative agreements, or contracts to provide benefits planning and assistance, including information on the availability of protection and advocacy services, to individuals with disabilities, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1147 of the Social Security Act, the program established under section 1619 of the Social Security Act (42 U.S.C. 1382h), and other programs that are designed to encourage individuals with disabilities who receive benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) to work;

(B) conduct directly, or through grants, cooperative agreements, or contracts, ongoing outreach efforts to individuals with disabilities (and to the families of such individuals) who are potentially eligible to participate in Federal or State work incentive programs that are designed to assist individuals with disabilities to work, including—

(i) preparing and disseminating information explaining such programs; and

(ii) working in cooperation with other Federal, State, and private agencies and nonprofit organizations that serve individuals with disabilities, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling;

(C) establish a corps of trained, accessible, and responsive work incentives specialists who will specialize in disability work incentives under titles II and XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) for the purpose of disseminating accurate information to disabled applicants and beneficiaries under titles II and XVI of such Act with respect to inquiries and issues relating to work incentives; and

(D) provide—

(i) training for the work incentive specialists and the individuals providing planning assistance described in subparagraph (C); and

(ii) technical assistance to organizations and entities that are designed to encourage individuals with disabilities return to work.

(3) COORDINATION WITH OTHER PROGRAMS.—The responsibilities of the Commissioner established

under this section shall be coordinated with other public and private programs that provide information and assistance regarding rehabilitation services and independent living supports and benefits planning for working individuals with disabilities including the program under section 1619 of the Social Security Act (42 U.S.C. 1382h), the plan to achieve self-sufficiency program (PASS), and any other Federal or State work incentives programs designed to assist individuals with disabilities, including educational agencies that provide information and assistance regarding rehabilitation, school-to-work programs, transition services (as defined in, and provided in accordance with, the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.)), and other services.

(b) CONDITIONS.—

(1) SELECTION OF ENTITIES.—

(A) APPLICATION.—An entity shall submit an application for a grant, cooperative agreement, or contract to provide benefits planning and assistance to the Commissioner at such time, in such manner, and containing such information as the Commissioner may determine is necessary to meet the requirements of this section.

(B) STATEWIDENESS.—The Commissioner shall ensure that the planning, assistance, and information described in paragraph (2) shall be available on a statewide basis.

(C) ELIGIBILITY OF STATES AND PRIVATE ORGANIZATIONS.—

(i) IN GENERAL.—The Commissioner may award a grant, cooperative agreement, or contract under this section to a State or a private agency or organization (other than Social Security Administration Field Offices and the State agency administering the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.)), including any agency or entity described in clause (ii), that the Commissioner determines is qualified to provide the planning, assistance, and information described in paragraph (2).

(ii) AGENCIES AND ENTITIES DESCRIBED.—The agencies and entities described in this clause are the following:

(I) Any public or private agency or organization (including Centers for Independent Living established under title VII of the Rehabilitation Act of 1973, protection and advocacy organizations, client assistance programs established in accordance with section 112 of the Rehabilitation Act of 1973, and State Developmental Disabilities Councils established in accordance with section 124 of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6024)) that the Commissioner determines satisfies the requirements of this section.

(II) The State agency administering the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

(D) EXCLUSION FOR CONFLICT OF INTEREST.—The Commissioner may not award a grant, cooperative agreement, or contract under this section to any entity that the Commissioner determines would have a conflict of interest if the entity were to receive a grant, cooperative agreement, or contract under this section.

(2) SERVICES PROVIDED.—A recipient of a grant, cooperative agreement, or contract to provide benefits planning and assistance shall select individuals who will act as planners and provide information, guidance, and planning to an individual with disabilities on the—

(A) availability and interrelation of any Federal or State work incentives programs designed to assist individuals with disabilities that the individual may be eligible to participate in;

(B) adequacy of any health benefits coverage that may be offered by an employer of the individual and the extent to which other health benefits coverage may be available to the individual; and

(C) availability of protection and advocacy services for individuals with disabilities and how to access such services.

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

(A) BASED ON POPULATION OF BENEFICIARIES UNDER TITLES II AND XVI.—Subject to subparagraph (B), the Commissioner shall award a grant, cooperative agreement, or contract under this section to an entity based on the percentage of the population of the State where the entity is located who are disabled beneficiaries, as defined in section 1147(k)(2) of the Social Security Act.

(B) LIMITATIONS.—

(i) PER GRANT.—No entity shall receive a grant, cooperative agreement, or contract under this section for a fiscal year that is less than $50,000 or more than $300,000.

(ii) TOTAL AMOUNT FOR ALL GRANTS, COOPERATIVE AGREEMENTS, AND CONTRACTS.—The total amount of all grants, cooperative agreements, and contracts awarded under this section for a fiscal year may not exceed $23,000,000.

(4) AUTHORIZATION OF TRANSFERS FROM TRUST FUNDS.—

(A) TITLE II DISABILITY BENEFICIARIES.—Beginning with fiscal year 2000, there are authorized to be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance

Trust Fund each fiscal year such sums as are necessary to carry out the provisions of this section with respect to title II disability beneficiaries. Money paid from the Trust Funds under this section with respect to title II disability beneficiaries who are entitled to benefits under section 223 of the Social Security Act (42 U.S.C. 423) or who are entitled to benefits under section 202(d) of that Act (42 U.S.C. 402(d)) on the basis of the wages and self-employment income of such beneficiaries, shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid from the Trust Funds under this section shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund. The Commissioner of Social Security shall determine, subject to the provisions of the preceding sentence, the amount that should be charged to each of the Trust Funds.

(B) TITLE XVI DISABILITY BENEFICIARIES.—Amounts authorized to be appropriated to the Social Security Administration under section 1601 of the Social Security Act (42 U.S.C. 1381) shall include amounts necessary to carry out the provisions of this section with respect to title XVI disability beneficiaries.

SEC. 402. GRANTS FOR ASSISTING PROTECTION AND ADVOCACY FOR INDIVIDUALS WITH DISABILITIES.

(a) IN GENERAL.—The Commissioner of Social Security shall make grants to eligible entities to establish and implement programs to provide advocacy and rights protection to recipients of disability insurance benefits under title II of the Social Security Act and supplemental security income benefits under title XVI of such Act who are seeking or receiving assistance under the Ticket to Work and Self-Sufficiency Program established under section 1147 of such Act, the program established under section 1619 of such Act (42 U.S.C. 1382h), or any other Federal or State work incentives program that is designed to assist individuals with disabilities.

(b) ELIGIBLE ENTITIES.—

(1) IN GENERAL.—In this section, the term "eligible entities" means an entity that—

(A) is authorized to protect and advocate for the rights of individuals with disabilities;

(B) has been or is established within a State that includes individuals who are participating in any of the work incentives programs described in subsection (a);

(C) submits an application in accordance with subsection (d); and

(D) meets the requirements of this section.

(2) EXCLUSION.—Such term does not include any entity that has a financial or other interest that would present a conflict of interest if the entity were to receive a grant under this section, as determined by the Commissioner of Social Security.

(c) ALLOTMENTS.—

(1) IN GENERAL.—Subject to paragraphs (2) and (3), from the amount appropriated for a fiscal year for making grants under this section and available, after the application of subsection (f), the Commissioner of Social Security shall allot to each eligible entity for such fiscal year, an amount in the same proportion to the amount available as the ratio of the population of the State in which the eligible entity is located bears to the population of all States in which such eligible entities are located for such fiscal year.

(2) TARGETED MINIMUM ALLOTMENTS.—Subject to the amount appropriated for a fiscal year for making grants under this section, an eligible entity shall not be allotted under paragraph (1) an amount that is less than—

(A) in the case of an eligible entity located in a State (including the District of Columbia and Puerto Rico) other than Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, the greater of—

(i) $100,000; or

(ii) ⅓ of 1 percent of the amount available for allotments under this subsection (after the application of subsection (f)); and

(B) in the case of an eligible entity located in Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, $50,000.

(3) INFLATION ADJUSTMENT.—The amounts described in subparagraphs (A)(i) and (B) of paragraph (2) shall be increased by the percentage increase in the amount appropriated for making grants under this section for a fiscal year from the amount so appropriated for the preceding fiscal year.

(d) APPLICATION.—In order to receive a grant under this section, an eligible entity shall submit an application to the Commissioner of Social Security, at such time, in such form and manner, and containing such information and assurances as the Commissioner determines necessary to meet the requirements of this section, including assurances that the eligible entity shall—

(1) have in effect a system to protect and advocate the rights of individuals with disabilities who are recipients of disability insurance benefits under title II of the Social Security Act and supplemental security income benefits under title XVI of such Act and who are seeking or receiving employment services, vocational rehabilitation services, or other support services from a service provider approved by the Commissioner;

(2) have the same general authorities, including access to records and program income, as are set forth in part C of title I of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.);

(3) have the authority to pursue legal, administrative, and other appropriate remedies or approaches to ensure the protection of, and advocacy for, the rights of individuals described in subsection (a) and to ensure that such individuals receive the employment services, vocational rehabilitation services, and other support services necessary to assist

such individuals in securing or regaining gainful employment; and

(4) submit an annual report to the Commissioner and the Work Incentives Advisory Panel established under section 411 on the services provided to individuals by the entity.

(e) PAYMENTS.—

(1) DIRECT PAYMENTS.—Notwithstanding any other provision of law, the Commissioner of Social Security shall pay directly to an eligible entity the allotment determined for the entity under subsection (c), unless the State in which the entity is located provides otherwise.

(2) CARRYOVER.—Any amounts allotted for an eligible entity under subsection (c) for a fiscal year shall remain available for payment to or on behalf of the entity until the end of the succeeding fiscal year.

(f) TECHNICAL ASSISTANCE.—In the case of any fiscal year in which the amount appropriated for making grants under this section equals or exceeds $5,000,000, the Commissioner of Social Security shall set aside not less than 1.8 percent and not more than 2.2 percent of the amount appropriated for such fiscal year to provide training and technical assistance to the eligible entities receiving grants under this section.

(g) AUTHORIZATION OF TRANSFERS FROM TRUST FUNDS.—

(1) TITLE II DISABILITY BENEFICIARIES.—Beginning with fiscal year 2000, subject to paragraph (3), there are authorized to be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund each fiscal year such sums as are necessary to carry out the provisions of this section with respect to title II disability beneficiaries. Money paid from the Trust Funds under this section with respect to title II disability beneficiaries who are entitled to benefits under section 223 of the Social Security Act (42 U.S.C. 423) or who are entitled to benefits under section 202(d) of that Act (42 U.S.C. 402(d)) on the basis of the wages and self-employment income of such beneficiaries, shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid from the Trust Funds under this section shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund. The Commissioner of Social Security shall determine, subject to the

provisions of the preceding sentence, the amount that should be charged to each of the Trust Funds.

(2) TITLE XVI DISABILITY BENEFICIARIES.—Subject to paragraph (3), amounts authorized to be appropriated to the Social Security Administration under section 1601 of the Social Security Act (42 U.S.C. 1381) shall include amounts necessary to carry out the provisions of this section with respect to title XVI disability beneficiaries.

(3) REQUIREMENT.—The sum of the amounts authorized to be transferred under paragraph (1) and included in the amounts authorized to be appropriated under paragraph (2) shall equal $7,000,000 for each of fiscal years 2000 through 2004.

Subtitle B—Work Incentives Advisory Panel

SEC. 411. WORK INCENTIVES ADVISORY PANEL.

(a) ESTABLISHMENT.—There is established in the executive branch a panel to be known as the "Work Incentives Advisory Panel" (in this section referred to as the "Panel").

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

(1) advise the Secretary of Health and Human Services, the Secretary of Labor, the Secretary of

Education, and the Commissioner of Social Security on issues related to work incentives planning and assistance for individuals with disabilities; and

(2) with respect to the Ticket to Work and Self-Sufficiency Program established under section 1147 of the Social Security Act—

(A) advise the Commissioner of Social Security with respect to establishing phase-in sites for such Program and fully implementing the Program thereafter, the refinement of access of disabled beneficiaries to employment networks, payment systems, and management information systems, and advise the Commissioner whether such measures are being taken to the extent necessary to ensure the success of the Program;

(B) advise the Commissioner regarding the most effective designs for research and demonstration projects associated with the Program or conducted pursuant to section 502;

(C) advise the Commissioner on the development of performance measurements relating to quality assurance under section 1147(d)(6) of the Social Security Act; and

(D) furnish progress reports on the Program to the Commissioner and each House of Congress.

(c) MEMBERSHIP.—

(1) NUMBER AND APPOINTMENT.—The Panel shall be composed of 12 members appointed by the Commissioner of Social Security.

(2) REPRESENTATION.—All members appointed to the Panel shall have experience or expert knowledge in the fields of, or related to, employment services, vocational rehabilitation services, health care services, and other support services. At least 7 members of the Panel shall be recipients of services described in the preceding sentence, or representatives of such recipients, except that, of those 7 members, at least 5 members shall be current or former recipients of such services.

(3) TERMS.—

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

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

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

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

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

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

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

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

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

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

(8) MEETINGS.—The Panel shall meet at least quarterly and at other times at the call of the Chairperson or a majority of its members.

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

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

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

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

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

(4) STAFF OF FEDERAL AGENCIES.—Upon request of the Panel, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of that department or agency to the Panel to assist it in carrying out its duties under this section.

(e) POWERS OF PANEL.—

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

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

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

(4) ADMINISTRATIVE SUPPORT SERVICES.—Upon the request of the Panel, the Administrator of General Services shall provide to the Panel, on a re-

imbursable basis, the administrative support services necessary for the Panel to carry out its duties under this section.

(f) REPORT.—The Panel shall transmit a report to the Commissioner and each House of Congress not later than 3 years after the date of enactment of this Act and annually thereafter. The report shall contain a detailed statement of the findings and conclusions of the Panel, together with its recommendations for legislation and administrative actions which the Panel considers appropriate.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, the Federal Supplementary Medical Insurance Trust Fund, and the general fund of the Treasury, as appropriate, such sums as are necessary to carry out this section.

TITLE V—DEMONSTRATION PROJECTS AND STUDIES

SEC. 501. EXTENSION OF DISABILITY INSURANCE PROGRAM DEMONSTRATION PROJECT AUTHORITY.

Section 505 of the Social Security Disability Amendments of 1980 (Public Law 96–265; 94 Stat. 473), as amended by section 12101 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99–272; 100 Stat. 282), section 10103 of the Omnibus Budget Reconciliation Act of 1989 (Public Law 101–239; 103 Stat. 2472), section 5120(f) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508; 104 Stat. 1388–282), and section 315 of the Social Security Independence and Program Improvements Act of 1994 (Public Law 103–296; 108 Stat. 1531) is amended—

(1) in paragraph (1) of subsection (a)—

(A) by striking "and (B)" and inserting ", (B)";

(B) by inserting ", and (C) implementing sliding scale benefit offsets using variations in the amount of the offset as a proportion of earned income, the duration of the offset period, and the method of determining the amount of income earned by the beneficiaries, and using state-of-the-art information technology and electronic funds transfer technology to streamline the reporting of data and the implementation of the offsets, and developing and making available to beneficiaries, their families, guardians, and advocates, through the Internet information regarding work incentives and assistance for beneficiaries to make informed decisions regarding work," after "rehabilitation),"; and

(C) by adding at the end the following: "The Commissioner may expand the scope of any such demonstration project to include any group of applicants for benefits under such program with impairments which may reasonably be presumed to be disabling for purposes of such demonstration project, and may limit any such demonstration project to any such group of applicants, subject to the terms of such demonstration project which shall define the extent of any such presumption.";

(2) in paragraph (3) of subsection (a), by striking "June 10, 1996" and inserting "June 10, 2001";

(3) in paragraph (4) of subsection (a), by inserting "and on or before October 1, 2000," after "1995,"; and

(4) in subsection (c), by striking "October 1, 1996" and inserting "October 1, 2001".

SEC. 502. DEMONSTRATION PROJECTS PROVIDING FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

(a) AUTHORITY.—The Commissioner of Social Security shall conduct demonstration projects for the purpose of evaluating, through the collection of data, a program for title II disability beneficiaries (as defined in section 1147(k)(3) of the Social Security Act) under which each $1 of benefits payable under section 223, or under section 202 based on the beneficiary's disability, is reduced for each $2 of such beneficiary's earnings that is above a level to be determined by the Commissioner. Such projects shall be conducted at a number of localities which the Commissioner shall determine is sufficient to adequately evaluate the appropriateness of national implementation of such a program. Such projects shall identify reductions in Federal expenditures that may result from the permanent implementation of such a program.

(b) SCOPE AND SCALE AND MATTERS TO BE DETERMINED.—

(1) IN GENERAL.—The demonstration projects developed under subsection (a) shall be of sufficient duration, shall be of sufficient scope, and shall be carried out on a wide enough scale to permit a thorough evaluation of the project to determine—

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

(B) the extent, if any, to which the project being tested is affected by whether it is in operation in a locality within an area under the administration of the Ticket to Work and Self-Sufficiency Program established under section 1147 of the Social Security Act; and

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

The Commissioner shall take into account advice provided by the Work Incentives Advisory Panel pursuant to section 411(b)(2)(B).

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

Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate. Periodic reports on the progress of such projects shall be submitted by the Commissioner to such committees. When appropriate, such reports shall include detailed recommendations for changes in administration or law, or both, to carry out the objectives stated in subsection (a).

(d) INTERIM REPORTS.—Not later than 2 years after the date of enactment of this Act, and annually thereafter, the Commissioner of Social Security shall submit to Congress an interim report on the progress of the demonstration projects carried out under this subsection together with any related data and materials which the Commissioner of Social Security may consider appropriate.

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

(f) EXPENDITURES.—Expenditures made for demonstration projects under this section shall be made from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust

Fund, as determined appropriate by the Secretary of Health and Human Services, to the extent provided in advance in appropriation Acts.

SEC. 503. REQUIREMENTS FOR CONSIDERATION OF WAIVERS TO REDUCE WORK DISINCENTIVES.

Section 1115 of the Social Security Act (42 U.S.C. 1315) is amended by inserting after subsection (c) the following:

"(d)(1) In the case of any request for a waiver under this section that is for the purpose of conducting an experimental, pilot, or demonstration project that is designed to reduce work disincentives for individuals with disabilities, the Secretary shall take into account reductions in payments made to such individuals under titles II and XVI, and other reductions in Federal expenditures that are related to federally subsidized assistance for, or support of, such individuals, when the reduced expenditures are related to the fact that the individuals have earned income.

"(2)(A) Not later than 90 days after the date the Secretary receives a request to conduct an experimental, pilot, or demonstration project that is designed to reduce work disincentives for individuals with disabilities and that is limited to not more than 5,000 such individuals, the Secretary shall approve or disapprove the request, or in-form the State that specified additional information is needed to review the request.

"(B) In the case of a request described in subparagraph (A) in which the Secretary has specified that additional information is needed, the Secretary shall approve or disapprove the request not later than 90 days after the date the additional information is submitted.".

SEC. 504. SENSE OF CONGRESS REGARDING ADDITIONAL DEMONSTRATION PROJECTS.

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

SEC. 505. STUDIES AND REPORTS.

(a) STUDY BY GENERAL ACCOUNTING OFFICE OF EXISTING DISABILITY-RELATED EMPLOYMENT INCENTIVES.—

(1) STUDY.—As soon as practicable after the date of enactment of this Act, the Comptroller General of the United States shall undertake a study to assess existing tax credits and other disability-related employment incentives under the Americans with Disabilities Act of 1990 and other Federal laws. In such study, the Comptroller General shall specifically

address the extent to which such credits and other incentives would encourage employers to hire and retain individuals with disabilities.

(2) REPORT.—Not later than 3 years after the date of enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this subsection, together with such recommendations for legislative or administrative changes as the Comptroller General determines are appropriate.

(b) STUDY BY GENERAL ACCOUNTING OFFICE OF EXISTING COORDINATION OF THE DI AND SSI PROGRAMS AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAVING CONCURRENT ENTITLEMENT.—

(1) STUDY.—As soon as practicable after the date of enactment of this Act, the Comptroller General of the United States shall undertake a study to evaluate the coordination under current law of the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act, as such programs relate to individuals entering or leaving

concurrent entitlement under such programs. In such study, the Comptroller General shall specifically address the effectiveness of work incentives under such programs with respect to such individuals and the effectiveness of coverage of such individuals under titles XVIII and XIX of such Act.

(2) REPORT.—Not later than 3 years after the date of enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this subsection, together with such recommendations for legislative or administrative changes as the Comptroller General determines are appropriate.

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

(1) STUDY.—As soon as practicable after the date of enactment of this Act, the Comptroller General of the United States shall undertake a study of the substantial gainful activity level applicable to recipients of benefits under section 223 of the Social Security Act (42 U.S.C. 423) as of that date and its

effect as a disincentive for those recipients to return to work. In such study, the Comptroller General also shall address the merits of increasing the substantial gainful activity level applicable to recipients of benefits under section 223 of such Act (42 U.S.C. 423) and the rationale for not yearly indexing that level to inflation.

(2) REPORT.—Not later than 2 years after the date of enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this subsection, together with such recommendations for legislative or administrative changes as the Comptroller General determines are appropriate.

TITLE VI—MISCELLANEOUS

SEC. 601. TECHNICAL AMENDMENTS RELATING TO DRUG ADDICTS AND ALCOHOLICS.

(a) CLARIFICATION RELATING TO THE EFFECTIVE DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.—Section 105(a)(5) of the Contract with America Advancement Act of 1996 (42 U.S.C. 405 note) is amended—

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

(2) by adding at the end the following:

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

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

"(ii) there is pending, with respect to such claim, a readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.

"(E) Notwithstanding the provisions of this paragraph, with respect to any individual for whom the Commissioner of Social Security does not perform the entitlement redetermination before the date prescribed in subparagraph

(C), the Commissioner shall perform such entitlement redetermination in lieu of a continuing disability review whenever the Commissioner determines that the individual's entitlement is subject to redetermination based on the preceding provisions of this paragraph, and the provisions of section 223(f) of the Social Security Act shall not apply to such redetermination.".

(b) CORRECTION TO EFFECTIVE DATE OF PROVISIONS CONCERNING REPRESENTATIVE PAYEES AND TREATMENT REFERRALS OF SOCIAL SECURITY BENEFICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—Section 105(a)(5)(B) of such Act (42 U.S.C. 405 note) is amended to read as follows:

"(B) The amendments made by paragraphs (2) and (3) shall take effect on July 1, 1996, with respect to any individual—

"(i) whose claim for benefits is finally adjudicated on or after the date of enactment of this Act, or

"(ii) whose entitlement to benefits is based on an entitlement redetermination made pursuant to subparagraph (C).".

(c) EFFECTIVE DATES.—The amendments made by this section shall take effect as if included in the enactment of section 105 of the Contract with America Advancement Act of 1996 (Public Law 104–121; 110 Stat. 852 et seq.).

SEC. 602. PERFECTING AMENDMENTS RELATED TO WITHHOLDING FROM SOCIAL SECURITY BENEFITS.

(a) INAPPLICABILITY OF ASSIGNMENT PROHIBITION.—Section 207 of the Social Security Act (42 U.S.C. 407) is amended by adding at the end the following:

"(c) Nothing in this section shall be construed to prohibit withholding taxes from any benefit under this title, if such withholding is done pursuant to a request made in accordance with section 3402(p)(1) of the Internal Revenue Code of 1986 by the person entitled to such benefit or such person's representative payee.".

(b) PROPER ALLOCATION OF COSTS OF WITHHOLDING BETWEEN THE TRUST FUNDS AND THE GENERAL FUND.—Section 201(g) of such Act (42 U.S.C. 401(g)) is amended—

(1) by inserting before the period in paragraph (1)(A)(ii) the following: "and the functions of the Social Security Administration in connection with the withholding of taxes from benefits, as described in section 207(c), pursuant to requests by persons entitled to such benefits or such persons' representative payee";

(2) by inserting before the period at the end of paragraph (1)(A) the following: "and the functions of the Social Security Administration in connection with the withholding of taxes from benefits, as described in section 207(c), pursuant to requests by persons entitled to such benefits or such persons' representative payee";

(3) in paragraph (1)(B)(i)(I), by striking "subparagraph (A))," and inserting "subparagraph (A)) and the functions of the Social Security Administration in connection with the withholding of taxes from benefits, as described in section 207(c), pursuant to requests by persons entitled to such benefits or such persons' representative payee,";

(4) in paragraph (1)(C)(iii), by inserting before the period the following: "and the functions of the Social Security Administration in connection with the withholding of taxes from benefits, as described in section 207(c), pursuant to requests by persons entitled to such benefits or such persons' representative payee";

(5) in paragraph (1)(D), by inserting after "section 232" the following: "and the functions of the Social Security Administration in connection

with the withholding of taxes from benefits as described in section 207(c)''; and

(6) in paragraph (4), by inserting after the first sentence the following: "The Board of Trustees of such Trust Funds shall prescribe the method of determining the costs which should be borne by the general fund in the Treasury of carrying out the functions of the Social Security Administration in connection with the withholding of taxes from benefits, as described in section 207(c), pursuant to requests by persons entitled to such benefits or such persons' representative payee.''.

(c) EFFECTIVE DATE.—The amendments made by subsection (b) shall apply to benefits paid on or after the first day of the second month beginning after the month in which this Act is enacted.

SEC. 603. TREATMENT OF PRISONERS.

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

(1) IN GENERAL.—Section 202(x)(3) of the Social Security Act (42 U.S.C. 402(x)(3)) is amended—

(A) by inserting "(A)" after "(3)"; and

(B) by adding at the end the following:

"(B)(i) The Commissioner shall enter into an agreement under this subparagraph with any interested State or local institution comprising a jail, prison, penal institution, or correctional facility, or comprising any other institution a purpose of which is to confine individuals as described in paragraph (1)(A)(ii). Under such agreement—

"(I) the institution shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, Social Security account numbers, dates of birth, confinement commencement dates, and, to the extent available to the institution, such other identifying information concerning the individuals confined in the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

"(II) the Commissioner shall pay to the institution, with respect to information described in subclause (I) concerning each individual who is confined therein as described in paragraph (1)(A), who receives a benefit under this title for the month preceding the first month of such confinement, and whose benefit under this title is determined by the Commissioner to be not payable by reason of confinement based on the information provided by the institution, \$400 (subject to reduction under clause (ii)) if the institution furnishes the information to the Commissioner within 30 days after the date such individual's confinement in such institution begins, or $200 (subject to reduction under clause (ii)) if the institution furnishes the information after 30 days after such date but within 90 days after such date.

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

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

"(iv) There is authorized to be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as appropriate, such sums as may be necessary to enable the Commissioner to make payments to institutions required by clause (i)(II).

"(v) The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to agreements entered into under clause (i) to any agency administering a Federal or federally assisted cash, food, or medical assistance program for eligibility purposes.".

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

(b) ELIMINATION OF TITLE II REQUIREMENT THAT CONFINEMENT STEM FROM CRIME PUNISHABLE BY IMPRISONMENT FOR MORE THAN 1 YEAR.—

(1) IN GENERAL.—Section 202(x)(1)(A) of such Act (42 U.S.C. 402(x)(1)(A)) is amended—

(A) in the matter preceding clause (i), by striking "during" and inserting "throughout";

(B) in clause (i), by striking "an offense punishable by imprisonment for more than 1 year (regardless of the actual sentence imposed)" and inserting "a criminal offense"; and

(C) in clause (ii)(I), by striking "an offense punishable by imprisonment for more than 1 year" and inserting "a criminal offense".

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals whose period of confinement in an institution commences

on or after the first day of the fourth month beginning after the month in which this Act is enacted.

(c) CONFORMING TITLE XVI AMENDMENTS.—

(1) FIFTY PERCENT REDUCTION IN TITLE XVI PAYMENT IN CASE INVOLVING COMPARABLE TITLE II PAYMENT.—Section 1611(e)(1)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)) is amended—

(A) in clause (i)(II), by inserting "(subject to reduction under clause (ii))" after "$400" and after "$200";

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

(C) by inserting after clause (i) the following:

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

(2) EXPANSION OF CATEGORIES OF INSTITUTIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of such Act (42 U.S.C. 1382(e)(1)(I)(i)) is amended in the matter preceding subclause (I) by striking "institution" and all that follows through "section

202(x)(1)(A)," and inserting "institution comprising a jail, prison, penal institution, or correctional facility, or with any other interested State or local institution a purpose of which is to confine individuals as described in section 202(x)(1)(A)(ii),".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the enactment of section 203(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2186). The reference to section 202(x)(1)(A)(ii) of the Social Security Act in section 1611(e)(1)(I)(i) of such Act as amended by paragraph (2) shall be deemed a reference to such section 202(x)(1)(A)(ii) as amended by subsection (b)(1)(C).

(d) CONTINUED DENIAL OF BENEFITS TO SEX OFFENDERS REMAINING CONFINED TO PUBLIC INSTITUTIONS UPON COMPLETION OF PRISON TERM.—

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

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

(B) in clause (ii)(IV), by striking the period and inserting ", or"; and

(C) by adding at the end the following:

"(iii) immediately upon completion of confinement as described in clause (i) pursuant to conviction of a criminal offense an element of which is sexual activity, is confined by court order in an institution at public expense pursuant to a finding that the individual is a sexually dangerous person or a sexual predator or a similar finding.".

(2) CONFORMING AMENDMENT.—Section 202(x)(1)(B)(ii) of such Act (42 U.S.C. 402(x)(1)(B)(ii)) is amended by striking "clause (ii)" and inserting "clauses (ii) and (iii)".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to benefits for months ending after the date of enactment of this Act.

SEC 604. REVOCATION BY MEMBERS OF THE CLERGY OF EXEMPTION FROM SOCIAL SECURITY COVERAGE.

(a) IN GENERAL.—Notwithstanding section 1402(e)(4) of the Internal Revenue Code of 1986, any exemption which has been received under section 1402(e)(1) of such Code by a duly ordained, commissioned, or licensed minister of a church, a member of a religious order, or a Christian Science practitioner, and which is effective for the taxable year in which this Act is enacted, may be revoked by filing an application therefore (in such form and manner, and with such official, as may be prescribed in regulations made under chapter 2 of such Code), if such application is filed no later than the due date of the Federal income tax return (including any extension thereof) for the applicant's second taxable year beginning after December 31, 1998. Any such revocation shall be effective (for purposes of chapter 2 of the Internal Revenue Code of 1986 and title II of the Social Security Act), as specified in the application, either with respect to the applicant's first taxable year beginning after December 31, 1998, or with respect to the applicant's second taxable year beginning after such date, and for all succeeding taxable years; and the applicant for any such revocation may not thereafter again file application for an exemption under such section 1402(e)(1). If the application is filed after the due date of the applicant's Federal income tax return for a taxable year and is effective with respect to that taxable year, it shall include or be accompanied by payment in full of an amount equal to the total of the taxes that would have been imposed by section 1401 of the Internal Revenue Code of 1986 with respect to all of the applicant's income derived in that taxable year which would have constituted net earnings from self-employment for purposes of chapter 2 of such Code (notwithstanding paragraph (4) or (5) of section 1402(c) of such Code) except for the exemption under section 1402(e)(1) of such Code.

(b) EFFECTIVE DATE.—Subsection (a) shall apply with respect to service performed (to the extent specified in such subsection) in taxable years beginning after December 31, 1998, and with respect to monthly insurance benefits payable under title II of the Social Security Act on the basis of the wages and self-employment income of any individual for months in or after the calendar year in which such individual's application for revocation (as described in such subsection) is effective (and lump-sum death payments payable under such title on the basis of such wages and self-employment income in the case of deaths occurring in or after such calendar year).

SEC. 605. ADDITIONAL TECHNICAL AMENDMENT RELATING TO COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS UNDER TITLES II AND XVI.

(a) IN GENERAL.—Section 1110(a)(3) of the Social Security Act (42 U.S.C. 1310(a)(3)) is amended by striking "title XVI" and inserting "title II or XVI".

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

SEC. 606. RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL SECURITY BENEFITS.

(a) IN GENERAL.—Part A of title XI of the Social Security Act, as amended by section 301, is amended by adding at the end the following:

"RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL SECURITY BENEFITS

"SEC. 1148. (a) IN GENERAL.—Whenever the Commissioner of Social Security determines that more than the correct amount of any payment has been made to any person under the supplemental security income program under title XVI (including, for purposes of this section, under section 1616(a) or section 212(b) of Public Law 93–66) and the Commissioner is unable to make proper adjustment or recovery of the amount so incorrectly paid, as provided in section 1631(b), the Commissioner (notwithstanding section 207) shall recover the amount incorrectly paid by decreasing any amount that is payable under title II to such person.

"(b) NO EFFECT ON SSI ELIGIBILITY OR BENEFIT AMOUNT.—In any case in which the Commissioner of Social Security takes action in accordance with subsection (a) to recover an amount incorrectly paid to any person, neither that person, nor any individual whose eligibility for benefits under the supplemental security income program under title XVI, or whose amount of such benefits, is determined by considering any part of that person's income, shall, as a result of such action—

"(1) become eligible for benefits under such program; or

"(2) if such person or individual is otherwise so eligible, become eligible for increased benefits under such program.".

(b) CONFORMING AMENDMENTS.—

(1) Section 204 of such Act (42 U.S.C. 404) is amended by adding at the end the following:

"(g) For payments that are adjusted or withheld to recover an overpayment of supplemental security income benefits paid under title XVI of this Act (including State supplementary payments paid under an agreement pursuant to section 1616(a) or section 212(b) of Public Law 93–66), see section 1148.".

(2) Section 1631(b) of such Act (42 U.S.C. 1383(b)) is amended by adding at the end the following:

"(5) For provisions relating to the recovery of benefits incorrectly paid under this title from benefits payable under title II, see section 1148.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect 6 months after the date of enactment of this Act and shall apply to amounts incorrectly paid that remain outstanding on or after such date.

SEC. 607. COMPUTER MATCHES WITH MEDICARE AND MEDICAID INSTITUTIONALIZATION DATA.

(a) IN GENERAL.—Section 1611(e)(1) of the Social Security Act (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following new subparagraph:

"(J) For the purpose of carrying out this paragraph, the Commissioner of Social Security shall conduct periodic computer matches with data maintained by the Secretary under title XVIII or XIX. The Secretary shall furnish to the Commissioner, in such form and manner and under such terms as the Commissioner and the Secretary shall mutually agree, such information as the Commissioner may request for this purpose. Information obtained pursuant to such a match may be substituted for the physician's certification otherwise required under subparagraph (G)(i).".

(b) CONFORMING AMENDMENT.—Section 1611(e)(1)(G) of such Act (42 U.S.C. 1382(e)(1)(G)) is amended by striking "subparagraph (H)" and inserting "subparagraph (H) or (J)".

SEC. 608. 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 AMENDMENT.—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".

SEC. 609. ADDITIONAL DEBT COLLECTION PRACTICES.

(a) IN GENERAL.—Section 1631(d)(1) of the Social Security Act (42 U.S.C. 1383(d)(1)) is amended by striking "section 207" and inserting "section 207, section 204(f),".

(b) TECHNICAL AMENDMENT.—Section 204(f)(1) of the Social Security Act (42 U.S.C. 404(f)(1)) is amended by striking "deliquent" and inserting "delinquent".

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to debt outstanding on or after the date of enactment of this Act.

SEC. 610. TREATMENT OF ASSETS HELD IN TRUST UNDER THE SSI PROGRAM.

(a) TREATMENT AS RESOURCE.—Section 1613 of the Social Security Act (42 U.S.C. 1382b) is amended by adding at the end the following:

"Trusts

"(e)(1) In determining the resources of an individual, paragraph (3) shall apply to a trust (other than a trust described in paragraph (5)) established by the individual.

"(2)(A) For purposes of this subsection, an individual shall be considered to have established a trust if any assets of the individual (or of the individual's spouse) are transferred to the trust.

"(B) In the case of an irrevocable trust to which are transferred the assets of an individual (or of the individual's spouse) and the assets of any other person, this subsection shall apply to the portion of the trust attributable to the assets of the individual (or of the individual's spouse).

"(C) This subsection shall apply to a trust without regard to—

"(i) the purposes for which the trust is established.

"(ii) whether the trustees have or exercise any discretion under the trust;

(iii) any restrictions on when or whether distributions may be made from the trust; or

"(iv) any restrictions on the use of distributions from the trust.

"(3)(A) In the case of a revocable trust established by an individual, the corpus of the trust shall be considered a resource available to the individual.

"(B) In the case of an irrevocable trust established by an individual, if there are any circumstances under which payment from the trust could be made to or for the benefit of the individual or the individual's spouse, the portion of the corpus from which payment to or for the benefit of the individual or the individual's spouse could be made shall be considered a resource available to the individual.

"(4) The Commissioner of Social Security may waive the application of this subsection with respect to an individual if the Commissioner determines that such application would work an undue hardship on the individual.

"(5) This subsection shall not apply to a trust described in subparagraph (A) or (C) of section 1917(d)(4).

"(6) For purposes of this subsection—

"(A) the term 'trust' includes any legal instrument or device that is similar to a trust;

"(B) the term 'corpus' means, with respect to a trust, all property and other interests held by the trust, including accumulated earnings and any other addition to the trust after its establishment (except that such term does not include any such earnings or addition in the month in which the earnings or addition is credited or otherwise transferred to the trust); and

"(C) the term 'asset' includes any income or resource of the individual or of the individual's spouse, including—

"(i) any income excluded by section 1612(b);

"(ii) any resource otherwise excluded by this section; and

"(iii) any other payment or property to which the individual or the individual's spouse is entitled but does not receive or have access to because of action by—

"(I) the individual or spouse;

"(II) a person or entity (including a court) with legal authority to act in place of, or on behalf of, the individual or spouse; or

"(III) a person or entity (including a court) acting at the direction of, or on the request of, the individual or spouse.".

(b) TREATMENT AS INCOME.—Section 1612(a)(2) of such Act (42 U.S.C. 1382a(a)(2)) is amended—

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

(2) by striking the period at the end of subparagraph (F) and inserting "; and"; and

(3) by adding at the end the following:

"(G) any earnings of, and additions to, the corpus of a trust established by an individual (within the meaning of section 1613(e)), of which the individual is a beneficiary, to which section 1613(e) applies, and, in the case of an irrevocable trust, with respect to which circumstances exist under which a payment from the earnings or additions could be made to or for the benefit of the individual.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1999, and shall apply to trusts established on or after such date.

SEC. 611. DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE UNDER THE SSI PROGRAM.

(a) IN GENERAL.—Section 1613(c) of the Social Security Act (42 U.S.C. 1382b(c)) is amended—

(1) in the caption, by striking "Notification of Medicaid Policy Restricting Eligibility of Institutionalized Individuals for Benefits Based on";

(2) in paragraph (1)—

(A) in subparagraph (A)—

(i) by inserting "paragraph (1) and" after "provisions of";

(ii) by striking "title XIX" the first place it appears and inserting "this title and title XIX, respectively,";

(iii) by striking "subparagraph (B)" and inserting "clause (ii)", and

(iv) by striking "paragraph (2)" and inserting "subparagraph (B)";

(B) in subparagraph (B)—

(i) by striking "by the State agency"; and

(ii) by striking "section 1917(c)" and all that follows and inserting "paragraph (1) or section 1917(c)."; and

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

(3) in paragraph (2)—

(A) by striking "(2)" and inserting "(B)"; and

(B) by striking "paragraph (1)(B)" and inserting "subparagraph (A)(ii)";

(4) by striking "(c)(1)" and inserting "(2)(A)"; and

(5) by inserting before paragraph (2) (as redesignated by paragraph (4) of this subsection) the following:

"(c)(2)(A)(i) If an individual or the spouse of an individual disposes of resources for less than fair market value on or after the look-back date described in clause (ii)(I), the individual is ineligible for benefits under this title for months during the period beginning on the date described in clause (iii) and equal to the number of months calculated as provided in clause (iv).

"(ii)(I) The look-back date described in this subclause is a date that is 36 months before the date described in subclause (II).

"(II) The date described in this subclause is the date on which the individual applies for benefits under this title or, if later, the date on which the individual (or the spouse of the individual) disposes of resources for less than fair market value.

"(iii) The date described in this clause is the first day of the first month that follows the month in which resources were disposed of for less than fair market value and that does not occur in any other period of ineligibility under this paragraph.

"(iv) The number of months calculated under this clause shall be equal to—

"(I) the total, cumulative uncompensated value of all resources so disposed of by the individual (or the spouse of the individual) on or after the look-back date described in clause (ii)(I); divided by

"(II) the amount of the maximum monthly benefit payable under section 1611(b) for the month in which occurs the date described in clause (ii)(II),

rounded up, in the case of any fraction, to the next whole number.

"(B) An individual shall not be ineligible for benefits under this title by reason of the application of this subsection to a disposal of resources by an individual or the spouse of an individual if the Commissioner of Social Security determines that—

"(i) the resources were transferred exclusively for a purpose other than to qualify for benefits under this title; or

"(ii) the denial of eligibility would work an undue hardship on the individual.

"(C) For purposes of this paragraph, in the case of a resource held by an individual and another person in a joint tenancy, tenancy in common, or similar arrangement, the resource (or the affected portion of the resource) shall be considered to be disposed of by the individual when any action is taken, by the individual or any other person, that reduces or eliminates the individual's ownership or control of the resource.

"(D)(i) Notwithstanding subparagraph (A), this subsection shall not apply to a transfer of a resource to a trust if the portion of the trust attributable to the resource is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)).

"(ii) In the case of a trust established by an individual or an individual's spouse (within the meaning of subsection (e)), if from such portion of the trust, if any, that is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)) or the residue of the portion on the termination of the trust—

"(I) there is made a payment other than to or for the benefit of the individual; or

"(II) no payment could under any circumstance be made to the individual,

then, for purposes of this subsection, the payment described in clause (I) or the foreclosure of payment described in clause (II) shall be considered a transfer of resources by the individual or the individual's spouse as of the date of the payment or foreclosure, as the case may be.

"(E) In the case of a transfer by the spouse of an individual that results in a period of ineligibility for the individual under this subsection, the Commissioner shall apportion the period (or any portion of the period) among the individual and the individual's spouse if the spouse becomes eligible for benefits under this title.

"(F) This subsection shall not apply to a disposal of resources described in subparagraph (A)(ii), (B)(iii), or (B)(iv) of section 1917(c)(2) by an individual or the spouse of an individual.

"(G) For purposes of this paragraph—

"(i) the term 'benefits under this title' includes payments of the type described in section 1616(a) and of the type described in section 212(b) of Public Law 93–66; and

"(ii) the term 'trust' has the meaning given such term in subsection (e)(5)(A).".

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to transfers made on or after 1 year after the date of enactment of this Act.

SEC. 612. LOSS OF BENEFITS FOR PROGRAM VIOLATIONS.

(a) IN GENERAL.—Title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1129 the following:

"NONPAYMENT OF BENEFITS UNDER TITLES II AND XVI FOR FALSE OR MISLEADING STATEMENTS OR OMISSIONS

"SEC. 1129A. (a) IN GENERAL.—Any person who makes, or causes to be made, a statement or representation of a material fact for use in determining any initial or continuing right to or the amount of—

"(1) monthly insurance benefits under title II; or

"(2) benefits or payments under title XVI,

that the person knows or should know is false or misleading or knows or should know omits a material fact or makes such a statement with knowing disregard for the truth shall be subject to a penalty described in subsection (b) to be imposed by the Commissioner of Social Security.

"(b) PENALTY.—The penalty described in this subsection is—

"(1) nonpayment of benefits under title II that would otherwise be payable to such individual; and

"(2) ineligibility for cash benefits under title XVI,

for each month during the applicable period that begins and ends as specified in subsection (c).

"(c) DURATION OF PENALTY.—The duration of the penalty described in subsection (b) shall be—

"(1) 6 consecutive months, in the case of a first determination by the Commissioner described in subsection (a) respecting such individual;

"(2) 12 consecutive months, in the case of a second determination by the Commissioner described in subsection (a) respecting such individual; and

"(3) 24 consecutive months, in the case of a third or subsequent determination by the Commissioner described in paragraph (1) respecting such individual.

"(d) EFFECT ON OTHER ASSISTANCE.—An individual subject to a period of nonpayment of title II or ineligibility for title XVI benefits pursuant to this section, nevertheless shall be considered to be receiving such benefits for the purposes of—

"(1) determination of the eligibility of such an individual for benefits under title XVIII and title XIX; and

"(2) determination of the eligibility or amount of benefits payable under title II or title XVI to another individual.

"(e) DEFINITION.—For purposes of this section, the term 'benefits under title XVI' includes State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93–66.".

(b) CONFORMING AMENDMENT PRECLUDING DELAYED RETIREMENT CREDIT FOR ANY MONTH TO WHICH A NONPAYMENT OF BENEFITS PENALTY APPLIES.—Section 202(w)(2)(B) of such Act (42 U.S.C. 402(w)(2)(B)) is amended—

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

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

(3) by adding at the end the following:

"(iii) such individual was not subject to any nonpayment of benefits penalty imposed pursuant to section 1129A.".

SEC. 613. NO MARK-UP FOR DRUGS, BIOLOGICALS, OR PARENTERAL NUTRIENTS.

(a) IN GENERAL.—Section 1842(o) of the Social Security Act (42 U.S.C. 1395u(o)), as added by section 4556(a) of the Balanced Budget Act of 1997, is amended to read as follows:

"(o)(1) If a physician's, supplier's, or any other person's bill or request for payment for services includes a charge for a drug, biological, or parenteral nutrient for which payment may be made under this part and the drug, biological, or parenteral nutrient is not paid on a cost or prospective payment basis as otherwise provided in this part, the payment amount established in this subsection for the drug, biological, or parenteral nutrient shall be the lowest of the following:

"(A) The actual acquisition cost, as defined in paragraph (2), to the person submitting the claim for payment for the drug, biological, or parenteral nutrient.

"(B) 95 percent of the average wholesale price of such drug, biological, or parenteral nutrient, as determined by the Secretary.

"(C) For payments for drugs, biologicals, or parenteral nutrients furnished on or after January 1, 2000, the median actual acquisition cost of all claims for payment for such drugs, biologicals, or parenteral nutrients for the 12-month period beginning July 1, 1998 (and adjusted, as the Secretary determines appropriate, to reflect changes in the cost of such drugs, biologicals, or parenteral nutrients due to inflation, and such other factors as the Secretary determines appropriate).

"(D) The amount otherwise determined under this part.

"(2) For purposes of paragraph (1)(A), the term 'actual acquisition cost' means, with respect to such drugs, biologicals, or parenteral nutrients the cost of the drugs, biologicals, or parenteral nutrients based on the most economical case size in inventory on the date of dispensing or, if less, the most economical case size purchased within six months of the date of dispensing whether or not that specific drug, biological, or nutrient was furnished to an individual whether or not enrolled under this part. Such term includes appropriate adjustments, as determined by the Secretary, for all discounts, rebates, or any other benefit in cash or in kind (including travel, equipment, or free products). The Secretary shall include an additional payment for administrative, storage, and handling costs.

"(3)(A) No payment shall be made under this part for drugs, biologicals, or parenteral nutrients to a person whose bill or request for payment for such drugs, biologicals, or parenteral nutrients does not include a statement of the person's actual acquisition cost.

"(B) A person may not bill an individual enrolled under this part—

"(i) any amount other than the payment amount specified in paragraph (1), (4), or (5) (plus any applicable deductible and coinsurance amounts), or "(ii) any amount for such drugs, biologicals, or parenteral nutrients for which payment may not be made pursuant to subparagraph (A).

"(C) If a person knowingly and willfully in repeated cases bills one or more individuals in violation of subparagraph (B), the Secretary may apply sanctions against that person in accordance with subsection (j)(2).

"(4) The Secretary may pay a reasonable dispensing fee (less the applicable deductible and coinsurance amounts) for drugs or biologicals to a licensed pharmacy approved to dispense drugs or biologicals under this part, if payment for such drugs or biologicals is made to the pharmacy.

"(5) The Secretary shall pay a reasonable amount (less the applicable deductible and coinsurance amounts) for the services associated with the furnishing of parenteral nutrients for which payment is determined under this subsection.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to drugs, biologicals, and parenteral nutrients furnished on or after January 1, 1999.

(c) ELIMINATION OF REPORT ON AVERAGE WHOLESALE PRICE.—Section 4556 of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 462) is amended—

(1) by striking subsection (c); and

(2) by redesignating subsection (d) as subsection (c).

SEC. 614. INFORMATION REQUIREMENTS.

(a) INFORMATION FROM GROUP HEALTH PLANS.—Section 1862(b) of the Social Security Act (42 U.S.C. 1395y(b)) is amended by adding at the end the following:

"(7) INFORMATION FROM GROUP HEALTH PLANS.—

"(A) PROVISION OF INFORMATION BY GROUP HEALTH PLANS.—The administrator of a group health plan subject to the requirements of paragraph (1) shall provide to the Secretary such of the information elements described in subparagraph (C) as the Secretary specifies, and in such manner and at such times as the Secretary may specify (but not more frequently than four times per year), with respect to each individual covered under the plan who is entitled to any benefits under this title.

"(B) PROVISION OF INFORMATION BY EMPLOYERS AND EMPLOYEE ORGANIZATIONS.—An employer (or employee organization) that maintains or participates in a group health plan subject to the requirements of paragraph (1) shall provide to the administrator of the plan such of the information elements required to be provided under subparagraph (A), and in such manner and at such times as the Secretary may specify, at a frequency consistent with that required under subparagraph (A) with respect to each individual described in subparagraph (A) who is covered under the plan by reason of employment with that employer or membership in the organization.

"(C) INFORMATION ELEMENTS.—The information elements described in this subparagraph are the following:

"(i) ELEMENTS CONCERNING THE INDIVIDUAL.—

"(I) The individual's name.

"(II) The individual's date of birth.

"(III) The individual's sex.

"(IV) The individual's social security insurance number.

"(V) The number assigned by the Secretary to the individual for claims under this title.

"(VI) The family relationship of the individual to the person who has or had current or employment status with the employer.

"(ii) ELEMENTS CONCERNING THE FAMILY MEMBER WITH CURRENT OR FORMER EMPLOYMENT STATUS.—

"(I) The name of the person in the individual's family who has current or former employment status with the employer.

"(II) That person's social security insurance number.

"(III) The number or other identifier assigned by the plan to that person.

"(IV) The periods of coverage for that person under the plan.

"(V) The employment status of that person (current or former) during those periods of coverage.

"(VI) The classes (of that person's family members) covered under the plan.

"(iii) PLAN ELEMENTS.—

"(I) The items and services covered under the plan.

"(II) The name and address to which claims under the plan are to be sent.

"(iv) ELEMENTS CONCERNING THE EMPLOYER.—

"(I) The employer's name.

"(II) The employer's address.

"(III) The employer identification number of the employer.

"(D) USE OF IDENTIFIERS.—The administrator of a group health plan shall utilize a unique identifier for the plan in providing information under subparagraph (A) and in other transactions, as may be specified by the Secretary, related to the provisions of this subsection. The Secretary may provide to the administrator the unique identifier described in the preceding sentence.

"(E) PENALTY FOR NONCOMPLIANCE.—Any entity that knowingly and willfully fails to comply with a requirement imposed by the previous subparagraphs shall be subject to a civil money penalty not to exceed $1,000 for each incident of such failure. The provisions of section 1128A (other than subsections (a) and (b)) shall apply to a civil money penalty under the previous sentence in the same manner as those provisions apply to a penalty or proceeding under section 1128A(a).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 180 days after the date of enactment of this Act.

SEC. 615. ELIMINATE OVERPAYMENTS FOR EPOGEN.

Section 1881(b)(11)(B)(ii) of the Social Security Act (42 U.S.C. 1395rr(b)(11)(B)(ii)) is amended—

(1) in subclause (I)—

(A) by striking "provided during 1994" and inserting "provided before fiscal year 1999"; and

(B) by striking "and" at the end;

(2) by redesignating subclause (II) as subclause (III);

(3) by inserting after subclause (I) the following new subclause:

"(II) for erythropoietin provided during fiscal year 1999, in an amount equal to $9 per thousand units (rounded to the nearest 100 units), and"; and

(4) in subclause (III), as so redesignated, by striking "year" each place it occurs and inserting "fiscal year".

SEC. 616. CENTERS OF EXCELLENCE.

(a) IN GENERAL.—Title XVIII is amended by inserting after section 1896 the following new section:

"CENTERS OF EXCELLENCE

"SEC. 1897. (a) IN GENERAL.—The Secretary shall use a competitive process to contract with specific hospitals or other entities for furnishing services related to surgical procedures, and for furnished services (unrelated to surgical procedures) to hospital inpatients that the Secretary determines to be appropriate. Such services may include any services covered under this title that the Secretary determines to be appropriate, including post-hospital services.

"(b) QUALITY STANDARDS.—Only entities that meet quality standards established by the Secretary shall be eligible to contract under this section. In considering quality, the Secretary shall take into account the quality, experience, and quantity of services of physicians who provide services in more than one entity. Contracting entities shall implement a quality improvement plan approved by the the Secretary.

"(c) PAYMENT.—Payment under this section shall be made on the basis of negotiated all-inclusive rates. The amount of payment made by the Secretary to an entity under this title for services covered under a contract shall be less than the aggregate amount of the payments that the Secretary would have otherwise made for the services.

"(d) CONTRACT PERIOD.—A contract period shall be 3 years (subject to renewal), as long as the entity continues to meet quality and other contractual standards.

"(e) INCENTIVES FOR USE OF CENTERS.—The Secretary may permit entities under a contract under this section to furnish additional services or waive beneficiary cost-sharing, subject to the approval of the Secretary.

"(f) LIMIT ON NUMBER OF CENTERS.—The Secretary shall limit the number of centers in a geographic area to the number needed to meet projected demand for contracted services.".

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by subsection (a) applies to services furnished on or after October 1, 1998.

(2) IMPLEMENTATION REQUIREMENT.—By October 1, 1998, the Secretary shall enter into contracts under the amendment made by subsection (a) for coronary artery by-pass surgery and other heart procedures, knee replacement surgery, and hip replacement surgery, in geographic areas nationwide

such that at least 20 percent of the projected number of those procedures can be provided under such contracts.

SEC. 617. GENERAL EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act take effect on the date of enactment of this Act.

Amend the title so as to read: "An Act to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to provide such individuals with incentives to become economically self-sufficient, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and to make additional miscellaneous amendments relating to the programs established under titles II, XVI, and XVIII of the Social Security Act.".