9TH STORY of Level 1 printed in FULL format.

July 23, 1997, Wednesday

SECTION: CAPITOL HILL HEARING TESTIMONY

LENGTH: 4296 words

HEADLINE: TESTIMONY July 23, 1997 JUDITH E. HEUMANN ASSISTANT SECRETARY U.S. DEPARTMENT OF EDUCATION HOUSE WAYS AND MEANS SOCIAL SECURITY BARRIERS TO EMPLOYMENT FOR DISABLED WORKERS

BODY:

U.S. DEPARTMENT OF EDUCATION

Statement by

Judith E. Heumann

Assistant Secretary

Office of Special Education and

Rehabilitative Services

on Barriers Preventing Social Security Disability Recipients

From Returning To Work

United States House of Representatives

Committee on Ways and Means

Subcommittee on Social Security

July 23, 1997

Chairman Bunning and members of the Subcommittee, thank you very much for inviting me to speak with you on the issue of barriers that prevent disabled Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) beneficiaries from engaging in-or returning to work.

As the Department of Education's Assistant Secretary for the office of Special Education and Rehabilitative Services (OSERS), I am responsible for providing leadership to the Rehabilitation Services Administration (RSA), the Federal agency that provides support to State vocational rehabilitation (VR) agencies and other service providers to assist individuals with disabilities to achieve employment and to live independently. My leadership also extends to the National Institute on Disability and Rehabilitation Research which -- through research, demonstration, and dissemination and utilization programs -identifies those best practices in technology, rehabilitation, and independent living that result in greater independence and productivity of individuals with disabilities.

File - SSI - Return to Work

My appointment as Assistant Secretary and my ability to live independently would not have been possible without the broad array of rehabilitation and independent living services from which I have benefited along with my personal determination and family's support.

When I was one and a half years old, I developed polio. When I was five, the public school officials would not allow me to enroll. They told my mother that because of my wheelchair, I was a fire hazard. Instead, the school system sent a tutor to my house. When I was nine, I finally got to go to school, but I was placed with other disabled kids in a room hidden in the school basement.

I was the first student in my class to go on to high school but not until my mom and dad fought for this right.

After graduating from high school, I went to college. I wanted to become a teacher, but the agency financing my education believed that people who use wheelchairs could not teach, so they refused to let me major in education. But I did manage to minor in it.

When I graduated, I applied for a teaching license in the New York City school system. I passed the written test and the spoken test. But I failed the medical test because I used a wheelchair. The school officials would not give me a license to teach. But I knew I could be a good teacher. With the support of my parents, I challenged the school system, obtained my license, and finally got a job teaching.

During this time, I became aware that other disabled people from all over the nation -- in fact, from around the world -were also advocating for equal rights. These people, and many other disabled people and their families, became part of the growing movement for the rights of the disabled.

This broader movement enabled me to go on to graduate school, and to be a leader in the then new independent living movement. I helped found the first Center for Independent Living in Berkeley, California.

Since my childhood, we, as a country, have made significant strides in improving educational opportunities for individuals with disabilities, particularly with the enactment of the Individuals with Disabilities Education Act (IDEA) in 1975. In addition to Congress' recent bipartisan reauthorization that further strengthened IDEA, we have also made significant progress in furthering opportunities for employment and independent living for individuals with disabilities through a broad range of programs that support both rehabilitation and independent living services and research and demonstrations and programs that protect the rights of individuals of disabilities from discrimination in employment, housing, and transportation. It is estimated that approximately 800,000 individuals with disabilities are now working because of the anti-discrimination protections provided by the Americans with Disabilities Act. But significant barriers remain to achieving the goals of independence, inclusion, and empowerment for all individuals with disabilities. Despite the opportunities afforded by the Individuals with Disabilities Education Act, the Rehabilitation Act, and the Americans with Disabilities Act, nearly half of working-age persons with disabilities are unemployed.

These barriers include environmental barriers such as the lack of transportation and lack of affordable and accessible housing. Individuals

like myself need access to personal assistance services in order to work. Many individuals need accommodations on the job such as assistive technology to perform effectively in the workplace. Despite the promise of the ADA, negative employer and individual attitudes regarding the employability of individuals with disabilities persist.

Notably, federal policy aimed at assisting individuals with disabilities is also creating disincentives to work for many individuals with disabilities. For example, the potential loss of health care coverage represents a significant barrier to employment for SSDI and SSI recipients. Medicare for disabled SSDI beneficiaries and Medicaid for SSI recipients provide the majority of health care coverage for these groups. While there are provisions that extend these benefits once an individual returns to work, Medicare coverage is time limited and SSI recipients who go to work lose Medicaid if their earnings exceed caps that vary by State. As a result, it's possible that people who are eligible for SSI "mangage" their income to ensure that they keep Medicaid--by stopping work when they hit the caps, or even turning down promotions. In addition to primary health care services, the Medicaid program also offers a variety of optional services essential to the needs of severely disabled individuals that are both costly and difficult to obtain even if traditional employer-based health care coverage can be secured.

In order to address this disincentive, the President's budget proposes to help people with disabilities work without losing their health care coverage. The President's proposal would create a new State option that would allow SSI beneficiaries with disabilities who earn more than those State caps to keep Medicaid by contributing to the cost of their coverage as their income rises. The President's budget also includes a proposal for a 4 year demonstration project to extend Medicare coverage for SSDI recipient who return to work.

Federal income policy regarding disability payments may also create disincentives to employment. SSDI benefits can continue for up to nine months after an individual attempts to return to work. At that point, SSA must determine if the SSDI beneficiary has achieved substantial gainful activity (SGA), which is a trigger for termination of cash benefits. SSI recipients can continue to receive their SSI checks while they work. As long as they remain disabled, they will continue to receive their SSI check until they reach a certain level of earnings. Our data suggest that many beneficiaries are well aware of the SGA threshold and earnings, and, as they approach them, tend to limit their hours of work or earnings.

Ultimately, these barriers must be addressed if we are to achieve successful employment outcomes for many more individuals with disabilities.

The programs I administer at the Department of Education have played a significant role in our overall efforts to help individuals to be prepared for and engage in gainful employment and must continue to be part of a comprehensive strategy. One of the biggest programs is the Vocational Rehabilitation State Grants programs, which provides $2.2 billion in formula grant assistance to 82 State-operated VR service programs. These programs provide consumers with a wide range of specialized services that include, but are not limited to, job development, job training and placement, counseling and guidance, assistive technology, personal assistance services, physical and mental restoration services, reader services, interpreter services, supported employment services, and school-to-work transition services. The essence of the VR program is to

provide services that meet the aspirations, needs, abilities and priorities of each individual, consistent with the individual's informed choice. A VR counselor works as a partner with an individual with a disability to design a rehabilitation program that matches the individual's strengths and interests to a vocational outcome, and they jointly develop an employment plan.

Since its creation seventy-seven years ago by the Smith-Fess Act, the VR State Grants program has assisted some nine million individuals with disabilities to achieve gainful employment. Presently, there are over 1.25 million eligible individuals receiving VR services, 77.5 percent of whom have significant disabilities. In FY 1996, 213,500 individuals who exited the VR system after receiving services achieved an employment outcome and showed notable gains in their economic status.

The State VR agencies and the Social Security Administration have a long history, dating back to 1954, of working together to assist SSDI and SSI beneficiaries to return to work. The Social Security Amendments of 1965 authorized the use of Social Security trust funds to pay for VR services for beneficiaries. The goal of the Beneficiary Rehabilitation Program is to return the maximum number of disabled beneficiaries to work so that savings in reduced benefit payments and the Social Security contributions of the rehabilitated beneficiaries would equal or exceed the amount paid for rehabilitation services.

Since 1983, VR agencies have been reimbursed by SSA only for beneficiaries who are terminated from benefits following a determination that the beneficiary has achieved substantial gainful activity. Payment is made to the VR agency only when savings to the trust fund are anticipated.

In order to examine the success of the VR program in assisting individuals with disabilities to achieve sustainable improvement in employment, earnings, and independence, the Department is currently conducting a major longitudinal study. The study, which is being conducted by Research Triangle Institute, includes a sample of approximately 8,000 current and former VR consumers at 37 VR offices over a three-year period. The time frame permits tracking of services and post-VR earnings, employment, and community integration of VR consumers.

Specifically, the study investigates:

* short and long-term outcomes achieved by VR consumers;

* characteristics of consumers that affect access and receipt of services and outcomes;

* how receipt of specific services contributes to successful outcomes;

* how local environmental factors influence services and outcomes;

* what about the VR agency influences services and outcomes; and the extent of return on the VR program's investment.

Information obtained from this study will also enable the Department to conduct specific analysis relative to SSDI and SSI beneficiaries. Some of the preliminary data regarding the rehabilitation of SSI and SSDI beneficiaries may be of interest to you. These data show that 28 percent of all active VR

clients are SSDI and SSI beneficiaries who have been receiving benefits for an average of 55 months and include recipients who have initiated contact with the VR program or who have self-referred. SSI/DI beneficiaries referred to the VR program directly by SSA or SSA's Disability Determination Service represent only 3.6 percent of all beneficiaries who apply for services because these referrals are made much earlier in the process, e.g., when they first start to receive benefits and are not yet ready to return to work. Beneficiaries entered the VR system far more often through self-referral, community health and rehabilitation programs, and schools. One implication of these data is that a majority of beneficiaries who elect to enter the vocational rehabilitation system do so after a period of receiving SSA benefits, rather than concurrent with the initiation of the receipt of benefits.

The data also show some significant differences between the SSA beneficiary population and the general population served by the VR program. Beneficiaries tend to have higher percentages of some severe disabilities. These include higher percentages of visual disabilities, severe mental illness, mental retardation, and prelingual deafness. One result of the more severe disability mix is higher cost of services. For example, in 1995, the average cost of purchased services for beneficiaries was 49 percent higher than for non-beneficiaries ($4,724 compared to $3,168).

The Department is committed to closely monitoring program outcomes to improve performance and is also in the process of developing evaluation standards and performance indicators for the VR program in order to improve program performance.

The 1992 amendments to the Rehabilitation Act made a number of important changes to the VR State Grants program that will enhance employment opportunities for individuals with disabilities. For example, the amendments modified the criteria for determining eligibility for services to streamline the process and set forth the policy that individuals with disabilities are to be active participants in their own rehabilitation programs.

In preparing for the pending reauthorization of the Rehabilitation Act, we have invited input from a broad range of groups and individuals to get their ideas for further improving the Act, and we are prepared to make a number of specific recommendations for changes that are aimed at improving results for individuals with disabilities in the areas of employment and independent living. These include further streamlining the eligibility determination process to establish presumptive eligibility for VR services for recipients of disability benefits under Titles II and XVI of the Social Security Act, and streamlining the Individualized Written Rehabilitation Plan (renamed the Individualized Employment Plan) to eliminate unnecessary process requirements and give consumers who want to take responsibility for developing their plan the option of doing SO. We also support an amendment that clarifies that consumers have the right to choice in regard to the selection of their employment goal, the services needed to reach their goal, the providers of such services, and the methods to be used to procure the services.

At the same time, we recognize that vocational rehabilitation is only part of the solution to the unemployment of individuals with disabilities, and we support other options to maximize return-to-work opportunities. For example, the Social Security Administration has recently transmitted its Ticket to Independence proposal, which would authorize a new public-private partnership

to assist individuals who receive SSDI or SSI benefits on the basis of disability to return to work. We look forward to working with the Social Security Administration on this effort.

We must continue to explore ways to address the broad range of factors contributing to the high unemployment of individuals with disabilities. I am convinced that by working together, the Administration, Congress, individuals with disabilities and their advocates, service providers, and employers can turn the waste talents of disabled people into an important resource for securing our nation's future.

I want to assure the Subcommittee of my sincere desire to work with you and our partners at SSA to achieve our common goal of assisting individuals with disabilities to achieve gainful employment and to become contributing members of our society.

LANGUAGE: ENGLISH

LOAD-DATE: August 1, 1997

12TH STORY of Level 1 printed in FULL format.

July 23, 1997, Wednesday

SECTION: CAPITOL HILL HEARING TESTIMONY

LENGTH: 3632 words

HEADLINE: TESTIMONY July 23, 1997 JOHN J. CALLAHAN ACTING COMMISSIONER SOCIAL SECURITY ADMINISTRATION HOUSE WAYS AND MEANS SOCIAL SECURITY BARRIERS TO EMPLOYMENT FOR DISABLED WORKERS

BODY:

STATEMENT ON

RETURN TO WORK INITIATIVES

FOR PEOPLE WITH DISABILITIES

By

JOHN J. CALLAHAN

ACTING COMMISSIONER

SOCIAL SECURITY ADMINISTRATION

BEFORE THE

COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

HOUSE OF REPRESENTATIVES

July 23., 1997

Mr. Chairman and Members of the Subcommittee:

A large and growing number of people with disabilities can work, and want to work. With the Americans With Disabilities Act, changes in societal attitudes, and advances in technology, it is clearer than ever that being disabled does not mean that you can't contribute to our nation's economy. However, people with disabilities face a variety of complex barriers to work. Now is the right time to launch new initiatives to help break these barriers.

Today, too few of our approximately 8 million Social Security and Supplemental Security Income (SSI) disability recipients leave the disability rolls each year because of work. In fiscal year 1996, SSA paid State vocational rehabilitation (VR) agencies about $65.5 million for their services provided to approximately 6,000 beneficiaries with disabilities who worked at least 9 months earning more than $500 per month. However, many State VR agencies have waiting lists for services, and many more of our customers with disabilities tell us they want to work and will do so if the incentives are right and the services

11/29 Love
rolls
for work

they need are available. We look forward to working with Congress, the Rehabilitation Services Administration, and other Federal agencies to turn our customers' dreams of economic independence into reality. I am enthusiastic about the possibilities for the future, particularly the President's "Ticket to Independence" proposal.

This plan creates new ways to help people find work and achieve their goals. The Administration looks forward to working with the Hill to enact these proposals. Since there are members of Congress from both sides of the aisle who are also working to solve this problem, we are looking forward to a constructive dialogue with you on this issue that will lead to the enactment of legislation, and we believe that our proposal merits your support.

The "Ticket to Independence" is a public-private partnership designed to expand opportunities for individuals with disabilities, including individuals who are blind. This partnership would give people receiving disability payments what they want and need--the control and flexibility to secure services tailored to their individual requirements from their choice of providers. The Ticket is fiscally responsible, since providers would be paid only for results, i.e., placing individuals in jobs and eliminating Federal cash assistance.

Some have been critical of the current system for not improving the work capacity of our beneficiaries. We know that many highly skilled, outcome-focused agencies and professionals could be successful in assisting our diverse beneficiaries to return to work and that individualized planning and support is essential to successful work re-entry. The President's proposal builds on this knowledge.

We believe that the "Ticket to Independence" proposal will result in more opportunities for our beneficiaries to receive the services they need in order to work. We must keep in mind, however, that many of our beneficiaries have disabilities so severe and permanent that they will be unable to work even with the best VR services.

The "Ticket to Independence" Proposal

Included in the President's fiscal year 1998 budget is a historic proposal to help more beneficiaries achieve their goals of obtaining a job and leaving the benefit rolls. This is the first time that a President has submitted a proposal to significantly expand return to work efforts. The"Ticket to Independence" is grounded in a four part vision.

* Customer Choice: SSA's customers desire and need maximum flexibility and choice in pursuing services which will help them to become gainfully employed. Beneficiaries with disabilities will receive a "Ticket to Independence" to use with a participating public or private employment or rehabilitation provider of their choice. Our experience indicates that customer choice is a key element in their decision to seek services.

* Encouraging Innovation: The Administration's proposal seeks to encourage widespread innovations in the private and public sectors by creating opportunities for Federal and State agencies, local non-profit and for-profit providers, employers, and beneficiaries to work together.

* Paying for Results: Beneficiaries and providers alike should focus on the goal of stable employment. The provider will be paid only when the beneficiary's earnings from work result in benefit savings. The "Ticket to Independence" rewards success and frugally uses public funds in an accountable and targeted way. And, since stable employment is the only goal that reaps a financial return, fewer resources are needed to monitor methods, expenditures, case files, etc.

* Health Care Incentives: Health care security is viewed by beneficiaries as an essential factor in deciding whether or not to try to work. Opportunities to obtain employment should be as health-care neutral as possible for individuals with disabilities. As you know, the President's Budget proposal included two new approaches to removing disincentives to returning to work.

We are pleased that the Senate Reconciliation bill includes a proposal similar to that proposed by the President that would permit states to allow workers with disabilities to buy into Medicaid. The Administration has urged the Conferees to adopt the President's version which would not limit eligibility for this program to people whose earnings are below 250 percent of poverty.

Unfortunately, the Administration's proposal for a 4-year demonstration to extend premium-free Part A Medicare eligibility for beneficiaries who leave the cash benefit rolls and continue working beyond the current period of Medicare eligibility (39 months) was not included in Reconciliation. The Administration continues to believe that such a demonstration, coupled with the "Ticket to Independence," is good policy and continues to support changes in Medicare to reduce disincentives to return to work.

How the Ticket Will Work

After SSA determines that individuals are eligible for benefits, we will issue them tickets. The beneficiary may still apply to the State VR agency for services regardless of whether it is participating in this program, or give the ticket to another participating provider of his/her choice in exchange for rehabilitation and employment services. If the beneficiary returns to work and benefits cease due to earnings, the provider holding the ticket will receive a portion of the savings for a fixed period of time.

Phased Roll-Out

SSA will select 5-10 States to begin. Tickets will be issued and providers will be solicited for participation. State VR agencies and alternate providers will have the option to participate in either the "Ticket to Independence" or the current SSA VR Reimbursement Program.

For State VR agencies or alternate providers which choose to participate in the pilot, claims filed under the current program prior to the start of the pilot will continue to be processed under that program. Also, the State VR agencies in pilot States will not have first priority access to referrals of beneficiaries who have tickets.

Eligibility

All disability beneficiaries in roll-out States, except those whose medical conditions are expected to improve, will be eligible to receive a ticket.

Beneficiaries who are expected to improve will be eligible for a ticket if their benefits are continued as a result of a continuing disability review.

Providers

must satisfy certain criteria to be enrolled and eligible to receive payments from SSA. Providers must be eligible to conduct business in the State where they enroll by whatever criteria are used in that State. SSA will not certify, license or regulate organizations or businesses.

Using the Ticket

A beneficiary may activate a ticket at any time by giving it to an enrolled provider, who then registers it for 1 or 2 years, at the beneficiary's discretion. The ticket can be transferred to another provider only if the original ticket holder agrees (except in situations where disputes between a beneficiary and a provider are resolved by withdrawing the ticket). The terms of transfer of the ticket from one approved provider to another, with the beneficiary's consent, are entirely up to the respective parties. Providers receiving tickets from other providers must notify SSA of the change to be eligible for payment. At the end of the period of registration, if no provider is being paid under the expired ticket, the beneficiary may request a renewed ticket and that ticket may be registered for I or 2 years with the same or a different provider. Only one ticket will be issued to a beneficiary at a time and only one provider may hold a beneficiary's ticket at a time.

Paying the Provider

When SSDI benefits or an SSI beneficiary's federally administered benefits stop due to earnings, the provider is paid a portion of each monthly benefit not paid to the beneficiary during a specified continuous period.

The provider payments begin with the first month that Social Security disability insurance benefits or Federally administered SSI payments are reduced to zero, due to earnings, after the ticket is registered.

Administering the Ticket

SSA will award a contract to an administrator to manage the enrollment of providers, the system of referrals, ticket registration, and to assist in paying providers. The administrator will also develop a data collection system incorporating information required for management reports, a beneficiary tracking system, and the evaluation of the impact of the "Ticket to Independence."

Evaluation and Expansion

The Commissioner of Social Security will report to the Congress on the operations of the "Ticket to Independence" Program. At the end of the 3rd, 5th, 7th, and 10th year of the pilot, the Commissioner will evaluate and report on the impact of the program and work activity of beneficiaries with disabilities. Based on the results of the evaluation, the Commissioner will determine whether to continue and expand to other States (if the ticket system has been sufficiently successful), to modify aspects of the models to gain better results (such as the payment formula or the length of the payment period), or to

discontinue the project.

Protection and Advocacy

SSA will supplement the funding of the existing State Protection and Advocacy (P&A) system with funds specifically designated for assisting SSA beneficiaries when disputes with providers occur. The State P&A System is a long established federally mandated system operating in each State and territory that investigates, negotiates and mediates solutions to problems that certain persons with disabilities cannot resolve on their own.

Conclusion

The "Ticket to Independence" is a cost effective, results oriented innovation that can:

* Create a public-private partnership between Social Security and public and private providers with the goal of supporting beneficiaries who want to work.

* Offer potentially significant savings to the SSA trust funds by helping persons with disabilities to work.

* Give beneficiaries the control and flexibility they need in securing services they want.

* Minimize bureaucratic involvement.

Mr. Chairman, let me reiterate. We want to work with you to design new programs that can result in jobs for persons with disabilities who would otherwise remain dependent upon disability benefits. We believe the President's "Ticket to Independence" begins a deliberate process to roll out a federal initiative to achieve that end. I thank you for your attention and would be happy to answer any questions.

LANGUAGE: ENGLISH

LOAD-DATE: August 6, 1997

13 PAGES 449 LINES JOB 12347 104PK2
12:31 A.M. STARTED 12:31 A.M. ENDED 08/14/97

```
EEEEE   N   N   DDDD
E       N   N   D   D
E       NN  N   D   D
EEE     N N N   D   D
E       N  NN   D   D
E       N   N   D   D
EEEEE   N   N   DDDD
```

SEND TO: RICE, CYNTHIA
OPD - DOMESTIC POLICY COUNCIL
ROOM 308
OLD EXECUTIVE OFFICE BUILDING
WASHINGTON, DISTRICT OF COLUMBIA 20502-0308