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**Report on Conference Proceedings
January 26-28, 1996**

National Return To Work Forum



WORLD INSTITUTE ON DISABILITY

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Testimony

Before the Special Committee on Aging, U.S. Senate

For Release on Delivery
Expected at
9:00 a.m. EDT,
Wednesday,
June 5, 1996

SOCIAL SECURITY

Disability Programs Lag in
Promoting Return to Work

Statement of Jane L. Ross, Director,
Income Security Issues
Health, Education, and Human Services Division



104TH CONGRESS
2D SESSION

S. 1979

To amend the Social Security Act to help disabled individuals become economically self-sufficient and eligible for health care coverage through work incentives and a Medicare buy-in program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 22, 1996

Mr. JEFFORDS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Social Security Act to help disabled individuals become economically self-sufficient and eligible for health care coverage through work incentives and a Medicare buy-in program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Work Incentive and
5 Self-Sufficiency Act of 1996".

6 **SEC. 2. RETURN-TO-WORK PROGRAM FOR SOCIAL SECU-**
7 **RITY DISABILITY INCOME BENEFICIARIES.**

8 (a) **SSDI WORK INCENTIVE THRESHOLD.—**

1 (1) IN GENERAL.—Section 223(a) of the Social
2 Security Act (42 U.S.C. 423(a)) is amended by add-
3 ing at the end the following new paragraph:

4 “(3)(A) Except as provided in subparagraph (B), an
5 individual’s disability insurance benefit for any month
6 shall be reduced by such individual’s excess earnings
7 under rules similar to the rules under section 203, except
8 that—

9 “(i) for purposes of section 203(f)(3), an indi-
10 vidual’s excess earnings for a taxable year shall be
11 50 percent of the individual’s earnings for such year
12 in excess of the product of the applicable exempt
13 amount and the number of months in such year; and

14 “(ii) for purposes of section 203(f)(8)(D), the
15 applicable exempt amount for any taxable year end-
16 ing after 1996 shall be \$500 for each month of such
17 year.

18 “(B) In the case of an individual who is a blind or
19 disabled individual who is receiving benefits under this
20 section and title XVI, such individual’s benefits under this
21 section shall be reduced under subparagraph (A) only
22 after the individual’s benefits under title XVI are reduced
23 in the same manner.”.

24 (2) CONFORMING AMENDMENTS.—

1 (A) Section 223(a)(2) of such Act is
2 amended by striking “section 202(q)” and in-
3 serting “paragraph (3), section 202(q),”.

4 (B) Paragraphs (1) and (2) of section
5 1611(b) of such Act (42 U.S.C. 1382(b)) are
6 each amended by striking “The benefit” and in-
7 serting “Except as provided in section
8 223(a)(3)(B), the benefit”.

9 (b) REPEAL OF TRIAL WORK PERIOD AND EX-
10 TENDED PERIOD OF ELIGIBILITY.—

11 (1) Subsection (c) of section 222 of the Social
12 Security Act (42 U.S.C. 422) is repealed.

13 (2) Section 223(a)(1) of such Act (42 U.S.C.
14 423(a)(1)) is amended—

15 (A) by striking “subject to subsection (e),
16 the termination month” and inserting “the
17 third month following the month in which his
18 disability ceases”; and

19 (B) by striking the second sentence.

20 (3) Section 223 of such Act (42 U.S.C. 423) is
21 amended by striking subsection (e).

22 (4) Section 202(d)(1)(G)(i) (42 U.S.C.
23 402(d)(1)(G)(i)) is amended to read as follows:

24 “(i) the third month following the month in
25 which his disability ceases,”.

1 (5) Section 202(d)(6)(E) (42 U.S.C.
2 402(d)(6)(E)) is amended by striking “the termi-
3 nation month (as defined in paragraph (1)(G)(i)),
4 subject to section 223(e)” and inserting “the third
5 month following the month in which his disability
6 ceases”.

7 (6) Section 202(e)(1) of such Act (42 U.S.C.
8 402(e)(1)) is amended—

9 (A) in the first sentence, by striking “sub-
10 ject to section 223(e),”; and

11 (B) by striking the second sentence and in-
12 serting “For purposes of the preceding sen-
13 tence, the termination month for any individual
14 shall be the third month following the month in
15 which her disability ceases.”.

16 (7) Section 202(f)(1) of such Act (42 U.S.C.
17 402(f)(1)) is amended—

18 (A) in the first sentence, by striking “sub-
19 ject to section 223(e),”; and

20 (B) by striking the second sentence and in-
21 serting “For purposes of the preceding sen-
22 tence, the termination month for any individual
23 shall be the third month following the month in
24 which his disability ceases.”.

1 **SEC. 3. CONTINUED ELIGIBILITY FOR MEDICARE BENEFITS**
2 **FOR DISABLED INDIVIDUALS WHOSE ANNUAL**
3 **ADJUSTED GROSS INCOME DOES NOT EX-**
4 **CEED \$15,000.**

5 Section 226(b) of the Social Security Act (42 U.S.C.
6 426(b)) is amended by striking the last 2 sentences there-
7 of and inserting the following: "For purposes of this sub-
8 section, an individual who is no longer eligible for cash
9 benefits under section 223, after the application of sub-
10 section (a)(3) thereof, and whose entitlement to benefits
11 or status as a qualified railroad retirement beneficiary as
12 described in paragraph (2) has subsequently terminated,
13 shall be deemed to be entitled to such benefits or to occupy
14 such status (notwithstanding the termination of such enti-
15 tlement or status) for the period of consecutive months
16 throughout all of which the physical or mental impair-
17 ment, on which such entitlement or status was based, con-
18 tinues, and until such individual's annual adjusted gross
19 income exceeds \$15,000."

20 **SEC. 4. MEDICARE BUY-IN PROVISIONS FOR DISABLED IN-**
21 **DIVIDUALS WHO HAVE EXHAUSTED OTHER**
22 **ENTITLEMENT AND FOR DISABLED INDIVID-**
23 **UALS WHO ARE NOT OTHERWISE ELIGIBLE**
24 **FOR MEDICARE BENEFITS.**

25 (a) **CHANGE IN PAYMENT FOR HOSPITAL INSURANCE**
26 **BENEFITS FOR DISABLED INDIVIDUALS WHO HAVE EX-**

1 HAUSTED OTHER ENTITLEMENT.—Section 1818A(d)(2)
2 of the Social Security Act (42 U.S.C. 1395i-2a(d)(2)) is
3 amended to read as follows:

4 “(2)(i) The amount of an individual’s monthly pre-
5 mium for any calendar year under this section shall be
6 equal to the lesser of—

7 “(I) 10 percent of such individual’s adjusted
8 gross income for the preceding calendar year; or

9 “(II) the amount of the premium determined
10 under section 1818(d).

11 “(ii) The provisions of subsections (e) and (f) of sec-
12 tion 1818 (relating to premiums) shall apply to individuals
13 enrolled under this section in the same manner as such
14 provisions apply to individuals enrolled under that sec-
15 tion.”.

16 (b) HOSPITAL INSURANCE BENEFITS FOR DISABLED
17 INDIVIDUALS WHO ARE NOT OTHERWISE ELIGIBLE.—
18 Title XVIII of the Social Security Act (42 U.S.C. 1395
19 et seq.) is amended by inserting after section 1818A the
20 following new section:

21 “HOSPITAL INSURANCE BENEFITS FOR DISABLED
22 INDIVIDUALS WHO ARE NOT OTHERWISE ELIGIBLE

23 “SEC. 1818B. (a) Every individual who—

24 “(1) has not attained the age of 65;

25 “(2) would have been entitled to benefits under
26 this part under section 226(b) except that such indi-

1 individual's earnings exceeded the substantial gainful ac-
2 tivity amount (as defined in section 223(d)(4));

3 “(3)(i) continues to have the disabling physical
4 or mental impairment on the basis of which the indi-
5 vidual would have been found to be under a disabil-
6 ity or to have been a disabled qualified railroad re-
7 tirement beneficiary, or (ii) is blind (within the
8 meaning of section 216(i)(1)); and

9 “(4) is not otherwise entitled to benefits under
10 this part,

11 shall be eligible to enroll in the insurance program estab-
12 lished by this part.

13 “(b)(1) An individual may enroll under this section
14 only in such manner and form as may be prescribed in
15 regulations, and only during an enrollment period pre-
16 scribed in regulations.

17 “(2) There shall be a general enrollment period dur-
18 ing the period beginning on January 1 and ending on
19 March 31 of each year (beginning with 1997).

20 “(c)(1) The period (in this subsection referred to as
21 a “coverage period”) during which an individual is entitled
22 to benefits under the insurance program under this part
23 shall begin, for an individual who enrolls under subsection
24 (b), on the first day of the month following the month
25 in which the individual so enrolls.

1 “(2) An individual’s coverage period under this sec-
2 tion shall continue until the individual’s enrollment is ter-
3 minated as follows:

4 “(A) As of the month following the month in
5 which the Secretary provides notice to the individual
6 that the individual no longer meets the condition de-
7 scribed in subsection (a)(3).

8 “(B) As of the month following the month in
9 which the individual files notice that the individual
10 no longer wishes to participate in the insurance pro-
11 gram established by this part.

12 “(C) As of the month before the first month in
13 which the individual becomes eligible for hospital in-
14 surance benefits under section 226(a) or 226A.

15 “(D) As of a date, determined under regula-
16 tions of the Secretary, for nonpayment of premiums.
17 The regulations under subparagraph (D) may provide a
18 grace period of not longer than 90 days, which may be
19 extended to not to exceed 180 days in any case where the
20 Secretary determines that there was good cause for failure
21 to pay the overdue premiums within such 90-day period.
22 Termination of coverage under this section shall result in
23 simultaneous termination of any coverage affected under
24 any other part of this title.

1 “(3) The provisions of subsections (h) and (i) of sec-
2 tion 1837 apply to enrollment and nonenrollment under
3 this section in the same manner as they apply to enroll-
4 ment and nonenrollment and special enrollment periods
5 under section 1818.

6 “(d)(1)(A) Premiums for enrollment under this sec-
7 tion shall be paid to the Secretary at such times, and in
8 such manner, as the Secretary shall by regulations pre-
9 scribe, and shall be deposited in the Treasury to the credit
10 of the Federal Hospital Insurance Trust Fund.

11 “(B)(i) Subject to clause (ii), such premiums shall
12 be payable for the period commencing with the first month
13 of an individual’s coverage period and ending with the
14 month in which the individual dies or, if earlier, in which
15 the individual’s coverage period terminates.

16 “(ii) Such premiums shall not be payable for any
17 month in which the individual is eligible for benefits under
18 this part pursuant to section 226(b).

19 “(2) The provisions of section 1818A(d)(2) shall
20 apply to individuals enrolled under this section in the same
21 manner as they apply to individuals enrolled under that
22 section.”.

23 (c) PREMIUM FOR SUPPLEMENTARY MEDICAL IN-
24 SURANCE BENEFITS FOR DISABLED INDIVIDUALS WHO
25 HAVE EXHAUSTED OTHER ENTITLEMENT AND FOR DIS-

1 ABLED INDIVIDUALS WHO ARE NOT OTHERWISE ELIGI-
2 BLE.—

3 (1) IN GENERAL.—Section 1839 of the Social
4 Security Act (42 U.S.C. 1395r) is amended by add-
5 ing at the end the following new subsection:

6 “(h)(1) Notwithstanding the provisions of subsections
7 (a) and (e), the monthly premium for each individual who
8 is—

9 “(A) eligible for enrollment under this part be-
10 cause such individual is eligible for benefits under
11 part A under section 1818A or 1818B; and

12 “(B) enrolled under this part,
13 shall be an amount determined under paragraph (2).

14 “(2) The amount of monthly premium for each indi-
15 vidual described under paragraph (1) shall be established
16 by the Administrator of the Health Care Financing Ad-
17 ministration based on the individual’s adjusted gross in-
18 come, and determined over a sliding scale—

19 “(A) beginning at 50 percent of the monthly ac-
20 tuarial rate for enrollees age 65 and over, as deter-
21 mined under subsection (a)(1) and applicable to
22 such month, for individuals who have the minimum
23 level of adjusted gross income established for eligi-
24 bility under section 1818A; and

1 “(B) ending at 100 percent of the monthly ac-
2 tuarial rate for enrollees age 65 and over, as deter-
3 mined under subsection (a)(1) and applicable to
4 such month, for individuals required to pay a month-
5 ly premium under section 1818A at the level estab-
6 lished under section 1818(d).”.

7 (2) INITIAL OPEN ENROLLMENT AND SECOND-
8 ARY PAYOR REQUIREMENTS FOR DISABLED INDIVID-
9 UALS WHO ARE NOT OTHERWISE ELIGIBLE.—

10 (A) INITIAL OPEN ENROLLMENT.—Section
11 1837(g) of the Social Security Act (42 U.S.C.
12 1395p(g)) is amended—

13 (i) by striking “and” at the end of
14 paragraph (2)(B);

15 (ii) by striking the period at the end
16 of paragraph (3) and inserting “; and”;
17 and

18 (iii) by adding at the end the follow-
19 ing new paragraph:

20 “(4) in the case of an individual who satisfies
21 subsection (f) by reason of entitlement to enroll for
22 benefits under section 1818B, the Secretary shall es-
23 tablish by regulation such individual’s initial enroll-
24 ment period.”.

1 (B) SECONDARY PAYOR.—Section
2 1862(b)(1)(B)(i) of the Social Security Act (42
3 U.S.C. 1395y(b)(1)(B)(i)) is amended by in-
4 serting “or entitled to enroll for benefits under
5 this title under section 1818B” after “section
6 226(b)”.

7 **SEC. 5. MEDICARE/MEDICAID INTEGRATION DEMONSTRATION PROJECT.**
8

9 (a) DESCRIPTION OF PROJECTS.—

10 (1) IN GENERAL.—The Secretary of Health and
11 Human Services (in this section referred to as the
12 “Secretary”) shall conduct demonstration projects
13 under this section to demonstrate the manner in
14 which States may use funds from the Medicare pro-
15 gram under title XVIII of the Social Security Act
16 and the Medicaid program under title XIX of such
17 Act (in this section referred to as the “Medicare and
18 Medicaid programs”) for the purpose of providing a
19 more cost-effective full continuum of care for deliver-
20 ing services to meet the needs of chronically-ill elder-
21 ly and disabled beneficiaries who are eligible for
22 items and services under such programs, through in-
23 tegrated systems of care, with an emphasis on case
24 management, prevention, and interventions designed
25 to avoid institutionalization whenever possible. The

1 Secretary shall use funds from the amounts appro-
2 priated for the Medicare and Medicaid programs to
3 make the payments required under subsection
4 (d)(1).

5 (2) OPTION TO PARTICIPATE.—A State may not
6 require an individual eligible to receive items and
7 services under the Medicare and Medicaid programs
8 to participate in a demonstration project under this
9 section.

10 (b) ESTABLISHMENT.—The Secretary shall make
11 payments in accordance with subsection (d) for the con-
12 duct of demonstration projects that provide for integrated
13 systems of care in accordance with subsection (a). Not
14 more than 10 demonstration projects shall be conducted
15 under this section.

16 (c) APPLICATIONS.—Each State, or a coalition of
17 States, desiring to conduct a demonstration project under
18 this section shall prepare and submit to the Secretary an
19 application at such time, in such manner, and containing
20 such information as the Secretary may require, including
21 an explanation of a plan for evaluating the project. The
22 Secretary shall approve or deny an application not later
23 than 90 days after the receipt of such application.

24 (d) PAYMENTS.—

1 (1) IN GENERAL.—For each calendar quarter
2 occurring during a demonstration project conducted
3 under this section, the Secretary shall pay to each
4 entity designated under paragraph (3) an amount
5 equal to the Federal capitated payment rate deter-
6 mined under paragraph (2).

7 (2) FEDERAL CAPITATED PAYMENT RATE.—
8 The Secretary shall determine the Federal capitated
9 payment rate for purposes of this section based on
10 the anticipated Federal quarterly cost of providing
11 care to chronically-ill elderly and disabled bene-
12 ficiaries who are eligible for items and services under
13 the Medicare and Medicaid programs and who have
14 elected to participate in a demonstration project
15 under this section.

16 (3) DESIGNATION OF ENTITY.—

17 (A) IN GENERAL.—Each State, or coalition
18 of States, shall designate entities to directly re-
19 ceive the payments described in paragraph (1).

20 (B) REQUIREMENT.—A State, or a coali-
21 tion of States, may not designate an entity
22 under subparagraph (A) unless such entity
23 meets the quality, solvency, and coverage stand-
24 ards applicable to providers of items and serv-

1 ices under the Medicare and Medicaid pro-
2 grams.

3 (4) STATE PAYMENTS.—Each State conducting,
4 or in the case of a coalition of States, participating
5 in a demonstration project under this section shall
6 pay to the entities designated under paragraph (3)
7 an amount equal to the product of (A) 100 percent
8 minus the applicable Federal medical assistance per-
9 centage (as defined in section 2122(e) of the Social
10 Security Act) for the State, and (B) the expendi-
11 tures under the project attributable to the Medicaid
12 program for items and services provided to chron-
13 ically-ill elderly and disabled beneficiaries who have
14 elected to participate in the demonstration.

15 (5) BUDGET NEUTRALITY.—The aggregate
16 amount of Federal payments to entities designated
17 by a State, or coalition of States, under paragraph
18 (3) for a fiscal year shall not exceed the aggregate
19 amount of such payments that would otherwise have
20 been made under the Medicare and Medicaid pro-
21 grams for such fiscal year for items and services
22 provided to beneficiaries under such programs but
23 for the election of such beneficiaries to participate in
24 a demonstration project under this section.

25 (e) DURATION.—

1 (1) IN GENERAL.—The demonstration projects
2 conducted under this section shall be conducted for
3 a 5-year period, subject to annual review and ap-
4 proval by the Secretary.

5 (2) TERMINATION.—The Secretary may, with
6 90 days' notice, terminate any demonstration project
7 conducted under this section that is not in substan-
8 tial compliance with the terms of the application ap-
9 proved by the Secretary under this section.

10 (f) OVERSIGHT.—The Secretary shall establish qual-
11 ity standards for evaluating and monitoring the dem-
12 onstration projects conducted under this section. Such
13 quality standards shall include reporting requirements
14 which contain the following:

15 (1) A description of the demonstration project.

16 (2) An analysis of beneficiary satisfaction under
17 such project.

18 (3) An analysis of the quality of the services de-
19 livered under the project.

20 (4) A description of the savings to the Medicare
21 and Medicaid programs as a result of the dem-
22 onstration project.

1 **SEC. 6. REPEAL OF MEDICARE AND MEDICAID COVERAGE**

2 **DATA BANK.**

3 (a) **IN GENERAL.**—Section 13581 of the Omnibus
4 Budget Reconciliation Act of 1993 is hereby repealed.

5 (b) **APPLICATION OF THE SOCIAL SECURITY ACT.**—
6 The Social Security Act shall be applied and administered
7 as if section 13581 of the Omnibus Budget Reconciliation
8 Act of 1993 (and the amendments made by such section)
9 had not been enacted.

10 **SEC. 7. EFFECTIVE DATE.**

11 The amendments made by sections 2, 3, and 4 shall
12 apply with respect to taxable years ending after 1996.

○