PHOTOCOPY
PRESERVATION

~~25 dwelling units~~

~~[illegible]~~

~~[illegible]~~

35 - 4/68K starts automatic

Next - option

" - IDEA

" - ~~W/plan~~

" - W/plan

6 - sep applic then automatic

19 - 2096 - 1972 stds sep applic. like a NOE when proj modified

54

Part B - doesn't need to be reauthd

Part II - 0-2 not mark

619 3-5 ~~no~~ phasing in mandate

Unf M - degree may not be protected

Heritage - ~~is~~ Unf M - others disagreed
- went may retract/clarify

Civil Rights Act has some applic protections - "504" a one-time fix

DRAFT

DRAFT OPTIONS FOR SSI REFORM

Do Not Distribute!

I. Immediate Actions

A. Continuing Disability Reviews

B. School Attendance

C. Multiple Recipients

II. Major Reforms, Leaving Basic SSI Structure Intact

A. Eligibility Changes

1. Mental Impairment Listings

2. Return to Pre-Zebley, Mental Impairment

3. Six Month Waiting Period

B. Service Changes

1. $100 Per Month Cash; Enhance Services

C. Controlling Use of Funds

1. Documentation Requirements

III. Major Restructuring

A. Vouchers

B. Medicaid and Block Grants

C. Sunset and Create a New Program

D. Comprehensive Services

E. Children's Health Program

THE WHITE HOUSE

WASHINGTON

April 27, 1995

MEMORANDUM FOR LEON PANETTA

FROM: Diana Fortuna
Domestic Policy Council

SUBJECT: Children's SSI Program

Carol Rasco has asked me to update you in her absence on some recent developments in the SSI program for disabled children. Disability advocates, with some help from the Hill, are pressuring us to back away from our general support of a commission established to reform this program.

Background: As you know, there has been considerable press attention in recent months to stories that some parents coach their children to "act crazy" in order to qualify for over $400 a month in SSI cash benefits. The Social Security Administration does not believe that such incidents are widespread based on a search of case records. However, the stories have raised questions about whether the current eligibility rules are strict enough for children with mild behavioral problems, especially since the cash payment is based not on the child's need, but on the family's income.

Since 1989, the number of children qualifying for SSI has tripled, with almost 900,000 children now on the rolls at a cost of $5 billion. This growth has been fueled by three factors: the addition of several behavioral disorders to the list of qualifying disabilities; a major outreach program; and the 1990 Supreme Court "Zebley" decision requiring a test of whether a child functions in an age-appropriate manner (the "IFA test"). Prior to the IFA test, children could qualify only if their condition was one of those enumerated in a set of "medical listings." Advocates argued that the medical listings exclude many rare conditions or combinations of conditions.

To address the problem and identify reforms, Congress last year created the National Commission on Childhood Disability, chaired by former Rep. Jim Slattery of Kansas. Slattery's report was originally scheduled for November, but he has accelerated his work because the Hill is moving without him. Our position has been that we should wait for Slattery's report before making wholesale changes to the program. Expecting, however, that the Hill would not wait for his report, we have been working with SSA and HHS to formulate our own proposal to reform the program.

As part of its welfare reform bill, the House made two significant changes to the program that we have criticized as too severe. First, 200,000 children who qualified for benefits based on the IFA test would be cut from the rolls. Second, the House

bill would eliminate cash benefits for all the remaining children who are not in danger of institutionalization; 75% of the funds saved would be plowed back into a new state block grant. States could then choose what services to provide these children.

(Cash benefits have come under attack because families are not required to account for how they use them. On the other hand, cash gives families the flexibility to meet their children's needs, such as allowing a parent to stay home and take care of a disabled child.)

Recent Developments: The Senate is beginning to formulate its position; it is not yet clear what the Republicans will do. On the Democratic side, Senator Conrad is attempting to build support for a bill backed by the advocates that calls for minimal change to the program. There are rumors that Senator Chafee may support his bill.

Jim Slattery just got preliminary (and very tentative) support from his Commission for a plan to cut back very significantly on the IFA test (with children currently in the program grandfathered in). Slattery's plan would preserve cash benefits for all eligible children, and make other positive changes to the program. (In addition, he has proposed moving the program from SSA to HHS, a plan that may or may not make sense, but has created a somewhat unproductive side issue.)

We are trying to learn more about Slattery's proposal on the IFA test. It is particularly critical for us to know the number of children who would be denied eligibility under his plan, and the types of disabilities involved. In a further complication, his proposal is very similar to the plan SSA is drafting, at least in part because they have been working together. Some SSA staff believe that the agency overreacted to the Zebley decision in letting children onto the rolls and that Slattery's approach is the right one.

The advocates are attacking Slattery's plan, arguing it is almost as bad as what the Republicans passed in the House. Working with Senator Daschle's staff, they are trying to unravel his Commission's consensus and urging us to support Conrad over Slattery. We are endeavoring to keep all the parties focused on how to fight the House bill most effectively, rather than fighting among ourselves. In particular, we would be concerned if the advocates discredited Slattery, only to have their proposal rejected by the Republicans as too mild, with the resulting bill very tough on children. We will keep you informed of future developments.

cc: Carol Rasco
Alice Rivlin
Pat Griffin

THE WHITE HOUSE

WASHINGTON

June 22, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Carol Rasco

SUBJECT: Attached Clipping on SSI for Disabled Children

You sent the Chief of Staff the attached New York Times editorial on SSI for disabled children, and asked whether our position is the same as the Conrad-Chafee bill endorsed by the Times.

Background: The number of children receiving SSI benefits has tripled since 1989 because of a Supreme Court decision and a congressional mandate to cover more children. As you know, press accounts allege that some parents coach their children to "act crazy" in order to qualify for SSI. According to the Social Security Administration, such incidents are not widespread, but they raise the question of whether the current eligibility rules are strict enough for children with less severe behavioral problems. However, it is difficult to be confident that a given change targets the marginal cases without throwing needy children off the rolls.

Administration Position: For several months, we took the position that Congress should wait for the recommendations of the National Commission on Childhood Disability, appointed last year by Congress and chaired by Jim Slattery, before taking any action on this program. We have stated our strong opposition to the House's draconian approach, which would eliminate cash payments for most children now covered by this program. The Senate Finance Committee proposal is much better because it would retain cash for all eligible children, but it would still restrict eligibility fairly sharply. We oppose that measure as well.

In May, the Slattery Commission accelerated its work in an effort to have an impact on the debate, and ended up deadlocked between Conrad-Chafee and the tougher Senate Finance proposal. Since then we have not publicly supported any one proposal, but have been working to get as generous a bill as possible out of the Senate, so that we are in the best possible position during the conference with the House. (One difficult mitigating factor is that, since this is part of the welfare reform bills in the House and Senate, any reduction in the cuts here increases the pressure for cuts in other welfare programs.)

Our ten-year budget included savings in children's SSI of $5 billion over seven years; Conrad-Chafee would save $3.5 billion over that time period, while the Senate Finance proposal would save $8.4 billion. We have not released or developed a specific policy to support our savings proposal.

The latest development is that Senator Conrad and Senator Dole are attempting to negotiate a compromise. Senator Conrad has asked us not to articulate any new policy positions during this period delicate negotiations. The draft compromise is to agree on ambiguous language that would allow both parties to claim victory. It is not clear how this ambiguous language would be resolved in conference with the House, or ultimately interpreted by Social Security if it were to become law.

cc: Leon Panetta

To Carol —
check out — a memo to
POTUS.

Leon
~~[illegible]~~ Q,
is our position
same as Conrad-Chaffee?
prob. should be —
BC

Leon
Is our position
same as Conrad-
Chaffee ?
Probably should
be —
BC

THE PRESIDENT HAS SEEN
6-12-95

Boss Daley's Legacy

Henry Cisneros, the Secretary of Housing and Urban Development, has assumed control of Chicago's public housing authority and announced ambitious plans for revitalizing the most dangerous and disreputable public housing system in the country. The takeover, the largest yet by the Federal Government, marks a significant test for Mr. Cisneros and for HUD.

Known for its violent housing projects and intractable bureaucracy, the Chicago Housing Authority has defeated its recent chairman, Vincent Lane, an earnest reformer with limited management skills. Mr. Lane's efforts to reshape the Housing Authority made so many enemies that he was given a police escort and a bulletproof vest. The HUD takeover came just after he and the Authority's board resigned en masse, imploring the Government to lend its muscle to the problem.

Chicago's violent islands of poverty did not come into being by accident. As the columnist Mike Royko points out in "Boss," his biography of former Mayor Richard J. Daley, the projects sprang directly from City Hall's active resistance to integration. "Containing the Negro was unspoken city policy," Mr. Royko writes. "Even expressways were planned as man-made barriers ... ghetto walls." Daley didn't invent the strategy, but some would say he perfected it.

Plans for scattered public housing outside the ghetto were quietly scuttled. Instead, mammoth housing projects like the Robert Taylor Homes and Stateway Gardens went up along a lengthy stretch of South State Street, as Chicago began to put together the largest contiguous ghettos in the United States.

For many years, the Housing Authority was a plantation run by machine politicians — and easy pickings for maintenance contractors who siphoned off Federal funds while permitting the buildings to fall into horrific decay. Four generations of Chicagoans in public housing have grown up cut off from the city proper, isolated in such projects. Of the 15 poorest neighborhoods in America, 11 are Chicago public housing communities.

The Federal Government will now attempt to dismantle Chicago's man-made centers of poverty. Mr. Cisneros plans to gather his ablest managers to shore up the Housing Authority's staff and create new operating systems. He then wants to demolish vacant Authority buildings and replace them with low-rise, mixed-income developments — things that Mr. Lane also wanted but was prevented from doing, either because of local resistance or HUD's own regulations.

Mr. Cisneros faces treacherous local politics and 100,000 deeply suspicious tenants. But if the takeover succeeds, he will have improved the stature of public housing nationally — and begun to dispense with Boss Daley's most troubling legacy to Chicago.

The Attack on Disabled Children

The Senate will soon decide whether to follow the lead of the House and slash aid for disabled children. Republican leaders in the House and Senate charge that the Supplemental Security Income program — which provides up to about $450 a month for disabled children from poor families — is riddled with abuse. They propose stiffer requirements that could drive out nearly 300,000 of the 900,000 children who are currently enrolled.

Accusations that the program pays cash to children not in need are based on anecdotes that tell of parents coaching their children to fake mental disabilities. But a study by the nonpartisan General Accounting Office has uncovered no systematic abuse. Eligibility rules could be tightened to eliminate mistakes. But there is no justification for widespread evictions.

•

The G.O.P. backlash against the program has been triggered by soaring enrollments since 1990. Some of the increase can be traced to a Supreme Court decision that sensibly eased eligibility standards. The Government had in effect based eligibility solely on a checklist of severe physical and mental conditions. But such a checklist could exclude children whose disabilities, though just as impairing, were due to a combination of less severe problems.

A dysfunctional child with very low I.Q. (but not meeting the criteria for retarded) *and* diabetes (but not recently hospitalized) *and* partial paralysis (but not bound to a wheelchair) could be ineligible because no one condition was on the Government's checklist of severe disabilities. The Court insisted that the Government assess each applicant's ability to function.

The House-passed bill would eliminate almost all cash assistance on the unwarranted assumption that disabled children need only Government-provided services, such as prescription drugs. But disabled children have unusual needs that Federal programs do not address, such as modified living quarters and special utensils and clothing. Many parents of disabled children need to stay at home, thereby losing earnings.

The bill before the Senate would continue cash assistance for these needy parents. But it adopts language that threatens to eliminate eligibility through individual assessments. Without studies showing widespread abuse, the Senate bill could kick nearly a third of current enrollees off the program.

The Senate should turn instead to a responsible bipartisan bill, sponsored by Kent Conrad, Democrat of North Dakota, and John Chafee, Republican of Rhode Island. It would preserve individual assessments but tighten eligibility rules. The bill would, for example, eliminate "maladapive behavior" as a qualification because the diagnosis has allegedly been applied to children who are simply unruly. The Conrad-Chafee bill would also require periodic reviews of enrollees.

A study by researchers at George Washington University shows that S.S.I. enrollments are no longer skyrocketing, now that the impact of the court decision and new mental health regulations have taken hold. Major overhaul of the program is unnecessary.

According to one study, perhaps between 40,000 and 80,000 children, out of about 900,000, would be ruled ineligible by tough but fair standards. That suggests Congress should tinker with the rules, but not strip S.S.I. support from hundreds of thousands of desperately sick children.

Children's SSI

THE WHITE HOUSE

WASHINGTON

April 27, 1995

MEMORANDUM FOR LEON PANETTA

FROM: Diana Fortuna DF
Domestic Policy Council

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cc: Carol Rasco
Alice Rivlin
Pat Griffin

Diana F. ↗

THE PRESIDENT HAS SEEN
3/8/95

THE WHITE HOUSE

WASHINGTON

95 MAR 7 P4:06

March 7, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Carol H. Rasco

SUBJECT: SSI Program for Disabled Children

DATE: March 7, 1995

You asked whether we could fix those features of the children's SSI program that supposedly allow parents to coach their children to misbehave and qualify for benefits. As you know, there has been considerable press coverage of children with mild behavioral problems qualifying for over $400 a month in cash benefits (although anecdotes of coaching have not been substantiated by a search of case records). To address the problem and identify reforms, Congress last year created a Childhood Disability Commission, chaired by former Rep. Jim Slattery of Kansas. Our position has been that we should wait for the Commission's report before making wholesale changes to the program.

Three factors caused the number of children qualifying for SSI to triple since 1989: the addition of several behavioral disorders to the list of qualifying disabilities; a major outreach program; and a 1990 Supreme Court decision requiring a test of whether a child functions in an age-appropriate manner (the IFA test). Prior to the IFA test, children could qualify only if their condition was one of those enumerated in a set of "medical listings." Advocates argued that the medical listings exclude many rare conditions or combinations of conditions.

The difficulty is devising a change that targets the cases of abuse without throwing needy children off the rolls. The plan just passed by the House Ways and Means Committee eliminates the IFA test, which cuts off some children with fairly severe physical and mental disabilities. Today's story in the Washington Post on this subject presents a number of compelling cases of children who would lose benefits under the House plan.

The Ways and Means proposal would also eliminate cash benefits for all children except those in danger of institutionalization, and plow back 75 percent of these funds into a state block grant. States would then provide children with authorized services. Cash benefits have come under attack because families are not required to account for how they use them. On the other hand, cash allows families to decide how to spend the money and gives

them the flexibility to meet their children's needs, such as allowing a parent to stay home to take care of a disabled child.

The Childhood Disability Commission just held its second meeting. Mindful of the time pressure, the Commission plans to complete its work by June or July, well ahead of its November deadline. However, this timing is problematic if the Senate goes along with the House's plan to alter the program dramatically now. We are preparing fallback options should that take place.

THE PRESIDENT HAS SEEN
2/21/95

Arkansas Democrat Gazette

FRIDAY, FEBRUARY 17, 1995

To Clarice
Can we fix?
B

'Crazy check' guidelines invite parental flimflam, GAO says

BY TERRY LEMONS
Democrat-Gazette Washington Bureau

WASHINGTON — "Fundamental flaws" allow abuse of a federal aid program for mentally disabled children that has been dubbed "crazy checks" by critics, a General Accounting Office report reveals.

The GAO report criticizes the program's vague testing rules, which helped add 219,000 children to welfare rolls since 1991. Benefits for those children cost taxpayers $1 billion a year.

The congressional group sent investigators to Arkansas and other states last year to look into allegations that many parents coached their children to misbehave in order to qualify for $458 monthly checks.

It was "virtually impossible" to determine the frequency of parental coaching, GAO concludes. But the report notes the program's ambiguous testing procedures make it "susceptible to manipulation" by parents.

GAO officials also question whether government officials can offer any "reasonable consistency" in administering the plan under the current guidelines. The Social Security Administration oversees the program.

Rep. Blanche Lincoln, D-Ark., said Thursday that the study underscores the need to fix the "crazy checks" program. Lincoln and several other House members requested the report, which was released in a draft form.

Lincoln said the GAO's findings will help her design legislation to tighten testing guidelines for the program.

House Republicans also are pushing a sweeping plan that would overhaul the program as part of the Contract With America.

The congressional attention follows reports of abuse and fraud for the part of the federal Supplemental Security Income program designed to help poor families care for their mentally disabled children.

Some parents in Arkansas and other states reportedly coached their children to misbehave in order to qualify for "crazy checks" payments. Critics also say some parents misuse the checks for expenses ranging from illegal drugs to gambling.

The program has nearly tripled in size since a 1990 U.S. Supreme Court decision eased eligibility requirements. Nearly 900,000 children qualified for the federal aid last year, up from about 300,000 prior to the court decision.

The program cost about $4.5 billion last year.

The GAO report focused criticism on the program's individual functional assessment, or IFA, test. Use of the testing provision mushroomed after the Supreme Court decision.

"In our analysis, we found fundamental flaws in the IFA process," the GAO said.

The testing process allows officials to determine whether children behave in an "age appropriate" manner. The GAO suggested elimination of the IFA test because of its "highly subjective" nature, particularly for evaluating mental disabilities.

"The IFA process has been difficult to implement consistently and reliably, particularly for children with mental impairments, because the process requires ... a series of 'judgment calls,' " the report said.

Problems with the IFA also made the program vulnerable to parents coaching their children to misbehave, the GAO said.

But GAO officials were unable to determine how frequently coaching occurs.

"Unless parents admit to it, coaching is almost impossible to substantiate," the report said.

But the IFA helped fuel rapid growth in the "crazy checks" program at a cost to taxpayers of about $1 billion annually, the GAO said. Out of more than 600,000 children joining the program between 1991 and 1994, the study showed 219,000 qualified under the IFA guidelines.

About 85 percent of those qualifying under the IFA test had mental disabilities, the GAO said. That included 39 percent with mental retardation, 22.2 percent with other mental illnesses, 14.7 percent with attention deficit disorder and 8.6 percent with conduct disorder.

The remaining 15 percent qualified because of physical disabilities.

GAO recommends abolishing the IFA guidelines and relying on more specific medical criteria to evaluate "crazy checks" applicants. Lincoln is preparing legislation along similar lines.

"This change would reduce the growth in awards and at the same time target disability benefits toward children with more severe impairments," the report said.

Lincoln said "crazy checks" abuse needs to end.

"The federal government shouldn't be in the business of subsidizing children who misbehave," she said.

The IFA guidelines also would be eliminated under a plan approved Wednesday by Republicans on a subcommittee of the House Ways and Means Committee. The GOP plan calls for fundamentally altering the "crazy checks" program by giving states more authority over the program.

Republicans want to give federal block grants to the states, creating a potential savings of between $5 billion and $13.4 billion over five years. Democrats said the plan could strip benefits from 200,000 children.

The GOP measure faces more committee votes next month.

House Panel Votes to Curtail Program for Disabled Childrer

By Spencer Rich
Washington Post Staff Writer

House Ways and Means Committee Republicans have approved a dramatic cut in the federal welfare program that supports severely disabled, low-income children.

Alarmed by a rapid increase in beneficiaries—which has pushed the caseload to 890,000—and convinced that a 1990 Supreme Court decision makes it too easy to qualify, committee Republicans led by Rep. Jim McCrery (La.) voted for major changes in the $5 billion-a-year Supplemental Security Income (SSI) disabled children's program.

The changes would cut the program over the next five years by $10.9 billion—reducing spending 33 percent below what would be spent under current law between 1996 and 2000. Proportionately that is far greater than the 11 percent being cut, for example, from food stamps. Under the proposal:

- Eligibility changes based on the 1990 court ruling would be nullified both retroactively and for future applicants. More than 225,000 children now receiving benefits as a result of the decision would be removed from the rolls.
- Only 30 percent of children who come onto the rolls in the future will receive cash benefits—those so disabled that they need "special personal assistance" much of the time to survive and avoid being institutionalized.
- The other 70 percent of those qualifying in the future would not receive cash benefits but instead could receive only Medicaid plus added state-administered services financed by block grants to the states. The grants would cost the government less than if this group of children had continued to receive cash benefits, which go up to $458 a month.

Groups representing the disabled are fighting the changes.

"It's an unprecedented assault on low-income families raising children with severe disabilities," said Rhoda Schulzinger of the Bazelon Center on Mental Health Law.

"Many hundreds of thousands of children who most people in this country would consider the most deserving of government support would be pushed off the rolls or rejected if applying for the first time," said Jonathan Stein of Community Legal Services of Philadelphia.

Stein cited examples of children who, he said, are severely disabled who would not qualify under the rules sought by McCrery:

- Six-year-old Jennifer Cox suffers from congenital bowel malformation requiring a colostomy. She also suffers from eye problems and lacks peripheral vision, causing her to run into walls. At 6, she was not yet toilet-trained.
- Kendra Whalon, 2, suffers from a rare growth condition in which one arm is twice as long as the other, causing loss of balance, motor impairment, spinal curvature and loss of lung volume.
- Monisha Smith, 10 months old, requires a shunt to drain cerebrospinal fluid from her brain to her abdominal cavity. She suffers partial paralysis of the legs, bowel and bladder, a condition that requires frequent catheterization.

McCrery said the 1990 Supreme Court decision loosened eligibility, making it possible for children with relatively mild disabilities to get benefits.

He cited numerous reports of children whose parents instructed them to fake retardation or attention disorders to get the federal cash benefit.

"It is my intention that if any child is severely disabled, he should be able to qualify," he said.

Until 1990, the program served children under 18 whose mental and physical disabilities were so severe that they met criteria spelled out by the Social Security Administration. However, in 1990, in a case brought by Stein, the Supreme Court ruled that if a child did not meet those criteria, he or she could still qualify if found unable to function at the appropriate age level. The program has grown from 290,000 recipients, costing $1.3 billion in 1989, to 890,000 and $5 billion today.

McCrery contends that the functional capacity test is too subjective. He proposes to abolish it and to remove from the rolls all those who had qualified through it. Some children might well requalify because the program can grant benefits to children who, while not meeting a specific criterion, have disabilities equal in severity.

Stein said, "The functional test is essential. There are hundreds of rare diseases not listed in the specific medical criteria. Moreover, you can't test a 2-year-old for IQ."

McCrery also wants to make sure that the government's money goes to help the child and is not spent for other purposes by the family. That is why his proposal allows cash benefits for new applicants only if they need "special personal assistance" to live.

But Schulzinger argues, "Cash is by far the most flexible way to meet the day-to-day needs of your child—and particularly to allow a caretaker parent to stay at home to attend to the child—that's often what the child needs most."

Despite objections in committee from Reps. Sander M. Levin (D-Mich.) and Fortney "Pete" Stark (D-Calif.), McCrery's plan appears headed for the floor.

The Senate could be different.

"It's cruel," said Sen. Daniel Patrick Moynihan (D-N.Y.), ranking minority member on the Senate Finance Committee, which will handle the proposal in the Senate. Chairman Bob Packwood (R-Ore.) said last week that while he has "no philosophical objection" to a block grant "it may be too much to digest this year."

Association for Elderly Attacks Proposed Medicare Cuts

By Spencer Rich
Washington Post Staff Writer

The nation's largest organization for the elderly yesterday attacked proposals to cut Medicare, saying the spending curbs could increase average out-of-pocket costs by $575 and push them up as high as $2,000 a year for some people by the end of the century.

"Older Americans believe they elected people in 1994 who would not cut Medicare, and they are shocked when they see these proposals," said Tricia Smith, senior legislative representative for the 33 million-member American Association of Retired Persons.

Meanwhile, a survey released yesterday by the nonprofit Employee Benefit Research Institute showed that 64 percent of Americans 18 or older favored tax increases to shore up the Social Security system. Twenty-eight percent of the respondents who were surveyed in January said no tax increases should go into effect until after 2010, the year the baby boomers start retiring.

Concerned that Social Security might not be available when they retire, a third of respondents said the highest-income elderly should not receive benefits even though they had paid into the system. Only 9 percent believed Social Security benefits should be eliminated or reduced. Eighty-five percent of respondents said benefits should stay the same or be reduced for higher-income people.

"Older Americans ... are shocked."

— Tricia Smith, AARP

In discussing Medicare, Smith told reporters that the AARP had conducted "numerous focus groups across the country in the last few months" and found that the elderly had little idea that the new Republican-controlled Congress wants to cut projected Medicare spending over the next seven years by as much as $300 billion.

Smith said the AARP assumed that about half the Medicare savings Congress would seek to help balance the budget by 2002 would come from higher costs to beneficiaries, the rest from cutting fees to service providers.

Under current law, the average elderly person would pay $3,890 in premiums, copayments, deductibles and other out-of-pocket health outlays in 2000, not counting long-term care, AARP experts calculated. But the cost could go up by $575 if the most commonly discussed changes are adopted: imposing new copayments for home health care, charging the well-to-do elderly more, increasing Medicare premiums by one-fifth, or increasing the amount patients pay before benefits kick in and then raising that amount annually.

Fact Sheet on the SSI Program for Children

- **Economic Status of Children on SSI and their Families**

  -- Most children on SSI are from very poor families: i.e., their parents are likely not working or working for very low wages and have almost no assets or resources. Only 10% of children receiving SSI had any parental income deemed to them.

  -- Families with a child on SSI may also be families who receive AFDC, although an individual child can only be on one program or the other.

     - Average monthly AFDC payments are $214 for a mother with one child; the average monthly Federal SSI payment to a family for one child with a disability is $412 (the maximum SSI payment is $458 for one child per month).

- **Size and Characteristics of the Childhood SSI Program**

  -- In December 1994 over 890,000 children under age 22 received SSI benefits, at a federal cost of $5 billion. Children now represent close to 22% of the SSI population.

  -- Mental retardation and other mental impairments represent the highest proportion of childhood recipients. Of current children receiving SSI, 39% have mental retardation; 22% have another mental disorder; and 39% have a physical impairment as their primary diagnosis.

  -- Four-fifths of children receiving SSI live at home with their parents.

  -- 61% of them are under the age of 12.

- **Dramatic Growth in Number of Children Receiving SSI**

  -- Since 1989, the number of children receiving SSI has nearly tripled.

  -- The number of children applying for the program has increased tremendously -- from 125,000 in 1989 to over 528,000 in 1994.

  -- Awards grew accordingly, with average monthly awards almost quadrupling from 4,500 before 1989 to 17,100 after 1989.

  -- The allowance rate has dropped slightly since 1989 to just under 35%, with over 65% of applicants denied benefits.

- **Reasons for the Growth**

  -- Program growth is attributed to the confluence of three factors -- (1) the Congressionally mandated promulgation of new, expanded mental impairment listings, which include new categories for eligibility such as Attention Deficit Hyperactivity Disorder, Conduct Disorder, and others; (2) the Supreme Court's Zebley decision, which mandated an assessment of the effect of a child's impairment on his or her ability to function in an age appropriate manner; and, (3) Congressionally mandated outreach by SSA to potentially eligible families.

  - Contrary to popular belief, the Zebley decision alone did not cause the program to swell; in fact, most children eligible today would have been determined eligible prior to Zebley.

  - The expanded mental impairment listings have had a profound effect on program growth: According to GAO, more than half the growth in applications and more than two-thirds the growth in awards to children are due to mental impairments.

  - Allegations that some proportion of the growth is due to children being coached to "fake" a disability in order to collect benefits are largely unfounded: a review of 600 cases by SSA found only a few such cases.

SSI Talking Points

- **We remain committed to supporting and assisting families of children with disabilities.**

- **We believe strongly that support should be targeted to only those children and families who need it.**

- **Allegations of fraud have been highlighted in the media, although a study of 600 disability cases by SSA and a recent report by the GAO found these claims to be largely unsubstantiated.**

- **Nevertheless, we are deeply concerned about allegations of fraud in the SSI program and will act strongly and forcefully to eliminate misuse of the program and to fully investigate and act on reports of fraud.**

  -- SSA has established a toll free hotline for teachers and other school personnel to report allegations of fraud.

  -- When children apply for the program, we specifically ask teachers whether there is any possibility the child might be "faking" a disability in order to get on SSI.

- **The SSI program has grown dramatically over the past five years; the growth is directly attributable to the confluence of three important factors:**

  -- The Supreme Court's Zebley decision which expanded eligibility for SSI.

  -- Congressionally mandated changes in the regulations concerning mental impairments.

  -- Congressionally mandated outreach by SSA to potential applicants.

- **It is appropriate to ask questions about any program that grows this fast -- have we got eligibility right? are the services and benefits helping people? is there enough accountability for federal dollars?**

  -- That's why the Congress set up the Childhood Disability Commission -- to look into these questions and provide a report by November 30.

  -- That's also why Carol Rasco and Alice Rivlin are conducting a top to bottom review of the government's disability policy.

- **This program should not be redesigned overnight.**

  -- Congress established the Commission and asked for a report by the end of the year.

  -- Let's get that report and work together with Congress and people from the affected communities to develop an appropriate package of reforms.

Copy to Wyatt

Norm Tom - Comments to Rich 690-6172

FACT SHEET ON SSI FOR CHILDREN

- In July 1994 over 854,000 children under age 22 received SSI benefits, at a federal cost of $4.5 billion. Children now represent close to 20% of the SSI population. Most of these children (85%) are from families with incomes below the poverty line; these children have no deemable income from their parents.

- Since 1990, the number of children receiving SSI has nearly tripled, from 296,000 in 1989, at a federal cost of $1.2 billion. In 1989, approximately 11% of the SSI population were children.

- This growth is attributed to two eligibility expansions -- the new, expanded mental impairment listings and the Supreme Court's Zebley decision.

- After the two eligibility expansions, the number of SSI applications submitted rose more than 2 1/2 times, to 23,400 per month. This is attributed to substantial outreach by SSA and consumer groups and word of mouth among applicants.

- Awards grew even more dramatically than applicants, with average monthly awards almost quadrupling from 3,500 before the changes to 13,100 after the changes.

- Nevertheless, the allowance rate has dropped slightly since 1989 to approximately 35%.

- SSA analysts suggest that most of the growth is due to outreach and word of mouth, and that most children currently found eligible would have been eligible under the old medical standards. Of the 212,000 applications approved in the nine months of 1994 for which data are available, 146,000 were for cases that met or equalled the medical listings. Only 66,000 children were found eligible using the individualized functional assessment required under Zebley.

- Most (approximately 85%) of the Zebley or "IFA" allowances are for mental impairments, including mental retardation and other mental disorders.

- More than half the growth in applications and more than two-thirds the growth in awards to children is due to mental impairments. But these cases receive careful scrutiny -- at least 750,000 applicants who cannot function in an "age appropriate" manner were rejected for benefits over the past two years.

- Mental retardation and other mental impairments represent the highest proportion of childhood recipients. Of current children receiving SSI, 385,000 have mental retardation; 151,000 have another mental disorder; and 407,000 have a physical impairment.

- SSA conservatively estimates that those first awarded benefits as children are expected to accumulate an average of 26.7 years on the rolls before they turn age 65. Among those more likely to leave the rolls are low-birthweight babies, 40% of whom leave the rolls in childhood.

Wendell - prob w/ basic rationale

This is called the "background piece."

CHILDREN AND SSI

Although little data exist on children with disabilities, we do have indicators that approximately 4.5 children in the U.S. have a disability; most of these disabilities are not severe enough to cause daily problems in school and family life. However, a small percentage of these children experience severe disabilities which affect their functional abilities. Numerous federal and state programs operate to provide health, education, and social services to children with disabilities.

The Supplemental Security Income (SSI) program, established in 1974, provides monthly cash assistance to individuals, including children, who meet certain disability and income eligibility criteria. With SSI eligibility comes Medicaid eligibility. For children and families, there are few strings on how SSI money may be used. Although we have no data on how families use SSI payments, anecdotal reports indicate that they purchase a range of goods and services to help ameliorate or support the children's special needs; in addition, many families use the funds to pay for routine expenses such as food, rent, or gas.

Approximately 847,000 children will receive SSI benefits this year at a federal cost of $4.4 billion. The SSI rolls have nearly tripled since 1990. This dramatic growth is attributed to: (1) the Supreme Court's decision in the Zebley case, which required SSA to use functional assessments, in addition to the "listings" of disabilities in determining eligibility for the program; (2) expansions in SSA's list of mental impairment standards; and (3) significant outreach to families by SSA, encouraging families with potentially eligible children to apply.

The growth in this program has been a subject of Congressional concern. Allegations of fraud have been highlighted in the media, although a study of 600 childhood disability cases by SSA and a recent GAO report found these claims to be largely unsubstantiated. Nevertheless, it should be noted that SSA has established to 800 telephone numbers for teachers and other school personnel to report allegations of fraud; in addition, SSA has taken other measures to eliminate fraud, such as adding questions in the application process about whether children appear to be "coached" to act disabled.

Several other concerns have been discussed related to: the growth in the number of children with mental impairments and whether the new mental impairments allow children with less than severe disabilities to qualify; whether cash benefit amounts should be tied to severity of disability and the child's needs; whether individuals and states are switching from AFDC to SSI; whether families are taking advantage of the program by having multiple children found eligible for SSI; whether all beneficiaries need cash above and beyond the health care they receive through their entitlement to Medicaid; and, whether cash assistance is the best mechanism for meeting the needs of low-income children with disabilities and their families.

Regardless, most experts and observers agree that changes in health, education, and social policy since 1974 portend a need for a comprehensive review of the SSI program and of overall federal policy related to children with disabilities.

1 - outreach by non-govt

2 - 8 1991

Because the Congress recognized the need to reexamine the SSI children's program, HHS was directed to establish a Commission on Childhood Disability and to provide recommendations to Congress at the end of 1995. The Administration has taken great care to assemble a distinguished group of experts including the parents of disabled children and other knowledgeable experts from all ends of the political spectrum to take a hard look at the need for and direction of reform. Former Representative Jim Slattery will chair the Commission; he brings a perspective of caring for vulnerable children with disabilities and a strong sense of what is fiscally responsible. Mr. Slattery is prepared to begin his work immediately.

At the same time that the Commission begins its work, the President has directed Carol Rasco and Alice Rivlin to conduct a top to bottom review of disability policy. This review will include a thorough examination of SSI childhood disability policies as well as other federal policies related to children and adults with disabilities.

401-7733

We remain committed to supporting and assisting families of children with disabilities.

Only those who need help should be getting it.

Very deeply concerned about fraud. Need to act strongly and forcefully to fight it.

- Hot Line
- 600 case study

The program has grown dramatically because. . .

1. Supreme Court expanded eligibility
2. Regulations were changed in the 1980s.

It is appropriate to ask questions about any program that grows this fast -- have we got eligibility right, are the services and benefits helping people, is there enough accountability for federal dollars.

- That's why there's the Commission
- That's why Pres asked CHR/AR to look at this

Program shouldn't be redesigned over night

- Congress established the commission and asked for a report at the end of the year.

- Let's get that report and work together with Congress and people from the affected communities to develop an appropriate package of reforms

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL # of pages ▶ 4

To Ruth Katz	From D Farnsworth
Dept./Agency	Phone #
Fax #	Fax #

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

TALKING POINTS ON THE ADMINISTRATION'S STRATEGY FOR ADDRESSING SSI POLICIES FOR CHILDREN

- This administration is committed to maintaining support and assistance to families who ~~simply~~ cannot afford by themselves to meet the needs of their ~~very special~~ children with disabilities.

- However, the rapid growth in the SSI program and the changing characteristics of the children who participate has caused the Administration and the Congress to be concerned about whether it is time to examine its basic goals and performance.

- Anecdotal allegations of fraud highlighted in the press have heightened this concern. Their allegations have centered on reports that some children are being coached to "look disabled" so their parents can collect a cash payment. While there is no evidence that there are more than a handful of substantiated cases of such coaching, SSA has set up a hot line so that they can be reported. Each report is investigated. In most instances so far the suspected fraud has turned out to involve children who had already been denied benefits.

- While we will continue to act on and follow up all reported cases of fraud, we think there are other issues surrounding the SSI program for children which merit some serious thought and debate.

- For example, the SSI cash payments to families with eligible children are determined based on income, not on whether a child's disability results in a financial burden which other low income families with children do not face. Further the program was created prior to major expansions in Medicaid and special education programs which often provide an extensive array of services for disabled children. We think it is time to reexamine some of the purpose of the SSI program -- to see if it is reaching children who must have additional supports -- and to examine how it fits with other federal and state programs to assure that children with disabilities and their families get the support they need.

- We think it is also reasonable to look at the accountability in the SSI program. The great value of a cash payment is that families can make the best decisions about how to meet their own children's needs. However, there is no requirement that SSI payments be spent on services and supplies related to a child's disability. In fact SSI benefits do not even have to be used specifically for the child.

- We would like to engage the disability community including parents as well as the Congress in considering how we can build more accountability into this program while preserving flexibility for families.

- We must also do a better job of seeing that children who no longer need the SSI payments because their conditions have improved are terminated from the program. SSI eligibility should not be the gateway to a lifetime of dependence.

- Because the Congress recognized the need to reexamine the SSI children's program, HHS was directed to establish a Commission on Childhood Disability and to provide recommendations to Congress at the end of 1995. The Administration has taken great care to assemble a distinguished group of experts including the parents of disabled children and other knowledgeable experts from all ends of the political spectrum to take a hard look at the need for and direction of reform.

- Former Representative Jim Slattery will chair the Commission; he brings a perspective of caring for vulnerable children with disabilities and a strong sense of what is fiscally responsible. Mr. Slattery is prepared to begin his work immediately.

- At the same time that the Commission begins its work, the President has directed Carol Rasco and Alice Rivlin to conduct a top to bottom review of disability policy, including SSI.

- Congress is understandably anxious to move on SSI reforms. Proposals are already being circulated, some of which would eliminate benefits for thousands and thousands of currently recipients and fundamentally alter the very foundation of our childhood disability policy. Before such proposals are set in concrete we think it is critical to understand who would be helped by them and who may be harmed: the lives of some of our most vulnerable citizens may be at stake.

- Congress mandated that the Commission complete its work over the next nine months and report its recommendations. The Congress and the Administration should use these recommendations as the departure point for developing policies that enable children with disabilities and their families to achieve their potential in a caring, just, and prudent way.

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1 - outreach by mo-govt

2 - 4 1991

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Jeremy Ben-Ami
final

Fact Sheet on the SSI Program for Children

- **Economic Status of Children on SSI and their Families**

  -- Most children on SSI are from very poor families: i.e., their parents are likely not working or working for very low wages and have almost no assets or resources. Only 10% of children receiving SSI had any parental income deemed to them.

  -- Families with a child on SSI may also be families who receive AFDC, although an individual child can only be on one program or the other.

  - Average monthly AFDC payments are $214 for a mother with one child; the average monthly Federal SSI payment to a family for one child with a disability is $412 (the maximum SSI payment is $458 for one child per month).

- **Size and Characteristics of the Childhood SSI Program**

  -- In December 1994 over 890,000 children under age 22 received SSI benefits, at a federal cost of $5 billion. Children now represent close to 22% of the SSI population.

  -- Mental retardation and other mental impairments represent the highest proportion of childhood recipients. Of current children receiving SSI, 39% have mental retardation; 22% have another mental disorder; and 39% have a physical impairment as their primary diagnosis.

  -- Four-fifths of children receiving SSI live at home with their parents.

  -- 61% of them are under the age of 12.

- **Dramatic Growth in Number of Children Receiving SSI**

  -- Since 1989, the number of children receiving SSI has nearly tripled.

  -- The number of children applying for the program has increased tremendously -- from 125,000 in 1989 to over 528,000 in 1994.

  -- Awards grew accordingly, with average monthly awards almost quadrupling from 4,500 before 1989 to 17,100 after 1989.

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  -- Program growth is attributed to the confluence of three factors -- (1) the Congressionally mandated promulgation of new, expanded mental impairment listings, which include new categories for eligibility such as Attention Deficit Hyperactivity Disorder, Conduct Disorder, and others; (2) the Supreme Court's Zebley decision, which mandated an assessment of the effect of a child's impairment on his or her ability to function in an age appropriate manner; and, (3) Congressionally mandated outreach by SSA to potentially eligible families.

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    - The expanded mental impairment listings have had a profound effect on program growth: According to GAO, more than half the growth in applications and more than two-thirds the growth in awards to children are due to mental impairments.
    - Allegations that some proportion of the growth is due to children being coached to "fake" a disability in order to collect benefits are largely unfounded: a review of 600 cases by SSA found only a few such cases.

- **Issues to be Addressed**

  -- Several concerns have been raised about the SSI program for children:

    - the appropriateness of the mental impairment listings.

    - the extent to which receipt of these federal funds helps address or overcome the child's disability.

    - coordination of SSI benefits with other public programs such as Medicaid and special education.

    - targeting benefits toward children with the most severe disabilities.

XS 746

SSI Talking Points

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- **We believe strongly that support should be targeted to only those children and families who need it.**

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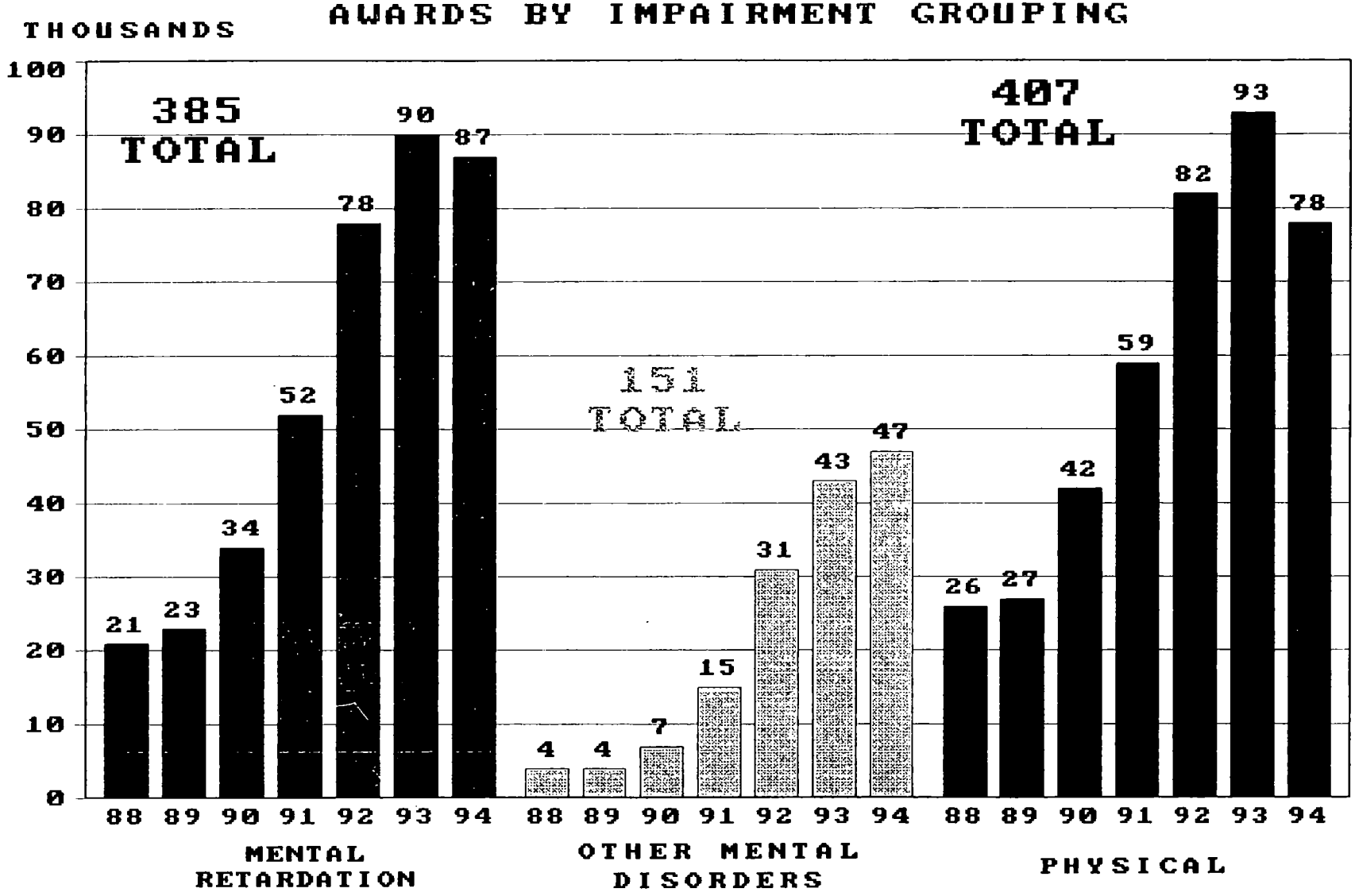
- Let's get that report and work together with Congress and people from the affected communities to develop an appropriate package of reforms.

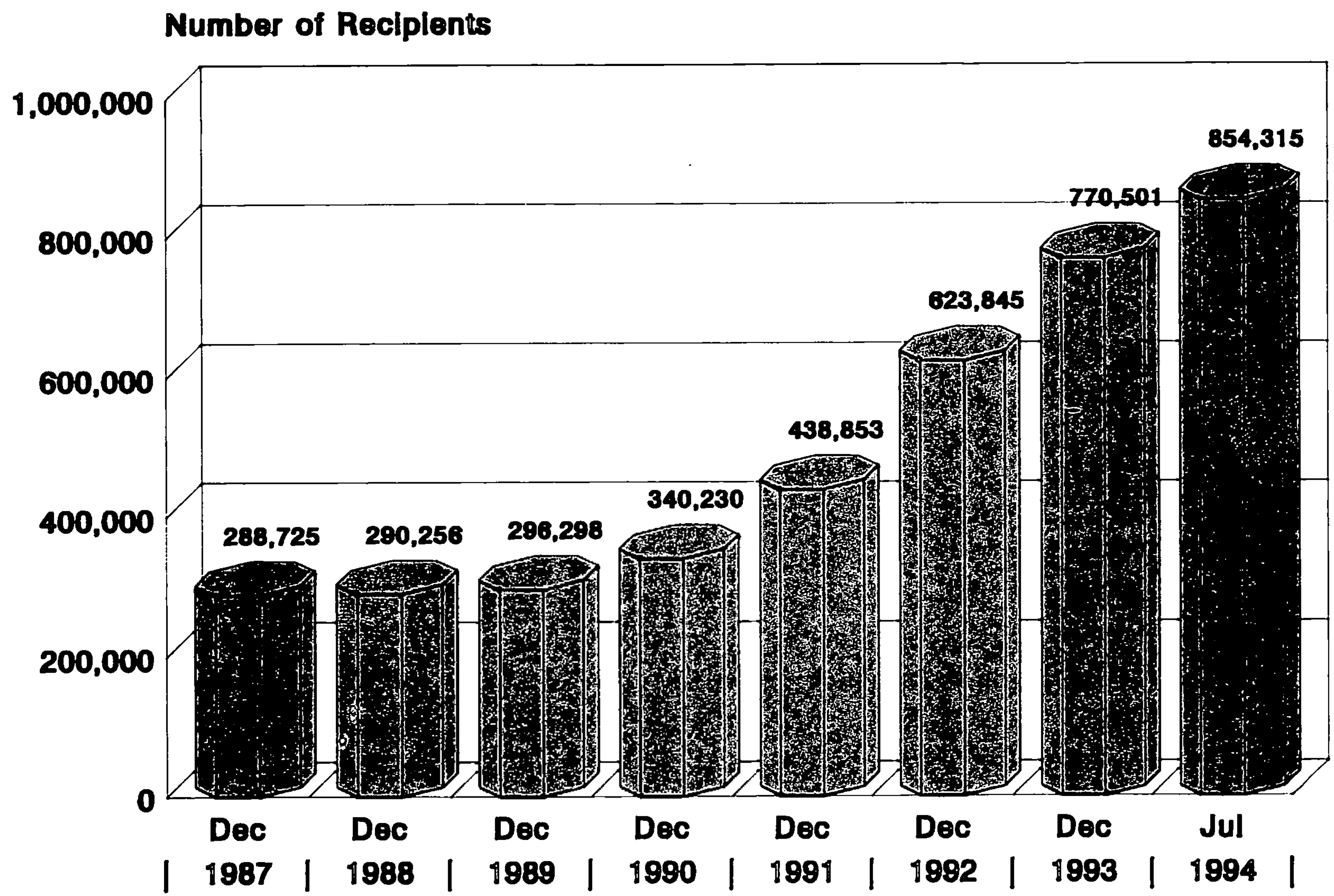
SSI DISABLED OR BLIND CHILDREN
AWARDS BY IMPAIRMENT GROUPING



* 1994 ANNUALIZED BASED ON 9 MONTHS OF DATA

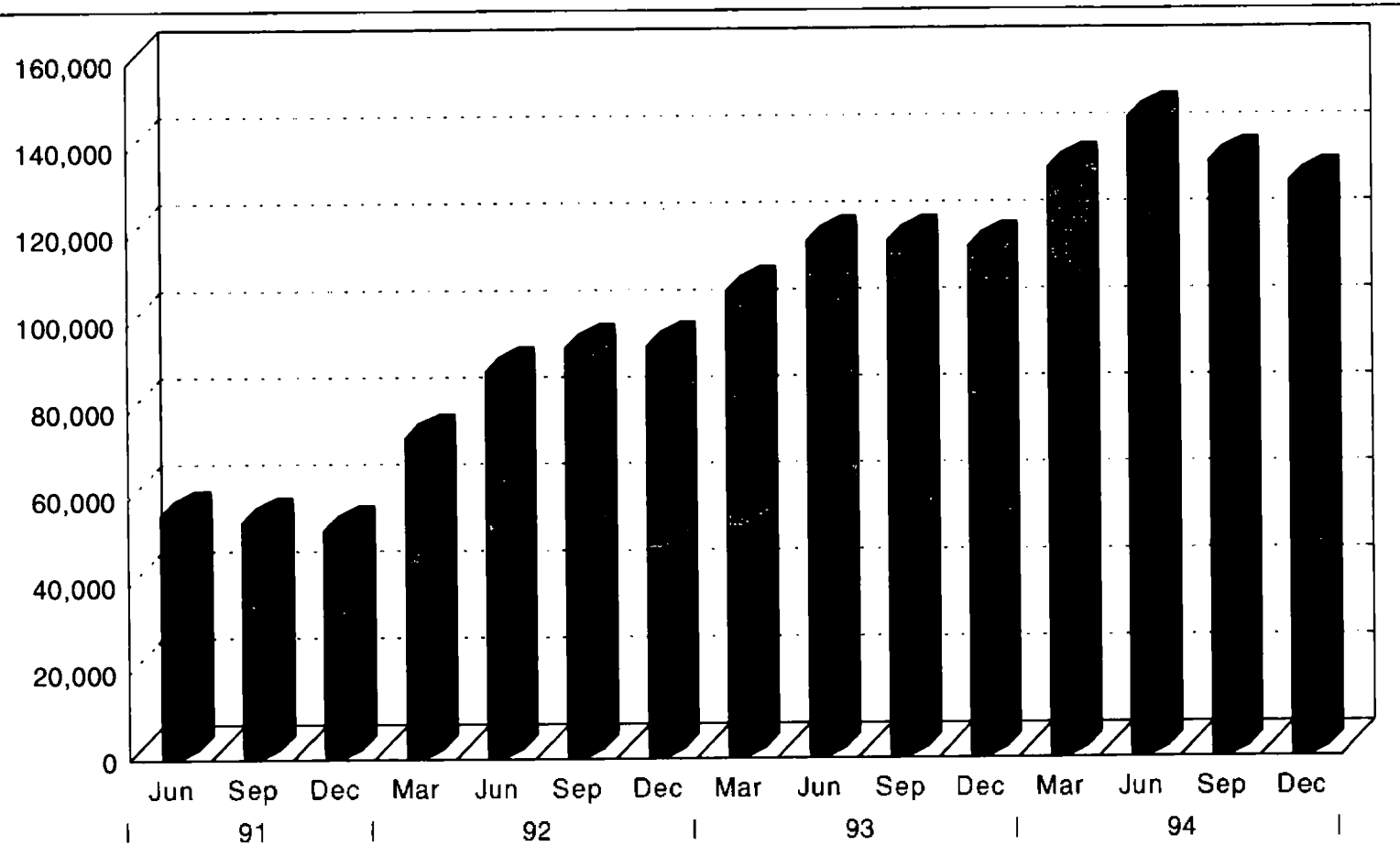
drop in mental - shift to other M

Title XVI Childhood Disability Recipients
Growth from December 1987 Through July 1994



Prepared by: Social Security Administration

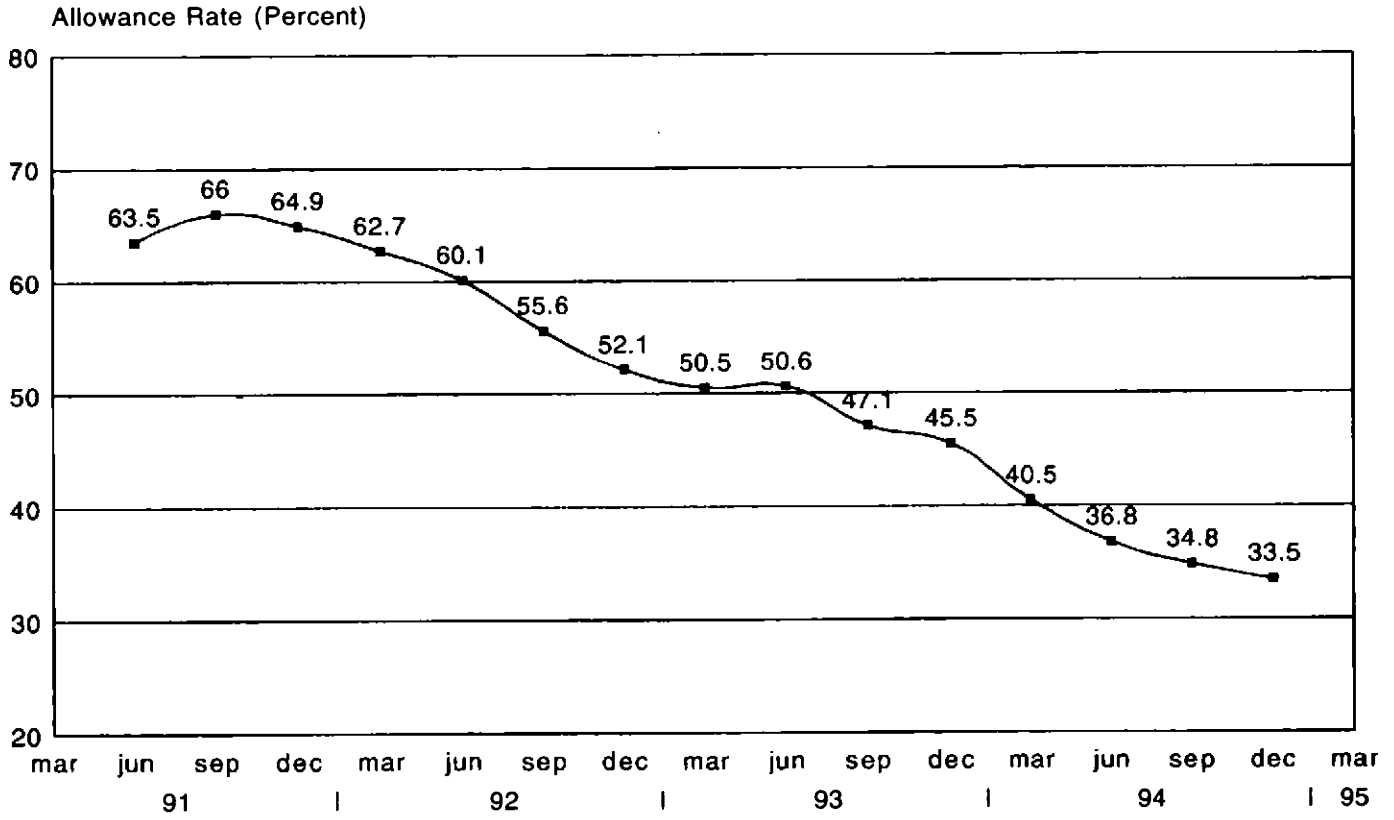
SSI Childhood Disability Claims
Initial Level Determinations For 'New' Claims
June 1991 Quarter Through December 1994 Quarter



	Jun 91	Sep 91	Dec 91	Mar 92	Jun 92	Sep 92	Dec 92	Mar 93	Jun 93	Sep 93	Dec 93	Mar 94	Jun 94	Sep 94	Dec 94
Denials	19,711	17,810	17,710	26,705	34,678	40,984	44,423	52,117	57,700	61,736	62,861	79,469	91,527	87,782	86,418
Allowances	34,288	34,569	32,794	44,890	52,291	51,285	48,222	53,182	59,019	55,014	52,414	53,866	53,342	46,884	43,561

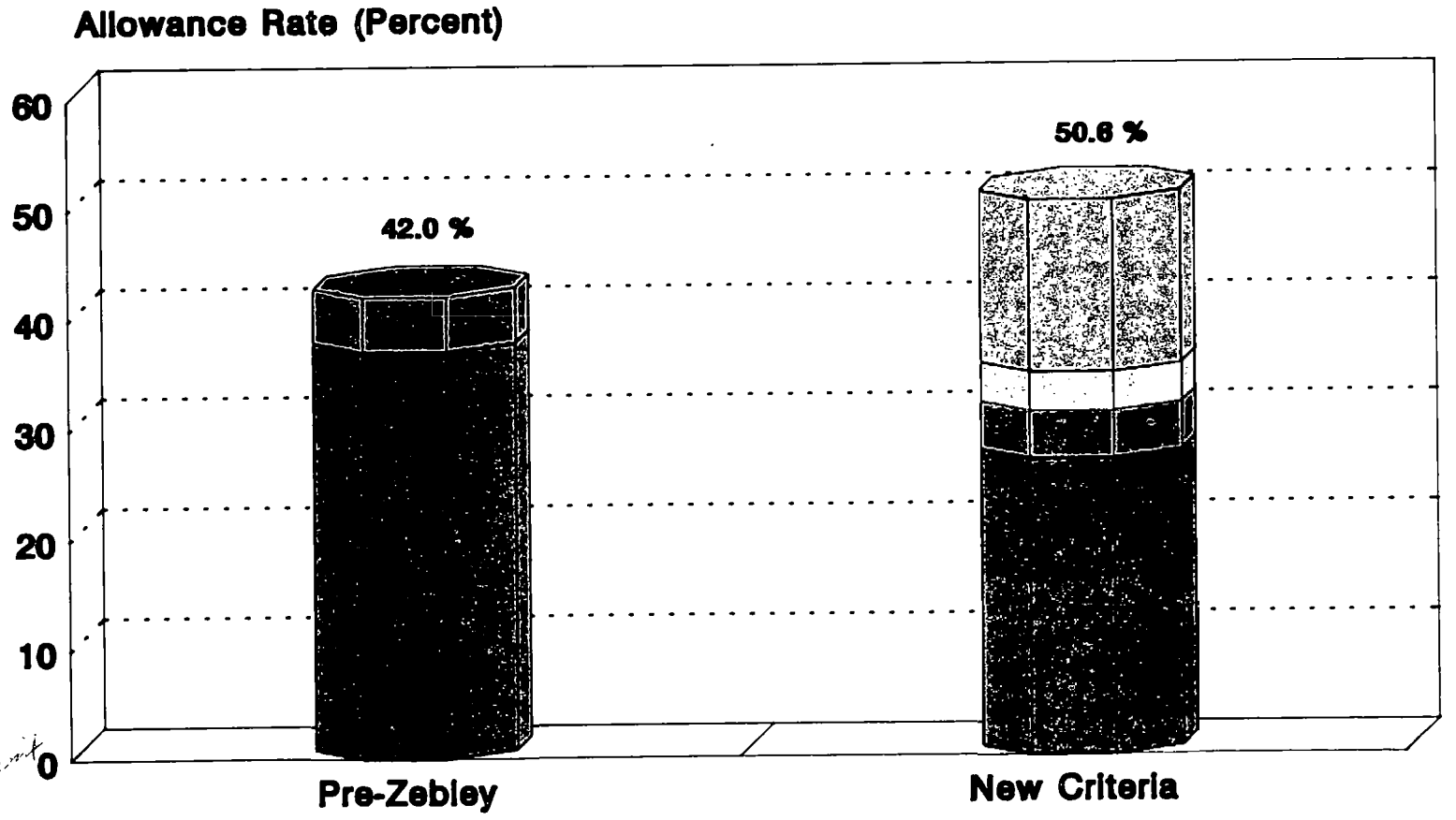
Prepared by: Social Security Administration

SSI Childhood Disability Claims
Initial Level Allowance Rate For 'New' Claims
June 1991 Quarter Through December 1994 Quarter



Overall Allowance Rate For 'New' Claims Under The Revised Criteria is 48 Percent.
Pre-Zebley Allowance Rate Was 42 Percent.
Prepared by: Social Security Administration

Title XVI Disabled Or Blind Children
Comparison of Pre-Zebley Allowance Experience
To New Criteria Allowance Experience



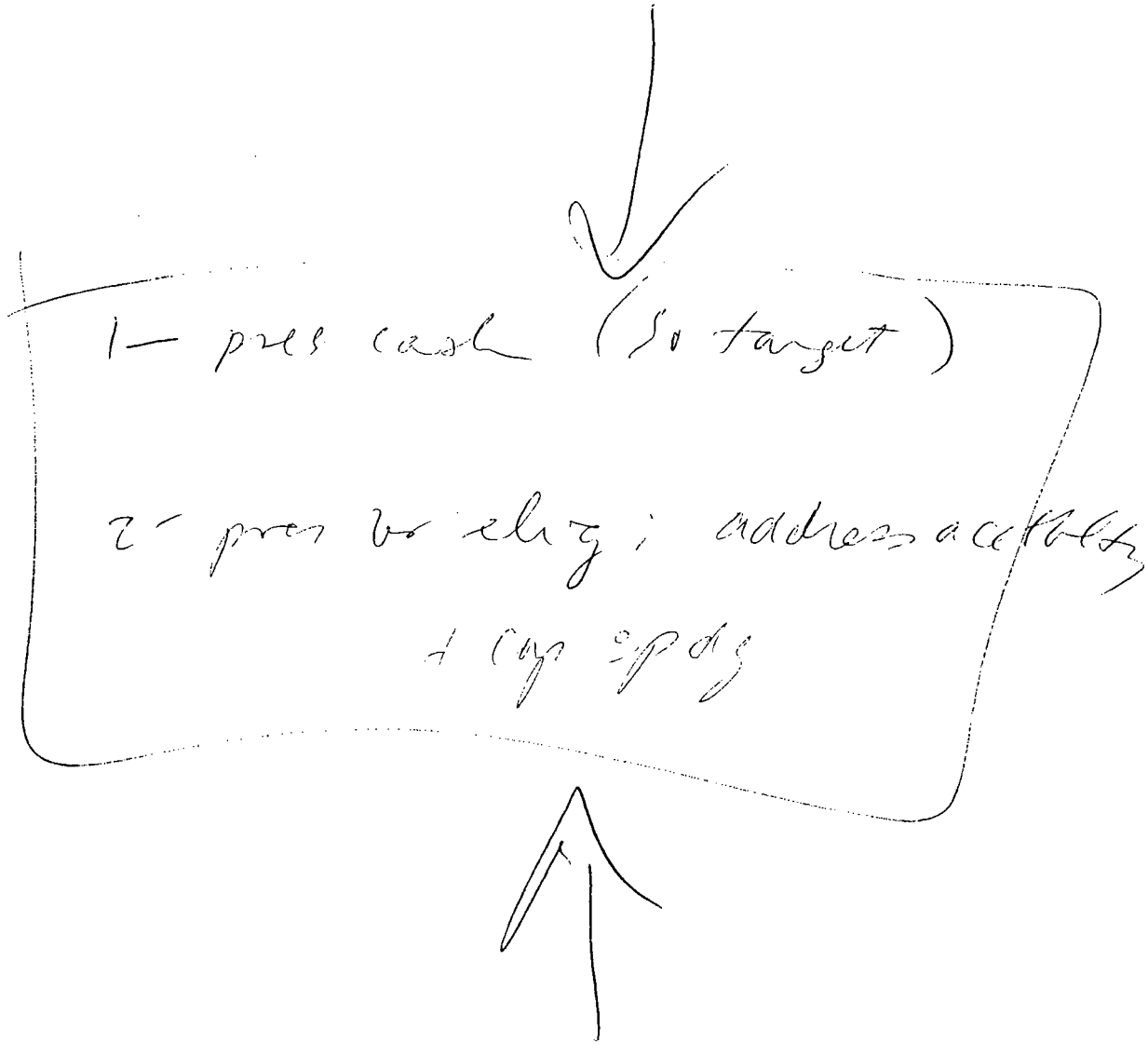
Indiv Funct Assess

	Pre-Zebley	New Criteria
IFA Allowance	0	15.7
Functional Equals	0	3.6
Equals	5	4.3
Meets	37	26.9

Prepared by: Social Security Administration

~~Conversions~~
~~Appointments~~

1. ~~Call Kate~~ → settle today?
2. Call Terman
3.



Sara re chapter – changes
Leach re immuniz. examples – call
Budget nos.
PAIMI; call Turman; call Curt Decker
Calif: ~~call Darrel~~/Carol (end of wk plan?)(operationalization?)
DOL push: call Nieves
Paralympics for appointees meeting - ~~Elis~~
Illinois - CR

Review disability schedule/progress
Status of SSI kids option: JB
25th state
Monica Mullins re Okla – [redacted]
Do forms!
* ~~Get~~ guiding principles – Call Kate Warren
NCD followup on disseminating gp's broadly
Elis re public piece on Mon. – to NCD
Call Tracy Thornton
DFine meeting
* March of Dimes invite: do more
* Easter seals: call guy
Call re Coelho cable show
~~Call Ed Burke~~
Call FNS re Oregon memo
~~Call back Patty; Thomas~~
NPR & disab. notes betw CR & JB; sep. team on D?
(Illinois)
~~Status of testimony?~~
IDEA mtg this week?
Reply to Carol on materials
SSI: read GAO, NHLP
VFC: follow up on 2 issues
Call Judy H to report on advoc mtg.
Call Bruce?
~~AP story: comm of advocates?~~

Boxes: Larry
Computer to HCFA
BV note

Read CR file
Ask JMon for welfare briefing
Marvin Krislov re ethics/JB

Elis – short pc
Call Emily
Phone listed?
→ 954-6260
t-mail Bruce Reed
M – Budget
T – Immuniz
W – Comm/drugs
Wed – run-thru
Mon @ 5
Rm 211
Urban Inst.

Wall St. Journal 1/20/95

DIANA LYNN

SSI Fosters Disabling Dependency

By Heather Mac Donald

By decade's end, the public may well discover that the great welfare reform debate of 1995 addressed only half the problem. The Rivera family of Boston illustrates why. Eulalia Rivera, her 16 children and their 59 progeny collect $750,000 to $1 million a year in government benefits. Their main form of support, however, is not AFDC, the program for single mothers and children that has been targeted for reform: it is federal disability payments. Most of the family's disabled members collect benefits for their "nerves."

The Riveras represent the future of public assistance. As Carolyn Weaver of the American Enterprise Institute noted on this page last spring, the costs of Aid to Families With Dependent Children have grown more than 20% since 1980, while the costs of the federal government's two disability programs, Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI), have more than doubled. SSI, which covers the disabled poor, as well as the impoverished elderly and the blind, is the nation's fastest-growing welfare program, about to surpass both AFDC and food stamps as the main form of support for the nonworking poor. Between 1974, when SSI began, and 1993, the number of beneficiaries nearly tripled, to 4.5 million. And SSI entails automatic eligibility for Medicaid and other benefits, substantially increasing its total costs.

Mental Complaints

This explosive growth reflects a continuing shift in the function of the disability program. It increasingly supports people whose main problem is not a traditional medical impairment that makes working impossible, but a host of social handicaps that no doctor could cure—drug abuse, a chaotic upbringing, and a lack of education and work ethic.

The federal Social Security Disability Insurance (SSDI) program began modestly in 1956 to support workers over age 50 whose severe disability was expected to prevent them from ever returning to work, and it has expanded to cover workers of any age who've paid into the Social Security trust fund and whose disability is expected to last a year or more. But it was the creation of SSI that set the stage for a vast growth in dependency. Eligibility for SSI, unlike that for SSDI, requires no work history. Like AFDC and other welfare programs, it is means-tested to make sure that the recipient's income and resources fall below a certain level.

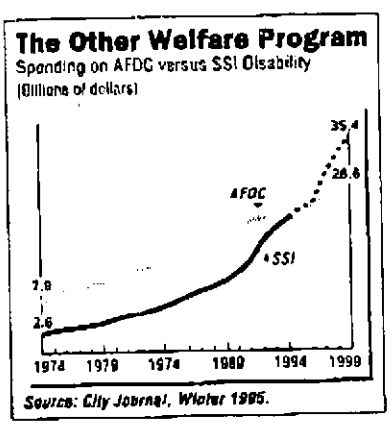
Mental rather than physical complaints have fueled the disability explosion. A series of court decisions in the early 1980s, coupled with the 1984 Social Security Disability Reform Act, mandated far more liberal policies for determining eligibility. As a result, 38% of all SSI beneficiaries, and about a quarter of those on SSDI, are classified as mentally impaired.

Frustration with the mental impairment standard is rising. "We're finding a lot of people disabled who can work," says Stephen Ahlgren, the Social Security Administration's chief administrative law judge in Chicago. Many people with "personality disorders" manage to hold down jobs, he argues.

The beast that lies beneath the entire mental impairment caseload is substance abuse. In most cases, it is impossible to separate the effect of drugs or alcohol from [illegible] as a mental impairment in itself. At least 250,000 diagnosed addicts and alcoholics are on the SSI and SSDI disability rolls, receiving approximately $1.4 billion annually in benefits.

Classifying addiction and alcoholism as federally subsidized disabilities has had appalling consequences. In 1991, officials of the Social Security Administration's Chicago office requested guidance from headquarters regarding a type of claimant, exemplified by "Ronald C.," that they were seeing more and more frequently. An addict who daily drank three pints of wine and shot up drugs three or four times, Ronald had spent his adult life in and out of prison for drug-related crimes. How should the agency evaluate someone's capacity to work—and thus his eligibility for benefits—if he has resided mostly in prison?

Susan Parker, associate commissioner for disability at Social Security headquarters, issued the agency's response. According to the Diagnostic and Statistical Manual of Mental Disorders, she said, one of the symptoms of "psychoactive substance abuse disorder" is a "great deal of time spent in activities necessary to procure the substance (including theft)." In other words, serving time for drug-related crime works in your favor for getting benefits.



But if someone is able to apply himself to these "activities," can't we expect he could also apply himself to work? Far from it, Ms. Parker announced. "In contrast to persons who beg for sustenance or 'criminals' who commit illegal acts for a variety of acquisitive goals, the evidence demonstrates that, in this claim, the claimant engages in these activities solely to obtain and use addictive substances." (Apparently Ms. Parker is as uncomfortable with labeling people who break the law "criminals" as she is with presuming that people can work.) "It would be unrealistic," she continued, "to expect the mental functions that the claimant demonstrates to be successfully employed and sustained in work situations."

The agency did recently declare that drug dealing would count as "substantial gainful activity" precluding eligibility for benefits. But the Ninth Circuit Court of Appeals has ruled otherwise: It found that a claimant had spent so little time and exertion dealing drugs that the activity did not demonstrate the capacity to work.

The group of claimants that has stretched the concept of disability the farthest is not addicts, though, but children with behavioral problems. They, too, fall into the capacious "mental impairment" [illegible]

since they are intended to replace lost earnings. Children not only are not required to work; they are legally prohibited from doing so. Moreover, Medicaid picks up most of the medical expenses of poor disabled children.

Nevertheless, in 1990, the Supreme Court drastically loosened the requirements for children's disability by creating a new test of eligibility: Children who do not act in a "age-appropriate" manner qualify for benefits. At the same time, the Social Security Administration added seven new childhood mental disabilities, including attention deficit disorder, anxiety disorders, substance dependency disorder, and anorexia. An explosion of claims followed. By 1993, more than 770,000 children were on disability, up from fewer than 300,000 in 1989. Children now account for just under 20% of the SSI disability rolls, receiving $4.35 billion a year in benefits.

The court decision and the new regulations opened the rolls to the vast and growing world of behavioral and learning disorders. "Under the old ways, we didn't think learning disabilities interfered with the main business of life," explains Jack Schmulowitz, chairman of the Social Security Administration's office of research and statistics.

Now that the agency knows better, parents have an overpowering incentive to sign their kids up for SSI, since they receive payments of $458 a month or more, with no strings attached. Stories abound of parents coaching their kids to misbehave in school or fail their tests. A child in Wynne, Ark., asked his teacher if doing well on an exam would affect his "crazy check." According to Morton Gold of the Social Security Administration's Savannah, Ga., office, parents sometimes hold their children out of school to ensure that they will fall back several grades and thus fail the "age-appropriate" test.

Bad Parenting

Further, experts increasingly agree that SSI rewards the worst kind of parenting. "Many of the problems these children manifest are largely traceable to parental neglect or abuse," Philadelphia psychiatrist Kenneth Carroll told the Washington Post. "Behavioral and emotional problems, or conduct disorders that are directly attributable to inadequate parenting, are being called disabilities, and the parents are receiving a cash award for having achieved the problem."

For all its problems, the disability program continues to play a vital role in supporting people with serious maladies. But its ability to do so is threatened by the overextension of the concept of disability. The House Republican welfare reform plan proposes an overall cap on SSI expenditures, which could reduce or deny benefits for the truly disabled, as well as the elderly and the blind. Better to cut the rolls by adopting a more reasonable definition of disability.

Many people whose impairments the agency would deem disabling are in fact working—and even those with serious physical handicaps have a legal right to work under the Americans With Disabilities Act. Public policy should encourage people to overcome their disabilities, not create yet another set of incentives for failure.

Ms. Mac Donald is a contributing editor

THE WHITE HOUSE

WASHINGTON

January 13, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Carol Rasco

SUBJECT: SSI for Disabled Children

You sent me a copy of a recent New York Times article detailing a Republican plan to replace SSI cash payments to disabled children with vouchers, and noted that we need to develop a position on this proposal. I am writing to update you on our efforts.

In the fall, we established the National Disability Policy Review, co-chaired by Alice Rivlin and myself, with membership from across the federal agencies. Our goal is to examine how the many federal programs serving the disabled could better meet the needs of that population, and do so in a more coherent way that reflects a clear federal policy. The review team has met twice to date and established five subgroups.

One of these will examine children's issues and is chaired by Judy Feder. This group is expediting its review of this proposal and the development of any alternatives we may want to propose. They expect to have something for us within a few weeks.

As you know, Secretary Shalala is in the process of naming the members of the Childhood Disability Commission to be chaired by former Rep. Jim Slattery of Kansas. Events are moving so swiftly that it is very possible that the Commission will not be in a position to make a contribution on this issue in a timely way, but we continue to hope that Congress will decide to wait for the Commission's findings.

Finally, a hearing on this issue has been scheduled for January 27 before the House Ways and Means Subcommittee on Human Resources. We do not know whether the Administration will be asked to testify; if we are, HHS expects that Deputy Social Security Commissioner Larry Thompson would appear. We will discuss with HHS what strategy would be best for this hearing.

Jeremy: Here is a draft memo. I erred on the side of including too much. I just heard about the hearing in the last paragraph!! Yikes!

Diana

January 12, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Carol Rasco

SUBJECT: SSI for Disabled Children

You sent me a copy of a recent New York Times article detailing a Republican plan to replace SSI cash payments to disabled children with vouchers, and noted that we need to develop a position on this proposal. I am writing to update you on our efforts.

The National Disability Policy Review has met twice to date and established five subgroups. One of these will examine children's issues and is chaired by Judy Feder. This group is expediting its review of this proposal and the development of any alternatives we may want to propose. They expect to have something for us within a few weeks.

As you know, Secretary Shalala is in the process of naming the members of a Commission on Childhood Disabilities (exact name & genesis needed?), to be chaired by former Rep. (Jim?) Slattery of (Kansas??). Originally we expected that this group could address the SSI issue, but events are moving so swiftly that they will not be in a position to make a contribution on this issue in the near future.

Finally, a hearing on this issue has been scheduled for January 27 by the --- Committee. We expect that Commissioner ~~Shater~~ Larry Thompson will testify. We will discuss with HHS what strategy would be best for this hearing.

any cc's???? NO

Plain Wh letterhead or is there CR letterhead?

Format OK? ✓

What do I do with it when done? Walk it to ROS?

- Cover note from me needed? YES - BUCKSLIP

- attach original note from Pres? (I don't have it)

W+M Subc on Human Res. 27 ~~26~~

Attached

Remind him what this is!

Childhood Disability Commission

Continue to hope Gore heads this!! Decide

Wait for Comm findings

PLAIN - Generally OK; I'd drive for ROE BUT...

not formally asked

Jeremy

We need briefing memo for POTUS by early next week from HHS/SSA.

CHR

DEC 30 [illegible]

Chris

We need a clear position on this

We need a clear position on this

12/29/94

Republican Bill Would Trim Aid for Poor Children With Severe Disabilities

By ROBERT PEAR
Special to The New York Times

WASHINGTON, Dec. 28 — House Republicans are drafting legislation that would abolish Federal cash payments for 847,000 poor children who are severely disabled. They would replace the payments with vouchers that could be spent on a more limited program of medical care.

The lawmakers said the proposal was part of the Republicans' overall effort to redesign the nation's welfare system and control costs. It would fundamentally alter the program, Supplemental Security Income for children, which provides cash grants of up to $446 a month for children with chronic illnesses and disabilities like mental retardation, cerebral palsy and spina bifida.

Administration officials said today that they were willing to consider the Republican proposal and would be interested in making changes in the program as long as those changes helped disabled children become productive, working members of society.

Republicans express many concerns about the current program. They note that the number of children receiving disability benefits has soared, to 847,000 this year from 296,000 in 1989, and that the annual cost has tripled, to $4.4 billion. They contend that benefits are paid to children with common behavior problems and that some parents coach children to fake disabilities.

But advocacy groups and parents of disabled children say the program enables them to cope with the extraordinary costs of caring for these children at home. They say, too, that many items and services purchased under the program would not be covered by the proposed vouchers because they are not purely medical.

Under current law, Supplemental Security Income payments may be used for food, shelter and clothing and for a wide range of medical and social services. For example, the money can be used to hire specially trained child-care workers and to purchase diapers so a child who is incontinent can attend school. Parents are supposed to report annually how the money is used.

The vouchers proposed by the Republicans could be used only for medical expenses and equipment.

The parents say the program is economical because it is far more expensive to care for disabled children in institutions rather than at home. They say abuses in the program have been grossly overstated, and they denounce the Republican plan as a regressive measure that would severely reduce the usefulness of Federal aid.

"Vouchers will lead to more children being institutionalized," said Sharon M. Barnhill of Chicago, who receives a monthly check of $446 for her 9-year-old son, Neville, who has Down syndrome and "can't cross the street, has no concept of danger, does not talk, is not toilet-trained and does not know how to dress himself."

Anne M. Lauritzen of Lincoln, Neb., whose 19-year-old son has spina bifida and is mildly retarded, said that if Congress replaced cash grants with vouchers, it would implicitly tell parents that "the Government doesn't trust families to decide how best to use the money for their children."

Philip A. Gambino, a spokesman for the Social Security Administration, said the agency had found "very little evidence of coaching, fraud or abuse" in the program, which it runs. He said the agency had liberalized the rules for eligibility to comply with a 1990 Supreme Court decision.

Mr. Gambino said the Secretary of Health and Human Services, Donna E. Shalala, would appoint a commission soon to study the program, as required by a new law.

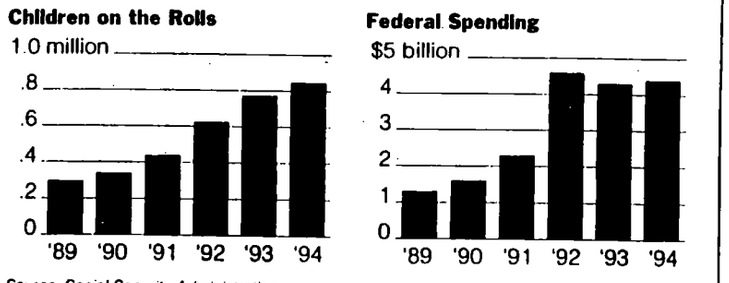
Senators from both parties have expressed concern about the growth of the program. But Democratic Senators like Christopher J. Dodd of Connecticut have championed children's programs and may resist major restrictions.

The Republican bill is being drafted by Representative Jim McCrery of Louisiana, with support from Representatives Newt Gingrich of Georgia, the next Speaker of the House; Bill Archer of Texas; E. Clay Shaw Jr. of Florida, and Bill Thomas of California.

KEEPING TRACK

The Cost of Helping Children

The Supplemental Security Income for children program helps children with severe disabilities and chronic illnesses. Eligibility rules were liberalized after a 1990 Supreme Court decision. Outlays after 1991 include some retroactive payments.



Source: Social Security Administration.

The New York Times

Algerian Militants Admit Slaying of 4 Priests

ALGIERS, Dec. 28 (Reuters) — A radical Algerian group claimed responsibility today for killing four Roman Catholic priests in Algeria and indicated that the attack was a reprisal for the killings of four of its members in a hijacking.

The priests, three Frenchmen and a Belgian, were killed in Algeria on Tuesday, a day after French commandos ended a hijacking by storming an airliner in Marseilles. Four hijackers were killed and about 171 hostages were rescued.

In a statement faxed to news organizations, the Armed Islamic Group said the priests were killed in Tizi-Ouzou as part of a campaign of "annihilation and physical liquidation of Christian crusaders."

The group, one of Algeria's most hard-line militant Muslim factions, has been struggling for nearly three years to oust Algeria's military-installed Government, which is tacitly backed by France.

In the statement, the Armed Islamic Group said the priests were slain by members of the same unit to which the four hijackers belonged.

It was signed by Abu Abderrahmane Amine, named as the group's "prince" and identified by Algerian newspapers as the group's new leader.

Militant Muslim groups have been waging a violent campaign against the Algerian Government since early 1992, when a new Government seized power and canceled elections that the fundamentalist movement seemed certain to win.

Today France continued its investigation into whether the hijackers may have had accomplices in France. The Paris public prosecutor's office started legal action against "persons unknown" for complicity in the hijacking.

The Algerian Government acknowledged there had been lapses in security at the Algiers airport that may have played a role in the hijacking and said it would correct them.

It also denied it had submitted to pressure from France when it allowed the airliner to leave Algiers for Marseilles, saying it had based its decision to let the plane take off solely on a desire to "save lives."

A statement carried by Algeria's official news agency said three militants posing as members of the Algerian security forces had asked the priests to accompany them from their church in Tizi-Ouzou, about 60 miles east of Algiers.

When the priests refused, the gunmen forced them to the church courtyard and shot them, the statement said.

Israel Returning Antiquities to Egypt

JERUSALEM, Dec. 28 (Reuters) — Israel said today that it was turning over 800 cartons of antiquities to Egypt, the last of the artifacts it had promised to return from its 15-year occupation of the Sinai peninsula.

Amir Drori, head of the Israel Antiquities Authority, said the items would be shipped to Egypt on Thursday. The agreement to return the antiquities was reached in January 1993 after years of negotiations made possible by the 1979 peace treaty between the two countries.

The antiquities authority said Israel was returning the artifacts in accordance with the 1954 Hague Convention on returning archeological finds to their country of origin.

Israeli archeologists uncovered pottery, flint objects, textiles, jewelry and hundreds of coins, between 1967 and 1982. The Sinai, linking Africa and Asia, is at the crossroads of many ancient civilizations.

The Israeli Antiquities Authority has officially requested that Egypt lend the country 24 objects containing Hebrew inscriptions. These include third-century Byzantine ceramic oil lamps with imprints of Jewish menorah.

THE NEW YORK TIMES, THURSDAY, DECEMBER 29, 1994

JUDGE DAVID L. BAZELON CENTER FOR MENTAL HEALTH LAW

SSI for children

IMPACT OF CONFERENCE WELFARE REFORM AGREEMENT FOR CHILDREN'S SSI PROGRAM

1. Overall: About 25 percent of children would be dropped from the program or denied future eligibility. In addition, cash benefits would be cut by one-quarter for 65 percent of the children found eligible after January 1, 1997.

IMPACT

Almost one million low-income children with serious disabilities would be denied access to the program or receive reduced benefits. CBO estimates that benefits to 334,000 children would be terminated or denied and another 654,000 children would receive reduced payments by 2002. The conference agreement would cut program costs by $13.2 billion over seven years which is almost identical to the original House cut of $13.4 billion. In contrast, the Senate bill cut $8.4 billion.

2. The conference agreement eliminates the Individual Functional Assessment (IFA).

IMPACT

Although various studies (GAO, HHS/IG, NASI) found that allegations of widespread program abuses could not be substantiated, the conference agreement severely tightened eligibility for the program -- much more than the Bazelon Center and other disability and children's advocates believed was warranted. The conference agreement eliminates up to 200,000 of the 900,000 children now eligible. Only children whose impairments can meet restricted listings of medical conditions would qualify. Children who may no longer qualify include those who: have more than one impairment if each impairment by itself is not enough to qualify through medical listings; have a disorder which narrowly misses the listings level description; are too young to test for the listings; or have rare disorders not listed.

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3. The conference agreement creates a new payment scale with two levels of benefits depending on the child's disability.

For children under six to receive full benefits, they would have to prove that their ability to function age-appropriately is severely limited AND that without personal assistance, they would require specialized care outside the home. For children over age six to receive full benefits, they would have to prove they need (a) personal care assistance for at least two activities of daily living (eating, toileting, dressing, bathing and mobility) or (b) administration of medical treatment beyond help with medication or (c) require continual 24 hour supervision to avoid causing harm to self or others AND if they did not receive such assistance, would require full or part time specialized care outside the home.

IMPACT

Most children would receive 75 percent of the benefit they would receive based on their income. Only children who meet a new "personal care" standard would receive 100 percent of their benefit. CBO estimates that 65 percent of children would receive reduced benefits and only 35 percent would qualify for full payment. These changes would apply, within three years, to children now eligible for benefits as well as all children who qualify in the future.

Within the two-tier benefit system, only the "continual care to avoid harm to self or others" applies to most children with mental illness. The "continual care" criterion sets a higher standard for one group of children compared to the regular and time-consuming, but intermittent care associated with activities of daily living. In addition, a two-tier system has an obvious disincentive because children who have struggled to achieve greater independence would be penalized by a 25 percent reduction in benefits they would have otherwise received.

4. Offering two types of benefits is unwarranted and discriminatory.

IMPACT

The proposal makes false distinctions between children with serious disabilities based on the nature of their impairment. Since only children who meet the highly restrictive medical listings will qualify for benefits, they all need the full assistance of the SSI program. The only rationale for different payment levels for children who have proven they have severe impairments is the desire to cut program costs. There is no programmatic justification.

5. The proposed standard does not reflect a family's need for assistance.

IMPACT

SSI is a means-tested program that only allows families with very limited income to qualify. But even among these families, the program adjusts benefit levels according to family income. Establishing a two-tier system will harm families who depend on the assistance to offset income lost because a parent must remain unemployed or underemployed to provide care.

6. The conference agreement creates a more complex and costly disability determination process. Children would first prove that their condition meets the eligibility standard and then a second review would determine the size of their benefit.

IMPACT

The agreement would significantly increase SSA's costs by adding an additional evaluation to determine the benefit level. As with other eligibility decisions, benefit levels will be appealable which will also add significant administrative costs. The National Commission on Childhood Disability recognized significant problems with tiered cash benefits including the absence of a mechanism to classify disabilities according to extra costs and the need for a more expensive eligibility process.

The conference welfare reform agreement should be rejected because:

1. It harms too many children. Almost one million low-income children with serious disabilities would be denied access to the program or receive reduced benefits.

2. It discriminates among children with serious disabilities by offering two levels of benefits based on the nature of their impairment.

3. No eligibility changes should be applied to children currently on the program.

December 1, 1995

For more information, call Rhoda Schulzinger at 202/467-5730.