

**Union Calendar No. 232**

106TH CONGRESS  
1ST SESSION

**H. R. 3070**

**[Report No. 106-393, Part I]**

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**A BILL**

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

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OCTOBER 19, 1999

Committee on Commerce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 13, 1999

Mr. HULSHOF (for himself, Mr. ARCHER, Mr. SHAW, Mr. CAMP, Ms. DUNN, Mr. ENGLISH, Mr. FOLEY, Mr. HAYWORTH, Mr. HERGER, Mr. HOUGHTON, Mr. RAMSTAD, Mr. THOMAS, and Mr. WELLER) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

OCTOBER 18, 1999

Reported from the Committee on Ways and Means with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

OCTOBER 18, 1999

Referral to the Committee on Commerce extended for a period ending not later than October 19, 1999

OCTOBER 19, 1999

Additional sponsors: Mr. CRANE and Mr. ISAKSON

OCTOBER 19, 1999

Committee on Commerce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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# A BILL

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

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; TABLE OF CONTENTS.**

4       (a) *SHORT TITLE.*—*This Act may be cited as the*  
 5       *“Ticket to Work and Work Incentives Improvement Act of*  
 6       *1999”.*

7       (b) *TABLE OF CONTENTS.*—*The table of contents is as*  
 8       *follows:*

*Sec. 1. Short title; table of contents.*

*TITLE I—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS*

*Subtitle A—Ticket to Work and Self-Sufficiency*

*Sec. 101. Establishment of the Ticket to Work and Self-Sufficiency Program.*

*Subtitle B—Elimination of Work Disincentives*

*Sec. 111. Work activity standard as a basis for review of an individual’s disabled status.*

*Sec. 112. Expedited reinstatement of disability benefits.*

*Subtitle C—Work Incentives Planning, Assistance, and Outreach*

*Sec. 121. Work incentives outreach program.*

*Sec. 122. State grants for work incentives assistance to disabled beneficiaries.*

**TITLE II—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES**

*Sec. 201. Expanding State options under the medicaid program for workers with disabilities.*

*Sec. 202. Extending medicare coverage for OASDI disability benefit recipients.*

*Sec. 203. Grants to develop and establish State infrastructures to support working individuals with disabilities.*

*Sec. 204. Demonstration of coverage under the medicaid program of workers with potentially severe disabilities.*

*Sec. 205. Election by disabled beneficiaries to suspend medigap insurance when covered under a group health plan.*

**TITLE III—DEMONSTRATION PROJECTS AND STUDIES**

*Sec. 301. Extension of disability insurance program demonstration project authority.*

*Sec. 302. Demonstration projects providing for reductions in disability insurance benefits based on earnings.*

*Sec. 303. Studies and reports.*

**TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS**

*Sec. 401. Technical amendments relating to drug addicts and alcoholics.*

*Sec. 402. Treatment of prisoners.*

*Sec. 403. Revocation by members of the clergy of exemption from social security coverage.*

*Sec. 404. Additional technical amendment relating to cooperative research or demonstration projects under titles II and XVI.*

*Sec. 405. Authorization for State to permit annual wage reports.*

*Sec. 406. Assessment on attorneys who receive their fees via the Social Security Administration.*

*Sec. 407. Extension of authority of State medicaid fraud control units.*

*Sec. 408. Elimination of fraud and abuse associated with certain payments under the medicaid program.*

**1 TITLE I—TICKET TO WORK AND**  
**2 SELF-SUFFICIENCY AND RE-**  
**3 LATED PROVISIONS**  
**4 Subtitle A—Ticket to Work and**  
**5 Self-Sufficiency**

**6 SEC. 101. ESTABLISHMENT OF THE TICKET TO WORK AND**  
**7 SELF-SUFFICIENCY PROGRAM.**

**8 (a) IN GENERAL.**—Part A of title XI of the Social Se-  
**9 curity Act (42 U.S.C. 1301 et seq.) is amended by adding**

1 *after section 1147 (as added by section 8 of the Noncitizen*  
 2 *Benefit Clarification and Other Technical Amendments Act*  
 3 *of 1998 (Public Law 105–306; 112 Stat. 2928) the fol-*  
 4 *lowing:*

5 “*THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM*

6 “*SEC. 1148. (a) IN GENERAL.—The Commissioner of*  
 7 *Social Security shall establish a Ticket to Work and Self-*  
 8 *Sufficiency Program, under which a disabled beneficiary*  
 9 *may use a ticket to work and self-sufficiency issued by the*  
 10 *Commissioner in accordance with this section to obtain em-*  
 11 *ployment services, vocational rehabilitation services, or*  
 12 *other support services from an employment network which*  
 13 *is of the beneficiary’s choice and which is willing to provide*  
 14 *such services to such beneficiary.*

15 “*(b) TICKET SYSTEM.—*

16 “*(1) DISTRIBUTION OF TICKETS.—The Commis-*  
 17 *sioner of Social Security may issue a ticket to work*  
 18 *and self-sufficiency to disabled beneficiaries for par-*  
 19 *ticipation in the Program.*

20 “*(2) ASSIGNMENT OF TICKETS.—A disabled ben-*  
 21 *eficiary holding a ticket to work and self-sufficiency*  
 22 *may assign the ticket to any employment network of*  
 23 *the beneficiary’s choice which is serving under the*  
 24 *Program and is willing to accept the assignment.*

25 “*(3) TICKET TERMS.—A ticket issued under*  
 26 *paragraph (1) shall consist of a document which evi-*

1        *dences the Commissioner's agreement to pay (as pro-*  
2        *vided in paragraph (4)) an employment network,*  
3        *which is serving under the Program and to which*  
4        *such ticket is assigned by the beneficiary, for such em-*  
5        *ployment services, vocational rehabilitation services,*  
6        *and other support services as the employment network*  
7        *may provide to the beneficiary.*

8                *“(4) PAYMENTS TO EMPLOYMENT NETWORKS.—*  
9        *The Commissioner shall pay an employment network*  
10        *under the Program in accordance with the outcome*  
11        *payment system under subsection (h)(2) or under the*  
12        *outcome-milestone payment system under subsection*  
13        *(h)(3) (whichever is elected pursuant to subsection*  
14        *(h)(1)). An employment network may not request or*  
15        *receive compensation for such services from the bene-*  
16        *ficiary.*

17                *“(c) STATE PARTICIPATION.—*

18                *“(1) IN GENERAL.—Each State agency admin-*  
19        *istering or supervising the administration of the*  
20        *State plan approved under title I of the Rehabilita-*  
21        *tion Act of 1973 may elect to participate in the Pro-*  
22        *gram as an employment network with respect to a*  
23        *disabled beneficiary. If the State agency does elect to*  
24        *participate in the Program, the State agency also*  
25        *shall elect to be paid under the outcome payment sys-*

tem or the outcome-milestone payment system in accordance with subsection (h)(1). With respect to a disabled beneficiary that the State agency does not elect to have participate in the Program, the State agency shall be paid for services provided to that beneficiary under the system for payment applicable under section 222(d) and subsections (d) and (e) of section 1615. The Commissioner shall provide for periodic opportunities for exercising such elections.

“(2) *EFFECT OF PARTICIPATION BY STATE AGENCY.*—

“(A) *STATE AGENCIES PARTICIPATING.*—In any case in which a State agency described in paragraph (1) elects under that paragraph to participate in the Program, the employment services, vocational rehabilitation services, and other support services which, upon assignment of tickets to work and self-sufficiency, are provided to disabled beneficiaries by the State agency acting as an employment network shall be governed by plans for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973.

“(B) *STATE AGENCIES ADMINISTERING MATERNAL AND CHILD HEALTH SERVICES PRO-*

1           GRAMS.—Subparagraph (A) shall not apply with  
2           respect to any State agency administering a pro-  
3           gram under title V of this Act.

4           “(3) *AGREEMENTS BETWEEN STATE AGENCIES*  
5           *AND EMPLOYMENT NETWORKS.*—State agencies and  
6           employment networks shall enter into agreements re-  
7           garding the conditions under which services will be  
8           provided when an individual is referred by an em-  
9           ployment network to a State agency for services. The  
10          Commissioner of Social Security shall establish by  
11          regulations the timeframe within which such agree-  
12          ments must be entered into and the mechanisms for  
13          dispute resolution between State agencies and employ-  
14          ment networks with respect to such agreements.

15          “(d) *RESPONSIBILITIES OF THE COMMISSIONER OF*  
16          *SOCIAL SECURITY.*—

17               “(1) *SELECTION AND QUALIFICATIONS OF PRO-*  
18               *GRAM MANAGERS.*—The Commissioner of Social Secu-  
19               rity shall enter into agreements with 1 or more orga-  
20               nizations in the private or public sector for service as  
21               a program manager to assist the Commissioner in ad-  
22               ministering the Program. Any such program manager  
23               shall be selected by means of a competitive bidding  
24               process, from among organizations in the private or  
25               public sector with available expertise and experience



1       *in the field of vocational rehabilitation or employ-*  
 2       *ment services.*

3               “(2) *TENURE, RENEWAL, AND EARLY TERMI-*  
 4       *NATION.—Each agreement entered into under para-*  
 5       *graph (1) shall provide for early termination upon*  
 6       *failure to meet performance standards which shall be*  
 7       *specified in the agreement and which shall be weight-*  
 8       *ed to take into account any performance in prior*  
 9       *terms. Such performance standards shall include—*

10               “(A) *measures for ease of access by bene-*  
 11       *ficiaries to services; and*

12               “(B) *measures for determining the extent to*  
 13       *which failures in obtaining services for bene-*  
 14       *ficiaries fall within acceptable parameters, as de-*  
 15       *termined by the Commissioner.*

16               “(3) *PRECLUSION FROM DIRECT PARTICIPATION*  
 17       *IN DELIVERY OF SERVICES IN OWN SERVICE AREA.—*  
 18       *Agreements under paragraph (1) shall preclude—*

19               “(A) *direct participation by a program*  
 20       *manager in the delivery of employment services,*  
 21       *vocational rehabilitation services, or other sup-*  
 22       *port services to beneficiaries in the service area*  
 23       *covered by the program manager’s agreement;*  
 24       *and*

1           “(B) the holding by a program manager of  
2           a financial interest in an employment network  
3           or service provider which provides services in a  
4           geographic area covered under the program man-  
5           ager’s agreement.

6           “(4) SELECTION OF EMPLOYMENT NETWORKS.—

7           “(A) IN GENERAL.—The Commissioner shall  
8           select and enter into agreements with employ-  
9           ment networks for service under the Program.  
10          Such employment networks shall be in addition  
11          to State agencies serving as employment net-  
12          works pursuant to elections under subsection (c).

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

21          “(5) TERMINATION OF AGREEMENTS WITH EM-  
22          PLOYMENT NETWORKS.—The Commissioner shall ter-  
23          minate agreements with employment networks for in-  
24          adequate performance, as determined by the Commis-  
25          sioner.

1           “(6) *QUALITY ASSURANCE.*—*The Commissioner*  
2           *shall provide for such periodic reviews as are nec-*  
3           *essary to provide for effective quality assurance in the*  
4           *provision of services by employment networks. The*  
5           *Commissioner shall solicit and consider the views of*  
6           *consumers and the program manager under which the*  
7           *employment networks serve and shall consult with*  
8           *providers of services to develop performance measure-*  
9           *ments. The Commissioner shall ensure that the results*  
10          *of the periodic reviews are made available to bene-*  
11          *ficiaries who are prospective service recipients as they*  
12          *select employment networks. The Commissioner shall*  
13          *ensure that the periodic surveys of beneficiaries re-*  
14          *ceiving services under the Program are designed to*  
15          *measure customer service satisfaction.*

16          “(7) *DISPUTE RESOLUTION.*—*The Commissioner*  
17          *shall provide for a mechanism for resolving disputes*  
18          *between beneficiaries and employment networks, be-*  
19          *tween program managers and employment networks,*  
20          *and between program managers and providers of*  
21          *services. The Commissioner shall afford a party to*  
22          *such a dispute a reasonable opportunity for a full*  
23          *and fair review of the matter in dispute.*

24          “(e) *PROGRAM MANAGERS.*—

1           “(1) *IN GENERAL.*—A program manager shall  
2       *conduct tasks appropriate to assist the Commissioner*  
3       *in carrying out the Commissioner’s duties in admin-*  
4       *istering the Program.*

5           “(2) *RECRUITMENT OF EMPLOYMENT NET-*  
6       *WORKS.*—A program manager shall recruit, and rec-  
7       *ommend for selection by the Commissioner, employ-*  
8       *ment networks for service under the Program. The*  
9       *program manager shall carry out such recruitment*  
10      *and provide such recommendations, and shall mon-*  
11      *itor all employment networks serving in the Program*  
12      *in the geographic area covered under the program*  
13      *manager’s agreement, to the extent necessary and ap-*  
14      *propriate to ensure that adequate choices of services*  
15      *are made available to beneficiaries. Employment net-*  
16      *works may serve under the Program only pursuant*  
17      *to an agreement entered into with the Commissioner*  
18      *under the Program incorporating the applicable pro-*  
19      *visions of this section and regulations thereunder, and*  
20      *the program manager shall provide and maintain as-*  
21      *surances to the Commissioner that payment by the*  
22      *Commissioner to employment networks pursuant to*  
23      *this section is warranted based on compliance by such*  
24      *employment networks with the terms of such agree-*  
25      *ment and this section. The program manager shall*

1     *not impose numerical limits on the number of em-*  
2     *ployment networks to be recommended pursuant to*  
3     *this paragraph.*

4             “(3) *FACILITATION OF ACCESS BY BENE-*  
5     *FICIARIES TO EMPLOYMENT NETWORKS.*—A program  
6     *manager shall facilitate access by beneficiaries to em-*  
7     *ployment networks. The program manager shall en-*  
8     *sure that each beneficiary is allowed changes in em-*  
9     *ployment networks without being deemed to have re-*  
10    *jected services under the Program. When such a*  
11    *change occurs, the program manager shall reassign*  
12    *the ticket based on the choice of the beneficiary. Upon*  
13    *the request of the employment network, the program*  
14    *manager shall make a determination of the allocation*  
15    *of the outcome or milestone-outcome payments based*  
16    *on the services provided by each employment network.*  
17    *The program manager shall establish and maintain*  
18    *lists of employment networks available to beneficiaries*  
19    *and shall make such lists generally available to the*  
20    *public. The program manager shall ensure that all in-*  
21    *formation provided to disabled beneficiaries pursuant*  
22    *to this paragraph is provided in accessible formats.*

23             “(4) *ENSURING AVAILABILITY OF ADEQUATE*  
24    *SERVICES.*—The program manager shall ensure that  
25    *employment services, vocational rehabilitation serv-*

1        *ices, and other support services are provided to bene-*  
2        *ficiaries throughout the geographic area covered under*  
3        *the program manager's agreement, including rural*  
4        *areas.*

5                *“(5) REASONABLE ACCESS TO SERVICES.—The*  
6        *program manager shall take such measures as are*  
7        *necessary to ensure that sufficient employment net-*  
8        *works are available and that each beneficiary receiv-*  
9        *ing services under the Program has reasonable access*  
10       *to employment services, vocational rehabilitation serv-*  
11       *ices, and other support services. Services provided*  
12       *under the Program may include case management,*  
13       *work incentives planning, supported employment, ca-*  
14       *reer planning, career plan development, vocational*  
15       *assessment, job training, placement, follow-up serv-*  
16       *ices, and such other services as may be specified by*  
17       *the Commissioner under the Program. The program*  
18       *manager shall ensure that such services are available*  
19       *in each service area.*

20                *“(f) EMPLOYMENT NETWORKS.—*

21                *“(1) QUALIFICATIONS FOR EMPLOYMENT NET-*  
22        *WORKS.—*

23                *“(A) IN GENERAL.—Each employment net-*  
24        *work serving under the Program shall consist of*  
25        *an agency or instrumentality of a State (or a*

1       *political subdivision thereof) or a private entity,*  
2       *that assumes responsibility for the coordination*  
3       *and delivery of services under the Program to in-*  
4       *dividuals assigning to the employment network*  
5       *tickets to work and self-sufficiency issued under*  
6       *subsection (b).*

7               “(B) *ONE-STOP DELIVERY SYSTEMS.—An*  
8       *employment network serving under the Program*  
9       *may consist of a one-stop delivery system estab-*  
10       *lished under subtitle B of title I of the Workforce*  
11       *Investment Act of 1998.*

12               “(C) *COMPLIANCE WITH SELECTION CRI-*  
13       *TERIA.—No employment network may serve*  
14       *under the Program unless it meets and main-*  
15       *tains compliance with both general selection cri-*  
16       *teria (such as professional and educational*  
17       *qualifications, where applicable) and specific se-*  
18       *lection criteria (such as substantial expertise and*  
19       *experience in providing relevant employment*  
20       *services and supports).*

21               “(D) *SINGLE OR ASSOCIATED PROVIDERS*  
22       *ALLOWED.—An employment network shall con-*  
23       *sist of either a single provider of such services or*  
24       *of an association of such providers organized so*  
25       *as to combine their resources into a single entity.*

1        *An employment network may meet the require-*  
2        *ments of subsection (e)(4) by providing services*  
3        *directly, or by entering into agreements with*  
4        *other individuals or entities providing appro-*  
5        *priate employment services, vocational rehabili-*  
6        *tation services, or other support services.*

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

11            *“(A) serve prescribed service areas; and*

12            *“(B) take such measures as are necessary to*  
13        *ensure that employment services, vocational re-*  
14        *habilitation services, and other support services*  
15        *provided under the Program by, or under agree-*  
16        *ments entered into with, the employment network*  
17        *are provided under appropriate individual work*  
18        *plans meeting the requirements of subsection (g).*

19        *“(3) ANNUAL FINANCIAL REPORTING.—Each em-*  
20        *ployment network shall meet financial reporting re-*  
21        *quirements as prescribed by the Commissioner.*

22        *“(4) PERIODIC OUTCOMES REPORTING.—Each*  
23        *employment network shall prepare periodic reports,*  
24        *on at least an annual basis, itemizing for the covered*  
25        *period specific outcomes achieved with respect to spe-*



1        *cific services provided by the employment network.*  
2        *Such reports shall conform to a national model pre-*  
3        *scribed under this section. Each employment network*  
4        *shall provide a copy of the latest report issued by the*  
5        *employment network pursuant to this paragraph to*  
6        *each beneficiary upon enrollment under the Program*  
7        *for services to be received through such employment*  
8        *network. Upon issuance of each report to each bene-*  
9        *ficiary, a copy of the report shall be maintained in*  
10       *the files of the employment network. The program*  
11       *manager shall ensure that copies of all such reports*  
12       *issued under this paragraph are made available to the*  
13       *public under reasonable terms.*

14       “(g) *INDIVIDUAL WORK PLANS.*—

15                “(1) *REQUIREMENTS.*—*Each employment net-*  
16       *work shall—*

17                        “(A) *take such measures as are necessary to*  
18                        *ensure that employment services, vocational re-*  
19                        *habilitation services, and other support services*  
20                        *provided under the Program by, or under agree-*  
21                        *ments entered into with, the employment network*  
22                        *are provided under appropriate individual work*  
23                        *plans that meet the requirements of subpara-*  
24                        *graph (C);*

1           “(B) develop and implement each such indi-  
2           vidual work plan, in partnership with each bene-  
3           ficiary receiving such services, in a manner that  
4           affords such beneficiary the opportunity to exer-  
5           cise informed choice in selecting an employment  
6           goal and specific services needed to achieve that  
7           employment goal;

8           “(C) ensure that each individual work plan  
9           includes at least—

10           “(i) a statement of the vocational goal  
11           developed with the beneficiary, including, as  
12           appropriate, goals for earnings and job ad-  
13           vancement;

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

17           “(iii) a statement of any terms and  
18           conditions related to the provision of such  
19           services and supports; and

20           “(iv) a statement of understanding re-  
21           garding the beneficiary’s rights under the  
22           Program (such as the right to retrieve the  
23           ticket to work and self-sufficiency if the ben-  
24           eficiary is dissatisfied with the services  
25           being provided by the employment network)

1           *and remedies available to the individual,*  
 2           *including information on the availability of*  
 3           *advocacy services and assistance in resolv-*  
 4           *ing disputes through the State grant pro-*  
 5           *gram authorized under section 1150;*

6           “(D) *provide a beneficiary the opportunity*  
 7           *to amend the individual work plan if a change*  
 8           *in circumstances necessitates a change in the*  
 9           *plan; and*

10           “(E) *make each beneficiary’s individual*  
 11           *work plan available to the beneficiary in, as ap-*  
 12           *propriate, an accessible format chosen by the*  
 13           *beneficiary.*

14           “(2) *EFFECTIVE UPON WRITTEN APPROVAL.—A*  
 15           *beneficiary’s individual work plan shall take effect*  
 16           *upon written approval by the beneficiary or a rep-*  
 17           *resentative of the beneficiary and a representative of*  
 18           *the employment network that, in providing such writ-*  
 19           *ten approval, acknowledges assignment of the bene-*  
 20           *ficiary’s ticket to work and self-sufficiency.*

21           “(h) *EMPLOYMENT NETWORK PAYMENT SYSTEMS.—*

22           “(1) *ELECTION OF PAYMENT SYSTEM BY EM-*  
 23           *PLOYMENT NETWORKS.—*

24           “(A) *IN GENERAL.—The Program shall pro-*  
 25           *vide for payment authorized by the Commis-*

1        *sioner to employment networks under either an*  
2        *outcome payment system or an outcome-mile-*  
3        *stone payment system. Each employment net-*  
4        *work shall elect which payment system will be*  
5        *utilized by the employment network, and, for*  
6        *such period of time as such election remains in*  
7        *effect, the payment system so elected shall be uti-*  
8        *lized exclusively in connection with such employ-*  
9        *ment network (except as provided in subpara-*  
10       *graph (B)).*

11                *“(B) NO CHANGE IN METHOD OF PAYMENT*  
12        *FOR BENEFICIARIES WITH TICKETS ALREADY AS-*  
13        *SIGNED TO THE EMPLOYMENT NETWORKS.—Any*  
14        *election of a payment system by an employment*  
15        *network that would result in a change in the*  
16        *method of payment to the employment network*  
17        *for services provided to a beneficiary who is re-*  
18        *ceiving services from the employment network at*  
19        *the time of the election shall not be effective with*  
20        *respect to payment for services provided to that*  
21        *beneficiary and the method of payment pre-*  
22        *viously selected shall continue to apply with re-*  
23        *spect to such services.*

24                *“(2) OUTCOME PAYMENT SYSTEM.—*

1           “(A) *IN GENERAL.*—*The outcome payment*  
2           *system shall consist of a payment structure gov-*  
3           *erning employment networks electing such sys-*  
4           *tem under paragraph (1)(A) which meets the re-*  
5           *quirements of this paragraph.*

6           “(B) *PAYMENTS MADE DURING OUTCOME*  
7           *PAYMENT PERIOD.*—*The outcome payment sys-*  
8           *tem shall provide for a schedule of payments to*  
9           *an employment network, in connection with each*  
10          *individual who is a beneficiary, for each month,*  
11          *during the individual’s outcome payment period,*  
12          *for which benefits (described in paragraphs (3)*  
13          *and (4) of subsection (k)) are not payable to such*  
14          *individual because of work or earnings.*

15          “(C) *COMPUTATION OF PAYMENTS TO EM-*  
16          *PLOYMENT NETWORK.*—*The payment schedule of*  
17          *the outcome payment system shall be designed so*  
18          *that—*

19               “(i) *the payment for each month dur-*  
20               *ing the outcome payment period for which*  
21               *benefits (described in paragraphs (3) and*  
22               *(4) of subsection (k)) are not payable is*  
23               *equal to a fixed percentage of the payment*  
24               *calculation base for the calendar year in*  
25               *which such month occurs; and*

1                   “(ii) *such fixed percentage is set at a*  
2                   *percentage which does not exceed 40 percent.*

3                   “(3) *OUTCOME-MILESTONE PAYMENT SYSTEM.—*

4                   “(A) *IN GENERAL.—The outcome-milestone*  
5                   *payment system shall consist of a payment*  
6                   *structure governing employment networks elect-*  
7                   *ing such system under paragraph (1)(A) which*  
8                   *meets the requirements of this paragraph.*

9                   “(B) *EARLY PAYMENTS UPON ATTAINMENT*  
10                  *OF MILESTONES IN ADVANCE OF OUTCOME PAY-*  
11                  *MENT PERIODS.—The outcome-milestone pay-*  
12                  *ment system shall provide for 1 or more mile-*  
13                  *stones, with respect to beneficiaries receiving*  
14                  *services from an employment network under the*  
15                  *Program, that are directed toward the goal of*  
16                  *permanent employment. Such milestones shall*  
17                  *form a part of a payment structure that pro-*  
18                  *vides, in addition to payments made during out-*  
19                  *come payment periods, payments made prior to*  
20                  *outcome payment periods in amounts based on*  
21                  *the attainment of such milestones.*

22                  “(C) *LIMITATION ON TOTAL PAYMENTS TO*  
23                  *EMPLOYMENT NETWORK.—The payment schedule*  
24                  *of the outcome milestone payment system shall be*  
25                  *designed so that the total of the payments to the*

1        *employment network with respect to each bene-*  
 2        *ficiary is less than, on a net present value basis*  
 3        *(using an interest rate determined by the Com-*  
 4        *missioner that appropriately reflects the cost of*  
 5        *funds faced by providers), the total amount to*  
 6        *which payments to the employment network with*  
 7        *respect to the beneficiary would be limited if the*  
 8        *employment network were paid under the out-*  
 9        *come payment system.*

10        “(4) *DEFINITIONS.—In this subsection:*

11                “(A) *PAYMENT CALCULATION BASE.—The*  
 12        *term ‘payment calculation base’ means, for any*  
 13        *calendar year—*

14                “(i) *in connection with a title II dis-*  
 15        *ability beneficiary, the average disability*  
 16        *insurance benefit payable under section 223*  
 17        *for all beneficiaries for months during the*  
 18        *preceding calendar year; and*

19                “(ii) *in connection with a title XVI*  
 20        *disability beneficiary (who is not concu-*  
 21        *rently a title II disability beneficiary), the*  
 22        *average payment of supplemental security*  
 23        *income benefits based on disability payable*  
 24        *under title XVI (excluding State supplemen-*  
 25        *tation) for months during the preceding cal-*

1            *endar year to all beneficiaries who have at-*  
2            *tained 18 years of age but have not attained*  
3            *65 years of age.*

4            “(B) *OUTCOME PAYMENT PERIOD.*—*The*  
5            *term ‘outcome payment period’ means, in con-*  
6            *nection with any individual who had assigned a*  
7            *ticket to work and self-sufficiency to an employ-*  
8            *ment network under the Program, a period—*

9            *“(i) beginning with the first month,*  
10           *ending after the date on which such ticket*  
11           *was assigned to the employment network,*  
12           *for which benefits (described in paragraphs*  
13           *(3) and (4) of subsection (k)) are not pay-*  
14           *able to such individual by reason of engage-*  
15           *ment in substantial gainful activity or by*  
16           *reason of earnings from work activity; and*

17           *“(ii) ending with the 60th month (con-*  
18           *secutive or otherwise), ending after such*  
19           *date, for which such benefits are not pay-*  
20           *able to such individual by reason of engage-*  
21           *ment in substantial gainful activity or by*  
22           *reason of earnings from work activity.*

23           “(5) *PERIODIC REVIEW AND ALTERATIONS OF*  
24           *PRESCRIBED SCHEDULES.*—



1           “(A) *PERCENTAGES AND PERIODS.*—The  
2           *Commissioner shall periodically review the per-*  
3           *centage specified in paragraph (2)(C), the total*  
4           *payments permissible under paragraph (3)(C),*  
5           *and the period of time specified in paragraph*  
6           *(4)(B) to determine whether such percentages,*  
7           *such permissible payments, and such period pro-*  
8           *vide an adequate incentive for employment net-*  
9           *works to assist beneficiaries to enter the work-*  
10          *force, while providing for appropriate economies.*  
11          *The Commissioner may alter such percentage,*  
12          *such total permissible payments, or such period*  
13          *of time to the extent that the Commissioner de-*  
14          *termines, on the basis of the Commissioner’s re-*  
15          *view under this paragraph, that such an alter-*  
16          *ation would better provide the incentive and*  
17          *economies described in the preceding sentence.*

18          “(B) *NUMBER AND AMOUNT OF MILESTONE*  
19          *PAYMENTS.*—The Commissioner shall periodi-  
20          *cally review the number and amounts of mile-*  
21          *stone payments established by the Commissioner*  
22          *pursuant to this section to determine whether*  
23          *they provide an adequate incentive for employ-*  
24          *ment networks to assist beneficiaries to enter the*  
25          *workforce, taking into account information pro-*

1        *vided to the Commissioner by program man-*  
2        *agers, the Ticket to Work and Work Incentives*  
3        *Advisory Panel established by section 101(f) of*  
4        *the Ticket to Work and Work Incentives Im-*  
5        *provement Act of 1999, and other reliable*  
6        *sources. The Commissioner may from time to*  
7        *time alter the number and amounts of milestone*  
8        *payments initially established by the Commis-*  
9        *sioner pursuant to this section to the extent that*  
10       *the Commissioner determines that such an alter-*  
11       *ation would allow an adequate incentive for em-*  
12       *ployment networks to assist beneficiaries to enter*  
13       *the workforce. Such alteration shall be based on*  
14       *information provided to the Commissioner by*  
15       *program managers, the Ticket to Work and Work*  
16       *Incentives Advisory Panel established by section*  
17       *101(f) of the Ticket to Work and Work Incentives*  
18       *Improvement Act of 1999, or other reliable*  
19       *sources.*

20                *“(C) REPORT ON THE ADEQUACY OF INCEN-*  
21        *TIVES.—The Commissioner shall submit to Con-*  
22        *gress not later than 36 months after the date of*  
23        *the enactment of the Ticket to Work and Work*  
24        *Incentives Improvement Act of 1999 a report*  
25        *with recommendations for a method or methods*

to adjust payment rates under subparagraphs (A) and (B), that would ensure adequate incentives for the provision of services by employment networks of—

“(i) individuals with a need for ongoing support and services;

“(ii) individuals with a need for high-cost accommodations;

“(iii) individuals who earn a subminimum wage; and

“(iv) individuals who work and receive partial cash benefits.

The Commissioner shall consult with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999 during the development and evaluation of the study. The Commissioner shall implement the necessary adjusted payment rates prior to full implementation of the Ticket to Work and Self-Sufficiency Program.

“(i) *SUSPENSION OF DISABILITY REVIEWS.*—During any period for which an individual is using, as defined by the Commissioner, a ticket to work and self-sufficiency issued under this section, the Commissioner (and any ap-

1 *plicable State agency) may not initiate a continuing dis-*  
 2 *ability review or other review under section 221 of whether*  
 3 *the individual is or is not under a disability or a review*  
 4 *under title XVI similar to any such review under section*  
 5 *221.*

6 “(j) *AUTHORIZATIONS.—*

7 “(1) *PAYMENTS TO EMPLOYMENT NETWORKS.—*

8 “(A) *TITLE II DISABILITY BENE-*  
 9 *FICIARIES.—There are authorized to be trans-*  
 10 *ferred from the Federal Old-Age and Survivors*  
 11 *Insurance Trust Fund and the Federal Dis-*  
 12 *ability Insurance Trust Fund each fiscal year*  
 13 *such sums as may be necessary to make pay-*  
 14 *ments to employment networks under this sec-*  
 15 *tion. Money paid from the Trust Funds under*  
 16 *this section with respect to title II disability*  
 17 *beneficiaries who are entitled to benefits under*  
 18 *section 223 or who are entitled to benefits under*  
 19 *section 202(d) on the basis of the wages and self-*  
 20 *employment income of such beneficiaries, shall be*  
 21 *charged to the Federal Disability Insurance*  
 22 *Trust Fund, and all other money paid from the*  
 23 *Trust Funds under this section shall be charged*  
 24 *to the Federal Old-Age and Survivors Insurance*  
 25 *Trust Fund.*

1                   “(B) *TITLE XVI DISABILITY BENE-*  
 2                   *FICIARIES.—Amounts authorized to be appro-*  
 3                   *priated to the Social Security Administration*  
 4                   *under section 1601 (as in effect pursuant to the*  
 5                   *amendments made by section 301 of the Social*  
 6                   *Security Amendments of 1972) shall include*  
 7                   *amounts necessary to carry out the provisions of*  
 8                   *this section with respect to title XVI disability*  
 9                   *beneficiaries.*

10                  “(2) *ADMINISTRATIVE EXPENSES.—The costs of*  
 11                  *administering this section (other than payments to*  
 12                  *employment networks) shall be paid from amounts*  
 13                  *made available for the administration of title II and*  
 14                  *amounts made available for the administration of*  
 15                  *title XVI, and shall be allocated among such amounts*  
 16                  *as appropriate.*

17                  “(k) *DEFINITIONS.—In this section:*

18                         “(1) *COMMISSIONER.—The term ‘Commissioner’*  
 19                         *means the Commissioner of Social Security.*

20                         “(2) *DISABLED BENEFICIARY.—The term ‘dis-*  
 21                         *abled beneficiary’ means a title II disability bene-*  
 22                         *ficiary or a title XVI disability beneficiary.*

23                         “(3) *TITLE II DISABILITY BENEFICIARY.—The*  
 24                         *term ‘title II disability beneficiary’ means an indi-*  
 25                         *vidual entitled to disability insurance benefits under*

1        *section 223 or to monthly insurance benefits under*  
 2        *section 202 based on such individual's disability (as*  
 3        *defined in section 223(d)). An individual is a title II*  
 4        *disability beneficiary for each month for which such*  
 5        *individual is entitled to such benefits.*

6            *“(4) TITLE XVI DISABILITY BENEFICIARY.—The*  
 7        *term ‘title XVI disability beneficiary’ means an indi-*  
 8        *vidual eligible for supplemental security income bene-*  
 9        *fits under title XVI on the basis of blindness (within*  
 10       *the meaning of section 1614(a)(2)) or disability*  
 11       *(within the meaning of section 1614(a)(3)). An indi-*  
 12       *vidual is a title XVI disability beneficiary for each*  
 13       *month for which such individual is eligible for such*  
 14       *benefits.*

15           *“(5) SUPPLEMENTAL SECURITY INCOME BEN-*  
 16        *EFIT.—The term ‘supplemental security income ben-*  
 17        *efit under title XVI’ means a cash benefit under sec-*  
 18        *tion 1611 or 1619(a), and does not include a State*  
 19        *supplementary payment, administered federally or*  
 20        *otherwise.*

21           *“(l) REGULATIONS.—Not later than 1 year after the*  
 22        *date of the enactment of the Ticket to Work and Work Incen-*  
 23        *tives Improvement Act of 1999, the Commissioner shall pre-*  
 24        *scribe such regulations as are necessary to carry out the*  
 25        *provisions of this section.”.*

1       **(b) CONFORMING AMENDMENTS.—**

2               **(1) AMENDMENTS TO TITLE II.—**

3                       **(A) Section 221(i) of the Social Security**  
 4                       **Act (42 U.S.C. 421(i)) is amended by adding at**  
 5                       **the end the following:**

6               **“(5) For suspension of reviews under this subsection**  
 7               **in the case of an individual using a ticket to work and**  
 8               **self-sufficiency, see section 1148(i).”.**

9                       **(B) Section 222(a) of such Act (42 U.S.C.**  
 10                      **422(a)) is repealed.**

11                      **(C) Section 222(b) of such Act (42 U.S.C.**  
 12                      **422(b)) is repealed.**

13                      **(D) Section 225(b)(1) of such Act (42**  
 14                      **U.S.C. 425(b)(1)) is amended by striking “a pro-**  
 15                      **gram of vocational rehabilitation services” and**  
 16                      **inserting “a program consisting of the Ticket to**  
 17                      **Work and Self-Sufficiency Program under sec-**  
 18                      **tion 1148 or another program of vocational reha-**  
 19                      **ilitation services, employment services, or other**  
 20                      **support services”.**

21               **(2) AMENDMENTS TO TITLE XVI.—**

22                      **(A) Section 1615(a) of such Act (42 U.S.C.**  
 23                      **1382d(a)) is amended to read as follows:**

24               **“SEC. 1615. (a) In the case of any blind or disabled**  
 25               **individual who—**

1           “(1) has not attained age 16; and  
2           “(2) with respect to whom benefits are paid  
3       under this title,  
4 the Commissioner of Social Security shall make provision  
5 for referral of such individual to the appropriate State  
6 agency administering the State program under title V.”.

7           (B) Section 1615(c) of such Act (42 U.S.C.  
8       1382d(c)) is repealed.

9           (C) Section 1631(a)(6)(A) of such Act (42  
10       U.S.C. 1383(a)(6)(A)) is amended by striking “a  
11       program of vocational rehabilitation services”  
12       and inserting “a program consisting of the Tick-  
13       et to Work and Self-Sufficiency Program under  
14       section 1148 or another program of vocational  
15       rehabilitation services, employment services, or  
16       other support services”.

17          (D) Section 1633(c) of such Act (42 U.S.C.  
18       1383b(c)) is amended—

19               (i) by inserting “(1)” after “(c)”; and  
20               (ii) by adding at the end the following:

21       “(2) For suspension of continuing disability reviews  
22       and other reviews under this title similar to reviews under  
23       section 221 in the case of an individual using a ticket to  
24       work and self-sufficiency, see section 1148(i).”.



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

5       (d) *GRADUATED IMPLEMENTATION OF PROGRAM.*—

6           (1) *IN GENERAL.*—Not later than 1 year after  
 7       the date of the enactment of this Act, the Commis-  
 8       sioner of Social Security shall commence implementa-  
 9       tion of the amendments made by this section (other  
 10      than paragraphs (1)(C) and (2)(B) of subsection (b))  
 11      in graduated phases at phase-in sites selected by the  
 12      Commissioner. Such phase-in sites shall be selected so  
 13      as to ensure, prior to full implementation of the Tick-  
 14      et to Work and Self-Sufficiency Program, the develop-  
 15      ment and refinement of referral processes, payment  
 16      systems, computer linkages, management information  
 17      systems, and administrative processes necessary to  
 18      provide for full implementation of such amendments.  
 19      Subsection (c) shall apply with respect to paragraphs  
 20      (1)(C) and (2)(B) of subsection (b) without regard to  
 21      this subsection.

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

1       to ensure that the most efficacious methods are deter-  
2       mined and in place for full implementation of the  
3       Program on a timely basis.

4               (3) *FULL IMPLEMENTATION.*—The Commissioner  
5       shall ensure that ability to provide tickets and serv-  
6       ices to individuals under the Program exists in every  
7       State as soon as practicable on or after the effective  
8       date specified in subsection (c) but not later than 3  
9       years after such date.

10              (4) *ONGOING EVALUATION OF PROGRAM.*—

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

19                   (B) *CONSULTATION.*—The Commissioner  
20       shall design and carry out the series of evalua-  
21       tions after receiving relevant advice from experts  
22       in the fields of disability, vocational rehabilita-  
23       tion, and program evaluation and individuals  
24       using tickets to work and self-sufficiency under  
25       the Program and consulting with the Ticket to

1        *Work and Work Incentives Advisory Panel estab-*  
 2        *lished under section 101(f), the Comptroller Gen-*  
 3        *eral of the United States, other agencies of the*  
 4        *Federal Government, and private organizations*  
 5        *with appropriate expertise.*

6                (C) *METHODOLOGY.*—

7                    (i) *IMPLEMENTATION.*—*The Commis-*  
 8                    *sioner, in consultation with the Ticket to*  
 9                    *Work and Work Incentives Advisory Panel*  
 10                   *established under section 101(f), shall ensure*  
 11                   *that plans for evaluations and data collec-*  
 12                   *tion methods under the Program are appro-*  
 13                   *priately designed to obtain detailed employ-*  
 14                   *ment information.*

15                   (ii) *SPECIFIC MATTERS TO BE AD-*  
 16                   *DRESSED.*—*Each such evaluation shall ad-*  
 17                   *dress (but is not limited to)—*

18                        (I) *the annual cost (including net*  
 19                        *cost) of the Program and the annual*  
 20                        *cost (including net cost) that would*  
 21                        *have been incurred in the absence of*  
 22                        *the Program;*

23                        (II) *the determinants of return to*  
 24                        *work, including the characteristics of*

1 beneficiaries in receipt of tickets under  
2 the Program;

3 (III) the types of employment  
4 services, vocational rehabilitation serv-  
5 ices, and other support services fur-  
6 nished to beneficiaries in receipt of  
7 tickets under the Program who return  
8 to work and to those who do not return  
9 to work;

10 (IV) the duration of employment  
11 services, vocational rehabilitation serv-  
12 ices, and other support services fur-  
13 nished to beneficiaries in receipt of  
14 tickets under the Program who return  
15 to work and the duration of such serv-  
16 ices furnished to those who do not re-  
17 turn to work and the cost to employ-  
18 ment networks of furnishing such serv-  
19 ices;

20 (V) the employment outcomes, in-  
21 cluding wages, occupations, benefits,  
22 and hours worked, of beneficiaries who  
23 return to work after receiving tickets  
24 under the Program and those who re-

1           *turn to work without receiving such*  
2           *tickets;*

3                     *(VI) the characteristics of individ-*  
4           *uals in possession of tickets under the*  
5           *Program who are not accepted for serv-*  
6           *ices and, to the extent reasonably deter-*  
7           *minable, the reasons for which such*  
8           *beneficiaries were not accepted for serv-*  
9           *ices;*

10                    *(VII) the characteristics of pro-*  
11           *viders whose services are provided*  
12           *within an employment network under*  
13           *the Program;*

14                    *(VIII) the extent (if any) to which*  
15           *employment networks display a greater*  
16           *willingness to provide services to bene-*  
17           *ficiaries with a range of disabilities;*

18                    *(IX) the characteristics (including*  
19           *employment outcomes) of those bene-*  
20           *ficiaries who receive services under the*  
21           *outcome payment system and of those*  
22           *beneficiaries who receive services under*  
23           *the outcome-milestone payment system;*

1                   (X)    *measures of satisfaction*  
2                   *among beneficiaries in receipt of tick-*  
3                   *ets under the Program; and*

4                   (XI) *reasons for (including com-*  
5                   *ments solicited from beneficiaries re-*  
6                   *garding) their choice not to use their*  
7                   *tickets or their inability to return to*  
8                   *work despite the use of their tickets.*

9                   (D) *PERIODIC EVALUATION REPORTS.—Fol-*  
10                  *lowing the close of the third and fifth fiscal years*  
11                  *ending after the effective date under subsection*  
12                  *(c), and prior to the close of the seventh fiscal*  
13                  *year ending after such date, the Commissioner*  
14                  *shall transmit to the Committee on Ways and*  
15                  *Means of the House of Representatives and the*  
16                  *Committee on Finance of the Senate a report*  
17                  *containing the Commissioner's evaluation of the*  
18                  *progress of activities conducted under the provi-*  
19                  *sions of this section and the amendments made*  
20                  *thereby. Each such report shall set forth the*  
21                  *Commissioner's evaluation of the extent to which*  
22                  *the Program has been successful and the Com-*  
23                  *missioner's conclusions on whether or how the*  
24                  *Program should be modified. Each such report*  
25                  *shall include such data, findings, materials, and*

1           *recommendations as the Commissioner may con-*  
 2           *sider appropriate.*

3           (5) *EXTENT OF STATE’S RIGHT OF FIRST RE-*  
 4           *FUSAL IN ADVANCE OF FULL IMPLEMENTATION OF*  
 5           *AMENDMENTS IN SUCH STATE.—*

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

11                     (i) *the requirement under section*  
 12           *222(a) for prompt referrals to a State agen-*  
 13           *cy; and*

14                     (ii) *the authority of the Commissioner*  
 15           *under section 222(d)(2) of the Social Secu-*  
 16           *rity Act to provide vocational rehabilitation*  
 17           *services in such State by agreement or con-*  
 18           *tract with other public or private agencies,*  
 19           *organizations, institutions, or individuals,*  
 20          *shall apply in such State.*

21                     (B) *EXISTING AGREEMENTS.—Nothing in*  
 22           *subparagraph (A) or the amendments made by*  
 23           *subsection (a) shall be construed to limit, im-*  
 24           *pede, or otherwise affect any agreement entered*  
 25           *into pursuant to section 222(d)(2) of the Social*

1       *Security Act before the date of the enactment of*  
 2       *this Act with respect to services provided pursu-*  
 3       *ant to such agreement to beneficiaries receiving*  
 4       *services under such agreement as of such date,*  
 5       *except with respect to services (if any) to be pro-*  
 6       *vided after 3 years after the effective date pro-*  
 7       *vided in subsection (c).*

8       *(e) SPECIFIC REGULATIONS REQUIRED.—*

9           *(1) IN GENERAL.—The Commissioner of Social*  
 10       *Security shall prescribe such regulations as are nec-*  
 11       *essary to implement the amendments made by this*  
 12       *section.*

13           *(2) SPECIFIC MATTERS TO BE INCLUDED IN REG-*  
 14       *ULATIONS.—The matters which shall be addressed in*  
 15       *such regulations shall include—*

16               *(A) the form and manner in which tickets*  
 17               *to work and self-sufficiency may be distributed to*  
 18               *beneficiaries pursuant to section 1148(b)(1) of*  
 19               *the Social Security Act;*

20               *(B) the format and wording of such tickets,*  
 21               *which shall incorporate by reference any contrac-*  
 22               *tual terms governing service by employment net-*  
 23               *works under the Program;*

24               *(C) the form and manner in which State*  
 25               *agencies may elect participation in the Ticket to*



1        *Work and Self-Sufficiency Program pursuant to*  
2        *section 1148(c)(1) of such Act and provision for*  
3        *periodic opportunities for exercising such elec-*  
4        *tions;*

5                *(D) the status of State agencies under sec-*  
6        *tion 1148(c)(1) of such Act at the time that State*  
7        *agencies exercise elections under that section;*

8                *(E) the terms of agreements to be entered*  
9        *into with program managers pursuant to section*  
10       *1148(d) of such Act, including—*

11                *(i) the terms by which program man-*  
12       *agers are precluded from direct participa-*  
13       *tion in the delivery of services pursuant to*  
14       *section 1148(d)(3) of such Act;*

15                *(ii) standards which must be met by*  
16       *quality assurance measures referred to in*  
17       *paragraph (6) of section 1148(d) of such*  
18       *Act and methods of recruitment of employ-*  
19       *ment networks utilized pursuant to para-*  
20       *graph (2) of section 1148(e) of such Act;*  
21       *and*

22                *(iii) the format under which dispute*  
23       *resolution will operate under section*  
24       *1148(d)(7) of such Act;*

1           (F) the terms of agreements to be entered  
2           into with employment networks pursuant to sec-  
3           tion 1148(d)(4) of such Act, including—

4                   (i) the manner in which service areas  
5                   are specified pursuant to section  
6                   1148(f)(2)(A) of such Act;

7                   (ii) the general selection criteria and  
8                   the specific selection criteria which are ap-  
9                   plicable to employment networks under sec-  
10                  tion 1148(f)(1)(C) of such Act in selecting  
11                  service providers;

12                  (iii) specific requirements relating to  
13                  annual financial reporting by employment  
14                  networks pursuant to section 1148(f)(3) of  
15                  such Act; and

16                  (iv) the national model to which peri-  
17                  odic outcomes reporting by employment net-  
18                  works must conform under section  
19                  1148(f)(4) of such Act;

20           (G) standards which must be met by indi-  
21           vidual work plans pursuant to section 1148(g) of  
22           such Act;

23           (H) standards which must be met by pay-  
24           ment systems required under section 1148(h) of  
25           such Act, including—

1                   (i) *the form and manner in which elec-*  
 2                   *tions by employment networks of payment*  
 3                   *systems are to be exercised pursuant to sec-*  
 4                   *tion 1148(h)(1)(A) of such Act;*

5                   (ii) *the terms which must be met by an*  
 6                   *outcome payment system under section*  
 7                   *1148(h)(2) of such Act;*

8                   (iii) *the terms which must be met by*  
 9                   *an outcome-milestone payment system*  
 10                  *under section 1148(h)(3) of such Act;*

11                  (iv) *any revision of the percentage*  
 12                  *specified in paragraph (2)(C) of section*  
 13                  *1148(h) of such Act or the period of time*  
 14                  *specified in paragraph (4)(B) of such sec-*  
 15                  *tion 1148(h) of such Act; and*

16                  (v) *annual oversight procedures for*  
 17                  *such systems; and*

18                  (I) *procedures for effective oversight of the*  
 19                  *Program by the Commissioner of Social Secu-*  
 20                  *rity, including periodic reviews and reporting*  
 21                  *requirements.*

22                  (f) *THE TICKET TO WORK AND WORK INCENTIVES AD-*  
 23                  *VISORY PANEL.—*

24                  (1) *ESTABLISHMENT.—There is established with-*  
 25                  *in the Social Security Administration a panel to be*

1       *known as the “Ticket to Work and Work Incentives*  
2       *Advisory Panel” (in this subsection referred to as the*  
3       *“Panel”).*

4               (2) *DUTIES OF PANEL.—It shall be the duty of*  
5       *the Panel to—*

6                       (A) *advise the President, the Congress, and*  
7       *the Commissioner of Social Security on issues*  
8       *related to work incentives programs, planning,*  
9       *and assistance for individuals with disabilities,*  
10       *including work incentive provisions under titles*  
11       *II, XI, XVI, XVIII, and XIX of the Social Secu-*  
12       *rity Act (42 U.S.C. 401 et seq., 1301 et seq.,*  
13       *1381 et seq., 1395 et seq., 1396 et seq.); and*

14                      (B) *with respect to the Ticket to Work and*  
15       *Self-Sufficiency Program established under sec-*  
16       *tion 1148 of such Act—*

17                               (i) *advise the Commissioner of Social*  
18       *Security with respect to establishing phase-*  
19       *in sites for such Program and fully imple-*  
20       *menting the Program thereafter, the refine-*  
21       *ment of access of disabled beneficiaries to*  
22       *employment networks, payment systems,*  
23       *and management information systems, and*  
24       *advise the Commissioner whether such*

1           *measures are being taken to the extent nec-*  
2           *essary to ensure the success of the Program;*

3           *(ii) advise the Commissioner regarding*  
4           *the most effective designs for research and*  
5           *demonstration projects associated with the*  
6           *Program or conducted pursuant to section*  
7           *302 of this Act;*

8           *(iii) advise the Commissioner on the*  
9           *development of performance measurements*  
10          *relating to quality assurance under section*  
11          *1148(d)(6) of the Social Security Act; and*

12          *(iv) furnish progress reports on the*  
13          *Program to the Commissioner and each*  
14          *House of Congress.*

15       (3) *MEMBERSHIP.—*

16           (A) *NUMBER AND APPOINTMENT.—The*  
17           *Panel shall be composed of 12 members as fol-*  
18           *lows:*

19           *(i) 4 members appointed by the Presi-*  
20           *dent, not more than 2 of whom may be of*  
21           *the same political party;*

22           *(ii) 2 members appointed by the*  
23           *Speaker of the House of Representatives, in*  
24           *consultation with the Chairman of the Com-*

1                    *mittee on Ways and Means of the House of*  
2                    *Representatives;*

3                    *(iii) 2 members appointed by the mi-*  
4                    *nority leader of the House of Representa-*  
5                    *tives, in consultation with the ranking*  
6                    *member of the Committee on Ways and*  
7                    *Means of the House of Representatives;*

8                    *(iv) 2 members appointed by the ma-*  
9                    *jority leader of the Senate, in consultation*  
10                   *with the Chairman of the Committee on Fi-*  
11                   *nance of the Senate; and*

12                   *(v) 2 members appointed by the minor-*  
13                   *ity leader of the Senate, in consultation*  
14                   *with the ranking member of the Committee*  
15                   *on Finance of the Senate.*

16                   *(B) REPRESENTATION.—Of the members*  
17                   *appointed under subparagraph (A), at least 8*  
18                   *shall have experience or expert knowledge as a*  
19                   *recipient, provider, employer, or employee in the*  
20                   *fields of, or related to, employment services, voca-*  
21                   *tional rehabilitation services, and other support*  
22                   *services, of whom—*

23                   *(i) at least 2 shall represent the inter-*  
24                   *ests of recipients of employment services, vo-*

1            *cational rehabilitation services, and other*  
 2            *support services;*

3            *(ii) at least 2 shall represent the inter-*  
 4            *ests of providers of employment services, vo-*  
 5            *cational rehabilitation services, and other*  
 6            *support services;*

7            *(iii) at least 2 shall represent the inter-*  
 8            *ests of private employers; and*

9            *(iv) at least 2 shall represent the inter-*  
 10           *ests of employees.*

11           *At least  $\frac{1}{2}$  of the members described in each*  
 12           *clause of subparagraph (A) shall be individuals*  
 13           *with disabilities, or representatives of individ-*  
 14           *uals with disabilities, with consideration to cur-*  
 15           *rent or former title II disability beneficiaries or*  
 16           *title XVI disability beneficiaries (as such terms*  
 17           *are defined in section 1148(k) of the Social Secu-*  
 18           *rity Act (as added by subsection (a)).*

19           *(C) TERMS.—*

20           *(i) IN GENERAL.—Each member shall*  
 21           *be appointed for a term of 4 years (or, if*  
 22           *less, for the remaining life of the Panel), ex-*  
 23           *cept as provided in clauses (ii) and (iii).*  
 24           *The initial members shall be appointed not*

1           *later than 90 days after the date of the en-*  
2           *actment of this Act.*

3           (ii) *TERMS OF INITIAL APPOINTEES.—*  
4           *As designated by the President at the time*  
5           *of appointment, of the members first*  
6           *appointed—*

7                   (I) *1/2 of the members appointed*  
8                   *under subparagraph (A) shall be ap-*  
9                   *pointed for a term of 2 years; and*

10                   (II) *the remaining members ap-*  
11                   *pointed under subparagraph (A) shall*  
12                   *be appointed for a term of 4 years.*

13           (iii) *VACANCIES.—Any member ap-*  
14           *pointed to fill a vacancy occurring before*  
15           *the expiration of the term for which the*  
16           *member's predecessor was appointed shall be*  
17           *appointed only for the remainder of that*  
18           *term. A member may serve after the expira-*  
19           *tion of that member's term until a successor*  
20           *has taken office. A vacancy in the Panel*  
21           *shall be filled in the manner in which the*  
22           *original appointment was made.*

23           (D) *BASIC PAY.—Members shall each be*  
24           *paid at a rate, and in a manner, that is con-*  
25           *sistent with guidelines established under section*



1           7 of the Federal Advisory Committee Act (5  
2           U.S.C. App.).

3           (E) TRAVEL EXPENSES.—Each member  
4           shall receive travel expenses, including per diem  
5           in lieu of subsistence, in accordance with sections  
6           5702 and 5703 of title 5, United States Code.

7           (F) QUORUM.—8 members of the Panel  
8           shall constitute a quorum but a lesser number  
9           may hold hearings.

10          (G) CHAIRPERSON.—The Chairperson of the  
11          Panel shall be designated by the President. The  
12          term of office of the Chairperson shall be 4 years.

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

16          (4) DIRECTOR AND STAFF OF PANEL; EXPERTS  
17          AND CONSULTANTS.—

18          (A) DIRECTOR.—The Panel shall have a Di-  
19          rector who shall be appointed by the Panel, and  
20          paid at a rate, and in a manner, that is con-  
21          sistent with guidelines established under section  
22          7 of the Federal Advisory Committee Act (5  
23          U.S.C. App.).

24          (B) STAFF.—Subject to rules prescribed by  
25          the Commissioner of Social Security, the Direc-

1        *tor may appoint and fix the pay of additional*  
2        *personnel as the Director considers appropriate.*

3            *(C) EXPERTS AND CONSULTANTS.—Subject*  
4        *to rules prescribed by the Commissioner of Social*  
5        *Security, the Director may procure temporary*  
6        *and intermittent services under section 3109(b)*  
7        *of title 5, United States Code.*

8            *(D) STAFF OF FEDERAL AGENCIES.—Upon*  
9        *request of the Panel, the head of any Federal de-*  
10       *partment or agency may detail, on a reimburs-*  
11       *able basis, any of the personnel of that depart-*  
12       *ment or agency to the Panel to assist it in car-*  
13       *rying out its duties under this Act.*

14        *(5) POWERS OF PANEL.—*

15            *(A) HEARINGS AND SESSIONS.—The Panel*  
16        *may, for the purpose of carrying out its duties*  
17        *under this subsection, hold such hearings, sit and*  
18        *act at such times and places, and take such testi-*  
19        *mony and evidence as the Panel considers appro-*  
20        *priate.*

21            *(B) POWERS OF MEMBERS AND AGENTS.—*  
22        *Any member or agent of the Panel may, if au-*  
23        *thorized by the Panel, take any action which the*  
24        *Panel is authorized to take by this section.*

1           (C) *MAILS*.—*The Panel may use the United*  
2           *States mails in the same manner and under the*  
3           *same conditions as other departments and agen-*  
4           *cies of the United States.*

5           (6) *REPORTS*.—

6           (A) *INTERIM REPORTS*.—*The Panel shall*  
7           *submit to the President and the Congress interim*  
8           *reports at least annually.*

9           (B) *FINAL REPORT*.—*The Panel shall trans-*  
10          *mit a final report to the President and the Con-*  
11          *gress not later than eight years after the date of*  
12          *the enactment of this Act. The final report shall*  
13          *contain a detailed statement of the findings and*  
14          *conclusions of the Panel, together with its rec-*  
15          *ommendations for legislation and administrative*  
16          *actions which the Panel considers appropriate.*

17          (7) *TERMINATION*.—*The Panel shall terminate*  
18          *30 days after the date of the submission of its final*  
19          *report under paragraph (6)(B).*

20          (8) *AUTHORIZATION OF APPROPRIATIONS*.—  
21          *There are authorized to be appropriated from the Fed-*  
22          *eral Old-Age and Survivors Insurance Trust Fund,*  
23          *the Federal Disability Insurance Trust Fund, and the*  
24          *general fund of the Treasury, as appropriate, such*  
25          *sums as are necessary to carry out this subsection.*

1     ***Subtitle B—Elimination of Work***  
2                     ***Disincentives***

3     ***SEC. 111. WORK ACTIVITY STANDARD AS A BASIS FOR RE-***  
4                     ***VIEW OF AN INDIVIDUAL’S DISABLED STATUS.***

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

8             *“(m)(1) In any case where an individual entitled to*  
9     *disability insurance benefits under section 223 or to month-*  
10    *ly insurance benefits under section 202 based on such indi-*  
11    *vidual’s disability (as defined in section 223(d)) has re-*  
12    *ceived such benefits for at least 24 months—*

13            *“(A) no continuing disability review conducted*  
14    *by the Commissioner may be scheduled for the indi-*  
15    *vidual solely as a result of the individual’s work ac-*  
16    *tivity;*

17            *“(B) no work activity engaged in by the indi-*  
18    *vidual may be used as evidence that the individual is*  
19    *no longer disabled; and*

20            *“(C) no cessation of work activity by the indi-*  
21    *vidual may give rise to a presumption that the indi-*  
22    *vidual is unable to engage in work.*

23            *“(2) An individual to which paragraph (1) applies*  
24    *shall continue to be subject to—*

1           “(A) continuing disability reviews on a regu-  
 2           larly scheduled basis that is not triggered by work;  
 3           and

4           “(B) termination of benefits under this title in  
 5           the event that the individual has earnings that exceed  
 6           the level of earnings established by the Commissioner  
 7           to represent substantial gainful activity.”.

8           (b) *EFFECTIVE DATE.*—The amendment made by sub-  
 9           section (a) shall take effect on January 1, 2003.

10   **SEC. 112. EXPEDITED REINSTATEMENT OF DISABILITY BEN-**  
 11           **EFITS.**

12           (a) *OASDI BENEFITS.*—Section 223 of the Social Se-  
 13           curity Act (42 U.S.C. 423) is amended—

14                   (1) by redesignating subsection (i) as subsection  
 15                   (j); and

16                   (2) by inserting after subsection (h) the fol-  
 17                   lowing:

18                           “*Reinstatement of Entitlement*

19                           “(i)(1)(A) *Entitlement to benefits described in sub-*  
 20                           *paragraph (B)(i)(I) shall be reinstated in any case where*  
 21                           *the Commissioner determines that an individual described*  
 22                           *in subparagraph (B) has filed a request for reinstatement*  
 23                           *meeting the requirements of paragraph (2)(A) during the*  
 24                           *period prescribed in subparagraph (C). Reinstatement of*

1 *such entitlement shall be in accordance with the terms of*  
2 *this subsection.*

3 “(B) *An individual is described in this subparagraph*  
4 *if—*

5 “(i) *prior to the month in which the individual*  
6 *files a request for reinstatement—*

7 “(I) *the individual was entitled to benefits*  
8 *under this section or section 202 on the basis of*  
9 *disability pursuant to an application filed there-*  
10 *for; and*

11 “(II) *such entitlement terminated due to the*  
12 *performance of substantial gainful activity;*

13 “(ii) *the individual is under a disability and the*  
14 *physical or mental impairment that is the basis for*  
15 *the finding of disability is the same as (or related to)*  
16 *the physical or mental impairment that was the basis*  
17 *for the finding of disability that gave rise to the enti-*  
18 *tlement described in clause (i); and*

19 “(iii) *the individual’s disability renders the in-*  
20 *dividual unable to perform substantial gainful activ-*  
21 *ity.*

22 “(C)(i) *Except as provided in clause (ii), the period*  
23 *prescribed in this subparagraph with respect to an indi-*  
24 *vidual is 60 consecutive months beginning with the month*  
25 *following the most recent month for which the individual*

1 *was entitled to a benefit described in subparagraph*  
2 *(B)(i)(I) prior to the entitlement termination described in*  
3 *subparagraph (B)(i)(II).*

4       “(ii) *In the case of an individual who fails to file a*  
5 *reinstatement request within the period prescribed in clause*  
6 *(i), the Commissioner may extend the period if the Commis-*  
7 *sioner determines that the individual had good cause for*  
8 *the failure to so file.*

9       “(2)(A)(i) *A request for reinstatement shall be filed in*  
10 *such form, and containing such information, as the Com-*  
11 *missioner may prescribe.*

12       “(ii) *A request for reinstatement shall include express*  
13 *declarations by the individual that the individual meets the*  
14 *requirements specified in clauses (ii) and (iii) of paragraph*  
15 *(1)(B).*

16       “(B) *A request for reinstatement filed in accordance*  
17 *with subparagraph (A) may constitute an application for*  
18 *benefits in the case of any individual who the Commissioner*  
19 *determines is not entitled to reinstated benefits under this*  
20 *subsection.*

21       “(3) *In determining whether an individual meets the*  
22 *requirements of paragraph (1)(B)(ii), the provisions of sub-*  
23 *section (f) shall apply.*

24       “(4)(A)(i) *Subject to clause (ii), entitlement to benefits*  
25 *reinstated under this subsection shall commence with the*

1 benefit payable for the month in which a request for rein-  
2 statement is filed.

3       “(ii) An individual whose entitlement to a benefit for  
4 any month would have been reinstated under this subsection  
5 had the individual filed a request for reinstatement before  
6 the end of such month shall be entitled to such benefit for  
7 such month if such request for reinstatement is filed before  
8 the end of the twelfth month immediately succeeding such  
9 month.

10       “(B)(i) Subject to clauses (ii) and (iii), the amount  
11 of the benefit payable for any month pursuant to the rein-  
12 statement of entitlement under this subsection shall be deter-  
13 mined in accordance with the provisions of this title.

14       “(ii) For purposes of computing the primary insur-  
15 ance amount of an individual whose entitlement to benefits  
16 under this section is reinstated under this subsection, the  
17 date of onset of the individual’s disability shall be the date  
18 of onset used in determining the individual’s most recent  
19 period of disability arising in connection with such benefits  
20 payable on the basis of an application.

21       “(iii) Benefits under this section or section 202 pay-  
22 able for any month pursuant to a request for reinstatement  
23 filed in accordance with paragraph (2) shall be reduced by  
24 the amount of any provisional benefit paid to such indi-  
25 vidual for such month under paragraph (7).



1       “(C) No benefit shall be payable pursuant to an enti-  
2       tlement reinstated under this subsection to an individual  
3       for any month in which the individual engages in substan-  
4       tial gainful activity.

5       “(D) The entitlement of any individual that is rein-  
6       stated under this subsection shall end with the benefits pay-  
7       able for the month preceding whichever of the following  
8       months is the earliest:

9               “(i) The month in which the individual dies.

10              “(ii) The month in which the individual attains  
11       retirement age.

12              “(iii) The third month following the month in  
13       which the individual’s disability ceases.

14       “(5) Whenever an individual’s entitlement to benefits  
15       under this section is reinstated under this subsection, enti-  
16       tlement to benefits payable on the basis of such individual’s  
17       wages and self-employment income may be reinstated with  
18       respect to any person previously entitled to such benefits  
19       on the basis of an application if the Commissioner deter-  
20       mines that such person satisfies all the requirements for en-  
21       titlement to such benefits except requirements related to the  
22       filing of an application. The provisions of paragraph (4)  
23       shall apply to the reinstated entitlement of any such person  
24       to the same extent that they apply to the reinstated entitle-  
25       ment of such individual.

1       “(6) *An individual to whom benefits are payable under*  
2 *this section or section 202 pursuant to a reinstatement of*  
3 *entitlement under this subsection for 24 months (whether*  
4 *or not consecutive) shall, with respect to benefits so payable*  
5 *after such twenty-fourth month, be deemed for purposes of*  
6 *paragraph (1)(B)(i)(I) and the determination, if appro-*  
7 *priate, of the termination month in accordance with sub-*  
8 *section (a)(1) of this section, or subsection (d)(1), (e)(1),*  
9 *or (f)(1) of section 202, to be entitled to such benefits on*  
10 *the basis of an application filed therefor.*

11       “(7)(A) *An individual described in paragraph (1)(B)*  
12 *who files a request for reinstatement in accordance with the*  
13 *provisions of paragraph (2)(A) shall be entitled to provi-*  
14 *sional benefits payable in accordance with this paragraph,*  
15 *unless the Commissioner determines that the individual*  
16 *does not meet the requirements of paragraph (1)(B)(i) or*  
17 *that the individual’s declaration under paragraph*  
18 *(2)(A)(ii) is false. Any such determination by the Commis-*  
19 *sioner shall be final and not subject to review under sub-*  
20 *section (b) or (g) of section 205.*

21       “(B) *The amount of a provisional benefit for a month*  
22 *shall equal the amount of the last monthly benefit payable*  
23 *to the individual under this title on the basis of an applica-*  
24 *tion increased by an amount equal to the amount, if any,*

1 *by which such last monthly benefit would have been in-*  
 2 *creased as a result of the operation of section 215(i).*

3       “(C)(i) *Provisional benefits shall begin with the month*  
 4 *in which a request for reinstatement is filed in accordance*  
 5 *with paragraph (2)(A).*

6       “(ii) *Provisional benefits shall end with the earliest*  
 7 *of—*

8               “(I) *the month in which the Commissioner*  
 9 *makes a determination regarding the individual’s en-*  
 10 *titlement to reinstated benefits;*

11              “(II) *the fifth month following the month de-*  
 12 *scribed in clause (i);*

13              “(III) *the month in which the individual per-*  
 14 *forms substantial gainful activity; or*

15              “(IV) *the month in which the Commissioner de-*  
 16 *termines that the individual does not meet the re-*  
 17 *quirements of paragraph (1)(B)(i) or that the indi-*  
 18 *vidual’s declaration made in accordance with para-*  
 19 *graph (2)(A)(ii) is false.*

20       “(D) *In any case in which the Commissioner deter-*  
 21 *mines that an individual is not entitled to reinstated bene-*  
 22 *fits, any provisional benefits paid to the individual under*  
 23 *this paragraph shall not be subject to recovery as an over-*  
 24 *payment unless the Commissioner determines that the indi-*

1 *vidual knew or should have known that the individual did*  
 2 *not meet the requirements of paragraph (1)(B).”.*

3 *(b) SSI BENEFITS.—*

4 *(1) IN GENERAL.—Section 1631 of the Social Se-*  
 5 *curity Act (42 U.S.C. 1383) is amended by adding at*  
 6 *the end the following:*

7 *“Reinstatement of Eligibility on the Basis of Blindness or*  
 8 *Disability*

9 *“(p)(1)(A) Eligibility for benefits under this title shall*  
 10 *be reinstated in any case where the Commissioner deter-*  
 11 *mines that an individual described in subparagraph (B)*  
 12 *has filed a request for reinstatement meeting the require-*  
 13 *ments of paragraph (2)(A) during the period prescribed in*  
 14 *subparagraph (C). Reinstatement of eligibility shall be in*  
 15 *accordance with the terms of this subsection.*

16 *“(B) An individual is described in this subparagraph*  
 17 *if—*

18 *“(i) prior to the month in which the individual*  
 19 *files a request for reinstatement—*

20 *“(I) the individual was eligible for benefits*  
 21 *under this title on the basis of blindness or dis-*  
 22 *ability pursuant to an application filed therefor;*  
 23 *and*

24 *“(II) the individual thereafter was ineligible*  
 25 *for such benefits due to earned income (or earned*

1           *and unearned income) for a period of 12 or more*  
2           *consecutive months;*

3           “(ii) *the individual is blind or disabled and the*  
4           *physical or mental impairment that is the basis for*  
5           *the finding of blindness or disability is the same as*  
6           *(or related to) the physical or mental impairment*  
7           *that was the basis for the finding of blindness or dis-*  
8           *ability that gave rise to the eligibility described in*  
9           *clause (i);*

10           “(iii) *the individual’s blindness or disability*  
11           *renders the individual unable to perform substantial*  
12           *gainful activity; and*

13           “(iv) *the individual satisfies the nonmedical re-*  
14           *quirements for eligibility for benefits under this title.*

15           “(C)(i) *Except as provided in clause (ii), the period*  
16           *prescribed in this subparagraph with respect to an indi-*  
17           *vidual is 60 consecutive months beginning with the month*  
18           *following the most recent month for which the individual*  
19           *was eligible for a benefit under this title (including section*  
20           *1619) prior to the period of ineligibility described in sub-*  
21           *paragraph (B)(i)(II).*

22           “(ii) *In the case of an individual who fails to file a*  
23           *reinstatement request within the period prescribed in clause*  
24           *(i), the Commissioner may extend the period if the Commis-*

1 sioner determines that the individual had good cause for  
2 the failure to so file.

3 “(2)(A)(i) A request for reinstatement shall be filed in  
4 such form, and containing such information, as the Com-  
5 missioner may prescribe.

6 “(ii) A request for reinstatement shall include express  
7 declarations by the individual that the individual meets the  
8 requirements specified in clauses (ii) through (iv) of para-  
9 graph (1)(B).

10 “(B) A request for reinstatement filed in accordance  
11 with subparagraph (A) may constitute an application for  
12 benefits in the case of any individual who the Commissioner  
13 determines is not eligible for reinstated benefits under this  
14 subsection.

15 “(3) In determining whether an individual meets the  
16 requirements of paragraph (1)(B)(ii), the provisions of sec-  
17 tion 1614(a)(4) shall apply.

18 “(4)(A) Eligibility for benefits reinstated under this  
19 subsection shall commence with the benefit payable for the  
20 month following the month in which a request for reinstate-  
21 ment is filed.

22 “(B)(i) Subject to clause (ii), the amount of the benefit  
23 payable for any month pursuant to the reinstatement of eli-  
24 gibility under this subsection shall be determined in accord-  
25 ance with the provisions of this title.

1       “(ii) *The benefit under this title payable for any*  
2 *month pursuant to a request for reinstatement filed in ac-*  
3 *cordance with paragraph (2) shall be reduced by the*  
4 *amount of any provisional benefit paid to such individual*  
5 *for such month under paragraph (7).*

6       “(C) *Except as otherwise provided in this subsection,*  
7 *eligibility for benefits under this title reinstated pursuant*  
8 *to a request filed under paragraph (2) shall be subject to*  
9 *the same terms and conditions as eligibility established pur-*  
10 *suant to an application filed therefor.*

11       “(5) *Whenever an individual’s eligibility for benefits*  
12 *under this title is reinstated under this subsection, eligi-*  
13 *bility for such benefits shall be reinstated with respect to*  
14 *the individual’s spouse if such spouse was previously an*  
15 *eligible spouse of the individual under this title and the*  
16 *Commissioner determines that such spouse satisfies all the*  
17 *requirements for eligibility for such benefits except require-*  
18 *ments related to the filing of an application. The provisions*  
19 *of paragraph (4) shall apply to the reinstated eligibility*  
20 *of the spouse to the same extent that they apply to the rein-*  
21 *stated eligibility of such individual.*

22       “(6) *An individual to whom benefits are payable under*  
23 *this title pursuant to a reinstatement of eligibility under*  
24 *this subsection for twenty-four months (whether or not con-*  
25 *secutive) shall, with respect to benefits so payable after such*

1 *twenty-fourth month, be deemed for purposes of paragraph*  
2 *(1)(B)(i)(I) to be eligible for such benefits on the basis of*  
3 *an application filed therefor.*

4       “(7)(A) *An individual described in paragraph (1)(B)*  
5 *who files a request for reinstatement in accordance with the*  
6 *provisions of paragraph (2)(A) shall be eligible for provi-*  
7 *sional benefits payable in accordance with this paragraph,*  
8 *unless the Commissioner determines that the individual*  
9 *does not meet the requirements of paragraph (1)(B)(i) or*  
10 *that the individual’s declaration under paragraph*  
11 *(2)(A)(ii) is false. Any such determination by the Commis-*  
12 *sioner shall be final and not subject to review under para-*  
13 *graph (1) or (3) of subsection (c).*

14       “(B)(i) *Except as otherwise provided in clause (ii), the*  
15 *amount of a provisional benefit for a month shall equal the*  
16 *amount of the monthly benefit that would be payable to an*  
17 *eligible individual under this title with the same kind and*  
18 *amount of income.*

19       “(ii) *If the individual has a spouse who was previously*  
20 *an eligible spouse of the individual under this title and the*  
21 *Commissioner determines that such spouse satisfies all the*  
22 *requirements of section 1614(b) except requirements related*  
23 *to the filing of an application, the amount of a provisional*  
24 *benefit for a month shall equal the amount of the monthly*  
25 *benefit that would be payable to an eligible individual and*



1 *eligible spouse under this title with the same kind and*  
2 *amount of income.*

3       “(C)(i) *Provisional benefits shall begin with the month*  
4 *following the month in which a request for reinstatement*  
5 *is filed in accordance with paragraph (2)(A).*

6       “(ii) *Provisional benefits shall end with the earliest*  
7 *of—*

8               “(I) *the month in which the Commissioner*  
9 *makes a determination regarding the individual’s eli-*  
10 *gibility for reinstated benefits;*

11              “(II) *the fifth month following the month for*  
12 *which provisional benefits are first payable under*  
13 *clause (i); or*

14              “(III) *the month in which the Commissioner de-*  
15 *termines that the individual does not meet the re-*  
16 *quirements of paragraph (1)(B)(i) or that the indi-*  
17 *vidual’s declaration made in accordance with para-*  
18 *graph (2)(A)(ii) is false.*

19       “(D) *In any case in which the Commissioner deter-*  
20 *mines that an individual is not eligible for reinstated bene-*  
21 *fits, any provisional benefits paid to the individual under*  
22 *this paragraph shall not be subject to recovery as an over-*  
23 *payment unless the Commissioner determines that the indi-*  
24 *vidual knew or should have known that the individual did*  
25 *not meet the requirements of paragraph (1)(B).*

1       “(8) *For purposes of this subsection other than para-*  
 2 *graph (7), the term ‘benefits under this title’ includes State*  
 3 *supplementary payments made pursuant to an agreement*  
 4 *under section 1616(a) of this Act or section 212(b) of Public*  
 5 *Law 93–66.”.*

6           (2) *CONFORMING AMENDMENTS.—*

7               (A) *Section 1631(j)(1) of such Act (42*  
 8 *U.S.C. 1383(j)(1)) is amended by striking the pe-*  
 9 *riod and inserting “, or has filed a request for*  
 10 *reinstatement of eligibility under subsection*  
 11 *(p)(2) and been determined to be eligible for re-*  
 12 *instatement.”.*

13              (B) *Section 1631(j)(2)(A)(i)(I) of such Act*  
 14 *(42 U.S.C. 1383(j)(2)(A)(i)(I)) is amended by*  
 15 *inserting “(other than pursuant to a request for*  
 16 *reinstatement under subsection (p))” after “eligi-*  
 17 *ble”.*

18           (c) *EFFECTIVE DATE.—*

19               (1) *IN GENERAL.—The amendments made by*  
 20 *this section shall take effect on the first day of the*  
 21 *thirteenth month beginning after the date of enact-*  
 22 *ment of this Act.*

23               (2) *LIMITATION.—No benefit shall be payable*  
 24 *under title II or XVI on the basis of a request for re-*  
 25 *instatement filed under section 223(i) or 1631(p) of*

1        *the Social Security Act before the effective date de-*  
 2        *scribed in paragraph (1).*

3        ***Subtitle C—Work Incentives Plan-***  
 4        ***ning, Assistance, and Outreach***

5        ***SEC. 121. WORK INCENTIVES OUTREACH PROGRAM.***

6        *Part A of title XI of the Social Security Act (42 U.S.C.*  
 7        *1301 et seq.), as amended by section 101, is amended by*  
 8        *adding after section 1148 the following:*

9                “WORK INCENTIVES OUTREACH PROGRAM

10              “SEC. 1149. (a) *ESTABLISHMENT.*—

11                      “(1) *IN GENERAL.*—*The Commissioner, in con-*  
 12                      *sultation with the Ticket to Work and Work Incen-*  
 13                      *tives Advisory Panel established under section 101(f)*  
 14                      *of the Ticket to Work and Work Incentives Improve-*  
 15                      *ment Act of 1999, shall establish a community-based*  
 16                      *work incentives planning and assistance program for*  
 17                      *the purpose of disseminating accurate information to*  
 18                      *disabled beneficiaries on work incentives programs*  
 19                      *and issues related to such programs.*

20                      “(2) *GRANTS, COOPERATIVE AGREEMENTS, CON-*  
 21                      *TRACTS, AND OUTREACH.*—*Under the program estab-*  
 22                      *lished under this section, the Commissioner shall—*

23                              “(A) *establish a competitive program of*  
 24                              *grants, cooperative agreements, or contracts to*  
 25                              *provide benefits planning and assistance, includ-*  
 26                              *ing information on the availability of protection*

1       *and advocacy services, to disabled beneficiaries,*  
2       *including individuals participating in the Ticket*  
3       *to Work and Self-Sufficiency Program estab-*  
4       *lished under section 1148, the program estab-*  
5       *lished under section 1619, and other programs*  
6       *that are designed to encourage disabled bene-*  
7       *ficiaries to work;*

8               *“(B) conduct directly, or through grants, co-*  
9       *operative agreements, or contracts, ongoing out-*  
10       *reach efforts to disabled beneficiaries (and to the*  
11       *families of such beneficiaries) who are poten-*  
12       *tially eligible to participate in Federal or State*  
13       *work incentive programs that are designed to as-*  
14       *sist disabled beneficiaries to work, including—*

15               *“(i) preparing and disseminating in-*  
16       *formation explaining such programs; and*

17               *“(ii) working in cooperation with other*  
18       *Federal, State, and private agencies and*  
19       *nonprofit organizations that serve disabled*  
20       *beneficiaries, and with agencies and organi-*  
21       *zations that focus on vocational rehabilita-*  
22       *tion and work-related training and coun-*  
23       *seling;*

24               *“(C) establish a corps of trained, accessible,*  
25       *and responsive work incentives specialists within*

1        *the Social Security Administration who will spe-*  
2        *cialize in disability work incentives under titles*  
3        *II and XVI for the purpose of disseminating ac-*  
4        *curate information with respect to inquiries and*  
5        *issues relating to work incentives to—*

6                *“(i) disabled beneficiaries;*

7                *“(ii) benefit applicants under titles II*  
8        *and XVI; and*

9                *“(iii) individuals or entities awarded*  
10        *grants under subparagraphs (A) or (B);*  
11        *and*

12        *“(D) provide—*

13                *“(i) training for work incentives spe-*  
14        *cialists and individuals providing planning*  
15        *assistance described in subparagraph (C);*  
16        *and*

17                *“(ii) technical assistance to organiza-*  
18        *tions and entities that are designed to en-*  
19        *courage disabled beneficiaries to return to*  
20        *work.*

21        *“(3) COORDINATION WITH OTHER PROGRAMS.—*

22        *The responsibilities of the Commissioner established*  
23        *under this section shall be coordinated with other*  
24        *public and private programs that provide informa-*  
25        *tion and assistance regarding rehabilitation services*

1       *and independent living supports and benefits plan-*  
2       *ning for disabled beneficiaries including the program*  
3       *under section 1619, the plans for achieving self-sup-*  
4       *port program (PASS), and any other Federal or*  
5       *State work incentives programs that are designed to*  
6       *assist disabled beneficiaries, including educational*  
7       *agencies that provide information and assistance re-*  
8       *garding rehabilitation, school-to-work programs, tran-*  
9       *sition services (as defined in, and provided in accord-*  
10       *ance with, the Individuals with Disabilities Edu-*  
11       *cation Act (20 U.S.C. 1400 et seq.)), a one-stop deliv-*  
12       *ery system established under subtitle B of title I of the*  
13       *Workforce Investment Act of 1998, and other services.*

14       “(b) *CONDITIONS.—*

15               “(1) *SELECTION OF ENTITIES.—*

16                       “(A) *APPLICATION.—An entity shall submit*  
17                       *an application for a grant, cooperative agree-*  
18                       *ment, or contract to provide benefits planning*  
19                       *and assistance to the Commissioner at such time,*  
20                       *in such manner, and containing such informa-*  
21                       *tion as the Commissioner may determine is nec-*  
22                       *essary to meet the requirements of this section.*

23                       “(B) *STATEWIDENESS.—The Commissioner*  
24                       *shall ensure that the planning, assistance, and*

1           *information described in paragraph (2) shall be*  
2           *available on a statewide basis.*

3           “(C) *ELIGIBILITY OF STATES AND PRIVATE*  
4           *ORGANIZATIONS.—*

5                     “(i) *IN GENERAL.—The Commissioner*  
6                     *may award a grant, cooperative agreement,*  
7                     *or contract under this section to a State or*  
8                     *a private agency or organization (other*  
9                     *than Social Security Administration Field*  
10                    *Offices and the State agency administering*  
11                    *the State medicaid program under title*  
12                    *XIX, including any agency or entity de-*  
13                    *scribed in clause (ii), that the Commissioner*  
14                    *determines is qualified to provide the plan-*  
15                    *ning, assistance, and information described*  
16                    *in paragraph (2)).*

17                    “(ii) *AGENCIES AND ENTITIES DE-*  
18                    *SCRIBED.—The agencies and entities de-*  
19                    *scribed in this clause are the following:*

20                             “(I) *Any public or private agency*  
21                             *or organization (including Centers for*  
22                             *Independent Living established under*  
23                             *title VII of the Rehabilitation Act of*  
24                             *1973, protection and advocacy organi-*  
25                             *zations, client assistance programs es-*

1           *tablished in accordance with section*  
2           *112 of the Rehabilitation Act of 1973,*  
3           *and State Developmental Disabilities*  
4           *Councils established in accordance*  
5           *with section 124 of the Developmental*  
6           *Disabilities Assistance and Bill of*  
7           *Rights Act (42 U.S.C. 6024)) that the*  
8           *Commissioner determines satisfies the*  
9           *requirements of this section.*

10           *“(II) The State agency admin-*  
11           *istering the State program funded*  
12           *under part A of title IV.*

13           *“(D) EXCLUSION FOR CONFLICT OF INTER-*  
14           *EST.—The Commissioner may not award a*  
15           *grant, cooperative agreement, or contract under*  
16           *this section to any entity that the Commissioner*  
17           *determines would have a conflict of interest if the*  
18           *entity were to receive a grant, cooperative agree-*  
19           *ment, or contract under this section.*

20           *“(2) SERVICES PROVIDED.—A recipient of a*  
21           *grant, cooperative agreement, or contract to provide*  
22           *benefits planning and assistance shall select individ-*  
23           *uals who will act as planners and provide informa-*  
24           *tion, guidance, and planning to disabled beneficiaries*  
25           *on the—*



1           “(A) *availability and interrelation of any*  
 2           *Federal or State work incentives programs de-*  
 3           *signed to assist disabled beneficiaries that the in-*  
 4           *dividual may be eligible to participate in;*

5           “(B) *adequacy of any health benefits cov-*  
 6           *erage that may be offered by an employer of the*  
 7           *individual and the extent to which other health*  
 8           *benefits coverage may be available to the indi-*  
 9           *vidual; and*

10           “(C) *availability of protection and advocacy*  
 11           *services for disabled beneficiaries and how to ac-*  
 12           *cess such services.*

13           “(3) *AMOUNT OF GRANTS, COOPERATIVE AGREE-*  
 14           *MENTS, OR CONTRACTS.—*

15           “(A) *BASED ON POPULATION OF DISABLED*  
 16           *BENEFICIARIES.—Subject to subparagraph (B),*  
 17           *the Commissioner shall award a grant, coopera-*  
 18           *tive agreement, or contract under this section to*  
 19           *an entity based on the percentage of the popu-*  
 20           *lation of the State where the entity is located*  
 21           *who are disabled beneficiaries.*

22           “(B) *LIMITATIONS.—*

23           “(i) *PER GRANT.—No entity shall re-*  
 24           *ceive a grant, cooperative agreement, or*  
 25           *contract under this section for a fiscal year*

1           *that is less than \$50,000 or more than*  
2           *\$300,000.*

3           “(ii) *TOTAL AMOUNT FOR ALL GRANTS,*  
4           *COOPERATIVE AGREEMENTS, AND CON-*  
5           *TRACTS.—The total amount of all grants,*  
6           *cooperative agreements, and contracts*  
7           *awarded under this section for a fiscal year*  
8           *may not exceed \$23,000,000.*

9           “(4) *ALLOCATION OF COSTS.—The costs of car-*  
10          *rying out this section shall be paid from amounts*  
11          *made available for the administration of title II and*  
12          *amounts made available for the administration of*  
13          *title XVI, and shall be allocated among those amounts*  
14          *as appropriate.*

15          “(c) *DEFINITIONS.—In this section:*

16               “(1) *COMMISSIONER.—The term ‘Commissioner’*  
17               *means the Commissioner of Social Security.*

18               “(2) *DISABLED BENEFICIARY.—The term ‘dis-*  
19               *abled beneficiary’ has the meaning given that term in*  
20               *section 1148(k)(2).*

21          “(d) *AUTHORIZATION OF APPROPRIATIONS.—There is*  
22          *authorized to be appropriated to carry out this section*  
23          *\$23,000,000 for each of the fiscal years 2000 through*  
24          *2004.”.*

1 **SEC. 122. STATE GRANTS FOR WORK INCENTIVES ASSIST-**  
 2 **ANCE TO DISABLED BENEFICIARIES.**

3 *Part A of title XI of the Social Security Act (42 U.S.C.*  
 4 *1301 et seq.), as amended by section 121, is amended by*  
 5 *adding after section 1149 the following:*

6 “STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO  
 7 *DISABLED BENEFICIARIES*

8 “SEC. 1150. (a) *IN GENERAL.*—Subject to subsection  
 9 (c), the Commissioner may make payments in each State  
 10 to the protection and advocacy system established pursuant  
 11 to part C of title I of the Developmental Disabilities Assist-  
 12 ance and Bill of Rights Act (42 U.S.C. 6041 et seq.) for  
 13 the purpose of providing services to disabled beneficiaries.

14 “(b) *SERVICES PROVIDED.*—Services provided to dis-  
 15 abled beneficiaries pursuant to a payment made under this  
 16 section may include—

17 “(1) *information and advice about obtaining vo-*  
 18 *cational rehabilitation and employment services; and*

19 “(2) *advocacy or other services that a disabled*  
 20 *beneficiary may need to secure or regain gainful em-*  
 21 *ployment.*

22 “(c) *APPLICATION.*—In order to receive payments  
 23 under this section, a protection and advocacy system shall  
 24 submit an application to the Commissioner, at such time,  
 25 in such form and manner, and accompanied by such infor-  
 26 mation and assurances as the Commissioner may require.

1 “(d) *AMOUNT OF PAYMENTS.*—

2 “(1) *IN GENERAL.*—Subject to the amount ap-  
 3 propriated for a fiscal year for making payments  
 4 under this section, a protection and advocacy system  
 5 shall not be paid an amount that is less than—

6 “(A) in the case of a protection and advo-  
 7 cacy system located in a State (including the  
 8 District of Columbia and Puerto Rico) other  
 9 than Guam, American Samoa, the United States  
 10 Virgin Islands, and the Commonwealth of the  
 11 Northern Mariana Islands, the greater of—

12 “(i) \$100,000; or

13 “(ii)  $\frac{1}{3}$  of 1 percent of the amount  
 14 available for payments under this section;  
 15 and

16 “(B) in the case of a protection and advo-  
 17 cacy system located in Guam, American Samoa,  
 18 the United States Virgin Islands, and the Com-  
 19 monwealth of the Northern Mariana Islands,  
 20 \$50,000.

21 “(2) *INFLATION ADJUSTMENT.*—For each fiscal  
 22 year in which the total amount appropriated to carry  
 23 out this section exceeds the total amount appropriated  
 24 to carry out this section in the preceding fiscal year,  
 25 the Commissioner shall increase each minimum pay-

1        *ment under subparagraphs (A) and (B) of paragraph*  
 2        *(1) by a percentage equal to the percentage increase*  
 3        *in the total amount so appropriated to carry out this*  
 4        *section.*

5        *“(e) ANNUAL REPORT.—Each protection and advocacy*  
 6        *system that receives a payment under this section shall sub-*  
 7        *mit an annual report to the Commissioner and the Ticket*  
 8        *to Work and Work Incentives Advisory Panel established*  
 9        *under section 101(f) of the Ticket to Work and Work Incen-*  
 10       *tives Improvement Act of 1999 on the services provided to*  
 11       *individuals by the system.*

12       *“(f) FUNDING.—*

13                *“(1) ALLOCATION OF PAYMENTS.—Payments*  
 14        *under this section shall be made from amounts made*  
 15        *available for the administration of title II and*  
 16        *amounts made available for the administration of*  
 17        *title XVI, and shall be allocated among those amounts*  
 18        *as appropriate.*

19                *“(2) CARRYOVER.—Any amounts allotted for*  
 20        *payment to a protection and advocacy system under*  
 21        *this section for a fiscal year shall remain available*  
 22        *for payment to or on behalf of the protection and ad-*  
 23        *vocacy system until the end of the succeeding fiscal*  
 24        *year.*

25        *“(g) DEFINITIONS.—In this section:*

1           “(1) *COMMISSIONER.*—*The term ‘Commissioner’*  
2           *means the Commissioner of Social Security.*

3           “(2) *DISABLED BENEFICIARY.*—*The term ‘dis-*  
4           *abled beneficiary’ has the meaning given that term in*  
5           *section 1148(k)(2).*

6           “(3) *PROTECTION AND ADVOCACY SYSTEM.*—*The*  
7           *term ‘protection and advocacy system’ means a pro-*  
8           *tection and advocacy system established pursuant to*  
9           *part C of title I of the Developmental Disabilities As-*  
10          *sistance and Bill of Rights Act (42 U.S.C. 6041 et*  
11          *seq.).*

12          “(h) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*  
13          *authorized to be appropriated to carry out this section*  
14          *\$7,000,000 for each of the fiscal years 2000 through 2004.”.*

15       **TITLE II—EXPANDED AVAIL-**  
16       **ABILITY OF HEALTH CARE**  
17       **SERVICES**

18       **SEC. 201. EXPANDING STATE OPTIONS UNDER THE MED-**  
19                **ICAID PROGRAM FOR WORKERS WITH DIS-**  
20                **ABILITIES.**

21       (a) *IN GENERAL.*—

22               (1) *STATE OPTION TO ELIMINATE INCOME, AS-*  
23               *SETS, AND RESOURCE LIMITATIONS FOR WORKERS*  
24               *WITH DISABILITIES BUYING INTO MEDICAID.*—*Section*

1       1902(a)(10)(A)(ii) of the Social Security Act (42  
2       U.S.C. 1396a(a)(10)(A)(ii)) is amended—

3               (A) in subclause (XIII), by striking “or” at  
4       the end;

5               (B) in subclause (XIV), by adding “or” at  
6       the end; and

7               (C) by adding at the end the following:

8                       “(XV) who, but for earnings in  
9                       excess of the limit established under  
10                      section 1905(q)(2)(B), would be consid-  
11                      ered to be receiving supplemental secu-  
12                      rity income, who is at least 16, but less  
13                      than 65, years of age, and whose assets,  
14                      resources, and earned or unearned in-  
15                      come (or both) do not exceed such limi-  
16                      tations (if any) as the State may es-  
17                      tablish;”.

18               (2) STATE OPTION TO PROVIDE OPPORTUNITY  
19       FOR EMPLOYED INDIVIDUALS WITH A MEDICALLY IM-  
20       PROVED DISABILITY TO BUY INTO MEDICAID.—

21                       (A)                       ELIGIBILITY.—Section  
22       1902(a)(10)(A)(ii) of the Social Security Act (42  
23       U.S.C. 1396a(a)(10)(A)(ii)), as amended by  
24       paragraph (1), is amended—

1                   (i) in subclause (XIV), by striking “or”  
2                   at the end;

3                   (ii) in subclause (XV), by adding “or”  
4                   at the end; and

5                   (iii) by adding at the end the fol-  
6                   lowing:

7                               “(XVI) who are employed individ-  
8                               uals with a medically improved dis-  
9                               ability described in section 1905(v)(1)  
10                              and whose assets, resources, and earned  
11                              or unearned income (or both) do not  
12                              exceed such limitations (if any) as the  
13                              State may establish, but only if the  
14                              State provides medical assistance to  
15                              individuals described in subclause  
16                              (XV);”.

17                   (B) DEFINITION OF EMPLOYED INDIVIDUALS  
18                   WITH A MEDICALLY IMPROVED DISABILITY.—Sec-  
19                   tion 1905 of the Social Security Act (42 U.S.C.  
20                   1396d) is amended by adding at the end the fol-  
21                   lowing:

22                   “(v)(1) The term ‘employed individual with a medi-  
23                   cally improved disability’ means an individual who—

24                               “(A) is at least 16, but less than 65, years of age;

25                               “(B) is employed (as defined in paragraph (2));



1           “(C) ceases to be eligible for medical assistance  
 2           under section 1902(a)(10)(A)(ii)(XV) because the in-  
 3           dividual, by reason of medical improvement, is deter-  
 4           mined at the time of a regularly scheduled continuing  
 5           disability review to no longer be eligible for benefits  
 6           under section 223(d) or 1614(a)(3); and

7           “(D) continues to have a severe medically deter-  
 8           minable impairment, as determined under regulations  
 9           of the Secretary.

10          “(2) For purposes of paragraph (1), an individual is  
 11         considered to be ‘employed’ if the individual—

12                 “(A) is earning at least the applicable minimum  
 13                 wage requirement under section 6 of the Fair Labor  
 14                 Standards Act (29 U.S.C. 206) and working at least  
 15                 40 hours per month; or

16                 “(B) is engaged in a work effort that meets sub-  
 17                 stantial and reasonable threshold criteria for hours of  
 18                 work, wages, or other measures, as defined by the  
 19                 State and approved by the Secretary.”.

20                 (C) CONFORMING AMENDMENT.—Section  
 21                 1905(a) of such Act (42 U.S.C. 1396d(a)) is  
 22                 amended in the matter preceding paragraph  
 23                 (1)—

24                         (i) in clause (x), by striking “or” at  
 25                         the end;

1                   (ii) in clause (xi), by adding “or” at  
2                   the end; and

3                   (iii) by inserting after clause (xi), the  
4                   following:

5                   “(xii) employed individuals with a medically  
6                   improved disability (as defined in subsection (v)),”.

7                   (3) STATE AUTHORITY TO IMPOSE INCOME-RE-  
8                   LATED PREMIUMS AND COST-SHARING.—Section 1916  
9                   of such Act (42 U.S.C. 1396o) is amended—

10                   (A) in subsection (a), by striking “The  
11                   State plan” and inserting “Subject to subsection  
12                   (g), the State plan”; and

13                   (B) by adding at the end the following:

14                   “(g) With respect to individuals provided medical as-  
15                   sistance only under subclause (XV) or (XVI) of section  
16                   1902(a)(10)(A)(ii)—

17                   “(1) a State may (in a uniform manner for in-  
18                   dividuals described in either such subclause)—

19                   “(A) require such individuals to pay pre-  
20                   miums or other cost-sharing charges set on a  
21                   sliding scale based on income that the State may  
22                   determine; and

23                   “(B) require payment of 100 percent of such  
24                   premiums or charges for a year in the case of  
25                   such an individual who has income for such year

1           *that exceeds 250 percent of the income official*  
2           *poverty line (referred to in subsection (c)(1)) ap-*  
3           *plicable to a family of the size involved, except*  
4           *that, in the case of such an individual who has*  
5           *income for a year that does not exceed 450 per-*  
6           *cent of such poverty line, such requirement may*  
7           *apply only to the extent that such premiums do*  
8           *not exceed 7.5 percent of such income; and*

9           “(2) a State shall require payment of 100 per-  
10          *cent of such premium for a year by such an indi-*  
11          *vidual whose adjusted gross income (as defined in sec-*  
12          *tion 62 of the Internal Revenue Code of 1986) for*  
13          *such year exceeds \$75,000, except that a State may*  
14          *choose to subsidize such premium by using State*  
15          *funds which may not be federally matched under this*  
16          *title.*

17       *The Secretary shall adjust annually (after 2000) the dollar*  
18       *amount set forth in paragraph (2) under procedures pro-*  
19       *viding for adjustments in the same manner and to the same*  
20       *extent as adjustments are provided for under the procedures*  
21       *used to adjust benefit amounts under section 215(i)(2)(A),*  
22       *except that any amount so adjusted that is not a multiple*  
23       *of \$1.00 shall be rounded to the nearest multiple of \$1.00.”.*

24               (4) *PROHIBITION AGAINST SUPPLANTATION OF*  
25       *STATE FUNDS AND STATE FAILURE TO MAINTAIN EF-*

1        *FORT.—Section 1903(i) of such Act (42 U.S.C.*  
 2        *1396b(i)) is amended—*

3                *(A) by striking the period at the end of*  
 4                *paragraph (18) and inserting “; or”; and*

5                *(B) by inserting after such paragraph the*  
 6                *following:*

7                *“(19) with respect to amounts expended for med-*  
 8                *ical assistance provided to an individual described in*  
 9                *subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii)*  
 10               *for a fiscal year unless the State demonstrates to the*  
 11               *satisfaction of the Secretary that the level of State*  
 12               *funds expended for such fiscal year for programs to*  
 13               *enable working individuals with disabilities to work*  
 14               *(other than for such medical assistance) is not less*  
 15               *than the level expended for such programs during the*  
 16               *most recent State fiscal year ending before the date of*  
 17               *enactment of this paragraph.”.*

18        *(b) CONFORMING AMENDMENTS.—*

19               *(1) Section 1903(f)(4) of the Social Security Act*  
 20               *(42 U.S.C. 1396b(f)(4)) is amended in the matter pre-*  
 21               *ceding subparagraph (A) by inserting*  
 22               *“1902(a)(10)(A)(ii)(XV),    1902(a)(10)(A)(ii)(XVI)”*  
 23               *after “1902(a)(10)(A)(ii)(X),”.*

24               *(2) Section 1903(f)(4) of such Act, as amended*  
 25               *by paragraph (1), is amended by inserting*

(1) *the extent to which higher health care costs for individuals with disabilities at higher income levels deter employment or progress with employment;*

14                   (3) how the States are exercising such option,  
15                   including—

19 (B) what income and premium levels have  
20 been set;

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1                   (D) the extent to which there exists any  
2                   crowd-out effect.

3           (d) *EFFECTIVE DATE.*—

4                   (1) *IN GENERAL.*—Except as provided in para-  
5                   graph (2), the amendments made by this section  
6                   apply to medical assistance for items and services  
7                   furnished on or after October 1, 1999.

8                   (2) *RETROACTIVITY OF CONFORMING AMEND-*  
9                   *MENT.*—The amendment made by subsection (b)(2)  
10                  takes effect as if included in the enactment of the Bal-  
11                  anced Budget Act of 1997.

12 **SEC. 202. EXTENDING MEDICARE COVERAGE FOR OASDI**  
13 **DISABILITY BENEFIT RECIPIENTS.**

14           (a) *IN GENERAL.*—The next to last sentence of section  
15 226(b) of the Social Security Act (42 U.S.C. 426) is amend-  
16 ed by striking “24” and inserting “96”.

17           (b) *EFFECTIVE DATE.*—The amendment made by sub-  
18 section (a) shall be effective on and after October 1, 2000.

19           (c) *GAO REPORT.*—Not later than 5 years after the  
20 date of the enactment of this Act, the Comptroller General  
21 of the United States shall submit a report to the Congress  
22 that—

23                   (1) examines the effectiveness and cost of the  
24                   amendment made by subsection (a);

1           (2) *examines the necessity and effectiveness of*  
2           *providing continuation of medicare coverage under*  
3           *section 226(b) of the Social Security Act to individ-*  
4           *uals whose annual income exceeds the contribution*  
5           *and benefit base (as determined under section 230 of*  
6           *such Act);*

7           (3) *examines the viability of providing the con-*  
8           *tinuation of medicare coverage under such section*  
9           *226(b) based on a sliding scale premium for individ-*  
10          *uals whose annual income exceeds such contribution*  
11          *and benefit base;*

12          (4) *examines the viability of providing the con-*  
13          *tinuation of medicare coverage under such section*  
14          *226(b) based on a premium buy-in by the bene-*  
15          *ficiary's employer in lieu of coverage under private*  
16          *health insurance;*

17          (5) *examines the interrelation between the use of*  
18          *the continuation of medicare coverage under such sec-*  
19          *tion 226(b) and the use of private health insurance*  
20          *coverage by individuals during the extended period;*  
21          *and*

22          (6) *recommends such legislative or administra-*  
23          *tive changes relating to the continuation of medicare*  
24          *coverage for recipients of social security disability*

1       *benefits as the Comptroller General determines are*  
 2       *appropriate.*

3   **SEC. 203. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**  
 4               **FRASTRUCTURES TO SUPPORT WORKING IN-**  
 5               **DIVIDUALS WITH DISABILITIES.**

6       *(a) ESTABLISHMENT.—*

7               *(1) IN GENERAL.—The Secretary of Health and*  
 8       *Human Services (in this section referred to as the*  
 9       *“Secretary”) shall award grants described in sub-*  
 10       *section (b) to States to support the design, establish-*  
 11       *ment, and operation of State infrastructures that pro-*  
 12       *vide items and services to support working individ-*  
 13       *uals with disabilities.*

14              *(2) APPLICATION.—In order to be eligible for an*  
 15       *award of a grant under this section, a State shall*  
 16       *submit an application to the Secretary at such time,*  
 17       *in such manner, and containing such information as*  
 18       *the Secretary shall require.*

19              *(3) DEFINITION OF STATE.—In this section, the*  
 20       *term “State” means each of the 50 States, the District*  
 21       *of Columbia, Puerto Rico, Guam, the United States*  
 22       *Virgin Islands, American Samoa, and the Common-*  
 23       *wealth of the Northern Mariana Islands.*

24       *(b) GRANTS FOR INFRASTRUCTURE AND OUTREACH.—*



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

4                   (A) *support the establishment, implementa-*  
 5                   *tion, and operation of the State infrastructures*  
 6                   *described in subsection (a); and*

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

9           (2) *ELIGIBILITY FOR GRANTS.*—

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

12                           (i) *has an approved amendment to the*  
 13                           *State plan under title XIX of the Social Se-*  
 14                           *curity Act (42 U.S.C. 1396 et seq.) that pro-*  
 15                           *vides medical assistance under such plan to*  
 16                           *individuals described in section*  
 17                           *1902(a)(10)(A)(ii)(XV) of the Social Secu-*  
 18                           *rity Act (42 U.S.C.*  
 19                           *1396a(a)(10)(A)(ii)(XV)); and*

20                           (ii) *demonstrates to the satisfaction of*  
 21                           *the Secretary that the State makes personal*  
 22                           *assistance services available under the State*  
 23                           *plan under title XIX of the Social Security*  
 24                           *Act (42 U.S.C. 1396 et seq.) to the extent*  
 25                           *necessary to enable individuals described in*

1           *clause (i) to remain employed (as deter-*  
 2           *mined under section 1905(v)(2) of the So-*  
 3           *cial Security Act (42 U.S.C. 1396d(v)(2)).*

4           *(B) DEFINITION OF PERSONAL ASSISTANCE*  
 5           *SERVICES.—In this paragraph, the term “per-*  
 6           *sonal assistance services” means a range of serv-*  
 7           *ices, provided by 1 or more persons, designed to*  
 8           *assist an individual with a disability to perform*  
 9           *daily activities on and off the job that the indi-*  
 10           *vidual would typically perform if the individual*  
 11           *did not have a disability. Such services shall be*  
 12           *designed to increase the individual’s control in*  
 13           *life and ability to perform everyday activities on*  
 14           *or off the job.*

15           *(3) DETERMINATION OF AWARDS.—*

16           *(A) IN GENERAL.—Subject to subparagraph*  
 17           *(B), the Secretary shall determine a formula for*  
 18           *awarding grants to States under this section that*  
 19           *provides special consideration to States that pro-*  
 20           *vide medical assistance under title XIX of the*  
 21           *Social Security Act to individuals described in*  
 22           *section 1902(a)(10)(A)(ii)(XVI) of that Act (42*  
 23           *U.S.C. 1396a(a)(10)(A)(ii)(XVI)).*

24           *(B) AWARD LIMITS.—*

25           *(i) MINIMUM AWARDS.—*

1                   (I) *IN GENERAL.*—Subject to sub-  
2                   clause (II), no State with an approved  
3                   application under this section shall re-  
4                   ceive a grant for a fiscal year that is  
5                   less than \$500,000.

6                   (II) *PRO RATA REDUCTIONS.*—If  
7                   the funds appropriated under sub-  
8                   section (e) for a fiscal year are not suf-  
9                   ficient to pay each State with an ap-  
10                  plication approved under this section  
11                  the minimum amount described in  
12                  subclause (I), the Secretary shall pay  
13                  each such State an amount equal to the  
14                  pro rata share of the amount made  
15                  available.

16               (ii) *MAXIMUM AWARDS.*—No State  
17               with an application that has been approved  
18               under this section shall receive a grant for  
19               a fiscal year that exceeds 15 percent of the  
20               total expenditures by the State (including  
21               the reimbursed Federal share of such ex-  
22               penditures) for medical assistance for indi-  
23               viduals eligible under subclause (XV) and  
24               (XVI) of section 1902(a)(10)(A)(ii) of the  
25               Social Security Act (42 U.S.C.

1                   1396a(a)(10)(A)(ii)), as estimated by the  
2                   State and approved by the Secretary.

3           (c) *AVAILABILITY OF FUNDS.*—

4                   (1) *FUNDS AWARDED TO STATES.*—*Funds*  
5                   *awarded to a State under a grant made under this*  
6                   *section for a fiscal year shall remain available until*  
7                   *expended.*

8                   (2) *FUNDS NOT AWARDED TO STATES.*—*Funds*  
9                   *not awarded to States in the fiscal year for which*  
10                  *they are appropriated shall remain available in suc-*  
11                  *ceeding fiscal years for awarding by the Secretary.*

12           (d) *ANNUAL REPORT.*—*A State that is awarded a*  
13           *grant under this section shall submit an annual report to*  
14           *the Secretary on the use of funds provided under the grant.*  
15           *Each report shall include the percentage increase in the*  
16           *number of title II disability beneficiaries, as defined in sec-*  
17           *tion 1148(k)(3) of the Social Security Act (as amended by*  
18           *section 201) in the State, and title XVI disability bene-*  
19           *ficiaries, as defined in section 1148(k)(4) of the Social Secu-*  
20           *rity Act (as so amended) in the State who return to work.*

21           (e) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*  
22           *authorized to be appropriated to carry out this section—*

23                   (1) *for fiscal year 2000, \$20,000,000;*

24                   (2) *for fiscal year 2001, \$25,000,000;*

25                   (3) *for fiscal year 2002, \$30,000,000;*

1           (4) for fiscal year 2003, \$35,000,000;

2           (5) for fiscal year 2004, \$40,000,000; and

3           (6) for each of fiscal years 2005 through 2010,  
4       the amount appropriated for the preceding fiscal year  
5       under this subsection increased by the percentage in-  
6       crease (if any) in the Consumer Price Index for All  
7       Urban Consumers (United States city average) for the  
8       preceding fiscal year.

9       (f) *RECOMMENDATION.*—Not later than October 1,  
10   2009, the Secretary, in consultation with the Ticket to Work  
11   and Work Incentives Advisory Panel established under sec-  
12   tion 101(f), shall submit a recommendation to the Com-  
13   mittee on Commerce of the House of Representatives and  
14   the Committee on Finance of the Senate regarding whether  
15   the grant program established under this section should be  
16   continued after fiscal year 2010.

17   **SEC. 204. DEMONSTRATION OF COVERAGE UNDER THE**  
18                   **MEDICAID PROGRAM OF WORKERS WITH PO-**  
19                   **TENTIALLY SEVERE DISABILITIES.**

20       (a) *STATE APPLICATION.*—A State may apply to the  
21   Secretary of Health and Human Services (in this section  
22   referred to as the “Secretary”) for approval of a demonstra-  
23   tion project (in this section referred to as a “demonstration  
24   project”) under which up to a specified maximum number  
25   of individuals who are workers with a potentially severe

1 *disability (as defined in subsection (b)(1)) are provided*  
 2 *medical assistance equal to that provided under section*  
 3 *1905(a) of the Social Security Act (42 U.S.C. 1396d(a))*  
 4 *to individuals described in section 1902(a)(10)(A)(ii)(XV)*  
 5 *of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).*

6 (b) *WORKER WITH A POTENTIALLY SEVERE DIS-*  
 7 *ABILITY DEFINED.—For purposes of this section—*

8 (1) *IN GENERAL.—The term “worker with a po-*  
 9 *tentially severe disability” means, with respect to a*  
 10 *demonstration project, an individual who—*

11 (A) *is at least 16, but less than 65, years*  
 12 *of age;*

13 (B) *has a specific physical or mental im-*  
 14 *pairment that, as defined by the State under the*  
 15 *demonstration project, is reasonably expected,*  
 16 *but for the receipt of items and services described*  
 17 *in section 1905(a) of the Social Security Act (42*  
 18 *U.S.C. 1396d(a)), to become blind or disabled (as*  
 19 *defined under section 1614(a) of the Social Secu-*  
 20 *rity Act (42 U.S.C. 1382c(a))); and*

21 (C) *is employed (as defined in paragraph*  
 22 *(2)).*

23 (2) *DEFINITION OF EMPLOYED.—An individual*  
 24 *is considered to be “employed” if the individual—*

1           (A) is earning at least the applicable min-  
 2           imum wage requirement under section 6 of the  
 3           Fair Labor Standards Act (29 U.S.C. 206) and  
 4           working at least 40 hours per month; or

5           (B) is engaged in a work effort that meets  
 6           substantial and reasonable threshold criteria for  
 7           hours of work, wages, or other measures, as de-  
 8           fined under the demonstration project and ap-  
 9           proved by the Secretary.

10       (c) APPROVAL OF DEMONSTRATION PROJECTS.—

11           (1) IN GENERAL.—Subject to paragraph (3), the  
 12           Secretary shall approve applications under subsection  
 13           (a) that meet the requirements of paragraph (2) and  
 14           such additional terms and conditions as the Secretary  
 15           may require. The Secretary may waive the require-  
 16           ment of section 1902(a)(1) of the Social Security Act  
 17           (42 U.S.C. 1396a(a)(1)) to allow for sub-State dem-  
 18           onstrations.

19           (2) TERMS AND CONDITIONS OF DEMONSTRATION  
 20           PROJECTS.—The Secretary may not approve a dem-  
 21           onstration project under this section unless the State  
 22           provides assurances satisfactory to the Secretary that  
 23           the following conditions are or will be met:

24           (A) ELECTION OF OPTIONAL CATEGORY.—

25           The State has elected to provide coverage under

1        *its plan under title XIX of the Social Security*  
 2        *Act of individuals described in section*  
 3        *1902(a)(10)(A)(ii)(XV) of the Social Security*  
 4        *Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).*

5            (B) *MAINTENANCE OF STATE EFFORT.*—  
 6        *Federal funds paid to a State pursuant to this*  
 7        *section must be used to supplement, but not sup-*  
 8        *plant, the level of State funds expended for work-*  
 9        *ers with potentially severe disabilities under pro-*  
 10       *grams in effect for such individuals at the time*  
 11       *the demonstration project is approved under this*  
 12       *section.*

13           (C) *INDEPENDENT EVALUATION.*—*The State*  
 14        *provides for an independent evaluation of the*  
 15        *project.*

16        (3) *LIMITATIONS ON FEDERAL FUNDING.*—

17           (A) *AUTHORIZATION OF APPROPRIA-*  
 18        *TIONS.*—*There is authorized to be appropriated*  
 19        *to carry out this section—*

20                    (i) *for fiscal year 2000, \$72,000,000;*

21                    (ii) *for fiscal year 2001, \$74,000,000;*

22                    (iii) *for fiscal year 2002, \$78,000,000;*

23                    *and*

24                    (iv) *for fiscal year 2003, \$81,000,000.*



1           (B) *LIMITATION ON PAYMENTS.*—*In no case*  
2           *may—*

3                   (i) *the aggregate amount of payments*  
4                   *made by the Secretary to States under this*  
5                   *section, other than for administrative ex-*  
6                   *penses described in clause (ii), exceed*  
7                   *\$300,000,000;*

8                   (ii) *the aggregate amount of payments*  
9                   *made by the Secretary to States for admin-*  
10                   *istrative expenses relating to annual reports*  
11                   *required under subsection (d) exceed*  
12                   *\$5,000,000; or*

13                   (iii) *payments be provided by the Sec-*  
14                   *retary for a fiscal year after fiscal year*  
15                   *2005.*

16           (C) *FUNDS ALLOCATED TO STATES.*—*The*  
17           *Secretary shall allocate funds to States based on*  
18           *their applications and the availability of funds.*  
19           *Funds allocated to a State under a grant made*  
20           *under this section for a fiscal year shall remain*  
21           *available until expended.*

22           (D) *FUNDS NOT ALLOCATED TO STATES.*—  
23           *Funds not allocated to States in the fiscal year*  
24           *for which they are appropriated shall remain*  
25           *available in succeeding fiscal years for allocation*

1           *by the Secretary using the allocation formula es-*  
 2           *tablished under this section.*

3                   *(E) PAYMENTS TO STATES.—The Secretary*  
 4           *shall pay to each State with a demonstration*  
 5           *project approved under this section, from its al-*  
 6           *location under subparagraph (C), an amount for*  
 7           *each quarter equal to the Federal medical assist-*  
 8           *ance percentage (as defined in section 1905(b) of*  
 9           *the Social Security Act (42 U.S.C. 1395d(b)) of*  
 10          *expenditures in the quarter for medical assist-*  
 11          *ance provided to workers with a potentially se-*  
 12          *vere disability.*

13          *(d) ANNUAL REPORT.—A State with a demonstration*  
 14          *project approved under this section shall submit an annual*  
 15          *report to the Secretary on the use of funds provided under*  
 16          *the grant. Each report shall include enrollment and finan-*  
 17          *cial statistics on—*

18                  *(1) the total population of workers with poten-*  
 19          *tially severe disabilities served by the demonstration*  
 20          *project; and*

21                  *(2) each population of such workers with a spe-*  
 22          *cific physical or mental impairment described in sub-*  
 23          *section (b)(1)(B) served by such project.*

24          *(e) RECOMMENDATION.—Not later than October 1,*  
 25          *2002, the Secretary shall submit a recommendation to the*

1 *Committee on Commerce of the House of Representatives*  
 2 *and the Committee on Finance of the Senate regarding*  
 3 *whether the demonstration project established under this*  
 4 *section should be continued after fiscal year 2003.*

5 (f) *STATE DEFINED.*—*In this section, the term “State”*  
 6 *has the meaning given such term for purposes of title XIX*  
 7 *of the Social Security Act (42 U.S.C. 1396 et seq.).*

8 **SEC. 205. ELECTION BY DISABLED BENEFICIARIES TO SUS-**  
 9 **PEND MEDIGAP INSURANCE WHEN COVERED**  
 10 **UNDER A GROUP HEALTH PLAN.**

11 (a) *IN GENERAL.*—*Section 1882(q) of the Social Secu-*  
 12 *rity Act (42 U.S.C. 1395ss(q)) is amended—*

13 (1) *in paragraph (5)(C), by inserting “or para-*  
 14 *graph (6)” after “this paragraph”; and*

15 (2) *by adding at the end the following new para-*  
 16 *graph:*

17 “(6) *Each medicare supplemental policy shall*  
 18 *provide that benefits and premiums under the policy*  
 19 *shall be suspended at the request of the policyholder*  
 20 *if the policyholder is entitled to benefits under section*  
 21 *226(b) and is covered under a group health plan (as*  
 22 *defined in section 1862(b)(1)(A)(v)). If such suspen-*  
 23 *sion occurs and if the policyholder or certificate hold-*  
 24 *er loses coverage under the group health plan, such*  
 25 *policy shall be automatically reinstituted (effective as*

1       of the date of such loss of coverage) under terms de-  
 2       scribed in subsection (n)(6)(A)(ii) as of the loss of  
 3       such coverage if the policyholder provides notice of  
 4       loss of such coverage within 90 days after the date of  
 5       such loss.”.

6       (b) *EFFECTIVE DATE.*—The amendments made by sub-  
 7       section (a) apply with respect to requests made after the  
 8       date of the enactment of this Act.

## 9       **TITLE III—DEMONSTRATION** 10       **PROJECTS AND STUDIES**

### 11       **SEC. 301. EXTENSION OF DISABILITY INSURANCE PROGRAM**

#### 12       **DEMONSTRATION PROJECT AUTHORITY.**

13       (a) *EXTENSION OF AUTHORITY.*—Title II of the Social  
 14       Security Act (42 U.S.C. 401 et seq.) is amended by adding  
 15       at the end the following:

16               “DEMONSTRATION PROJECT AUTHORITY

17               “SEC. 234. (a) *AUTHORITY.*—

18               “(1) *IN GENERAL.*—The Commissioner of Social  
 19       Security (in this section referred to as the ‘Commis-  
 20       sioner’) shall develop and carry out experiments and  
 21       demonstration projects designed to determine the rel-  
 22       ative advantages and disadvantages of—

23               “(A) various alternative methods of treating  
 24       the work activity of individuals entitled to dis-  
 25       ability insurance benefits under section 223 or to  
 26       monthly insurance benefits under section 202

1       *based on such individual's disability (as defined*  
2       *in section 223(d)), including such methods as a*  
3       *reduction in benefits based on earnings, designed*  
4       *to encourage the return to work of such individ-*  
5       *uals;*

6               *“(B) altering other limitations and condi-*  
7       *tions applicable to such individuals (including*  
8       *lengthening the trial work period (as defined in*  
9       *section 222(c)), altering the 24-month waiting*  
10       *period for hospital insurance benefits under sec-*  
11       *tion 226, altering the manner in which the pro-*  
12       *gram under this title is administered, earlier re-*  
13       *ferral of such individuals for rehabilitation, and*  
14       *greater use of employers and others to develop,*  
15       *perform, and otherwise stimulate new forms of*  
16       *rehabilitation); and*

17               *“(C) implementing sliding scale benefit off-*  
18       *sets using variations in—*

19                       *“(i) the amount of the offset as a pro-*  
20                       *portion of earned income;*

21                       *“(ii) the duration of the offset period;*  
22                       *and*

23                       *“(iii) the method of determining the*  
24                       *amount of income earned by such individ-*  
25                       *uals,*

1       to the end that savings will accrue to the Trust  
2       Funds, or to otherwise promote the objectives or facili-  
3       tate the administration of this title.

4               “(2) *AUTHORITY FOR EXPANSION OF SCOPE.*—  
5       *The Commissioner may expand the scope of any such*  
6       *experiment or demonstration project to include any*  
7       *group of applicants for benefits under the program es-*  
8       *tablished under this title with impairments that rea-*  
9       *sonably may be presumed to be disabling for purposes*  
10       *of such demonstration project, and may limit any*  
11       *such demonstration project to any such group of ap-*  
12       *plicants, subject to the terms of such demonstration*  
13       *project which shall define the extent of any such pre-*  
14       *sumption.*

15              “(b) *REQUIREMENTS.*—*The experiments and dem-*  
16       *onstration projects developed under subsection (a) shall be*  
17       *of sufficient scope and shall be carried out on a wide enough*  
18       *scale to permit a thorough evaluation of the alternative*  
19       *methods under consideration while giving assurance that*  
20       *the results derived from the experiments and projects will*  
21       *obtain generally in the operation of the disability insurance*  
22       *program under this title without committing such program*  
23       *to the adoption of any particular system either locally or*  
24       *nationally.*

1       “(c) *AUTHORITY TO WAIVE COMPLIANCE WITH BENE-*  
2 *FITS REQUIREMENTS.*—*In the case of any experiment or*  
3 *demonstration project conducted under subsection (a), the*  
4 *Commissioner may waive compliance with the benefit re-*  
5 *quirements of this title and the requirements of section 1148*  
6 *as they relate to the program established under this title,*  
7 *and the Secretary may (upon the request of the Commis-*  
8 *sioner) waive compliance with the benefits requirements of*  
9 *title XVIII, insofar as is necessary for a thorough evalua-*  
10 *tion of the alternative methods under consideration. No such*  
11 *experiment or project shall be actually placed in operation*  
12 *unless at least 90 days prior thereto a written report, pre-*  
13 *pared for purposes of notification and information only*  
14 *and containing a full and complete description thereof, has*  
15 *been transmitted by the Commissioner to the Committee on*  
16 *Ways and Means of the House of Representatives and to*  
17 *the Committee on Finance of the Senate. Periodic reports*  
18 *on the progress of such experiments and demonstration*  
19 *projects shall be submitted by the Commissioner to such*  
20 *committees. When appropriate, such reports shall include*  
21 *detailed recommendations for changes in administration or*  
22 *law, or both, to carry out the objectives stated in subsection*  
23 *(a).*  
24       “(d) *REPORTS.*—

1           “(1) *INTERIM REPORTS.*—On or before June 9 of  
2       each year, the Commissioner shall submit to the Com-  
3       mittee on Ways and Means of the House of Represent-  
4       atives and to the Committee on Finance of the Senate  
5       an annual interim report on the progress of the ex-  
6       periments and demonstration projects carried out  
7       under this subsection together with any related data  
8       and materials that the Commissioner may consider  
9       appropriate.

10           “(2) *TERMINATION AND FINAL REPORT.*—The  
11       authority under the preceding provisions of this sec-  
12       tion (including any waiver granted pursuant to sub-  
13       section (c)) shall terminate 5 years after the date of  
14       the enactment of this Act. Not later than 90 days  
15       after the termination of any experiment or dem-  
16       onstration project carried out under this section, the  
17       Commissioner shall submit to the Committee on Ways  
18       and Means of the House of Representatives and to the  
19       Committee on Finance of the Senate a final report  
20       with respect to that experiment or demonstration  
21       project.”.

22       (b) *CONFORMING AMENDMENTS; TRANSFER OF PRIOR*  
23 *AUTHORITY.*—

24           (1) *CONFORMING AMENDMENTS.*—



1                   (A) *REPEAL OF PRIOR AUTHORITY.*—Para-  
2                   graphs (1) through (4) of subsection (a) and sub-  
3                   section (c) of section 505 of the Social Security  
4                   Disability Amendments of 1980 (42 U.S.C. 1310  
5                   note) are repealed.

6                   (B) *CONFORMING AMENDMENT REGARDING*  
7                   *FUNDING.*—Section 201(k) of the Social Security  
8                   Act (42 U.S.C. 401(k)) is amended by striking  
9                   “section 505(a) of the Social Security Disability  
10                  Amendments of 1980” and inserting “section  
11                  234”.

12                  (2) *TRANSFER OF PRIOR AUTHORITY.*—With re-  
13                  spect to any experiment or demonstration project  
14                  being conducted under section 505(a) of the Social Se-  
15                  curity Disability Amendments of 1980 (42 U.S.C.  
16                  1310 note) as of the date of enactment of this Act, the  
17                  authority to conduct such experiment or demonstra-  
18                  tion project (including the terms and conditions ap-  
19                  plicable to the experiment or demonstration project)  
20                  shall be treated as if that authority (and such terms  
21                  and conditions) had been established under section  
22                  234 of the Social Security Act, as added by subsection  
23                  (a).

1 **SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-**  
2 **DUCTIONS IN DISABILITY INSURANCE BENE-**  
3 **FITS BASED ON EARNINGS.**

4 (a) *AUTHORITY.*—The Commissioner of Social Secu-  
5 rity shall conduct demonstration projects for the purpose  
6 of evaluating, through the collection of data, a program for  
7 title II disability beneficiaries (as defined in section  
8 1148(k)(3) of the Social Security Act) under which benefits  
9 payable under section 223 of such Act, or under section 202  
10 of such Act based on the beneficiary's disability, are reduced  
11 by \$1 for each \$2 of the beneficiary's earnings that is above  
12 a level to be determined by the Commissioner. Such projects  
13 shall be conducted at a number of localities which the Com-  
14 missioner shall determine is sufficient to adequately evalu-  
15 ate the appropriateness of national implementation of such  
16 a program. Such projects shall identify reductions in Fed-  
17 eral expenditures that may result from the permanent im-  
18 plementation of such a program.

19 (b) *SCOPE AND SCALE AND MATTERS TO BE DETER-*  
20 *MINED.*—

21 (1) *IN GENERAL.*—The demonstration projects  
22 developed under subsection (a) shall be of sufficient  
23 duration, shall be of sufficient scope, and shall be car-  
24 ried out on a wide enough scale to permit a thorough  
25 evaluation of the project to determine—

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

3           (B) the extent, if any, to which the project  
4           being tested is affected by whether it is in oper-  
5           ation in a locality within an area under the ad-  
6           ministration of the Ticket to Work and Self-Suf-  
7           ficiency Program established under section 1148  
8           of the Social Security Act; and

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

14        The Commissioner shall take into account advice pro-  
15        vided by the Ticket to Work and Work Incentives Ad-  
16        visory Panel pursuant to section 101(f)(2)(B)(ii) of  
17        this Act.

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

20               (A) the annual cost (including net cost) of  
21               the project and the annual cost (including net  
22               cost) that would have been incurred in the ab-  
23               sence of the project;

1           (B) the determinants of return to work, in-  
2           cluding the characteristics of the beneficiaries  
3           who participate in the project; and

4           (C) the employment outcomes, including  
5           wages, occupations, benefits, and hours worked,  
6           of beneficiaries who return to work as a result of  
7           participation in the project.

8           The Commissioner may include within the matters  
9           evaluated under the project the merits of trial work  
10          periods and periods of extended eligibility.

11          (c) *WAIVERS.*—The Commissioner may waive compli-  
12          ance with the benefit provisions of title II of the Social Se-  
13          curity Act, and the Secretary of Health and Human Serv-  
14          ices may waive compliance with the benefit requirements  
15          of title XVIII of such Act, insofar as is necessary for a thor-  
16          ough evaluation of the alternative methods under consider-  
17          ation. No such project shall be actually placed in operation  
18          unless at least 90 days prior thereto a written report, pre-  
19          pared for purposes of notification and information only  
20          and containing a full and complete description thereof, has  
21          been transmitted by the Commissioner to the Committee on  
22          Ways and Means of the House of Representatives and to  
23          the Committee on Finance of the Senate. Periodic reports  
24          on the progress of such projects shall be submitted by the  
25          Commissioner to such committees. When appropriate, such

1 *reports shall include detailed recommendations for changes*  
2 *in administration or law, or both, to carry out the objectives*  
3 *stated in subsection (a).*

4       (d) *INTERIM REPORTS.*—*Not later than 2 years after*  
5 *the date of enactment of this Act, and annually thereafter,*  
6 *the Commissioner of Social Security shall submit to Con-*  
7 *gress an interim report on the progress of the demonstration*  
8 *projects carried out under this subsection together with any*  
9 *related data and materials that the Commissioner of Social*  
10 *Security may consider appropriate.*

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

15       (f) *EXPENDITURES.*—*Expenditures made for dem-*  
16 *onstration projects under this section shall be made from*  
17 *the Federal Disability Insurance Trust Fund and the Fed-*  
18 *eral Old-Age and Survivors Insurance Trust Fund, as de-*  
19 *termined appropriate by the Commissioner of Social Secu-*  
20 *rity, and from the Federal Hospital Insurance Trust Fund*  
21 *and the Federal Supplementary Medical Insurance Trust*  
22 *Fund, as determined appropriate by the Secretary of*  
23 *Health and Human Services, to the extent provided in ad-*  
24 *vance in appropriation Acts.*

1 **SEC. 303. STUDIES AND REPORTS.**

2 (a) *STUDY BY GENERAL ACCOUNTING OFFICE OF EX-*  
3 *ISTING DISABILITY-RELATED EMPLOYMENT INCENTIVES.—*

4 (1) *STUDY.*—*As soon as practicable after the*  
5 *date of enactment of this Act, the Comptroller General*  
6 *of the United States shall undertake a study to assess*  
7 *existing tax credits and other disability-related em-*  
8 *ployment incentives under the Americans with Dis-*  
9 *abilities Act of 1990 and other Federal laws. In such*  
10 *study, the Comptroller General shall specifically ad-*  
11 *dress the extent to which such credits and other incen-*  
12 *tives would encourage employers to hire and retain*  
13 *individuals with disabilities.*

14 (2) *REPORT.*—*Not later than 3 years after the*  
15 *date of enactment of this Act, the Comptroller General*  
16 *shall transmit to the Committee on Ways and Means*  
17 *of the House of Representatives and the Committee on*  
18 *Finance of the Senate a written report presenting the*  
19 *results of the Comptroller General's study conducted*  
20 *pursuant to this subsection, together with such rec-*  
21 *ommendations for legislative or administrative*  
22 *changes as the Comptroller General determines are*  
23 *appropriate.*

24 (b) *STUDY BY GENERAL ACCOUNTING OFFICE OF EX-*  
25 *ISTING COORDINATION OF THE DI AND SSI PROGRAMS AS*

1 *THEY RELATE TO INDIVIDUALS ENTERING OR LEAVING*  
2 *CONCURRENT ENTITLEMENT.*—

3           (1) *STUDY.*—*As soon as practicable after the*  
4 *date of enactment of this Act, the Comptroller General*  
5 *of the United States shall undertake a study to evalu-*  
6 *ate the coordination under current law of the dis-*  
7 *ability insurance program under title II of the Social*  
8 *Security Act and the supplemental security income*  
9 *program under title XVI of such Act, as such pro-*  
10 *grams relate to individuals entering or leaving con-*  
11 *current entitlement under such programs. In such*  
12 *study, the Comptroller General shall specifically ad-*  
13 *dress the effectiveness of work incentives under such*  
14 *programs with respect to such individuals and the ef-*  
15 *fectiveness of coverage of such individuals under titles*  
16 *XVIII and XIX of such Act.*

17           (2) *REPORT.*—*Not later than 3 years after the*  
18 *date of enactment of this Act, the Comptroller General*  
19 *shall transmit to the Committee on Ways and Means*  
20 *of the House of Representatives and the Committee on*  
21 *Finance of the Senate a written report presenting the*  
22 *results of the Comptroller General's study conducted*  
23 *pursuant to this subsection, together with such rec-*  
24 *ommendations for legislative or administrative*

1       *changes as the Comptroller General determines are*  
2       *appropriate.*

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

6               (1) *STUDY.—As soon as practicable after the*  
7       *date of enactment of this Act, the Comptroller General*  
8       *of the United States shall undertake a study of the*  
9       *substantial gainful activity level applicable as of that*  
10       *date to recipients of benefits under section 223 of the*  
11       *Social Security Act (42 U.S.C. 423) and under sec-*  
12       *tion 202 of such Act (42 U.S.C. 402) on the basis of*  
13       *a recipient having a disability, and the effect of such*  
14       *level as a disincentive for those recipients to return*  
15       *to work. In the study, the Comptroller General also*  
16       *shall address the merits of increasing the substantial*  
17       *gainful activity level applicable to such recipients of*  
18       *benefits and the rationale for not yearly indexing that*  
19       *level to inflation.*

20              (2) *REPORT.—Not later than 2 years after the*  
21       *date of enactment of this Act, the Comptroller General*  
22       *shall transmit to the Committee on Ways and Means*  
23       *of the House of Representatives and the Committee on*  
24       *Finance of the Senate a written report presenting the*  
25       *results of the Comptroller General's study conducted*



1       pursuant to this subsection, together with such rec-  
 2       ommendations for legislative or administrative  
 3       changes as the Comptroller General determines are  
 4       appropriate.

5       (d) *REPORT ON DISREGARDS UNDER THE DI AND SSI*  
 6       *PROGRAMS.*—Not later than 90 days after the date of enact-  
 7       ment of this Act, the Commissioner of Social Security shall  
 8       submit to the Committee on Ways and Means of the House  
 9       of Representatives and the Committee on Finance of the  
 10      Senate a report that—

11           (1) identifies all income, assets, and resource dis-  
 12       regards (imposed under statutory or regulatory au-  
 13       thority) that are applicable to individuals receiving  
 14       benefits under title II or XVI of the Social Security  
 15       Act (42 U.S.C. 401 et seq., 1381 et seq.);

16           (2) with respect to each such disregard—

17                   (A) specifies the most recent statutory or  
 18       regulatory modification of the disregard; and

19                   (B) recommends whether further statutory  
 20       or regulatory modification of the disregard  
 21       would be appropriate; and

22           (3) with respect to the disregard described in sec-  
 23       tion 1612(b)(7) of such Act (42 U.S.C. 1382a(b)(7))  
 24       (relating to grants, scholarships, or fellowships re-  
 25       ceived for use in paying the cost of tuition and fees

1       *at any educational (including technical or vocational*  
2       *education) institution)—*

3               *(A) identifies the number of individuals re-*  
4       *ceiving benefits under title XVI of such Act (42*  
5       *U.S.C. 1381 et seq.) who have attained age 22*  
6       *and have not had any portion of any grant,*  
7       *scholarship, or fellowship received for use in pay-*  
8       *ing the cost of tuition and fees at any edu-*  
9       *cational (including technical or vocational edu-*  
10       *cation) institution excluded from their income in*  
11       *accordance with that section;*

12              *(B) recommends whether the age at which*  
13       *such grants, scholarships, or fellowships are ex-*  
14       *cluded from income for purposes of determining*  
15       *eligibility under title XVI of such Act should be*  
16       *increased to age 25; and*

17              *(C) recommends whether such disregard*  
18       *should be expanded to include any such grant,*  
19       *scholarship, or fellowship received for use in pay-*  
20       *ing the cost of room and board at any such insti-*  
21       *tution.*

22       *(e) STUDY BY THE GENERAL ACCOUNTING OFFICE OF*  
23       *SOCIAL SECURITY ADMINISTRATION'S DISABILITY INSUR-*  
24       *ANCE PROGRAM DEMONSTRATION AUTHORITY.—*

1           (1) *STUDY.*—As soon as practicable after the  
 2       date of the enactment of this Act, the Comptroller  
 3       General of the United States shall undertake a study  
 4       to assess the results of the Social Security Adminis-  
 5       tration’s efforts to conduct disability demonstrations  
 6       authorized under prior law as well as under section  
 7       301 of this Act.

8           (2) *REPORT.*—Not later than 5 years after the  
 9       date of the enactment of this Act, the Comptroller  
 10      General shall transmit to the Committee on Ways and  
 11      Means of the House of Representatives and the Com-  
 12      mittee on Finance of the Senate a written report pre-  
 13      senting the results of the Comptroller General’s study  
 14      conducted pursuant to this section, together with a  
 15      recommendation as to whether the demonstration au-  
 16      thority authorized under section 301 of this Act  
 17      should be made permanent.

## 18   ***TITLE IV—MISCELLANEOUS AND*** 19   ***TECHNICAL AMENDMENTS***

### 20   ***SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG*** 21   ***ADDICTS AND ALCOHOLICS.***

22       (a) *CLARIFICATION RELATING TO THE EFFECTIVE*  
 23   *DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY*  
 24   *BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.*—Section

1 105(a)(5) of the Contract with America Advancement Act  
2 of 1996 (42 U.S.C. 405 note) is amended—

3 (1) in subparagraph (A), by striking “by the  
4 Commissioner of Social Security” and “by the Com-  
5 missioner”; and

6 (2) by adding at the end the following:

7 “(D) For purposes of this paragraph, an in-  
8 dividual’s claim, with respect to benefits under  
9 title II based on disability, which has been de-  
10 nied in whole before the date of the enactment of  
11 this Act, may not be considered to be finally ad-  
12 judicated before such date if, on or after such  
13 date—

14 “(i) there is pending a request for ei-  
15 ther administrative or judicial review with  
16 respect to such claim; or

17 “(ii) there is pending, with respect to  
18 such claim, a readjudication by the Com-  
19 missioner of Social Security pursuant to re-  
20 lief in a class action or implementation by  
21 the Commissioner of a court remand order.

22 “(E) Notwithstanding the provisions of this  
23 paragraph, with respect to any individual for  
24 whom the Commissioner of Social Security does  
25 not perform the entitlement redetermination be-

fore the date prescribed in subparagraph (C), the Commissioner shall perform such entitlement re-determination in lieu of a continuing disability review whenever the Commissioner determines that the individual's entitlement is subject to re-determination based on the preceding provisions of this paragraph, and the provisions of section 223(f) shall not apply to such redetermination.”.

(b) CORRECTION TO EFFECTIVE DATE OF PROVISIONS CONCERNING REPRESENTATIVE PAYEES AND TREATMENT REFERRALS OF SOCIAL SECURITY BENEFICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—Section 105(a)(5)(B) of the Contract with America Advancement Act of 1996 (42 U.S.C. 405 note) is amended to read as follows:

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

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

“(ii) whose entitlement to benefits is based upon an entitlement redetermination made pursuant to subparagraph (C).”.

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

5   **SEC. 402. TREATMENT OF PRISONERS.**

6       (a) *IMPLEMENTATION OF PROHIBITION AGAINST PAY-*  
 7 *MENT OF TITLE II BENEFITS TO PRISONERS.*—

8               (1) *IN GENERAL.*—*Section 202(x)(3) of the So-*  
 9 *cial Security Act (42 U.S.C. 402(x)(3)) is amended—*

10                       (A) *by inserting “(A)” after “(3)”;* and

11                       (B) *by adding at the end the following:*

12               “(B)(i) *The Commissioner shall enter into an agree-*  
 13 *ment under this subparagraph with any interested State*  
 14 *or local institution comprising a jail, prison, penal institu-*  
 15 *tion, or correctional facility, or comprising any other insti-*  
 16 *tution a purpose of which is to confine individuals as de-*  
 17 *scribed in paragraph (1)(A)(ii). Under such agreement—*

18                       “(I) *the institution shall provide to the Commis-*  
 19 *sioner, on a monthly basis and in a manner specified*  
 20 *by the Commissioner, the names, Social Security ac-*  
 21 *count numbers, dates of birth, confinement commence-*  
 22 *ment dates, and, to the extent available to the institu-*  
 23 *tion, such other identifying information concerning*  
 24 *the individuals confined in the institution as the*  
 25 *Commissioner may require for the purpose of car-*

1        *rying out paragraph (1) and other provisions of this*  
2        *title; and*

3                *“(II) the Commissioner shall pay to the institu-*  
4        *tion, with respect to information described in sub-*  
5        *clause (I) concerning each individual who is confined*  
6        *therein as described in paragraph (1)(A), who receives*  
7        *a benefit under this title for the month preceding the*  
8        *first month of such confinement, and whose benefit*  
9        *under this title is determined by the Commissioner to*  
10       *be not payable by reason of confinement based on the*  
11       *information provided by the institution, \$400 (subject*  
12       *to reduction under clause (ii)) if the institution fur-*  
13       *nishes the information to the Commissioner within 30*  
14       *days after the date such individual’s confinement in*  
15       *such institution begins, or \$200 (subject to reduction*  
16       *under clause (ii)) if the institution furnishes the in-*  
17       *formation after 30 days after such date but within 90*  
18       *days after such date.*

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

24                *“(iii) There are authorized to be transferred from the*  
25       *Federal Old-Age and Survivors Insurance Trust Fund and*

1 *the Federal Disability Insurance Trust Fund, as appro-*  
 2 *priate, such sums as may be necessary to enable the Com-*  
 3 *missioner to make payments to institutions required by*  
 4 *clause (i)(II).*

5       “(iv) *The Commissioner shall maintain, and shall pro-*  
 6 *vide on a reimbursable basis, information obtained pursu-*  
 7 *ant to agreements entered into under this paragraph to any*  
 8 *agency administering a Federal or federally-assisted cash,*  
 9 *food, or medical assistance program for eligibility and other*  
 10 *administrative purposes under such program.”.*

11           (2) *CONFORMING AMENDMENTS TO THE PRIVACY*  
 12 *ACT.—Section 552a(a)(8)(B) of title 5, United States*  
 13 *Code, is amended—*

14               (A) *in clause (vi), by striking “or” at the*  
 15 *end;*

16               (B) *in clause (vii), by adding “or” at the*  
 17 *end; and*

18               (C) *by adding at the end the following:*

19                       “(viii) *matches performed pursuant to*  
 20 *section 202(x)(3) or 1611(e)(1) of the Social*  
 21 *Security Act (42 U.S.C. 402(x)(3),*  
 22 *1382(e)(1));”.*

23           (3) *CONFORMING AMENDMENTS TO TITLE XVI.—*

24               (A) *Section 1611(e)(1)(I)(i)(I) of the Social*  
 25 *Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I)) is*



1           amended by striking “; and” and inserting “and  
2           the other provisions of this title; and”.

3           (B) Section 1611(e)(1)(I)(ii)(II) of such Act  
4           (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by  
5           striking “is authorized to provide, on a reim-  
6           bursable basis,” and inserting “shall maintain,  
7           and shall provide on a reimbursable basis,”.

8           (C) Section 1611(e)(1)(I)(ii)(II) of such Act  
9           (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by  
10          striking “eligibility purposes” and inserting “eli-  
11          gibility and other administrative purposes under  
12          such program”.

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

18          (b) *ELIMINATION OF TITLE II REQUIREMENT THAT*  
19          *CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-*  
20          *PRISONMENT FOR MORE THAN 1 YEAR.*—

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

24                       (A) in the matter preceding clause (i), by  
25          striking “during which” and inserting “ending

1       *with or during or beginning with or during a*  
 2       *period of more than 30 days throughout all of*  
 3       *which”;*

4               *(B) in clause (i), by striking “an offense*  
 5       *punishable by imprisonment for more than 1*  
 6       *year (regardless of the actual sentence imposed)”*  
 7       *and inserting “a criminal offense”; and*

8               *(C) in clause (ii)(I), by striking “an offense*  
 9       *punishable by imprisonment for more than 1*  
 10       *year” and inserting “a criminal offense”.*

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

16       *(c) CONFORMING TITLE XVI AMENDMENTS.—*

17               *(1) 50 PERCENT REDUCTION IN TITLE XVI PAY-*  
 18       *MENT IN CASE INVOLVING COMPARABLE TITLE II PAY-*  
 19       *MENT.—Section 1611(e)(1)(I) of the Social Security*  
 20       *Act (42 U.S.C. 1382(e)(1)(I)) is amended—*

21               *(A) in clause (i)(II), by inserting “(subject*  
 22       *to reduction under clause (ii))” after “\$400” and*  
 23       *after “\$200”;*

24               *(B) by redesignating clauses (ii) and (iii)*  
 25       *as clauses (iii) and (iv) respectively; and*

1                   (C) by inserting after clause (i) the fol-  
 2                   lowing:

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

8           (2) *EXPANSION OF CATEGORIES OF INSTITU-*  
 9           *TIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH*  
 10           *THE COMMISSIONER.*—Section 1611(e)(1)(I)(i) of such  
 11           Act (42 U.S.C. 1382(e)(1)(I)(i)) is amended in the  
 12           matter preceding subclause (I) by striking “institu-  
 13           tion” and all that follows through “section  
 14           202(x)(1)(A),” and inserting “institution comprising  
 15           a jail, prison, penal institution, or correctional facil-  
 16           ity, or with any other interested State or local insti-  
 17           tution a purpose of which is to confine individuals as  
 18           described in section 202(x)(1)(A)(ii),”.

19           (3) *ELIMINATION OF OVERLY BROAD EXEMP-*  
 20           *TION.*—Section 1611(e)(1)(I)(iii) of such Act (as re-  
 21           designated by paragraph (1)(B)) is amended  
 22           further—

23                   (A) by striking “(I) The provisions” and all  
 24                   that follows through “(II)”; and

1                   (B) by striking “eligibility purposes” and  
 2                   inserting “eligibility and other administrative  
 3                   purposes under such program”.

4                   (4) *EFFECTIVE DATE.*—The amendments made  
 5                   by this subsection shall take effect as if included in  
 6                   the enactment of section 203(a) of the Personal Re-  
 7                   sponsibility and Work Opportunity Reconciliation  
 8                   Act of 1996 (Public Law 104–193; 110 Stat. 2186).  
 9                   The reference to section 202(x)(1)(A)(ii) in section  
 10                  1611(e)(1)(I)(i) of the Social Security Act as amend-  
 11                  ed by paragraph (2) shall be deemed a reference to  
 12                  such section 202(x)(1)(A)(ii) of such Act as amended  
 13                  by subsection (b)(1)(C).

14                  (d) *CONTINUED DENIAL OF BENEFITS TO SEX OF-*  
 15                  *FENDERS REMAINING CONFINED TO PUBLIC INSTITUTIONS*  
 16                  *UPON COMPLETION OF PRISON TERM.*—

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

20                   (A) in clause (i), by striking “or” at the  
 21                   end;

22                   (B) in clause (ii)(IV), by striking the period  
 23                   and inserting “; or”; and

24                   (C) by adding at the end the following new  
 25                   clause:

1           “(iii) immediately upon completion of confine-  
 2           ment as described in clause (i) pursuant to conviction  
 3           of a criminal offense an element of which is sexual ac-  
 4           tivity, is confined by court order in an institution at  
 5           public expense pursuant to a finding that the indi-  
 6           vidual is a sexually dangerous person or a sexual  
 7           predator or a similar finding.”.

8           (2)       CONFORMING       AMENDMENT.—Section  
 9           202(x)(1)(B)(ii)   of   such   Act   (42   U.S.C.  
 10          402(x)(1)(B)(ii)) is amended by striking “clause (ii)”  
 11          and inserting “clauses (ii) and (iii)”.

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

16   **SEC. 403. REVOCATION BY MEMBERS OF THE CLERGY OF**  
 17                   **EXEMPTION FROM SOCIAL SECURITY COV-**  
 18                   **ERAGE.**

19          (a) IN GENERAL.—Notwithstanding section 1402(e)(4)  
 20          of the Internal Revenue Code of 1986, any exemption which  
 21          has been received under section 1402(e)(1) of such Code by  
 22          a duly ordained, commissioned, or licensed minister of a  
 23          church, a member of a religious order, or a Christian  
 24          Science practitioner, and which is effective for the taxable  
 25          year in which this Act is enacted, may be revoked by filing

1 *an application therefor (in such form and manner, and*  
2 *with such official, as may be prescribed by the Commis-*  
3 *sioner of Internal Revenue), if such application is filed no*  
4 *later than the due date of the Federal income tax return*  
5 *(including any extension thereof) for the applicant's second*  
6 *taxable year beginning after December 31, 1999. Any such*  
7 *revocation shall be effective (for purposes of chapter 2 of*  
8 *the Internal Revenue Code of 1986 and title II of the Social*  
9 *Security Act), as specified in the application, either with*  
10 *respect to the applicant's first taxable year beginning after*  
11 *December 31, 1999, or with respect to the applicant's second*  
12 *taxable year beginning after such date, and for all suc-*  
13 *ceeding taxable years; and the applicant for any such rev-*  
14 *ocation may not thereafter again file application for an ex-*  
15 *emption under such section 1402(e)(1). If the application*  
16 *is filed after the due date of the applicant's Federal income*  
17 *tax return for a taxable year and is effective with respect*  
18 *to that taxable year, it shall include or be accompanied by*  
19 *payment in full of an amount equal to the total of the taxes*  
20 *that would have been imposed by section 1401 of the Inter-*  
21 *nal Revenue Code of 1986 with respect to all of the appli-*  
22 *cant's income derived in that taxable year which would*  
23 *have constituted net earnings from self-employment for pur-*  
24 *poses of chapter 2 of such Code (notwithstanding para-*

1 *graphs (4) and (5) of section 1402(c)) except for the exemp-*  
 2 *tion under section 1402(e)(1) of such Code.*

3       (b) *EFFECTIVE DATE.*—Subsection (a) shall apply  
 4 *with respect to service performed (to the extent specified in*  
 5 *such subsection) in taxable years beginning after December*  
 6 *31, 1999, and with respect to monthly insurance benefits*  
 7 *payable under title II on the basis of the wages and self-*  
 8 *employment income of any individual for months in or*  
 9 *after the calendar year in which such individual’s applica-*  
 10 *tion for revocation (as described in such subsection) is effec-*  
 11 *tive (and lump-sum death payments payable under such*  
 12 *title on the basis of such wages and self-employment income*  
 13 *in the case of deaths occurring in or after such calendar*  
 14 *year).*

15 **SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING**  
 16 **TO COOPERATIVE RESEARCH OR DEM-**  
 17 **ONSTRATION PROJECTS UNDER TITLES II**  
 18 **AND XVI.**

19       (a) *IN GENERAL.*—Section 1110(a)(3) of the Social Se-  
 20 *curity Act (42 U.S.C. 1310(a)(3)) is amended by striking*  
 21 *“title XVI” and inserting “title II or XVI”.*

22       (b) *EFFECTIVE DATE.*—The amendment made by sub-  
 23 *section (a) shall take effect as if included in the enactment*  
 24 *of the Social Security Independence and Program Improve-*  
 25 *ments Act of 1994 (Public Law 103–296; 108 Stat. 1464).*

1 **SEC. 405. AUTHORIZATION FOR STATE TO PERMIT ANNUAL**  
2 **WAGE REPORTS.**

3       (a) *IN GENERAL.*—Section 1137(a)(3) of the Social Se-  
4 curity Act (42 U.S.C. 1320b–7(a)(3)) is amended by insert-  
5 ing before the semicolon the following: “, and except that  
6 in the case of wage reports with respect to domestic service  
7 employment, a State may permit employers (as so defined)  
8 that make returns with respect to such employment on a  
9 calendar year basis pursuant to section 3510 of the Internal  
10 Revenue Code of 1986 to make such reports on an annual  
11 basis”.

12       (b) *TECHNICAL AMENDMENTS.*—Section 1137(a)(3) of  
13 the Social Security Act (42 U.S.C. 1320b–7(a)(3)) is  
14 amended—

15           (1) by striking “(as defined in section  
16 453A(a)(2)(B)(iii))”; and

17           (2) by inserting “(as defined in section  
18 453A(a)(2)(B))” after “employers” .

19       (c) *EFFECTIVE DATE.*—The amendments made by this  
20 section shall apply to wage reports required to be submitted  
21 on and after the date of enactment of this Act.



1 **SEC. 406. ASSESSMENT ON ATTORNEYS WHO RECEIVE**  
2 **THEIR FEES VIA THE SOCIAL SECURITY AD-**  
3 **MINISTRATION.**

4 (a) *IN GENERAL.*—Section 206 of the Social Security  
5 Act (42 U.S.C. 606) is amended by adding at the end the  
6 following:

7 “(d) *ASSESSMENT ON ATTORNEYS.*—

8 “(1) *IN GENERAL.*—Whenever a fee for services is  
9 required to be certified for payment to an attorney  
10 from a claimant’s past-due benefits pursuant to sub-  
11 section (a)(4)(A) or (b)(1)(A), the Commissioner shall  
12 impose on the attorney an assessment calculated in  
13 accordance with paragraph (2).

14 “(2) *AMOUNT.*—

15 “(A) The amount of an assessment under  
16 paragraph (1) shall be equal to the product ob-  
17 tained by multiplying the amount of the rep-  
18 resentative’s fee that would be required to be so  
19 certified by subsection (a)(4)(A) or (b)(1)(A) be-  
20 fore the application of this subsection, by the  
21 percentage specified in subparagraph (B).

22 “(B) The percentage specified in this sub-  
23 paragraph is—

24 “(i) for calendar years before 2001, 6.3  
25 percent, and

1                   “(ii) for calendar years after 2000, 6.3  
2                   percent or such different percentage rate as  
3                   the Commissioner determines is necessary  
4                   in order to achieve full recovery of the costs  
5                   of certifying fees to attorneys from the past-  
6                   due benefits of claimants.

7                   “(3) *COLLECTION.*—The Commissioner may col-  
8                   lect the assessment imposed on an attorney under  
9                   paragraph (1) by offset from the amount of the fee  
10                  otherwise required by subsection (a)(4)(A) or  
11                  (b)(1)(A) to be certified for payment to the attorney  
12                  from a claimant’s past-due benefits.

13                  “(4) *PROHIBITION ON CLAIMANT REIMBURSE-*  
14                  *MENT.*—An attorney subject to an assessment under  
15                  paragraph (1) may not, directly or indirectly, request  
16                  or otherwise obtain reimbursement for such assess-  
17                  ment from the claimant whose claim gave rise to the  
18                  assessment.

19                  “(5) *DISPOSITION OF ASSESSMENTS.*—Assess-  
20                  ments on attorneys collected under this subsection  
21                  shall be credited to the Federal Old-Age and Survivors  
22                  Insurance Trust Fund and the Federal Disability In-  
23                  surance Trust Fund, as appropriate.

24                  “(6) *AUTHORIZATION OF APPROPRIATIONS.*—The  
25                  assessments authorized under this section shall be col-

1        *lected and available for obligation only to the extent*  
 2        *and in the amount provided in advance in appro-*  
 3        *priations Acts. Amounts so appropriated are author-*  
 4        *ized to remain available until expended, for adminis-*  
 5        *trative expenses in carrying out title II of the Social*  
 6        *Security Act and related laws.”.*

7        *(b) CONFORMING AMENDMENTS.—*

8                *(1) Section 206(a)(4)(A) of such Act (42 U.S.C.*  
 9                *606(a)(4)(A)) is amended by inserting “and sub-*  
 10              *section (d)” after “subparagraph (B)”.*

11              *(2) Section 206(b)(1)(A) of such Act (42 U.S.C.*  
 12              *606(b)(1)(A)) is amended by inserting “, but subject*  
 13              *to subsection (d) of this section” after “section*  
 14              *205(i)”.*

15        *(c) EFFECTIVE DATE.—The amendments made by this*  
 16        *section shall apply in the case of any attorney with respect*  
 17        *to whom a fee for services is required to be certified for pay-*  
 18        *ment from a claimant’s past-due benefits pursuant to sub-*  
 19        *section (a)(4)(A) or (b)(4)(A) of section 206 of the Social*  
 20        *Security Act after—*

21              *(1) December 31, 1999, or*

22              *(2) the last day of the first month beginning*  
 23        *after the month in which this Act is enacted.*

1 **SEC. 407. EXTENSION OF AUTHORITY OF STATE MEDICAID**  
 2 **FRAUD CONTROL UNITS.**

3 (a) *EXTENSION OF CONCURRENT AUTHORITY TO IN-*  
 4 *VESTIGATE AND PROSECUTE FRAUD IN OTHER FEDERAL*  
 5 *HEALTH CARE PROGRAMS.*—Section 1903(q)(3) of the So-  
 6 cial Security Act (42 U.S.C. 1396b(q)(3)) is amended—

7 (1) by inserting “(A)” after “in connection  
 8 with”; and

9 (2) by striking “title.” and inserting “title; and  
 10 (B) upon the approval of the Inspector General of the  
 11 relevant Federal agency in a particular case or inves-  
 12 tigation, any aspect of the provision of health care  
 13 services and activities of providers of such services  
 14 under any Federal health care program (as defined in  
 15 section 1128B(f)(1)), if (i) the suspected fraud or vio-  
 16 lation of law in such case or investigation is pri-  
 17 marily related to the State plan under this title, and  
 18 (ii) when such approval is granted, the Inspector  
 19 General of the relevant Federal agency retains the  
 20 continuing authority to join the case or investigation,  
 21 or after consultation with the entity, to replace the  
 22 entity as the primary agency assigned to the case or  
 23 investigation.”.

24 (b) *RECOUPMENT OF FUNDS.*—Section 1903(q)(5) of  
 25 such Act (42 U.S.C. 1396b(q)(5)) is amended—

1           (1) *by inserting “or under any Federal health*  
 2           *care program (as so defined)” after “plan”; and*

3           (2) *by adding at the end the following: “All*  
 4           *funds collected in accordance with this paragraph*  
 5           *shall be credited exclusively to, and available for ex-*  
 6           *penditure under, the Federal health care program (in-*  
 7           *cluding the State plan under this title) that was sub-*  
 8           *ject to the activity that was the basis for the collec-*  
 9           *tion.”.*

10          (c) *EXTENSION OF AUTHORITY TO INVESTIGATE AND*  
 11          *PROSECUTE RESIDENT ABUSE IN NON-MEDICAID BOARD*  
 12          *AND CARE FACILITIES.—Section 1903(q)(4) of such Act (42*  
 13          *U.S.C. 1396b(q)(4)) is amended to read as follows:*

14                 “(4)(A) *The entity has—*

15                         “(i) *procedures for reviewing complaints of*  
 16                         *abuse or neglect of patients in health care facili-*  
 17                         *ties which receive payments under the State plan*  
 18                         *under this title;*

19                         “(ii) *at the option of the entity, procedures*  
 20                         *for reviewing complaints of abuse or neglect of*  
 21                         *patients residing in board and care facilities;*  
 22                         *and*

23                         “(iii) *procedures for acting upon such com-*  
 24                         *plaints under the criminal laws of the State or*

1           *for referring such complaints to other State*  
2           *agencies for action.*

3           “(B) *For purposes of this paragraph, the term*  
4           *‘board and care facility’ means a residential setting*  
5           *which receives payment (regardless of whether such*  
6           *payment is made under the State plan under this*  
7           *title) from or on behalf of two or more unrelated*  
8           *adults who reside in such facility, and for whom one*  
9           *or both of the following is provided:*

10           “(i) *Nursing care services provided by, or*  
11           *under the supervision of, a registered nurse, li-*  
12           *censed practical nurse, or licensed nursing as-*  
13           *stant.*

14           “(ii) *A substantial amount of personal care*  
15           *services that assist residents with the activities of*  
16           *daily living, including personal hygiene, dress-*  
17           *ing, bathing, eating, toileting, ambulation,*  
18           *transfer, positioning, self-medication, body care,*  
19           *travel to medical services, essential shopping,*  
20           *meal preparation, laundry, and housework.”.*

21           (d) *EFFECTIVE DATE.—The amendments made by this*  
22           *section take effect on the date of enactment of this Act.*

1 **SEC. 408. ELIMINATION OF FRAUD AND ABUSE ASSOCIATED**  
2 **WITH CERTAIN PAYMENTS UNDER THE MED-**  
3 **ICAID PROGRAM.**

4 *(a) REQUIREMENTS FOR PAYMENTS.—Section 1903(i)*  
5 *of the Social Security Act (42 U.S.C. 1396b(i)) is*  
6 *amended—*

7 *(1) in paragraph (19), by striking the period at*  
8 *the end and inserting “; or”;*

9 *(2) by inserting after paragraph (19) the fol-*  
10 *lowing:*

11 *“(20) with respect to any amount expended for*  
12 *an item or service provided under the plan, or for*  
13 *any administrative expense incurred to carry out the*  
14 *plan, which is provided or incurred by, or on behalf*  
15 *of, a local educational agency or school district—*

16 *“(A) for which payment is made for a bun-*  
17 *dled group of individual items, services, and ad-*  
18 *ministrative expenses, unless payment for the*  
19 *grouped items, services, and administrative ex-*  
20 *penses is made in accordance with a system that*  
21 *is approved by the Secretary and that—*

22 *“(i) provides for an itemization to the*  
23 *Secretary for assuring accountability of cost*  
24 *of the grouped items, services, and adminis-*  
25 *trative expenses and includes payment rates*

1                   *and the methodologies underlying the estab-*  
2                   *lishment of such rates;*

3                   *“(ii) has an actuarially sound basis*  
4                   *for determining the payment rates and the*  
5                   *methodologies; and*

6                   *“(iii) reconciles payments for the*  
7                   *grouped items and services provided and*  
8                   *administrative expenses incurred under this*  
9                   *title with their cost; or*

10                  *“(B) for which payment is otherwise made*  
11                  *using a fee-for-service methodology, unless pay-*  
12                  *ment for the item, service, or administrative ex-*  
13                  *pense is made in accordance with a system that*  
14                  *is approved by the Secretary and that reimburses*  
15                  *only for the cost of an item or service provided*  
16                  *and an administrative expense incurred that is*  
17                  *reasonable and related to the cost of providing or*  
18                  *incurring such item, service, or administrative*  
19                  *expense or that is based on such other tests of*  
20                  *reasonableness as the Secretary prescribes in reg-*  
21                  *ulations; or*

22                  *“(21) with respect to any transportation service*  
23                  *provided by, or on behalf of, a local educational agen-*  
24                  *cy or school district for a child unless—*



1           “(A) a medical need for transportation is  
2           noted in the individual education plan of the  
3           child, including a child residing in a geographic  
4           area within which school bus transportation is  
5           otherwise not provided;

6           “(B) the vehicle used to furnish such trans-  
7           portation service is specially equipped to accom-  
8           modate individuals with special medical needs;  
9           and

10          “(C) the payment for such service—

11               “(i) is made only with respect to costs  
12               associated with transporting individuals  
13               whose medical needs require transport in  
14               such a vehicle; and

15               “(ii) reflects only the proportion of the  
16               transportation costs equal to—

17                       “(I) the proportion of time spent  
18                       by such individuals at such location in  
19                       activities relating to the receipt of cov-  
20                       ered services under this title; or

21                       “(II) such other proportion based  
22                       on an allocation method that the Sec-  
23                       retary finds reasonable in light of the  
24                       benefit to the program under this title

1                   *and consistent with the cost principles*  
 2                   *contained in OMB Circular A-87; or*  
 3               “(22) *with respect to any amount expended for*  
 4               *an item or service under the plan or for any adminis-*  
 5               *trative expense to carry out the plan provided by a*  
 6               *public agency that enters into a contract with an en-*  
 7               *tity for the development and operation of submitting*  
 8               *claims for such amount unless the agency—*

9                   “(A) *uses a competitive bidding process or*  
 10                  *otherwise to contract with such entity at a rea-*  
 11                  *sonable rate commensurate with the services per-*  
 12                  *formed by such entity; and*

13                  “(B) *requires that any fees (including any*  
 14                  *administrative fees) to be paid to the entity for*  
 15                  *the development of the claims procedure are iden-*  
 16                  *tified as a non-contingent, specified dollar*  
 17                  *amount in the contract.”; and*

18               (3) *in the third sentence, by striking “(17), and*  
 19               (18)” and inserting “(17), (18), (19), (20), and (21)”.

20       (b) *PROVISION OF ITEMS AND SERVICES THROUGH*  
 21 *MEDICAID MANAGED CARE ORGANIZATIONS.—Section*  
 22 *1903(m)(2)(A) of the Social Security Act (42 U.S.C.*  
 23 *1396b(m)(2)(A)) is amended by redesignating clause (xi)*  
 24 *(as added by section 4701(c)(3) of the Balanced Budget Act*

1 of 1997) as clause (xiii), by striking “and” at the end of  
 2 clause (xi), and by inserting after clause (xi) the following:

3 “(xii) such contract provides that with respect to  
 4 payment for, and coverage of, such services in any  
 5 case in which—

6 “(I) a medicaid managed care organization  
 7 is responsible for providing such services to a  
 8 child eligible for benefits under this title but cov-  
 9 erage of services required under the child’s indi-  
 10 vidual education plan is not included in the  
 11 managed care contract but is the responsibility  
 12 of the local educational agency or school district  
 13 in the State; or

14 “(II) acute care services are available in the  
 15 schools to children enrolled under such contract,  
 16 that there are assurances in the State plan and in the  
 17 managed care contract that coordination exists be-  
 18 tween the local educational agency or school district  
 19 and the managed care plan to prevent duplication of  
 20 services or duplication of payments under this title  
 21 for such services.”

22 (c) ALLOWABLE SHARE OF FFP WITH RESPECT TO  
 23 PAYMENT FOR SERVICES FURNISHED IN SCHOOL SET-  
 24 TING.—Section 1903 of the Social Security Act (42 U.S.C.  
 25 1396b) is amended by adding at the end the following:

1       “(x) *In the case of any Federal financial participation*  
 2 *amount determined under subsection (a) with respect to*  
 3 *any expenditure for an item or service under the plan, or*  
 4 *for any administrative expense to carry out the plan, which*  
 5 *is furnished by a local educational agency or school district,*  
 6 *the State shall provide that—*

7               “(1) *100 percent of such amount be paid to such*  
 8 *agency or district, or*

9               “(2) *a percentage of such amount be retained by*  
 10 *the State, but only to the extent such percentage does*  
 11 *not exceed the percentage of such expenditure funded*  
 12 *by State general revenue sources dedicated for such*  
 13 *purpose.”*

14       (d) *UNIFORM METHODOLOGY FOR SCHOOL-BASED*  
 15 *CLAIMS.—Not later than 90 days after the date of enact-*  
 16 *ment of this Act, the Administrator of the Health Care Fi-*  
 17 *nancing Administration, in consultation with State med-*  
 18 *icaid and educational agencies and local school systems,*  
 19 *shall develop and implement a uniform methodology for*  
 20 *claims for payment of medical assistance and related ad-*  
 21 *ministrative expenses furnished under title XIX of the So-*  
 22 *cial Security Act by schools. Such methodology for adminis-*  
 23 *trative expenses shall be based on standards related to time*  
 24 *studies and population estimates and a national standard*  
 25 *for determining payment for such administrative expenses.*

1       (e) *EFFECTIVE DATE.*—*The amendments made by this*  
2 *section shall apply to items and services provided on and*  
3 *after the date of enactment of this Act, without regard to*  
4 *whether implementing regulations are in effect. The Sec-*  
5 *retary of Health and Human Services shall promulgate*  
6 *such final regulations as are necessary to carry out such*  
7 *amendments not later than 1 year after such date of enact-*  
8 *ment.*