

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT OF 1999

Mr. ARCHER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1180) to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1180

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Ticket to Work and Work Incentives Improvement Act of 1999".

(b) TABLE OF CONTENTS.—The table of contents is as 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. Prevention of fraud and abuse associated with certain payments under the medicaid program. Extension of authority of State medicaid fraud control units.

Sec. 408. Extension of authority of State medicaid fraud control units.

Sec. 409. Special allowance adjustment for student loans.

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.

(a) IN GENERAL.—Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by adding after section 1147 (as added by section 8 of the Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998 (Public Law 105-306; 112 Stat. 2928)) the following:

"THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

"SEC. 1148. (a) IN GENERAL.—The Commissioner of Social Security shall establish a Ticket to Work and Self-Sufficiency Program, under which a disabled beneficiary may use a ticket to work and self-sufficiency issued by the Commissioner in accordance with this section to obtain employment services, vocational rehabilitation services, or other support services from an employment network which is of the beneficiary's choice and which is willing to provide such services to such beneficiary.

"(b) TICKET SYSTEM.—

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

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

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

employment network may provide to the beneficiary.

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

"(c) STATE PARTICIPATION.—

"(1) IN GENERAL.—Each State agency administering or supervising the administration of the State plan approved under title I of the Rehabilitation Act of 1973 may elect to participate in the Program as an employment network with respect to a disabled beneficiary. If the State agency does elect to participate in the Program, the State agency also shall elect to be paid under the outcome payment system 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 PROGRAMS.—Subparagraph (A) shall not apply with respect to any State agency administering a program under title V of this Act.

"(3) AGREEMENTS BETWEEN STATE AGENCIES AND EMPLOYMENT NETWORKS.—State agencies and employment networks shall enter into agreements regarding the conditions under which services will be provided when an individual is referred by an employment network to a State agency for services. The Commissioner of Social Security shall establish by regulations the timeframe within which such agreements must be entered into and the mechanisms for dispute resolution between State agencies and employment networks with respect to such agreements.

"(d) RESPONSIBILITIES OF THE COMMISSIONER OF SOCIAL SECURITY.—

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

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

terms. Such performance standards shall include—

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

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

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

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

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

“(4) SELECTION OF EMPLOYMENT NETWORKS.—

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

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

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

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

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

“(e) PROGRAM MANAGERS.—

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

“(2) RECRUITMENT OF EMPLOYMENT NETWORKS.—A program manager shall recruit, and recommend for selection by the Commissioner, employment networks for service under the Program. The program manager shall carry out such recruitment and provide such recommendations, and shall monitor all employment networks serving in the Pro-

gram in the geographic area covered under the program manager's agreement, to the extent necessary and appropriate to ensure that adequate choices of services are made available to beneficiaries. Employment networks may serve under the Program only pursuant to an agreement entered into with the Commissioner under the Program incorporating the applicable provisions of this section and regulations thereunder, and the program manager shall provide and maintain assurances to the Commissioner that payment by the Commissioner to employment networks pursuant to this section is warranted based on compliance by such employment networks with the terms of such agreement and this section. The program manager shall not impose numerical limits on the number of employment networks to be recommended pursuant to this paragraph.

“(3) FACILITATION OF ACCESS BY BENEFICIARIES TO EMPLOYMENT NETWORKS.—A program manager shall facilitate access by beneficiaries to employment networks. The program manager shall ensure that each beneficiary is allowed changes in employment networks without being deemed to have rejected services under the Program. When such a change occurs, the program manager shall reassign the ticket based on the choice of the beneficiary. Upon the request of the employment network, the program manager shall make a determination of the allocation of the outcome or milestone-outcome payments based on the services provided by each employment network. The program manager shall establish and maintain lists of employment networks available to beneficiaries and shall make such lists generally available to the public. The program manager shall ensure that all information provided to disabled beneficiaries pursuant to this paragraph is provided in accessible formats.

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

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

“(f) EMPLOYMENT NETWORKS.—

“(1) QUALIFICATIONS FOR EMPLOYMENT NETWORKS.—

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

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

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

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

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

“(A) serve prescribed service areas; and

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

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

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

“(g) INDIVIDUAL WORK PLANS.—

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

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

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

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

“(i) a statement of the vocational goal developed with the beneficiary, including, as appropriate, goals for earnings and job advancement;

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

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

“(iv) a statement of understanding regarding the beneficiary's rights under the Program (such as the right to retrieve the ticket to work and self-sufficiency if the beneficiary is dissatisfied with the services being provided by the employment network) and remedies available to the individual, including information on the availability of advocacy services and assistance in resolving disputes through the State grant program authorized under section 1150;

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

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

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

“(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

“(I) ELECTION OF PAYMENT SYSTEM BY EMPLOYMENT NETWORKS.—

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

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

“(2) OUTCOME PAYMENT SYSTEM.—

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

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

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

“(i) the payment for each month during the outcome payment period for which benefits (described in paragraphs (3) and (4) of subsection (k)) are not payable is equal to a fixed percentage of the payment calculation

base for the calendar year in which such month occurs; and

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

“(3) OUTCOME-MILESTONE PAYMENT SYSTEM.—

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

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

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

“(4) DEFINITIONS.—In this subsection:

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

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

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

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

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

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

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

“(A) PERCENTAGES AND PERIODS.—The Commissioner shall periodically review the percentage specified in paragraph (2)(C), the total payments permissible under paragraph (3)(C), and the period of time specified in paragraph (4)(B) to determine whether such percentages, such permissible payments, and

such period provide an adequate incentive for employment networks to assist beneficiaries to enter the workforce, while providing for appropriate economies. The Commissioner may alter such percentage, such total permissible payments, or such period of time to the extent that the Commissioner determines, on the basis of the Commissioner's review under this paragraph, that such an alteration would better provide the incentive and economies described in the preceding sentence.

“(B) NUMBER AND AMOUNT OF MILESTONE PAYMENTS.—The Commissioner shall periodically review the number and amounts of milestone payments established by the Commissioner pursuant to this section to determine whether they provide an adequate incentive for employment networks to assist beneficiaries to enter the workforce, taking into account information provided to the Commissioner by program managers, the Ticket to Work and Work Incentives Advisory Panel established by section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999, and other reliable sources. The Commissioner may from time to time alter the number and amounts of milestone payments initially established by the Commissioner pursuant to this section to the extent that the Commissioner determines that such an alteration would allow an adequate incentive for employment networks to assist beneficiaries to enter the workforce. Such alteration shall be based on information provided to the Commissioner by program managers, the Ticket to Work and Work Incentives Advisory Panel established by section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999, or other reliable sources.

“(C) REPORT ON THE ADEQUACY OF INCENTIVES.—The Commissioner shall submit to Congress not later than 36 months after the date of the enactment of the Ticket to Work and Work Incentives Improvement Act of 1999 a report 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 applicable State agency) may not initiate a continuing disability review or other review under section 221 of whether the individual is or is not under a disability or a review under title XVI similar to any such review under section 221.

“(j) AUTHORIZATIONS.—

“(1) PAYMENTS TO EMPLOYMENT NETWORKS.—

“(A) TITLE II DISABILITY BENEFICIARIES.—There are authorized to be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund each fiscal year such sums

as may be necessary to make payments to employment networks under this section. Money paid from the Trust Funds under this section with respect to title II disability beneficiaries who are entitled to benefits under section 223 or who are entitled to benefits under section 202(d) on the basis of the wages and self-employment income of such beneficiaries, shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid from the Trust Funds under this section shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund.

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

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

“(k) DEFINITIONS.—In this section:

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

“(2) DISABLED BENEFICIARY.—The term ‘disabled beneficiary’ means a title II disability beneficiary or a title XVI disability beneficiary.

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

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

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

“(l) REGULATIONS.—Not later than 1 year after the date of the enactment of the Ticket to Work and Work Incentives Improvement Act of 1999, the Commissioner shall prescribe such regulations as are necessary to carry out the provisions of this section.”.

(b) CONFORMING AMENDMENTS.—

(1) AMENDMENTS TO TITLE II.—

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

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

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

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

(D) Section 225(b)(1) of such Act (42 U.S.C. 425(b)(1)) is amended by striking “a program of vocational rehabilitation services” and inserting “a program consisting of the Ticket to Work and Self-Sufficiency Program under

section 1148 or another program of vocational rehabilitation services, employment services, or other support services”.

(2) AMENDMENTS TO TITLE XVI.—

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

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

“(1) has not attained age 16; and

“(2) with respect to whom benefits are paid under this title,

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

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

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

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

(i) by inserting “(1)” after “(c)”; and

(ii) by adding at the end the following:

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

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

(d) GRADUATED IMPLEMENTATION OF PROGRAM.—

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

(2) REQUIREMENTS.—Implementation of the Program at each phase-in site shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods under consideration, so as to ensure that the most efficacious methods are determined and in place for full implementation of the Program on a timely basis.

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

(4) ONGOING EVALUATION OF PROGRAM.—

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

(B) CONSULTATION.—The Commissioner shall design and carry out the series of evaluations after receiving relevant advice from experts in the fields of disability, vocational rehabilitation, and program evaluation and individuals using tickets to work and self-sufficiency under the Program and consulting with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f), the Comptroller General of the United States, other agencies of the Federal Government, and private organizations with appropriate expertise.

(C) METHODOLOGY.—

(i) IMPLEMENTATION.—The Commissioner, in consultation with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f), shall ensure that plans for evaluations and data collection methods under the Program are appropriately designed to obtain detailed employment information.

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

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

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

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

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

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

(VI) the characteristics of individuals in possession of tickets under the Program who are not accepted for services and, to the extent reasonably determinable, the reasons for which such beneficiaries were not accepted for services;

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

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

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

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

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

(D) PERIODIC EVALUATION REPORTS.—Following the close of the third and fifth fiscal years ending after the effective date under subsection (c), and prior to the close of the seventh fiscal year ending after such date, the Commissioner shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report containing the

Commissioner's evaluation of the progress of activities conducted under the provisions of this section and the amendments made thereby. Each such report shall set forth the Commissioner's evaluation of the extent to which the Program has been successful and the Commissioner's conclusions on whether or how the Program should be modified. Each such report shall include such data, findings, materials, and recommendations as the Commissioner may consider appropriate.

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

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

(i) the requirement under section 222(a) for prompt referrals to a State agency; and

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

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

(e) SPECIFIC REGULATIONS REQUIRED.—

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

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

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

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

(C) the form and manner in which State agencies may elect participation in the Ticket to Work and Self-Sufficiency Program pursuant to section 1148(c)(1) of such Act and provision for periodic opportunities for exercising such elections;

(D) the status of State agencies under section 1148(c)(1) of such Act at the time that State agencies exercise elections under that section;

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

(i) the terms by which program managers are precluded from direct participation in the delivery of services pursuant to section 1148(d)(3) of such Act;

(ii) standards which must be met by quality assurance measures referred to in paragraph (6) of section 1148(d) of such Act and methods of recruitment of employment networks utilized pursuant to paragraph (2) of section 1148(e) of such Act; and

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

(F) the terms of agreements to be entered into with employment networks pursuant to section 1148(d)(4) of such Act, including—

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

(ii) the general selection criteria and the specific selection criteria which are applicable to employment networks under section 1148(f)(1)(C) of such Act in selecting service providers;

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

(iv) the national model to which periodic outcomes reporting by employment networks must conform under section 1148(f)(4) of such Act;

(G) standards which must be met by individual work plans pursuant to section 1148(g) of such Act;

(H) standards which must be met by payment systems required under section 1148(h) of such Act, including—

(i) the form and manner in which elections by employment networks of payment systems are to be exercised pursuant to section 1148(h)(1)(A) of such Act;

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

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

(iv) any revision of the percentage specified in paragraph (2)(C) of section 1148(h) of such Act or the period of time specified in paragraph (4)(B) of such section 1148(h) of such Act; and

(v) annual oversight procedures for such systems; and

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

(f) THE TICKET TO WORK AND WORK INCENTIVES ADVISORY PANEL.—

(1) ESTABLISHMENT.—There is established within the Social Security Administration a panel to be known as the "Ticket to Work and Work Incentives Advisory Panel" (in this subsection referred to as the "Panel").

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

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

(B) with respect to the Ticket to Work and Self-Sufficiency Program established under section 1148 of such Act—

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

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

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

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

(3) MEMBERSHIP.—

(A) NUMBER AND APPOINTMENT.—The Panel shall be composed of 12 members as follows:

(i) 4 members appointed by the President, not more than 2 of whom may be of the same political party;

(ii) 2 members appointed by the Speaker of the House of Representatives, in consultation with the Chairman of the Committee on Ways and Means of the House of Representatives;

(iii) 2 members appointed by the minority leader of the House of Representatives, in consultation with the ranking member of the Committee on Ways and Means of the House of Representatives;

(iv) 2 members appointed by the majority leader of the Senate, in consultation with the Chairman of the Committee on Finance of the Senate; and

(v) 2 members appointed by the minority leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate.

(B) REPRESENTATION.—Of the members appointed under subparagraph (A), at least 8 shall have experience or expert knowledge as a recipient, provider, employer, or employee in the fields of, or related to, employment services, vocational rehabilitation services, and other support services, of whom—

(i) at least 2 shall represent the interests of recipients of employment services, vocational rehabilitation services, and other support services;

(ii) at least 2 shall represent the interests of providers of employment services, vocational rehabilitation services, and other support services;

(iii) at least 2 shall represent the interests of private employers; and

(iv) at least 2 shall represent the interests of employees.

At least ½ of the members described in each clause of subparagraph (A) shall be individuals with disabilities, or representatives of individuals with disabilities, with consideration to current or former title II disability beneficiaries or title XVI disability beneficiaries (as such terms are defined in section 1148(k) of the Social Security Act (as added by subsection (a))).

(C) TERMS.—

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

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

(I) ½ of the members appointed under subparagraph (A) shall be appointed for a term of 2 years; and

(II) the remaining members appointed under subparagraph (A) shall be appointed for a term of 4 years.

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

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

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

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

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

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

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

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

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

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

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

(5) POWERS OF PANEL.—

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

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

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

(6) REPORTS.—

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

(B) FINAL REPORT.—The Panel shall transmit a final report to the President and the Congress not later than eight years after the date of the enactment of this Act. The final report shall contain a detailed statement of the findings and conclusions of the Panel, together with its recommendations for legislative and administrative actions which the Panel considers appropriate.

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

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

Subtitle B—Elimination of Work Disincentives

SEC. 111. WORK ACTIVITY STANDARD AS A BASIS FOR REVIEW OF AN INDIVIDUAL'S DISABLED STATUS.

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

“(m)(1) In any case where an individual entitled to disability insurance benefits under section 223 or to monthly insurance benefits under section 202 based on such individual's disability (as defined in section 223(d)) has

received such benefits for at least 24 months—

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

“(B) no work activity engaged in by the individual may be used as evidence that the individual is no longer disabled; and

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

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

“(A) continuing disability reviews on a regularly scheduled basis that is not triggered by work; and

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

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2003.

SEC. 112. EXPEDITED REINSTATEMENT OF DISABILITY BENEFITS.

(a) OASDI BENEFITS.—Section 223 of the Social Security Act (42 U.S.C. 423) is amended—

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

(2) by inserting after subsection (h) the following:

“Reinstatement of Entitlement

“(i)(1)(A) Entitlement to benefits described in subparagraph (B)(i)(I) shall be reinstated in any case where the Commissioner determines that an individual described in subparagraph (B) has filed a request for reinstatement meeting the requirements of paragraph (2)(A) during the period prescribed in subparagraph (C). Reinstatement of such entitlement shall be in accordance with the terms of this subsection.

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

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

“(I) the individual was entitled to benefits under this section or section 202 on the basis of disability pursuant to an application filed thereafter; and

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

“(ii) the individual is under a disability and the physical or mental impairment that is the basis for the finding of disability is the same as (or related to) the physical or mental impairment that was the basis for the finding of disability that gave rise to the entitlement described in clause (i); and

“(iii) the individual's disability renders the individual unable to perform substantial gainful activity.

“(C)(i) Except as provided in clause (ii), the period prescribed in this subparagraph with respect to an individual is 60 consecutive months beginning with the month following the most recent month for which the individual was entitled to a benefit described in subparagraph (B)(i)(I) prior to the entitlement termination described in subparagraph (B)(i)(II).

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

“(2)(A)(i) A request for reinstatement shall be filed in such form, and containing such information, as the Commissioner may prescribe.

“(ii) A request for reinstatement shall include express declarations by the individual

that the individual meets the requirements specified in clauses (ii) and (iii) of paragraph (1)(B).

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

“(3) In determining whether an individual meets the requirements of paragraph (1)(B)(ii), the provisions of subsection (f) shall apply.

“(4)(A)(i) Subject to clause (ii), entitlement to benefits reinstated under this subsection shall commence with the benefit payable for the month in which a request for reinstatement is filed.

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

“(B)(i) Subject to clauses (ii) and (iii), the amount of the benefit payable for any month pursuant to the reinstatement of entitlement under this subsection shall be determined in accordance with the provisions of this title.

“(ii) For purposes of computing the primary insurance amount of an individual whose entitlement to benefits under this section is reinstated under this subsection, the date of onset of the individual's disability shall be the date of onset used in determining the individual's most recent period of disability arising in connection with such benefits payable on the basis of an application.

“(iii) Benefits under this section or section 202 payable for any month pursuant to a request for reinstatement filed in accordance with paragraph (2) shall be reduced by the amount of any provisional benefit paid to such individual for such month under paragraph (7).

“(C) No benefit shall be payable pursuant to an entitlement reinstated under this subsection to an individual for any month in which the individual engages in substantial gainful activity.

“(D) The entitlement of any individual that is reinstated under this subsection shall end with the benefits payable for the month preceding whichever of the following months is the earliest:

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

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

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

“(5) Whenever an individual's entitlement to benefits under this section is reinstated under this subsection, entitlement to benefits payable on the basis of such individual's wages and self-employment income may be reinstated with respect to any person previously entitled to such benefits on the basis of an application if the Commissioner determines that such person satisfies all the requirements for entitlement to such benefits except requirements related to the filing of an application. The provisions of paragraph (4) shall apply to the reinstated entitlement of any such person to the same extent that they apply to the reinstated entitlement of such individual.

“(6) An individual to whom benefits are payable under this section or section 202 pursuant to a reinstatement of entitlement under this subsection for 24 months (whether or not consecutive) shall, with respect to benefits so payable after such twenty-fourth

month, be deemed for purposes of paragraph (1)(B)(i)(I) and the determination, if appropriate, of the termination month in accordance with subsection (a)(1) of this section, or subsection (d)(1), (e)(1), or (f)(1) of section 202, to be entitled to such benefits on the basis of an application filed therefor.

“(7)(A) An individual described in paragraph (1)(B) who files a request for reinstatement in accordance with the provisions of paragraph (2)(A) shall be entitled to provisional benefits payable in accordance with this paragraph, unless the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual's declaration under paragraph (2)(A)(ii) is false. Any such determination by the Commissioner shall be final and not subject to review under subsection (b) or (g) of section 205.

“(B) The amount of a provisional benefit for a month shall equal the amount of the last monthly benefit payable to the individual under this title on the basis of an application increased by an amount equal to the amount, if any, by which such last monthly benefit would have been increased as a result of the operation of section 215(i).

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

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

“(I) the month in which the Commissioner makes a determination regarding the individual's entitlement to reinstated benefits;

“(II) the fifth month following the month described in clause (i);

“(III) the month in which the individual performs substantial gainful activity; or

“(IV) the month in which the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual's declaration made in accordance with paragraph (2)(A)(ii) is false.

“(D) In any case in which the Commissioner determines that an individual is not entitled to reinstated benefits, any provisional benefits paid to the individual under this paragraph shall not be subject to recovery as an overpayment unless the Commissioner determines that the individual knew or should have known that the individual did not meet the requirements of paragraph (1)(B).”.

(b) SSI BENEFITS.—

(1) IN GENERAL.—Section 1631 of the Social Security Act (42 U.S.C. 1383) is amended by adding at the end the following:

“Reinstatement of Eligibility on the Basis of Blindness or Disability

“(p)(1)(A) Eligibility for benefits under this title shall be reinstated in any case where the Commissioner determines that an individual described in subparagraph (B) has filed a request for reinstatement meeting the requirements of paragraph (2)(A) during the period prescribed in subparagraph (C). Reinstatement of eligibility shall be in accordance with the terms of this subsection.

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

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

“(I) the individual was eligible for benefits under this title on the basis of blindness or disability pursuant to an application filed therefor; and

“(II) the individual thereafter was ineligible for such benefits due to earned income (or earned and unearned income) for a period of 12 or more consecutive months;

“(ii) the individual is blind or disabled and the physical or mental impairment that is the basis for the finding of blindness or dis-

ability is the same as (or related to) the physical or mental impairment that was the basis for the finding of blindness or disability that gave rise to the eligibility described in clause (i);

“(iii) the individual's blindness or disability renders the individual unable to perform substantial gainful activity; and

“(iv) the individual satisfies the nonmedical requirements for eligibility for benefits under this title.

“(C)(i) Except as provided in clause (ii), the period prescribed in this subparagraph with respect to an individual is 60 consecutive months beginning with the month following the most recent month for which the individual was eligible for a benefit under this title (including section 1619) prior to the period of ineligibility described in subparagraph (B)(i)(II).

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

“(2)(A)(i) A request for reinstatement shall be filed in such form, and containing such information, as the Commissioner may prescribe.

“(ii) A request for reinstatement shall include express declarations by the individual that the individual meets the requirements specified in clauses (ii) through (iv) of paragraph (1)(B).

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

“(3) In determining whether an individual meets the requirements of paragraph (1)(B)(ii), the provisions of section 1614(a)(4) shall apply.

“(4)(A) Eligibility for benefits reinstated under this subsection shall commence with the benefit payable for the month following the month in which a request for reinstatement is filed.

“(B)(i) Subject to clause (ii), the amount of the benefit payable for any month pursuant to the reinstatement of eligibility under this subsection shall be determined in accordance with the provisions of this title.

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

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

“(5) Whenever an individual's eligibility for benefits under this title is reinstated under this subsection, eligibility for such benefits shall be reinstated with respect to the individual's spouse if such spouse was previously an eligible spouse of the individual under this title and the Commissioner determines that such spouse satisfies all the requirements for eligibility for such benefits except requirements related to the filing of an application. The provisions of paragraph (4) shall apply to the reinstated eligibility of the spouse to the same extent that they apply to the reinstated eligibility of such individual.

“(6) An individual to whom benefits are payable under this title pursuant to a reinstatement of eligibility under this subsection for twenty-four months (whether or not consecutive) shall, with respect to bene-

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

“(7)(A) An individual described in paragraph (1)(B) who files a request for reinstatement in accordance with the provisions of paragraph (2)(A) shall be eligible for provisional benefits payable in accordance with this paragraph, unless the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual's declaration under paragraph (2)(A)(ii) is false. Any such determination by the Commissioner shall be final and not subject to review under paragraph (1) or (3) of subsection (c).

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

“(ii) If the individual has a spouse who was previously an eligible spouse of the individual under this title and the Commissioner determines that such spouse satisfies all the requirements of section 1614(b) except requirements related to the filing of an application, the amount of a provisional benefit for a month shall equal the amount of the monthly benefit that would be payable to an eligible individual and eligible spouse under this title with the same kind and amount of income.

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

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

“(I) the month in which the Commissioner makes a determination regarding the individual's eligibility for reinstated benefits;

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

“(III) the month in which the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual's declaration made in accordance with paragraph (2)(A)(ii) is false.

“(D) In any case in which the Commissioner determines that an individual is not eligible for reinstated benefits, any provisional benefits paid to the individual under this paragraph shall not be subject to recovery as an overpayment unless the Commissioner determines that the individual knew or should have known that the individual did not meet the requirements of paragraph (1)(B).

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

(2) CONFORMING AMENDMENTS.—

(A) Section 1631(j)(1) of such Act (42 U.S.C. 1383(j)(1)) is amended by striking the period and inserting “, or has filed a request for reinstatement of eligibility under subsection (p)(2) and been determined to be eligible for reinstatement.”.

(B) Section 1631(j)(2)(A)(i)(I) of such Act (42 U.S.C. 1383(j)(2)(A)(i)(I)) is amended by inserting “(other than pursuant to a request for reinstatement under subsection (p))” after “eligible”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the first day of the thirteenth month beginning after the date of enactment of this Act.

(2) LIMITATION.—No benefit shall be payable under title II or XVI on the basis of a

request for reinstatement filed under section 223(i) or 1631(p) of the Social Security Act before the effective date described in paragraph (1).

Subtitle C—Work Incentives Planning, Assistance, and Outreach

SEC. 121. WORK INCENTIVES OUTREACH PROGRAM.

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

“WORK INCENTIVES OUTREACH PROGRAM

“SEC. 1149. (a) ESTABLISHMENT.—

“(1) IN GENERAL.—The Commissioner, in consultation 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, shall establish a community-based work incentives planning and assistance program for the purpose of disseminating accurate information to disabled beneficiaries on work incentives programs and issues related to such programs.

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

“(A) establish a competitive program of grants, cooperative agreements, or contracts to provide benefits planning and assistance, including information on the availability of protection and advocacy services, to disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1619, and other programs that are designed to encourage disabled beneficiaries to work;

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

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

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

“(C) establish a corps of trained, accessible, and responsive work incentives specialists within the Social Security Administration who will specialize in disability work incentives under titles II and XVI for the purpose of disseminating accurate information with respect to inquiries and issues relating to work incentives to—

“(i) disabled beneficiaries;

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

“(iii) individuals or entities awarded grants under subparagraphs (A) or (B); and

“(D) provide—

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

“(ii) technical assistance to organizations and entities that are designed to encourage disabled beneficiaries to return to work.

“(3) COORDINATION WITH OTHER PROGRAMS.—The responsibilities of the Commissioner established under this section shall be coordinated with other public and private programs that provide information and assistance regarding rehabilitation services and independent living supports and benefits planning for disabled beneficiaries including the program under section 1619, the plans for achieving self-support program (PASS), and

any other Federal or State work incentives programs that are designed to assist disabled beneficiaries, including educational agencies that provide information and assistance regarding rehabilitation, school-to-work programs, transition services (as defined in, and provided in accordance with, the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.)), a one-stop delivery system established under subtitle B of title I of the Workforce Investment Act of 1998, and other services.

“(b) CONDITIONS.—

“(1) SELECTION OF ENTITIES.—

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

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

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

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

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

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

“(II) The State agency administering the State program funded under part A of title IV.

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

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

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

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

“(C) availability of protection and advocacy services for disabled beneficiaries and how to access such services.

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

“(A) BASED ON POPULATION OF DISABLED BENEFICIARIES.—Subject to subparagraph (B), the Commissioner shall award a grant, cooperative agreement, or contract under this section to an entity based on the percentage of the population of the State where the entity is located who are disabled beneficiaries.

“(B) LIMITATIONS.—

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

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

“(4) ALLOCATION OF COSTS.—The costs of carrying out this section shall be paid from amounts made available for the administration of title II and amounts made available for the administration of title XVI, and shall be allocated among those amounts as appropriate.

“(c) DEFINITIONS.—In this section:

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

“(2) DISABLED BENEFICIARY.—The term ‘disabled beneficiary’ has the meaning given that term in section 1148(k)(2).

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

SEC. 122. STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO DISABLED BENEFICIARIES.

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

“STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO DISABLED BENEFICIARIES

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

“(b) SERVICES PROVIDED.—Services provided to disabled beneficiaries pursuant to a payment made under this section may include—

“(1) information and advice about obtaining vocational rehabilitation and employment services; and

“(2) advocacy or other services that a disabled beneficiary may need to secure or regain gainful employment.

“(c) APPLICATION.—In order to receive payments under this section, a protection and advocacy system shall submit an application to the Commissioner, at such time, in such form and manner, and accompanied by such information and assurances as the Commissioner may require.

“(d) AMOUNT OF PAYMENTS.—

“(1) IN GENERAL.—Subject to the amount appropriated for a fiscal year for making payments under this section, a protection and advocacy system shall not be paid an amount that is less than—

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

“(i) \$100,000; or

“(ii) 1/3 of 1 percent of the amount available for payments under this section; and

“(B) in the case of a protection and advocacy system located in Guam, American

Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, \$50,000.

"(2) INFLATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount appropriated to carry out this section in the preceding fiscal year, the Commissioner shall increase each minimum payment under subparagraphs (A) and (B) of paragraph (1) by a percentage equal to the percentage increase in the total amount so appropriated to carry out this section.

"(e) ANNUAL REPORT.—Each protection and advocacy system that receives a payment under this section shall submit an annual report to the Commissioner and 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 on the services provided to individuals by the system.

"(f) FUNDING.—

"(1) ALLOCATION OF PAYMENTS.—Payments under this section shall be made from amounts made available for the administration of title II and amounts made available for the administration of title XVI, and shall be allocated among those amounts as appropriate.

"(2) CARRYOVER.—Any amounts allotted for payment to a protection and advocacy system under this section for a fiscal year shall remain available for payment to or on behalf of the protection and advocacy system until the end of the succeeding fiscal year.

"(g) DEFINITIONS.—In this section:

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

"(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' has the meaning given that term in section 1148(k)(2).

"(3) PROTECTION AND ADVOCACY SYSTEM.—The term 'protection and advocacy system' means a protection and advocacy system established pursuant to part C of title I of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.).

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

TITLE II—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

SEC. 201. EXPANDING STATE OPTIONS UNDER THE MEDICAID PROGRAM FOR WORKERS WITH DISABILITIES.

(a) IN GENERAL.—

(1) STATE OPTION TO PROVIDE OPPORTUNITY FOR EMPLOYED INDIVIDUALS WITH A MEDICALLY IMPROVED DISABILITY TO BUY INTO MEDICAID.—

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

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

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

(iii) by adding at the end the following:

"(XV) who are employed individuals with a medically improved disability described in section 1905(v)(1) and whose assets, resources, and earned or unearned income (or both) do not exceed such limitations (if any) as the State may establish, but only if the State provides medical assistance to individuals described in subclause (XIII);".

(B) DEFINITION OF EMPLOYED INDIVIDUALS WITH A MEDICALLY IMPROVED DISABILITY.—Section 1905 of the Social Security Act (42 U.S.C. 1396d) is amended by adding at the end the following:

"(v)(1) The term 'employed individual with a medically improved disability' means an individual who—

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

"(B) is employed (as defined in paragraph (2));

"(C) ceases to be eligible for medical assistance under section 1902(a)(10)(A)(ii)(XIII) because the individual, by reason of medical improvement, is determined at the time of a regularly scheduled continuing disability review to no longer be eligible for benefits under section 223(d) or 1614(a)(3); and

"(D) continues to have a severe medically determinable impairment, as determined under regulations of the Secretary.

"(2) For purposes of paragraph (1), an individual is considered to be 'employed' if the individual—

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

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

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

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

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

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

"(xii) employed individuals with a medically improved disability (as defined in subclause (v))";.

(2) STATE AUTHORITY TO IMPOSE INCOME-RELATED PREMIUMS AND COST-SHARING.—Section 1916 of such Act (42 U.S.C. 1396o) is amended—

(A) in subsection (a), by striking "The State plan" and inserting "Subject to subsection (g), the State plan"; and

(B) by adding at the end the following:

"(g) With respect to individuals provided medical assistance only under subclause (XV) of section 1902(a)(10)(A)(ii), a State may (in a uniform manner for individuals described in either such subclause)—

"(1) require such individuals to pay premiums or other cost-sharing charges set on a sliding scale based on income that the State may determine; and

"(2) require payment of 100 percent of such premiums in the case of such an individual who has income that exceeds 250 percent of the income official poverty line (referred to in subsection (c)(1)) applicable to a family of the size involved."

(3) PROHIBITION AGAINST SUPPLANTATION OF STATE FUNDS AND STATE FAILURE TO MAINTAIN EFFORT.—Section 1903(i) of such Act (42 U.S.C. 1396b(i)) is amended—

(A) by striking the period at the end of paragraph (19) and inserting "; or"; and

(B) by inserting after such paragraph the following:

"(20) with respect to amounts expended for medical assistance provided to an individual described in subclause (XV) of section 1902(a)(10)(A)(ii) for a fiscal year unless the State demonstrates to the satisfaction of the Secretary that the level of State funds expended for such fiscal year for programs to enable working individuals with disabilities to work (other than for such medical assistance) is not less than the level expended for such programs during the most recent State fiscal year ending before the date of enactment of this paragraph."

(b) CONFORMING AMENDMENTS.—

(1) Section 1903(f)(4) of the Social Security Act (42 U.S.C. 1396b(f)(4)) is amended in the matter preceding subparagraph (A) by inserting "1902(a)(10)(A)(ii)(XV)," after "1902(a)(10)(A)(ii)(X)".

(2) Section 1903(f)(4) of such Act, as amended by paragraph (1), is amended by inserting "1902(a)(10)(A)(ii)(XIII)," before

"1902(a)(10)(A)(ii)(XV)".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section apply to medical assistance for items and services furnished on or after October 1, 1999.

(2) RETROACTIVITY OF CONFORMING AMENDMENT.—The amendment made by subsection (b)(2) takes effect as if included in the enactment of the Balanced Budget Act of 1997.

SEC. 202. EXTENDING MEDICARE COVERAGE FOR OASDI DISABILITY BENEFIT RECIPIENTS.

(a) IN GENERAL.—The next to last sentence of section 226(b) of the Social Security Act (42 U.S.C. 426) is amended by striking "24" and inserting "96".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective on and after October 1, 2000.

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

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

(2) examines the necessity and effectiveness of providing continuation of medicare coverage under section 226(b) of the Social Security Act to individuals whose annual income exceeds the contribution and benefit base (as determined under section 230 of such Act);

(3) examines the viability of providing the continuation of medicare coverage under such section 226(b) based on a sliding scale premium for individuals whose annual income exceeds such contribution and benefit base;

(4) examines the viability of providing the continuation of medicare coverage under such section 226(b) based on a premium buy-in by the beneficiary's employer in lieu of coverage under private health insurance;

(5) examines the interrelation between the use of the continuation of medicare coverage under such section 226(b) and the use of private health insurance coverage by individuals during the extended period; and

(6) recommends such legislative or administrative changes relating to the continuation of medicare coverage for recipients of social security disability benefits as the Comptroller General determines are appropriate.

SEC. 203. GRANTS TO DEVELOP AND ESTABLISH STATE INFRASTRUCTURES TO SUPPORT WORKING INDIVIDUALS WITH DISABILITIES.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall award grants described in subsection (b) to States to support the design, establishment, and operation of State infrastructures that provide items and services to support working individuals with disabilities.

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

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

(b) GRANTS FOR INFRASTRUCTURE AND OUTREACH.—

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

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

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

(2) ELIGIBILITY FOR GRANTS.—

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

(i) has an approved amendment to the State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) that provides medical assistance under such plan to individuals described in section 1902(a)(10)(A)(ii)(XIII) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)); and

(ii) demonstrates to the satisfaction of the Secretary that the State makes personal assistance services available under the State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) to the extent necessary to enable individuals described in clause (i) to remain employed (as determined under section 1905(v)(2) of the Social Security Act (42 U.S.C. 1396d(v)(2))).

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

(3) DETERMINATION OF AWARDS.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall determine a formula for awarding grants to States under this section that provides special consideration to States that provide medical assistance under title XIX of the Social Security Act to individuals described in section 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).

(B) AWARD LIMITS.—

(i) MINIMUM AWARDS.—

(I) IN GENERAL.—Subject to subclause (II), no State with an approved application under this section shall receive a grant for a fiscal year that is less than \$500,000.

(II) PRO RATA REDUCTIONS.—If the funds appropriated under subsection (e) for a fiscal year are not sufficient to pay each State with an application approved under this section the minimum amount described in subclause (I), the Secretary shall pay each State an amount equal to the pro rata share of the amount made available.

(ii) MAXIMUM AWARDS.—No State with an application that has been approved under this section shall receive a grant for a fiscal year that exceeds 15 percent of the total expenditures by the State (including the reimbursed Federal share of such expenditures) for medical assistance for individuals eligible under subclause (XIII) or (XV) of section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)), as estimated by the State and approved by the Secretary.

(C) AVAILABILITY OF FUNDS.—

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

(2) FUNDS NOT AWARDED TO STATES.—Funds not awarded to States in the fiscal year for which they are appropriated shall remain available in succeeding fiscal years for awarding by the Secretary.

(d) ANNUAL REPORT.—A State that is awarded a grant under this section shall submit an annual report to the Secretary on the use of funds provided under the grant. Each report shall include the percentage increase in the number of title II disability bene-

ficiaries, as defined in section 1148(k)(3) of the Social Security Act (as amended by section 101(a)) in the State, and title XVI disability beneficiaries, as defined in section 1148(k)(4) of the Social Security Act (as so amended) in the State who return to work.

(e) APPROPRIATION.—

(I) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to make grants under this section—

(A) for fiscal year 2000, \$20,000,000;

(B) for fiscal year 2001, \$25,000,000;

(C) for fiscal year 2002, \$30,000,000;

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

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

(F) for each of fiscal years 2005 through 2010, the amount appropriated for the preceding fiscal year increased by the percentage increase (if any) in the Consumer Price Index for All Urban Consumers (United States city average) for the preceding fiscal year.

(2) BUDGET AUTHORITY.—This subsection constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment of the amounts appropriated under paragraph (1).

(f) RECOMMENDATION.—Not later than October 1, 2009, the Secretary, in consultation with the Work Incentives Advisory Panel established under section 201(f), shall submit a recommendation to the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate regarding whether the grant program established under this section should be continued after fiscal year 2010.

SEC. 204. DEMONSTRATION OF COVERAGE UNDER THE MEDICAID PROGRAM OF WORKERS WITH POTENTIALLY SEVERE DISABILITIES.

(a) STATE APPLICATION.—A State may apply to the Secretary of Health and Human Services (in this section referred to as the “Secretary”) for approval of a demonstration project (in this section referred to as a “demonstration project”) under which up to a specified maximum number of individuals who are workers with a potentially severe disability (as defined in subsection (b)(1)) are provided medical assistance equal to that provided under section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)) to individuals described in section 1902(a)(10)(A)(ii)(XIII) of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)).

(b) WORKER WITH A POTENTIALLY SEVERE DISABILITY DEFINED.—For purposes of this section—

(1) IN GENERAL.—The term “worker with a potentially severe disability” means, with respect to a demonstration project, an individual who—

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

(B) has a specific physical or mental impairment that, as defined by the State under the demonstration project, is reasonably expected, but for the receipt of items and services described in section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)), to become blind or disabled (as defined under section 1614(a) of the Social Security Act (42 U.S.C. 1382c(a))) ; and

(C) is employed (as defined in paragraph (2)).

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

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

(B) is engaged in a work effort that meets substantial and reasonable threshold criteria for hours of work, wages, or other measures,

as defined under the demonstration project and approved by the Secretary.

(c) APPROVAL OF DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—Subject to paragraph (3), the Secretary shall approve applications under subsection (a) that meet the requirements of paragraph (2) and such additional terms and conditions as the Secretary may require. The Secretary may waive the requirement of section 1902(a)(1) of the Social Security Act (42 U.S.C. 1396a(a)(1)) to allow for sub-State demonstrations.

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

(A) ELECTION OF OPTIONAL CATEGORY.—The State has elected to provide coverage under its plan under title XIX of the Social Security Act of individuals described in section 1902(a)(10)(A)(ii)(XIII) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)).

(B) MAINTENANCE OF STATE EFFORT.—Federal funds paid to a State pursuant to this section must be used to supplement, but not supplant, the level of State funds expended for workers with potentially severe disabilities under programs in effect for such individuals at the time the demonstration project is approved under this section.

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

(3) LIMITATIONS ON FEDERAL FUNDING.—

(A) APPROPRIATION.—

(i) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to carry out this section for the 5-fiscal-year period beginning with fiscal year 2000, \$56,000,000.

(ii) BUDGET AUTHORITY.—Clause (i) constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment of the amounts appropriated under clause (i).

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

(i) the aggregate amount of payments made by the Secretary to States under this section exceed \$56,000,000; or

(ii) payments be provided by the Secretary for a fiscal year after fiscal year 2005.

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

(D) FUNDS NOT ALLOCATED TO STATES.—Funds not allocated to States in the fiscal year for which they are appropriated shall remain available in succeeding fiscal years for allocation by the Secretary using the allocation formula established under this section.

(E) PAYMENTS TO STATES.—The Secretary shall pay to each State with a demonstration project approved under this section, from its allocation under subparagraph (C), an amount for each quarter equal to the Federal medical assistance percentage (as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1395d(b))) of expenditures in the quarter for medical assistance provided to workers with a potentially severe disability.

(d) RECOMMENDATION.—Not later than October 1, 2002, the Secretary shall submit a recommendation to the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate regarding whether the demonstration project established under this section should be continued after fiscal year 2003.

(e) STATE DEFINED.—In this section, the term "State" has the meaning given such term for purposes of title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

SEC. 205. ELECTION BY DISABLED BENEFICIARIES TO SUSPEND MEDIGAP INSURANCE WHEN COVERED UNDER A GROUP HEALTH PLAN.

(a) IN GENERAL.—Section 1882(q) of the Social Security Act (42 U.S.C. 1395ss(q)) is amended—

(1) in paragraph (5)(C), by inserting "or paragraph (6)" after "this paragraph"; and

(2) by adding at the end the following new paragraph:

"(6) Each medicare supplemental policy shall provide that benefits and premiums under the policy shall be suspended at the request of the policyholder if the policyholder is entitled to benefits under section 226(b) and is covered under a group health plan (as defined in section 1862(b)(1)(A)(v)). If such suspension occurs and if the policyholder or certificate holder loses coverage under the group health plan, such policy shall be automatically reinstituted (effective as of the date of such loss of coverage) under terms described in subsection (n)(6)(A)(ii) as of the loss of such coverage if the policyholder provides notice of loss of such coverage within 90 days after the date of such loss."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply with respect to requests made after the date of the enactment of this Act.

TITLE III—DEMONSTRATION PROJECTS AND STUDIES

SEC. 301. EXTENSION OF DISABILITY INSURANCE PROGRAM DEMONSTRATION PROJECT AUTHORITY.

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

"DEMONSTRATION PROJECT AUTHORITY

"SEC. 234. (a) AUTHORITY.—

"(1) IN GENERAL.—The Commissioner of Social Security (in this section referred to as the "Commissioner") shall develop and carry out experiments and demonstration projects designed to determine the relative advantages and disadvantages of—

"(A) various alternative methods of treating the work activity of individuals entitled to disability insurance benefits under section 223 or to monthly insurance benefits under section 202 based on such individual's disability (as defined in section 223(d)), including such methods as a reduction in benefits based on earnings, designed to encourage the return to work of such individuals;

"(B) altering other limitations and conditions applicable to such individuals (including lengthening the trial work period (as defined in section 222(c)), altering the 24-month waiting period for hospital insurance benefits under section 226, altering the manner in which the program under this title is administered, earlier referral of such individuals for rehabilitation, and greater use of employers and others to develop, perform, and otherwise stimulate new forms of rehabilitation); and

"(C) implementing sliding scale benefit offsets using variations in—

"(i) the amount of the offset as a proportion of earned income;

"(ii) the duration of the offset period; and

"(iii) the method of determining the amount of income earned by such individuals,

to the end that savings will accrue to the Trust Funds, or to otherwise promote the objectives or facilitate the administration of this title.

"(2) AUTHORITY FOR EXPANSION OF SCOPE.—The Commissioner may expand the scope of

any such experiment or demonstration project to include any group of applicants for benefits under the program established under this title with impairments that reasonably may be presumed to be disabling for purposes of such demonstration project, and may limit any such demonstration project to any such group of applicants, subject to the terms of such demonstration project which shall define the extent of any such presumption.

"(b) REQUIREMENTS.—The experiments and demonstration projects developed under subsection (a) shall be of sufficient scope and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods under consideration while giving assurance that the results derived from the experiments and projects will obtain generally in the operation of the disability insurance program under this title without committing such program to the adoption of any particular system either locally or nationally.

"(c) AUTHORITY TO WAIVE COMPLIANCE WITH BENEFITS REQUIREMENTS.—In the case of any experiment or demonstration project conducted under subsection (a), the Commissioner may waive compliance with the benefit requirements of this title and the requirements of section 1148 as they relate to the program established under this title, and the Secretary may (upon the request of the Commissioner) waive compliance with the benefits requirements of title XVIII, insofar as is necessary for a thorough evaluation of the alternative methods under consideration. No such experiment or project shall be actually placed in operation unless at least 90 days prior thereto a written report, prepared for purposes of notification and information only and containing a full and complete description thereof, has been transmitted by the Commissioner to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate. Periodic reports on the progress of such experiments and demonstration projects shall be submitted by the Commissioner to such committees. When appropriate, such reports shall include detailed recommendations for changes in administration or law, or both, to carry out the objectives stated in subsection (a).

"(d) REPORTS.—

"(1) INTERIM REPORTS.—On or before June 9 of each year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate an annual interim report on the progress of the experiments and demonstration projects carried out under this subsection together with any related data and materials that the Commissioner may consider appropriate.

"(2) TERMINATION AND FINAL REPORT.—The authority under the preceding provisions of this section (including any waiver granted pursuant to subsection (c)) shall terminate 5 years after the date of the enactment of this Act. Not later than 90 days after the termination of any experiment or demonstration project carried out under this section, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate a final report with respect to that experiment or demonstration project."

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

(1) CONFORMING AMENDMENTS.—

(A) REPEAL OF PRIOR AUTHORITY.—Paragraphs (1) through (4) of subsection (a) and subsection (c) of section 505 of the Social Security Disability Amendments of 1980 (42 U.S.C. 1310 note) are repealed.

(B) CONFORMING AMENDMENT REGARDING FUNDING.—Section 201(k) of the Social Security Act (42 U.S.C. 401(k)) is amended by striking "section 505(a) of the Social Security Disability Amendments of 1980" and inserting "section 234".

(2) TRANSFER OF PRIOR AUTHORITY.—With respect to any experiment or demonstration project being conducted under section 505(a) of the Social Security Disability Amendments of 1980 (42 U.S.C. 1310 note) as of the date of enactment of this Act, the authority to conduct such experiment or demonstration project (including the terms and conditions applicable to the experiment or demonstration project) shall be treated as if that authority (and such terms and conditions) had been established under section 234 of the Social Security Act, as added by subsection (a).

SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

(a) AUTHORITY.—The Commissioner of Social Security shall conduct demonstration projects for the purpose of evaluating, through the collection of data, a program for title II disability beneficiaries (as defined in section 1148(k)(3) of the Social Security Act) under which benefits payable under section 223 of such Act, or under section 202 of such Act based on the beneficiary's disability, are reduced by \$1 for each \$2 of the beneficiary's earnings that is above a level to be determined by the Commissioner. Such projects shall be conducted at a number of localities which the Commissioner shall determine is sufficient to adequately evaluate the appropriateness of national implementation of such a program. Such projects shall identify reductions in Federal expenditures that may result from the permanent implementation of such a program.

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

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

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

(B) the extent, if any, to which the project being tested is affected by whether it is in operation in a locality within an area under the administration of the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act; and

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

The Commissioner shall take into account advice provided by the Ticket to Work and Work Incentives Advisory Panel pursuant to section 101(f)(2)(B)(ii) of this Act.

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

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

(B) the determinants of return to work, including the characteristics of the beneficiaries who participate in the project; and

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

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

(c) **WAIVERS.**—The Commissioner may waive compliance with the benefit provisions of title II of the Social Security Act, and the Secretary of Health and Human Services may waive compliance with the benefit requirements of title XVIII of such Act, insofar as is necessary for a thorough evaluation of the alternative methods under consideration. No such project shall be actually placed in operation unless at least 90 days prior thereto a written report, prepared for purposes of notification and information only and containing a full and complete description thereof, has been transmitted by the Commissioner to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate. Periodic reports on the progress of such projects shall be submitted by the Commissioner to such committees. When appropriate, such reports shall include detailed recommendations for changes in administration or law, or both, to carry out the objectives stated in subsection (a).

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

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

(f) **EXPENDITURES.**—Expenditures made for demonstration projects under this section shall be made from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as determined appropriate by the Secretary of Health and Human Services, to the extent provided in advance in appropriation Acts.

SEC. 303. STUDIES AND REPORTS.

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

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

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

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

(1) **STUDY.**—As soon as practicable after the date of enactment of this Act, the Comptroller General of the United States shall undertake a study to evaluate the coordination under current law of the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act, as such programs relate to individuals entering or leaving concurrent entitlement under such programs. In such study, the Comptroller General shall specifically address the effectiveness of work incentives under such programs with respect to such individuals and the effectiveness of coverage of such individuals under titles XVIII and XIX of such Act.

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

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

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

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

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

(1) identifies all income, assets, and resource disregards (imposed under statutory or regulatory authority) that are applicable to individuals receiving benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.);

(2) with respect to each such disregard—

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

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

(3) with respect to the disregard described in section 1612(b)(7) of such Act (42 U.S.C. 1382a(b)(7)) (relating to grants, scholarships, or fellowships received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution)—

(A) identifies the number of individuals receiving benefits under title XVI of such Act (42 U.S.C. 1381 et seq.) who have attained age 22 and have not had any portion of any grant, scholarship, or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution excluded from their income in accordance with that section;

(B) recommends whether the age at which such grants, scholarships, or fellowships are excluded from income for purposes of determining eligibility under title XVI of such Act should be increased to age 25; and

(C) recommends whether such disregard should be expanded to include any such grant, scholarship, or fellowship received for use in paying the cost of room and board at any such institution.

(e) **STUDY BY THE GENERAL ACCOUNTING OFFICE OF SOCIAL SECURITY ADMINISTRATION'S DISABILITY INSURANCE PROGRAM DEMONSTRATION AUTHORITY.**—

(1) **STUDY.**—As soon as practicable after the date of the enactment of this Act, the Comptroller General of the United States shall undertake a study to assess the results of the Social Security Administration's efforts to conduct disability demonstrations authorized under prior law as well as under section 301 of this Act.

(2) **REPORT.**—Not later than 5 years after the date of the enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this section, together with a recommendation as to whether the demonstration authority authorized under section 301 of this Act should be made permanent.

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG ADDICTS AND ALCOHOLICS.

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

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

(2) by adding at the end the following:

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

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

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

"(E) Notwithstanding the provisions of this paragraph, with respect to any individual for whom the Commissioner of Social Security does not perform the entitlement redetermination before the date prescribed in subparagraph (C), the Commissioner shall perform such entitlement redetermination in lieu of a continuing disability review whenever the Commissioner determines that the individual's entitlement is subject to redetermination based on the preceding provisions of this paragraph, and the provisions of section 223(f) 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).”.

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

SEC. 402. TREATMENT OF PRISONERS.

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

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

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

(B) by adding at the end the following:

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

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

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

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

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

“(iv) The Commissioner shall maintain, and shall provide on a reimbursable basis, information obtained pursuant to agreements entered into under this paragraph to any agency administering a Federal or federally-assisted cash, food, or medical assistance program for eligibility and other administrative purposes under such program.”.

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

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

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

(C) by adding at the end the following:

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

(3) CONFORMING AMENDMENTS TO TITLE XVI.—

(A) Section 1611(e)(1)(I)(i) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i)) is amended by striking “; and” and inserting “and the other provisions of this title; and”.

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

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

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

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

(A) in the matter preceding clause (i), by striking “during which” and inserting “ending with or during or beginning with or during a period of more than 30 days throughout all of which”; and

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

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

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

(c) CONFORMING TITLE XVI AMENDMENTS.—

(1) 50 PERCENT REDUCTION IN TITLE XVI PAYMENT IN CASE INVOLVING COMPARABLE TITLE II PAYMENT.—Section 1611(e)(1)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)) is amended—

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

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

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

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

(2) EXPANSION OF CATEGORIES OF INSTITUTIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of such Act (42 U.S.C. 1382(e)(1)(I)(i)) is amended in the matter preceding subclause (I) by striking “institution” and all that follows through “section 202(x)(1)(A),” and inserting “institution comprising a jail, prison, penal institution, or correctional facility, or with any other interested State or local institution a purpose of which is to confine individuals as described in section 202(x)(1)(A)(ii).”.

(3) ELIMINATION OF OVERLY BROAD EXEMPTION.—Section 1611(e)(1)(I)(iii) of such Act (as redesignated by paragraph (1)(B)) is amended further—

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

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

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

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

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

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

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

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

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

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

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

SEC. 403. REVOCATION BY MEMBERS OF THE CLERGY OF EXEMPTION FROM SOCIAL SECURITY COVERAGE.

(a) IN GENERAL.—Notwithstanding section 1402(e)(4) of the Internal Revenue Code of 1986, any exemption which has been received under section 1402(e)(1) of such Code by a duly ordained, commissioned, or licensed minister of a church, a member of a religious order, or a Christian Science practitioner, and which is effective for the taxable year in which this Act is enacted, may be revoked by filing an application therefor (in such form and manner, and with such official, as may be prescribed by the Commissioner of Internal Revenue), if such application is filed no later than the due date of the Federal income tax return (including any extension thereof) for the applicant's second taxable year beginning after December 31, 1999. Any such revocation shall be effective (for purposes of chapter 2 of the Internal Revenue Code of 1986 and title II of the Social Security Act), as specified in the application, either with respect to the applicant's first taxable year beginning after December 31, 1999, or with respect to the applicant's second taxable year beginning after such date, and for all succeeding taxable years; and the applicant for any such revocation may not thereafter again file application for an exemption under such section 1402(e)(1). If the application is filed after the due date of the applicant's Federal income tax return for a taxable year and is effective with respect to that taxable year, it shall include or be accompanied by payment in full of an amount equal to the total of the taxes that would

have been imposed by section 1401 of the Internal Revenue Code of 1986 with respect to all of the applicant's income derived in that taxable year which would have constituted net earnings from self-employment for purposes of chapter 2 of such Code (notwithstanding paragraphs (4) and (5) of section 1402(c)) except for the exemption under section 1402(e)(1) of such Code.

(b) **EFFECTIVE DATE.**—Subsection (a) shall apply with respect to service performed (to the extent specified in such subsection) in taxable years beginning after December 31, 1999, and with respect to monthly insurance benefits payable under title II on the basis of the wages and self-employment income of any individual for months in or after the calendar year in which such individual's application for revocation (as described in such subsection) is effective (and lump-sum death payments payable under such title on the basis of such wages and self-employment income in the case of deaths occurring in or after such calendar year).

SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING TO COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS UNDER TITLES II AND XVI.

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

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

SEC. 405. AUTHORIZATION FOR STATE TO PERMIT ANNUAL WAGE REPORTS.

(a) **IN GENERAL.**—Section 1137(a)(3) of the Social Security Act (42 U.S.C. 1320b-7(a)(3)) is amended by inserting before the semicolon the following: ", and except that in the case of wage reports with respect to domestic service employment, a State may permit employers (as so defined) that make returns with respect to such employment on a calendar year basis pursuant to section 3510 of the Internal Revenue Code of 1986 to make such reports on an annual basis".

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

(1) by striking "(as defined in section 453A(a)(2)(B)(iii))"; and

(2) by inserting "(as defined in section 453A(a)(2)(B))" after "employers".

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

SEC. 406. ASSESSMENT ON ATTORNEYS WHO RECEIVE THEIR FEES VIA THE SOCIAL SECURITY ADMINISTRATION.

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

"(d) **ASSESSMENT ON ATTORNEYS.**—

"(1) **IN GENERAL.**—Whenever a fee for services is required to be certified for payment to an attorney from a claimant's past-due benefits pursuant to subsection (a)(4)(A) or (b)(1)(A), the Commissioner shall impose on the attorney an assessment calculated in accordance with paragraph (2).

"(2) **AMOUNT.**—

"(A) The amount of an assessment under paragraph (1) shall be equal to the product obtained by multiplying the amount of the representative's fee that would be required to be so certified by subsection (a)(4)(A) or (b)(1)(A) before the application of this subsection, by the percentage specified in subparagraph (B).

"(B) The percentage specified in this subparagraph is—

"(i) for calendar years before 2001, 6.3 percent, and

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

"(3) **COLLECTION.**—The Commissioner may collect the assessment imposed on an attorney under paragraph (1) by offset from the amount of the fee otherwise required by subsection (a)(4)(A) or (b)(1)(A) to be certified for payment to the attorney from a claimant's past-due benefits.

"(4) **PROHIBITION ON CLAIMANT REIMBURSEMENT.**—An attorney subject to an assessment under paragraph (1) may not, directly or indirectly, request or otherwise obtain reimbursement for such assessment from the claimant whose claim gave rise to the assessment.

"(5) **DISPOSITION OF ASSESSMENTS.**—Assessments on attorneys collected under this subsection shall be credited to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as appropriate.

"(6) **AUTHORIZATION OF APPROPRIATIONS.**—The assessments authorized under this section shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations Acts. Amounts so appropriated are authorized to remain available until expended, for administrative expenses in carrying out title II of the Social Security Act and related laws.

(b) **CONFORMING AMENDMENTS.**—

(1) Section 206(a)(4)(A) of such Act (42 U.S.C. 606(a)(4)(A)) is amended by inserting "and subsection (d)" after "subparagraph (B)".

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

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply in the case of any attorney with respect to whom a fee for services is required to be certified for payment from a claimant's past-due benefits pursuant to subsection (a)(4)(A) or (b)(4)(A) of section 206 of the Social Security Act after—

(1) December 31, 1999, or

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

SEC. 407. PREVENTION OF FRAUD AND ABUSE ASSOCIATED WITH CERTAIN PAYMENTS UNDER THE MEDICAID PROGRAM.

(a) **REQUIREMENTS FOR PAYMENTS.**—Section 1903(i) of the Social Security Act (42 U.S.C. 1396b(i)) (as amended by section 201(a)(3)(B)) is amended further—

(1) in paragraph (20), by striking the period at the end and inserting "; or"; and

(2) by inserting immediately after paragraph (20) the following:

"(21) with respect to any amount expended for an item or service provided under the plan, or for any administrative expense incurred to carry out the plan, which is provided or incurred by, or on behalf of, a State or local educational agency or school district, unless payment for the item, service, or administrative expense is made in accordance with a methodology approved in advance by the Secretary under which—

"(A) in the case of payment for—

"(i) a group of individual items, services, and administrative expenses, the methodology—

"(I) provides for an itemization to the Secretary that assures accountability of the cost of the grouped items, services, and administrative expenses and includes payment

rates and the methodologies underlying the establishment of such rates;

"(II) has an actuarially sound basis for determining the payment rates and the methodologies; and

"(III) reconciles payments for the grouped items, services, and administrative expenses with items and services provided and administrative expenses incurred under this title; or

"(ii) an individual item, service, or administrative expense, the amount of payment for the item, service, or administrative expense does not exceed the amount that would be paid for the item, service, or administrative expense if the item, service, or administrative expense were incurred by an entity other than a State or local educational agency or school district, unless the State can demonstrate to the satisfaction of the Secretary a higher amount for such item, service, or administrative expense; and

"(B) in the case of a transportation service for an individual under age 21 who is eligible for medical assistance under this title (whether or not the child has an individualized education program established pursuant to part B of the Individuals with Disabilities Education Act)—

"(i) a medical need for transportation is noted in such an individualized education program (if any) for the individual, including such an individual residing in a geographic area within which school bus transportation is otherwise not provided;

"(ii) in the case of a child with special medical needs, the vehicle used to furnish such transportation service is specially equipped or staffed to accommodate individuals with special medical needs; and

"(iii) payment for such service only—

"(I) is made with respect to costs directly attributable to the costs associated with transporting such individuals whose medical needs require transport in such a vehicle; and

"(II) reflects the proportion of transportation costs equal to the proportion of the school day spent by such individuals in activities relating to the receipt of covered services under this title or such other proportion based on an allocation method that the Secretary finds reasonable in light of the benefit to the program under this title and consistent with the cost principles contained in OMB Circular A-87; or

"(22) with respect to any amount expended for an item or service under the plan or for any administrative expense to carry out the plan provided by or on behalf of a State or local agency (including a State or local educational agency or school district) that enters into a contract or other arrangement with a person or entity for, or in connection with, the collection or submission of claims for such expenditures, unless, notwithstanding section 1902(a)(32), the agency—

"(A) uses a competitive bidding process or otherwise to contract with such person or entity at a reasonable rate commensurate with the services performed by the person or entity; and

"(B) requires that any fees (including any administrative fees) to be paid to the person or entity for the collection or submission of such claims are identified as a non-contingent, specified dollar amount in the contract."; and

(3) in the third sentence, by striking "(17), and (18)" and inserting "(17), (18), (19), and (21)".

(b) **PROVISION OF ITEMS AND SERVICES THROUGH MEDICAID MANAGED CARE ORGANIZATIONS.**—

(1) **CONTRACTUAL REQUIREMENT.**—Section 1903(m)(2)(A) of the Social Security Act (42 U.S.C. 1396b(m)(2)(A)) is amended by redesignating clause (xi) (as added by section

nating clause (xi) (as added by section 4701(c)(3) of the Balanced Budget Act of 1997) as clause (xiii), by striking "and" at the end of clause (xi), and by inserting after clause (xi) the following:

"(xi) such contract provides that with respect to payment for, and coverage of, such services, the contract requires coordination between the State or local educational agency or school district and the medicaid managed care organization to prevent duplication of services and duplication of payments under this title for such services."

(2) PROHIBITION ON DUPLICATIVE PAYMENTS.—

(A) IN GENERAL.—Section 1903(i) of the Social Security Act (42 U.S.C. 1396b(i)), as amended by subsection (a), is amended—

(i) in paragraph (22), by striking the period and inserting "; or"; and

(ii) by adding at the end the following:

"(23) with respect to any amount expended under the plan for an item, service, or administrative expense for which payment is or may be made directly to a person or entity (including a State or local educational agency or school district) under the State plan if payment for such item, service, or administrative expense was included in the determination of a prepaid capitation or other risk-based rate of payment to an entity under a contract pursuant to section 1903(m).";

(B) CONFORMING AMENDMENT.—The third sentence of section 1903(i) of such Act (42 U.S.C. 1396b(i)), as amended by subsection (a)(3), is amended by striking "and (21)" and inserting "(21), and (23)".

(C) ALLOWABLE SHARE OF FFP WITH RESPECT TO PAYMENT FOR SERVICES FURNISHED IN SCHOOL SETTING.—Section 1903(w)(6) of the Social Security Act (42 U.S.C. 1396b(w)(6)) is amended—

(i) in subparagraph (A), by inserting "subject to subparagraph (C)," after "subsection,"; and

(2) by adding at the end the following:

"(C) In the case of any Federal financial participation amount determined under subsection (a) with respect to any expenditure for an item or service under the plan, or for any administrative expense to carry out the plan, that is furnished by a State or local educational agency or school district, the State shall provide that there is paid to the agency or district a percent of such amount that is not less than the percentage of such expenditure or expense that is paid by such agency or district.".

(d) UNIFORM METHODOLOGY FOR SCHOOL-BASED ADMINISTRATIVE CLAIMS.—Not later than 90 days after the date of enactment of this Act, the Administrator of the Health Care Financing Administration, in consultation with State medicaid and State educational agencies and local school systems, shall develop and implement a uniform methodology for claims for payment of administrative expenses furnished under title XIX of the Social Security Act by State or local educational agencies or school districts. Such methodology shall be based on standards related to time studies and population estimates and a national standard for determining payment for such administrative expenses.

(e) EFFECTIVE DATE.—

(i) IN GENERAL.—The amendments made by this section (other than by subsection (b)) shall apply to items and services provided on and after the date of enactment of this Act, without regard to whether implementing regulations are in effect.

(2) MANAGED CARE AMENDMENTS.—The amendments made by subsection (b) shall apply to contracts entered into or renewed on or after the date of the enactment of this Act.

(3) REGULATIONS.—The Secretary of Health and Human Services shall promulgate such

final regulations as are necessary to carry out the amendments made by this section not later than 1 year after the date of the enactment of this Act.

SEC. 408. EXTENSION OF AUTHORITY OF STATE MEDICAID FRAUD CONTROL UNITS.

(a) EXTENSION OF AUTHORITY TO INVESTIGATE AND PROSECUTE FRAUD IN OTHER FEDERAL HEALTH CARE PROGRAMS.—Section 1903(q)(3) of the Social Security Act (42 U.S.C. 1396b(q)(3)) is amended—

(i) by inserting "(A)" after "in connection with"; and

(2) by striking "title," and inserting "title; and (B) upon the approval of the Inspector General of the relevant Federal agency, any aspect of the provision of health care services and activities of providers of such services under any Federal health care program (as defined in section 1128B(f)(1)), if the suspected fraud or violation of law in such case or investigation is primarily related to the State plan under this title.".

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

(i) by inserting "or under any Federal health care program (as so defined)" after "plan"; and

(2) by adding at the end the following: "All funds collected in accordance with this paragraph shall be credited exclusively to, and available for expenditure under, the Federal health care program (including the State plan under this title) that was subject to the activity that was the basis for the collection.".

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

"(4)(A) The entity has—

"(i) procedures for reviewing complaints of abuse or neglect of patients in health care facilities which receive payments under the State plan under this title;

"(ii) at the option of the entity, procedures for reviewing complaints of abuse or neglect of patients residing in board and care facilities; and

"(iii) procedures for acting upon such complaints under the criminal laws of the State or for referring such complaints to other State agencies for action.

"(B) For purposes of this paragraph, the term 'board and care facility' means a residential setting which receives payment (regardless of whether such payment is made under the State plan under this title) from or on behalf of two or more unrelated adults who reside in such facility, and for whom one or both of the following is provided:

"(i) Nursing care services provided by, or under the supervision of, a registered nurse, licensed practical nurse, or licensed nursing assistant.

"(ii) A substantial amount of personal care services that assist residents with the activities of daily living, including personal hygiene, dressing, bathing, eating, toileting, ambulation, transfer, positioning, self-medication, body care, travel to medical services, essential shopping, meal preparation, laundry, and housework.".

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

SEC. 409. SPECIAL ALLOWANCE ADJUSTMENT FOR STUDENT LOANS.

(a) AMENDMENT.—Section 438(b)(2) of the Higher Education Act of 1965 (20 U.S.C. 1087-1(b)(2)) is amended—

(1) in subparagraph (A), by striking "(G), and (H)" and inserting "(G), (H), and (I)";

(2) in subparagraph (B)(iv), by striking "(G), or (H)" and inserting "(G), (H), or (I)";

(3) in subparagraph (C)(ii), by striking "(G) and (H)" and inserting "(G), (H), and (I)";

(4) in the heading of subparagraph (H), by striking "JULY 1, 2003" and inserting "JANUARY 1, 2000";

(5) in subparagraph (H), by striking "July 1, 2003," each place it appears and inserting "January 1, 2000,"; and

(6) by inserting after subparagraph (H) the following new subparagraph:

"(I) LOANS DISBURSED ON OR AFTER JANUARY 1, 2000, AND BEFORE JULY 1, 2003.—

"(i) IN GENERAL.—Notwithstanding subparagraphs (G) and (H), but subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, and except as provided in subparagraph (B), the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after January 1, 2000, and before July 1, 2003, shall be computed—

"(I) by determining the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H-15 (or its successor) for such 3-month period;

"(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

"(III) by adding 2.34 percent to the resultant percent; and

"(IV) by dividing the resultant percent by 4.

"(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after January 1, 2000, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(k)(2), clause (i)(III) of this subparagraph shall be applied by substituting '1.74 percent' for '2.34 percent'.

"(iii) PLUS LOANS.—In the case of any loan for which the first disbursement is made on or after January 1, 2000, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(k)(3), clause (i)(III) of this subparagraph shall be applied by substituting '2.64 percent' for '2.34 percent', subject to clause (v) of this subparagraph.

"(iv) CONSOLIDATION LOANS.—In the case of any consolidation loan for which the application is received by an eligible lender on or after January 1, 2000, and before July 1, 2003, and for which the applicable interest rate is determined under section 427A(k)(4), clause (i)(III) of this subparagraph shall be applied by substituting '2.64 percent' for '2.34 percent', subject to clause (vi) of this subparagraph.

"(v) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.—In the case of PLUS loans made under section 428B and first disbursed on or after January 1, 2000, and before July 1, 2003, for which the interest rate is determined under section 427A(k)(3), a special allowance shall not be paid for such loan during any 12-month period beginning on July 1 and ending on June 30 unless, on the June 1 preceding such July 1—

"(I) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1 (as determined by the Secretary for purposes of such section); plus

"(II) 3.1 percent,

exceeds 9.0 percent.

"(vi) LIMITATION ON SPECIAL ALLOWANCES FOR CONSOLIDATION LOANS.—In the case of consolidation loans made under section 428C and for which the application is received on or after January 1, 2000, and before July 1, 2003, for which the interest rate is determined under section 427A(k)(4), a special allowance shall not be paid for such loan during any 3-month period ending March 31,

June 30, September 30, or December 31 unless—

“(I) the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H-15 (or its successor) for such 3-month period; plus

“(II) 2.64 percent,

exceeds the rate determined under section 427A(k)(4).”.

(b) EFFECTIVE DATE.—Subparagraph (I) of section 438(b)(2) of the Higher Education Act of 1965 (20 U.S.C. 1087-1(b)(2)) as added by subsection (a) of this section shall apply with respect to any payment pursuant to such section with respect to any 3-month period beginning on or after January 1, 2000, for loans for which the first disbursement is made after such date.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas (Mr. ARCHER) and the gentleman from New York (Mr. RANGEL) each will control 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. ARCHER).

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1180.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, the Social Security disability program provides essential income to those who are unable to work due to severe illness or injury. Last year, benefits were paid to over 6 million workers, their wives and their children. Since arriving on Capitol Hill some 27 years ago, I have worked to find ways to make this complex and often unfriendly program work better.

Most of those receiving disability benefits, due to the severity of their impairments, cannot attempt to work. Today, however, because of the Americans with Disabilities Act, along with advancements in assistive technology, medical treatment and rehabilitation, doors are opening for opportunities never thought possible to individuals with disabilities. Now one can telecommute to work, there are voice-activated computers, and as technology provides new ways to clear hurdles presented by a disability, government must also keep pace by providing opportunity and not just dependency.

Yet, current law still tends to chain individuals with disabilities to the system through complex so-called “work incentives.” In essence, individuals who work lose cash benefits along with access to essential medical coverage. This bill assists beneficiaries to pass through those doors of opportunity and return to self-sufficiency. I cannot think of anything more important than providing support to allow individuals the freedom to reach their utmost potential and that is what this bill is all about.

□ 1545

During the last Congress, former Social Security Chairman JIM BUNNING and ranking member Barbara Kennelly initiated similar bipartisan legislation. This bill passed the Committee on Ways and Means by 33 to 1. The bill last year passed the House of Representatives by 410 to 1. Unfortunately, in the last Congress it was never considered by the other body. I compliment the gentleman from Missouri (Mr. HULSHOF) for taking up the cause in the 106th Congress and introducing this bill. It is an outstanding piece of legislation, and I strongly recommend it to my colleagues.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me congratulate the gentleman from Texas for this bipartisan effort to make certain that those people who are disabled can make that transition into the labor market.

This is a bill that was cosponsored by all of the Democrats on the Committee on Ways and Means. It was a bill that has been worked out by Republicans and Democrats not working in a partisan way, but trying to make life easier without losing benefits for those people that suffer disabilities. This, I think, really shows what can happen when people put partisanship behind them and try to work together.

This was not a case where the majority was asking for the President to send them a plan, no. It was as legislators they got together and drafted the plan. As we have been able to work out differences on this bill, why can we not do this with Medicare? Why can we not do it with prescription drugs? Why can we not do it with Social Security?

Oh, I know we will hear screams that the President really ought to send us something to guide us. Mr. Speaker, my colleagues did not ask the President for any guidance when they decided to enact the \$792 billion tax cut, and we did not ask for a whole lot of guidance to come up with this decent piece of legislation.

So, Mr. Speaker, I say congratulations to Democrats and Republicans for doing the right thing, and I hope this might be just one giant step forward in moving toward resolving the Social Security problem that we have.

Mr. Speaker, I yield the balance of my time to the gentleman from California (Mr. MATSUI), and I ask unanimous consent that he be allowed to control that time.

The SPEAKER pro tempore (Mr. BURR of North Carolina). Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. Without objection, the gentleman from Missouri (Mr. HULSHOF) will control the remaining time for the gentleman from Texas (Mr. ARCHER).

There was no objection.

Mr. HULSHOF. Mr. Speaker, I yield 2½ minutes to the gentleman from Florida (Mr. SHAW), the Chairman of

the Subcommittee on Social Security who has been championing this issue through our subcommittee.

(Mr. SHAW asked and was given permission to revise and extend his remarks.)

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding this time to me and congratulate the gentleman for his good work in seeing that this was reintroduced and brought to the House floor, an extremely important piece of legislation.

Mr. Speaker, today I welcome the chance to speak in support of this excellent bill. Simply put, this bill is about work. Its aim is to help individuals with disability achieve their goals of working and supporting themselves and their family.

Through Subcommittee on Social Security hearings over the past 4 years, we have been told over and over again that people with disabilities do want to work. That has always been the case. What has changed is the fact that advances in medicine, technology, and the field of rehabilitation have given many individuals with disabilities a real chance to work. The next step is to redesign our programs to encourage, rather than discourage, their efforts.

With H.R. 1180 we are helping disabled individuals take advantage of these advances in science and medicine both by allowing them to obtain needed rehabilitation and support services and by removing barriers that have prevented them from becoming self-sufficient. Topping the list of barriers is fear of losing health coverage, the cash benefits.

Another disincentive is that beneficiaries currently have limited choices in selecting rehabilitation services and the providers of these services. To address these concerns we would allow the Social Security Administration to begin offering new tickets that disabled Social Security supplemental security income beneficiaries could use to purchase services to help them enter the work force. Disabled individuals in every State will be able to meet with service providers of their choice to develop a personalized employment plan. The Government will pay for services needed to help them work, rewarding the results by paying the service provider part of the benefit savings when disabled individuals leave the rolls.

I would just like to take this one-half minute to ask really the other side and the White House to really bring the spirit of cooperation together. We have reached out to the Democrat side on many occasions in order to try to bring the spirit of the ticket of work to Social Security.

Social Security should not be a partisan issue. There are Democrats and Republicans, millions across this country, who are dependent upon and will be dependent upon the Social Security Administration to keep them out of poverty, and it is time that this Congress and the White House stops the politicking and the wall of silence that

we are receiving from the other side end and that we work together to do great things like we are doing today.

Mr. MATSUI. Mr. Speaker, I yield myself 3 minutes.

I do not know if I will take the entire 3 minutes, in which case I will reserve my time; but let me just say that this bill passed in the last Congress with over 400 votes. Only one Member voted against it, and obviously it has strong bipartisan support at this time. It is a kind of bill that all of us obviously realize is extremely important for the disabled. Basically what it will do that is so important to the disabled is continue Medicare benefits once the disabled person is in the work force.

The real issue here is that we give, instead of 4 years, we give them a total of 10 years; and in my opinion this will go a long ways in keeping people that have disabilities in the work force.

In addition to this, one of the major components of it is that it sets up a program that allows the disabled to go into private or public type agencies for support services such as job training, job searches and things of that nature.

I want to commend both the majority and the minority staff for their leadership in making this work out. We did have some problems obviously before the committee markup and after the committee markup and during the committee markup. On the other hand, I think the results that we have today on the floor of the House are excellent.

I want to also commend both the Committee on Commerce and the Committee on Ways and Means for working together and ironing out our differences.

Hopefully, this bill will get to conference soon so that we can get it to the President, and there is no politics in this issue. I think people had a good-faith belief in their differences, but we were able to resolve them and come to some conclusion.

Mr. Speaker, I reserve the balance of my time.

Mr. HULSHOF. Mr. Speaker, I ask unanimous consent that each side will have an additional 5 minutes for a total of 10 minutes to be added to the entirety of the debate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota (Mr. RAMSTAD), cochair of the Disability Caucus.

(Mr. RAMSTAD asked and was given permission to revise and extend his remarks.)

Mr. RAMSTAD. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, this day has been a long time coming. I first heard about this problem in 1981 when I was attending a meeting as a young State senator at the Courage Center in Golden Valley, Minnesota. Jeff Bangsberg, a person with quadriplegia, told me how it was

not economically sensible for him to work because he would lose his health benefits, and then Tom Haben told me the same thing, and one after another people with disabilities at that meeting in 1981 when I was a young State senator explained why it did not make sense for them from an economic standpoint to work, and that is why I am so grateful for this day when we are getting near to passing this important legislation because eliminating work disincentives for people with disabilities is not just humane public policy, it is sound fiscal policy.

It is not only the right thing to do, but it is clearly the cost-effective thing to do. People with disabilities have to make decisions on financial reality, and they should not be penalized for going to work, they should have incentives to go to work, and I appreciate the bipartisan cooperation on this important legislation.

Mr. Speaker, I want to thank the people back in Minnesota who have advised me on this bill, people with disabilities who will be outlined for the RECORD, and I have said many times before passing this bill, passing this bill today is one of the most important things we could do as a Congress and as a people.

Mr. Speaker, this day has been a long time coming. Since my election to this body in 1990, and as a Minnesota State Senator ten years prior, I have worked hard to help people with disabilities live up to their full potential. That's why, in 1993, Representative PETE STARK and I introduced legislation to achieve the same goal we seek today. Glad we're finally here, PETE.

Nine years ago, President Bush signed the ADA into law and reminded us that "many of our fellow citizens with disabilities are unemployed. They want to work and they can work . . . this is a tremendous pool of people who will bring to jobs diversity, loyalty, low turnover rate, and only one request: the chance to prove themselves."

Mr. Speaker, despite the remarkably low unemployment rate in this country today, many of those with disabilities are still asking for this chance to prove themselves in the workplace.

Despite all the good that the ADA has done to date, there is still room for improvement. The ADA did not remove all the barriers within current federal programs that prohibit people with disabilities from working. It's time to eliminate work disincentives for people with disabilities!

Eliminating work disincentives for people with disabilities is not just humane public policy, it is sound fiscal policy. It's not only the right thing to do; it's the cost-effective thing to do!

Discouraging people with disabilities from working, earning a regular paycheck, paying taxes and moving off public assistance actually results in reduced federal revenues.

Like everyone else, people with disabilities have to make decisions based on financial reality. Should they consider returning to work or even making it through vocational rehabilitation, the risk of losing vital federal health benefits often becomes too threatening to future financial stability. As a result, they are compelled not to work. Given the sorry state of

present law, that's generally a reasonable and rational decision.

Transforming these federal programs to spring-boards into the workforce for people with disabilities is the goal of legislation that I have cosponsored this important legislation before us today.

I want to publicly thank the people who have worked so tirelessly on this legislation, especially Kim Hildred and Beverly Crawford of the Ways and Means Committee.

But most importantly, I want to thank my friends with disabilities back in Minnesota who have counseled me on these issues for two decades.

Mary O'Hara Anderson, Mary Jean Babock, Jeff and Anita Bangsberg, Bill Blom, Gary Boetcher, Wendy Brower, Mary Helen Gunkler, Tom Haben, Mark Hughes, Carol and Jonathan Hughes, Mary Kay Kennedy, Mary Jo Nichols, Joyce Scanlan, Rand Stenhjem, Colleen Wieck, Leah Welch—this day is for you!

As I have said many times, preventing people from working runs counter to the American spirit, one that thrives on individual achievements and the larger contributions to society that result. We must stay true to our Nation's spirit and pass H.R. 1180 today!

Mr. MATSUI. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, I thank my friend from California (Mr. MATSUI) for yielding this time to me.

Mr. Speaker, if we can help disabled individuals reenter and stay in the work force, we should do that. It clearly makes sense from a fiscal perspective, and it exemplifies our values as a Nation. I plan to vote for H.R. 1180 for one reason and one reason only. The programs it establishes are in the best interests of disabled individuals and the Nation.

However, it is important for us to recognize that this bill is not the same as the one 279 Members of this body cosponsored. It started out stronger, but that was before Members less dedicated to the policy and more dedicated to the politics of this bill got hold of it. Republican members of the Committee on Ways and Means got a hold of the original bill.

As a result, we are being asked to consider without amendment a weak alternative to a strong bill. For political reasons rather than policy reasons we are only partially funding H.R. 1180. The Ways and Means majority ignored committee jurisdiction to include Medicaid offsets in H.R. 1180, then refused to cooperate on a noncontroversial offset for which the Committee on Commerce has primary jurisdiction.

Apparently some Committee on Ways and Means members' feathers were ruffled that the Committee on Commerce would even suggest the Medicare part B offset. Somehow they felt justified in claiming the Committee on Commerce had overstepped our jurisdiction. In fact, of the two committees, the Committee on Commerce is the one that did not attempt to overstep its jurisdiction.

Republican Ways and Means leadership claims the administration refused

to lift a finger to help find offsets for this bill. I was there. I can assure my colleagues that this assertion is patently false. As a matter of fact, the administration helped us identify the very offset that the Committee on Ways and Means refused to accept. Basically, the Committee on Ways and Means majority leadership broke the rules to fund the pieces of the bill they liked and co-opted the rules in attempt to kill the sections of the bill they did not like, and none of their actions reflects what is best for the disabled community or for American taxpayers.

The original Work Incentive Act that passed out of the Committee on Commerce has well over a majority of Members of this body sponsoring it. H.R. 1180 funds Medicare and Medicaid options for disabled individuals who want to return to work. It funds a demonstration program, the goal of which is to prevent disabled individuals from being forced to leave a job because of a degenerative illness. Ignoring for a moment what our values as a Nation say about supporting the effort to contribute to society, let us talk dollars and cents. The work incentives bill enables disabled individuals to work instead of being dependent on cash assistance.

□ 1600

The effect of the bill is to reduce the cost of cash assistance programs. Knowing they will have health insurance should they return to work, disabled people would not need to remain dependent on cash assistance. We should be considering full funding for H.R. 1180, which means we should be considering the Commerce bill.

Finally, Mr. Speaker, I want to address the issue of offsets. The majority cited the fact that offsets have not been agreed upon as a justification for weakening this bill. I have to say that concerns raised by the majority are more than a little ironic given their arbitrary application of pay-as-you-go rules. The \$792 billion tax cut bill had no offsets nor did the \$48 billion tax cut for buying health insurance. Both bills are touted as helping one population, but in reality, help another.

The tax bill ostensibly would provide the bulk of the tax cut to those Americans who make up the majority of the population and happen to need the money; that is, to low- and middle-income families. Simply not so. The access bill ostensibly would expand access to those most likely to be uninsured and least able to afford coverage. Again, not so. These bills generally skip over those in need of help and help those with influence.

In contrast, the Work Incentives Act which we know would actually help the intended beneficiaries, people with disabilities, apparently has been slashed by the Committee on Ways and Means for the lack of considerably fewer dollars in offsets. Apparently, there is one set of rules for bills that aid Americans with money and power and another set

of rules for those bills that help the less fortunate.

Mr. Speaker, I am going to vote for this bill. I expect and hope a majority of our colleagues will vote for this bill, but I hope those who underfunded this version of H.R. 1180 will reconsider and work with us in conference to achieve the strongest bill possible.

Mr. HULSHOF. Mr. Speaker, I yield myself 30 seconds.

I am disappointed, Mr. Speaker, that the gentleman from Ohio who just spoke would take such a negative tone. This really was an effort to reach bipartisan consensus. In fact, I would point out to the gentleman that in the last Congress, by a vote of 410-to-1, we passed a Ticket to Work piece of legislation and made vast improvements to that bill, and that is the bill that is in front of the House today. I would regrettably urge the gentleman to support the bill.

Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Speaker, I rise today in support of H.R. 1180 in memory of a fine San Diegan who died last May, who died too soon, whose life work lives on.

Holly Caudill of San Diego, California was a vigorous and tireless advocate for persons with disabilities. She was a young lawyer, a native of the State of Washington, an assistant U.S. Attorney, and she was a quadriplegic. She died last year.

I would like to quote from San Diego Union Columnist Peter Rowe who was a preeminent teller of Holly's life and her advocacy. "There are thousands of people, there may be tens of thousands of people, just like her," said Cyndi Jones, Director of the Accessible Society Action Project, ASAP, a San Diego-based organization that lobbies on behalf of the disabled.

"If you are disabled and Washington, via Social Security or Medicare, pays some of your health bills, you cannot work. Without a job, there is a good chance you will end up on welfare."

Holly fought until the very last second not to be on welfare, to fight because she wanted to work, she wanted to be an active member of this society, but our government stopped it.

I laud the authors of this bill.

Mr. Speaker, I met Ms. Caudill some years ago in a meeting where she gave me the benefit of her experience. Notwithstanding the fact that she was eager and qualified to work, the existing system of medical benefits, disability coverage, and other government programs made productive work almost impossible.

A job with greater pay meant a severe reduction in benefits payments, providing a powerful disincentive against paid work for her and for other Americans with severe disabilities.

Her knowledge of the system, and her determination to succeed, together with support from others that she inspired, helped Ms. Caudill to continue to work and be a tax-paying citizen. When it came to this basic principle—that people who work for pay should not have the government arrayed against

them—Holly Caudill was second to none as a vigorous, determined, effective and inspirational advocate.

I recall most vividly that in the 105th Congress, at her request, I helped her to meet with House Speaker Newt Gingrich. He was the sponsor of H.R. 2020, the Medicaid Community Attendant Services Act, which would have made a greater amount of attendant services benefits payable under the Medicaid program. She had a long and wide-ranging discussion with the Speaker and his staff—about her life, about the Speaker's bill, and, most importantly, about how important it was to stop government programs from being such a barrier to work and dignity for persons with disabilities.

The Speaker himself remarked to me on several occasions about Ms. Caudill's vigor and determination, and what an inspiration she was.

With her advice, I was privileged to add my name as a cosponsor to H.R. 2020, which had 76 cosponsors at the close of the 105th Congress.

And in this Congress, I am honored to be one of 249 cosponsors of a similar measure introduced by the gentleman from New York, Mr. LAZIO, which is H.R. 1180, the Work Incentives Improvement Act.

The fact that this legislation is before us today is testimony to the power of Holly Caudill's message: that, in America, the system ought to work for people with disabilities, not against them, so that we all have a fighting chance to achieve the American Dream.

Mr. Speaker, Holly Caudill had the ability. She had the desire. She found the whole system aligned against her iron will to work. Yet she did work. She helped to make our system of justice work as an Assistant U.S. Attorney, while she so vigorously advocated for justice and dignity in work for persons with disabilities.

Before she reached her goal, of an America where people with disabilities could work and enjoy the fruits of their labors, our Heavenly Father brought her home. There are no wheelchairs there, Mr. Speaker.

Let the permanent Record of the Congress of the United States today note that Ms. Holly Caudill, Assistant U.S. Attorney in San Diego, California, was an inspiration to me and to many others, and a friend of America. May God rest her soul, and give peace to her family, friends, co-workers, and to so many others that she touched.

Today, by adopting this bill, we help to remember well her life's purpose.

Mr. MATSUI. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from the State of Maryland (Mr. CARDIN), the ranking member of the Committee on Ways and Means and the Subcommittee on Human Resources.

Mr. CARDIN. Mr. Speaker, I want to thank the gentleman for yielding me this time and thank him for the work that he has done on this very important legislation. I want to compliment the leadership of both the Committee on Ways and Means and the Committee on Commerce on both sides of the aisle.

I think the gentleman from Ohio (Mr. BROWN) has pointed out that we have not completed our work yet, but this is a good bill. This is a bill that we need

to move forward, and I do hope that it will be even strengthened as it moves through the Senate, the other body, and through conference.

Mr. Speaker, we are talking about 4.7 million Americans who are currently on SSDI, Social Security Disability, and 4.3 that are on SSI. Of this number, only about 10,000 move off the rolls every year to work. That is not acceptable for this Nation.

Let me just talk economics for a moment, if I might. For every 1 percent of the disabled that we can move off of SSDI and SSI into work, we save during their beneficiary's lifetime \$3 billion in benefits. So it is in our financial interests to work to get people who are on disability to work.

The problem is that the current system puts too many barriers in the way for people to leave the disability rolls to work. People want to work, but our system prevents them from working. What the Ticket to Work legislation does is provide more providers, a choice of providers, to help people with disabilities to become gainfully employed. It offers incentive payments so that the provider has incentives to work with the beneficiary to get the individual a job, to get the individual employed.

It removes the disincentives. Perhaps the greatest disincentive is health benefits. Currently, only 35 percent of the people who leave disability to get gainful employment find health insurance, and yet if one is disabled, it is virtually impossible for one to leave the disability rolls where one has guaranteed health benefits unless one has health insurance.

So what this legislation does is provide a way that we can continue health benefits for people who work off of the disability rolls. That makes sense for the individual, it makes sense for us.

We also make it easier for an individual to be able to get back on cash assistance if the work experience does not work. We want people to take the risk to go to work. If it does not work, we should be able to come back and help that individual. We have taken care of that particular problem.

Mr. Speaker, we brag, both parties, about how low the unemployment rates are in this Nation. We are very proud of what we have been able to do with our economy, and yet, for the disabled population, the unemployment rate is 75 percent. That is unacceptable. We need to do something about it. The Ticket to Work legislation is aimed at reducing that unemployment number to help people become employed. This is a good step forward; I hope that we can improve it as it goes through the process, but I would urge all of my colleagues to support the legislation.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. ENGLISH).

Mr. ENGLISH. Mr. Speaker, it seems axiomatic that every American should have the right to aspire to the American dream. In America, every citizen

should have the opportunity to participate in our economy to the extent of their talent or abilities in order to claim their stake in the American dream. Unfortunately, many individuals with disabilities have had the American dream recede beyond their reach, not because of physical limitations, but because of roadblocks created within our system of social services. These artificial barriers unfairly and arbitrarily reduce work force participation and economic opportunity for many of these Americans who want to work.

Mr. Speaker, the time has come to empower these Americans to participate fully in the cornucopia of our national economy.

I rise in strong support of this legislation, a bill that would empower citizens with disabilities by improving their access to the job market, extending their health care coverage when they participate in the work force, and by selectively liberalizing the Social Security earnings limit. These changes are long overdue and need to be regarded as an initial modest step in the direction of giving those among us with disabilities greater control over their own destiny and ultimately freedom.

Mr. MATSUI. Mr. Speaker, may I inquire as to how much time each side has remaining?

The SPEAKER pro tempore (Mr. BURR of North Carolina). The gentleman from California (Mr. MATSUI) has 14 minutes remaining; the gentleman from Missouri (Mr. HULSHOF) has 17 minutes remaining.

Mr. MATSUI. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Speaker, no group is more deserving of our support than persons with severe disabilities who want to work and be contributing members of society but who need help, particularly medical help, to be able to work. And, no public policy makes more sense than providing that support at a stage that will prevent a potentially severe disability from getting worse.

Both of these things are what this bill is about. That is why I recommend that members vote for it and move this process forward into conference with the Senate.

Of course, I regret that the House does not have the opportunity today to pass H.R. 1180 as it was reported out by the Committee on Commerce with unanimous bipartisan support.

That legislation, which had some 247 bipartisan cosponsors in the House, provided, in my view, the most complete and necessary assurance of coverage for severely disabled individuals who need medical help to work, and provided assured support for State efforts to also help potentially severely disabled individuals from deteriorating to the point of complete disability before they can get help. It provided assurance of permanent Medicare cov-

erage, and it provided incentives to States to extend Medicaid services and establish the infrastructure to help assure help to these individuals.

This legislation falls short in several ways. It does, though, give us the opportunity to join in a conference with the Senate. It is good enough to take the steps to move this process forward, and I hope and expect that we will bring back to this House from the conference with the Senate a stronger bill, much closer in its provisions to H.R. 1180 as it was introduced. Clearly, there is much work still to be done.

I commend those who have worked so hard in support of this legislation. Groups representing the disability community have worked tirelessly to bring legislation to fruition. The President, who urged action in his State of the Union message, the members on both sides of the aisle in the Senate, Senators ROTH and MOYNIHAN, JEFFORDS and KENNEDY, in particular. In the House, the gentleman from New York (Mr. LAZIO), who introduced the original bill; the gentleman from California (Mr. MATSUI), who has been working in this area for a great deal of time and has produced a good bill out of the Committee on Ways and Means; and so many of our colleagues in the House all deserve credit that this legislation is moving today.

I urge support for the bill, but even more, I urge that we all work to better meet the promise we have made to those Americans facing or dealing with severe disabilities who want to work. They deserve the best bill we can give them. I hope when we send this legislation on to the President, it will be just that.

Mr. HULSHOF. Mr. Speaker, if the gentleman from California will indulge me, we have a handful of 1-minute speakers, and at this time I yield 1 minute to the gentleman from Arizona (Mr. HAYWORTH), my good friend.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Missouri for his hard work on the Committee on Ways and Means. I rise in strong support of this legislation.

Mr. Speaker, I find it unfortunate that in the midst of this triumph for all of the American people, and especially the disabled, there are those on this floor who would come to deal with jurisdictional issues and inside baseball issues that at this point seem, quite frankly, rather petty.

I have heard from many of my constituents. A dear lady in Apache Junction, Arizona at our town hall meeting who came to point out to me that she wants to work, but that there have been disincentives that eventually barred her from the opportunity to work. This legislation deals with that problem. It allows her to get back to work.

Mr. Speaker, 75 percent of working-age adults with disabilities are out of work. That is the unemployment rate. That is what we are dealing with here, Mr. Speaker, not jurisdictional issues,

but a chance to give those people an opportunity to work, for the limits they have confronted are not physical, they are financial.

I rise in strong support of the legislation and I am pleased to urge its passage.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. FOLEY), another champion on the Committee on Ways and Means.

Mr. FOLEY. Mr. Speaker, I commend this legislation. I am pleased to join my colleagues in supporting the Work Incentive Improvement Act on the House floor here today.

It has been almost 10 years since the Americans with Disabilities Act was signed into law. This law was intended to remove barriers that prevent disabled individuals from enjoying a full life. It is ironic that many of the doors that were supposed to be opened by the ADA are still firmly closed because people who choose to work risk losing the health care benefits they desperately need. It is like giving someone a driver's license and telling them they are capable of driving a car, but charging them \$50,000 a year for insurance. They would not be able to drive unless they were rich.

For too long, many individuals with disabilities have not had the freedom that the rest of us have to pursue their goals and dreams.

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They live in fear of losing the health care that is essential to their functioning independently. They have lived with the frustration of trying to enter a job market that is becoming increasingly technical and competitive. They cannot earn enough to buy a home on their own or to build up a savings account.

I hope that this Ticket to Work Act will ease some of this fear and frustration and restore a sense of freedom.

We all know the barriers in discrimination still exist with the disabled as with other groups in society; but if we could pass this bill, it will have another significant step toward removing these barriers. A disability should not be a hindrance to achieving the American dream.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. HERGER), another member of the Committee on Ways and Means.

Mr. HERGER. Mr. Speaker, I rise today in strong support of the Ticket to Work and the Work Incentive Improvement Act. I am particularly pleased that this legislation includes a provision that I offered, the Criminal Welfare Prevention Act Part Two, which will save taxpayers millions of dollars by bolstering efforts to deny fraudulent Social Security benefits to prisoners.

My original Criminal Welfare Prevention Act has enabled the Social Security Administration to establish a system for cutting off these fraudulent government benefits. This new provi-

sion included in the legislation before us today will improve this system; thus, saving taxpayers an estimated \$123 million over the next 5 years.

I want to thank the gentleman from Texas (Chairman ARCHER), the gentleman from Florida (Chairman SHAW) and the gentleman from Missouri (Mr. HULSHOF) for their continued support. I look forward to seeing this worthy legislation enacted into law.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from Kansas (Mr. MORAN), my good friend and classmate.

(Mr. MORAN of Kansas asked and was given permission to revise and extend his remarks.)

Mr. MORAN of Kansas. Mr. Speaker, in this chorus of accolades, and I wholeheartedly support the original intent of this bill, in fact I am a cosponsor of H.R. 1180, improving the current system to provide real choices for people with disabilities is essential; but unfortunately, this bill we are considering today is not H.R. 1180. This bill includes troubling language from the substitute bill which will cost Kansans and other State school districts millions of dollars.

Section 408 of this bill would impact medicaid funding for school districts and their education of disabled children. 408 precludes or significantly restricts the use of bundled rates. The bundling system allows schools to minimize paperwork for billing, rather than individual services provided to each child.

Kansas is one of seven States that has a HCFA-approved bundling system. This administrative change will impose burdens, economic costs upon our schools to the tune of \$17 million.

Mr. Speaker, small schools are struggling today to survive and in the time and cost it takes to package this reimbursement opportunity we will not be able to afford the reimbursement.

Mr. Speaker, I ask that the conferees take a look at this provision.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, as an original cosponsor of this measure back in March, I was particularly pleased when it received the unanimous approval of the United States Senate. However, I dissented from this particular version of the bill when it was before the Committee on Ways and Means because some last minute changes in the bill changed its form and substantially weakened it.

I am pleased that today a number of further amendments have restored much of the harm that was done prior to the Committee on Ways and Means meeting. My concern has been that without the guarantee of health insurance this will not be for individuals with disabilities a ticket to work. It will be a ticket to nowhere.

It is essential that these provisions be fully funded and guaranteed to individuals with disabilities so that we

have more than a title to the bill; we have something that is meaningful for the many Americans who have disabilities and want to work in the labor force.

A second concern was the effect on individuals who are HIV positive, who have Parkinson's Disease, multiple sclerosis, or some other type of disease which allows them to work now and who do not want to have to leave their job in order to get insurance benefits. It is my understanding that these last-minute amendments that have been made today address those concerns, and so I applaud them.

I think to the extent that we are returning to the bill that a total of 247 Members of the House cosponsored we are moving in the right direction. Certainly, I agree that this bill must be fully paid for, as with any other measure, and that we not dip into Social Security funds. However, I can say that in the Committee on Ways and Means, there was no visible effort to pay for the abandoned provisions, and the one pay-for that was included in this bill is a new tax that is simply going to make it more difficult for people with disabilities to secure the representation they need in combatting a Social Security Administration which is often not sympathetic to their concerns.

It is still flawed, but in order to move the process along my vote today is for a flawed bill, with the hope that the Senate will hang as tough as it did in the last session and give us truly meaningful legislation.

Mr. HULSHOF. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Maryland (Mrs. MORELLA).

(Mrs. MORELLA asked and was given permission to revise and extend her remarks.)

Mrs. MORELLA. Mr. Speaker, I want to thank the gentleman from Missouri (Mr. HULSHOF) for yielding to me, and for his work on the bill; the ranking member, the gentleman (Mr. MATSUI); the gentleman from New York (Mr. LAZIO), who has been so involved with H.R. 1180. This is a great bill.

Mr. Speaker, today's demographics show that there are about 54 million Americans living with a disability, almost 20 percent of our constituents. They are our largest minority. Further studies show that individuals with disabilities are the most underemployed, among the poorest also of our citizens.

H.R. 1180, the Work Incentives Improvement Act, will assist Americans with disabilities to become gainfully employed and self-reliant.

I am pleased to rise in strong support of this critically needed legislation.

The bill takes an essential step toward reforming Federal disability programs and removing the barriers to work. By passing this legislation, it is going to help people with disabilities to go to work and become productive members of our society and to become taxpayers instead of tax users.

People with disabilities should not have to choose between working and

maintaining access to necessary health benefits. Current law puts people with disabilities in a Catch-22 situation. The risk of losing health care benefits under the Medicare and Medicaid program is a terrible disincentive for millions of beneficiaries of both SSI and SSDI. This bill would remove these fears and risks by allowing disabled individuals to keep their Medicaid benefits such as personal assistance and prescription drugs while they take their job.

We are going into the Information Age. We are having trouble keeping up with employment, the demand for technology personnel. If we are going to stay on top, we have to make sure that we utilize all of our talent. This is a good bill.

Mr. Speaker, today's demographics show that there are about 54 million Americans living with a disability, almost 20% of our constituents. They are our largest minority. Further studies show that individuals with disabilities are the most underemployed, and among the poorest of our citizens. H.R. 1180, the Work Incentives Improvement Act, will assist Americans with disabilities to become gainfully employed and self-reliant, and I am pleased to rise in strong support of this critically important legislation.

H.R. 1180 takes an essential step toward reforming federal disability programs and removing the barriers to work. Passing this legislation will help people with disabilities to go to work and become productive members of society, to become taxpayers instead of tax users.

People with disabilities should not have to choose between working and maintaining access to necessary health benefits. Current law puts people with disabilities in a Catch-22 situation. The risk of losing health care benefits under the Medicare and Medicaid program is a terrible disincentive for millions of beneficiaries of both the SSI and SSDI programs. H.R. 1180 would remove those fears and risks by allowing disabled individuals to keep their Medicaid benefits, such as personal assistance and prescription drugs, when they take a job.

This is an ideal time for us to remove barriers and help disabled Americans return to work. Our economy is one of the most dynamic and diverse in history, and the unemployment rate is low. We have achieved a level of technological advancement unequaled around the world.

However, while we are leading the world into the Information Age, we are having trouble keeping up with the demand for new technology personnel. If we are to stay on top, we must promote legislation, such as H.R. 1180, that will ensure economic vitality and enhanced opportunities for all Americans. If we are to stay on top, we must make sure that we are utilizing 100% of our talent.

We must give people with disabilities a chance to unleash their creativity, to become productive members of society, and to fulfill their dreams. Disabled individuals are part of the American family. They are here to participate and teach us as well as to learn with us. We must give them the opportunity to be accepted by everyone in their community, and to live and work in regular environments. We can do this by passing the Work Incentives Improvement Act.

I urge a "yes" vote on H.R. 1180.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Speaker, I first want to thank my colleague, the gentleman from California (Mr. MATSUI), for yielding and for his strong commitment to justice for all.

Some of us here in this House have members of our families who are disabled, and so I just want to thank all of the cosponsors and all of the supporters of H.R. 1180 for that, on a very personal level.

We know that the current system is extremely frustrating for disabled people eligible for Medicaid. This bill will help disabled workers by extending the period of Medicaid coverage as needed. It also creates options for States by removing senseless limitations for workers with disabilities.

Now, many of these individuals who can work want desperately to contribute to society and to become self-sufficient. However, the current system of cumbersome Federal regulations and conflicting rules discourage and block many qualified, competent, and energetic individuals with disabilities from the world of work.

They can provide our Nation with tremendous resources, experience, and knowledge by directly investing their abilities in the workforce. We are currently denying our Nation the talent of these individuals and limiting their ability to exhibit their untapped resources. So let us stop limiting the rights of so many competent people. Let us pass 1180 on a bipartisan vote and send the right signal so that so many eager and valuable Americans may be included.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from New Hampshire (Mr. BASS).

Mr. BASS. Mr. Speaker, I rise in strong support of the legislation before us today. I believe that Government certainly has a legitimate role to provide assistance for those who are truly in need, but the fact is when Government traps people in poverty, out of work year after year, that is not a program that works.

What this piece of legislation will do, in a common sense fashion, is allow disabled Americans to go back into the workforce without losing their health care. It will help them in a time of high technology. It will help them be empowered to get back into the workforce.

True compassion in government empowers people, Mr. Speaker. It does not hold them down.

With the unemployment rate amongst disabled individuals in excess of 75 percent, it is time we passed a piece of legislation in an environment where unemployment is at historic lows. It will bring these people into the workforce and do it in such a fashion so they will be able to maintain their health care. So I strongly support this piece of legislation and urge that the Congress adopt it.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Wisconsin (Ms. BALDWIN).

Ms. BALDWIN. Mr. Speaker, I rise in strong support of the Work Incentives Improvement Act, this important legislation that removes the disincentives that people with disabilities face when entering or reentering the workforce. I also rise in strong tribute to my friend Charlie.

I want to say a little bit about my friend Charlie. I met him one day on the campaign trail as I was running for Congress. I walked into my headquarters, and there he was working incredibly hard early in the morning. I left for a variety of appointments and came back in the afternoon and Charlie was still there working very diligently. I left for further appointments and I came back, and into the evening hours Charlie was still working.

At the end of this long day, I walked up to Charlie, and I said, "Thank you so much for all you are doing to help me."

Charlie corrected me very quickly. He said, "I am not doing this to help you. I am doing this to help myself."

Charlie has a very significant disability. He also has a simple dream. His dream is to finish up school and to get a job, but he can't afford to risk losing the benefits for health care and other things that make a difference in his life.

Charlie and the many that he symbolizes have so much talent and energy to give our economy and our country. This legislation is also going to help Wisconsin's newly developed Pathways to Independence program. Pathways has already demonstrated that people with disabilities can work with the right support and assistance and encouragement.

It is time to pass this legislation and, I might add, provide the appropriate funding to remove the barriers that keep people with disabilities from becoming fully contributing members to our communities.

Mr. HULSHOF. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. WELLER), another member of the Committee on Ways and Means, and my seat mate.

(Mr. WELLER asked and was given permission to revise and extend his remarks.)

Mr. WELLER. Mr. Speaker, let me first begin by commending my seat mate, the gentleman from Missouri (Mr. HULSHOF), for his leadership on shepherding this important legislation, which is in response to a question that I have heard often back home. I remember when representatives of the Will County Center for Independent Living came into my office shortly after I was elected and they said, We understand that under current laws and under current rules that it is really difficult, if you are disabled, to work; that there are limitations that make it hard for us to participate in the workforce, and they asked for help.

I am pleased that this Congress, this House, is moving forward with this ticket to work legislation, legislation designed to give those with disabilities the full opportunity to participate in today's workforce.

Unfortunately, our current system makes it difficult, in fact, to the point of difficulty where many of those who are disabled are discouraged and, in fact, almost afraid to seek work. They are most concerned that they will lose their benefits they currently have and wondering if they have further health conditions, what it means for them.

This legislation addresses that, giving those with disabilities a full ticket, punching their ticket so they have the opportunity to work. It deserves bipartisan support. I commend the gentleman from Missouri (Mr. HULSHOF) for his leadership and I urge a bipartisan yes vote.

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Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas Mr. BENTSEN).

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I rise today to express some concerns regarding consideration of H.R. 1180, the Work Incentives Improvement Act. As a cosponsor of the original legislation, I am pleased that the House is taking this up. But I do have some concerns.

The gentleman from Arizona Mr. HAYWORTH) earlier said that it was petty to be concerned about the fact that we did not follow the regular order in this bill. But while we are concerned and supportive of the underlying scope of this bill, some of us are also concerned about what the impact of the offsets of this bill will do on school districts.

In my State of Texas and in my home district, I have the La Porte School District, which is the lead school for a consortium of 200 small and rural Texas school districts. They do not think it is petty at all that this bill might squeeze them on their reimbursement under the Medicaid administrative claiming program.

In fact, Members, particularly Members from the other side might be coming over and saying this is some sort of an unfunded mandate that we are putting on the local school districts. So I do not think it is petty at all.

We have 4½ million children in this country who have no health insurance but are eligible for Medicaid, and we are asking the school districts to help us in screening these children to get them into the Medicaid Program. My home State of Texas leads the Nation in uninsured children. In this bill, we are going to make that problem worse. So I do not think that is petty at all.

The underlying bill is good, but there are some real problems. I know the staff has been working overnight to try to work this out, but the staff are the only ones who know what is in this bill.

It is not like we are in a big rush. We have not finished our budget. We are going to be here next week and the week after. I think following the regular order and making sure we do not stick it to the school districts back in our home districts in our home States maybe was not such a bad idea because all of us, or certainly the vast majority of us, including this Member, agree with what the intent of the bill is. But the process is not very good, and I do not think the majority really wants to stick it to the school districts either.

So, hopefully, in the conference, the staff can get together and work this out, and we can get a bill that everyone can approve of.

Mr. Speaker, I rise today to express my concerns regarding consideration of H.R. 1180, the Work Incentives Improvement Act. As a cosponsor of the original legislation, I am pleased that the House of Representatives will be voting upon this legislation on an expedited basis. However, I am concerned that this legislation will be considered under the suspension calendar and is not subject to amendments. And I am concerned about the offsets included in this bill.

Last Thursday, during consideration by the House Ways and Means Committee of this bill, the House Republican Leadership added several provisions to help pay for the Medicaid benefits included in this bill. Unfortunately, these offsets could be detrimental to local school districts which are helping to screen children for Medicaid eligibility. According to the U.S. Census Bureau there are 4.4 million children who are eligible for, but not enrolled in, Medicaid. I believe it is wrong to include provisions included in this measure that threaten the Medicaid Administrative Claiming (MAC) expenses paid to local schools and increase the number of uninsured children. In my district, for example, the La Porte School District is the lead school district for a consortium of 200 small and rural Texas school districts participating in this program. These offset provisions would require the Health Care Financing Administration (HCFA) to issue new regulations related to this program that would make it more difficult to administer and may lower reimbursements to schools. I am pleased that these regulations would require consultation with public schools, but I am concerned about their impact on smaller school districts.

This "one-size-fits-all" regulation would restrict payments for contracts related to this program. This offset section includes a provision requiring a competitive bidding process for such contracts as well as a restriction on contingency fees. As a result, many of the 200 school districts in the Texas consortia would likely drop this program. Since there is only one private company currently providing such services, I am concerned that competitive bidding may not be possible in the short term. Also, the restriction on contingency fees could reduce incentives for private companies to develop the software necessary for these outreach screenings. As a result, only the largest school districts would continue to participate in these programs. It would not be economically feasible for our nation's smallest school districts to develop and maintain software for their individual system. The consortia provide a mechanism whereby these smaller, but less

urban school districts can help with Medicaid screenings. Although fraud and abuse in Medicaid must not be tolerated, this provision is not the right answer. In Texas, schools receive a total of \$14 per child who is deemed eligible for Medicaid.

I am also concerned that these provisions were added to this bill without consultation with the House Commerce Committee, which has exclusive jurisdiction over Medicaid programs.

Regardless of my concerns, I will support final passage of this bill because it would ensure that disabled persons can keep their health insurance when they return to work. I will work with conferees on this legislation to make appropriate changes to protect local school districts. Under current law, disabled persons who are eligible for social security disability benefits are precluded from earning significant income without losing their Medicare or Medicaid health insurance. This bill would permit disabled persons to work while maintaining their health insurance coverage. For many disabled persons, this health insurance is critically important since they can neither afford nor purchase health insurance in the open market. This bill would provide SSDI beneficiaries with Medicare coverage for 10 years, instead of the current 4-year term. This legislation also provides vocational rehabilitative services to disabled persons to ensure that they can receive the training they need to become more self-sufficient. I support all of these provisions.

I urge my colleagues to support this legislation with the caveat that these offset provisions should be revised in order to protect local school districts.

Mr. HULSHOF. Mr. Speaker, I am happy to yield 1 minute to the gentlewoman from New Mexico (Mrs. WILSON), another classmate of mine.

Mrs. WILSON. Mr. Speaker, about a year ago, Zig and Charlene Piscotti came to visit me in Albuquerque. Their daughter is disabled, and she works at Kirkland Air Force Base, and she works as an hourly employee. But they told me they had to be careful to make sure that their daughter could not get more hours than she could afford because she could potentially lose her eligibility for Social Security.

They knew that they were not going to be around forever. Their daughter is in independent living. She is doing very well. But the last thing they wanted was their daughter to lose Social Security benefits because they knew, if she lost those benefits and then had a reduction in her hours, it would be very hard and time consuming for her to get back on those benefits.

This bill is for Michelle. It allows her easy-on provisions so she can go back to work as much as she wants to at Kirkland Air Force Base and do as well as she possibly can in the work force without that fear of not being able to get back on Social Security if her hours are cut back. I commend the gentleman for bringing forward his bill.

The SPEAKER pro tempore (Mr. BURR of North Carolina). The Chair would inform Members that the gentleman from California (Mr. MATSUI)

has 4 minutes remaining, and the gentleman from Missouri (Mr. HULSHOF) has 8½ minutes remaining.

Mr. HULSHOF. Mr. Speaker, I am happy to yield 1 minute to the gentlewoman from Connecticut (Mrs. JOHNSON), another tireless advocate for this bill, and a trusted Committee on Ways and Means member.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of this legislation and commend my House colleagues on funding it. It was frustrating to have the Senate vote 98 to 2 for it. But without any money and without the means, where is the promise?

I want to just say that work may be the one thing that matters most in our lives. It is the means by which we achieve our dreams. It is the means by which we come to know ourselves. Stretching ourselves, challenging ourselves at work, develops our minds, develops our skills.

We have passed in this Congress legislation to prevent discrimination against people with disabilities in the workplace. We have passed legislation to provide training and education for people with disabilities so they can participate in the workplace. Today we knock down what is probably the last and one of the biggest barriers to that freedom to work, the barrier of health insurance.

With this bill, they will not have to fear losing their health insurance. If they want to work more hours, if they want to develop themselves further, they will know that, with a relapse, they will be able to come back to the program.

This is for the people at Prime Time and throughout my district, the disabled who want to work and see us as standing in their way. We are getting out of the way with this bill.

Mr. HULSHOF. Mr. Speaker, I am happy to yield 1 minute to the gentleman from Connecticut (Mr. SHAYS).

Mr. SHAYS. Mr. Speaker, I appreciate the gentleman from Missouri yielding me this time. I just want to say that I think I came in part because I wanted to debate something where we could be bipartisan, something where we could talk about the real needs of our communities.

I have people with disabilities who want to work. Yet, if they work, they make less and have less benefits than if they stay home. So I just applaud my colleagues for bringing this legislation forward. It makes tremendous sense, I say to the gentleman from New York (Mr. LAZIO) in particular and the gentlewoman from Connecticut (Mrs. JOHNSON) who just spoke.

The bottom line is, under our current system, the government pays for health benefits for people with disabilities who do not work, but is unwilling to pay for those same benefits when people with disabilities get a job. We are going to change that, and it is about time.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California (Mr. BECERRA).

(Mr. BECERRA asked and was given permission to revise and extend his remarks.)

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding the time, and I also thank him for his efforts over the past several years to try to move us to the point where we now have legislation that we can move to the President for signature.

As I said, I rise in support of H.R. 1180, the Work Incentives Improvement Act, more because we are finally going to be able to remove a barrier that laws have imposed on people who have had the desire for quite some time to do simply what most of us take for granted; that is, to work. But simply because of the disability, many of these individuals have not been able to go forward with those desires to work. Simply because public policy has not caught up to their desire, they have found that they are either discouraged from taking a job or they are discouraged from keeping a job.

We must remove those barriers and make it possible for those who many of us would sometimes look at them and say, well, there is no way that they can work. We should applaud their efforts. Many of these folks, and I know all of us knows someone who has some form of disability, are out there in the work force doing tremendous work out there. We applaud those efforts.

But to think that, because laws that Congress passed some time ago made it very difficult for these individuals to continue to work full time or for a full year oftentimes decided it was better not to even start. So this is a good step forward.

I would also underscore the admonition by the gentleman from Texas (Mr. BENTSEN) regarding the pay fors. We have to make sure that, in the process of doing good, we do not do harm to some other program where we must seek money to pay for this program.

But, certainly, at the end of the day, I would hope that we realize that someone who has shown the desire to work and has shown the ability to work is given that opportunity.

All we have to do is make sure that someone who says I want that opportunity has that chance to, not only work, but also keep Medicaid if that is essential for the person to continue to just exist, to live, not just let alone work.

We could talk about a lot of examples, but I can mention one real quickly, and that is my father. He has got a bum knee. He has had an operation on his knee. His tendons have been shot in both hands for several years where he has had to have them split open, the tendons split so that he could have movement in his fingers. Of course, he has had cataract surgery for his eyes. Yet he still works at the age of 70; day in, day out. He does not stop. I suspect there are millions of Americans who would do the same. Let us pass this bill.

Mr. HULSHOF. May I inquire, Mr. Speaker, of the time remaining.

The SPEAKER pro tempore. The gentleman from Missouri (Mr. HULSHOF) has 6½ minutes remaining. The gentleman from California (Mr. MATSUI) has 2 minutes remaining.

Mr. HULSHOF. Mr. Speaker, I yield myself 1½ minutes.

Mr. Speaker, 50 years ago, the only President of the United States from the show-me State, Harry S. Truman, set a goal for our Nation to give every American with a disability the chance to play a full part in strengthening our Nation and sharing in the greatest satisfaction of American life, that being independence and the right to self-supporting and self-reliance.

But, yet, even as we continue to enjoy low unemployment, as the gentleman from Maryland mentioned at the very beginning of this debate, three out of four individuals with disabilities remain unemployed. The vast majority want to go back to work. How often do we have a segment of the population that comes to Washington to say we want to be taxpayers?

Yet, as many Members have taken to the floor to talk about constituents, a constituent of mine, Rich Blakely from Columbia, Missouri, the former executive director of the Services for Independent Living, came to our committee at his own expense to talk about the barriers that are in place.

For instance, going to vocational rehabilitation, the question is, "Can you go back to work?" The answer to that one government agency is, "Yes, I can." Yet, in order to qualify for SSDI or SSI benefits, when that agency asks, "Can you work?," the answer has to be "no." So there is inconsistency even among these agencies as we try to help these individuals regain their independence.

Now, I think this bill is a major step forward, especially considering the ticket to work bill that we had on the floor last year. We made some strong concessions.

It happens that October is National Disability Employment Awareness Month, and I can think of no better way to celebrate that event than to pass this ticket to work bill. I urge its adoption.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the very distinguished gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Speaker, I thank the gentleman from California for yielding me this time.

The gentleman from Missouri (Mr. HULSHOF) mentioned Harry Truman's remarks about the disabled community. I had the privilege of cosponsoring the Americans with Disabilities Act that President Bush signed in July of 1990. That bill said that we were going to give opportunity to 43 million Americans who were disabled.

What this bill does, as the gentleman from Missouri (Mr. HULSHOF) has pointed out and as the gentleman from California (Mr. MATSUI) has pointed out so well, is to facilitate the entry into the workplace for those who, but for this

bill, may not be able to risk it or afford it.

The good news is that the bill for a portion of time made optional the payment of some of these expenses. I want to thank the committee and those who worked on this bill to reinstall the mandatory nature under Medicaid of the payments that have been provided for. That is essential not to discriminate against those who might be disabled and who do, as the gentleman has said, want to enter the workplace, want to be taxpayers, and want to enjoy the full opportunities that America has to offer.

Mr. MATSUI. Mr. Speaker, I yield myself such time as I may consume to close now.

Mr. Speaker, I am just going to close by saying that everybody has really acted in good faith on this legislation. It has been a very, very difficult piece of legislation. It has had a number of committees involved in it. Obviously, feelings were very high, and there were a number of components to this legislation. But I think it is well taken on both sides of the aisle, both Republicans and Democrats have problems with some of the offsets.

When we get into conference, it is my hope that we will have time to vent some of these issues, find out what the implications of them are, which I am sure everybody will want to do, and then come up with a very good piece of legislation.

We should try to finish this before we leave, otherwise, undoubtedly, if we go into the year 2000, it could get stale, and advocacy groups will, maybe, lose some kind of involvement in it. So we need to finish this quickly. But we really need to know the implications of these offsets, because they have come up at the last minute.

I urge strong support of this legislation. Everybody works hard in good faith, and we need to do this for the disabled of America.

Mr. HULSHOF. Mr. Speaker, I yield the balance of our time to the gentleman from New York (Mr. LAZIO).

Mr. LAZIO. Mr. Speaker, I do not think in my four terms in the House that I have ever felt better or stronger about a piece of legislation than I do about this one.

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Nearly 7 months to the day I introduced H.R. 1180, and 5 days after that we had the first hearing on it. It was introduced with bipartisan spirit. And I want to thank the gentleman from California (Mr. MATSUI), the gentleman from California (Mr. WAXMAN), the gentleman from Virginia (Mr. BLILEY), and the gentleman from Texas (Mr. ARCHER) for their continued and sustained support throughout all the difficulties in bringing this bill forward.

In my mind's eye, Mr. Speaker, this is the most dramatic breakthrough for Americans with disabilities since the Americans with Disabilities Act. It is a major stride forward, and I think it is

one of the most important pieces of legislation that this House will consider not just this year but this entire session. Why? Because it opens up opportunities. Because it empowers Americans with disabilities. Because it says to people who would otherwise stay home that they can have the courage to go to work because we are going to extend their health care benefits and give them the peace of mind to know that when they go to work and become a taxpayer they will not leave their family or themselves destitute. That is a false choice, Mr. Speaker, and we reject it today.

I am proud of the 247 cosponsors on both sides of the aisle who have stepped up and cosponsored H.R. 1180. I am proud of their work. I am proud of their patience. I am proud of their perseverance. This bill is supported by over 100 health care organizations and disabilities groups. I could name many, but I want to name at least a few: The United Cerebral Palsy Association, the National Alliance for the Mentally Ill, and the National Association of Development Disability Councils. It is also supported by major business groups, including the U.S. Chamber of Commerce, which speaks to the fact that our economy needs Americans with disabilities in the work force.

Over the last 3 decades, Mr. Speaker, America has made tremendous progress when it comes to empowering people. We have helped them with housing. We have tried to empower them through the Tax Code. We have tried to empower that for people with disabilities, and now we move forward. We have provided disabled Americans with social services that dramatically improve the quality of their lives. We have passed legislation to make it illegal to discriminate against them. We have made sure our businesses and public spaces are accessible to everybody. But disabled Americans still face barriers to their full integration in society. Today we tear those barriers down.

Mr. Speaker, most disabled Americans are heavily reliant on Federal health care and social services, assistance that makes it possible for them to lead independent, productive lives. But we have conditioned that assistance on them not working. People with disabilities must get poor and stay poor if they are going to retain their health care benefits, and that is just plain wrong. It is a perverse system and we need to change it today.

That is why we introduced this Work Incentives Improvement Act. This bill will help provide hope and opportunity for millions of Americans who have disabilities. It will improve Federal job training by giving disabled people new freedom to choose from various public and private sector employment services. It will help people continue their health care benefits.

Mr. Speaker, a 1998 Harris Poll surveyed disabled Americans, and in that poll 72 percent of disabled Americans said they want to go to work. How

many who are disabled are actually able to go to work and get off public assistance? One-half of 1 percent. We can do better and we will do better.

In the meantime, in this age of technological explosion, all the recent innovations in the field of assistive technology have made it far easier for disabled people to hold on to good jobs. There are hands-free mice, word prediction programs, on-screen keyboards, and increasingly sophisticated voice recognition software. This is all aimed at helping people achieve a higher quality of life.

But in the end, this bill is simply about empowering people to change their lives. This bill is for people like Tom Deeley, a developmentally challenged young man who holds a part-time job performing custodial services in Virginia. He testified before our Committee on Commerce. He is limited to working only 2 days a week because working more would jeopardize his health care benefits. He is a star in our community. He is a hard worker. He is eager to work full time. And his employer would love to have him work full time.

As a matter of fact, Tom has been named employee of the year in his firm. He has been awarded a \$200 bonus. And guess what our system says to Tom Deeley, who is developmentally disabled and loves to work? It says that he has to give that \$200 bonus back, that he cannot accept it. What kind of a perverse system holds that as a rule?

We are going to change that today and bring that curtain down. We are going to let Tom Deeley and others like him accept their bonuses for their hard work. We are going to rip down bureaucratic walls.

Mr. Speaker, we have come a long way. It is time to remove the barriers to integration for disabled Americans into society. Millions of Americans, Mr. Speaker, are waiting for us to give them a chance to pursue the American Dream. Today, let us tell them that their wait is over. Let us pass the Work Incentives Improvement Act with a unanimous vote.

Ms. SCHAKOWSKY. Mr. Speaker, I am a cosponsor and strong supporter of H.R. 1180, the Work Incentives Improvement Act of 1999. Access to health care is important to all of us. To persons with disabilities, it is critical. Unfortunately, current policies penalize those persons with disabilities who are able to work but, by doing so, lose access to Medicare and Medicaid coverage.

The loss of health care is the major reason why persons with disabilities are locked out of the workplace. According to the report issued last fall by the President's Task Force on the Employment of Persons with Disabilities, "(a)ccess to health care is accepted as the primary barrier to keeping people with disabilities outside the world of work." While 72 percent of persons with disabilities want to work and could be productive members of the community, the loss of health care coverage keeps them from doing so. H.R. 1180, as originally introduced, corrects this situation. It would

allow persons with disabilities to return to work and retain access to a broad array of services.

The bill before us today, however, is significantly different from H.R. 1180 as introduced. While I will support this version, I strongly urge the conferees to improve the Work Incentives Improvement in order to bring it closer to the provisions of the original bill. I am concerned that, despite last minute negotiations, the bill does not provide full funding to ensure that services will be available to Medicaid beneficiaries who return to work. Because this bill has been rushed to the floor with little chance for review and no chance for amendments, it has been difficult to analyze fully the impacts of those funding sources that have been identified. There are numerous ways to fully fund the Work Incentives Improvement Act without taking funding from other essential programs. I hope that the original provisions of H.R. 1180 will be restored in conference, and that we find funding sources that do not jeopardize critical health care programs such as school-based health care.

I am also concerned that just as we are working to help persons with disabilities move into the workforce, the new 6.3 percent attorney tax will harm other persons with disabilities receive their Social Security benefits. Legal representation is critical in Social Security disability cases—it often makes the difference between whether a person receives or does not receive disability benefits. Taxing the attorneys who help persons with disabilities receive the benefits to which they are entitled may mean that those persons never receive their benefits. I believe that this is an unwise and dangerous provision, and I hope that the conferees will eliminate it from the final bill.

We can act now to give persons with disabilities the opportunity to be productive members of their community. We can provide sufficient funding so that those who move into the workforce receive comprehensive, quality health care. And we can find this major initiative in a manner that is fair. I urge my colleagues to work for improvements in H.R. 1180 so that its full promise will be realized.

Ms. ESHOO. Mr. Speaker, I'm proud to count myself among the cosponsors of H.R. 1180 as it will truly improve the lives of people with disabilities by helping them to achieve self-sufficiency through employment. People with disabilities want to work yet our current system discourages them from doing so by taking away their health care coverage. This bill will undo this practice and provide job opportunities for the estimated 72 percent of Americans with disabilities who want to work yet remain unemployed.

Under existing law, when a person with a disability takes a job, they lose health care coverage through the Medicare or Medicaid programs. Yet private sector health coverage is often unavailable or unaffordable for people with disabilities specifically because of their disability. H.R. 1180 would allow states to extend Medicaid health care coverage to working people with disabilities who would otherwise be eligible but for their income.

We should not be forcing Americans with disabilities to choose between work and losing their health benefits or forgoing work in order to maintain them. Now, more than ever, thanks to innovations in medicine and technology, people with disabilities can and should be able to work. People with disabilities deserve to be able to contribute their talents and

skills to society and to have broad options for obtaining the care and services they need to be productive workers.

H.R. 1180 provides these services—services like Medicaid coverage and Tickets to Work. The bill also provides grants to states to develop infrastructures for working people with disabilities and for outreach efforts aimed at getting more people with disabilities to work.

We took the first step toward significantly improving the lives of people with disabilities when we enacted the Americans with Disabilities Act (ADA) in 1990. Thanks to that law, people with disabilities can no longer be discriminated against in hiring. With passage of H.R. 1180, we will take the next important step to ensuring that the thousands of Americans with disabilities who are offered jobs this year will be able to take them.

Mr. SWEENEY. Mr. Speaker, I thank the gentleman for the opportunity to address this important issue for people with disabilities.

I rise in strong support of the Work Incentives Improvement Act.

This legislation gives Americans with disabilities the freedom to achieve self-sufficiency through employment.

As Labor commissioner in New York State I worked to ensure that individuals with disabilities were given ample opportunity to return to work thus freeing themselves from the despair of dependency.

In doing this they are able to experience the dignity of self sufficiency.

Currently, people with disabilities are actually given incentives to stay unemployed because they often can not obtain adequate health care if they receive outside income.

In 1998, the National Organization on Disability found that 72 percent of unemployed Americans with disabilities want to go to work.

However, only 1 in 500 people receiving Social Security Disability Insurance ever returns to work.

Mr. John T. Svingala from Hudson, New York is one of the 72 percent of unemployed Americans with disabilities who, in his words, "can't wait to become a tax payer instead of a recipient."

Mr. Svingala is a 42-year-old diabetic, kidney transplant recipient.

Mr. Svingala is an educated man who was a dedicated physical education teacher in Hudson and Catskill, New York until he was not longer able to work because of his illness.

Unfortunately, if Ms. Svingala were to return to work, he would lose all of his unearned income and half his wages in order to access personal assistance coverage under Medicaid.

To remedy such circumstances, H.R. 1180 provides states with incentive grants to set up their own affordable Medicaid buy-in programs when Mr. Svingala and thousands like him go to work.

Individuals with disabilities represent a major untapped resource in the workplace of the 21st century.

Now is the time to remove barriers and enable people like Mr. Svingala to work. Congress has an obligation to help people with disabilities achieve their American Dream.

I strongly urge my colleague to vote in favor of the Work Incentives Improvement Act.

Mr. DOOLITTLE. Mr. Speaker, the bill currently before the House, H.R. 1180, the Work Incentives Improvements Act of 1999, allows the disabled to retain healthcare coverage that they would lose if they went back to work.

Under current law, after a nine-month trial work period, a disabled worker who receives Social Security disability benefits but earns more than \$700 per month will lose his or her Medicare health coverage. In addition, workers who receive Supplemental Security Income (SSI) disability benefits will lose their Medicaid coverage once their earnings reach the basis SSI benefit level. As a result, current law tends to trap individuals with disabilities to the system. In essence, individuals who try to work lose cash benefits, along with access to medical coverage they so desperately need.

H.R. 1180 would revamp present law so that individuals receiving Social Security Disability and Supplemental Security Income could return to work without losing Medicare or Medicaid insurance. It would also create a system of vouchers that could be used to purchase job training and rehabilitation services from government or private sources.

I support providing legislative relief and feel that it would help remove some of the most significant barriers to the employment of people with disabilities. However, I am voting against this bill because of a provision that would require the Social Security Administration to impose fees upon attorneys who represent disability claimants during the appeals process.

At present, when an attorney successfully represents a disability claimant and that claimant is entitled to past-due benefits, SSA withholds a portion of those past-due benefits in order to pay the attorney for the services he or she provided. The Work Incentives Improvement Act seeks to impose an "assessment" of 6.3 percent on all such payments to attorneys. I believe that this "assessment" is unnecessary in the context of this bill, and would likely deter some attorneys from representing disability claimants. The reliance on a user fee assessed on attorneys' fees in Social Security case to fund the important work incentives bill is poor policy. It would hurt many of the very people that work incentives legislation is designed to help.

I strongly hope that these differences can be resolved when the House and Senate come together to work on a final version of this bill. We need to enact legislation that fulfills the promise of the Work Incentives Improvement Act and does not harm those people with disabilities whom the bill is designed to assist.

Mr. RODRIGUEZ. Mr. Speaker, I rise in support of HR 1180, the Work Incentives Improvement Act of 1999. More than 100 organizations dedicated to helping people with disabilities support this bill and I welcome the concept behind allowing those who face obstacles help themselves.

However, I have grave concerns with the funding mechanism for this bill. The 6.3 percent user fee on SSI claimant representatives represents a blow to those who need able counsel in filing and guiding their SSI claim. The extensive time, preparation and expense in filing a claim for SSI disability creates barriers for many, and we are taking a step in the wrong direction by imposing a fee on those who provide this assistance.

As this bill progresses, I look forward to working with my colleagues in eliminating this user fee which would have a disproportionate impact on those who need representation in order to pursue their claim.

Mr. STARK. Mr. Speaker, this bill is a vitally important for disabled people in our country. It

will finally make changes to the disability system that will assist beneficiaries' desires to return to or enter the workforce. This should have been done years ago—and we should be doing more now. That being said, there is no question that this bill is a tremendous improvement from the status quo.

The most significant component of this legislation is that it will provide disabled people with the ability to maintain their Medicare coverage for ten years after returning to work.

Under current law, a disabled beneficiary who returns to work loses Medicare coverage after 4 years. That reality keeps people from even thinking about entering the workforce because losing disability status is not an easy thing to reverse. Maintaining health insurance is a priority for anyone, but for someone who is disabled, health insurance coverage is a lifeline they cannot afford to mess around with.

Stretching that Medicare eligibility time period to 10 years is a giant step forward. Of course, the real solution is making Medicare coverage permanent for a disabled person regardless of work status. I wish we were voting on that full provision today and I will certainly continue working toward that goal.

It is also worth noting that the process for this bill reaching the House floor has been horrendous. The Republicans have continued to play political games with this legislation every step of the way.

Until just before this debate began, we weren't even sure if this bill would contain important Medicaid components that were in both the Senate-passed version of the legislation and the House Commerce Committee bill. Those two provisions directly appropriate funds for grants to states to establish support services for working individuals with disabilities and funds for demonstration projects to the states to extend Medicaid coverage to a wider group of workers with potentially severe disabilities.

Those two Medicaid improvements are very important—they expand the number of people helped by this legislation and they are both strongly supported by the disability community.

I am pleased that the bill before us today does now include those key provisions, but it has been a struggle to make sure that was the case.

The Senate passed their version of this legislation unanimously more than 4 months ago. I don't understand why it's taken 4 months for the House to act, but I am glad this day is finally here. Let's pass this bill, get to conference, and enact this law which will finally correct a serious problem in our disability system by empowering disabled people to enter the workforce without fear of losing their health coverage.

Mr. DINGELL. Mr. Speaker, I am pleased that the Work Incentives Improvement Act has finally made it to the floor. This bill had its origins in the 105th Congress and has been accumulating an impressive array of support ever since. H.R. 1180, the Work Incentives Act as introduced by my colleagues Mr. LAZIO and Mr. WAXMAN, has 247 cosponsors. The Senate passed a similar bill by a vote of 99 to 0. Finally, the people whom his bill would benefit—the disability groups—have shown us how important this legislation is by campaigning tirelessly for its passage.

During the past months, the House has seen many controversial pieces of legislation. However, no one disputes the value of the

Work Incentives Improvement Act. This bill helps people with disabilities who want to get off cash assistance and start working. The bill allows people to keep their Medicaid or Medicare health benefits when they return to work, so that they can stay healthy enough to keep working. It provides grants to states to help set up the kinds of personal services that working people with disabilities require. The bill creates a demonstration project that would give Medicaid coverage to working people with serious medical conditions—such as multiple sclerosis or Parkinson's disease—before their diseases become so disabling that they have to apply for cash assistance. This bill makes sense.

The only argument against the Work Incentives Act as it was originally introduced was its cost. The Commerce Committee has acted in a fiscally prudent manner by providing offsets for the provisions in its jurisdiction. However, these offsets are about 100 million dollars shy of fully funding the Work Incentives Improvement Act as reported by the Commerce Committee. Consequently, the bill before us today omits the Committee's improved Medicaid buy-in option and leaves the demonstration program partially funded.

But I do note that, just a few weeks ago, the House passed a measure to provide tax deductions for individuals to purchase health coverage. This bill would cost about \$43 billion, provided benefits mainly to the healthy and wealthy, and none of it was funded. This double standard for the disabled prevented us from passing the entire bill here today. I hope we can do better in conference.

Mr. DAVIS of Virginia. Mr. Speaker, I rise today to offer my strong support for H.R. 1180, and particularly the provisions within the bill that will help financially modernize the private student loan industry. Not only will we assure the future of the private student loan industry and protect student's interest rates, we will also be providing at least a \$20 million offset to help pay for other provisions in this very important bill.

The Federal Family Education Loan Program (FFELP), the largest source of federal student loans to college students and parents, has undergone a revolution in recent years. FFELP service providers are employing a range of new technologies, such as the Internet, to vastly improve the delivery of student loans. Intense competition among FFELP providers has generated efficiencies that have driven down cost to both education loan borrowers and to U.S. taxpayers. Regrettably, the gains in efficiency and cost-reduction are being hampered by an archaic federal financing system that does not promote the most modern, efficient practices for student loan providers.

Private student loan lenders and student loan secondary markets tap global capital markets to raise the \$25 billion needed annually to support new student loans. The job of raising this private capital is more difficult, because federal law ties student loan interest rates to the 91-day Treasury bill, which does not necessarily reflect supply and demand issues in private capital markets. The student loan program, and the students, families and colleges that rely on it, will benefit from a more reliable supply of funding if Congress adopts a true market-based index for determining lender yields on student loans.

Importantly, the fundamental improvement to the private sector student loan program can

be achieved with a savings to the U.S. taxpayer, Mr. Speaker, that bears repeating. We can vastly improve the ability of private student loan providers to more efficiently and cheaply deliver their products to student and family borrowers, while saving the America people more than \$20 million over the next four years alone. In addition, this proposal would not change the index or formula used for determining interest rates paid by student loan borrowers.

Ironically, Mr. Speaker, the necessity of this provision was not highlighted until our economy began booming and the Federal Government began operating with a non-Social Security surplus. The Treasury bill is not a market-based index. By definition, only the U.S. government borrows at the T-bill rate. Other than the federal government and Government-Sponsored Enterprises (GSEs), virtually no organizations issue market securities that are tied to the T-bill.

Unfortunately, private student loan lenders are statutorily required to raise the capital they need from private capital markets at the T-bill rate. The capital raised privately to fund student loans is typically pegged to market indices that do not necessarily move in tandem with the T-bill rate. This means that lenders and student loan secondary markets have to account for the risk that the T-bill rate and these market rates will be different. To do so, lenders partly protect themselves against this risk through hedging agreements, whereby others bear the risk. These hedging agreements inject uncertainty and add to the lenders' cost of funds.

When the difference between T-bill rates and market-based rates widen, lenders incur significant additional cost to finance student loans. This scenario was realized in the last half of 1998 when the wide spreads between T-bill rates and market-based rates effectively "dried up" the market for student loan asset-backed securities, which represent a major source of student loan funding. In essence, the Treasury Department stopped issuing T-bills and the supply disappeared.

Mr. Speaker, it is situations like these, that if allowed to continue, could drive private lenders out of the student loan business. That is why I am very grateful that this bill could include the provisions that will shift the index for determining lender yields on Federal Education Loans from the 91-day T-bill rate to the 90-day Commercial Paper rate. This is an important amendment. It will protect private student loans lenders, increase efficiency and reduce the cost of delivering the funds, save the taxpayer a minimum of \$20 million, while guaranteeing the interest rate student and family borrowers pay does not increase.

The SPEAKER pro tempore (Mr. BURR of North Carolina). The question is on the motion offered by the gentleman from Texas (Mr. ARCHER) that the House suspend the rules and pass the bill, H.R. 1180, as amended.

The question was taken.

Mr. HULSHOF. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.