AN ACT

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.
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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.
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 Non-citizen 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 bene-

•HR 1180 EH
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 serv-
ices, and other support services as the employment
network may provide to the beneficiary.

“(4) Payments to Employment Networks.—The Commissioner shall pay an employ-
ment network under the Program in accordance with
the outcome payment system under subsection
(h)(2) or under the outcome-milestone payment sys-
tem under subsection (h)(3) (whichever is elected
pursuant to subsection (h)(1)). An employment net-
work may not request or receive compensation for
such services from the beneficiary.

“(c) State Participation.—

“(1) In General.—Each State agency admin-
istering or supervising the administration of the
State plan approved under title I of the Rehabilitation
Act of 1973 may elect to participate in the Pro-
gram 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 pro-
vided to disabled beneficiaries by the State
agency acting as an employment network shall
be governed by plans for vocational rehabilita-
tion services approved under title I of the Reha-

“(B) State agencies administering
maternal and child health services pro-
grams.—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 regard-
ing the conditions under which services will be
provided when an individual is referred by an em-
ployment 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 mecha-
nisms 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 pro-
gram managers.—The Commissioner of Social Se-
curity shall enter into agreements with 1 or more or-
ganizations in the private or public sector for service
as a program manager to assist the Commissioner in
administering the Program. Any such program man-
ger shall be selected by means of a competitive bid-
ning process, from among organizations in the pri-
vote or public sector with available expertise and ex-
perience in the field of vocational rehabilitation or
employment services.

“(2) Tenure, renewal, and early termi-
nation.—Each agreement entered into under para-
graph (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 bene-
ficiaries to services; and

“(B) measures for determining the extent
to which failures in obtaining services for bene-
ficiaries 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 sup-
port 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 the 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 Program 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 pro-
gram 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 re-
assign the ticket based on the choice of the bene-
ficiary. Upon the request of the employment net-
work, the program manager shall make a determina-
tion 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 net-
works 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

•HR 1180 EH
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 indi-
vidual 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.—
“(1) 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 per-
cent.

“(3) OUTCOME-MILESTONE PAYMENT SYS-
TEM.—

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

“(B) EARLY PAYMENTS UPON ATTAIN-
MENT OF MILESTONES IN ADVANCE OF OUT-
COME PAYMENT PERIODS.—The outcome-mile-
stone 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 mile-
stones 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 concur-
rently a title II disability beneficiary), the
average payment of supplemental security
income benefits based on disability payable
under title XVI (excluding State sup-
plementation) for months during the pre-
ceding 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 con-
nection with any individual who had assigned a
ticket to work and self-sufficiency to an employ-
ment 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 pay-
able to such individual by reason of en-
gagement 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 in-
centive and economies described in the pre-
ceding sentence.

“(B) Number and amount of mile-
stone payments.—The Commissioner shall
periodically review the number and amounts of
milestone payments established by the Commis-
sioner 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 infor-
mation provided to the Commissioner by pro-
gram managers, the Ticket to Work and Work
Incentives Advisory Panel established by section
101(f) of the Ticket to Work and Work Incent-
tives Improvement Act of 1999, and other reli-
able sources. The Commissioner may from time
to time alter the number and amounts of mile-
stone 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 in-
centive for employment networks to assist bene-
ficiaries 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 IN-
CENTIVES.—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 sub-
paragraphs (A) and (B), that would ensure ade-
quate incentives for the provision of services by
employment networks of—

“(i) individuals with a need for ongo-
ing support and services;

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

“(iii) individuals who earn a submin-
imum 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 pay-
ments 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 II and amounts made available for the administra-
tion 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 ‘dis-
abled beneficiary’ means a title II disability bene-

“‘(3) TITLE II DISABILITY BENEFICIARY.—The

term ‘title II disability beneficiary’ means an indi-

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 dis-
ability (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(e) of such Act (42 U.S.C. 1382d(e)) 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).”.

(e) 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 imple-
mentation of the Ticket to Work and Self-Suffi-
ciency Program, the development and refinement of
referral processes, payment systems, computer link-
ages, management information systems, and admin-
istrative processes necessary to provide for full im-
plementation of such amendments. Subsection (c)
shall apply with respect to paragraphs (1)(C) and
(2)(B) of subsection (b) without regard to this sub-
section.

(2) REQUIREMENTS.—Implementation of the
Program at each phase-in site shall be carried out
on a wide enough scale to permit a thorough evalua-
tion 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 Commis-
sioner 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 ef-
fective 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 en-
sure that plans for evaluations and data
collection methods under the Program are
appropriately designed to obtain detailed
employment information.

(ii) Specific matters to be ad-
dressed.—Each such evaluation shall ad-
dress (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 serv-
dices, and other support services fur-
nished to beneficiaries in receipt of
tickets under the Program who return
to work and to those who do not re-
turn to work;

(IV) the duration of employment
services, vocational rehabilitation serv-
ices, 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 sub-
section (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 (e).

(c) 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(e)(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 ap-
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 sec-
tion 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 Secu-
rity, 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 \( \frac{1}{2} \) 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 sec-
tions 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 sec-
tion 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 Di-
rector 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 in-
terim 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 re-
port shall contain a detailed statement of the
findings and conclusions of the Panel, together
with its recommendations for legislation and ad-
ministrative 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 appro-
priate, 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 therefor; 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...
ment 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 disability 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 ac-
cordance 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 benefits 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 pro-
visional benefits payable in accordance with this para-
graph, unless the Commissioner determines that the indi-
vidual does not meet the requirements of paragraph
(1)(B)(i) or that the individual’s declaration under para-
graph (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 pre-
viously an eligible spouse of the individual under this title
and the Commissioner determines that such spouse satis-
ifies all the requirements of section 1614(b) except require-
ments 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 the 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, in-
cluding 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 deter-
mine 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 individ-
uals who will act as planners and provide informa-
tion, guidance, and planning to disabled beneficiaries
on the—

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

“(B) adequacy of any health benefits cov-
erage 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 advoc-
cacy services for disabled beneficiaries and how
to access such services.

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

“(A) BASED ON POPULATION OF DIS-
ABLED BENEFICIARIES.—Subject to subpara-
graph (B), the Commissioner shall award a
grant, cooperative agreement, or contract under
this section to an entity based on the percent-
age of the population of the State where the en-
tity is located who are disabled beneficiaries.
“(B) LIMITATIONS.—

“(i) PER GRANT.—No entity shall re-
ceive 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 con-
tracts awarded under this section for a fis-
cal year may not exceed $23,000,000.

“(4) ALLOCATION OF COSTS.—The costs of car-
rying 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 ‘Commis-

sioner’ means the Commissioner of Social Security.

“(2) DISABLED BENEFICIARY.—The term ‘dis-
abled 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.

•HR 1180 EH
“(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) $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 Com-
monwealth 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 subsection (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 the enactment of this paragraph.”.

(b) CONFORMING AMENDMENTS.—


(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)”.

(e) 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 individ-
uals described in clause (i) to remain em-
ployed (as determined under section 1905(v)(2) of the Social Security Act (42 U.S.C. 1396d(v)(2))).

(B) DEFINITION OF PERSONAL ASSIST-
ANCE SERVICES.—In this paragraph, the term “personal assistance services” means a range of services, provided by 1 or more persons, de-
dsigned 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 indi-
vidual’s control in life and ability to perform ev-
eryday activities on or off the job.

(3) DETERMINATION OF AWARDS.—

(A) IN GENERAL.—Subject to subpara-
graph (B), the Secretary shall determine a for-
mula 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 individ-
uals 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 such 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.—

(1) 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 beneficiaries, 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.—
(1) 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 pro-
gram established under this section should be continued
after fiscal year 2010.

SEC. 204. DEMONSTRATION OF COVERAGE UNDER THE
MEDICAID PROGRAM OF WORKERS WITH PO-
TENTIALLY 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 dem-
onstration project (in this section referred to as a “dem-
onstration project”) under which up to a specified max-
imum number of individuals who are workers with a po-
tentially 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
1396a(a)(10)(A)(ii)(XIII)).

(b) WORKER WITH A POTENTIALLY SEVERE DIS-
ABILITY 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.

(e) APPROVAL OF DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—Subject to paragraph (3), the Secretary shall approve applications under sub-
section (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 re-instituted (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 individ-

uals,

to the end that savings will accrue to the Trust

Funds, or to otherwise promote the objectives or fa-
cilitate 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 pro-
ogram 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 dem-
onstration 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 alter-
native 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 car-
ried out under this subsection together with any re-
lated data and materials that the Commissioner may
consider appropriate.

“(2) TERMINATION AND FINAL REPORT.—The
authority under the preceding provisions of this sec-
tion (including any waiver granted pursuant to sub-
section (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 dem-
onstration 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 dem-
onstration project.”.

•HR 1180 EH
(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 the 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 estab-
lished 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 thor-
ough 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 oper-
ation in a locality within an area under the ad-
ministration 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 Rep-
ate. 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 the 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 the 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 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 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 the 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 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 re-
port 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 the 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 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 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 the 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 Com-
missioner 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 institu-
tion, 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(c)(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)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(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 begin-
ning after the month in which this Act is enacted.

(b) Elimination of Title II Requirement That
Confinement Stem From Crime Punishable by Im-
prisonment 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”;

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

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

(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 begin-
ning after the month in which this Act is enacted.

(c) Conforming Title XVI Amendments.—

(1) 50 percent reduction in Title XVI pay-
ment in case involving comparable Title II
payment.—Section 1611(e)(1)(I) of the Social Se-
curity 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”;

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

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

“(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 institu-
tions eligible to enter into agreements with
the Commissioner.—Section 1611(e)(1)(I) of
such Act (42 U.S.C. 1382(e)(1)(I)(i)) is amended in
the matter preceding subclause (I) by striking “in-
stitution” 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 bene-
fights 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 De-
cember 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 sub-
section) is effective (and lump-sum death payments pay-
able 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”.

•HR 1180 EH
(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 the 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, re-
quest or otherwise obtain reimbursement for such
assessment from the claimant whose claim gave rise
to the assessment.

“(5) Disposition of Assessments.—Assess-
ments on attorneys collected under this subsection
shall be credited to the Federal Old-Age and Sur-
vivors Insurance Trust Fund and the Federal Dis-
ability 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 ap-
propriations Acts. Amounts so appropriated are au-
thorized to remain available until expended, for ad-
ministrative 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 “sec-
tion 205(i)”.

•HR 1180 EH
(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 dis-
strict, unless payment for the item, service, or admin-
istrative expense is made in accordance with a meth-
odology approved in advance by the Secretary under
which—

“(A) in the case of payment for—

“(i) a group of individual items, serv-
dices, and administrative expenses, the
methodology—

“(I) provides for an itemization
to the Secretary that assures account-
ability of the cost of the grouped
items, services, and administrative ex-
penses 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 ad-
ministrative expenses with items and
services provided and administrative
expenses incurred under this title; or

“(ii) an individual item, service, or ad-
ministrative expense, the amount of pay-
ment 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 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:

“(xii) 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 sec-
tion 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—

(1) 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 participa-
tion 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 ex-
pense 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 the 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.**—

(1) **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 the 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—

(1) 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—
(1) 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 ex-

penditure 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 col-

lection.”.

(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 fa-

cilities 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 com-

plaints 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 the 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.

Passed the House of Representatives October 19, 1999.

Attest:

Clerk.